



Washington Office of Superintendent of
PUBLIC INSTRUCTION



Office of the Washington State Auditor

Accounting Manual for Public School Districts in the State of Washington

Accounting Manual for Public School Districts in the State of Washington

2026

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Office of the Washington State Auditor

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Introduction–Executive Summary

Changes to Modified Accrual Financial Statement Audit Reports

In 2017, the Office of the Washington State Auditor announced changes to audit reports which impact school district financial statements (F-196). This notice is intended to ensure that all school districts are aware of how the audit reports have been revised and why the changes are necessary.

All financial statement audit reports will contain the following:

- A standard paragraph with an opinion on the fair presentation of the financial statements in accordance with the School District Accounting Manual.
- A separate section stating that the financial statements were not prepared in accordance with generally accepted accounting principles (GAAP) for government organizations (an “adverse” opinion), along with the reason behind the opinion.

When providing an opinion on financial statements intended for general use and prepared under a regulatory method of accounting (for example, those in the School District Accounting Manual), United States auditing standards require auditors to express a separate opinion on whether the financial statement presentation was performed in accordance with GAAP.

In no way does this additional opinion imply the financial statements are unreliable or unfairly presented according to the School District Accounting Manual. Rather, the purpose of the opinion is to let report users know if the financial statement’s presentation complies with, or differs from, GAAP.

School district financial statement presentations differ from those required by GAAP as a matter of course. For example, financial statements prescribed by the Accounting Manual do not include full-accrual, government-wide statements. This is a significant departure from GAAP. As a result, auditing standards do not allow the State Auditor to issue an unmodified, or “clean,” opinion on whether the financial statements conform to GAAP.

Similar two-opinion reports are issued for local governments, including school districts preparing financial statements on a cash basis. It has even been verified with bond rating and federal regulatory agencies that issuing the modified, or “adverse,” GAAP opinion does not affect bond ratings. In addition, this opinion does not preclude school districts from qualifying as “low risk” for their single audits, as long as all other Uniform Guidance requirements are met.

If you have questions about the audit report revisions, please contact the State Auditor’s Office School Programs Manager, Cheryl Thresher, at 564-999-0862.

Accounting and Auditing Requirements Contained in E2SSB 6362

In April 2018, the Office of the Washington State Auditor and the Superintendent of Public Instruction issued a notice about the effective dates of the accounting and audit requirements contained in E2SSB 6362.

By way of background, in March 2018, the Legislature passed E2SSB 6362, which accelerated the implementation timeline for a new salary structure adopted in response to the *McCleary* litigation. Along with the increase in state funding, the legislature adopted new requirements related to the tracking of local revenue expenditures.

Upon signing E2SSB 6362, Governor Inslee vetoed section 408, which directed the Office of Superintendent of Public Instruction (OSPI) to adopt rules requiring the separate accounting of state and local revenues to expenditures by the 2018–19 school year. The effect of this veto was that the 2018–19 law remained unchanged and OSPI was required to adopt rules by the 2019–20 school year.

However, there are other sections in the bill that accelerated the restrictions on the use of levy funds at the district level and the requirement to track expenditures of local revenue, including sections 301, 302, 306, and 406.

This was the implementation timeline:

Beginning in 2018–2019

- School districts, charter schools, and state-tribal education compact were required to deposit local revenues into a sub-fund of the general fund. The State Auditor’s Office (SAO) review of school district financial statements related to

this requirement was aimed at ensuring schools have established a local revenue sub-fund.

- In spring of 2018, OSPI provided districts with a new chart of accounts that can be used to accommodate the recording of local revenues using the new local sub-fund.
- SAO will audit for compliance with the requirement to code local levy expenditures to the local revenue sub-fund and the requirement to expend the allocation provided for professional learning as directed by RCW 28A.150.415 (Section 406 (3)).
- Audits related to the accounting of local levies coded to a sub-fund are conducted as part of the regular financial audits for every school district, charter school, and state-tribal education compact of the 2019–20 school year.

Beginning in 2019–2020

OSPI must adopt rules requiring separate accounting of state and local revenues to expenditures. The rule-making process will begin in early 2019 in order to have the rules become final in time for the 2019–20 school year.

- SAO will conduct financial audits of every school district, charter school, and state-tribal education compact for compliance with all statutory requirements contained in E2SSB 6362, including expenditures, local revenues, and the allocation for professional learning (referenced above). Audits for these provisions will take place during the 2020–21 school year.

We will continue to focus our efforts on education and training to help districts navigate the new reporting and auditing requirements.

Introduction–Background

The classified system of accounts presented herein was developed by the Washington State School District Accounting Advisory Committee under the joint direction of the Superintendent of Public Instruction and the State Auditor. Authority for the Accounting Manual is provided under RCW 43.09.200, RCW 28A.505.140 and WAC 392-123-010.

The manual provides for a basic double entry modified accrual system of accounting with general ledger controls over revenues, expenditures, receivables, inventories, liabilities, fund balance, and budgetary accounts. School districts with an average FTE

(full-time equivalent) enrollment of less than 1,000 pupils for the preceding fiscal year may use a cash basis system of accounting per RCW 28A.505.020. The accounting principles and procedures included in the manual represent basic minimums necessary for the achievement of school district reporting objectives. It is intended that the school districts maintain detailed revenue and expenditure accounts as well as required periodic reports.

The purpose of this manual is to provide (1) uniform accounting and financial reporting to allow for meaningful use and comparison of financial data; (2) provide accounting instructions as a resource for local school districts; (3) furnish the means for effective budgetary control; and (4) provide a consistent framework for financial reporting to intended users, including district superintendents, school boards, the state Legislature, the Superintendent of Public Instruction, and the general public.

Members who serve on the committee represent the Office of Superintendent of Public Instruction, the State Auditor's Office, the Washington Association of School Administrators, the Washington Association of School Business Officials, the Association of Educational Service Districts, the Washington Association for Career and Technical Education, the Washington State Treasurer's Office, the Washington State Association of County Treasurers, and the Washington School Information Processing Cooperative.

Since the initial publication of this manual in March 1968, the committee has met regularly to make sure accounting guidance remains current and appropriate to meet the needs of intended users. Subsequent revisions of the manual reflect many of the generally accepted accounting principles (GAAP) published by the Governmental Accounting Standards Board. Legal references provided in this edition are those in effect as of December 2025.

Appreciation is hereby expressed for the time and assistance given to this endeavor by all members of the manual committee and others whose efforts made this publication possible.

NOTE:

Boxes surrounding information throughout this manual indicate information needed only by those districts preparing financial reporting in compliance with generally accepted accounting principles (GAAP).

Current Members of the School District Accounting Advisory Committee (SDAAC) as of August 2026

Washington Association of School Administrators

Jason Williams, Director of Finance

Educational Service District 171

Washington Association of School Business Officials

Amanda Sipher, Director of Financial Services

North Thurston School District

Chris Bishop, Director of Finance

Peninsula School District

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Kent School District

James Peckham, Executive Director of Finance

Lakewood School District

Jon Poolman, Director of Fiscal Services

Mukilteo School District

Marci Bannan, Director of Business Services

Orting School District

Meisha Robertson, Associate Superintendent of
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Riverview School District

Mitch Thompson, Executive Director of Finance

Sultan School District

Large School Districts

Kristy Magyar, Accounting Director

Seattle Public Schools

Cindy Coleman, CPA, Chief Finance and Business
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Spokane Public Schools

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Charles Hole, Assistant Fiscal Officer III

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Lori McLeod, Fiscal Services Supervisor

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Wandah Messinger, Director of Fiscal Services

Educational Service District 105

Washington Association for Career and Technical Education

Mike Christianson, Director, CTE

Bethel School District

Kevin Smith, Director, CTE

Renton School District

Current Members of the School District Accounting Advisory Committee (SDAAC) as of August 2026

At Large Members

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Andrew Burgess, Controller	Highline School District
Holly Burlingame, CSBA	WASBO
Travis Belisle, Executive Director of Finance	Richland School District

Washington School Information Processing Cooperative (WSIPC)

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Shawn Lewis, Director, School Apportionment and Financial Services; Committee Chairperson

Mike Sando, Supervisor, School District Financial Reporting

Paul Stone, Supervisor, School District Accounting

CHAPTER 1 – Principles of Accounting

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PRINCIPLES OF ACCOUNTING

Several characteristics associated with government have influenced the development of governmental accounting principles and practices:

- State law usually dictates the local government accounting policies and systems, may specify the type and frequency of financial statements, and usually defines the type and frequency of audits. In Washington this guidance is found in RCW 28A.505.020.
- Governments receive substantial financial inflows for both operating and capital purposes that are frequently subject to restrictions that prohibit or limit the use of the resources for other than the intended purpose.
- A government's authority to raise and expend money is based on the adoption of a budget that, by law, must balance. (The estimated revenues plus prior year's surpluses are sufficient to cover the projected expenditures.)
- The power to raise revenues and issue debt are restricted and generally defined by law.

Accounting requirements for school districts in the state of Washington are in significant compliance with generally accepted accounting principles (GAAP). Where legal requirements are in conflict with GAAP, legal requirements prevail. Sufficient additional records should exist to satisfy GAAP reporting requirements.

Governmental accounting principles are not a complete and separate body of accounting principles, but are part of the whole body of GAAP. The hierarchy of specific sources of GAAP that are applicable to state and local governments are:

- Statements and interpretations issued by the Governmental Accounting Standards Board (GASB), plus statements and interpretations issued by the American Institute of Certified Public Accountants (AICPA), or the Financial Accounting Standards Board (FASB) if they have been made applicable to state and local governments by a GASB statement or interpretation.
- Technical bulletins issued by the GASB and AICPA pronouncements made specifically applicable to state and local governments and cleared by the GASB.
- Consensus positions of the GASB Emerging Issues Task Force and practice bulletins issued by the AICPA if they have been made specifically applicable to state and local governments and cleared by the GASB.
- Questions and answers published by the GASB staff and widely recognized and prevalent industry practices.

- GASB concept statements, pronouncements by FASB or the AICPA when not made applicable to state and local governments, FASB concept statements, AICPA issues papers, International Accounting Standards Committee statements, pronouncements of other professional associations or regulatory agencies, AICPA technical practice aids, and accounting textbooks and handbooks.

Following is a listing of the basic accounting principles set forth in the 2024 edition of *Governmental Accounting, Auditing, and Financial Reporting* (GAAFR) from the Government Finance Officers' Association (GFOA). The principles are based on material published by the GASB in the *Codification of Governmental Accounting and Financial Reporting Standards*. These are known as GAAP and are presented in **bold** print. Further discussion of these principles and how they apply to school districts in the state of Washington is included in standard print. Guidance on shared services arrangements is also provided.

ACCOUNTING AND REPORTING CAPABILITIES

A governmental accounting system must make it possible, both (a) to present fairly and with full disclosure the financial position and results of financial operations of the funds and account groups of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions. (GASB Cod. Sec. 1100.101. See also Sec. 1200, "Generally Accepted Accounting Principles and Legal Compliance.")

Local, state, and federal governments can impact the reporting requirements of school districts. Local ordinances providing specific requirements tend to be uncommon for school districts; the policies adopted by the school board generally act as a surrogate for such ordinances.

State laws and regulations govern the fiscal affairs of school districts. School districts must be in full compliance with all legal requirements. Fair presentation dictates that transactions be reported on a gross basis. Offsetting entries to accounts are not permitted, except for corrections of previous transactions. In Washington, all school districts are required to file annual financial statements (F-196) with the Office of Superintendent of Public Instruction (OSPI) and are required to use a particular chart of accounts. Also, school districts are often required to report specific data (for example, on such things as salaries and equipment purchased) to demonstrate compliance with funding provisions. In addition, the federal government provides various grants to

school districts for special programs that may have spending limitations and require special documentation. Much of the state legal guidance for school districts is found in chapter 28A of the Revised Code of Washington (RCW) and chapters 392 and 180 of the Washington Administrative Code (WAC).

School districts must ensure that their accounting systems are capable of providing the information necessary to satisfy the requirements of the various governing agencies and funding sources. It is necessary for all school districts to provide comparable information to the Office of Superintendent of Public Instruction to enable generation of statewide reports. This information is needed by the state Legislature, the National Center for Education Statistics, various sections of OSPI, and other state and federal agencies.

All school districts in Washington state are required to prepare and submit financial statements (F-196) in conformity with legal requirements, described below. Districts are not required to prepare a GAAP Annual Comprehensive Financial Report (ACFR), but the school board may elect to do so in addition to the legally required financial statements (F-196).

Other Comprehensive Basis of Accounting (OCBOA) Financial Statements

Districts must prepare financial statements using the regulatory basis of accounting (OCBOA): Modified Accrual or Cash. However, only districts with under one thousand full-time equivalent students for the preceding fiscal year are allowed to use the cash basis of reporting. (RCW 28A.505.020.)

FUND ACCOUNTING SYSTEMS

Governmental accounting systems should be organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. (GASB Cod. Sec. 1100.102. See also Sec. 1300, "Fund Accounting.")

Because all governmental units receive financial resources that may be used only in accordance with restrictions established by law or by agreements with donors or grantors, their accounting systems must enable officials to demonstrate compliance with

such restrictions. This need led to the development of the fund accounting concept as a control device.

Each fund must be accounted for in a separate self-balancing set of accounts for its assets, liabilities, equity, revenues, expenditures or expenses (as appropriate), and transfers. This requirement refers to identification of accounts in the accounting records and does not necessarily extend to physical segregation of assets or liabilities. For example, it is not necessary to have a separate bank account for each fund unless required by law, bond indenture, or other reason. Likewise, governmental units using computerization and account coding techniques may treat these separate accounting entities as independent subcomponents of a unified governmental accounting system. (GASB Cod. Sec. 1300.101.)

When it is determined they are necessary, funds are established upon board resolution per legal authorization as further explained in this chapter and are terminated by board resolution when the purpose for which they were established no longer exists.

For example, the Capital Projects Fund (CPF) should not be established unless a capital project is planned. Once there is a firm commitment on the part of the board, the fund can be opened and revenue collected after the county treasurer is notified to establish the proper fund. Likewise, when all CPF projects are completed, the fund may be terminated and any remaining moneys transferred to another fund in accordance with legal provisions. When a fund is terminated, care should be taken to ensure that all claims and restrictions on the use of any residual equity have been cleared.

For financial reporting purposes, each of the major funds has been assigned a number for ease of reference and identification on the F-196. The numbers that are included in the fund listings below are the fund reference numbers on the F-196. Not all funds have numbers assigned to them; these funds are either not permitted for school districts in Washington state or their use is so narrow that they do not warrant their own fund number.

TYPES OF FUNDS

Three categories of funds are used in governmental accounting, which are then subdivided into eleven fund types for accounting and financial reporting purposes. (GASB Cod. Sec. 1100.103. See also Sec. 1300, "Fund Accounting.")

Governmental Funds

General Fund (Fund 1)

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. (GASB Cod. Sec. 1100.103a(1). RCW 28A.320.330. See also Sec. 1300, "Fund Accounting.")

The General Fund is financed from local, county, state, and federal sources. These revenues are generally used for financing the current ordinary normal and recurring operations of the school district such as programs of instruction for the students, food services, maintenance, data processing, printing, and pupil transportation. All school districts, charter schools, and state-tribal education compacts must have a General Fund.

Beginning in the 2018–19 school year, every school district, charter school and state-tribal education compact shall establish a local revenue sub-fund of its general fund to account for the financial operations that are paid from local revenues per RCW 28A.320.330.

The General Fund cannot be used for those purposes for which funds have been established for specific activities. However, in the state of Washington, it shall not be mandatory that expenditures from the district's general fund in support of associated student body (ASB) programs and activities be reimbursed by payments from the ASB Fund per RCW 28A.325.030(1)(c). (See also Chapter 12—ASB.)

Special Revenue Funds (Fund 4)

Special Revenue Funds account for the proceeds of specific revenue sources (other than trusts or for major capital projects) that are legally restricted to expenditures for specified purposes. (GASB Cod. Sec. 1100.103a(2). RCW 28A.320.330, RCW 28A.325.030. See also Sec. 1300, "Fund Accounting.")

In many states, Special Revenue Funds are used to account for restricted grants. However, in the state of Washington, restricted grants are generally accounted for in the General Fund. In Washington school districts, the only fund designated as a Special Revenue Fund is the ASB. This fund is financed, in part, by the establishment and collection of fees from students and nonstudents as a condition of their attendance at any optional noncredit extracurricular event of the district. As a Special Revenue Fund, the ASB Fund is under the control, supervision, and approval of the board of directors, and the school district legally owns the resources accounted for in the ASB fund. (RCW 28A.320.330. RCW 28A.325.030.)

Capital Projects Funds

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds). (GASB Cod. Sec. 1100.103a[3]. See also Sec. 1300, "Fund Accounting.")

Within the state of Washington, two funds are used for the acquisition or construction of major capital facilities or assets: the Capital Projects Fund and the Transportation Vehicle Fund.

- The **Capital Projects Fund (Fund 2)** can be used for the acquisition of land or existing facilities, construction of buildings, purchase of equipment, conducting energy audits, and making capital improvements that are cost effective as determined by energy audits. In addition, under certain conditions elaborated in Chapter 10—CPF, improvements to buildings and grounds, remodeling of buildings, and the replacement of roofs, carpets, service systems, and technology are included in the Capital Projects Fund. (RCW 28A.320.330.)

The Capital Projects Fund is generally financed from the proceeds from the sale of voted or non-voted bonds, state matching revenues, lease or sale of surplus real property, interest earnings, and special levies. In all instances where moneys are raised by voter-approved bond issues, the proposition must include a description of the projects for which the money is being raised.

- The **Transportation Vehicle Fund (Fund 9)** is provided for the purchase and major repair of pupil transportation equipment. (RCW 28A.160.130.)

The Transportation Vehicle Fund is generally financed by the state reimbursement to school districts for depreciation of approved pupil transportation equipment although other revenue resources such as non-voted debt and levies can be used.

Debt Service Funds (Fund 3)

Debt service funds account for the accumulation of resources for, and the payment of, long-term debt principal and interest. (GASB Cod. Sec. 1100.103a[4]. See also Sec. 1300, "Fund Accounting.")

The use of a Debt Service Fund is required by GAAP under two circumstances:

- If legally mandated, or
- If financial resources are being accumulated for principal and interest payments maturing in future years (NCGA Statement 1, paragraph 30).

In the state of Washington one Debt Service Fund is used. This fund has been established to provide for tax proceeds, other revenues, and disbursements related to the redemption of outstanding bonds. The county treasurer or fiscal agent makes payment of interest and principal. (RCW 28A.320.330.)

Provision must be made annually for a levy sufficient to meet the payments of principal, interest, and related expenditures for voted debt. The state attorney general has ruled that it is improper to levy excessive taxes to retire bonds in advance of the redemption schedule.

Bond refunding escrow accounts are not reported through the F-197 Cash File Report. School districts receiving bank escrow reports through the county treasurer may arrange to have those reports sent directly to the district. **It is the school district's responsibility to monitor the accuracy of the bank's escrow reports and compliance with the refunding escrow instructions.**

For additional debt service information see Chapter 11—Debt Service Fund.

Since funds 5 and 6 are no longer used for escrow accounts, districts may, but are not required to, use them to account for long-term liabilities and capital assets. Although not reported in the fund statements, note disclosure requirements remain. Additionally,

long-term liabilities are reported in the Schedule of Debt and Liabilities, a required part of the F-196.

Permanent Funds (Fund 8)

Permanent Funds are used where resources are legally restricted such that **only** the earnings, not the principal, may be expended, and those resources can be used for the *support of the district*. In some instances, a donor may give a gift with only the general instruction that it be used for purposes at the discretion of the school board. These unconditional trusts may be accepted by board resolution and recorded in the Permanent Fund, which is a governmental type fund and not a fiduciary type fund.

Moneys that benefit individuals or specific organizations should be accounted for as Private-Purpose Trust Funds. The determining factor is who may benefit, not the legal requirement that only earnings may be spent. Scholarship moneys, for example, benefit individuals and are accounted for as Private-Purpose Trust Funds whether or not the principal may be expended.

Proprietary Funds (Not permitted for school districts in Washington state)

Enterprise Funds

Enterprise Funds account for operations (a) that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. (GASB Cod. Sec. 1100.103b[1]). See also Sec. 1300, "Fund Accounting.")

Currently, the state of Washington does not allow use of Enterprise Funds by school districts. Activities that would typically be accounted for in Enterprise Funds (such as food services) are instead accounted for in the General Fund.

Internal Service Funds

Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. (GASB Cod. Sec. 1100.103b[2]. See also Sec. 1300, "Fund Accounting.")

Currently, the state of Washington does not allow use of Internal Service Funds by school districts. Activities that would typically be accounted for in Internal Service Funds (such as printing, word processing, and motor pool) are accounted for in the General Fund instead.

Fiduciary Funds

Trust and Custodial Funds

Trust and Custodial Funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. These include (a) Private-Purpose Trust Fund, (b) Investment Trust Fund, (c) Pension and Other Employee Benefit Trust Funds, and (d) Custodial Fund. (GASB Statement 84; See also Sec. 1300, "Fund Accounting.")

- Moneys donated to the school district, for the *support of the district*; and permit *only* the earnings to be expended should be accounted for in the **Permanent Fund (Fund 8)**. A Permanent Fund is a government fund, not a fiduciary-type activity. See guidance on page 1-9.
- The purpose of the **Private-Purpose Trust Fund (Fund 7)** is to account for moneys or other assets donated to school districts to benefit individuals or private organizations. Examples include moneys for scholarship, student aid, charitable, and other similar purposes. A Private-Purpose Trust Fund is established by board resolution and through a **formal trust agreement**. The authority to use the resources comes from the donor who specifies a use or range of allowed uses for assets to be held in trust. The school board has the authority to determine the use of the assets only within the confines of the formal trust agreement.
- A **Custodial Fund (Fund 7)** differs from the Private Purpose Trust Fund because there is **no formal trust agreement**. The Custodial Fund's fiduciary conditions, and the allowable use of resources, are otherwise similar to Private

Purpose Trusts. A Custodial Fund is established by board resolution. In most circumstances, the authority to use the resources comes from the donor who specifies a use or range of allowed uses for assets to be held in trust.

- Within the F-196 fund financial statements, school districts are required to segregate Custodial Funds from Private-Purpose Trusts.
- **Investment Trust Funds** are used to account for the external portion of investment pools reported by the sponsoring government. They are not permitted in Washington state.
- **Pension and Other Employee Benefit Trust Funds** are not reported by most school districts since Washington school districts contribute to a multi-employer, cost-sharing statewide retirement system managed by the state of Washington Department of Retirement Systems (DRS). Only districts that operate individual pension trust funds and *hold resources* in trust should report this type of trust. The DRS is a component of the state of Washington and, as such, its financial activities are included in the financial statements of the state of Washington.

See Chapter 13–Fiduciary Activity for more information on Fiduciary Funds.

NUMBER OF FUNDS

Governmental units should establish and maintain those funds required by law and sound financial administration. Only the minimum number of funds consistent with legal and operating requirements should be established, however, because unnecessary funds result in inflexibility, undue complexity, and inefficient financial administration. (GASB Cod. Sec. 1100.104. See also Section 1300, "Fund Accounting.")

The eleven fund types defined above (General, Special Revenue, Capital Projects, Debt Service, Permanent, Enterprise, Internal Service, and four types of Fiduciary funds) are to be used if needed by a governmental unit to demonstrate compliance with legal requirements or to facilitate sound financial administration. In the simplest possible situation, a governmental unit could be in conformity with GAAP if it used a single fund, the General Fund, to account for all events and transactions. As previously noted, school districts in the state of Washington do not use Enterprise, Internal Service, or Investment Trust Funds and rarely use Permanent Funds, or Employee Pension and Other Employee Benefit Trust Funds.

FUND BALANCE

The balance on an individual fund is the excess of that fund's revenues and other financing sources over the fund's expenditures and other financing uses over time. Fund balance amounts can change over time, reflecting years of higher revenues or higher expenditures. The reporting of fund balance is not simply the reporting of the total excess of revenues over expenditures, as some revenue sources have restrictions about what they can be used for.

GAAP identifies five different categories of fund balance: Nonspendable, Restricted, Committed, Assigned, and Unassigned. Each of these categories includes a limitation on the use of the related assets.

Nonspendable Fund Balance

According to GAAP, amounts that are Nonspendable are those portions of fund balance that are either not in spendable form, such as inventory or prepaid items, or they are legally required to be maintained intact. An example of an item that is legally required to be maintained intact would be an endowment or donation where only the interest earned can be used by the district, never the principal.

The next four categories of fund balance are all considered "spendable."

Restricted Fund Balance

The second category is Restricted fund balance. According to GAAP, amounts that are Restricted are those that have a limitation placed on the use of the resources that is either externally imposed, or imposed by law or enabling legislation. "Externally imposed" means that the restriction on the resource use was placed by a source outside of the district, such as creditors, grantors, contributors, or laws of other governments (i.e., the state Legislature). "Enabling legislation" means some form of legislation that authorizes a government to assess, levy, or charge for resources (i.e., a tax levy), and there is a legally enforceable requirement that those resources be used for the particular reasons outlined in the legislation.

Legal enforceability means that a district can be compelled by an external party to use resources created by enabling legislation only for the purposes specified by the legislation. For Washington school districts, the largest amounts of restricted fund

balance come from the state Legislature, which provides program-specific sources of funding which may be used only for those particular programs.

The next three classifications of fund balance are all considered to be “unrestricted.”

Committed Fund Balance

The third category is Committed fund balance. According to GAAP, Committed fund balance represents those amounts that have had a specific constraints imposed upon them by a formal action of the district’s highest level of decision-making authority.

The highest level of decision-making authority in a school district is the district’s board of directors and a “formal action” is defined as being either a school board policy or a resolution of the board of directors.

Once resources have been committed for a particular purpose, they cannot be used for another purpose without a new formal action taking its place. Balances should be classified as committed only when they are subject to a specific constraint. They should not be committed if only general or routine limitations are imposed. For example, funds reserved for a particular capital project would be classified as committed whereas funds reserved for a “capital purpose” would not be sufficiently specific. Likewise, funds reserved for “emergency” use would not be classified as committed because the circumstances or conditions that constitute an emergency are not sufficiently specific and “emergencies” of some nature occur routinely.

Funds may be committed through “stabilization arrangements.” A stabilization arrangement is defined as when governments formally set aside amounts for use in emergency situations or when budgetary shortages or imbalances arise. The Blue Book (GAAFR pg. 13-9) contrasts minimum fund balance policy with stabilization arrangements:

“Another approach to ensuring that there will be adequate resources in the event of contingencies is to establish a fund balance policy that obligates the government to maintaining fund balance at a predetermined level. A fund balance policy represents a plan for accumulating resources rather than a limitation on how existing resources can be spent (unlike a stabilization arrangement); therefore, a fund balance policy does not affect the classification of fund balance. Note disclosure, however, is required.”

A stabilization arrangement would need to meet the following criteria:

- Amounts must be expended only when specific conditions exist.
- Formal action (resolution) should identify and describe specific circumstances when stabilization need arises.
- Circumstances should not occur routinely.
- The term “emergency” is not sufficiently detailed.
- Amounts set aside to offset anticipated revenue shortfall do not qualify UNLESS:
 - Shortfall is quantified; and
 - Is of a magnitude that distinguishes it from other revenue shortfalls that normally occur.

Commitments that have been imposed on particular resources may be there separately from an authorization to raise revenues for a particular purpose. These limitations on the use of resources do not meet the “legally enforceable” requirement to have them recorded as Restricted.

A district, in taking a formal action to commit resources to a particular purpose, must take that action by the end of the fiscal year (August 31 for school districts). The action need not specify a dollar amount for the commitment. Such specification may take place in the following fiscal year.

Assigned Fund Balance

The fourth category of fund balance are those amounts that are reported as Assigned. Assignments represent the *intent* to use resources for a particular purpose, similar to a commitment, but the similarities end there.

First, a commitment is done by the highest level of decision-making authority in a school district – namely, the board of directors. An assignment can come from either the governing body itself (the board), or by a body or official who has been delegated the authority to assign amounts for a particular purpose. This could be the district’s superintendent, or the budget director, or any other individual, as long as the person has been given the authority by the board. Districts will need to document who has the authority to assign fund balance and disclose that information in the notes.

Second, creation of an assignment does not require a formal action by the highest level of decision-making authority. That is, to create an assignment, the person or persons with the authority document the assignment.

Third, to change an assignment, those individuals who have the authority to create an assignment decide to end the assignment and use the money for other purposes. No formal action needs to be taken, but districts that choose to end an assignment should document when the assignment was ended and the reasons why.

In funds other than the General Fund, Assigned fund balance is also used to report any amounts that are in the fund that have not been restricted by enabling legislation or committed by the board of directors. In any fund, amounts cannot be reported as Assigned if, because of doing so, it would cause a deficit to arise.

Unassigned Fund Balance

The last category of fund balance is Unassigned. Unassigned fund balance, in the General Fund, is the amount of spendable fund balance that is remaining after all amounts that are put aside for various restrictions, commitments, and assignments. This is money of the district that can be used for any legal purpose.

In funds other than the General Fund, amounts are only reported as being Unassigned in the event of a fund balance deficit. That is, if after deducting amounts that are not in spendable format, restricted by enabling legislation, or committed by a formal action of the board, there is a deficit fund balance amount, that deficit is reported as a negative value in Unassigned fund balance. For more about fund balance reporting, see Chapter 4 (General Ledger Accounts).

ACCOUNTING FOR CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Capital assets are land, buildings, machinery, vehicles, furniture, and other equipment that the school district intends to hold or continue to use over a long period of time. "Capital" denotes probability or intent to continue to use or possess and does not indicate immobility of an asset. School districts have a responsibility to safeguard and control their assets. Although capital assets are not reported in the F-196 financial statements for school districts, they are reported in the notes to the financial statements.

Capital assets in Fiduciary and Proprietary Funds should be reported through those funds.

Capital assets for governmental funds are reported in the districtwide statements.

Long-Term Liabilities

Long-term debt includes the unmatured principal of bonds, warrants, notes, and other forms of noncurrent or long-term indebtedness that have a maturity of at least one year from the financial statement date and are otherwise not defined as "current debt." While long-term debt is a legal obligation of the district funds, the long-term unmatured principal is not recorded in a fund because it does not require current appropriation or expenditure of a school district's financial resources. It is important to account for long-term debt in the financial records of the district.

Although not reported as a part of the individual fund statements, long-term liabilities are reported in the Schedule of Debt and Liabilities, a required part of the F-196 financial statements for school districts. Additionally, the notes to the financial statements require several debt disclosures.

Debt that matures in less than one year must be reported in the districtwide statements in the long-term liabilities section titled "Due within one year." The long-term portion is titled "Due in more than one year."

Long-term debt in Fiduciary and Proprietary Funds should be reported through those funds.

Long-term debt for governmental funds is reported in the districtwide statements.

Valuation of Capital Assets

Capital assets should be accounted for at cost or, if the cost is not practicably determinable, at estimated cost. (GASB Cod. Sec. 1100.106. See also Sec. 1400, "Capital Assets.")

Donated Capital Assets

Governmental funds normally do not report *capital assets* or *donated capital assets* in the fund financial statements. If donated capital assets are material to a district's

operations, the district should disclose the information in the Notes to the Financial Statement in the year the asset is donated. If a school district intends to sell rather than keep donated capital assets, revenues may be reported if either of the following conditions is met:

- The asset is sold prior to the end of the fiscal year, and the proceeds of the sale are available; or
- The asset is sold (or the district has entered into a contract to sell the asset) prior to the issuance of the financial statements, and the proceeds of the sale are considered available.

If the proceeds of the sale are not considered available, a *receivable* and a liability for *unearned revenue* would be recognized in the appropriate governmental fund only at the time the district finally entered into a sales contract. Otherwise, the donated asset should be treated like a capital asset used in the government's operations until a sale occurs.

Donated Non-Capital Assets (Voluntary Nonexchange Transactions)

School districts may receive donated cash or financial instruments. When this occurs, the recognition of revenue or deferred revenue is required when all eligibility requirements are met. If the donation is accepted in advance and the collection is measurable and available, a modified-accrual basis school district should recognize a receivable and a revenue. Eligibility requirements include conditions or criteria and time period imposed by donors.

Donated Services

Payments of salaries and benefits made on behalf of the district's employees for services rendered to the district are required to be recorded as *revenues* and *expenditures* in the fund receiving the services.

The Governmental Accounting, Auditing, and Financial Reporting (GAAFR) recommends that school districts follow FASB statement No. 116 for donated services by volunteers, because GASB is silent on this issue.

Per FASB statement No. 116, the recognition of revenue and expenditure is limited to those services that are material to the district financial statements and meet one of the following criteria:

- The donated service creates or enhances nonfinancial assets (e.g., volunteer improvements to a capital asset); or
- The donated service requires specialized skills, is provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation (examples: accountants, architects, doctors, lawyers, etc.).

Depreciation of Capital Assets

Depreciation is not reported in the F-196 or required for an other comprehensive basis of accounting (OCBOA).

Depreciation of Capital Assets Accounted for in Fiduciary Funds

Depreciation is recognized in those trust funds where expenses, net income, and capital maintenance are measured. (GASB Cod. Sec. 1100.107. See also Sec. 1400, "Capital Assets.")

GAAP requires depreciation be recorded in the accounts of governmental funds and reported in the districtwide Statement of Net Assets. Depreciation of capital assets may be recorded in cost accounting systems or calculated for cost finding analyses, and accumulated depreciation must be reported in the districtwide Statement of Net Assets.

GOVERNMENTAL ACCOUNTING BASIS

The modified accrual or accrual basis of accounting, as appropriate, should be used in measuring financial position and operating results. (GASB Cod. Sec. 1100.110. See also Sec. 1600, "Basis of Accounting.")

Exception for Cash Basis

In the state of Washington, school districts with fewer than 1,000 full-time equivalent students for the preceding fiscal year may make a uniform election for all funds to be on a cash basis of accounting (RCW 28A.505.020 and WAC 392-123-049). Under this basis of accounting, revenue means the receipt of cash or noncash donations and expenditure means the disbursement of cash or noncash donations, except that deferred compensation must be accrued.

Modified Accrual and Accrual Basis

Accrual accounting means that:

- Revenues should be recorded in the period in which the goods or services are provided, although payment is received in a prior or subsequent period.
- Expenses should be recorded in the period in which the benefit is received, although payment is made in a prior or subsequent period.

In business enterprise accounting, the accrual basis is employed to obtain a matching of costs against the revenue flowing from those costs, thereby producing a more useful income statement. In governmental entities, however, funds make use of revenue and expense accounts to promote efficiency of operation and to guard against impairment of ability to render the services desired.

Funds of other types (General, Special Revenue (ASB), Capital Projects, Debt Service, and Permanent Funds) are not concerned with income determination. They are, instead, concerned with matching expenditures of legal appropriations or legal authorizations with revenues available to finance those expenditures. Therefore, standards recommend that the "governmental" funds use the "modified accrual" basis of accounting for the governmental fund financial statements. The modified accrual basis recognizes that it is not practicable to account on an accrual basis for self-assessed revenues, such as income taxes, gross receipts taxes, sales taxes, and property taxes. For such taxes, recognition of revenue is ordinarily made at the time of collection (i.e., when it is measurable **and** available), thus placing the fund partially on a cash basis in respect to revenue recognition. In respect to expenditure recognition, however, the modified accrual basis is almost identical with the accrual basis. The primary exception to the general rule of expenditure accrual relates to unmatured principal and interest on long-term debt.

Districtwide statements use the accrual basis of accounting. Reconciliation between the modified accrual fund financial statements and accrual based districtwide statements is required.

Identification of Modified Accrual or Accrual Basis by Fund or Transaction

Governmental Funds

Governmental fund revenues and expenditures should be recognized on the modified accrual basis. Revenues should be recognized in the accounting period in which they become available and measurable. Expenditures should be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which should be recognized when due. (GASB Cod. Sec. 1100.110a. See also Sec. 1600, "Basis of Accounting.")

Proprietary Funds

Proprietary Fund revenues and expenses should be recognized on the accrual basis. Revenues should be recognized in the accounting period in which they are earned and become measurable; expenses should be recognized in the period incurred, if measurable. (GASB Cod. Sec. 1100.110b. See also Sec. 1600, "Basis of Accounting.")

The state of Washington does not currently allow use of Proprietary Funds by school districts.

Fiduciary Funds

Fiduciary fund revenues and expenses or expenditures (as appropriate) should be recognized on the accrual basis. (GASB Cod. Sec. 1100.110c. See also Sec. 1600, "Basis of Accounting.")

Transfers

Transfers should be recognized in the accounting period in which the interfund receivable and payable arise. (GASB Cod. Sec. 1100.110d. See also Sec. 1600, "Basis of Accounting.")

BUDGETARY CONTROL AND REPORTING

Annual Budget(s)

In the state of Washington, school district budgets are required to be adopted in the General, Capital Projects, Transportation Vehicle, Debt Service, and ASB Funds on the same basis of accounting as the financial statement presentation.

The Accounting System

The accounting system provides the basis for appropriate budgetary control. (GASB Cod. Sec. 1100.111b. See also Sec. 1700, "The Budget and Budgetary Accounting," and Sec. 2400, "Budgetary Reporting.")

Accounting systems of funds for which budgets are required (General, Capital Projects, Transportation Vehicle, Debt Service, and ASB Funds) should incorporate budgetary accounts. Only three general ledger control accounts are needed—Estimated Revenues, Appropriations, and Encumbrances—to provide appropriate budgetary control. All three must be supported by subsidiary ledger detail.

Budgetary detail accounts for revenue are required in both the budget and accounting systems and reports.

An appropriation is an authorization for the district to incur expenditures in the amounts specified in the district's budget for the fiscal year. In the state of Washington, by law, total appropriations may not exceed the sum of Estimated Revenues and the beginning Unassigned fund balance. The resulting Unassigned fund balance account, after recording Estimated Revenues and Appropriations, must have a zero or credit balance.

The use of an encumbrance accounting system as an element of control in formal budgetary integration is widespread in governments. Such a system acts as an early warning device by controlling expenditure commitments; the government thereby significantly reduces the opportunity to over-expend an appropriation. Encumbrances are defined in the 1987 GASB Cod. Sec. 1700.128 as "commitments related to unperformed (executory) contracts for goods or services." They are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed. When these commitments are realized, a liability is recognized for the goods and services received.

Notwithstanding its control advantages, encumbrances are not recorded for all expenditures. See Chapter 7—Journal Entries for more information on the use of budgetary accounts.

Budgetary Comparisons

Budgetary comparisons should be included in the appropriate financial statements and schedules for governmental funds for which an annual budget has been adopted. (GASB Cod. Sec. 1100.111a. See also Sec. 1700, "The Budget and Budgetary Accounting," and Sec. 2400, "Budgetary Reporting.")

OSPI requires presentation of the final budget and comparison with actual amounts for each governmental fund, except the Permanent Fund, which is not budgeted. The final budget is defined as the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, ***as filed with OSPI.***

GAAP requires budgetary comparison schedules that include original (i.e., first complete appropriated) budget as well as the final appropriated budget for the General Fund and the ASB Fund, a major Special Revenue Fund. Actual inflows, outflows, and balances must be shown. A separate column to report the variance between the final budget and actual amounts is encouraged, but not required. If presented, the terms "favorable" and "unfavorable" should be avoided. The district has the option of presenting the budgetary comparison statement as required supplementary information (RSI), or as a part of the basic financial statements. Note disclosure of excesses of expenditures over appropriations in individual funds is required. If the budgetary comparison information is included in the basic financial statements, disclosure in the notes to the financial statements is appropriate. If, however, the district supplies the budgetary information as part of RSI, the note disclosure should follow and be a part of RSI.

For additional budgeting information see Chapter 2—Budgeting.

TRANSFER, REVENUE, EXPENDITURE, AND EXPENSE ACCOUNT CLASSIFICATION

Interfund Transfers

Interfund transfers should be classified separately from fund revenues and expenditures. (GASB Cod. Sec. 1100.112e. See also Sec. 1800, "Classification and Terminology.")

GAAP categorizes interfund activity by two classes: reciprocal and nonreciprocal. Refer to Chapter 3 and the section titled Interfund Activities, for topical guidance.

Classification of Governmental Fund Revenues and Expenditures

Governmental fund revenues should be classified by fund and source. Expenditures should be classified by fund, function (or program), organization unit, activity, character, and principal classes of objects. (GASB Cod. Sec. 1100.110b. See also Sec. 1800, "Classification and Terminology.")

For state reporting purposes, revenue is categorized by local, state, federal, and other sources, which are further broken down by type of revenue (e.g., taxes, interest, and sale of supplies). Expenditures are also categorized and reported by program, activity, object and location.

Proprietary Fund Revenues and Expenses

Revenues and expenses of Proprietary Funds should be classified in essentially the same manner as those of similar business organizations, functions, or activities. (GASB Cod. Sec. 1100.112c. See also Sec. 1800, "Classification and Terminology.")

The state of Washington does not currently allow use of Proprietary Funds by school districts.

COMMON TERMINOLOGY AND CLASSIFICATION

A common terminology and classification should be used consistently throughout the budget, the accounts, and the financial reports of each fund. (GASB Cod. Sec. 1100.113. See also Sec. 1800, "Classification and Terminology.")

Persons responsible for preparing the budgets and for preparing the financial statements and reports should work with those responsible for designing and operating the accounting system. Agreement on a common terminology and classification scheme is needed to make sure that the accounting system produces the information needed for budget, financial statements, and financial report preparation.

INTERIM AND ANNUAL FINANCIAL REPORTS

Appropriate interim financial statements and reports of financial position, operating results, and other pertinent information should be prepared to facilitate management control of financial operations, legislative oversight, and, where necessary or desired, for external reporting purposes. (GASB Cod. Sec. 1100.114a. See also Sec. 1900, "Financial Reporting," and Sec. 2100–2900.)

Interim financial reports required in the state of Washington are the Monthly Budget Status Report and the Statement of Financial Condition. (For more information, see Chapter 2–Budgeting.)

In the state of Washington, the F-196, annual financial statements are the legally required financial statements. These statements display information about major funds, individually. To enable comparability in statewide reporting, all government funds (General, ASB Special Revenue, Capital Projects, Transportation Vehicle, Debt Service, and Permanent, if applicable) are reported as major funds. Fiduciary funds display financial information on fiduciary fund statements. Governmental fund reporting focuses on sources, uses, and balances of current financial resources and uses the modified accrual basis of accounting.

Fiduciary fund reporting focuses on net position and changes in net position and uses the economic resources measurement focus and accrual basis of accounting. Liabilities should be recognized in a fiduciary fund when an event has occurred that compels the district to disburse fiduciary resources. Events that compel a district to disburse fiduciary resources occurs when a demand for the resource has been made or when no further

action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

In addition, a Schedule of Debt and Liabilities is required. Notes to the Financial Statements are also required. Sample “Notes to the Financial Statements” are included on the OSPI Administrative, Budgeting, and Financial Reporting (ABFR) webpage.

An Annual Comprehensive Financial Report (ACFR) is not required in the state of Washington. School districts preparing an ACFR may seek a Certificate of Excellence in Financial Reporting from the Government Finance Officers’ Association (GFOA) and the Association of School Business Officials (ASBO).

If a school board elects to prepare an ACFR, it should be prepared and published, covering all funds and activities of the primary government (including its blended component units) and providing an overview of all discretely presented component units of the reporting entity—including introductory section, management’s discussion and analysis (MD&A), basic financial statements, required supplementary information other than MD&A, appropriate combining and individual fund statements, schedules, narrative explanations, and statistical section. The reporting entity is the primary government (including its blended component units) and all discretely presented component units presented in accordance with Section 2100, “Defining the Reporting Entity.” (GASB Cod. Sec. 1100.114b. See also Sec. 1900, “Financial Reporting,” and Sec. 2100–2900.)

GAAP basic financial statements (BFS) include the following:

- a. **Districtwide Financial Statements**—These statements display information about the district as a whole, except for fiduciary funds. They are prepared using the economic resources measurement focus and accrual basis of accounting. Districtwide statements are (1) the statement of net position and (2) the statement of activities. Reconciliation between the districtwide and fund financial statements is also required as part of BFS.
- b. **Fund Financial Statements**—These statements display information about major funds, individually. To enable comparability in statewide reporting, all funds (General, ASB Special Revenue, Capital Projects, Transportation Vehicle, Debt Service, and Permanent, if applicable) are reported as major funds. Fiduciary statements include financial information for fiduciary funds. Governmental fund reporting focuses on sources, uses and balances of current financial resources and uses the modified

accrual basis of accounting. Fiduciary funds focus on net position and changes in net position and use the economic resources measurement focus and accrual basis of accounting.

- c. **Notes to the Financial Statements**—The notes are an integral part of the basic financial statements. They present essential information for the fair presentation of the financial statements that is not displayed on the face of the financial statements.

In addition, GAAP prescribe required supplementary information (RSI). This includes Management's Discussion and Analysis (MD&A), information required by GASB Statements 10 (as amended), 25, and 27, and budgetary comparison schedules.

The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete. The reporting entity's government-wide financial statements should display information about the reporting government as a whole, distinguishing between the total primary government and its discretely presented component units as well as between the primary government's governmental and business-type activities. The reporting entity's fund financial statements should present the primary government's major funds individually and nonmajor funds in the aggregate. Funds and component units that are fiduciary in nature should be reported only in the statements of fiduciary net position and changes in fiduciary net position. (GASB Cod. Sec. 1100.114d. See also Sec. 1900, "Financial Reporting," and Sec. 2100–2900.)

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CHAPTER 2 – Budgeting

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BUDGETING

The school budget document may be the most important single publication that any school system presents to the local citizens. It is the instrument that sets forth a financial plan for the achievement of the goals and objectives of each school district. It is also the community's educational plan expressed in dollars.

Form F-195 is the official school district budget document and must be filed with the Office of Superintendent of Public Instruction (OSPI). All school districts must create a budget for the General Fund; and for any other government fund the district has established as authorized under RCW [28A.320.330](#) and RCW [28A.160.130](#). All school districts must prepare, adopt, and file their budgets in the format prescribed by OSPI.

BUDGET PURPOSE AND FISCAL YEAR

Budget Objectives

The purpose of a budget is to provide a statement, expressed in financial terms, that serves as the primary tool for planning and controlling operations. To achieve this basic purpose, a comprehensive budget must be integrated with the school district financial accounting system to ensure that objectives of planning, coordinating, evaluating, and controlling are attained. The primary objectives of the budget system are to:

- Assist the formulation of an integrated plan of operations and the understanding of how each of the school district's activities contributes to the overall mission.
- Provide a means of communication between the various levels of management by stating the objectives of each program or activity within a school district and the resources necessary to achieve them. It also provides a means of justifying the overall budget.
- Integrate with the accounting systems to reflect expenditures and commitments to date and the balance of resources available.
- Provide a means of measuring and guiding performance by comparing planned (budgeted) expenditures and staffing levels against actual expenditures and staffing levels.
- Provide the historical data required for realistic budget preparation.

School District Fiscal Year

The period covered by the official budget is the fiscal year September 1 through August 31. Some projects, grants, or programs have a fiscal period that differs from this fiscal year, and it may be necessary to prepare program budgets that cover a different time period. The current official budget shall include only the estimated revenues and expenditures occurring during the period covered.

For school districts commencing basic education programs prior to September 1, the following activities shall be considered to be within the school year that commences September 1:

- School days scheduled prior to September 1.
- Staff days and activities in preparation for the school year included in employee collective bargaining contracts for the school year but occurring before September 1 (WAC 392-121-031).

Annual Schedule for Budgeting

The annual schedule for budgeting is available on OSPI's School Apportion and Financial Services (SAFS) webpage in the Administrative, Budgeting, and Financial Reporting ([ABFR](#)) Guidance.

BUDGET PREPARATION

Budget Preparation

To accomplish the objectives listed above, the following procedures may be used in budget preparation:

- Portions of the overall budget should be prepared by the person(s) with responsibility to manage the activity, program, or location. These are then reviewed, modified if necessary, approved, and integrated into the district's overall budget.
- The budget should be adequately documented. Any basic assumptions, which were made in establishing the projected personnel requirements or expenditures, should be identified.

- Administrators of the budget should play an integral part in any revisions to their budgets so that such changes are realistic, and they can modify their operational plans accordingly.

Each school district shall prepare the annual budget on or before July 10 for the ensuing fiscal year. The annual schedule for budgeting is available under Chapter 392-123-054 WAC.

The annual budget development process shall include the development or update of a four-year budget plan that includes a four-year enrollment projection. The four-year budget plan must include an estimate of funding necessary to maintain the continuing costs of program and service levels and any existing supplemental contract obligations. The completed budget must include a summary of the four-year budget plan and set forth the complete financial plan of the district for the ensuing fiscal year (RCW 28A.505.040).

Budget Review

RCW 28A.505.050 (WAC 392-123-078 and 392-123-079) requires that all school districts' budgets will have a preliminary review and edit performed by their respective educational service district (ESD) prior to budget adoption. School district budgets are reviewed and edited by ESDs and OSPI to ensure that the estimates contained in the budgets are reasonable.

Review, alteration, and approval of the budget shall be performed by a committee consisting of the respective ESD superintendent or representative, a member of the local school district board of directors or representative, and a representative of OSPI as required for second class school districts (RCW 28A.505.060 and 28A.505.070).

Budget Edits

To aid in the budget review process, OSPI has established budget, revenue, and Form F-203 edits that must be submitted with the budget document. The primary purpose of these edits is to assist school districts in the preparation of their budgets by drawing attention to certain areas or relationships in the budget that need further evaluation. However, these edits do not relieve the school district from its responsibility for establishing the estimates as set forth in its budget document.

The Budget Document

Each fiscal year, the district's adopted official budget document (Form F-195 and F-195F), shall be submitted in the format prescribed by OSPI. Refer to RCW 28A.505.090 and WAC 392-123-053. Districts may prepare additional budget information for local use.

For each fund, the F-195 budget shall contain the following:

- Estimated revenues and expenditures for the budgeted fiscal year, the current fiscal year, and actual revenues and expenditures for the last completed fiscal year.
- The beginning and ending restricted, committed and assigned fund balances for each fiscal year.
- Transfers (which are self-balancing) must be included when applicable.

For each fund, the F-195F four-year budget plan shall contain the following:

- A four-year enrollment projection.
- A four-year summary of estimated revenues.
- A four-year summary of estimated expenditures.
- A four-year summary of the beginning and ending nonspendable, restricted, committed, assigned, and unassigned fund balances.
- Transfers (which are self-balancing) must be included when applicable.

Basis of Budgeting and Accounting

School districts under 1,000 full-time equivalent students for the preceding fiscal year may make a uniform election to be on the cash basis of revenue and expenditure recognition, except for Debt Service Funds. All other school districts shall be on the modified accrual basis for budgeting, accounting, and financial reporting (RCW 28A.505.020 and WAC 392-123-049).

Budgeting Local, State, and Federal Revenues

General Fund excess levies are authorized for the maintenance and operation support of school districts as defined in RCW 84.52.053. The revenue (local property taxes) collected from calendar year levies are budgeted in the fiscal year in which they are received.

Levies in other funds are generally authorized for specific purposes. For example: buses in the Transportation Vehicle Fund, new construction, modernization, or remodeling of school facilities including technological improvements in the Capital Projects Fund, or the redemption of bonds and interest in the Debt Service Fund.

Local revenues must be estimated and may include the following types of revenues: local property taxes, tuition, fees, sales of goods, supplies and services, investment earnings, gifts, donations, fines, damages, rentals, and revenues from other school districts.

State revenues are estimated by using Form F-203, Estimate for State Revenues. The data may be revised until the budget is adopted. The information supplied on Form F-203 is combined with other data and is used to estimate each district's state-funded allocations for each fiscal year. The estimated state revenues and other data elements entered in the F-203 process are also used to begin making most apportionment payments in September. A copy of the F-203 must be attached to the F-195 filed per WAC 392-123-054. It is necessary that the F-203 data on the output reports agree with the budget data. Refer to RCW 28A.525.200 (chapter 180-25 WAC). Examples of state revenues are state apportionment, education of children with disabilities, learning assistance program, food services, transportation operations, and other special and pilot projects. State moneys are also authorized to assist school districts in providing school facilities.

Budgets should include a provision for **deductible revenues** where applicable. If a district receives revenue in any of the following revenue accounts, the amount is **deducted** from the state payment (3100, General Apportionment):

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

The time lag between receipt of deductible revenues and the reduction of apportionment can significantly distort a district's financial condition. Therefore, if a modified accrual basis district receives significant deductible revenue, the district may record a liability upon receipt of the deductible revenue and liquidate the liability when apportionment is reduced; however, the balance of the liability must be recorded by year-end. Cash basis districts must restrict fund balance at year-end for the unequalized portion of the deductible revenue not yet recovered by OSPI (GL Account 815 – Restricted for Unequalized Deductible Revenue).

Federal revenues may include the following: Impact aid; federal forests; programs for special education students; vocational education; remediation education; migrant; institutions; Indian education; targeted assistance; math and science; reimbursements for breakfasts, lunches, and milk; and USDA commodities.

Other Financing Sources

Other financing sources may include the sale of bonds, real property, or equipment; insurance recoveries; operating transfers; and long-term financing. The use of installment purchase contracts (also known as conditional sales contracts) for the purchase of capital assets can create budgetable resources because, in most situations, they are considered to be long-term financing. The budgets for General, Capital Projects, and Transportation Vehicle funds shall contain a schedule that identifies that portion of each non-cancellable contractual liability incurred which extends beyond the fiscal period being budgeted (RCW 28A.335.170).

Budgeting Receivables Collectible in Future Fiscal Periods

When a school district board is unable to prepare a balanced budget or a budget extension, the school district may petition OSPI requesting permission to include receivables collectible in future years in order to balance the budget. If such permission is granted, it shall contain conditions, binding on the district, designed to improve the district's financial condition (RCW 28A.505.110 and WAC 392-123-060).

Short-Term Loan Obligations—Anticipation Notes

The proceeds from the sale or issuance of short-term revenue anticipation notes (RANs) should not be considered revenues or other financing sources for budgeting or financial reporting.

Revenue anticipation notes include tax anticipation notes (TANs), bond anticipation notes (BANs), or any similar type of short-term obligations issued that will be repaid out of anticipated revenues. The issuance of a RAN increases the cash assets of the issuing fund and at the same time increases its current liabilities (General Ledger Account 606). The proceeds do not increase fund balance. School districts must balance their budgets on a fund balance basis without the use of RANs.

Budgeting Expenditures

The expenditure estimates for the budgeted fiscal year represent the school district's plan to use available resources. The budgeted expenditures for each fund must be prepared in accordance with RCW 28A.505.130 (WAC 392-123-070) and constitute the appropriations as adopted by the school district.

Salary Exhibits (GF and CPF only)

Salary exhibits for both the certificated and the classified staff are to be completed for each program matrix page of the budget. Each job classification or duty code must be budgeted for each activity within each program. Districts shall provide the individual salaries together with the title or position of the recipient and the total amounts of salary under each budget class upon request as set forth in RCW 28A.505.100.

Salaries including high, low, and average salary rates must be shown for each job classification.

Multiple-Year Budget Plan Preparation

The purpose of the four-year budget plan summary and four-year enrollment projection, collectively referred as a forecast, is to evaluate current and future fiscal conditions to guide policy and programmatic decisions. A forecast is a fiscal management tool that presents estimated information based on past, current, and projected financial conditions. This will help identify future revenue and expenditure trends that may have an immediate or long-term influence on school district policies, strategic goals, or community services.

The forecast is an integral part of the annual budget process. The forecast, along with its underlying assumptions and methodology, should be clearly stated and made available to stakeholders in the budget process. An effective forecast allows for improved decision-making in maintaining fiscal discipline and delivering essential community services. It also should be concisely presented in the final budget document. The forecast should be regularly monitored and periodically updated.

ASSOCIATED STUDENT BODY FUND (ASB)

BUDGETING

Approval Process

In the Associated Student Body Fund (ASB), each student activity group prepares a budget for the fiscal year. The budgets for all the student activity groups added together constitute the Associated Student Body budget for the school. After the school Associated Student Body budget is approved by the student council and the primary adviser, it is sent to the district superintendent for approval and consolidation with all other Associated Student Body budgets of the district which, when consolidated, will be the proposed Associated Student Body Fund budget for the district.

The schedule for completing the budgetary process will be as designated by the central district office and will provide for the completion of the ASB proposed budget prior to the completion of the student school year. This procedure and timing will provide for necessary student participation in the budgetary process as provided for in chapter 392-138 WAC. The district board of directors must approve the Associated Student Body Fund budget before any expenditure may be made from the Associated Student Body Fund for the fiscal year.

Participation in League and Other Joint Activities

Athletic leagues and other forms of joint interdistrict and intradistrict Associated Student Body programs may be formed as provided by WAC 392-138-130. These joint programs also include those between public and private schools. The leagues and other joint activities shall be budgeted in the same manner as all other activities of the Associated Student Body Fund.

When these joint programs exist and moneys must be managed, a managing district will be appointed, and the joint program Associated Student Body organization will exist in that district's Associated Student Body Fund organization.

If there is a managing district, all joint activity revenues will be deposited to the credit of the joint program Associated Student Body organization and all joint activity expenditures charged to that organization. Net revenues (if any) after joint activity expenditures are paid will be distributed to the member schools according to the joint program allocation formula. Member schools within the managing district will receive their share of the net revenues by a transfer entry. Other districts will be paid by warrant.

The district receiving the payment will further allocate the payment to their member schools by transfer.

PUBLIC HEARINGS

Budget Presentation at a Public Hearing

Upon completion of the budget, school districts shall publish a notice in accordance with RCW 28A.505.050 stating:

- That the district has completed the budget.
- That the budget is on file at the district administration office.
- That a copy of the budget will be furnished to any person requesting one.
- That the board of directors will meet for the purpose of fixing and adopting the budget of the district for the ensuing fiscal year.
- The date, time, and place of the board hearing which shall occur no later than August 31 for first class districts and August 1 for second class districts.
- That any person may appear at the public hearing and be heard for or against any part of the budget.

Notice of public meetings shall be published at least once each week for two consecutive weeks in a newspaper of general circulation in the district, or if there is none, in a newspaper of general circulation in the county or counties in which such district is a part. The last notice shall be published no later than seven days immediately prior to the hearing. Such notices shall state the date, time, and place of the board hearing (RCW 28A.505.050).

The school district shall provide a sufficient number of copies of the budget to meet the reasonable demand of the public not later than July 10 (RCW 28A.505.040).

Passage of the budget resolution shall require a majority vote of the school district board of directors or the charter school board. The chair and secretary of the board must sign the resolution.

The budget must be adopted no later than August 31 in first class school districts, and not later than August 1 in second class school districts (RCW 28A.505.060).

Public Hearings for Budget Extensions

The adoption process for a budget extension is the same as for the original budget except that notice is not required under certain types of emergencies by first class school districts per WAC 392-123-071.

BUDGET EXTENSIONS AND TRANSFERS

Monthly Review of Budget to Determine Necessity of an Extension

All funds in the budget should be reviewed and analyzed on a monthly basis. The district **must** complete a budget extension **prior** to incurring expenditures in excess of the total of such appropriations as required by RCW 28A.505.150. For first class school districts, this means that a budget extension must be adopted and filed prior to incurring expenditures that exceed the appropriation in each fund. For second class school districts, a budget extension must be adopted and approved by both the ESD and OSPI prior to incurring expenditures that exceed the appropriation in each fund. The ESD and OSPI will adjust budget extensions that do not meet this requirement.

WAC 392-138-110 requires that the Associated Student Body initially review revisions to the Associated Student Body (ASB) budget. Therefore, an extension of the Associated Student Body Fund budget should occur prior to the closing of school to secure the necessary student involvement.

Extending or Revising the Budget

School districts may adopt and file budget extensions (Form F-200) in accordance with the procedures outlined in RCW 28A.505.170 and RCW 28A.505.180 (WAC 392-123-071, 392-123-072, 392-123-078, and 392-123-079) and instructions published by the Office of Superintendent of Public Instruction. Budget extensions not in compliance with the prescribed format must be resubmitted as outlined in RCW 28A.505.090.

To increase the amount of the appropriation in any fund as provided in RCW 28A.505.170 and 28A.505.180, the school district board of directors shall adopt a written resolution stating:

- The estimated amount of additional expenditures.
- The source of funding.
- The specific reason(s) for the extension. The reason(s) may be brief. For example: increased enrollment, purchase of equipment, increased salary demand, etc.
- In the case of second-class school districts, petitioning OSPI for approval.

All school districts must submit copies of their latest budget status report (Form F-198) for the appropriate fund along with copies of their budget extensions. The budget status reports submitted with budget extensions must be complete and in the proper format.

Budget extensions are reviewed and edited by the ESDs and OSPI to ensure that the estimates contained in the budget extensions are reasonable. Revised budget edits must be submitted with the budget extension document. Districts will provide explanations and correct problems when requested.

Transfers of Budgeted Expenditures During Each Fiscal Year

Transfers between budget classes (programs, activities, and objects) may be made by the school district's chief administrative officer or finance officer subject to such restrictions as may be imposed by the school district board of directors, ensuring that the approved total appropriation for the fund is unchanged (RCW 28A.505.150).

FINANCIAL REPORTS

Monthly Budget Status Reports and Statements of Financial Condition

Each school district administration shall prepare and make available monthly budget status reports (Form F-198) and a statement of revenues, expenditures, and changes in fund balance along with any other pertinent financial information to each member of the board of directors of the district and to any person or organization upon request following the policies of the board of directors. As a part of the budget status report, the administration shall provide each member of the board of directors with a brief written explanation of any significant deviations in revenue or expenditure projections that may affect the financial status of the district. Separate budget status reports (Form F-198) are provided for each fund. Districts can use these reports or design reports that will yield comparable information (WAC 392-123-110 through 392-123-120).

Year-End Budget Status Reports and Statements of Financial Condition

A budget status report is required at year-end along with other financial reports (Form F-196). It is similar in format to the monthly budget status report. The main difference is that the year-end report does not show the current month's actual and outstanding encumbrances. A comparison is made between yearly budget and actual amounts for revenues, expenditures, and adjustments. (Refer to Chapter 8—Financial Reporting.)

PERSONNEL REPORTS

Monthly Personnel Budget Status Reports

Each school district shall maintain the capability to prepare monthly personnel status reports. These reports shall display the combined responsibilities of the district's administrative staff for personnel management and budget control and shall indicate the status of expenditures and commitments for salaries and wages. The school district administration shall prepare and make available personnel budget status reports to OSPI or the board of directors of the district within ten days from the date of such request from either the superintendent or board (WAC 392-123-125).

CHAPTER 3 – Accounting Guidelines

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INTERNAL CONTROL STRUCTURE

Introduction

This chapter provides school boards, superintendents, business managers, and other school district personnel with a background and approach to establishing and maintaining an effective system of internal controls.

These internal control policies are based on the 1994 report issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and standards adopted by the American Institute of Certified Public Accountants and the federal Office of Management and Budget.

The COSO report defines internal control as “a process, effected by an entity’s board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

Internal control is a management process to assist a school district in achieving the educational objectives adopted by the school board. This management control system should include procedures and policies to help ensure resources are guarded against waste, loss, and misuse; that reliable data is obtained, maintained, and fairly disclosed in financial statement and other reports; and resource use is consistent with laws, regulations, and policies.

Basic Internal Control Requirements

Each school board is responsible for establishing and maintaining an effective system of internal control throughout the school district.

An internal control system should provide *reasonable assurance* that a school district will accomplish its educational objectives. The concept of reasonable assurance recognizes that the cost of an internal control activity should not exceed the benefit derived from it. Reasonable assurance equates to a satisfactory level of confidence given considerations of costs, benefits, and risks.

School district management should identify and analyze the risks in achieving educational objectives and determine how to most effectively and efficiently manage those risks. Management defines the level of risk that the school district is willing to accept and strives to maintain risks within those levels.

Each school district should adopt methods to assess risk and review control activities. The methods developed should address each school district's specific needs.

Components of Internal Controls

The five components of good internal controls within a management control system are:

1. **Control Environment**—The control environment sets the tone of a school district. Providing discipline and structure, it is the foundation for all other components of internal control. Control environment factors include the integrity, ethical values, and competence of the school district's staff; management's philosophy and operating style; the way management assigns authority and responsibility; the way management organizes and develops its staff; and the attention and direction provided by the board.
2. **Risk Assessment**—Every school district faces a variety of risks from external and internal sources, all of which must be assessed. A precondition to risk assessment is establishment of objectives, linked at different levels and internally consistent. Risk assessment is the identification and analysis of obstacles to achieving the objectives, and it forms a basis for determining how risks should be managed.
3. **Control Activities**—Control activities are the internal policies and procedures that help ensure management directives are carried out. They help ensure necessary actions are taken to address risks to achieving the school district's objectives. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, review of operating performance, security of assets, and segregation of duties.
4. **Information and Communication**—Pertinent information must be identified, captured, and communicated in a form and time frame that enables people to carry out their responsibilities. Information systems produce reports containing operational, financial, and compliance related information, making it possible to efficiently manage the school district.

5. **Monitoring**—Management systems and internal activities require monitoring to assess the quality of their performance over time. Assessment is accomplished through ongoing monitoring activities, separate evaluations, or a combination of the two. Deficiencies should be reported upstream, with serious matters reported to top management.

Common Questions About Internal Control

What is a risk assessment?

A risk assessment is a process to identify, analyze, and manage risk. A school district needs a plan to identify both external and internal risks. The plan will help management understand how those risks affect their activities, assess their significance, manage their effect, and provide for continuous monitoring. Risk identification can often be integrated with a school district's planning activities.

Risk analysis involves a careful, rational process of estimating the significance of a risk, assessing the likelihood of its occurrence, and considering what actions and controls need to be taken to manage it. Risk analysis also involves estimating the cost to the school district if something does go wrong.

How does a school district identify risk?

Identification of risk can start from existing systems. The budget process, audits, strategic planning, and other chapters included in this manual all provide opportunities for managers to conduct quantitative and qualitative reviews and to identify and prioritize.

How does a school district control or minimize risk?

Control of risk starts with management deciding on the actions necessary to reduce the potential occurrence and significance and monitoring conditions to remain aware of changing circumstances.

Control Activities

The control activities presented in this section are intended to provide school boards, superintendents, business managers, and other school district personnel with an overview, use, and potential limitations of control activities to manage the risk of achieving school district objectives.

Control activities are the policies and procedures that help ensure management directives are carried out. They help ensure that necessary actions are taken to address and minimize the risk of achieving school district objectives.

Control activities, no matter how well designed and executed, can provide only reasonable assurance regarding achievement of objectives. The likelihood of achievement is affected by limitations inherent in all control systems.

Loss of Public Funds

Known or suspected loss of public funds or other illegal activity must be immediately reported to the State Auditor's Office (RCW 43.09.185). Districts should contact their local audit manager.

Audit Resolution Standard

School district management is to follow WAC 392-115 for state and federal audit findings.

PAYROLL PROCESS

The payroll process implements management policies and procedures to properly compensate employees for services rendered. State and federal government laws and regulations impact the process and dictate some procedural practices.

Personnel Decisions

The personnel department of each school district should be responsible for the determination of the individuals to be included on the payroll of the district. The personnel department should inform employees of mandatory benefits, available optional benefits, and other paid or nonpaid benefits. The personnel department then communicates the employee's choices regarding these compensation issues to the payroll department. The personnel department should also communicate any changes in employee benefit programs to the employees and to the payroll department. Management procedures need to ensure that the responsibility for personnel assignments is clearly delineated to ensure appropriate duty and financial accountability.

Payroll Database

The payroll process requires many periodic updates to the information database that ensures an accurate and reliable production of pay instruments. These periodic changes may occur randomly or on a regularly scheduled basis, such as a day, week, month, or year. In many instances, governmental regulation or contract terms determine when changes in the database will occur. Employee options also effect changes. The following database items need to be considered:

- **Demographic Data:** Information to identify the employee as a unique individual, including name, address, social security number, withholding exemptions, marital status, etc.
- **Hours of Work:** The normal work schedule that is related to the payroll department on a timesheet declaration from the employee or is understood by a professional contract.
- **Overtime Work:** Hours worked beyond the normal work schedule.
- **Payroll Period:** The frequency at which employees provide services and are paid. (In school districts, usually monthly.)
- **Pay Date:** The regularly identified date on which employees are paid.
- **Salary Schedule(s):** The documents that determine the periodic pay rates for individuals.
- **Paid and Unpaid Leaves:** The policy or procedures that determine which leaves of absence are paid or unpaid.
- **Unemployment Compensation:** The unemployment benefit program administered by the Employment Security Department. The district may participate in a tax rate basis or reimbursement rate basis of replenishing the fund. The reimbursement rate basis may be self-administered or administered through a cooperative arrangement with other school districts or the local ESD.
- **Optional Benefits and Deductions:** The district-sponsored benefits to which the district may or may not contribute, including health insurance, life insurance, disability insurance, annuity, United Way, credit union, deferred compensation, etc.
- **Social Security:** The federal government-sponsored program of pensions and disability income to qualified individuals supported by payroll taxes.
- **Retirement Systems:** The state government-sponsored retirement systems supported by payroll deductions and contributions by the district.
- **Workers' Compensation Insurance:** The state government-sponsored program of pensions, disability income, and medical expenses for qualified individuals who have sustained injuries on the work site as a result of performing duties for the

district. The program is administered by the Department of Labor and Industries and the district may be self-administered or a member of a cooperative arrangement to administer claims.

Time and Effort Records

Employees assigned to work in support of most federal programs are required to document that work. Recent changes to federal rules now allow districts two options to comply with these time and effort (T&E) reporting requirements. In the previous time and effort bulletin 048-17, Local Educational Agencies (LEAs) followed the old time and effort regulations under Office of Management & Budget's (OMB) Circular A-87.

Starting with the 2024-25 school year, **Bulletin 039-24** provides LEAs the option to continue to use the old time and effort guidance (outlined in bulletin 048-17) or to use the new, more flexible, requirements for time and effort reporting, outlined in the Code of Federal Regulations (CFR) 200.430 *Standards for Documentation of Personnel Expenses* (CFR 200.430(g)). Provided that an LEA's policy and system of internal controls meets each of the requirements outlined in CFR 200.430(i), it may design a process that uses the method, or combination of "old" and "revised" guidance that works best for its organization.

Bulletin 039-24 includes attachments to time and effort examples that meet the standards under the old T&E guidance. They are intended as examples only and should be modified as needed.

RESOURCES AND RESOURCE FLOWS

The intent of financial statements is to provide information on the resources that are available to a governmental entity, as well as the flows of those resources into and out of the government over a given period of time (the reporting period). The term "resource," in a governmental context, means an item that can be drawn upon to provide services to the citizenry. Generally, the term "resource" refers to financial resources such as cash that the government may use to purchase goods or services.

The measurement focus of the financial statements is on the net change in total resources over a defined reporting period. The term "net position" is used to describe the sum total of all resources available to a government over the sum total of all liabilities and claims to those resources. The financial statements, then, report on a government's net position as of a given date and the change in net position over a

defined period. Another term for "net position" is "net assets," which has been defined as the amount by which total assets exceed total liabilities.

Flows of Resources

The movement of resources into or out of a government is defined by GASB as a "flow of resources." This is further defined in two categories: inflows of resources and outflows of resources.

An inflow of resources is defined as the acquisition of net assets of a governmental entity. This is either from a government's assets increasing at a rate greater than its liabilities, or by liabilities being reduced at a rate greater than assets. The recording of revenues (increasing cash with no increase in liabilities) would be an example of an inflow of resources.

An outflow of resources is defined as the consumption of net assets of a governmental entity. This occurs either when a government's liabilities increase at a rate greater than its assets, or when a government's assets decrease at a rate faster than its liabilities. The recording of expenditures (either decreasing cash or increasing liabilities in the form of accounts payable) is an example of an outflow of resources.

Basis of Accounting and Measurement Focus

Financial statements are presented in accordance with a defined basis of accounting. The basis of accounting used determines the presentation for items such as the flow of resources into and out of a government over a defined period.

Most districts prepare their financial statements using the modified accrual basis of accounting, which focuses on the current financial resources available to the district. This focus is on the financial resources that the district has received in a given period, or will receive soon enough after the end of the reporting period, to be available to pay for the current liabilities of the government that are outstanding as of the end of the period.

Districts under 1,000 FTE students may elect to prepare their financial statements on the cash basis of accounting. Under the cash basis, changes in financial resources are recorded only when there is an actual receipt for cash received, or when a payment is made to a vendor.

The economic resources measurement focus and accrual basis of accounting is used for the districtwide financial statements. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions should be recognized when the exchange takes place. Transactions are external events where something of value or benefit passes between two or more parties. In exchange-like transactions, the values exchanged may not be quite equal or directly benefit the parties to the transaction but are sufficiently to justify treating the transaction as an exchange for accounting recognition. (GASB Statements 33 and 34.)

Applicability to the Reporting Period

The measurement focus of the financial statements helps to determine the nature and period to which a flow of resources is applicable. For financial statements prepared on the modified accrual basis of accounting (and the current financial resources measurement focus), the period for which most transactions are applicable is the period in which the flow of resources takes place. For districts electing to use the cash basis of accounting, the period for which outflows and inflows of resources is recorded is the period in which cash is disbursed or received.

For resources flows statements prepared using the economic resources focus, the period to which an outflow (or inflow) of resources is applicable is determined using the concept of *interperiod equity*. Interperiod equity is the state in which current period inflows of resources equal current period costs of services. Interperiod equity is a relevant metric to assess accountability, rather than a goal that is expected to be met for any particular period of time.

Deferred Outflow and Deferred Inflow of Resources

State and local governments enter into transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods. GASB identifies those consumptions or acquisitions as deferred outflows of resources and deferred inflows of resources, respectively, and distinguishes them from assets and liabilities. These deferred flows of resources are recognized when a school district records a transaction that results in the acquisition or consumption of resources, but the underlying transaction does not occur until a future period.

A familiar example for school districts is the recognition of Property Taxes Receivable at the end of the year for the full amount of the levy, resulting in a "deferred inflow of resources." These resources are measurable but considered unavailable for revenue

accrual under state law, RCW 28A.505.010, WAC 392-123-047, RCW 28A.150.400. This is a departure from GAAP as defined by GASBS 33 and Interpretation 5 and should be disclosed in the notes to the financial statements.

In a Statement of Net Position and or the F-196 Balance Sheet, amounts required to be reported as deferred outflows of resources are listed in a separate section following assets. Similarly, amounts that are required to be reported as deferred inflows of resources are listed in a separate section following liabilities.

The Balance Sheet will continue to follow the traditional "debits equals credits" format. Assets plus Deferred Outflows of Resources will equal Liabilities, Deferred Inflows of Resources and Net Position.

REVENUES AND RECEIPTS

Revenues are an inflow of resources into a school district. They are an increase in the current financial resources of the district, regardless of form. Under the modified accrual basis of accounting, revenues are recognized when they are susceptible to accrual, which means they are both measurable and available. "Measurable" means that the amount of the revenue is either known or is subject to reasonable estimation. "Available" means that the revenues must be subject to collection within the current period, or soon enough after the end of the current period to be able to pay for liabilities that are outstanding at the end of the current period.

Timely Deposits

Article XI, Section 15, of the Constitution of the State of Washington requires that all moneys, assessments, and taxes belonging to or collected for the use of any public or municipal corporation shall immediately be deposited with the treasurer, or other legal depository. Chapter 28A.400.030(3) RCW requires the superintendent of a public school district to keep accurate and detailed accounts of all receipts and expenditures of school money.

According to RCW 43.09.240: Every public officer and employee, whose duty it is to collect or receive payments due or for the use of the public shall deposit such moneys collected or received by him or her with the treasurer of the local government once every twenty-four consecutive hours. The treasurer may in his or her discretion grant an exception where such daily transfers would not be administratively practical or feasible as long as the treasurer has received a written request from the department, district, or

agency, and where the department, district, or agency certifies that the money is held with proper safekeeping and that the entity carries out proper theft protection to reduce risk of loss of funds. Exceptions granted by the treasurer shall state the frequency with which deposits are required as long as no exception exceeds a time period greater than one deposit per week.

Cash Receipts

Each public school district is responsible for the establishment of procedures for the daily collection of cash, other forms of money, and for the issuance of payee receipts consistent with reliable internal control processes.

Revenue Accruals

Governmental fund types: The modified accrual criterion of measurable and available is used. It is applicable to each major source of revenue classification within the source. Accruals are not applicable to those public school districts electing under RCW 28A.505.020 to use cash basis accounting.

- *Local taxes:* Local property taxes are recorded at the net amount collected (cash basis) during the current fiscal year. This is a departure from GAAP as defined by GASB 33 and Interpretation 5 and should be disclosed in the notes to the financial statements. (See discussion of Nonexchange Transactions later in this section.)
- *Local nontaxes:* Accounts in this major source may be recorded at the amount collected (cash basis) during the current fiscal year. Some revenue accounts in this source may be susceptible to accrual including, but not limited to, rental income, investment earnings, and tuition.
- *General-purpose state revenues:* Accounts in this major source meet the measurable criteria but not the available criteria; therefore, accruals are not required. As a practical matter, all material amounts are received during the current fiscal period. However, known and probable reductions must be recognized when material.
- *Special purpose state revenues:* Many accounts meet the measurable criteria but not the available criteria; therefore, accruals are not required. However, grants paid on a reimbursable basis meet the measurable and available criteria and are, thus, subject to accrual.
- *General-purpose federal revenues:* Most accounts in this source are not measurable or available; therefore, these amounts are recorded as collected (cash

basis) during the current fiscal period. For those sources that meet the measurable and available criteria, the amounts are accrued.

- *Special purpose federal revenues*: Most accounts in this source are from grants paid on a reimbursable basis that meet the measurable and available criteria; therefore, these amounts are subject to accrual. For those sources that do not meet the measurable and available criteria, the amounts are recorded as collected (cash basis) during the current fiscal period.
- *Revenues from other school districts*: Many accounts in this major source meet the measurable and available criteria making them susceptible to accrual. Some accounts are measurable but not available (e.g., payments from nonhigh districts); therefore, these amounts are recorded as collected (cash basis) during the current fiscal period.
- *Other agencies and associations*: Many accounts in this major source meet the measurable and available criteria making them susceptible to accrual. Some accounts are measurable but not available; therefore, these amounts are recorded as collected (cash basis) during the current fiscal period.
- *Other financing sources*: All accounts in this major source are recorded as collected (cash basis) during the current fiscal period. These amounts are not recorded as revenues on the income statement but as the source title says, as other financing sources.

Revenue Carry Over

Revenues that are received for a legally restricted purpose but have not yet been expended in the current fiscal period are susceptible to the restriction of fund balance. Any unexpended amounts shall be recorded in General Ledger Account 821 – Restricted for Carryover of Restricted Revenues, at the fiscal year end. An example of these special purpose revenues are special education funding and LAP. See Chapter 4, Fund Balance, "Restricted" Accounts, for more information.

Unearned Revenues

Under both the accrual and the modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for unearned revenue. The revenue has been received and is available to pay for current liabilities of the district, but unless the district performs some service the money will have to be returned. An example would be a parent who

prepays for the ASB Yearbook or school lunches in advance of the start of the school year.

Deferred Inflows of Resources

(Not for cash basis districts.)

Districts may periodically receive financial resources that are not appropriately recorded as revenues in the period received. This is because the revenue has been recorded, but it is not available to pay for current liabilities of the district.

Unavailable Revenue

Under the modified accrual basis of accounting, it is not enough that a resource has been earned if it is to be recognized as revenue of the current period. The revenue must also be susceptible to accrual (it must be both measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflow of resources for unavailable revenue. This type of unavailable resource is unique to governmental funds and is tied to the modified accrual basis of accounting.

Nonexchange Transactions

In a nonexchange transaction, a government gives (or receives) value without directly receiving (or giving) equal value in return. These transactions are common in governments and described below. GASB Statement 33—*Accounting and Financial Reporting for Nonexchange Transactions* prescribes the accounting for such transactions. In governmental funds where the modified accrual basis of accounting is used, revenue recognition of nonexchange transactions takes place only when the transaction has occurred *and* the revenues are available. GASB Statement 65—*Items Previously Recorded as Assets and Liabilities* prescribes the accounting for such transactions. The timing of recognition is as follows:

- *Imposed nonexchange revenues* result from assessments by governments on nongovernmental entities such as individuals. Examples are property taxes and most fines and forfeits. Revenues are recognized when the use of the resources is required or first permitted by time requirements (such as the period for which property taxes are levied). Resources received or recognized as receivable before

the time requirements are met should be reported as deferred inflows of resources.

- *Government-mandated and voluntary nonexchange transactions* include grants to districts for state or federally mandated programs, entitlements, and most donations. Under modified accrual, revenue is recognized when all applicable eligibility requirements are met *and* the resources are available. If the provider requires the recipient to use (sell, disburse, consume) the resources in, or beginning in, the following fiscal period, resources provided before that period should be recognized as advances to the providers and deferred inflows of resources to the recipients.

Receivables

Revenues or other positive increments in financial resources should be treated as accounts receivable at the time the revenues are earned, an invoice is issued, or a grant claim is filed.

In addition, material revenues received prior to the normal time of receipt, or in advance of the period to which they apply, should be recorded as unearned revenues in the period received and recognized as revenue of the period to which they apply. (GASB Cod. Sec. 1600.114 and 115.)

Interfund receivables and payables may result from services rendered or goods provided by a department financed from one fund to a department financed from another fund or from interfund loans. Each fund, being a separate entity, should reflect the amounts due from other funds, as well as the amounts owed to other funds. The receivables and payables should not be offset (netted) in the accounts, but they may be reported at the net amounts in the respective fund balance sheets. (GASB Cod. Sec. 1300.120.)

Electronic Funds Transfer

The deposit to, or disbursement from, a bank account by means of wire or other electronic communication is permitted by RCW 39.58.750.

Revenue Versus Contra-Expenditure Recognition

For financial reporting purposes, revenues and expenditures should be presented on the gross versus net basis because the measurement focus is on the flow of current financial resources.

Examples of expenditure reimbursements that should be reflected as revenue and not a refund of expenditure include: substitute teacher reimbursement from other districts, student fees for fieldtrips, teacher training reimbursement from OSPI, and reciprocal interfund services provided and used; such as Trip Billings to ASB.

Insurance recoveries related to storm clean-up are an exception to the general rule. When an insurance recovery related storm cleanup is measurable and available ***in the same year as the related cleanup expenditures***, it should be netted against those expenditures; (crediting the GL 530 expenditure account). However, insurance recoveries related to storm cleanup which are recognized in subsequent periods should be reported as other financing sources (crediting GL 965, resource 9400). Refer to resource code 9400 – Insurance Recoveries for additional guidance.

Nonreciprocal interfund reimbursements between funds are also an exception. An interfund reimbursement is treated as a refund of expenditures. Refer to the section titled Interfund Activities, later in this chapter, for additional guidance on reciprocal and nonreciprocal interfund activities.

GENERAL FUND FUNDRAISING

Based on Attorney General Opinion Cite AGO 2003 No.1, dated February 19, 2003, districts have broad discretion to engage in fundraising activities. If a school district engages in General Fund fundraising, it is required to establish a board policy. See the full Attorney General Opinion on the Office of the Attorney General website for additional information.

EXPENDITURES AND DISBURSEMENTS

This section contains guidance on the treatment of expenditure and disbursement documents.

Voucher Certification and Approval

All claims for the provision of goods and services, other than payroll, to the school district must be pre-audited and certified by the district's auditing officer or an appointed delegate. The certification may be made on each individual claim voucher or subject to the acceptance and approval of the board of directors. A blanket voucher certification may be used so long as it indicates the particular vouchers so certified. The use of a blanket certification does not relieve the auditing officer of the responsibility and liability for each individual voucher so certified. The certification must be signed and dated by the auditing officer or delegate. For all claims, except travel reimbursements certified by employees or school officials, the certification must include the following language:

"I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered, or the labor performed as described herein and that the claim is a just, due, and unpaid obligation against _____ School District No. _____ and that I am authorized to authenticate and certify to said claim."

The auditing officer's certification for employee or school official travel reimbursement claims must include the following language:

"I, the undersigned, do hereby certify under penalty of perjury that the claim is a just, due, and unpaid obligation against _____ School District No. _____ and that I am authorized to certify to said claim."

The certification by the district auditing officer does not relieve members of the board of directors from the responsibility and liability for each voucher approved. It is the board's responsibility to ensure that the system of auditing and certifying vouchers is operating in a manner to provide the greatest possible protection for the board members and the school district.

Indication of board of director approval for payment of claim vouchers and payroll should be recorded in the minutes of the board meeting by use of the following statement:

"The following vouchers as audited and certified by the auditing officer, as required by RCW 42.24.080, and those expense reimbursement claims certified, as required by RCW 42.24.090, are approved for payment. In addition, payroll warrants in the amount of \$_____ are also approved.

(Fund Name)

Voucher numbers _____ through _____
 totaling \$_____.
 Payroll warrant numbers _____ through _____
 totaling \$_____."

Per RCW 42.24.180, in order to expedite the payment of claims, the Board of Directors of any school district, may authorize the issuance of warrants or checks in payment of claims after the provisions of this chapter have been met and after the officer designated by resolution of the school district, has signed the checks or warrants, but before the Board of Directors has acted to approve the claims. The Board of Directors may stipulate that certain kinds or amounts of claims shall not be paid before the board has reviewed the supporting documentation and approved the issue of checks or warrants in payment of those claims.

However, all of the following conditions shall be met before the payment:

- The auditing officer and the officer designated to sign the checks or warrants shall each be required to furnish an official bond for the faithful discharge of his or her duties in an amount determined by the Board of Directors but not less than fifty thousand dollars;
- The Board of Directors shall adopt contracting, hiring, purchasing, and disbursing policies that implement effective internal control;
- The Board of Directors shall provide for its review of the documentation supporting claims paid and for its approval of all checks or warrants issued in payment of claims at its next regularly scheduled public meeting; and
- The Board of Directors shall require that if, upon review, it disapproves some claims, the auditing officer and the officer designated to sign the checks or warrants shall jointly cause the disapproved claims to be recognized as receivables of the school district and to pursue collection diligently until the

amounts disapproved are collected or until the Board of Directors is satisfied and approves the claims.

The board of directors may stipulate that certain kinds or amounts of claims shall not be paid before the board has reviewed the supporting documentation and approved the issuance of checks or warrants in payment of those claims.

The original copy of all vouchers shall be filed in the office of the district's auditing officer. The detailed accounts to which the expenditures are to be posted must be clearly designated on the voucher. Supporting documentation must be retained and either attached to the vouchers or canceled by the auditing officer to prevent reuse.

Original supporting documentation for vouchers for the claims against the associated student body program fund may be retained in the school building with ready availability to the auditing officer. Summary data required for auditing and certification of the vouchers in the Associated Student Body program fund may be forwarded to the auditing officer as required by board policy or procedure.

School districts that do not issue their own warrants shall send original vouchers and supporting documentation to the office of the appropriate county auditor.

Facsimile Signatures

The "Uniform Facsimile Signature of Public Officials Act of 1969," chapter 39.62 RCW allows the use of facsimile signatures on public securities and instruments of payments provided that certification and filing of manual signatures with the Secretary of State have been accomplished (RCW 39.62.020).

Warrants

Warrants are issued when the president or majority of the board signs an order for such and it is countersigned by the secretary (RCW 28A.330.230). The superintendent signs all orders for warrants (RCW 28A.400.030). Districts of the first class derive their authority to issue warrants from RCW 42.24.180. Second class districts are required to obtain the approval of the Superintendent of Public Instruction, on a one-time basis, to draw and issue warrants for the payment of money (RCW 28A.330.230).

Based on board policy or a board resolution, warrants may be issued before approval of the legislative body if the following four conditions have been or are met:

- The auditing officer and the officer signing the instrument of payment have been bonded for at least \$50,000.
- Internal control procedures are in place and are adequate.
- The documents supporting the issuance are made available for review at the next scheduled meeting of the legislative body.
- If upon review the legislative body disapproves any of the items paid, the issuing officer shall pursue collection of the amounts not approved (RCW 42.24.180).

In addition to other duties, the county treasurer:

- Affixes the date of redemption on the face of warrants.
- May, in cases where there are insufficient funds for the redemption of warrants issued by the school district, contract with the school district for a mutually agreed upon period of time, to cover such insufficient funds prior to the issuance of said warrants.
- In each instance, the school district shall not issue additional warrants against funds where a contract is in place with the county treasurer without first contacting the county treasurer and, if necessary, renegotiating a contract to cover such additional funding as may be mutually agreed to (RCW 36.29.010(d)).
- Issues a statement of canceled (redeemed) warrants (RCW 28A.510.270(3)).

Warrants bear interest at the rate authorized by the issuing authority (RCW 39.56.020). The issuing officer fixes the rate of interest to be paid (RCW 39.56.030). When there are insufficient funds, the issuing authority may establish a line of credit for payment of warrants and interest (RCW 43.09.2853).

School districts must disclose all periodic activity involving Registered Warrants on the Schedule of Debt and Liabilities and in the Notes to the Financial Statements, even if there is no year-end balance. See also the section on Lines of Credit later in this Chapter.

ASB warrants cannot be issued without funds on deposit (RCW 28A.325.030).

A facsimile signature for any officer may be obtained by filing with the Office of the Secretary of State authorizing them to sign:

- Public securities such as bonds, notes, certificate of indebtedness, or other evidences of obligation.
- Instruments of payment such as checks, drafts, or warrants or orders for payment, delivery, or transfer of funds.

Warrant Cancellation and Unclaimed Property

Warrants outstanding after one year should be canceled by passage of a resolution of the school board, and the records shall be as if the warrants were never issued (RCW 39.56.040). Even though the records shall be as if the warrants were never issued, school districts remain liable to pay the person or entity subsequently establishing its ownership of this property (RCW 63.30.270).

Unclaimed Property is money or intangible property owed to an individual or business. Many types of transactions may result in unclaimed property. Examples include: uncashed warrants for vendors, parent refunds, employee travel and expense reimbursements, and lunch deposits on account.

Property is considered unclaimed after it is held for a period of time with no owner contact, and a good faith effort has been made to locate the owner. For items over \$75, written notices must be sent to payees with valid addresses between May 1 and August 1 informing them that there is unclaimed money being held for them. Because school districts must complete an Affidavit of Lost or Destroyed Warrant before reissuing a lost warrant, the district may wish to include the partially completed affidavit with the due diligence letter. The district should keep records of all due diligence letters sent and any responses received. If the district does not get a response, the warrant should be canceled and the amount considered unclaimed property.

Abandoned deposits on account must be paid or delivered to the Department of Revenue in accordance with their guidelines. School districts are required to report unclaimed property to the Department of Revenue before November 1st each year. The report must identify the property and owner in the manner provided in statute (RCW [63.30.220](#) through [63.30.260](#)). Although reporting is mandatory, school districts have *the option of remitting unclaimed warrants* to the Department of Revenue *or retaining it* at the school district (RCW 63.30.270).

There are two acceptable methods for handling unclaimed property. The first method when canceling the warrant is to record the cancellation of the warrant as a reduction of the original expenditure and maintain a separate schedule for unclaimed property (RCW 63.30.270). An alternative practice when canceling the warrant is to record a liability; subsequently clearing the liability when the amount is remitted to a claimant. Journal entry examples are found in Chapter 7.

Duplicate Instruments

From time to time, payment instruments (warrants or checks) are lost by the recipient and it is necessary to issue a duplicate payment.

Before a duplicate instrument is issued, the issuing officer shall require the recipient or the person representing the recipient to make application for the issuance of the duplicate by filing a written affidavit specifically alleging on oath that he or she is the proper owner, payee, or legal representative of such owner or payee of the original instrument. Additional information required in the affidavit is the date of issue, the number, the amount, and for what services, claim, or purposes the original instrument or series of instruments of which it is a part of was issued, and that the original has been lost or destroyed and has not been paid.

The following is a sample affidavit for use by all school districts:

AFFIDAVIT

STATE OF WASHINGTON)

ss,

COUNTY OF _____)

I, _____, being first duly sworn upon oath, depose and say that I am the proper owner, payee, or legal representative of such owner or payee of _____ School District No. _____, original (warrant or check) No. _____, dated _____, in the amount of _____ dollars (\$_____) which said instrument was issued in payment for _____ and that the same has been lost or destroyed and has not been paid.

(Signature)

Subscribed and sworn to before me this _____ day of _____, 20____.

(Notary Public in and for the state of Washington)

Residing at _____

Imprest Bank Accounts, Petty Cash, Stamp, and Change Funds (Accounts)

These accounts are any sum of money or tangible asset set aside for a specific purpose, usually for minor disbursements, making change or similar uses requiring immediate action outside the normal formal vendor invoice and payment voucher system (accounts payable). Incorporation into the accounts payable system will occur on a summary basis on a routine time schedule for replenishment of the appropriate imprest account or petty cash, stamp, or change funds (accounts). These accounts are defined as:

- *Imprest bank accounts*: Accounts established at commercial banks for the purpose of making minor disbursements by issuing checks as instruments of payment.
- *Petty cash funds (accounts)*: Cash amounts kept in secure areas used to make minor disbursements.
- *Stamp funds (accounts)*: Consists of U.S. postage stamps and postage meters.
- *Change funds (accounts)*: Cash amounts kept in secure places for the purpose of making change by converting paper bills or coins into smaller denominations.

The accounts are administered by use of the following requirements:

- The board of directors of the school district must authorize the establishment, disposition of, and the maximum amount allowable by resolution. Such resolution may specify controls such as surprise cash counts by district staff.
- A custodian shall be appointed over each account. The custodian is the individual responsible for maintaining the security of the tangible asset and determining access.
- The account shall be established, increased, and replenished by issuance of a warrant drawn on the appropriate fund.
- Disbursements from imprest bank accounts and petty cash funds (accounts) shall be restricted to payments evidenced by appropriate documentation including, but not limited to, invoices from vendors, receipts for goods, etc.
- Replenishment expenditures shall be itemized for inclusion into the accounts payable vouchers on a periodic basis, usually monthly, unless the nature of the account dictates some other periodic cycle. The replenishment request should include such information as board policy or procedure prescribes including, but not limited to, identification of vendor invoice, vendor receipt, account code, or other data deemed pertinent (Ref: WAC 392-138-018; WAC 392-138-120).
- Imprest bank accounts and petty cash, stamp, and change funds (accounts) should be reconciled, when replenished, to the authorized maximum amount.

- In the event the imprest bank account or petty cash fund (account) was established at an amount, which the fund does not have sufficient moneys to replenish, a journal voucher shall be prepared and recorded debiting General Ledger Account 530 Expenditures, and crediting General Ledger Account 200 Imprest Cash for the amounts previously disbursed.

Employee Travel

Travel expenses include amounts paid for the use of personal automobiles, other transportation, and actual expenses or reimbursement in lieu of actual expenses for meals, lodging, and related items.

Travel reimbursements include amounts paid for the use of private or commercial transportation, actual or per diem charges for meals, lodging, and other related items per school board policy or procedures adopted under the guidance of RCW 42.24.115 through 42.24.160.

The school district board must pass an ordinance or resolution to establish rules and regulations for the reimbursement of travel expenses. There should be rules to cover all district officials and employees. The ordinance or resolution should discuss the board policy on tipping and charging expenses to the district, and should prohibit reimbursement for personal expenses and entertainment.

If a district wishes to issue credit cards for travel-related expenditures, the board must pass an ordinance or resolution to establish rules and regulations that satisfy the provisions of chapter 42.24 RCW, including:

- Submission of a fully itemized travel expense voucher by the employee or officer
- Settlement by the officer or employee within 30 days of the billing date
- Establishment of a lien against salary for any disallowed charges

Claims for reimbursement of travel expenses must contain a signed certification that includes the following language: "I hereby certify under penalty of perjury that this is a true and correct claim for necessary expenses incurred by me and that no payment has been received by me on account thereof."

In addition, if an officer or employee is filing a claim on behalf of others, he or she must prepare a detailed account that includes:

- Names of the others who traveled, partook of meals, or otherwise incurred expenses.

- Whether they were district employees and, if not, who they were and what connections they had with district business. This should not be construed to permit promotional hosting.
- Who provided the lodging, meals, or other services in question, with dates and times.
- A detailed breakdown of amounts.
- Some statement sufficiently explicit to show what municipal business was being carried out when the expenses were incurred.

If a district chooses the option of using monthly reimbursements for the use of personal automobiles for official business, the following procedures apply:

- The monthly rate schedule established should be limited to officers or employees who actually use their personal automobiles for travel on a regular basis. It is the responsibility of the district to ensure that each traveler is on official business.
- The rate must be based on actual costs.
- A periodic review must be performed to determine whether or not the rate continues to reflect actual costs.
- A record is needed of the board's determination.

If the above procedures are not followed, the "monthly reimbursement for use of personal automobiles" may be treated as additional compensation. According to the Internal Revenue Service, districts could be assessed the withholding tax of the employees if the amounts advanced or reimbursed for travel were not for expenses incurred or reasonably expected to be incurred, unless these amounts are reported as taxable wages on the employee's W-2.

Advance Travel Expense Account

If a district chooses to establish an advance travel expense account (imprest account), per RCW 42.24.120, the following procedures apply:

- The imprest amount must be established and maintained in accordance with the procedures prescribed for petty cash (e.g., ordinance or resolution must establish amount).
- Upon receipt of the moneys, the custodian will open a checking account in a local bank in the name of the school district entitled "Advance travel expense account—Jane Doe, custodian." Moneys received from the following sources will be deposited to the account:

- From the district disbursing officer, the total amount originally establishing the account or subsequently added.
- From officers and employees, refunds of any unexpended advances.
- From the warrant issuing official, amounts that reimburse the custodian for travel expenses allowed in the settlement of employee advances.
- The advance travel expense account must be used solely for travel advances, **not direct payments to vendors**. Moneys may be advanced to an individual who is going on travel status for travel-related expenses that will be paid for out of pocket. It must not be used for personal loans, preregistration fees, reimbursements to employees or officers for travel already incurred, etc.
- A check register will be maintained in which all transactions of the account will be recorded, including deposits, disbursements, and bank service charges. Reconciliation shall be made with the bank statement at the end of each month.
- Employee advances for travel expenses will be made by the issuance of checks drawn on the imprest bank account, payable to the applicant. Approved requests will be retained in the files of the custodian to support such advances until final settlement is made and claim for reimbursement has been submitted. Requests for such advances shall be reasonable estimates of the applicant's travel expense requirements and shall contain as a minimum the following information:
 - Date of request
 - Name of applicant
 - Destination and purpose of travel
 - Anticipated departure and return dates
 - Amount requested
 - Signature of applicant
 - Official approval of trip
 - Check number, amount, and date (to be provided by the custodian when the advance is made)
- Settlement of advances will be made on or before the 15th day following the close of the travel period by filing with the custodian an expense voucher as required by RCW 42.24.090. The custodian will verify the amount shown on such form as having been advanced to the employee. In the event the traveler's actual expense is less than the amount of the advance received, the unexpended portion of the advance will accompany the employee's expense voucher. The expense voucher and original request for the advance will then be used to support the custodian's claim for a warrant replenishing the account. The other copy of the expense claim will be submitted to the warrant issuing officer for reimbursement of the excess to the traveler. Claims for reimbursement to the account should be submitted by the custodian periodically as needed and at the

end of the fiscal year in order that all expenses incurred will be charged against the appropriations for the period then ending.

- Any default in accounting for or repaying an advance shall render the full amount which is unpaid immediately due and payable with interest at the rate of 10 percent per annum from the date of default until repaid. To protect against any losses on advances, the governing body shall have a prior lien against and a right to withhold any and all funds payable or to become payable to such officer or employee to whom such advance has been given up to the amount of the advance and an annual interest rate of 10 percent until repayment or justification is made (RCW 42.24.140). No advance of any kind may be made to any officer or employee at any time when they are delinquent in accounting for or repaying a prior advance.

INVENTORY

Inventory systems should be designed and established to meet the needs of the school district to provide and maintain adequate control of supplies, materials, and associated transactions. Inventories may be accounted for using one of two methods: the purchases method where inventories are treated as expenditures when acquired, or the consumption method which recognizes expenditures as the goods are used. Districts with central warehouses will generally use the consumption method.

When the purchases method is used, significant amounts of inventories and prepaids are still reported as assets in the districtwide statement of net position.

Inventory Accounting

The two approved inventory accounting methods are "perpetual" and "periodic."

- The **perpetual method** is common in districts employing central warehouses for the receiving, storage, and distribution of available inventory items. A continuous record of the additions and reductions to the inventory items is kept. Expenditures are recorded at the time materials are withdrawn from the warehouse for consumption by end users. An annual physical count of materials in the warehouse is required to verify and adjust the dollar value and quantities reflected in the stock on hand. The perpetual method generally is applied when there is a significant volume of items being purchased over which district management has determined that central control will ensure effective and

efficient use of materials and associated acquisition expenditures. Perpetual methods are labor-sensitive due to the central record-keeping requirement.

- The **periodic method** is applied to establish the value and report inventory on hand at the end of the annual fiscal period. All additions to tangible materials are initially charged to expenditures at the time they are received. At the close of the fiscal period, a physical count is taken of tangible material not consumed by end users and valued at the most current purchase price. The dollar values obtained by this process are placed in the appropriate inventory account and credited to expenditures as part of the closing entries. The beginning entries of the subsequent fiscal period would reverse the inventory amounts and debit them to expenditures. Then the cycle repeats itself by charging all fiscal year acquisitions to expenditures, taking a physical count of items at the end of year, valuing them at the most recent acquisition price, and making the closing entries.

Inventory accounting is required for districts using central warehouses. This is because items are purchased for which the using program and activity is unknown, and therefore expenditure coding is impossible at the time of purchase. Additionally, there may be a timing problem when items are received prior to the fiscal year in which they will be consumed. For districts not using a central warehouse, the use of the inventory accounts is optional.

In the Capital Projects Fund, the use of inventory accounts is optional and limited in scope. Inventory in the Capital Projects Fund is limited to situations where there is a districtwide project and the district purchases items in advance of their distribution into schools. When the equipment is placed into service in the schools within the district, it would be recorded as an expenditure in the Capital Projects Fund and a reduction in the inventory account. Inventory accounts should not be used when purchasing items that relate directly to a construction project (such as new construction or modernization). For those projects, purchases of equipment are recorded as expenditures when incurred, even if the items are stored in advance of being placed into the building.

Inventory accounting for food service programs (separate inventory is optional for USDA commodities) is required because goods may be stored in both the central warehouse or in the building kitchen area(s) (General Ledger Account 420). (See Child Nutrition Bulletin 065-13 and 7 CFR §250.59(c).) If USDA commodities are inventoried separately (optional), items are considered to be in inventory only when the unit (e.g., package, crate, container, or box) remains unopened. Once the unit is opened, the entire unit is recorded as an expenditure, even though not fully consumed.

Inventory Cost Valuation Methods

The inventory cost valuation method selected should clearly reflect the flow of resources. Two methods are commonly used in school districts:

- The *first-in, first-out* (FIFO) method assumes costs are charged against revenue in the order in which they occur. This means the remaining inventory consists of the most recent costs.
- The *weighted-average* method assumes costs are charged against revenue based upon an average of the number of items acquired at each of the price levels. This amount is determined by dividing the total cost of an inventory item by the total number of items purchased, including beginning inventory, and applying it to the ending inventory.

Expenditure Recognition Alternatives

Inventory items may be considered expenditures either when purchased (purchases method) or when used (consumption method), but significant amounts of inventory at year-end should be reported on the balance sheet (GASB Cod. Sec. 1600.127).

Prepaid Items

Generally, prepaid items refer to services to be provided (consumed) in a future fiscal period but for which payment has been made in a prior fiscal period. Expenditures of these items are prorated to the period during which the services were provided.

The value of tangible materials acquired for future fiscal period consumption may be debited to prepaid items when timing of the expenditure is relevant to the proper recognition of expenditures. This situation arises primarily at the end of one fiscal period and the beginning of another and generally involves districts using the periodic method of inventory.

CAPITAL ASSETS

Designing and establishing the capital asset accounting system of a school district requires systematic planning in basic areas such as:

- Establishing the objectives of the capital asset system and making permanent policy decisions that will affect the initial establishment and maintenance of the system.
- Designing the plan for taking the initial inventory, verifying and testing the data, and establishing a value for each recorded asset.
- Determining when and how to implement controls over additions and deletions to the inventory.
- Fixing accountability for the custody of individual items and in determining who is responsible for seeing that care and maintenance are attended to.

Although capital assets are not reported in the fund financial statements (F-196), districts will need capital asset information to prepare required note disclosures and ensure accountability for their assets.

Capital assets, net of accumulated depreciation or amortization, are reported on the districtwide Statement of Net Position. In Note 1 of the Notes to the Financial Statements, the district must disclose its policy for capitalizing and depreciating capital assets and its policy for estimating the useful lives of those assets. See Chapter 8 for additional information and conversion schedule.

The Individual Capital Asset Record

An adequate capital asset accounting system ensures the school district will meet statutory requirements, produce records and reports, and properly guard assets. A policy on the dollar value at which capital assets will be included in the system is referred to as the "capitalization" policy. Consideration needs to be given to the uses of the system for insurance recoveries or other determinations of what is a permanent asset and what is a consumable. The capital asset record contains the information necessary to identify each item or lot in the inventory and may include:

- Description of the property identifying the category of the asset (land, building, transportation vehicles, or equipment), including legal descriptions of real property and improvements.

- A serial number or other identification number or information.
- The source of property (purchased, constructed, or donated).
- The acquisition, completion, or donation date.
- Reference to a source document (voucher, invoice, construction contract, trust agreement, etc.).
- The acquisition or construction cost of assets or the estimated fair market value of donated assets or assets held by the district before the capital asset system was established.
- Documentation of who holds title to the property.
- Source of the resources used for the acquisition (local, state, federal or percentage of each).
- The location and condition of the property.
- Special insurance, maintenance, and repair instructions.
- Dates of physical inspections and physical inventories. Physical inventories are required for assets purchased with federal resources at least once every two years.
- Disposition information on assets removed from inventory (date of disposal and sales price, lost, stolen, or surplus).

Asset Cost

The original cost of an asset is referred to as the “historical cost.” It is the amount paid to acquire an asset, including the price of the asset, related taxes, commissions, installation charges, consultant fees, architects, construction contractors, and any other costs related to acquiring the asset or preparing the asset for use. Expenditures that do not add to the utility of the asset should not be capitalized. Therefore, repairs to damaged equipment should be charged to an expenditure account and not entered in the capital asset record. Judgment should be exercised in determining which portions of the asset cost should be capitalized in the capital asset record.

Donations of cash to be used in conjunction with the construction or purchase of a specific asset should be reported as revenue in a governmental fund type.

Major repairs or improvements are capitalized. If the outlay adds to a capital asset or enhances the value of an integral part of it, the outlay should be capitalized. Thus, drainage to land, addition of a room to a building, and changes in equipment that increase its output or reduce its cost of operation are recognizable as additions to assets. Difficulty arises when large-scale outlays are partial replacements and additions or betterments. For example, a composition roof is replaced with material that is more

durable. To the extent that the project replaces the roof, outlays should not be capitalized unless the cost of the old roof is removed from the accounts; to the extent that the project provides a better roof, outlays should be capitalized. The distribution of the total cost in such a case is largely a matter of managerial determination. Perhaps the best result might be obtained by crediting the appropriate asset account for the cost of the replaced part, thus removing the amount, and then debiting the asset account for the total cost of the replacing item.

Maintaining a Capital Asset System: Accounting

The school district should adopt appropriate policies and procedures that will ensure that assets that should be capitalized are properly recorded and records are adjusted when assets are disposed of or revalued. Standard data collection processes and periodic physical inventories ensure correct information is recorded in a reasonable time frame and provide a basis for reconciliation of accounting and inventory records.

Other than the acquisition and disposal of assets, other events that may require entries to the accounting system are location transfers, additional construction or demolition, and other improvements or changes in the physical appearance of the asset that should be reflected in its valuation. These adjustments should be recorded in the individual capital asset record. The internal control system should ensure that transactions are noted and recorded. If adjustments are numerous, a capital assets journal may need to be maintained to accumulate the database necessary for adjusting the general ledger and individual asset records.

The capitalization policy of the district defines the dollar limits at which assets will be entered into the capital asset records. The policy should also consider treatment of leases; cost accumulation on self-constructed assets; control of small attractive assets that are not capitalized; and accounting for any infrastructure such as roadways, utility lines, etc. District personnel should be trained on the appropriate application of the capitalization policy to each acquired or disposed of tangible asset. Assets purchased with federal funds costing \$10,000 or more must be capitalized.

Internal control and information flow regarding asset additions or deletions should ensure that the individual responsible for maintaining the capital asset records is included in the cycle. Documents that may be required are receiving reports, invoices, lease agreements, progress billings on construction contracts, itemized work sheets of costs on self-constructed assets, board resolutions of declared surplus items, property insurance claims, etc. Small attractive assets that are not

capitalized, but to which the district desires to apply a security control, will need a similar internal control and information flow scheme.

When assets are transferred from locations or sites, or when they change internal ownership by fund type, the district should ensure these changes are communicated to the area responsible for the capital asset records.

Maintenance of the capital asset records implies that several reconciliations and reports will be performed or generated as follows:

- Reconcile physical inventory to individual capital asset records.
- Reconcile individual capital asset records to general ledger accounts for both asset and equity information.
- Reconcile capital outlay expenditures to total additions in capital assets.
- Analyze expenditure object details for additions to lists of noncapitalized assets.
- Reconcile significant capital grants shown on the grant inventory for governmental type funds with increases to the investment in capital asset accounts.
- Analyze proceeds from insurance claims and sales or auction lists, claim reports, etc., to total capital asset disposals.
- Reconcile capital assets transferred to other locations, custody, fund, or account groups with assets transferred from the same.

Maintaining a Capital Asset System: Physical Inventory

A physical inventory of capital assets verifies the existence and the condition of the asset (required every two years for assets purchased with federal sources). The inventory is useful in determining the value of the asset, both for market value and insurance claim processing.

Board policy and procedure should determine when inventory is to be taken, who conducts the inventory, and what training, skills, and knowledge the conductors of the inventory should have.

To conduct the inventory, the district should have a work plan based on district control over the inventory process with responsibility assigned for supervision of the process and training of the staff. The work plan may include pre-listings of existing asset records sorted by building, floor, room, or other location identifiers, or sorted by asset type. A systematic checklist approach should be employed to ensure that locations are not missed or duplicated in the inventory process. Procedures should

instruct the staff about processes to employ when locating assets that appear to meet the capitalization policy but do not appear on the prelists. Procedures should also include clear instructions on how to record observations about the condition of assets.

Internal control guidelines should be employed in determining who will conduct the inventory to ensure that whoever has day-to-day custody of the asset is not the individual conducting the inventory. If the practical situation calls for the custodian of the asset to take the inventory, then the inventory results should be spot-checked for accuracy by the inventory supervisor.

Completed inventory records should be reconciled to the individual capital asset records. If the inventory process is conducted on a routine periodic basis, then the prelists would have been reasonably accurate and up-to-date, resulting in the reconciliation concerning itself with (1) identifying those assets that were not added to or deleted from the capital asset records at the time of their acquisition or disposal, and (2) investigating and making a final determination of assets not located. Other reconciliations mentioned in the prior section on accounting for capital assets might also need to be conducted as a result of the physical inventory.

Depreciation of Capital Assets

Depreciation of capital assets is not required under the F-196 other comprehensive basis of accounting (OCBOA) method as prescribed by the State Auditor's Office.

Districts who choose not to depreciate assets for accounting purposes may choose to keep depreciation records for other reasons, such as providing management a means of budgeting for replacement of capital equipment.

Depreciation expense is required to be reported under GAAP, by districts that issue districtwide financial statement as prescribed under GASB 34. Depreciation expense is required for all fund types. It is suggested that districts depreciate their capital assets using the straight-line method using the useful lives prescribed by the state Office of Financial Management. These are available at <http://www.ofm.wa.gov/policy/30.20.htm> and [30.50.htm#30.50.10](http://www.ofm.wa.gov/policy/30.50.htm#30.50.10).

General guidelines regarding the recording of depreciation on capital assets are:

- Depreciation of capital assets is not required under the other comprehensive basis of accounting (OCBOA), but it may be part of a district cost accounting system.

- Scrap value can be ignored in establishing the amount to depreciate, unless it is expected to exceed 10 percent of the original cost of the asset.
- Depreciation must be based on a reasonable estimate of the length of time that the district expects to use the asset in its operations.
- An asset that is declared surplus or is held for possible future use is an investment and should not be depreciated.
- The amount of depreciation charged must be constant for each time period, called the straight-line depreciation method, or for each unit of service such as quantity of output, hours or miles of operation, etc.
- Depreciation must be based on the entire cost of the asset including any donated or contributed amounts.
- Assets may have components that will have an estimated useful life considerably shorter than the asset taken as a whole. Component depreciation for such assets may be much more accurate and simpler to maintain.
- When it is necessary to revise the estimates of useful life of an asset, such changes should be applied prospectively. The rate should be recalculated based on the remaining useful life at the time of the revision, and the new rate should be applied in the present and future accounting periods with no changes made to prior periods.

There are two different applications of group-life depreciation:

- One type is applied to assets of a similar nature acquired at about the same time. The group is treated as a single asset; any gain or loss upon disposal is deferred until the entire group has been retired. When items within the group are retired ahead of schedule, the original cost of that item is removed from both the asset account and the accumulated depreciation account. Depreciation continues to be charged on the remaining assets at the original rate. If some items within the group are subject to major repair, the periodic depreciation should be adjusted for the change in useful life and the new rate charged for the remaining life.
- The second type is applied to dissimilar assets that are related by the mode of operation in which they are used. The rate of depreciation is a weighted average of the rates applicable to the individual assets that comprise the group. This method is intended to eliminate gains and losses on asset retirements, except when an entire operating system or facility is retired from service.

INVESTMENTS

Each school district should, by action of the board of directors, authorize any moneys which are not required for immediate expenditure and which are in the custody of the county treasurer to be invested. All school districts are empowered by statute to invest in the following types of securities:

- Certificates, notes, or bonds of the United States, its agencies, or any corporation wholly owned by the government of the United States.
- Obligations of government-sponsored corporations which are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System.
- Bankers' acceptances purchased on the secondary market.
- Repurchase agreements for securities listed in the three items above, provided that the transaction is structured so that the public treasurer obtains control over the underlying securities.
- Investment deposits with qualified public depositories.
- Offerings of the Washington State Treasurer's Investment Pool.

To the extent that a school district has moneys not required for immediate expenditure, and such moneys are in the control of the county treasurer, and the district has not exercised authority to request the county treasurer to invest the moneys on behalf of the district, the county treasurer may invest such moneys on behalf of the county.

DEBT AND OBLIGATIONS

Limitations of Indebtedness

RCW 39.36.015 and 39.36.020 provide that debt cannot be incurred in excess of certain percentages of the taxable real and personal property in the district without the assent of the voters stated as follows:

- 3/8ths of 1 percent—Without a vote of the people.
- 2 1/2 percent—With a vote of the people, 60 percent assent of those who voted.
- 5 percent—With a vote of the people, provided the indebtedness in excess of 2 1/2 percent is for capital outlay, 60 percent assent of those who voted.

These debt limits range from the least restrictive to the most restrictive, without a vote, with a vote, with a vote for capital purposes, and are cumulative for overall debt authority.

Claims and Judgments

Filed and unfiled claims and other impairments of the district's assets should be recorded in the district's accounts or otherwise disclosed in the financial statements. Such claims may include:

- Job-related illness, injury to employees, workers' compensation claims, including self-insurance.
- Unemployment compensation claims.
- Judgments and other damages.
- Auditor's exceptions and monetary findings.
- Acts of God.

The accounting treatment of claims and judgments is dependent upon the degree of likelihood that can be attributed to the occurrence of the event or events. If the likelihood is:

- **Probable**, where the future event(s) occurrence is likely. If the future event is probable and the amount can be reasonably estimated, then a liability is reported for the amount known and estimated (incurred but not reported) on the Schedule of Debt and Liabilities. An expenditure and a fund payable is recorded for amounts that would normally be liquidated with current financial resources. That is, to the extent that the liabilities mature (come due for payment) each period. If the amount is one of a range, then the amount posted is the minimal most likely.
- **Reasonably possible**, where the change of the future event or events occurring is more than remote but less than likely. This situation would require a note disclosure using amounts as calculated above.
- **Remote**, where there is a slight chance of the future events occurring. This would not require any action on the part of the statement preparer.

Auditor's Exceptions and Monetary Findings

Audit reports with material monetary findings or internal control findings that could cast doubt on the validity of the financial reports are subject to a broad array of accounting treatments.

The audit report is subject to a desk review by the Superintendent of Public Instruction (chapter 392-115 WAC). The audit monetary finding is *prima facie* case for recovery of funds that, unless rebutted, is sufficient to sustain the conclusion drawn in the audit.

The timing of the exception determines how it will be reported in the district's year-end financial report. If the item of dispute is discovered before the books for the current fiscal year have been closed, the necessary adjustment to the records can be made. If the finding arises after the books have been closed but before the financial statement has been published, a note disclosure would be included. Any questions as to materiality of the finding should be addressed first.

Short-Term and Long-Term Obligations

When a school district borrows money, it can face some difficult budgeting and accounting issues. Short-term debt is very different from long-term debt in terms of creating a financing source. Long-term debt creates an Other Financing Source. Short-term debt does not.

This section discusses accounting and budgeting for the following types of school district debt:

- Short-term obligations (Chapter 39.50 RCW)
- Conditional sales contracts for acquisition of property (RCW 28A.335.200)
- General obligation notes and bonds issued without vote of the people for the purchase of real and personal property (RCW 28A.530.080)
- Lines of Credit
- Loans and Debt Obligations to Other Governments
- Anticipation Notes
- Local Option Capital Asset Lending (LOCAL) Program
- Leases (RCW 28A.335.170) (See guidance in Appendix B)
- Subscription-based Information Technology Arrangements (SBITAs) (See guidance in Appendix B)

Short-Term Obligations

For accounting purposes, any debt obligation (hereafter just referred to as "obligation") that has an original maturity date of less than twelve months from the date of issue is a short-term obligation.

Under chapter 39.50 RCW, municipal corporations, including school districts, may issue short-term obligations to provide current financial resources for any lawful purposes of the municipal corporation. These obligations include notes, warrants, leases, or other forms of indebtedness, except for bonds.

Long-Term Obligations

In school district budgeting and accounting, the use of conditional sales contracts, leases, or nonvoted bonds is long-term financing if the obligation matures at least twelve months from the date of inception of the conditional sales contract or lease, or the date of issuance of the bond.

Anticipation Notes, (BANs, TANs, and RANs, see below) are generally reported as short-term obligations and fund liabilities. Note: In some instances, BANs can be reported as long-term liabilities.

Budgeting Short-Term versus Long-Term Obligations

RCW 39.50.020 states that short-term obligations are subject to "any applicable budget requirements." An often-overlooked problem associated with the use of short-term obligations is that the proceeds cannot be used to balance budgets. A school district must balance its budget on a fund balance basis. Short-term obligations simply increase cash balances, but they do not increase fund balances. The increase is in the form of an obligation that is recorded as a liability of the fund issuing the debt.

Financing acquisitions using long-term obligations creates a budgetable resource. This is because the liability that would otherwise be created is not accounted for as a liability of the issuing fund under modified accrual accounting. Thus, the fund balance of the acquiring fund is increased by the amount of the liability that is excluded from the fund's balance sheet. Two subsidiary revenue accounts to General Ledger Account 965 Other Financing Sources are used to recognize the amount financed in the acquiring fund. These accounts are Revenue 9100 Proceeds from the Sale of Bonds and Revenue 9500 Long-Term Financing.

Anticipation Notes

Tax Anticipation Notes (TANs) and Bond Anticipation Notes (BANs) are short-term obligations that can be issued using the promise to repay the borrowed money from

future inflows of financial resources. Revenue Anticipation Notes (RANs) are considered a rare practice for school districts in Washington state because the source of repayment would need to come from revenues, or earnings, generated from an enterprise service project or arrangement.

Anticipation Notes are reported as a liability in the fund that issued them using General Ledger 606 Anticipation Notes Payable. Districts that choose to issue Anticipation Notes need to be aware that this may result in a deficit fund balance: The fund will have a large liability that is not offset by an Other Financing Source or asset (because districts do not report capital assets on their financial statements.) Districts in such a situation should work with their ESD to prevent being required to budget receivables. All Anticipation Notes must be reported in the district's Schedule of Debt and Liabilities and in the Notes to the Financial Statements.

Tax Anticipation Notes (TANs)

A tax anticipation note allows the district to borrow money that will be repaid from future inflows from taxes that the district expects to collect. This includes monthly Apportionment, local levies, other taxes, or in-lieu of tax resources.

A TAN is reported under GAAP to be a liability of the fund that has received the proceeds. TANs are required to be repaid within six months of the end of the fiscal year in which it is issued (if tax exempt, the Internal Revenue Code further limits the term of the TAN to 13 months). TANs are a short-term liability of the district, and will always be shown as such on the financial statements. TANs that are outstanding at the time of the financial statements are reported in GL 606 Anticipation Notes Payable.

TANs are typically secured by the full faith, credit, and resources of the district. In the event insufficient taxes are collected to repay the TAN by the due date, the district will need to repay the TAN from other legally available sources.

Bond Anticipation Notes (BANs)

The second variety of short-term obligations is the Bond Anticipation Note, or BAN. Similar to TANs, a BAN allows the district to borrow money that will be repaid from future inflows of financial resources. Although BANs may be issued in anticipation of the sale of both nonvoted or voter-approved general obligation bonds, BANs are more frequently issued in anticipation of the sale of voter-approved bonds.

Typically, the district may issue a BAN in anticipation of selling the bonds once the election authorizing the bonds has been certified.

BANs must be backed by the full faith, credit, and resources of the district. In the event the bonds have not been sold in time to repay the BAN, the district will need to repay the note from any source that is legally available.

If all legal steps have been taken to refinance the BANs and the intent is supported by an ability to consummate refinancing the short-term notes on a long-term basis in accordance (GASB Cod.Sec.2200.182-.191), they should be reported as Other Financing Sources in the governmental fund statements. If the necessary legal steps and the ability to consummate the refinancing criteria have not been met, then the BANs should be reported as liabilities in the fund that issued them, typically the Capital Projects Fund, in General Ledger 606 Anticipation Notes Payable.

Relation to Debt Limit

The issuance of a TAN, or BAN is non-voted debt of the district. Accordingly, a district may not issue a TAN, or BAN (that is issued in anticipation of the issuance of an LGO bond) if the issuance would cause the district to exceed its statutory authority for issuing non-voted debt, which is $\frac{3}{8}$ of 1 percent (0.00375) of the assessed value of the taxable property within the district. A BAN issued in anticipation of the issuance of voter-approved UTGO bonds must not exceed 5 percent of the assessed value of taxable property within the district.

Revenue Anticipation Notes (RANs)

Revenue anticipation notes, or RANs, are promises to pay a specified amount of money to the holder of the RAN at a future date, from specific revenue sources earned by the district involved in special projects that are identified in the RAN and authorizing resolution.

A RAN is not considered to be non-voted debt of the district because the RAN is only payable from non-tax resources deposited into and paid from a special fund. RANs may not be secured by the district's taxing power or full faith, credit, and resources.

This type of obligation is not considered "debt" for debt limit purposes. This is known as the "special fund doctrine" which holds that any obligation that is payable only from non-tax money deposited into a special fund is an obligation of that

special fund, not a general obligation, and therefore does not constitute debt for debt limit purposes. Districts choosing to issue a long-term RAN are cautioned to work closely with their bond counsel, financial advisor, or underwriter prior to issuing the RAN.

According to GAAP, a RAN is to be reported as a liability in the fund that receives the proceeds, regardless of the length of the maturity of the RAN. When a district issues a RAN, it records the amount of the principal in Account 606 Anticipation Notes Payable.

RANs may be issued with a maturity that exceeds one year. These issues are rare, and districts considering issuing a long-term RAN should consult with their bond counsel, financial advisor, or underwriter prior to issuing such a RAN. Even though such a RAN has a long-term focus, it is still reported as a liability in the fund receiving the proceeds, and not as an Other Financing Source.

A district may utilize RANs to purchase capital equipment. Districts that choose to issue RANs for the purpose of purchasing equipment need to be aware that this may result in a deficit fund balance: the fund will have a large liability that is not offset by an Other Financing Source or an asset (as districts do not report capital assets on their financial statements). Districts in such a situation should work with their ESD to prevent being required to budget receivables.

Repayment of Short-Term Anticipation Notes

Under RCW 39.50.070, districts have the authority to create a "special fund" (or funds) to provide for the payments of principal and interest on those short-term obligations. Districts wishing to create such a special fund will need to include the authority to create such a fund in the authorizing resolution and contact their county treasurer to set up the procedural requirements for establishing a separate fund within the fund that will be receiving the proceeds of the obligation. For financial reporting purposes, all special funds created in such a manner will be consolidated into the reporting fund that they are a part of. Additional disclosures in the Notes to the Financial Statements will also be required.

Section B50.102 Reporting in Fund Financial Statements—Governmental Funds

For governmental funds, if all legal steps have been taken to refinance the bond anticipation notes and the intent is supported by an ability to consummate refinancing the short-term notes on a long-term basis in accordance with the criteria set forth in FASB Statement 6, they should be reported only as general long-term liabilities in the governmental activities column of the government-wide statement of net assets. If the necessary legal steps and the ability to consummate refinancing criteria have not been met, then the bond anticipation notes should be reported as a liability in the governmental fund receiving proceeds as well as in the government-wide statement of net assets. Tax and revenue anticipation notes should be reported as a liability in the governmental fund receiving proceeds. (NCGAI 9 GASBS 34 82.)

Lines of Credit

A Line of Credit may be established with the county treasurer or other financial institutions. Lines of Credits created with financial institutions, are reported on the Schedule of Debt and Liabilities separately from Lines of Credit established with the County Treasurer which are identified as Registered Warrants.

For Lines of Credit with a financial institution, only the amount of credit utilized is reported on the Schedule of Debt and Liabilities. School districts must also disclose all Lines of Credit in the Notes to the Financial Statements.

For Registered Warrants with the County Treasurer, any warrants registered during the year are reported on the Schedule of Debt and Liabilities **even if there is no year-end balance**. The school districts must also disclose registered warrant activity that occurred during the year in the Notes to the Financial Statements.

Loans and Debt Obligations to Other Governments

A loan or debt obligation to other Governments would consist of borrowing resources with required payment schedules. Other governments can include the federal government, out-of-state governments, Washington State agencies, and other local governments.

At year end, school districts must disclose loans and debt obligations to other Governments on the Schedule of Debt and Liabilities and in the Notes to the Financial Statements. Report contracts under the LOCAL program separately on the Schedule of Debt and Liabilities.

Accounting and Budgeting for Conditional Sales Contracts and Long-Term Notes

A Conditional Sales Contract is a form of sales contract in which the seller retains title until paid off. The seller may provide the needed financing in the form of a lease.

A note is a loan from a bank or similar lender, or a transaction that has the elements of a conditional sales contract, except that the district receives title to the acquisition immediately and the original vendor is paid off with the loan proceeds.

Long-term conditional sales contracts or notes shall be reported at face (gross) value, instead of net of trade-in and other costs. The school district recognizes the expenditure (debit Account 530), Program 97, Activity 85 (Debt Service Expenditures), and an Other Financing Sources (credit Account 965, Revenue 9500). The fact that payment is made directly to a vendor on a district's behalf does not alleviate the need for fully reporting the transaction in the district's accounting system.

Initial and Periodic Expenditures in Long-Term Conditional Sales Contract or Nonvoted Note Financing

Financing through the use of a long-term conditional sales contract requires the school district recognize the expenditure (debit Account 530), Program 97, Activity 85 (Debt Service Expenditures), and an Other Financing Sources (credit Account 965, Revenue 9500). equal to the total principal amount of the future payments due under the contract. This initial equipment transaction must be budgeted accordingly.

The periodic debt payments of principal and interest at maturity are to be charged to Account 530 (Expenditures), Program 97, Activity 84 (Principal) and Activity 83 (Interest) in governmental funds. The district must remember to budget both the initial expenditure for the recognition of the purchase of the asset and the periodic expenditures for the payments for the current year.

The initial expenditure arises because the acquiring fund must recognize the full purchase amount of the asset as an expenditure when it is acquired, regardless of the

method of financing its purchase. This expenditure should be recorded as a Capital Outlay (Object 9) if it meets the district's capitalization policy or as Supplies (Object 5) if it does not, in the General Fund or in the appropriate expenditure type code in the Capital Projects Fund or the Transportation Vehicle Fund.

The periodic expenditures arise when the current principal portion of conditional sales contracts or nonvoted notes becomes due. In the General Fund, the principal expenditures should be charged to Program 97, Activity 84, Object 7. The current interest portion of any debt payment should be recorded in Program 97, Activity 83, Object 7. Unmatured principal is recorded in the Schedule of Debt and Liabilities.

Districts can transfer the cost of the periodic payments of these contractual obligations to the Program responsible for budgeting for the use of the items acquired. This is done through the Debit/Credit transfer process. The purpose of the Debit/Credit transfer shifts the cost of the contractual obligation to the Program responsible for the acquisition of the items. The Program would be obligated to budget for the annual contractual expenditures. See sample journal entries in Chapter 7.

Nonvoted Bonds Under RCW 28A.530.080

Bonds issued by the district without a vote of the people are defined as non-voted bonds. Examples include Limited General Obligation (LGO) bonds and, typically, Qualified Zone Academy Bonds (QZABs).

Under RCW 28A.530.080 nonvoted bond proceeds must be deposited in the district's General Fund, Transportation Vehicle Fund, or Capital Projects Fund as applicable. All bonds are accounted for and retired in the Debt Service Fund, including nonvoted bonds issued under RCW 28A.530.080. This differs from the retirement of notes or conditional sales contracts, in which the debt is retired in the fund that received the proceeds.

Bonds are more formal than notes. Bonds are usually underwritten by an underwriter, frequently for placement with another client of the underwriter. Bonds are accompanied by a legal opinion and are almost always long-term. Payments for maturing bonds and payment of interest are usually, but not necessarily, paid by a fiscal agent. See sample journal entries in Chapter 7.

Under RCW 28A.530.080(2), districts that wish to issue non-voted bonds in excess of \$250,000 must first hold a public hearing about the bonds, and are required to give

notice of the hearing. The notice must be published in a local newspaper at least once a week for two weeks, with the last publication date being no later than seven days before the hearing. The notice must include information about the time and location of the hearing, the amount of the bonds, the nature and terms of the bonds, and the means for repayment of the bonds. This requirement does not apply to any refinancing or refunding of outstanding bonds, whether voted or non-voted.

Local Option Capital Asset Lending (LOCAL) Program

LOCAL program financing is administered through the Office of the State Treasurer (OST) and is a type of Certificate of Participation (COP). A COP is a third-party borrowing option for financing capital acquisitions. Other COPs are typically lease-purchase agreements.

The LOCAL program is an expanded version of the state agency lease and purchase program. The program was originally created by the Legislature in 1989 (RCW 39.94) to provide the lowest cost financing for state agency purchases by pooling funding needs into larger offerings of securities. The Legislature passed legislation in 1998 to provide local governments, including school districts, access to the program. Local government agencies can finance equipment or real estate needs through OST subject to existing debt limitations and financial considerations.

LOCAL financing agreements must be recognized as long-term debt and reported in the district's Schedule of Debt and Liabilities and Notes to the Financial Statements; recorded in, and paid from the Debt Service Fund. Districts should recognize the "revenue" or money provided by the financing agreement by booking General Ledger Account 965 Other Financing Sources and expenditure account 530, equal to the amount of the financing agreement. See sample journal entries in Chapter 7.

Districts who participate in the LOCAL program have the option to run all transactions through OST in lieu of receiving the proceeds themselves. In these cases, OST retains the money, and the district sends the appropriate invoices to OST for payment out of the district's LOCAL proceeds. In this case, districts would still recognize the revenue using General Ledger Account 965 Other Financing Sources, with an offset to General Ledger Account 250 Cash with Fiscal Agent. Invoices approved by the district for payment and submitted to OST should be recorded with a debit to General Ledger Account 530 Expenditures and a credit to General Ledger Account 250 Cash with Fiscal Agent when OST pays the invoice. See sample journal entries in Chapter 7.

Per RCW 39.94.030, districts who have passed a voter-approved levy to issue general obligation bonds may take some of that bonding authority and issue contracts under the LOCAL program. The collected levies can be used to pay the district's obligations for any contracts issued under the LOCAL program in accordance with the new laws.

Voted General Obligation Bonds

Bond issues and bond refunding are common debt instruments for governments to obtain long-term financing. Review Chapter 11—Debt Service Fund for more information on Bond Issues and Refunding.

Bond Refunding

Proceeds from the sale of refunding (new) bonds are placed in the custody of the trust department of a bank through the county treasurer. The bank establishes an escrow account and invests the proceeds. The cash realized from the maturing investments, together with interest earned, is used to meet the debt service requirements of the refunded (old) bonds and to redeem the balance of the old bonds when they become callable or mature. The old debt is removed from the appropriate fund, and the new debt is added to the appropriate fund at the time the proceeds of the sale of the new bonds are paid to the trust department of a bank.

Arbitrage

Arbitrage is defined as earnings generated from borrowing in one market and investing in another market. When a school district issues bonds, they are borrowing in the tax-exempt bond market (lower rates) and investing in higher yielding taxable securities such as US Treasury securities. The IRS limits those investment earnings and requires that any earnings in excess of the bond borrowing rate be rebated to the Treasury. Hence the term arbitrage rebate. For example, if a district were to sell bonds at 3.00% and the rate of return on the investment of the bond proceeds over time averaged 4.00%, any earnings above 3.00% would be rebated to the Treasury.

Each year a liability may be reported on the Schedule of Debt and Liabilities with an appropriate increase or decrease as the district calculates the arbitrage rebate annually with a full reduction of this liability in the year of payment. When calculating the amount of the liability, it should be remembered that excess earnings of one year may be offset totally or in part by lesser earnings in a subsequent year. Therefore, the ending liability amount reported on the Schedule of Debt and Liabilities for the year should be only the

current years calculated amount of the estimated future payment to the federal government. When the arbitrage rebate is paid to the federal government, the reduction of cash and recognition of an expenditure would be reported in the appropriate fund. See sample journal entries in Chapter 7.

Arbitrage is a very complicated issue. Districts are advised to seek competent counsel concerning the calculation of the liability.

Leases or Leases with Option to Purchase

RCW 28A.335.170 permits the district to enter into contracts with board approval to provide pupil transportation services; rent or lease building space and portable buildings; and rent or have maintained security systems, computers, and other equipment.

The budgets for General, Capital Projects, and Transportation Vehicle Funds of each school district shall contain a schedule which identifies that portion of each non-cancellable contractual liability incurred per RCW 28A.335.170 which extends beyond the fiscal period being budgeted. Said schedule shall list for each such contractual liability a brief description, the accounting code, the beginning and ending dates, the total dollar amount, and the estimated dollar amount extending beyond the end of the fiscal period being budgeted.

See RCW 28A.335.200 for conditional sales contracts for the acquisition of property or property rights as this pertains to limitations of indebtedness. See RCW 28A.335.040 through RCW 28A.335.090 for the authorization to lease or permit the occasional use of surplus school property.

Subscription-Based Information Technology Arrangements, or SBITAs, are contractual obligations that result in the right-to-use subscription assets (intangible assets) for a period of time greater than a year. The accounting treatment is similar to Leases.

Lease and SBITA liabilities are reported together under the Leases category on the Schedule of Debt and Liabilities.

Additional accounting guidance for Leases, SBITAs, and other contractual obligations such as Public-Private Partnership, Service Concession Arrangements, and Availability Payment Arrangements is provided **in Appendix B – Additional Accounting Guidance.**

Compensated Absences

Compensated absences are paid employee benefits, such as vacation leave, sick leave, and other leave with similar characteristics. Districts are required to accrue a liability in the governmental funds for compensated absences when the criteria are met.

For governmental and permanent funds, the value of compensated absences recognized as expenditures should be the amount that normally would be liquidated with expendable available financial resources. For the portion of compensated absences used but not yet paid as of fiscal year end, a liability may be reported as salaries and benefits payable. To be clear, the amounts reported in the governmental fund financial statements are already known amounts that have come due as of August 31; the current portion does not need to be estimated. Compensated absences expenditures and liabilities, reported in governmental fund financial statements, should be recognized using the modified accrual basis of accounting. Cash basis districts would be expected to report all compensated absence liabilities on the Schedule of Debt and Liabilities.

For leave that has not been used and leave that has been used but not yet paid, the compensated absences liability should be measured using the pay or salary rates in effect at the balance sheet date. Certain salary-related payments directly and incrementally associated with the payment of compensated absences, for example, the employer's share of social security and Medicare taxes, should also be accrued.

The liability for unused sick leave is treated differently. If it is more likely than not that some of the sick leave benefits will be paid out to eligible employees upon termination, the employee benefit is converted to a different rate. Subject to board policy, employees may be compensated for a portion of their sick leave when they die, terminate employment under certain circumstances, or retire. In those cases, employees earn the right to be partially compensated for unused sick leave at termination (RCW 28A.400.210, WAC 392-136-020).

A liability for compensated absences should also be calculated and reported on the Schedule of Debt and Liabilities. A complete explanation of the method of calculating this amount can be found in Appendix B – Additional Accounting Guidance.

Unemployment Compensation, Self-Insured

The unemployment compensation laws codified in Title 50 RCW are administered by the Employment Security Department.

The self-insurance provision of the unemployment compensation act makes no provision for group coverage. The act provides only for the election to make payments in lieu of contributions or to reimburse the department for payments made on behalf of the school district to the district's ex-employees (RCW 50.44.20 and 50.44.060).

If an employer has elected the reimbursement method, they will be billed at the end of each calendar quarter for payments made by the Employment Security Department for that quarter.

The Employment Security Department may require a surety bond or the deposit of money or securities in an amount estimated to cover one year's claims, but not to exceed an amount equivalent to one year's premium. The amount of the security is subject to review and renewal by the department.

The amount of these cash contributions depends on the estimate of future unemployment claims. The estimates should be reviewed and adjusted periodically, based on experience. Typically, estimates are based on a three-to-five-year history of actual claims, but each school district should determine the method that works best for them. If excess insurance is purchased, the cost of the insurance should be considered when developing estimates.

The school district will have to be certain that the amount set aside to finance potential future claims will be sufficient to cover:

- Claims incurred and claimed but not paid
- Claims incurred but not claimed
- Claims not yet incurred but highly possible

The reporting of Unemployment Compensation activities on the balance sheet and resource flows statement must be consistent with the modified accrual basis of accounting. Refer to the accounting for *Claims and Judgements*. As such, the reported benefit payable liability must be probable, reasonably estimated, and normally liquidated with current financial resources.

Workers' Compensation, Self-Insured

Claims for injury resulting from employment exposures are not subject to regular civil action. The jurisdiction of courts for this class of torts has been abolished by legislative action and industrial accidents and resulting compensated losses are administered by the state (Title 51 RCW).

The self-insured portion of workers' compensation covers two items: medical aid that pays for illness or injury medical treatment, and workers' compensation that provides compensation for losses including wages and survivor benefits. Both of these are the district's expense. A third element, prior pension and asbestos fund, is an assessment against the employee with an equal amount paid by the employer (RCW 51.32.073).

Districts can become self-insured by application to the Department of Labor and Industries either on an individual basis, or there is a provision for group insurance where any two or more school districts or educational service districts may form a group for purposes of self-insuring workers' compensation benefits.

The agreement between the school district and the risk pool may transfer part or all of the risk to the risk pool. Self-insurers may reinsure their risks but not to exceed 80 percent.

There is a surety requirement for school districts that shall be an amount that will satisfy 100 percent of the claims for the succeeding fiscal period. The minimum security requirement shall be \$100,000; in addition, a cumulative reserve of no less than 25 percent of the surety requirement must also be established.

The Department of Labor and Industries may require a deposit to be placed in an escrow or depository account, the deposit of money or securities, or the posting of a surety bond.

Monetary assets are accumulated for the purpose of meeting claims or expenses by the same payroll process that would accumulate and transmit the premium for state insurance claims processing. This procedure assesses the district a monetary amount for each hour of employment with the employees classified into three groups. The three classes are:

- Professional (e.g., clerical, teaching, administrative)
- Maintenance workers, bus drivers, food service workers
- Volunteers (medical aid only)

If the district lacks a system of recording hours of attendance and absences for salaried employees, the district is to use the assumed hours rule and report salaried employees at 40 hours per week and 160 hours per month. The assumed hours for premium calculation for teachers are to be calculated at 180 days at eight hours per day—1,440 hours. This can be reported at either 120 hours per month for 12 months or 160 hours per month for nine months.

The accumulation of most of the accrued liability, estimated industrial insurance benefits payable, takes place during the payroll taxes and benefits calculation portion of the payroll process.

If there are enough volunteer hours in the district to justify the entry, a periodic journal voucher charging the appropriate programs with the equivalent standard premium should be prepared. The number of hours times the medical aid rate for volunteers is the amount that should be charged.

In addition to the claims processed which are charged against the accrual generated by the medical aid and workers' compensation charges, the following items are also charged to the account:

- Administration expense assessed by the Department of Labor and Industries
- Second injury fund assessment by the Department of Labor and Industries
- Third party claims management and administrative fees
- Surety bond expense
- Excess insurance premium
- Supplemental pension and asbestos fund (this portion of the accrual was generated by a separate charge on both employee and employer and this portion of the program is handled by Labor and Industries).

A report is due to the Department of Labor and Industries by July 1 of each year showing estimated claims liability and the sources of revenue to meet those obligations. The documentation of the cumulative reserve must specify the type of funding and reflect the account balance. Surety requirements for governmental units are subject to periodic review by the department.

When this report is prepared, it would be the opportune time to assess the validity of the accrued benefit payable to make certain that the accrual rate is providing resources sufficient to pay claims incurred but not paid, as well as claims incurred but not reported. Any projected over- or under-accrual would be compensated for by adjustment of the assessment rates on each class of employee.

The reporting of Workers Compensation activities on the balance sheet and resource flows statement must be consistent with the modified accrual basis of accounting. Refer to the accounting for *Claims and Judgements*. As such, the reported benefit payable liability must be probable, reasonably estimated, and normally liquidated with current financial resources.

INTERFUND ACTIVITIES

Interfund activity is classified as reciprocal and nonreciprocal. Reciprocal interfund activity is the internal counterpart to exchange and exchange-like transactions and includes interfund loans and interfund services provided and used. Nonreciprocal interfund activity is the internal counterpart to nonexchange transactions and includes interfund transfers and interfund reimbursements.

GAAP has established two classes of interfund activity:

- ***Reciprocal interfund activity*** is the interfund equivalent of exchange and exchange-like transactions.
 - *Interfund loans* are amounts for which repayment is expected. They should be reported as interfund receivables to the lending fund and as interfund payables to the receiving fund. They should **not** be reported as other financing sources or uses in the fund financial statements. After adoption of board resolution, WAC 392-123-140 allows loans to the General Fund, Transportation Vehicle Fund, Capital Projects Fund, and Debt Service Fund. Loans are permitted from the General Fund or Capital Projects Fund only. Interfund loans do not increase budget capacity. Appropriate interest shall be charged.
(Reference: WAC 392-123-135 through WAC 392-123-160, RCW 28A.320.320.)
 - *Interfund services provided and used* are sales and purchases of goods and services between funds for a price comparable to their external exchange value. They are reported as revenues in the providing fund and expenditures in the receiving fund. Unpaid amounts are treated as interfund receivables or payables.
- ***Nonreciprocal interfund activity*** is the interfund equivalent of nonexchange transactions or transfers, previously known as "operating transfers" and "residual equity transfers."
 - *Interfund transfers* are defined as "flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment." They should be reported as other financing sources in the receiving fund and other financing uses in the providing fund.
 - *Interfund reimbursements* are repayments from a fund responsible for expenditures to the fund that initially made the disbursement. Reimbursements are treated as adjustments and **not** reported in the financial statements.

Interfund Loans

Interfund loans are authorized (WAC 392-123-135 through 160), when approved by resolution by the school district board of directors as required, subject to the following:

- Loans are allowable to and from specific funds:

FROM:	TO:
General Fund (GF)	Capital Projects Fund (CPF)
	Debt Service Fund (DSF)
	Transportation Vehicle Fund (TVF)

FROM:	TO:
Capital Projects Fund (CPF)	General Fund (GF)
	Debt Service Fund (DSF)
	Transportation Vehicle Fund (TVF)

- For School Districts on binding conditions pursuant to RCW 28A.505.110 or under enhanced financial oversight pursuant to RCW 28A.315.221 and subject to additional approval from OSPI related to the binding conditions, loans are allowable from the Transportation Vehicle Fund to specific funds:

FROM:	TO:
Transportation Vehicle Fund (TVF)	General Fund (GF)
	Capital Projects Fund (CPF)
	Debt Service Fund (DSF)

- Loans cannot be made from the ASB Fund or the Debt Service Fund. Loans cannot be made from the Transportation Vehicle Fund except as noted above. Loans cannot be made to the ASB Fund.
- An interfund loan is considered to be a temporary loan of moneys between one district fund and another. An interfund loan is not considered to be an investment. As a temporary loan, it is to be completely liquidated in less than one year from the date of issuance.
- Loans shall not be made from any fund to the detriment of any function or project for which the fund was established. Moneys loaned should only include moneys that are clearly inactive or in excess of current needs.
- Interest shall be paid by the borrowing fund to the loaning fund and shall be at a rate not less than the warrant interest rate in the county in which the school district is considered to be located. The interest shall be a revenue of the loaning

fund and an expenditure of the borrowing fund. Interest earned cannot be transferred to another fund.

- When school districts in binding conditions pursuant to RCW 28A.505.110 or under enhanced financial oversight pursuant to RCW 28A.315.221 take a temporary interfund loan from its capital projects fund, the loaning capital projects fund may not charge interest on the amounts loaned.
- Financial reports, including monthly financial reports provided to the board of directors of the district, must specify all outstanding interfund loans and all interest charges involved. The interfund loan shall not be used to balance the budget of the borrowing fund.
- The board of directors shall authorize the interfund loan by adopting a resolution stating the exact amount of the loan, the funds involved, the specific source of the repayment, the schedule for the repayment, and the interest rate involved.
- Interfund loans should be reported as interfund receivables in the lender funds and interfund payables in the borrower funds. This activity should not be reported as other financing sources or uses in the fund financial statements.

Interfund Services Provided and Used

School Districts engage in a variety of interfund services between funds. Examples of services provided and used include: bus-trip charges and printing services; charged from the General Fund to the ASB. These transactions are sales and purchases of goods and services between funds for a price comparable to their external exchange value. They are reported as revenues in the providing fund and expenditures in the receiving fund. Unpaid amounts are treated as interfund receivables or payables.

Interfund Transfers

GAAP defines interfund transfers as “flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment.” Interfund transfers are recorded as other financing uses in the fund making the transfer and other financing sources in the fund receiving the transfer.

A properly executed board resolution authorizing an interfund transfer is required. The district’s board adopted budget resolution, if it accurately reflects the desired transfer, may serve as the required resolution. The board resolution authorizing an interfund transfer may be executed in increments. The amount and frequency of transfers may be determined by the district so long as the total transfer authority within the resolution is not exceeded. A budgeted transfer amount not previously credited into the receiving

fund may be rescinded in accordance with the same requirements which were met to initially authorize the transfer.

Transfers of resources between funds are allowed in situations when the transfer is justified by meeting certain criteria outlined as follows:

- Transfers may be made from the General Fund to the Transportation Vehicle Fund as authorized by the adoption of a resolution of the board of directors.
- Transfers may be made to the Debt Service Fund from any fund issuing debt through nonvoted bonds (i.e., General Fund, Capital Projects Fund, and Transportation Vehicle Fund) to meet debt service payments. Authorization for the transfer should have been granted in the resolution authorizing the issuance of the debt.
- Transfers for the redirection of state apportionment may be made from the General Fund to the Capital Projects Fund and Debt Service Fund as authorized under RCW 28A.150.270 and WAC 392-121-445, subject to the following conditions and requirements:
 - The transfer will not result in a negative estimated ending fund balance in the General Fund.
 - The district board of directors must execute a resolution authorizing the transfer. However, the district's board adopted budget resolution, if it accurately reflects the desired transfer, may serve as the required resolution.
 - Whether the transfer resolution is included in the resolution to adopt the budget or if it is a separate, independent board resolution, a copy must be sent to OSPI to approve the transfer.
 - The transfer must specify the justification in detail and the dollar amount to be transferred.
 - This resolution must be received by OSPI on or before the tenth of the month in which the transfer is to begin.
 - Once apportionment moneys have been credited into the receiving fund by the County Treasurer, the resources cannot be subsequently transferred to the credit of another fund. The term "another fund" is not intended to imply the General Fund. Such resources may be credited back to the General Fund, for its original intended use.
 - The redirection of state apportionment is subject to specific use as authorized under WAC 392-121-445.
 - Resources committed to a specific purpose cannot be used for another purpose without the district taking the same type of action it employed to previously commit those amounts (GASBS 54 §10.) This includes, but is not limited to, a copy of the amended-use resolution sent to OSPI.

- Apportionment, redirected by board resolution, may be transferred back into the General Fund for its original intended purpose, in accordance with the same requirements which were met to initially authorize the transfer.
- Transportation Vehicle Fund (TVF) depreciation payments from fully depreciated vehicles may only be transferred for use to another fund with OSPI approval and pursuant to 28A.160.200 and 28A.160.130. In order to receive OSPI approval:
 - A school district must submit a petition to OSPI for permission that clearly demonstrates a reduced student population, or the transportation needs of the district no longer require the same number of vehicles. This evidence must support the fact that the district is unlikely to need the replacement vehicle in the future. The petition must be signed by the school district superintendent.
 - The school board must review the petition and approve a resolution to forgo the transportation vehicle replacement due to changing student populations or other transportation needs.
 - The superintendent of public instruction will only approve the petition if it determines that the reduction in student transportation vehicles is appropriate due to forecasted declines in student enrollment or other relevant factors affecting the district's transportation program.
- Transfers from the Transportation Vehicle Fund (TVF) to another fund are only allowed for school districts under enhanced financial oversight pursuant to RCW 28A.315.221, and only with OSPI approval. In order to receive OSPI approval:
 - The school district must petition the superintendent of public instruction for permission to transfer the TVF resources to another fund. The petition must be signed by the school district superintendent.
 - The special administrator appointed to oversee, and carryout financial conditions imposed on the district must recommend the interfund transfer.
 - The school board must approve a resolution authorizing the transfer or a resolution to convert temporary interfund loans from the TVF to a permanent transfer with no requirement for repayment.
 - The office of the superintendent of public instruction may only approve the petition if the transfer is not detrimental to any function or project for which the TVF was established.
- Subject to the annual Career and Technical Education (CTE) program's carryover and recovery rules found in WACs 392-121-570 through 392-121-578: when the CTE programs generate annual carryover, the annual carryover resources may be transferred to the credit of the Capital Projects Fund. The authority to transfer is authorized under the redirection of apportionment statute, RCW 28A.150.270 and is subject to the following additional requirements:

- Any CTE carryover left remaining in the district's general fund at the end of a fiscal year must be:
 - Allocated by the district board to the high school CTE Program 31;
 - Allocated by the district board to the middle school CTE Program 34; and/or
 - Allocated as a redirection of apportionment to the capital projects fund.
- Carryover amounts allocated to the high school or middle school program will be included in the minimum expenditure calculation for the appropriate program.
- If any redirection of CTE apportionment is included, all allocations must be identified in the transfer resolution.
- After program carryover is calculated, but before the end of the next fiscal year, the district board shall execute the resolution requesting the superintendent of public instruction to approve the transfer of all or a portion of the CTE carryover to the district's capital projects fund.
- The CTE carryover resources transferred to the capital projects fund pursuant to this section are restricted for specific CTE major projects and cannot be subsequently transferred to the credit of another fund.
- The transfer will not result in a negative estimated ending fund balance in the General Fund.
- Additional statutory authority has been granted enabling districts to:
 - Transfer moneys related to state forest revenue from the Debt Service Fund to the Capital Projects Fund (RCW 28A.320.330(3) and RCW 79.64.110(2)). Districts receive distributions from revenues relating to the sale of harvest timber in proportion to the levies that they have enacted. Districts receiving state forest money in their Debt Service Fund that is not needed for the payment of debt service on district-issued bonds may transfer that money into the Capital Projects Fund.
 - Transfer moneys from the Capital Projects Fund to the General Fund for certain expenditures associated with the application and modernization of technology systems for operations and instruction including, but not limited to, the ongoing fees for online applications, subscriptions, or software licenses, including upgrades and incidental services, and ongoing training related to the installation and integration of these products and services. (RCW 28A.320.330(2)(f)(ii)). Review transfer guidance provided in Chapter 10, in the section "*Ongoing Technology and Maintenance Expenditures and Transfers*".
 - Transfer moneys from the Capital Projects Fund to the General Fund for certain major renovations and repairs, and other major preventative maintenance purposes. Based on the district's most recent two-year history of

General Fund maintenance expenditures, financial resources used for this purpose may not replace routine annual preventive maintenance expenditures made from the district's General Fund (RCW 28A.320.330(2)(g)). Review transfer guidance provided in Chapter 10, in the section "*Ongoing Technology and Maintenance Expenditures and Transfers*"

Residual equity transfers are no longer specifically named in GAAP but are a type of nonreciprocal interfund transfer. Residual equity transfers are included in this section and are allowed in situations when the transfer is justified by meeting certain criteria outlined as follows:

- Equity transfers are initiated by board resolution and occur when the purpose for which a fund was established no longer exists, however, the district's board adopted budget, if it accurately reflects the desired transfer, may serve as the required resolution.
- All claims against the fund to be closed must be resolved before the authority to make the equity transfer is executed.
- All restrictions imposed on the use of resources remaining as residual equity within a fund must be resolved before the authority to make the equity transfer is executed.
- The Debt Service Fund should remain open for the established purpose of subsequent tax collections (RCW 28A.320.330(3)) and (RCW 84.52.025).

Interfund Reimbursements

Interfund reimbursements are transactions to correctly account for revenues and expenditures in the authorized fund from the fund that initially recorded the deposits or disbursements. These transactions can be accomplished with payments between funds or by adjusting journal entries. Interfund reimbursements are **not** Interfund transfers. Interfund reimbursements are treated as adjustments and **not** reported in the financial statements.

Interfund reimbursements are described as:

- Payments from a fund responsible for expenditures to the fund that initially recorded the expenditures.
- Payments from a fund receiving deposits to the fund the resources were authorized to be deposited into.

A transaction would be reported as a reimbursement when:

- An accounting error is made (e.g., moneys were deposited or an expenditure was charged to an incorrect fund).
 - When a revenue, intended for deposit in one fund (Fund A), is incorrectly deposited into another fund (Fund B). Fund B reverses the deposit by reimbursing fund A. Fund B reimburses Fund A by debiting the revenue account. Fund A records the moneys received as a credit to revenue from the original source.
 - When an expenditure is made from one fund (Fund A) on behalf of another fund (Fund B), Fund B records the costs by debiting an expenditure account and reimburses Fund A. Fund A makes a credit adjustment to the original expenditure account.
- When a single fund, usually the general fund, pays an invoice or the payroll for another fund (i.e., as a convenience). The interfund reimbursement is as described above to move the costs to the appropriate fund.

Crediting Investment Earnings

When authorized by the board of directors, any interest or earnings on investments being credited to a fund different from that which earned the interest or earnings shall only be expended for instructional supplies, equipment, or capital outlay purposes as long as it is not restricted or prohibited by another statute (RCW 28A.320.320).

The authority of the board of directors to inure undedicated investment earnings to another fund extends to transferring previously deposited interest earnings to another fund. The same prohibitions and use restrictions described in RCW 28A.320.320 apply to those resources transferred to another fund.

In making all such transfers, the Board of Directors must pass a resolution authorizing the transfer which clearly indicates that the transferred investment earnings are not required for use within the next fiscal year in the fund where the interest was earned.

Citations which prohibit crediting or transferring interest earnings include, but are not limited to:

- RCW 28A.160.130 does not permit transfer of funds from the transportation fund to any other fund.
- WAC 392-123-150 requires that interest payments on interfund loans be credited to the loaning fund and shall not be transferred to any other fund.

- RCW 28A.325.030 requires all moneys generated through the programs and activities of any Associated Student Body be deposited in the Associated Student Body program fund.
 - It allows investment for the sole benefit of the Associated Student Body program fund.
- RCW 28A.530.030 and RCW 28A.320.330 require moneys from bonds issued and sold be deposited to the Capital Projects Fund where they and interest earnings on them be used only for capital purposes under RCW 28A.530.010 or be deposited to the Debt Service Fund.
 - In both the Capital Projects Fund and the Debt Service Fund, only the interest on bond interest, not the bond interest itself, would be eligible for credit to another fund for uses described above.

JOINT VENTURES AND INTERLOCAL GOVERNMENTAL AGREEMENTS

Authority

RCW 39.34 authorizes school districts as well as public agencies, to form joint ventures, generally referred to as "Shared Service Arrangements" or "cooperatives," for the provision of services or the sharing of facilities. (More information on accounting for Shared Service Arrangements is available later in this chapter.) Joint ventures can be among school districts, other local government agencies, state government agencies, federal government agencies, or a combination of such governments. Such joint ventures are either "joint operating agencies" or "contracted interlocal agreements" depending on the form of governmental organization that meet the geographic, economic, population, or other factors influencing the decision to form the joint venture. Specific law dictates other limitations or requirements on the joint venture. School districts use these forms of cooperatives to provide athletic league management, special instructional facilities and programs, and employee benefit programs.

Descriptions of cooperative requirements are as follows:

- The interlocal agreement is a contract allowing the parties to jointly exercise some power, privilege, or authority already capable of being exercised by the parties as independent agencies of government. The manner of financing the joint venture shall be as provided by law. The duties, rights, and responsibilities of the cooperating agencies should be delineated in the agreement.
- The agreement may establish a separate legal or administrative entity, which must be legally authorized. The agreement must specify the duration of the

agreement, organization of the administrative entity, purpose of the agreement, manner of financing, and the methods of termination. The entity would be subject to audit in the manner provided for all public entities.

- If the agreement does not establish a separate legal entity, the agreement must specify the items in the preceding paragraph and provide for an administrator or a joint board responsible for administering the cooperative undertaking. The agreement must detail the manner of the joint board in acquiring, holding, and disposing of real or personal property used in the joint venture.

RCW 39.34.040 requires interlocal governmental agreements be filed with the county auditor or, alternatively, listed by subject on a public agency's website or other electronically retrievable public source.

Accounting Procedures

To determine the accounting treatment, the interlocal agreement must be evaluated by each member district to determine if there is a financial interest or oversight responsibility for the joint venture. If no equity interest or responsibility is retained by the district, or the district does not exercise oversight responsibility, the interlocal agreement should be footnoted and accounted for in an appropriate fund of the district.

Any district meeting the definition of a "reporting entity" or any district named as the "reporting entity" in the interlocal agreement must take responsibility to account for the joint venture. A "reporting entity" is the district responsible to account for the joint venture if the district exercises substantial control of the joint venture through oversight responsibility. In this case, the joint venture is accounted for as a component unit of the district.

Financial statements of members should contain the following with respect to joint ventures:

- A general description of each joint venture.
- Condensed or summary financial information on each joint venture.
- The debt of the joint venture, both current and long-term.

GASB Cod. Sec. 2100 should be consulted to determine the proper presentation of component units.

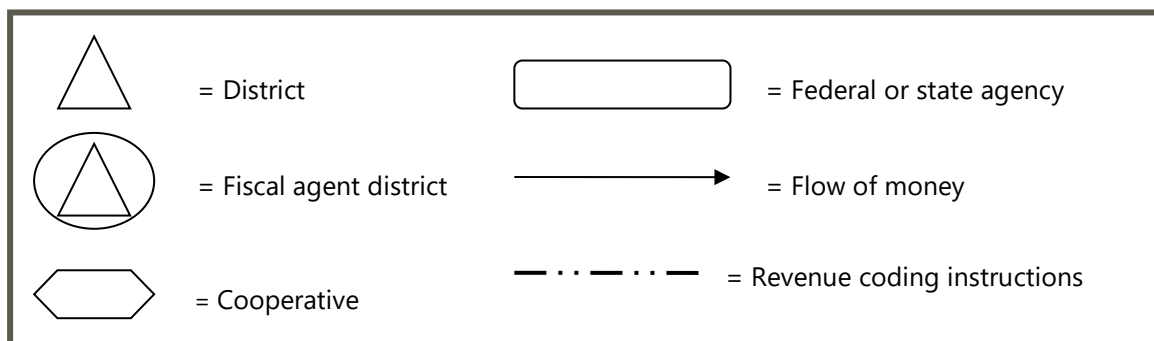
Shared Service Arrangements

A Shared Service Arrangement (SSA) is formed when two or more entities agree to join together and perform specific services. SSAs are also referred to as cooperatives or consortiums. SSAs are not separate legal entities, but may be governed by legal documents (i.e., interlocal agreements). The legal documents may describe the services to be furnished and address the provision of various administrative functions. Numerous federal programs, as well as many state-funded programs, encourage, and in some instances, require districts to be a part of an SSA. This additional nuance to SSAs requires us to define some specific terms when involved in these arrangements:

- **Fiscal Agent:** An entity that has been empowered to handle fiscal matters for another entity, including disbursement or passing through of funds. This may include ensuring that the funds are used only for specific purposes defined by the grant or agreement.
- **Sub-Recipient:** An entity that expends grants or other financial assistance received from a fiscal agent or a pass-through entity.
- **Pass-Through Entity:** An entity that provides grants or other financial assistance received by a governmental entity to transfer to, or spend on behalf of, a secondary recipient or sub-recipient.
- **Vendor:** A dealer, distributor, merchant, or other seller providing goods or services that is required for the conduct of a federal or state program. These goods or services may be for an organization's own use or for the use of beneficiaries of the federal or state program. (For example, an ESD or school district that provides a service to another ESD or school district would be considered a "vendor.")

The preceding definitions are illustrated in the following charts:

Funding Flow Charts for Shared Service Arrangements Legend:

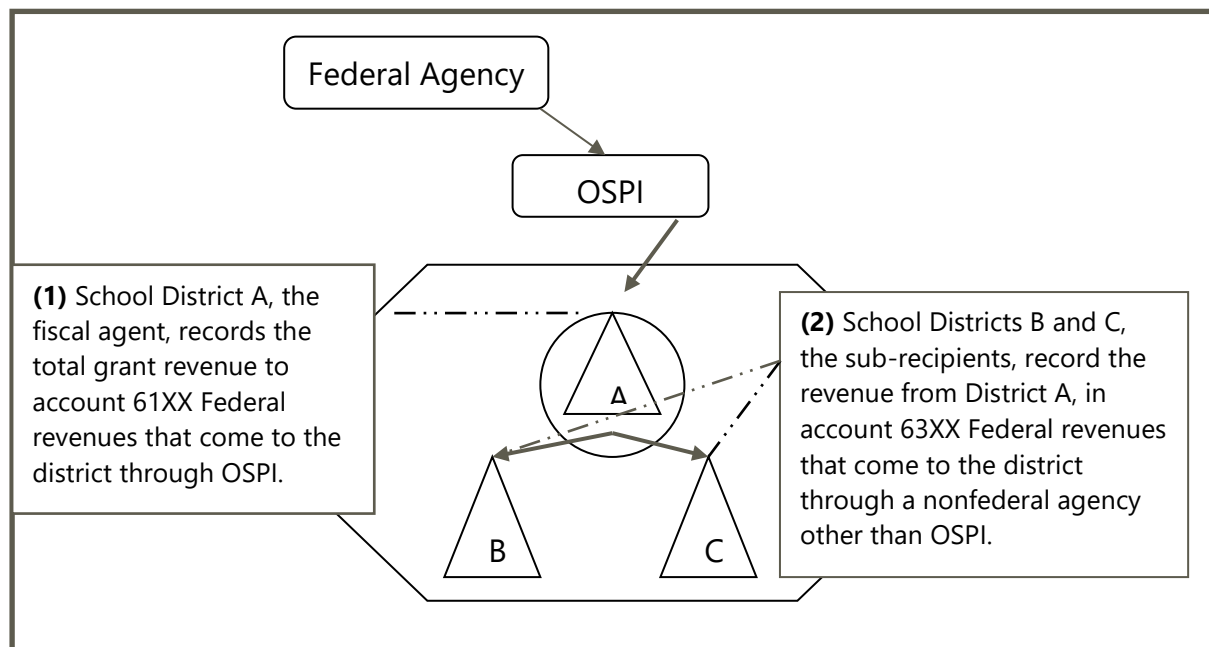


Fiscal Agent and Sub-Recipient

In this example, we have a federal grant that is being passed through from one district to another. The grant requires there to be a fiscal agent who passes through grant money to member districts. Refer to Chapter 7 for more information on participating and non-participating fiscal agents.

- District A is the fiscal agent for the grant.
- Districts B and C are sub-recipients of the grant.
- Districts A, B, and C are in a shared service arrangement.
- When the proceeds of the grant are awarded from the federal agency to OSPI, OSPI passes the funds through to District A (the fiscal agent), who records the total grant revenue to account 61XX, Federal revenues that come to the district through OSPI. See (1) on Chart 1.
- District A will then “pass through” the appropriate amount of grant proceeds to Districts B and C (the sub-recipient districts). Districts B and C then record the grant revenue to account 63XX, Federal revenues that come to the district through a nonfederal agency other than OSPI. See (2) on Chart 1.

Chart 1 – Fiscal Agent and Sub-Recipient

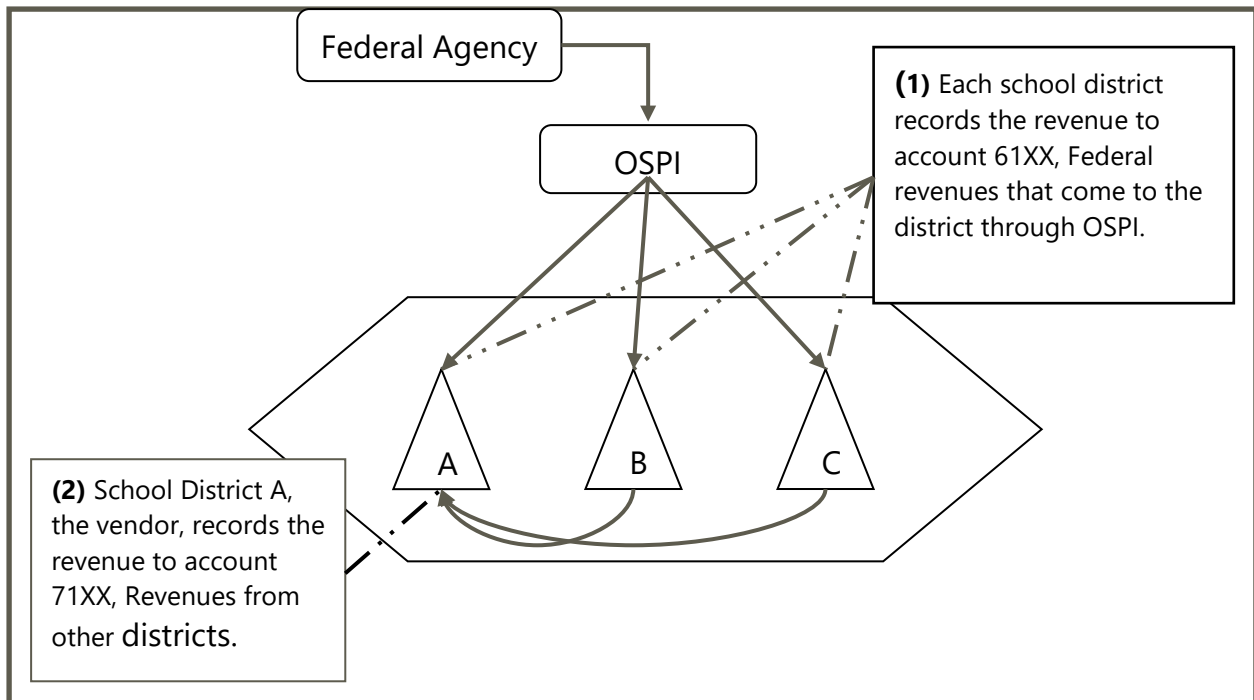


Vendor

This is an example of a school district providing a contracted service to other school districts. School Districts A, B, and C are receiving federal funding from OSPI for xyz program. School Districts A, B, and C have entered into a shared service arrangement (or a cooperative). District A, the **vendor**, provides xyz program services to their own district as well as Districts B and C. School District A bills School Districts B and C, who then pay School District A for services provided.

- All the districts (A, B, and C) record the federal revenue to account 61XX, Federal revenues that come to the district through OSPI.
- School District A, the vendor, bills Districts B and C for services provided. See (1) on Chart 2.
- School District A records the revenue from Districts B and C to account 71XX, Revenues from other districts. See (2) on Chart 2.

Chart 2 – Vendor

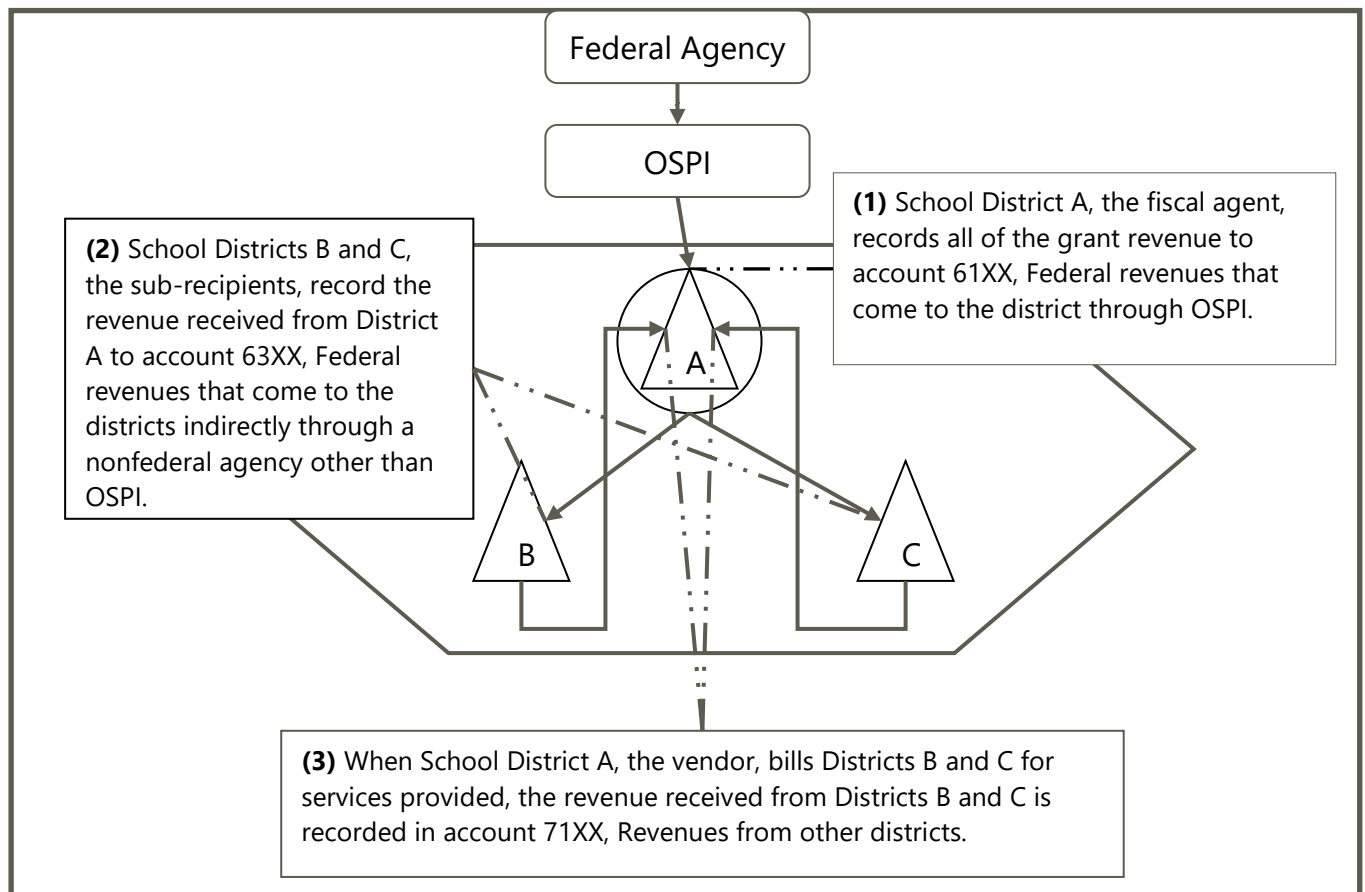


Fiscal Agent, Sub-Recipients, and Vendor

School Districts B and C apply for a federal grant; however, the districts do not qualify for the grant on their own, but may be able to receive the grant money if they use a qualifying school district to be the **fiscal agent**. School District A agrees to be the fiscal agent of the grant for School Districts B and C, the **sub-recipients**. In addition to the fiscal agent responsibilities for the grant, School District A is also providing services to the member districts as a **vendor**.

- School District A, the fiscal agent, receives the federal revenues from OSPI and records the grant revenue to account 61XX, Federal revenues. See (1) on Chart 3.
- School Districts B and C, the sub-recipients, receive their portion of the grant and record the revenue received from District A to account 63XX, Federal revenues that come to the districts indirectly through a nonfederal agency other than OSPI. See (2) on Chart 3.
- When School District A, the vendor, bills Districts B and C for services provided, the revenue received from Districts B and C is recorded in account 71XX, Revenues from other districts. See (3) on Chart 3.

Chart 3 – Fiscal Agent, Sub-Recipients, and Vendor



Responsibilities of the Fiscal Agent

The fiscal agent usually performs the budgeting and accounting responsibilities related to the project. The fiscal agent generally is responsible for ensuring revenues are used in accordance with grant provisions and **may** be responsible for ensuring other requirements, such as matching and maintenance of effort, are met.

If the program revenues are not used in accordance with the grant provisions, the fiscal agent may be financially responsible for the consequences of instances of noncompliance. The fiscal agent may also be financially responsible if a member school district is unable to pay back its respective portion of questioned costs.

As the title suggests, the entity selected as the fiscal agent for a shared service arrangement is responsible for the overall financial management of the program. This **may** include:

- **Processing Financial Transactions:** Includes the request for and deposit of grant revenue, payment of all allowable expenditures, and preparation of journal vouchers.
- **Maintaining Source Documentation:** Includes invoices, bills, payroll records, etc. to substantiate expenditures.
- **Preparing and Submitting Requests:** Includes requests for program revenues to the granting agency.
- **Preparing and Distributing to Member Units:** Includes a final financial report allocating total program costs to each of the member units. (Individual districts are responsible for reporting their share of expenditures on the annual financial reports submitted to the granting agency.)

Responsibilities of Member Districts

Member district responsibilities usually concern employment of personnel, budgeting, accounting, and reporting. A shared service arrangement's agreement should specifically address these or other responsibilities, as appropriate, for the specific agreement. *In general*, the responsibilities may include the following:

- **Budgeting:** It is the responsibility of each member district to budget the portion of the moneys it receives through the fiscal agent.

- **Accounting:** Each member district is responsible for maintaining and having available for audit accounting records for that portion of the moneys it receives from the fiscal agent.
- **Reporting:** The member district is responsible for reporting moneys expended by ***its district only*** to the granting agency. In addition, the member district is responsible for submitting detailed expenditure information to the fiscal agent for required state or federal reporting.

Note: Responsibilities will vary depending on the specific program and agreement. A written agreement, signed by the fiscal agent and all members, is strongly encouraged.

Fiscal Agent Accounting Treatment

The fiscal agent may be a recipient of the program under the arrangement (a *participating district*), or can administer the arrangement and not receive program revenues (a *non-participating district with or without administrative responsibilities*).

- **Fiscal Agent as a Participating District:** A district that enters into an agreement to administer the grant funds. The district receives the specified funds and disburses such funds in accordance with the outside entity's approval. The district is one of the grant recipients and their district is involved in defining the program and is involved in any program decisions over the allocation or expenditures of such funds at their districts.
 - **Accounting Treatment:** This district should recognize all fiscal activity as revenue and expenditures in the fund financial statements. See Chapter 7, Scenario 1.
- **Fiscal Agent as a Non-Participating District with Administrative Responsibilities:** A district that enters into an agreement with another entity to administer the entity's specific grant funds, as prescribed by the grantor. The district receives the specified funds and disburses such funds in accordance with the outside entity's approval. The district is not one of the grant recipients, but is responsible for grant compliance.
 - **Accounting Treatment:** This district should recognize all fiscal activity as revenue and expenditures in the fund financial statements. See Chapter 7, Scenario 2.
- **Fiscal Agent as a Non-Participating District with No Administrative Responsibilities (Cash Conduit Only):** The district does not have administrative responsibilities, but does receive the specified funds, and disburses such funds in accordance with the outside entity's approval. The district is not one of the grant

recipients, is not involved in defining the program, and is not involved in any program decisions over the allocation or expenditures of such funds at their district.

- **Accounting Treatment:** In infrequent cases, in which a recipient entity serves only as a cash conduit, the funds should be reported in the agency fund (fund 7). A recipient government serves only as a cash conduit if it merely transmits grantor-supplied moneys without having administrative or direct financial or programmatic involvement in the program. See Chapter 7, Scenario 3.
- **Fiscal Agent as a Participating District and On Behalf Payments:** This is the same as the Fiscal Agent as a Participating District, but the fiscal agent purchases services or equipment for themselves or the sub-recipients of the program (or on behalf of the other district) in addition to the fiscal agent responsibilities. Purchases are made in accordance with the agreement and the program requirements.
 - **Accounting Treatment:** This district should recognize all fiscal activity as revenue and expenditures in the fund financial statements. See Chapter 7, Scenario 4.

INDIRECT COST LIMITS, CARRYOVER, AND RECOVERY

Overview

Indirect cost limits ensure that state and federal moneys are expended for intended uses and for allowable costs. Allowable costs include expenditures directly traceable to the program called **direct expenditures**, plus a limited allowance for overhead or **indirect expenditures**. In addition, some programs permit part of the allocation to be **carried over** from the current fiscal period to a future fiscal period. Indirect cost limits and carryover limits are defined in laws, rules, or program requirements. Many of the applicable rules are described in [WAC 392-122-900](#). OSPI recovers money from districts that report insufficient direct program expenditures, after allowance for indirect charges and carryover, if permitted. This section describes indirect cost and carryover limits and recovery procedures for many state and federal programs.

For budgeting purposes, districts typically calculate the **minimum direct expenditure** amount by dividing the program revenue by 1.00 plus the district's indirect expenditure rate. The remaining revenue is the maximum indirect charge. For example, if the total allocation is \$100,000 and the indirect limit is 3.0 percent, the following calculations are performed:

$\$100,000 \div 1.03 = \$97,087$ Minimum direct program expenditures.

$\$100,000 - 97,087 = \$2,913$ Maximum indirect charges to the program.

The district may charge **less** than the maximum indirect charges.

Any carryover from the prior year increases the district's minimum direct expenditures in the current year.

State Programs

Many state formula-funded (apportionment) revenues are subject to recovery if not expended for a specific purpose during the school year. In most cases, the recovery calculation is based on school year expenditures as reported on Form F-196, Annual Financial Statement. In some cases, a special report is used to determine recovery.

The 2024–25 school year apportionment recoveries were made in January 2026 based on the final 2024–25 state allocations and year-end expenditures reported to OSPI. The 2025–26 school year recoveries will be made in January 2027 based on final 2025–26 state allocations and year-end expenditures reported to OSPI. At the end of the school year, a spreadsheet for estimating recoveries will be posted on the SAFS Web page under [Tools and Forms](#).

Federal Programs

Indirect expenditure rates allowed on federal grants awarded to school districts are established by the Office of Superintendent of Public Instruction (OSPI) following an agreement with the U.S. Department of Education (ED). This agreement prescribes the method of rate computation and the resulting rates establish the maximum amount of indirect expenditures that may be claimed for a federal grant. For additional information on indirect expenditures see Chapter 9 – Federal Grants Management.

Indirect Expenditures for Cooperative Projects

When there is a cooperative project, the indirect expenditure rate of the administering district is to be used on all direct expenditures claimed in the cooperative project. The indirect expenditure reimbursement is paid to the administering district.

CHAPTER 4 – General Ledger Accounts

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INTRODUCTION

A general ledger is basic to an accounting system. The general ledger of a fund is a summary record containing the balance of assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund balance, and control accounts that summarize estimated and actual revenues, appropriations, expenditures, and encumbrances.

General journal entries are posted to the general ledger. The sum of the debit amounts of a journal entry must equal the sum of the credit amounts. Thus, when entries are posted to the general ledger, the total of the debit balances equals the total of the credit balances. The number assigned to a posted general journal entry is used to facilitate reconciliation. At the end of each month, a trial balance should be prepared to ensure that the general ledger accounts are in balance.

Budgetary, revenue, other financing source, expenditure, and other financing use accounts are closed at the end of a fiscal year. The difference between the revenue and expenditure balances and other financing sources and uses balances are transferred to the fund balance. After the closing entries have been made, a listing of the balances of the assets, liabilities, and fund balance accounts comprises the balance sheet.

Subsidiary records or accounts are sometimes used to provide a detailed analysis of an account. When subsidiary accounts are used, the account is considered a control account. For budgeting and financial reporting, two subsidiary ledgers are required, one for expenditures and one for revenues.

The subsidiary ledgers will provide details of the control accounts such as 530 Expenditures and 960 Revenues. Control accounts are identified on the *General Ledger Account Matrix by Fund*. Other subsidiary accounts may be used locally but are not required in budgeting and financial reporting.

All transactions are entered into books of original entry, such as journals and registers, and will vary with the type of system used. They provide the necessary means to accumulate the financial transactions for posting to revenue, expenditure, and accounts.

An accounting system may include the following books of original entry:

- General Journal
- Cash Receipts Journal
- Cash Disbursements Journal

- Accounts Receivable Journal
- Encumbrance and Liquidation Register
- Payroll Journal
- Voucher Register

Although not presented on the F-196 financial statements or fund financial statements, the capital asset and long-term debt information is a required part of the notes to the financial statements. Long-term debt information is presented on the Schedule of Debt and Liabilities, a required part of the F-196. Capital asset and long-term debt activity should continue to be accounted for in the general ledger and maintained in “long-term debt” and “capital assets” holding accounts.

Districts preparing statements conforming to generally accepted accounting principles present this information on the districtwide statements.

General ledger account numbers, titles, and descriptions are uniform for all funds; however, not all the accounts are applicable to all the funds. The following is a complete list of general ledger accounts and the funds with which they can be used:

Abbreviations

Government Funds

GF	General Fund
CPF	Capital Projects Fund
DSF	Debt Service Fund
ASB	Associated Student Body Fund
TVF	Transportation Vehicle Fund
PF	Permanent Fund

Fiduciary Funds

PPTF	Private-Purpose Trust Fund
PTF	Pension Trust Fund
CF	Custodial Fund

Holding Accounts

CA	Capital Assets
LTDG	Long-Term Debt Account Group

Legend

- * Indicates a control account.
- ** Indicates a control account for ASB Fund.
- *** These accounts are optional and are not reported to the state. Districts may use other general ledger accounts if desired.
- ▲ Indicates a general ledger account not considered appropriate for a district using cash basis accounting.
-  Indicates a capital asset account only.
-  Indicates a long-term debt account only.
- ¢ Indicates a general ledger account that is used for cash basis districts only.

GENERAL LEDGER ACCOUNT MATRIX BY FUND														
"na" indicates the account is closed in that fund.														
Assets				GF	AS B	DS F	CP F	TV F	PF	PP TF	PT F	CF	CA	LT DG
200	*		Imprest Cash			na		na					na	na
230	*		Cash on Hand										na	na
240			Cash on Deposit With County Treasurer										na	na
241			Warrants Outstanding										na	na
250			Cash With Fiscal Agent		na				na	na	na	na	na	na
310	*		Taxes Receivable		na				na	na	na	na	na	na
320	*		Due From Other Funds							na	na	na	na	na
330	*	▲	Due From Other Governmental Units										na	na
340	*	▲	Accounts Receivable										na	na
345	*	▲	Leases Receivable			na							na	na
350	*		Interfund Loans Receivable		na	na			na	na	na	na	na	na
360	*	▲	Accrued Interest Receivable										na	na
410	*	▲	Inventory—Supplies and Materials			na		na	na	na	na	na	na	na
420	*	▲	Inventory—Lunchrooms		na	na	na	na	na	na	na	na	na	na
430	*	▲	Prepaid Items			na	na			na	na	na	na	na
450	*		Investments										na	na
451	*		Investments—Cash With Trustee		na								na	na
455	*		Investments—Deferred Compensation		na	na		na	na	na		na	na	na
459			Self-Insurance Security Deposits		na	na	na	na	na	na	na	na	na	na
460			Other Assets	na	na	na	na	na	na		na		na	na
470		▶	Amount Available in Debt Service Fund	na	na	na	na	na	na	na	na	na	na	
475		▶	Amount Available in Other Funds	na	na	na	na	na	na	na	na	na	na	
480		▶	Amount to be Provided for Debt Retirement	na	na	na	na	na	na	na	na	na	na	

GENERAL LEDGER ACCOUNT MATRIX BY FUND														
"na" indicates the account is closed in that fund.														
Assets				GF	AS B	DS F	CP F	TV F	PF	PP TF	PT F	CF	CA	LT DG
490			Capital Assets—Land	na	na	na	na	na	na		na			na
491			Capital Assets—Buildings	na	na	na	na	na	na		na			na
492			Capital Assets—Transportation Equipment	na	na	na	na	na	na	na	na	na		na
493			Capital Assets—Equipment	na	na	na	na	na	na					na
494			Capital Assets—Construction in Progress	na	na	na	na	na	na	na	na	na		na
497			Accum Depreciation—Transportation Equipment	na	na	na	na	na	na	na	na	na		na
498			Accumulated Depreciation—Buildings	na	na	na	na	na	na		na			na
499			Accumulated Depreciation—Equipment	na	na	na	na	na	na					na
Deferred Outflows of Resources				GF	AS B	DS F	CP F	TV F	PF	PP TF	PT F	CF	CA	LT DG
488	*	▲	Deferred Outflows of Resources—Other						na	na	na	na	na	na
Budgetary and Expenditure Accounts				GF	AS B	DS F	CP F	TV F	PF	PP TF	PT F	CF	CA	LT DG
510	** *		Estimated Revenues						na	na	na	na		
515	** *		Estimated Other Financing Sources		na				na	na	na	na		
520	** *		Encumbrances								na			
530	*		Expenditures							na	na	na		
530	*		Deductions	na	na	na	na	na	na					
535			Other Financing Uses (Budget and Actual)		na				na	na	na	na		
536			Other Financing Uses—Transfers Out (Budget and Actual)		na					na	na	na		
538			Unusual or Infrequent Items—Outflows							na	na	na	na	na

GENERAL LEDGER ACCOUNT MATRIX BY FUND													
<i>"na" indicates the account is closed in that fund.</i>													
Budgetary and Expenditure Accounts				GF	AS B	DS F	CP F	TV F	PF	PP TF	PT F	CF	CA LT DG
538			Nonoperating Expenditures	na	na	na	na	na	na				na
540	** *		Appropriated Fund Balance						na	na	na	na	
560	**		Revenue Contra (960)	na		na	na	na	na				
Liabilities				GF	AS B	DS F	CP F	TV F	PF	PP TF	PT F	CF	CA LT DG
601	*	▲	Accounts Payable										na
602	*	▲	Contracts Payable—Current			na				na	na	na	na
604	*	▲	Accrued Interest Payable	na	na		na	na	na	na	na	na	na
605	*	▲	Accrued Salaries			na		na	na	na	na	na	na
606	*		Anticipation Notes Payable		na				na	na	na	na	na
610	*		Payroll Deductions and Taxes Payable			na		na	na	na		na	na
620	*	▲	Leases Payable—Current			na							na
630	*	▲	Due to Other Governmental Units			na							na
635	*		Deferred Compensation Payable		na	na		na	na	na		na	na
637	*	▲	Est. Unemployment Benefits Payable		na	na	na	na	na	na	na	na	na
638	*	▲	Estimated Other Employee Insurance Claims Payable		na	na	na	na	na	na	na	na	na
639	*	▲	Est. Industrial Insurance Benefits Payable		na	na	na	na	na	na	na	na	na
640	*		Due to Other Funds							na	na	na	na
645	*		Interfund Loans Payable		na				na	na	na	na	na
650	*		Deposits			na		na	na	na	na	na	na
660	*	▲	Unearned Revenue							na	na	na	na
675	*		Matured Bonds Payable	na	na		na	na	na	na	na	na	na
685	*		Matured Bond Interest Payable	na	na		na	na	na	na	na	na	na
686	*		Arbitrage Rebate Payable		na				na	na	na	na	na

GENERAL LEDGER ACCOUNT MATRIX BY FUND														
"na" indicates the account is closed in that fund.														
Long Term Debt Account Group				GF	AS B	DS F	CP F	TV F	PF	PP TF	PT F	CF	CA	LT DG
701	*		Voted Bonds	na	na	na	na	na	na	na	na	na	na	
702	*		Voted LOCAL Program Financing	na	na	na	na	na	na	na	na	na	na	
711	*		Non-Voted LTGO Bonds	na	na	na	na	na	na	na	na	na	na	
712	*		Non-Voted LOCAL Program Financing	na	na	na	na	na	na	na	na	na	na	
713	*		Leases	na	na	na	na	na	na	na	na	na	na	
714	*		Contracts Payable	na	na	na	na	na	na	na	na	na	na	
716	*		Claims and Judgements	na	na	na	na	na	na	na	na	na	na	
717	*		Compensated Absences	na	na	na	na	na	na	na	na	na	na	
718	*		Notes Payable	na	na	na	na	na	na	na	na	na	na	
719	*		Bond & Tax Anticipation Notes Payable	na	na	na	na	na	na	na	na	na	na	
720	*		Lines of Credit	na	na	na	na	na	na	na	na	na	na	
721	*		Loans and Debt Obligations to Other Governments	na	na	na	na	na	na	na	na	na	na	
722	*		Arbitrage	na	na	na	na	na	na	na	na	na	na	
723	*		Registered Warrants	na	na	na	na	na	na	na	na	na	na	
724	*		Revenue Anticipation Notes Payable	na	na	na	na	na	na	na	na	na	na	
729	*		Other Non-Voted Debt	na	na	na	na	na	na	na	na	na	na	
741	*		Net Pension Liability—TRS 1	na	na	na	na	na	na	na	na	na	na	
742	*		Net Pension Liability—TRS 2 & 3	na	na	na	na	na	na	na	na	na	na	
743	*		Net Pension Liability—SERS 2 & 3	na	na	na	na	na	na	na	na	na	na	
744	*		Net Pension Liability—PERS 1	na	na	na	na	na	na	na	na	na	na	

GENERAL LEDGER ACCOUNT MATRIX BY FUND														
"na" indicates the account is closed in that fund.														
Deferred Inflows of Resources				GF	AS B	DS F	CP F	TV F	PF	PP TF	PT F	CF	CA	LT DG
750	*	▲	Unavailable Revenue							na	na	na	na	na
755	*	▲	Unavailable Revenue—Leases			na					na	na	na	na
760	*		Unavailable Revenue—Taxes Receivable		na				na	na	na	na	na	na
Fund Balance				GF	AS B	DS F	CP F	TV F	PF	PP TF	PT F	CF	CA	LT DG
801			Investment in Capital Assets From GO Bonds	na	na	na	na	na	na	na	na	na		Na
802			Investment in Capital Assets From Levies	na	na	na	na	na	na	na	na	na		Na
803			Investment in Capital Assets From State Grants	na	na	na	na	na	na	na	na	na		Na
804			Investment in Capital Assets From Federal Grants	na	na	na	na	na	na	na	na	na		Na
805			Investment in Capital Assets From Apportionment and Local Revenues	na	na	na	na	na	na	na	na	na		Na
806			Investment in Capital Assets From Gifts, Donations, Other	na	na	na	na	na	na	na	na	na		Na
810	*		Restricted for Other Items							na	na	na	na	Na
815		¢	Restricted for Unequalized Deductible Revenue		na	na	na	na	na	na	na	na	na	Na
819	**		Restricted for Fund Purposes	na		na	na		na	na	na	na	na	Na
820			Assigned to Encumbrances			na			na	na	na	na	na	Na
821			Restricted for Carryover of Restricted Revenue		na	na	na	na	na	na	na	na	na	na
823			Restricted for Carryover of Transition to Kindergarten Revenue		na	na	na	na	na	na	na	na	na	na
825			Restricted for Skill Centers		na	na		na	na	na	na	na	na	na
828			Restricted for Carryover of Food Service Revenue		na	na	na	na	na	na	na	na	na	na

GENERAL LEDGER ACCOUNT MATRIX BY FUND														
"na" indicates the account is closed in that fund.														
Fund Balance				GF	AS B	DS F	CP F	TV F	PF	PP TF	PT F	CF	CA	LT DG
830			Restricted for Debt Service		na				na	na	na	na	na	na
835			Restricted for Arbitrage Rebate		na				na	na	na	na	na	na
840			Nonspendable Fund Balance - Inventory			na			na	na	na	na	na	na
845			Restricted for Self-Insurance		na	na	na	na	na	na	na	na	na	na
850			Restricted for Uninsured Risks			na			na	na	na	na	na	na
854			Restricted for Intact Trust Principal	na	na	na	na	na	na				na	na
855	*		Nonspendable Fund Balance—Trust Principal	na	na	na	na	na		na	na	na	na	na
856			Restricted for: Individuals, Organizations, & Other Governments—PPTF	na	na	na	na	na	na			na	na	na
857			Restricted for: Individuals, Organizations, & Other Governments—CF	na	na	na	na	na	na	na	na		na	na
858			Restricted for Other Purposes	na	na	na	na	na	na				na	na
861	*		Restricted From Bond Proceeds	na	na	na		na	na	na	na	na	na	na
862	*		Committed From Levy Proceeds	na	na	na		na	na	na	na	na	na	na
863	*		Restricted From State Proceeds	na	na	na		na	na	na	na	na	na	na
864	*		Restricted From Federal Proceeds	na	na	na		na	na	na	na	na	na	na
865	*		Restricted From Other Proceeds	na	na	na		na	na	na	na	na	na	na
866	*		Restricted From Impact Fee Proceeds	na	na	na		na	na	na	na	na	na	na
867	*		Restricted From Mitigation Fee Proceeds	na	na	na		na	na	na	na	na	na	na
868	*		Restricted From CTE Carryover Resources	na	na	na		na	na	na	na	na	na	na
869	*		Restricted From Undistributed Proceeds	na	na	na		na	na	na	na	na	na	na

GENERAL LEDGER ACCOUNT MATRIX BY FUND													
<i>"na" indicates the account is closed in that fund.</i>													
Fund Balance				GF	AS B	DS F	CP F	TV F	PF	PP TF	PT F	CF	CA LT DG
870			Committed to Other Purposes							na	na	na	na
872			Committed to Economic Stabilization		na	na	na	na	na	na	na	na	na
873			Committed to Facility Depreciation Sub-Fund		na	na	na	na	na	na	na	na	Na
875			Assigned to Contingencies		na	na	na	na	na	na	na	na	Na
884			Assigned to Other Capital Projects		na	na	na	na	na	na	na	na	Na
888			Assigned to Other Purposes		na	na	na	na	na	na	na	na	Na
889			Assigned to Fund Purposes	na						na	na	na	Na
890	*		Unassigned Fund Balance		*	*	*	*	*	na	na	na	Na
891			Unassigned to Minimum Fund Balance Policy		na	na	na	na	na	na	na	na	Na
896			Change in Accounting Principles									na	Na
897			Change to or within the Financial Reporting Entity									na	Na
898			Prior Year Error Corrections									na	Na
Budgetary, Revenue, & Other Financing Sources Accounts				GF	AS B	DS F	CP F	TV F	PF	PP TF	PT F	CF	CA LT DG
900	** *		Appropriations						na	na	na	na	Na
930	**		Expenditure Contra (530)	na		na	na	na	na			na	Na
960	*		Revenues							na	na	na	Na
960	*		Additions	na	na	na	na	na	na			na	Na
965			Other Financing Sources		na					na	na	na	Na
Budgetary, Revenue, & Other Financing Sources Accounts				GF	AS B	DS F	CP F	TV F	PF	PP TF	PT F	CF	CA LT DG
968			Unusual or Infrequent Items—Inflows							na	na	na	na
968			Non-operating Revenues	na	na	na	na	na	na			na	na

DESCRIPTION OF GENERAL LEDGER ACCOUNTS

Assets

200* Imprest Cash

Applicable Fund: (GF, ASB, CPF, PF, PPTF, PTF, CF)

This account is used to segregate and control imprest cash (including petty cash) as established by the board of directors. Include imprest cash bank checking accounts.

- Debit with the amount of imprest cash established. (Contra entry: credit Account 240 Cash on Deposit with County Treasurer.)
- Credit with the reduction or return of each fund previously established.
- Imprest cash disbursements will be reimbursed by audited claims charged to the appropriate expenditure accounts and paid from Account 240 Cash on Deposit with County Treasurer. The reimbursement warrant will be drawn to the order of the custodian of the imprest cash.

230* Cash on Hand

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF, PPTF, PTF, CF)

This account is used to record all cash received prior to remitting to the county treasurer. Cash on hand or in banks will be recorded in this account, except imprest cash accounts.

Districts that maintain a separate account apart from the county treasurer for payroll or other electronic funds transfers prior to disbursement either via direct deposit or through warrants should record the transactions in that account separately within their own records. For the purposes of state reporting, however, such accounts would be reported in this account along with the district's non-payroll EFT account.

- Debit with fund cash receipts.
- Credit with deposits or remittances to the county treasurer. (Contra entry: debit Account 240 Cash on Deposit with County Treasurer.)

240 Cash on Deposit With County Treasurer

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF, PPTF, PTF, CF)

This account is used to record all cash other than cash required to be recorded in Account 200 Imprest Cash, Account 230 Cash on Hand, and Account 250 Cash with Fiscal Agent.

Districts that maintain a separate account with the county treasurer for payroll or other electronic funds transfers prior to disbursement either via direct deposit or through warrants should record the transactions in that payroll account separately within their own records. For the purposes of state reporting, however, such accounts would be reported in this account along with the district's non-payroll EFT account.

- Debit with cash received directly by the county treasurer.
- Debit with fund cash receipts remitted to the county treasurer.
- Credit with warrants redeemed by the county treasurer. (Contra entry: debit Account 241 Warrants Outstanding.) In the Debt Service Fund, credit with payments and transfers by the county treasurer or fiscal agent.

241 Warrants Outstanding

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF, PPTF, PTF, CF)

This account is used to record all warrants issued and redeemed.

- Credit with the fund warrants issued.
- Debit with the amounts of warrants redeemed by the county treasurer.
- Debit with the amounts of warrants cancelled. (Contra entry: credit account previously charged in the subsidiary expenditure ledger. In the Associated Student Body Fund, also credit account originally charged.)

250 Cash with Fiscal Agent

Applicable Fund: (GF, DSF, CPF, TVF)

In the Debt Service Fund, this account is used to reflect all cash with the fiscal agent other than the county treasurer.

- Debit with cash remitted by the county treasurer to the fiscal agent bank. (Contra entry: credit Account 240 Cash on Deposit with County Treasurer.)
- Debit with cash remitted by the trustee bank directly to the fiscal agent bank. (Contra entry: credit Account 451 Investments—Cash with Trustee.)

- Credit with cash disbursed by the fiscal agent bank remitting directly to the county treasurer. (Contra entry: debit Account 240 Cash on Deposit with County Treasurer.)
- Credit with cash disbursed by fiscal agent bank to redeem bonds or pay coupon interest. (Contra entry: Debt Service Fund—debit Accounts 675 Matured Bonds Payable, 680 Bond Transfer Fees Payable, and 685 Matured Bond Interest Payable as applicable.)

For the General Fund, Capital Projects Fund, and Transportation Vehicle Fund, only amounts that that represent money held with the Office of the State Treasurer (OST) for LOCAL program proceeds that are held at OST instead of remitted to the district may be recorded in this account.

- Debit with amounts available to the district from the LOCAL program that are held with the Office of State Treasurer.
- Credit when payments are made on the district's behalf by OST.

310* Taxes Receivable

Applicable Fund: (GF, DSF, CPF, TVF)

This account is used to record taxes as they are levied for the current tax collection year. This is a control account for school districts electing to break out prior and previous year taxes as reflected on the county treasurer's monthly report. Collections and reductions will be posted to this account to enable school district officials to determine the amount of unpaid taxes.

- Debit with the amount of the levy and supplements to the tax rolls. (Contra entry: credit Account 760 Unavailable Revenue—Taxes Receivable.)
- Credit with tax roll cancellations. (Contra entry: debit Account 760 Unavailable Revenue—Taxes Receivable.)
- Credit with tax collections as reported by the county treasurer.

320* Due From Other Funds

Applicable Fund: (GF, ASB, DSF, CPF, TVF, CF)

This account is used to record amounts due from other funds for services between funds.

- Debit with value of services to be reimbursed by another fund.
- Credit with payments from the funds that received services.

330*▲ Due From Other Governmental Units

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF, PPTF, PTF, PF)

This account is used to record the amount due from the federal, state, and local governmental units. Entries may be made to this account as transactions occur or recorded only at year-end. Subsidiary records shall be maintained for claims submitted to governmental units.

- Debit with the amount of claims submitted to other governmental units. (Contra entry: credit Account 750 Unavailable Revenue or credit Account 960 Revenues.)
- Debit or credit for authorized adjustments.
- Credit with the amount received in payment of claims. (Contra entry: debit Account 750 Unavailable Revenue or Account 960 Revenues.)

340*▲ Accounts Receivable

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF, PPTF, PTF)

This account is used to record accounts owed to the school district by private persons, firms, or others for which other receivable accounts have not been established. Entries may be made to this account as transactions occur or they may be recorded at year-end.

- Debit with amounts due. (Contra entry: credit Account 960 Revenues for amounts that represent available reimbursements for expenditures already incurred, otherwise credit Account 750 Unavailable Revenue.)
- Credit with amounts received.

345*▲ Leases Receivable

Applicable Fund: (GF, ASB, CPF, TVF, PF, PPTF)

This account is used to record leases owed to the school district by private persons, firms, or others. Entries may be made to this account as transactions occur or they may be recorded at year-end.

- Debit with the present value of lease payments expected to be received over the lease term, at the initial recording of the lease. (Contra entry: credit Account 755 Unavailable Revenue—Leases Receivable.)
- Credit with the principal portion of amounts received under the lease. (Contra entry: debit Account 755 Unavailable Revenue—Leases Receivable.)

350* *Interfund Loans Receivable*

Applicable Fund: (GF, CPF, TVF)

This account is used to record temporary advances or loans to other funds. School Districts on binding conditions may borrow from the Transportation Vehicle Fund with approval from OSPI. Review Chapter 3 for detailed guidance.

- Debit with advances or loans to other funds.
- Credit with repayment of advances or loans. (Contra entry: debit Account 240 Cash on Deposit with County Treasurer.)

360*▲ *Accrued Interest Receivable*

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF, PPTF, PTF, CF)

Accrual basis districts use this account to record the amount of interest due on investments. To be susceptible to accrual, the interest income must be measurable and available to finance expenditures of the current fiscal period.

- Debit with amounts due from investments.
- Credit with amounts received.

410*▲ *Inventory—Supplies and Materials*

Applicable Fund: (GF, ASB, CPF)

In the General Fund, this account is used to record the acquisition and use of instruction, office, maintenance, operation, and transportation supplies and equipment. In the Associated Student Body Fund, inventories purchased for resale are recorded in this account. In the Capital Projects Fund, inventory consists of items that have been purchased in advance of being placed into a school as a part of a construction project or technology implementation plan. Inventory consists of supplies and equipment on hand not yet distributed to users. The use of this account is mandatory for districts with central warehouses, and optional for use by districts without a central warehouse.

- Debit with the disbursements for purchases of inventory.
- Credit with the expenditure for items taken from stock.
- Debit with the expenditure for items returned to inventory.
- Debit or credit as necessary to account for overages or shortages when a physical count of inventory is taken. The balance represents the value of supplies and materials in inventory.

420* ▲ Inventory—Lunchrooms

Applicable Fund: (GF)

This account is used to record the acquisition and use of school food service inventories of food and operating supplies and noncapitalized equipment. Inventory consists of supplies and equipment on hand not yet distributed to users. The supplies and noncapitalized equipment are considered inventory if not charged to current year expenditures and, hence, not in use. Such items purchased for future use should be classified as inventory; those purchased for current use should be shown as an expenditure.

- Debit this account with the disbursement for items purchased for inventory.
- Credit this account with the value for items withdrawn from inventory.
- Debit or credit as necessary to account for overages or shortages when a physical count of inventory is taken. The balance represents the expenditure for food supplies in inventory.

430* ▲ Prepaid Items

Applicable Fund: (GF, ASB, TVF, PF)

This account is used to record goods or services purchased which will not be consumed or used entirely in the current fiscal year. Goods or services purchased for current use are shown as expenditures.

- Debit with the total amount of goods or services acquired for consumption or use, in whole or in part, in a subsequent fiscal year.
- Credit periodically or at the beginning of the fiscal year with the items placed in service or to be consumed within the current year.

450* Investments

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF, PPTF, PTF)

Temporary investments of moneys not needed for current use, as permitted by statute, are to be recorded in this account.

- Debit with the amount of investments purchased.
- Credit with the amount realized upon sale of investments. Investment income, including changes in the fair value of investments, should be recognized as revenue in the operating statement. Realized gains and losses should not be displayed separately from the net increase (decrease) in fair value of the investment in the financial statements unless related to external investment pools. (See GASB 31, para 13 and 17.)

451* Investments—Cash With Trustee

Applicable Fund: (GF, DSF, CPF, TVF, PF, PPTF, PTF)

This account is used to reflect all investments and cash held with the named trustee for restricted capital financing pools and other similarly restricted financing pools. Most commonly used by districts to account for amounts held by ESDs for Compensated Absence Pools. Districts are responsible for recording all transactions made by the district and the trustee for investments, interest earned, additions, and reductions in these pools.

- Debit with cash remitted to the ESD, investment broker or trustee as well as the gross price paid for securities.
- Debit with net interest earned on securities. (Contra entry: credit Account 960 Revenues.)
- Credit with disbursements made by the trustee. (Contra entry: debit Account 230 Cash on Hand or Account 240 Cash on Deposit with County Treasurer.)

455* Investments—Deferred Compensation

Applicable Fund: (GF, CPF)

This account is for the investment of moneys withheld from employee earnings for the purpose of deferring income. This is a district asset held to benefit the district until a future time when the employee qualifies for payment.

- Debit with the amount of investments purchased from wages withheld from employees.
- Debit with investment earnings.
- Credit with investment fees or loss on investments.
- Credit with liquidation of investments.

459 Self-Insurance Security Deposits

Applicable Fund: (GF)

This account is used to show the escrow account required by the Department of Labor and Industries when a district is allowed to self-insure. Contra entries for the following are made to Account 850 Reserved for Uninsured Risks.

- Debit with the amount invested.
- Debit with investment earnings.
- Credit with investment earnings withdrawn.
- Credit with liquidation of investments if district determines to self-insure no longer.

460 Other Assets

Applicable Fund: (PPTF, CF)

This account is used to record assets of the trust funds that do not consist of cash, investments, or capital assets.

- Debit with the cost or estimated cost of the asset at the time of the donation.
- Credit with the recorded cost upon sale or disposition of the asset.

470 Amount Available in Debt Service Fund

Account balances are to be included on the Schedule of Debt and Liabilities. This account is only used by districts that opt to maintain a Long-Term Debt "holding account."

This account is used to indicate that the fund balance in the Debt Service Fund is designated for retirement of bonds. The balance in this account (Account 470) should equal the fund balance (Account 889) in the Debt Service Fund.

- Debit with the total revenues recorded in the Debt Service Fund. (Contra entry: credit Account 480 Amount to be Provided for Debt Retirement.)
- Credit with interest and bond issuance expenditures recorded in the Debt Service Fund. (Contra entry: debit Account 480 Amount to be Provided for Debt Retirement.)
- Credit with the amount of matured bond principal. (Contra entry: debit Account 701 Bonds Payable—Long-Term.)

475 Amount Available in Other Funds

Account balances are to be included on the Schedule of Debt and Liabilities. This account is only used by districts that opt to maintain a Long-Term Debt "holding account."

This account is used to indicate the amounts of fund balance that have been reserved for discharge of contracts payable.

- Debit with the amount of fund balance reserved by board action. (Contra entry: credit Account 480 Amount to be Provided for Debt Retirement.)
- Credit with the amount of matured principal on contracts payable. (Contra entry: debit Account 714 Contracts Payable—Long-Term.)

480 Amount to be Provided for Debt Retirement

Account balances are to be included on the Schedule of Debt and Liabilities. This account is only used by districts that opt to maintain a Long-Term Debt "holding account." This account is used to reflect the total amount of bonds and long-term contracts issued and outstanding. This account is debited at the time of the sale of bonds with the face value of bonds sold. This account is also debited at the time a long-term contract is approved.

- Debit with the par value of bonds sold. (Contra entry: credit Account 701 Bonds Payable—Long-Term.)
- Debit with the cash price of goods or services purchased under long-term contracts, including installment sales, conditional sales agreements, and lease-purchase agreements. (Contra entry: credit Account 714 Contracts Payable—Long-Term.)
- Credit with the face value of bonds redeemed. (Contra entry: debit Account 470 Amount Available in Debt Service Fund.)
- Credit with the principal amount of bonds defeased in a bond refunding. (Contra entry: debit Account 701 Bonds Payable—Long-Term.)
- Credit with the proceeds of the sale of new bonds placed with a fiscal agent in a refunding. (Contra entry: debit Account 470 Amount Available in Debt Service Fund.)
- Credit with the principal payments on long-term contracts as they mature unless fund balance was previously reserved in the paying fund. (Contra entry: debit Account 714 Contracts Payable—Long-Term.)
- Credit with the amount of fund balance reserved in the paying fund by board action. (Contra entry: debit Account 475 Amount Available in Other Funds.)

490 Capital Assets—Land

Applicable Fund: (CA, PPTF, CF)

491 Capital Assets—Buildings

Applicable Fund: (CA, PPTF, CF)

492 Capital Assets—Transportation Equipment

Applicable Fund: (CA)

493 Capital Assets—Equipment

Applicable Fund: (CA, PPTF, PTF, CF)

494 ■ Capital Assets—Construction in Progress

Applicable Fund: (CA)

497 ■ Accumulated Depreciation—Transportation Equipment

Applicable Fund: (CA)

498 ■ Accumulated Depreciation—Buildings

Applicable Fund: (CA, PPTF, CF)

499 ■ Accumulated Depreciation—Equipment

Applicable Fund: (CA, PPTF, PTF, CF)

Deferred Outflows of Resources**488* ▲ Deferred Outflows of Resources—Other**

Applicable Fund: (GF, ASB, DSF, CPF, TVF)

This account is used to record deferred outflows of resources, if any. Certain transactions result in the consumption of net assets in one period, applicable to a future period. GASB identifies those consumptions as deferred outflows of resources and distinguishes them from assets.

Budgetary and Expenditure Accounts**510*** Estimated Revenues**

Applicable Fund: (GF, ASB, DSF, CPF, TVF)

This account is one of several optional budgetary accounts used to record and summarize all budgetary actions of the board of directors. It will not be used to record actual revenues.

- Debit with the total amount of estimated revenues, including real property taxes or unissued bonds to be sold, in the adopted budget.
- Debit with the amount of any unanticipated revenues appropriated to meet additional appropriations or increase existing appropriations.
- Credit with the amount of reduction in estimated revenues when the board of directors determines that actual revenues will not equal estimated revenues. A corresponding reduction shall be made in appropriations or an increase of appropriated fund balance.

- Credit to close account at year-end. (Contra entry: debit Account 900 Appropriations [for expenditures].) (Transportation Vehicle Fund contra entry: debit Account 540 Appropriated Fund Balance.)
- Details of the amounts comprising estimated revenues are incorporated in the subsidiary revenue ledger.

515* Estimated Other Financing Sources**

Applicable Fund: (GF, DSF, CPF, TVF)

This account is one of several optional budgetary accounts which is used to record and summarize budgetary action of the board of directors for estimated other financing sources that are proceeds from insurance recoveries for loss of capital assets, proceeds from the sale of equipment, transportation vehicles, debt issuance premiums, or proceeds from the sale of bonds. In the Capital Projects Fund, this also includes proceeds from the sale of real property and proceeds from the sale of equipment (only if bonds are still outstanding that provided resources to buy the property or equipment). It will not be used to record actual other financing sources.

Details of the amounts comprising estimated other financing sources will be incorporated in the subsidiary other financing sources ledger.

- Debit with the total amount of estimated other financing sources in the budget.
- Debit with the estimated amount of any unanticipated other financing sources.
- Credit with the amount of reduction in estimated other financing sources when the board of directors determines that actual other financing sources will not equal estimated other financing sources.
- Credit to close account at year-end. (Contra entry: debit Account 900 Appropriations [for expenditures].)

520* Encumbrances**

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PPTF, PF)

This account is used to record district commitments to purchase goods or services typically evidenced by purchase orders and contracts. Detail of this account will be maintained in the appropriation expenditure ledger.

- Debit as an opening entry the amount of encumbrances for the previous fiscal year outstanding at August 31. (Contra entry: credit Account 820 Assigned to Encumbrances.)
- Debit with the amount of encumbrances placed. (Contra entry: credit Account 820 Assigned to Encumbrances.)
- Credit with the amount of encumbrances liquidated upon establishing payables or cancellation of unneeded encumbrances. (Contra entry: debit Account 820 Assigned to Encumbrances.)
- Credit at August 31, following close of fiscal year, to close balance. (Contra entry: debit Account 820 Assigned to Encumbrances.)
- The balance of this account prior to the fiscal year's closing will represent the total outstanding encumbrances.

General and Capital Projects Fund only

- Debit at the beginning of the school year with the total amount of contracted salaries (optional).
- Credit with the amount of contracted salaries paid. (To be made only if debit for contracted salaries has been made.)
- Credit to record the reduction of contracted salaries when contracts are terminated. (To be made only if debit for contracted salaries has been made.)

530* Expenditures

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF)

530* Deductions

Applicable Fund: (PPTF, PTF)

All indicated funds except Debt Service Fund (DSF see below)

This account is used to record expenditures or deductions. Expenditures or deductions should be recorded as accrual basis districts incur liabilities. In general, cash basis districts record expenditures or deductions when paid. Deferred compensation liabilities must be accrued by cash basis districts. Details of the expenditure account will be maintained in the expenditure ledger. Debt issuance costs should be recorded here.

- Debit with the amount of claims that are due and payable (accrual basis) or with the amount of payments made on claims (cash basis). Contra entry for accrual basis districts is a credit to a liability account in the 600 series.
- Credit with the amounts of voided and cancelled warrants for expenditures initially charged to this account.

- Credit with refunds of expenditures.
- Credit with closing entry to Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Purpose (all other funds).

Debt Service Fund only

Since the necessary detail to the breakdown of expenditures is available from Accounts 601 Accounts Payable, 675 Matured Bonds Payable, and 685 Matured Bond Interest Payable, additional subsidiary accounts are not necessary.

- Debit to record maturity of principal and interest amounts. (Contra entry: credit Account 675 Matured Bonds Payable and 685 Matured Bond Interest Payable.)
- Debit to record bond transfer fees. (Contra entry: credit Account 601 Accounts Payable.)
- Debit to record underwriter's fees in a bond refunding only if the expenditure for underwriter's fees is made from the Debt Service Fund's current resources. (Contra entry: credit Account 601 Accounts Payable.)
- Credit with closing entry to Account 889 Assigned to Other Purposes.

535 Other Financing Uses (Budget and Actual)

Applicable Fund: (GF, DSF, CPF, TVF)

This account is used to record payments to the refunded bond escrow agent from resources provided by the new debt in a bond refunding and debt issuance discounts. This account is also used to summarize budgetary actions for estimated long-term financing and debt extinguishments.

Payments to escrow agent made from other school district resources should be reported as debt service expenditures (debit Account 530 Expenditures).

The bond discount resulting from the difference between the stated interest rate and the market rate is recorded as an other-financing use.

- Debit with payments to a refunded bond escrow agent in a bond refunding. (Contra entry: credit Account 965 Other Financing Sources, Revenue Account 9600, Sale of Refunding Bonds or Account 240 Cash on Deposit with County Treasurer) if the school district receives the proceeds of the refunding bond sale.
- Credit with closing entry to Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Balance (DSF, CPF, TVF).

536 Other Financing Uses—Transfers Out (Budget and Actual)

Applicable Fund: (GF, DSF, CPF, TVF, PF)

This account is used to record resources transferred to another fund. Redirections of apportionment should be included here. (Refer to Chapter 3 and the section on Interfund Activities for allowable transfers.) This account is also used to summarize budgetary actions for estimated transfers out.

- Debit with amount of transfer out. (Contra entry: credit Account 965 Other Financing Sources, Revenue Account 9900—Transfers or credit Account 241 Warrants Outstanding if a warrant is issued.)
- Credit with closing entry to Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Purposes (DSF, CPF, TVF, PF).

538 Unusual or Infrequent Items—Outflows

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF)

This account is used to classify amounts in accordance with GASB Statement 103 which are transactions or events that are unusual in nature or infrequent in occurrence. This may include significant costs related to a natural disaster caused by fire, flood, tornado, hurricane, or hailstorm; or costs related to an environmental disaster.

Refer to GL 968 Unusual or Infrequent Items—Inflows for the accounting treatment related to resources utilized in these events.

School districts are required to describe each unusual or infrequent event separately in the Notes to the Financial Statements.

- Debit this account by adjusting journal entry (AJE); by transferring applicable amounts originally reported in GL 530 and 536 expenditure accounts.
- Credit with closing entry to Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Purposes (all other funds).

538 Nonoperating Expenditures

Applicable Fund: (PPTF, PTF)

This account is used to record expenditures and losses arising from transactions of trust principal.

- Debit with realized losses or expenditures associated with trust principal.
- Credit with closing entry to Account 855 Nonspendable Fund Balance—Trust Principal.

540* Appropriated Fund Balance (Optional)**

Applicable Fund: (GF, ASB, DSF, CPF, TVF)

This optional account is used to record a budget surplus or deficit.

- Debit with the amount of the excess of the sum of Account 900 over the sum of Accounts 510 and 515 in the adopted budget.
- Credit with the amount of the excess of the sum of Accounts 510 and 515 over the sum of Account 900 in the adopted budget.
- Debit with the amount appropriated to meet additional appropriations or increase existing appropriations.
- Credit to reduce the balance appropriated when the board of directors has determined that the amount appropriated exceeds the actual amount available. (Contra entry: debit Account 900 Appropriations.)
- Debit or credit with the closing entry to Account 900 Appropriations, as appropriate to close these accounts.

560 Revenue Contra (960)**

Applicable Fund: (ASB, PPTF, PTF)

This account is used as an offset to all entries made to Account 960 Revenues. Subsidiary detail is not necessary for this account. All revenues are recorded in the fund balance account on a current basis, thus requiring this account to balance the entry to revenue.

- Debit with all credit entries to Account 960 Revenues.
- Credit with all debit entries to Account 960 Revenues. Credit to close at year-end. (Contra entry: debit Account 960 Revenues.)

Liabilities

601*▲ Accounts Payable

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF, PPTF, PTF, CF)

This account is used to record unpaid liabilities for goods received, scholarships awarded, or services performed and not provided for in Accounts 602 through 650.

Include in this account leasehold tax collected but not yet paid. This account may be used throughout the year in connection with a voucher register, but the unpaid amounts on August 31, following the close of the fiscal year, must be recorded in this account and Account 530 Expenditures.

- Credit with the amount of audited vouchers and year-end accruals. (Contra entry: debit Accounts 530 Expenditures, 410 Inventory—Supplies and Materials, 420 Inventory—Lunchrooms, or 430 Prepaid Items.)
- Debit with the amounts of liabilities paid and credit memos received. (In the trust funds, credit warrants payable.)
- The balance of this account represents the liability for unpaid vendor obligations.

602*▲ *Contracts Payable—Current*

Applicable Fund: (GF, ASB, CPF, TVF, PF)

This account is used to record the matured liabilities for equipment and furniture received or services performed under contractual agreements. In the Capital Projects Fund, the portion of construction contracts certified payable by an architect or structural engineer may also be recorded in this account. This account is used to record the matured portion of long-term contractual liabilities. Also include in this account new contractual liabilities to be fully paid from current year appropriations.

- Credit with the matured portion of the contract when that portion matures or with the amount of the new contract to be paid entirely from current year appropriations. (Contra entry: debit Account 530 Expenditures.)
- Debit with amounts paid.
- The balance of this account represents the amount of matured long-term contracts and contracts to be paid entirely out of current year appropriations.

604*▲ *Accrued Interest Payable*

Applicable Fund: (DSF)

This account is used to record interest costs related to the current period and prior periods, but not due until a later date. Include in this account cash received for accrued interest generated because bonds were sold between interest payment dates.

- Debit with interest payments made.

- Credit with cash received for accrued interest between bond interest payment dates.

605* ▲ *Accrued Salaries*

Applicable Fund: (GF, ASB, CPF)

The amounts of salaries earned for services performed but unpaid are recorded in this account.

Also include the current portion of the vacation and sick leave that has been used but is unpaid at the end of the period. This amount is normally expected to be liquidated with expendable available financial resources and should be recorded in the fund that will liquidate the liability. Employees' unused leave balances are reported as Compensated Absences and included on the Schedule of Debt and Liabilities.

- Credit with the amount of salaries earned. (Contra entry: debit Account 530 Expenditures.)
- Debit with the amount of salaries paid.

606* *Anticipation Notes Payable*

Applicable Fund: (GF, DSF, CPF, TVF)

This account is used to record the amount of principal due on Revenue Anticipation Notes (RANs), Tax Anticipation Notes (TANs), or Bond Anticipation Notes (BANs) from which the school district received moneys in exchange for a promise to make repayment at a later date. Repayments come from anticipated revenues (RANs), tax collections (TANs), or bond proceeds (BANs). The amounts recorded in this account should not include any interest charges. Review the Chapter 3 section *Anticipation Notes* for additional guidance. All Anticipation Notes must be reported in the district's Schedule of Debt and Liabilities and Notes to the Financial Statements.

- Credit with the amount of cash received from the issuance of the note. (Contra entry: debit Account 240 Cash on Deposit with County Treasurer.)
- Debit with payments made.

610* Payroll Deductions and Taxes Payable

Applicable Fund: (GF, ASB, CPF)

This account is used to record payroll deductions and the employer's share of payroll taxes and health insurance. Subsidiary accounts will be needed for Old Age and Survivors Insurance (Social Security), state employees' retirement, federal income tax withheld, industrial insurance and medical aid, health and medical insurance and medical aid, health and medical insurance premiums and annuities.

- Credit this account with the amount of payroll deductions and unpaid employer's share of the cost for payrolls earned as of August 31.
- Debit with the amount paid as of August 31.

620*▲ Leases Payable—Current

Applicable Fund: (GF, ASB, CPF, TVF, PF, PPTF)

This account is used to record the matured liabilities for equipment and furniture received or services performed under lease agreements. This account is used to record the matured portion of long-term lease liabilities.

- Credit with the matured portion of the lease when that portion matures. (Contra entry: debit Account 530 Expenditures.)
- Debit with amounts paid.
- The balance of this account represents the amount of matured long-term leases.

630*▲ Due to Other Governmental Units

Applicable Fund: (GF, ASB, CPF, TVF, PF, PPTF, PTF, PF)

This account is used to record accounts owed by the school district to other governmental units. Entries may be made to this account as transactions occur or they may be recorded at year-end.

- Debit with payments made.
- Credit with amounts owed.

635* *Deferred Compensation Payable*

Applicable Fund: (GF, CPF, PTF)

This account is used to record the liability to participating employees for money withheld from their wages or matching funds paid by the district that will be paid to the employee in the future. If the district is the trustee of the plan funds, these amounts should be recorded in the district's Other Employee Benefits Trust Fund.

- Credit with the amount withheld from employees' pay.
- Credit with the amount of investment earnings on money withheld from employees.
- Debit with the amount of investment fees or loss on investment.
- Debit with the amount of payments to employees.

637*▲ *Estimated Unemployment Benefits Payable*

Applicable Fund: (GF)

The estimated liability for future unemployment benefit claims against wages paid in the current period is shown in this account. This account is only for districts self-insuring and using the reimbursement method.

- Credit with the amount of unemployment compensation benefits charged to expenditures.
- Debit with the amount on the Employment Security Department billing when paid.

638*▲ *Estimated Other Employee Insurance Claims Payable*

Applicable Fund: (GF)

The estimated liability for other employee self-insured benefits against wages paid in the current period is shown in this account. This account is only for districts self-insuring against employee claims not accounted for in Accounts 637 or 639.

- Credit with the amount of other employee self-insurance claims.
- Debit with the payment of claims.

639* ▲ Estimated Industrial Insurance Benefits Payable

Applicable Fund: (GF)

The estimated liability for future industrial insurance benefits against wages paid in the current period is shown in this account. This account is only for districts that are self-insuring against industrial accidents.

- Credit with the amount of industrial insurance benefits estimated to be paid in future periods against wages paid in the current period.
- Debit with the payment of benefit claims and administrative assessment.

640* Due to Other Funds

Applicable Fund: (GF, ASB, DSF, CPF, TVF, CF)

This account is used to record the fund's liability for services performed by other funds of the school district.

- Credit with the dollar amount of services performed by another fund.
- Debit with the amount paid for services performed by another fund.
- A subsidiary account shall be maintained for each fund.

645* Interfund Loans Payable

Applicable Fund: (GF, DSF, CPF, TVF)

This account is used to record temporary advances or loans from other funds. Review Chapter 3 for detailed guidance.

- Credit with the amount received from another fund.
- Debit with the repayment of loan from another fund.

650* Deposits

Applicable Fund: (GF, ASB, CPF)

This account is used to record deposits received by the district that may be refunded at a later date (e.g., damage deposits). Direct deposits for payroll should be recorded in GL 605 Accrued Salaries and not in this account.

- Credit with amounts collected and recorded to Accounts 230 and 240 because they do not represent revenues and are subject to refund.
- Debit with amounts later determined to be revenue or amounts refunded.

660* ▲ Unearned Revenue

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF)

Record in this account amounts that the district has received but that do not represent revenues because they have been received in advance of the earning of the revenue. These amounts will be converted into revenues once the district performs some service. An example would be a parent who prepays for the ASB Yearbook or school lunches in advance of the start of the school year.

- Credit with amounts charged to Accounts 230, 240, 330, or 340 that do not represent revenues because the district has not performed a service that has been paid for in advance.
- Debit with amounts that become revenues. (Contra entry: credit Account 960 Revenues.)

675* Matured Bonds Payable

Applicable Fund: (DSF)

The amount of principal matured on bond issues is recorded in this account. At the maturity date, the amount is recorded as an expenditure and deducted from Long-Term Debt. Subsidiary accounts should be maintained for each bond issue.

- Credit with the amount of matured bonds. (Contra entry: debit Account 530 Expenditures.)
- Debit with the amount of bonds redeemed. (Contra entry: credit Account 240 Cash on Deposit with County Treasurer if county treasurer redeems bonds; credit Account 250 Cash with Fiscal Agent if fiscal agent bank redeems the bonds.)

685* Matured Bond Interest Payable

Applicable Fund: (DSF)

The amount of bond interest matured on bond issues is recorded in this account. At the maturity date, the amount of bond interest is recorded as an expenditure. Subsidiary accounts should be maintained for each bond issue.

- Credit with the amount of matured bond interest. (Contra entry: debit Account 530 Expenditures.)
- Debit with the amount of bond interest redeemed. (Contra entry: credit Account 240 Cash on Deposit with County Treasurer if county treasurer pays

coupon interest or credit Account 250 Cash with Fiscal Agent if fiscal agent bank pays coupon interest.)

686* *Arbitrage Rebate Payable*

Applicable Fund: (GF, DSF, CPF, TVF)

This account is used to record the obligation to pay the U.S. Treasury arbitrage earnings on invested tax-exempt bond issue proceeds.

- Credit with the amount of arbitrage rebate payable.
- Debit with the amount of arbitrage rebate paid.

Long-Term Debt Account Group

701* *Voted Bonds*

Applicable Fund: (LTDG)

This account is for principal on voted bond issues that have not matured on the Schedule of Debt and Liabilities. Subsidiary accounts should be maintained for each bond issue.

- Credit with the amount of bond principal when bonds are sold. (Contra entry: debit Account 480 Amount to be Provided for Debt Retirement.)
- Credit with the amount of new bonds issued during a refunding. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with the amount of matured bond principal. (Contra entry: credit account 470 Amount Available in Debt Service Fund.)
- Debit with the amount of outstanding bonds redeemed during a refunding. (Contra entry: credit account 480 Amount to be Provided for Debt Retirement.)

702* *Voted LOCAL Program Financing*

Applicable Fund: (LTDG)

This account is for principal on voted LOCAL program proceeds issued in lieu of bonds that have not matured on the Schedule of Debt and Liabilities. Subsidiary accounts should be maintained for each LOCAL issue.

- Credit with the amount of LOCAL program principal when the financing agreements are executed. (Contra entry: debit Account 480 Amount to be Provided for Debt Retirement.)

- Debit with the amount of matured LOCAL program principal. (Contra entry: credit Account 470 Amount Available in Debt Service Fund.)

711* Non-Voted LGO Bonds

Applicable Fund: (LTDG)

This account is for principal on non-voted bond issues that have not matured on the Schedule of Debt and Liabilities. Subsidiary accounts should be maintained for each bond issue.

- Credit with the amount of bond principal when bonds are sold. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Credit with the amount of new bonds issued during a refunding. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with the amount of matured bond principal. (Contra entry: credit account 470 Amount Available in Debt Service Fund.)
- Debit with the amount of outstanding bonds redeemed during a refunding. (Contra entry: credit GL 480 Amount to be Provided for Debt Retirement.)

712* Non-Voted LOCAL Program Financing

Applicable Fund: (LTDG)

This account is for principal on non-voted LOCAL program proceeds issued in lieu of bonds that have not matured on the Schedule of Debt and Liabilities. Subsidiary accounts should be maintained for each LOCAL issue.

- Credit with the amount of LOCAL program principal when the financing agreements are executed. (Contra entry: debit Account 480 Amount to be Provided for Debt Retirement.)
- Debit with the amount of matured LOCAL program principal. (Contra entry: credit Account 470 Amount Available in Debt Service Fund.)

713* Leases

Applicable Fund: (LTDG)

This account is for outstanding principal on leases reported on the Schedule of Debt and Liabilities. Subsidiary accounts should be maintained for each lease. Refer to Chapter 3 for accounting for leases.

- Credit with the amount of the principal on the capital lease when the lease agreement is executed. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with the amount of lease payments. (Contra entry: credit Account 480 Amount to be Provided for Debt Retirement.)

714* Contracts Payable

Applicable Fund: (LTDG)

The amount of unmatured principal payable on long-term contracts is recorded in this account and reported on the Schedule of Debt and Liabilities. The amount should not include any interest charges. Long term contracts include all agreements whereby the school district obtains goods or services by the end of the current fiscal year and final payment for those goods or services will be made from appropriation for a subsequent fiscal year. Such agreements include conditional sales contracts and installment purchases.

- Credit with the cash price (the price that would be paid for a cash sale) of goods or services purchased under long-term contracts. (Contra entry: debit Account 480 Amount to be Provided for Debt Retirement.)
- Debit with matured principal on long-term contracts payable. (Contra entry: credit Account 480 amount to be Provided for Debt Retirement.)
- Subsidiary accounts should be maintained for each contract.

716* Claims and Judgements

Applicable Fund: (LTDG)

Record in this account any filed and unfiled claims and other impairments of the district's assets. Such claims may include job-related illness, injury to employees, workers compensation claims (including self-insurance), unemployment compensation claims (including self-insurance), judgments and damages, auditor's exceptions and monetary findings and acts of God. If a claim is asserted and the probable loss can be reasonably estimated, the liability should be recognized. Incidents often occur before the end of the school year where claims are not reported or asserted when the financial statements are prepared. If an incurred but not reported (IBNR) loss can be reasonably estimated, and it is probable that a claim will be asserted, the liability should be recognized. Estimation of IBNR losses should be based on historical experience. All Claims and Judgement account balances are reported on the Schedule of Debt and Liabilities.

- Credit with the claim or judgement at an amount reasonable estimated. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement or 475 Amount Available in Other Funds.)
- Debit with realized or reduced liability estimates. (Contra entry: credit account 480 Amount to be Provided for Debt Retirement or account 475 Amount Available in Other Funds.)

717* *Compensated Absences*

Applicable Fund: (LTDG)

Compensated absences are a liability not subject to the district's debt limitation. Account balances are to be included on the Schedule of Debt and Liabilities. Record in this account amounts owed to employees for unpaid vacation and sick leave liabilities.

- Credit with the estimated vacation and sick leave liability calculated increases (Contra entry: debit account 480 Amount to be Provided for Debt Retirement or 475 Amount Available in Other Funds.)
- Debit with realized or reduced liability estimates. (Contra entry: credit account 480 Amount to be Provided for Debt Retirement or account 475 Amount Available in Other Funds.)

718* *Long-Term Notes*

Applicable Fund: (LTDG)

Account balances are to be included on the Schedule of Debt and Liabilities. The amount of unmatured principal payable on notes is recorded in this account. The amount should not include any interest charges. A long-term note is a loan from a bank or similar lender, or a transaction that has the elements of a conditional sales contract, except the district received title to the acquisition immediately and the vendor is paid off with the loan proceeds. Long-term notes shall be reported at face (gross) value, instead of net of trade in and other costs. A liability in the fund responsible should be recorded for amounts that would normally be liquidated with current financial resources.

- Credit with the face (gross) value, instead of net of trade in and other costs. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with matured principal on long-term notes payable. (Contra entry: credit account 480 amount to be Provided for Debt Retirement.)
- Subsidiary accounts should be maintained for each contract.

719* Bond and Tax Anticipation Notes

Applicable Fund: (LTDG)

This account is used to record the amount of principal due on Tax Anticipation Notes (TANs), or Bond Anticipation Notes (BANs) from which the school district received moneys in exchange for a promise to make repayment at a later date. Repayments come from anticipated tax collections (TANs), or bond proceeds (BANs). All Anticipation Notes must be reported in the district's Schedule of Debt and Liabilities and Notes to the Financial Statements.

- Credit with the face value of the loan from the bank on a TAN or BAN. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with matured principal on anticipation notes payable. (Contra entry: credit account 480 amount to be Provided for Debt Retirement.)

720* Lines of Credit

Applicable Fund: (LTDG)

If the district has a line of credit with a financial institution, only the amount that has actually been used is reported on the Schedule of Debt and Liabilities. The amount should not include any interest charges. A liability in the fund responsible should be recorded for amounts that would normally be liquidated with current financial resources. Lines of Credits created with financial institutions, are reported separately from Registered Warrants established with the County Treasurer.

- Credit with the amount of credit used. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with matured principal on lines of credit. (Contra entry: credit account 480 amount to be Provided for Debt Retirement.)
- Subsidiary accounts should be maintained for each contract.

721* Loans and Debt Obligations to Other Governments

Applicable Fund: (LTDG)

Account balances are to be included on the Schedule of Debt and Liabilities. Record the unmatured principal of loans and other obligations to the federal government, out-of-state governments, Washington State agencies, and other local governments (except LOCAL).

- Credit with the amount of debt obligation to the other governments. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with matured principal payments. (Contra entry: credit account 480 amount to be Provided for Debt Retirement.)
- Subsidiary accounts should be maintained for each contract.

722* Arbitrage

Applicable Fund: (LTDG)

Arbitrage account balances should not be recognized in the financial statements as an expenditure until the rebatable amounts are actually paid to the federal government.

Each year a liability may be reported on the Schedule of Debt and Liabilities with an appropriate increase or decrease as the district calculates the arbitrage rebate annually with a full reduction of this liability in the year of payment. When calculating the amount of the liability, it should be remembered that excess earnings of one year may be offset totally or in part by lesser earnings in a subsequent year. Therefore, the ending liability amount reported on the Schedule of Debt and Liabilities for the year should be only the current years calculated amount of the estimated future payment to the federal government. When the arbitrage rebate is paid to the federal government, the reduction of cash and recognition of an expenditure would be reported in the appropriate fund.

- Credit with the amount of debt obligation to the other governments. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with matured principal payments. (Contra entry: credit account 480 amount to be Provided for Debt Retirement.)
- Subsidiary accounts should be maintained for each contract.

723* Registered Warrants

Applicable Fund: (LTDG)

If the district has insufficient funds for the redemption of warrants, the district may contract with the County Treasurer for a mutually agreed upon period of time to cover insufficient funds. Regardless of whether there are Registered Warrants at the end of the year, every instance that occurs during the year is reported on the Schedule of Debt and Liabilities. The amount should not include any interest charges.

- Credit with the amount of credit used. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with matured balance of registered warrants. (Contra entry: credit account 480 amount to be Provided for Debt Retirement.)
- Subsidiary accounts should be maintained for each contract.

724* Revenue Anticipation Notes

Applicable Fund: (LTDG)

This account is used to record the amount of principal due on Revenue Anticipation Notes (RANs) from which the school district received money in exchange for a promise to make repayment at a later date. Repayments come from anticipated revenues, or earnings, from specific sources earned by the district involved in special projects. A RAN is not considered non-voted debt of the district because a RAN is only payable from non-tax resources deposited into and paid from a special fund. RANs must be reported in the district's Schedule of Debt and Liabilities and Notes to the Financial Statements.

- Credit with the face value of the loan from the bank on a RAN. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with matured principal on anticipation notes payable. (Contra entry: credit account 480 amount to be Provided for Debt Retirement.)

729* Other Non-Voted Debt

Applicable Fund: (LTDG)

Account balances are to be included on the Schedule of Debt and Liabilities. Record the unmatured principal of debt not assigned to another specific account. A liability in the fund responsible should be recorded for amounts that would normally be liquidated with current financial resources.

- Credit with the amount of debt not assigned to another specific account. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with matured principal on other non-voted debt. (Contra entry: credit account 480 amount to be Provided for Debt Retirement.)
- Subsidiary accounts should be maintained for each contract.

741* Net Pension Liability—TRS 1

Applicable Fund: (LTDG)

Account balance is to be included on the Schedule of Debt and Liabilities. Record here the amount of the district's share of the net pension liability for Washington State Department of Retirement Systems (DRS) TRS 1 Plan.

- Credit with the increase in the net pension liability calculation. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with the total decrease of the net pension liability calculation. (Contra entry: credit account 480 amount to be Provided for Debt Retirement.)

742* Net Pension Liability—TRS 2 and TRS 3

Applicable Fund: (LTDG)

Account balance is to be included on the Schedule of Debt and Liabilities. Record here the amount of the district's share of the net pension liability for Washington State Department of Retirement Systems (DRS) TRS 2 and 3 Plan.

- Credit with the increase in the net pension liability calculation. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with the total decrease of the net pension liability calculation. (Contra entry: credit account 480 amount to be Provided for Debt Retirement.)

743* Net Pension Liability—SERS 2 and SERS 3

Applicable Fund: (LTDG)

Account balance is to be included on the Schedule of Debt and Liabilities. Record here the amount of the district's share of the net pension liability for Washington State Department of Retirement Systems (DRS) SERS 2 and 3 Plan.

- Credit with the increase in the net pension liability calculation. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with the total decrease of the net pension liability calculation. (Contra entry: credit account 480 amount to be Provided for Debt Retirement.)

744* Net Pension Liability—PERS 1

Applicable Fund: (LTDG)

Account balance is to be included on the Schedule of Debt and Liabilities. Record here the amount of the district's share of the net pension liability for Washington State Department of Retirement Systems (DRS) PERS 1 Plan.

- Credit with the increase in the net pension liability calculation. (Contra entry: debit account 480 Amount to be Provided for Debt Retirement.)
- Debit with the total decrease of the net pension liability calculation. (Contra entry: credit account 480 amount to be Provided for Debt Retirement.)

Deferred Inflows of Resources**750* Unavailable Revenue**

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF)

Record in this account amounts that do not represent revenues because they are not available for expenditure in the current fiscal year, but which will be recognized as revenue when they become available for expenditure. This account will be used to offset those receivables recorded in Accounts 330 and 340 that do not represent revenues. Also offset in this account amounts received in cash during a fiscal year that will be recognized as revenue in the succeeding fiscal year when they become available for expenditure.

- Credit with amounts charged to Accounts 230, 240, 330, or 340 that do not represent revenues because they are not available for expenditure in the current fiscal year.
- Debit with amounts that become revenues. (Contra entry: credit Account 960 Revenues.)

755* Unavailable Revenue—Leases

Applicable Fund: (GF, ASB, CPF, TVF, PF, PPTF)

Record in this account amounts equals the present value of the minimum lease payments as recorded in Account 345 Leases Receivable. Also record in this account any lease payments received prior to the start of the lease, less any lease incentives.

This account is used to amortize and recognize lease revenue. Subsequent accounting entries in this account for revenue recognition are based on an amortization of this Deferred Inflow. Revenue recognition is based on an

amortization schedule; calculated in a rational and systematic manner over the life of the lease; and as funds become available. Entries may be made to this account as transactions occur or they may be recorded at year-end. See Chapter 7 and the journal entries for lessor accounting. Refer to Chapter 3 for accounting for leases.

- Credit with amounts charged to Accounts 230, 240, and 345 that do not represent revenues because they are not available in the current fiscal year.
- Debit with the amount amortized and recognized as revenue. (Contra entry: credit Account 960 Revenues.)

760* *Unavailable Revenue—Taxes Receivable*

Applicable Fund: (GF, DSF, CPF, TVF)

Property taxes levied during the fiscal year are credited to this account. This account is used for the offsetting of taxes receivable recorded in Account 310 Taxes Receivable without incurring a liability or increasing fund balance.

- Credit with the amount charged to Account 310 Taxes Receivable.
- Debit with the amount equal to cash collections of tax receivables.
- Debit with tax roll cancellations. (Contra entry: debit Account 310 Taxes Receivable.)
- The credit balance of this account should equal the total of the debit balance of Account 310 Taxes Receivable.

Fund Balance

General ledger fund balance accounts for governmental funds are divided into five general categories:

"Nonspendable" Accounts

Nonspendable accounts represent those portions of fund balance that cannot be spent either because they are not in a spendable form or are legally required to be maintained intact. In net assets of districtwide reporting, this also includes the long-term component of loans and notes receivable.

"Restricted" Accounts

Restricted accounts represent those amounts that, except for those items reported as Nonspendable, are restricted to specific purposes. These restrictions may either be:

- (1) Externally imposed by creditors, grantors, contributors, laws, or regulations of other governments, or
- (2) Imposed by law through constitutional provisions or enabling legislation.

Fiduciary Fund "Restricted" Accounts:

A distinction is necessary when classifying fund balances between private-purpose and public-purpose activities. Fiduciary funds are not classified as government funds. Separate restricted fund balance accounts are required for Fund 7. Fiduciary funds are used to report assets held in trust for others and therefore cannot be used to support the government's own programs. These funds are used to report resources held and administered by the reporting government when acting in a fiduciary capacity.

"Committed" Accounts

Committed accounts represent those amounts that can only be used for specific purposes following the constraints imposed by formal action of the government's highest level of decision-making authority. A formal action could be a resolution of the board, or a school board policy. Once created, a commitment cannot be changed without a similar action on the part of the board ending the commitment. Details about commitments, including a description of the commitment and information about the board action taken to create the commitment, need to be disclosed in the Notes to the Financial Statements.

"Assigned" Accounts

Assigned accounts represent those amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. Authority for making these assignments may rest with senior administration of the school district. Districts will need to outline in their Notes to the Financial Statement the person or persons who have the authority to create an assignment of fund balance. For funds other than the General Fund, the amount of residual fund balance that is spendable after all restrictions, commitments, and other assignments have been made is classified as assigned.

"Unassigned" Accounts

Unassigned fund balance is the residual fund balance designation for the General Fund. The amount contained in this account within the General Fund represents that amount of fund balance that is spendable but has not been restricted, committed, or assigned to specific purposes within the General Fund. In other funds, the unassigned fund balance is used only if a school district has over extended the resources available within the fund and can only be negative.

To achieve the self-balancing feature of the capital assets for districts choosing to maintain them in a separate fund, a series of accounts have been created to record capital assets by source. For school districts, these are Accounts 801 through 809, as listed below.

801 Investment in Capital Assets From GO Bonds

Applicable Fund: (CA)

802 Investment in Capital Assets From Levies

Applicable Fund: (CA)

803 Investment in Capital Assets From State Grants

Applicable Fund: (CA)

804 Investment in Capital Assets From Federal Grants

Applicable Fund: (CA)

805 Investment in Capital Assets From Apportionment and Local Revenues

Applicable Fund: (CA)

806 Investment in Capital Assets From Gifts, Donations, Other

Applicable Fund: (CA)

810* *Restricted for Other Items*

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF)

This account is used for recording restrictions on spendable fund balance for amounts that have not been recorded in other accounts.

- Credit with the amount of fund balance being restricted based on legal requirement, enabling legislation, or other enforceable claim. (Contra entry: Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Purposes (all other listed funds).)
- Debit with the amount removed from the restriction when the purpose for the restriction has been met.

815† Restricted for Unequalized Deductible Revenue

Applicable Fund: (GF, Cash Basis Districts only)

This account is provided as a means for restricting fund balance for future recovery of deductible revenues. Refer to Chapter 2 for more information on deductible revenues. Cash basis districts make a restriction of fund balance for recoverable revenue at the time the revenue is received for reversal at the time the revenue is recovered. This account is used for the following funding streams: 1400 Local in Lieu of Taxes, 5400 Federal in Lieu of Taxes, 5500 Federal Forests. These General Fund revenues of the school district reduce the state payment to the district in Revenue 3100 Apportionment.

- Credit with the amount to be reserved. (Contra entry: debit Account 890 Unassigned Fund Balance.)
- Debit with the amount removed from the restriction when the purpose for the restriction has been met.

819 Restricted for Fund Purposes**

Applicable Fund: (ASB, TVF)

This account is used to record the ending fund balance in governmental funds relating to resources that are restricted by enabling legislation, legal requirements, or other enforceable claims. Amounts in this account are restricted to being used only for the purposes of the fund they are in.

The amount in this account is equal to the fund's assets less liabilities, less amounts that are Nonspendable or otherwise Restricted. If this account would be negative, record the amount in Account 890 Unassigned Fund Balance instead.

- Credit at the close of the year with the balance of Account 960 Revenues or Account 965 Other Financing Sources in the fund.
- Debit or credit with a corresponding increase or decrease in any other 800 Account as appropriate to the fund.
- Debit as a closing entry with the balance of Accounts 530 Expenditures or Account 535 Other Financing Uses (Actual).

820 Assigned to Encumbrances

Applicable Fund: (GF, ASB, CPF, TVF)

This is the budgetary contra account to Account 520 Encumbrances and reflects the district's obligation for encumbrances placed. It allows the interim presentation of

the budgetary amounts without affecting liabilities or fund balance. For districts using encumbrance accounting, this account is used to show outstanding encumbrances at the end of the fiscal year that are expected to be cleared in the next fiscal year.

- Credit at the beginning of the fiscal year with the amount of encumbrances outstanding at the close of the previous fiscal year. (Contra entry: debit Account 520 Encumbrances.)
- Credit with the amount of encumbrances placed. (Contra entry: debit Account 520 Encumbrances.)
- Debit with the amount of encumbrances liquidated upon accrual or payment of vouchers or cancellation of encumbrances. (Contra entry: credit Account 520 Encumbrances.)
- Debit to close at year-end.

General Fund and Capital Projects Fund only

- Credit at the beginning of the school year with the total amount of contracted salaries (optional).
- Debit with the amount of contracted salaries paid. (To be made only if optional credit for contracted salaries has been made.)
- Debit with the reduction of contracted salaries when contracts are terminated. (To be made only if optional credit for contracted salaries has been made.)

821 Restricted for Carryover of Restricted Revenue

Applicable Fund: (GF)

This account is provided as a means for accumulating and restricting fund balance for future uses. All districts must identify a restriction of fund balance at year-end for amounts determined to be unspent carryover funds with restricted use. This would include the following state funding streams: Special Education, CTE–Vocational Funds, Learning Assistance Program, State Institutions, Fire District, Professional Learning Days—State (Activity 34), and other such unspent funds as may be subject to carryover and except those restricted resources required to be accounted for in another general ledger account.

For districts that have a recovery of revenues, cash basis districts record these as a restriction of fund balance and accrual basis districts record these as a liability.

- Credit with the amount of the restriction. (Contra entry: debit Account 890 Unassigned Fund Balance.)
- Debit with the amount to be unrestricted when the purpose for the restriction has been met.

823 Restricted for Carryover of Transition to Kindergarten Revenue

Applicable Fund: (GF)

This account is used to identify a restriction of fund balance at year-end for amounts determined to be unspent carryover funds with restricted use. Funding provided for the transition to kindergarten program is not part of the state's statutory program of basic education under RCW 28A.150.200 and must be expended only for the support of operating a transition to kindergarten program.

- Credit with the amount of the restriction. (Contra entry: debit Account 890 Unassigned Fund Balance.)
- Debit with the amount to be unrestricted when the purpose for the restriction has been met.

825 Restricted for Skill Centers

Applicable Fund: (GF, CPF, Skill Center Host Districts or Branch Campuses only)

This account is used by districts that are the host district and fiscal agent for a career and technical education skill center to separate the funds belonging to the skill center from those of the district.

For Program 45 in the General Fund, this account is used to record the excess of skill center revenues over related expenditures. The resources are restricted to paying for skill center programs and are not available to pay for general expenditures of the district.

For Program 47 in the General Fund, this account is used to record those amounts the host district has collected for the purpose of covering specific minor repair and maintenance on skill center facilities.

In the Capital Projects Fund, this account is used to record those amounts the host district has collected for the purpose of covering capital expenditures for the skill center. It is equal to the excess of revenues received, including payments from districts or grant awards, over related capital expenditures.

- Credit at the close of the year with the balance of Account 960 Revenues or Account 965 Other Financing Sources, for skill center-related transactions.
- Debit at the close of the year with the balance of Account 530 Expenditures or Account 535 Other Financing Sources, for skill center-related transactions.

828 Restricted for Carryover of Food Service Revenue

Applicable Fund: (GF)

This account is provided as a means for accumulating and restricting ending fund balance that derives from net gains of the district's food service program. The excess of food service program revenues over total expenditures is recorded in this account. Amounts in this account may only be used for the benefit of the district's food service program. For more information, see the Food Service Program Guidance in Appendix B.

- Credit with the amount of food service program net income. (Contra entry: debit Account 890 Unassigned Fund Balance.)
- Debit with any food service program operating deficit, but not below a zero balance.

830 Restricted for Debt Service

Applicable Fund: (GF, DSF, CPF, TVF)

This account provides the means for accumulating and restricting fund balance for payment of contractual obligations incurred and carried in the Schedule of Debt and Liabilities. The balance of this account represents a restriction of both fund cash and fund balance.

In funds other than the Debt Service Fund:

- Credit this account with the amount set up as a reserve to service contractual payments. (Contra entry: debit Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Purposes (CPF, TVF).)
- Debit with any reductions in the voluntary reserve when the purpose for the reserve has been fulfilled. (Contra entry: credit Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Purposes (CPF, TVF).)
- Debit with matured debt as entered in Account 602 Contracts Payable—Current, for which a reservation has been previously established.

In the Debt Service Fund:

- Credit with amounts from Account 960 Revenues that are local property taxes levied for the payment of debt, or Account 965 Other Financing Source sub-Account 9900 Transfers for transfers from other funds for the purposes of servicing non-voted bonds.
- Debit with reductions relating to payment of principal and interest on district-issued bonds.

835 Restricted for Arbitrage Rebate

Applicable Fund: (GF, DSF, CPF, TVF)

The purpose of this account is to show a restriction on fund balance for the amount of arbitrage rebate payable to the IRS more than one year in the future.

- Credit with the annual calculation of arbitrage rebate less the amount due in one year. (Contra entry: debit Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Purposes (DSF, CPF, TVF).)
- Debit with the amount transferred to Account 686 Arbitrage Rebate Payable for payment to the IRS within one year or with the adjustments to the annual calculation of arbitrage rebate.

840 Nonspendable Fund Balance—Inventory and Prepaid Items

Applicable Fund: (GF, ASB, CPF, TVF)

This account balance should reflect the district's recorded inventories and prepaid items on the balance sheet. These are assets of the district that are not in spendable form.

- Credit for the value of inventory on hand at the end of the fiscal year, or to increase the amount reported as inventory, or to record the amount of prepaid items remaining at the end of the fiscal year. (Contra entry: debit Account 890 Unassigned Fund Balance (GF) or 889 Unassigned Fund Balance (ASB, CPF, TVF).)
- Debit with amounts to record a decrease in the amount in inventory or prepaid items.

845 Restricted for Self-Insurance

Applicable Fund: (GF)

This account is used to restrict fund balance for amounts that the district is legally required to maintain as a condition of being self-insured.

- Credit with the amount for self-insurance security deposits as determined by the Department of Labor and Industries.
- Debit when the reason for the restriction has been met or is no longer necessary.

850 Restricted for Uninsured Risks

Applicable Fund: (GF, ASB, CPF, TVF)

This account is used to restrict a portion of fund balance for future losses not covered by insurance. The amounts put in this account are required under self-insurance. Contra entries are made to Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Purposes (all other listed funds).

- Credit with amounts as determined by an external party.
- Debit with amounts removed because the reserve is no longer needed.

854* Restricted for Intact Trust Principal

Applicable Fund: (PPTF, CF, PTF)

For use only in fiduciary trust funds where the principal may not be expended, this account shows the portion of trust assets that represents principal. After the closing of the nonoperating revenue and nonoperating expense accounts, this account is equal to the principal of the trust.

- Credit with amounts received into the trust.
- Credit with the gains on the sale of investment principal.
- Debit with losses on the sale of investment principal.
- Debit with amounts removed from the trust by board action.
- Credit at fiscal year-end, with the balance of Account 968 Nonoperating Revenues.
- Debit as a closing entry the balance of Account 538 Nonoperating Expenditures.

855* Nonspendable Fund Balance—Trust Principal

Applicable Fund: (PF)

For use only in Permanent funds where the principal may not be expended, this account shows the portion of trust assets that represents principal. After the closing of the nonoperating revenue and nonoperating expense accounts, this account is equal to the principal of the trust.

- Credit with amounts received into the trust.
- Credit with the gains on the sale of investment principal.
- Debit with losses on the sale of investment principal.
- Debit with amounts removed from the trust by board action.
- Credit at fiscal year-end, with the balance of Account 968 Nonoperating Revenues.
- Debit as a closing entry the balance of Account 538 Nonoperating Expenditures.

856 Restricted for: Individuals, Organizations, and Other Governments—PPTF

Applicable Fund: (PPTF, PTF)

This account shows the funds available for authorized purposes restricted by the trust agreement and reserved for specific disbursement. This account represents the amounts reserved and available for specific use.

- Credit with amounts reserved for specific use in accordance with the trust agreement.
- Debit with amounts removed from the reserve by board action in accordance with the trust agreement.

857 Restricted for: Individuals, Organizations, and Other Governments—CF

Applicable Fund: (CF)

This account shows the funds available for authorized purposes restricted by the trust agreement and reserved for specific disbursement such as scholarships. This account represents the amounts reserved and available for specific use.

- Credit with amounts reserved for specific use in accordance with the trust agreement.
- Debit with amounts removed from the reserve by board action in accordance with the trust agreement.

858 Restricted for: Other Purposes

Applicable Fund: (PPTF, CF, PTF)

This account shows the funds available for authorized purposes restricted by the trust agreement and reserved for specific disbursement such as scholarships. This account represents the amounts reserved and available for specific use.

- Credit with amounts reserved for specific use in accordance with the trust agreement.
- Debit with amounts removed from the reserve by board action in accordance with the trust agreement.

861* Restricted From Bond Proceeds

Applicable Fund: (CPF)

This account is provided to record the amounts remaining from bond issues and earnings from bond proceeds investments that have been allocated for specific projects or the amounts remaining after the proposition projects have been completed.

- Credit at the close of the fiscal year with Account 960 Revenues items that had a source-use code of 1 and Account 965 Other Financing Sources items with a source-use code of 1.
- Debit at the close of the fiscal year with Account 530 Expenditures items that had a source-use code of 1.
- Debit after all projects have been completed with amounts transferred to Debt Service Fund.

862* Committed From Levy Proceeds

Applicable Fund: (CPF)

This account is provided to record the amounts remaining from capital projects levies that have been allocated for specific projects or the amounts remaining after the proposition projects have been completed.

- Credit at the close of the fiscal year with Account 960 Revenues items that had a source-use code of 2.
- Debit at the close of the fiscal year with Account 530 Expenditures items that had a source-use code of 2.

863* Restricted From State Proceeds

Applicable Fund: (CPF)

This account is provided to close project revenues and expenditures for projects funded totally or in part with state funds.

- Credit at the close of the fiscal year with Account 960 Revenues items that had a source-use code of 3.
- Debit at the close of the fiscal year with Account 530 Expenditures items that had a source-use code of 3.

864* Restricted From Federal Proceeds

Applicable Fund: (CPF)

This account is provided to close project revenues and expenditures for projects funded totally or in part by federal agencies.

- Credit at the close of the fiscal year with Account 960 Revenues items that had a source-use code of 4.
- Debit at the close of the fiscal year with Account 530 Expenditures items that had a source-use code of 4.

865* Restricted From Other Proceeds

Applicable Fund: (CPF)

This account is provided to close project revenues and expenditures for projects funded totally or in part by sources other than bond, levy, state, or federal proceeds. For example, the district may receive resources from a private citizen for the construction of a library; these resources would be reserved for that purpose.

- Credit at the close of the fiscal year with Account 960 Revenues items that had a source-use code of 5.
- Debit at the close of the fiscal year with Account 530 Expenditures items that had a source-use code of 5.

866* Restricted From Impact Fee Proceeds

Applicable Fund: (CPF)

This account is provided to close project revenues and expenditures for projects funded totally or in part by impact fees collected in accordance with the Growth Management Act.

- Credit at the close of the fiscal year with Account 960 Revenues items that had a source-use code of 6.
- Debit at the close of the fiscal year Account 530 Expenditures items that had a source-use code of 6.

867* Restricted From Mitigation Fee Proceeds

Applicable Fund: (CPF)

This account is provided to close project revenues and expenditures for projects funded totally or in part by State Environmental Protection Act (SEPA) mitigation fees.

- Credit at the close of the fiscal year with Account 960 Revenues items that had a source-use code of 7.
- Debit at the close of the fiscal year with Account 530 Expenditures items that had a source-use code of 7.

868* Restricted From CTE Carryover Resources

Applicable Fund: (CPF)

This account is provided as a means for accumulating and restricting specific CTE resources transferred from the General Fund to the Capital Projects Fund. Refer to Chapter 3 and the section titled Interfund Transfers for guidance describing the process.

- Credit with the CTE program carryover resources transferred from the General Fund. (Contra entry: debit Account 889 Assigned to Fund Purpose.)
- Debit with the amount to be unrestricted when the purpose for the restriction has been met.

869* Restricted From Undistributed Proceeds

Applicable Fund: (CPF)

This account is provided to record unassigned amounts to be distributed to other reserve accounts at year-end.

- Credit with resources that have not been distributed to Accounts 861, 862, 863, 864, 865, 866, 867, or 868.
- Debit at the close of the fiscal year with amounts being assigned to Accounts 861, 862, 863, 864, 865, 866, 867, or 868.

870 Committed to Other Purposes

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF)

Commitments of fund balance require a formal action by the school district's board of directors, such as a school board policy or a resolution of the board of directors. Details of commitments, including the nature of the commitment and the date of the board action creating the commitment, should be included in the Notes to the Financial Statements.

This account is provided as a means for accumulating and recording commitments of district resources for future uses. Commitments represent the board of directors' intended use of resources, and a resolution has been passed to commit funds for those purposes.

- Credit with amounts to be designated. (Contra entry: debit Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Purposes (all other funds).)
- Debit with amounts removed from commitment either by board action or because the purpose for the commitment has been fulfilled.

872 Committed to Economic Stabilization

Applicable Fund: (GF)

Commitments of fund balance require a formal action by the school district's board of directors, such as a school board policy or a resolution of the board of directors. Specific circumstances and conditions must be described to set aside funds in this account. Amounts set aside may only be expended when specific conditions exist. These circumstances cannot be expected to occur routinely; and using the term "in an emergency" is not sufficient. If amounts are set aside to offset anticipated revenue

shortfalls, the shortfall must be quantifiable and of a magnitude that distinguishes it from other revenue shortfalls that normally occur. Details of commitments, including the nature of the commitment and the date of the board action creating the commitment, should be included in the Notes to the Financial Statements.

This account is to be used in districts where the school board has taken such action to create an economic stabilization policy which meets the criteria of a stabilization arrangement. The board action taken must outline the amount to be used in such a policy, whether it is a dollar amount or a percentage of the district's revenues or expenditures. This information must also be included in the Notes to the Financial Statements.

- Credit with amounts set aside to meet the district's economic stabilization policy. (Contra entry: debit Account 890 Unassigned Fund Balance.)
- Debit with amounts necessary to fund specific conditions declared by board action or if the board takes an action to cancel the economic stabilization policy.

873 Committed to Depreciation Sub-Fund for Facility Maintenance

Applicable Fund: (GF)

Commitments of fund balance require a formal action by the school district's board of directors, such as a school board policy or a resolution of the board of directors.

Specific circumstances and conditions must be described to set aside funds in this account. Amounts set aside may only be expended when specific conditions exist. The depreciation sub-fund provides for the school district to reserve funds for future facility and equipment needs. Up to two percent of a school district's general fund may be deposited each fiscal year into the depreciation sub-fund for the purpose of preventative maintenance or emergency facility needs.

Details of commitments, including the nature of the commitment and the date of the board action creating the commitment, should be included in the Notes to the Financial Statements.

875 Assigned to Contingencies

Applicable Fund: (GF)

This account is provided to assign a portion of the school district's fund balance for contingencies, such as unanticipated changes in the tax and spending policies of federal and state governments, court decisions, financial impacts of labor agreements (arbitration), natural disasters, and unexpected or emergency capital expenditures. Assignments represent the management's or board of directors intended use of resources.

- Credit with amounts to be allocated. (Contra entry: Account 890 Unassigned Fund Balance.)
- Debit when assignments are lifted or converted into commitments or contractual obligations.

884 Assigned to Other Capital Projects

Applicable Fund: (GF)

This account is used to record those funds the district intends to use for capital project purposes other than those funds that have been legally restricted for those purposes. Capital Project Fund bond or levy proceeds, or Transportation Vehicle Fund levy proceeds are never recorded in this account.

- Credit with amounts the board or other management has assigned to use for capital project purposes from other than those funds that have been legally restricted for those purposes. (Contra entry: debit Account 890 Unassigned Fund Balance.)
- Debit when the district either makes a commitment of the funds, enters into a contractual arrangement, or ends the assignment.

888 Assigned to Other Purposes

Applicable Fund: (GF)

This account is provided to assign a portion of the district's ending fund balance for items that are not recorded in other accounts. Assignments represent the management's or board of director's intended use of resources.

- Credit with amounts to be assigned. (Contra entry: debit Account 890 Unassigned Fund Balance.)
- Debit when the assignments are lifted or converted into commitments or contractual obligations.

889 Assigned to Fund Purposes

Applicable Fund: (ASB, DSF, CPF, TVF, PF)

After the closing of the budgetary, revenue, other financing sources, expenditures, and the establishment of any amounts that are Nonspendable, Restricted, Committed, or otherwise Assigned, this account is equal to the ending available fund balance. The net result of fund operations is summarized in this account. If there is a deficit balance, it should be recorded in General Ledger 890 Unassigned Fund Balance.

In the Debt Service Fund, this account is used for fund balance amounts relating to forest revenues received and have not been transferred to the Capital Projects Fund.

- Credit at the close of the year with the balance of Account 960 Revenues or Account 965 Other Financing Sources.
- Debit or credit with a corresponding increase or decrease in any other 800 Account as appropriate to the fund.
- Debit as a closing entry the balance of Accounts 530 Expenditures or 535 Other Financing Uses (Actual).

NOTE: *This transaction should result in a credit balance for Account 889. If it does not, use Account 890 Unassigned Fund Balance instead.*

Capital Projects Fund

- Credit at the close of the fiscal year with all Accounts 960 Revenues and 965 Other Financing Sources with a source-use code of 0. These are items that have not been closed to Accounts 861, 862, 863, 864, 865, 866, or 867.
- Debit at the close of the fiscal year with all of Accounts 530 Expenditures and 535 Other Financing Uses with a source-use code of 0. These are items that have not been closed to Accounts 861, 862, 863, 864, 865, 866, or 867.
- Debit with amounts either Nonspendable, Restricted, Committed, or otherwise Assigned. (Contra entry: credit Account 810, 820, 830, 835, 850, 870, or 884 as appropriate.)
- Credit when restrictions, commitments, or assignments have been removed by the appropriate level of decision making.

890* Unassigned Fund Balance

Applicable Fund: (GF, ASB*, DSF*, CPF*, TVF*, PF*)

General Fund only

After the closing of the budgetary, revenue, other financing sources, and expenditure accounts, this account is equal to the excess of assets over liabilities, all Nonspendable amounts set aside, and then all Restrictions, Commitments, and Assignments have been made. The net result of fund operations is summarized in this account.

- Credit at the close of the fiscal year with the balance of Account 960 Revenues or Account 965 Other Financing Sources.
- Debit or credit with a corresponding increase in amounts that are Nonspendable, Restricted, Committed, or Assigned, and are recorded in an 800 Account.
- Debit as a closing entry the balance of Accounts 530 Expenditures or 535 Other Financing Uses (Actual).

All Other Funds

If after the closing of the budgetary, revenue, other financing sources, and expenditure accounts, and the establishment of any amounts that are Nonspendable, Restricted or Committed, a fund other than the General Fund has a deficit balance (that is, a negative fund balance), they would record that deficit in this account. Funds other than the General Fund never record a positive amount in this account.

- Credit at the close of the fiscal year with the balance of Account 960 Revenues or Account 965 Other Financing Sources.
- Debit or credit with a corresponding increase or decrease in any other 800 Account as appropriate to the fund.
- Debit at the close of the fiscal year with the balance of Account 530 Expenditures or Account 535 Other Financing Sources.

NOTE: *For all funds other than the General Fund, this entry will result in a debit balance. If it does not, use Account 889 Assigned to Fund Purposes instead.*

891 Unassigned to Minimum Fund Balance Policy

Applicable Fund: (GF)

This account is provided as a means to specifically identify minimum fund balance goals detailed in school board policy. Minimum fund balance policies do not affect

the classification of fund balance. Details of the policy and the date of the board action should be included in the Notes to the Financial Statements. The net effect of amounts posted to this account will be combined with GL 890 Unassigned Fund Balance on the F-196.

- Credit with amounts set aside to meet the district's minimum fund balance policy. (Contra entry: debit Account 890 Unassigned Fund Balance.)
- Debit to close as a part of the opening entry, or if the board takes an action to cancel the minimum fund balance policy.

896 Change in Accounting Principles

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF, PPTF, PTF)

This account is used to record the cumulative effect of change in accounting principles. The use of GL 896 is considered an adjustment in the beginning fund balance and amounts recorded in the account are temporary in nature. Reference GASB 100 Par. 5-6.

The total is closed to Account 890 Unassigned Fund Balance at the end of the fiscal year for the General Fund, or Account 889 Assigned to Fund Purposes for all other funds.

Note: Changes in Accounting Estimates are reported prospectively by recognizing the change in accounting estimate in the reporting period in which the change occurs. An adjustment to beginning fund balance is not reported. Changes are reported within existing affected accounts. Reference GASB 100 Par. 7-8.

897 Change to or within the Financial Reporting Entity

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF, PPTF, PTF)

This account is used to record the amount of prior year change in accounting estimates. A prior period adjustment and the use of GL 897 is considered an adjustment in the beginning fund balance and amounts recorded in the account are temporary in nature. (Reference GASB 100 Par. 9-11).

The total is closed to Account 890 Unassigned Fund Balance at the end of the fiscal year for the General Fund, or Account 889 Assigned to Fund Purposes for all other funds.

898 Prior Year Error Corrections

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF, PPTF, PTF)

This account is used to record the amount of prior year error corrections. A prior period adjustment and the use of GL 898 is considered an adjustment in the beginning fund balance and amounts recorded in the account are temporary in nature.

The total is closed to Account 890 Unassigned Fund Balance at the end of the fiscal year for the General Fund, or Account 889 Assigned to Fund Purposes for all other funds.

Budgetary, Revenue, and Other Financing Sources Accounts**900*** Appropriations (Optional)**

Applicable Fund: (GF, ASB, DSF, CPF, TVF)

This account is one of the several budgetary accounts that are used to summarize all the budgetary actions of the board of directors except for other financing uses. (See Account 535 for a definition of other financing uses.) This account is used to record the total planned appropriated expenditures.

- Credit with the aggregate of all appropriations in the adopted budget.
- Credit with amounts of supplemental appropriations. (Contra entry: debit Accounts 510 Estimated Revenues, 515 Estimated Other Financing Sources, or 540 Appropriated Fund Balance.)
- Debit with amounts of reductions of appropriations when the board of directors determines that actual revenue will not equal estimated revenue.
- Debit with the closing entry. (Contra entry: credit Accounts 510 Estimated Revenues, 515 Estimated Other Financing Sources, or 540 Appropriated Fund Balance.)
- The credit balance of this account before closing will represent the original or supplemental budgetary appropriations. The subsidiary accounts will be incorporated with the appropriation expenditure ledger.

930 Expenditure Contra (530)**

Applicable Fund: (ASB, PPTF, PTF, CF)

This account is used as an offset to all entries made to Account 530 Expenditures. Subsidiary detail is not necessary for this account. All expenditures are recorded in

the fund balance account on a current basis, thus requiring this account to balance the entry to expenditure.

- Credit with all debit entries to Account 530 Expenditures.
- Debit with all credit entries to Account 530 Expenditures.
- Debit to close at year-end. (Contra entry: credit Account 530 Expenditures.)

960* Revenues

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF)

960* Additions

Applicable Fund: (PPTF, PTF)

This account is used to record actual revenues in Revenue Categories 1 through 8 as listed in Chapter 5, Section 1, page 1. Cash basis districts report revenues when received. For accrual districts, revenues include both receipts and accruals. Revenue accruals should be recorded when measurable and available. This account is not used for refunds of expenditures. Refunds of expenditures should be credited to (reduce) the expenditure account. For accrual districts, revenue or additions in trust funds should be recorded when earned.

- Credit with amounts as they become measurable and available. (Contra entry: debit Account 330 Due from Other Governmental Units or Account 340 Accounts Receivable.)
- Debit with closing entry to Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Purposes (all other funds).

General Fund only

- Credit with noncash receipts for USDA commodities. (Contra entry: debit Account 420 Inventory—Lunchrooms.)

Associated Student Body Fund only

- Credit with revenues.
- Debit with the balance of this account at the close of the fiscal year. (Contra entry: credit Account 560 Revenue Contra (960).

965 Other Financing Sources

Applicable Fund: (GF, DSF, CPF, TVF, PF)

This account is used to record the following other financing sources described in Chapter 5 as Revenue Category 9:

- 9100 Sale of Bonds
- 9200 Sale of Real Property
- 9300 Sale of Equipment
- 9400 Insurance Recoveries
- 9500 Long-Term Financing
- 9600 Sale of Refunding Bonds
- 9900 Transfers – Redirection of Apportionment
- 9901 Transfers – Other Resources
- 9902 Transfers – Technology and Maintenance
- Credit with cash receipts representing other financing sources.
- Debit with closing entry to Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Purposes (DSF, CPF, TVF, PF).

968 Unusual or Infrequent Items—Inflows

Applicable Fund: (GF, ASB, DSF, CPF, TVF, PF)

This account is used to record amounts received in accordance with GASB Statement 103 which are transactions or events that are unusual in nature or infrequent in occurrence. This may include awards or assistance provided from local, state, and federal sources related to a natural disaster caused by fire, flood, tornado, hurricane, or hailstorm; or costs related to an environmental disaster.

Refer to GL 538 Unusual or Infrequent Items—Outflows for the accounting treatment related to expenditures incurred in these events.

School districts are required to describe each unusual or infrequent event separately in the Notes to the Financial Statements.

- Credit this account by adjusting journal entry (AJE) to transfer applicable amounts originally reported in GL 960 and 965 revenue codes.
- Debit with closing entry to Account 890 Unassigned Fund Balance (GF) or 889 Assigned to Fund Purposes (all other funds).

968 Nonoperating Revenues

Applicable Fund: (PPTF, PTF)

This account is used only in the trust funds where the principal or corpus may not be expended to record expenditures and losses arising from transactions of trust principal.

- Debit with realized gains associated with trust principal.
- Credit with closing entry to Account 855 Nonspendable Fund Balance—Trust Principal.

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INTRODUCTION

School districts must account for a variety of revenues from several local, state, and federal sources. Revenues include property taxes, grants, state allocations, fines and fees, and many other types. For governmental fund types, second-class districts primarily account for these revenues on the cash basis, while first class districts must use the modified accrual basis. The accrual basis of recognition is generally used for trust funds.

On the cash basis, revenues are recognized when they are received. On the accrual basis, revenues are recognized when they are both measurable and available. Measurable means that the revenue can be determined or reasonably estimated. For revenue to be available, it must be collectable within the current period or soon enough thereafter to pay liabilities of the current fiscal period.

For districts using the modified accrual basis of revenue recognition, state law considers property taxes receivable unavailable for revenue accrual, RCW 28A.505.010, WAC 392-123-047, RCW 28A.150.400. This is a departure from GAAP as defined by GASBS 33 and Interpretation 5 and should be disclosed in the notes to the financial statements. For this purpose, property taxes include the following revenues:

- Revenue Code 1100: Real and personal property tax collections (RCW 84.52.050, 84.52.053, 84.52.056)
- Revenue Code 1300: Sale of Tax Title Property (RCW 36.35.120, 35.49.160)
- Revenue Code 1400: Local in Lieu of Taxes (RCW 35.82.210, 35.83.040, 79.66.100)
- Revenue Code 1500: Timber Excise Tax (RCW 84.33.081)
- Revenue Code 1600: County-Administered Forests (only certain counties)

Districts preparing GAAP statements prepare the governmental fund financial statements using the modified accrual basis of accounting but use the accrual basis of accounting for the districtwide statements. See Chapters 1 and 3 for a more detailed discussion of accrual accounting.

Sub-Fund Accounting in the General Fund

Effective for the 2018–19 school year, separate accounting of state and local revenues, and local revenues to expenditures is required for every school district, charter school, and state-tribal education compact. Local revenue means enrichment levies collected under RCW 84.52.053, local effort assistance funding received under chapter 28A.500

RCW, and other school district local revenues including, but not limited to, grants, donations, and state and federal payments in lieu of taxes. Local revenue does not include other federal revenues, or local revenues that operate as an offset to the district's basic education allocation under RCW 28A.150.250

School districts, charter schools, and state-tribal education compacts are required to deposit local revenues into a sub-fund of the general fund. Beginning in the 2018–19 school year, the State Auditor's Office (SAO) review of financial statements related to this requirement will be aimed at ensuring school districts, charter schools, and state-tribal education compacts have established a local revenue sub-fund.

The complete list of revenue subsidiary accounts for the General Fund are identified by sub-fund in the table below, beginning on page 5-5. These categories are:

School District Revenue: Classified by Category	
CATEGORIES	GENERAL LEDGER ACCOUNT
1000 LOCAL TAXES	960
2000 LOCAL SUPPORT NON-TAX	960
3000 STATE REVENUE—GENERAL PURPOSE	960
4000 STATE REVENUE—SPECIAL PURPOSE	960
5000 FEDERAL REVENUE—GENERAL PURPOSE	960
6000 FEDERAL REVENUE—SPECIAL PURPOSE	960
7000 OTHER SCHOOL DISTRICTS	960
8000 OTHER ENTITIES	960
9000 OTHER FINANCING SOURCES	965

In all funds, except for the Associated Student Body Fund and the trust funds, these categories are further divided into specific revenue or other financing source accounts. The subsidiary revenue or other financing source account numbers, titles, and descriptions are uniform for all applicable funds; however, not all accounts are used in each fund. For state reporting purposes, each account is assigned a four-digit revenue account number. The first two digits represent the source of the revenue or other financing source, and the last two digits indicate the use of the revenue, if assigned. For example: for Revenue Account 6151 ESEA Disadvantaged—Federal, Title I, Part A, the first digit indicates the source of the revenue as Source 6 Federal Revenue, Special

Purpose. The last two digits identify the related program expenditure Account 51 ESEA Disadvantaged—Federal.

Theoretically, it would be possible to use the term *revenues* to describe all inflows of current financial resources in governmental funds. As a practical matter, however, financial statements for governmental funds traditionally have distinguished two categories of resource inflow: *revenues* and *other financing sources*. This latter category has been used to isolate certain non-routine inflows that might otherwise distort the analysis of revenue trends.

Subsidiary accounts in revenue categories 1000 through 8000 listed above are summarized in General Ledger Account 960 Revenues and controlled by establishing estimates in Account 510 Estimated Revenues. Revenue category 9000 is summarized in General Ledger Account 965 Other Financing Sources and is controlled by establishing estimates in General Ledger Account 515 Estimated Other Financing Sources.

In the Associated Student Body Fund, the source of all revenues is revenue category 2000 Local Non-tax. Financial transactions in the Associated Student Body Fund are further classified into general activities for both revenues and expenditures as follows:

- 100(0) General Student Body
- 200(0) Athletics
- 300(0) Classes
- 400(0) Clubs
- 500(0) (Unassigned)
- 600(0) Private Moneys

Note: See Chapter 12 – Associated Student Body Fund Accounting for more detail of proper classification of ASB activities.

The following pages contain a complete list of the subsidiary accounts for the General Fund, Capital Projects Fund, Debt Service Fund, and Transportation Vehicle Fund as of the printing of this manual. Districts should update their manuals as changes occur to ensure use of the applicable accounts. The list of subsidiary revenue accounts is in account number sequence and indicates the funds in which these account numbers can be used. A description of the revenue accounts and references, where appropriate, follow the list.

For Private-Purpose Trust Funds, each individual trust shall be assigned a unique identifying number to be used to record revenues and expenses for the individual trust. Numbering series are assigned as follows:

- 100(0) Series: Scholarships
- 200(0) Series: Student Aid
- 300(0) Series: Other

CODING OF REVENUES AND OTHER FINANCING SOURCES

Revenues and Other Financing Sources are structured by the source of the funds.

- 1000 Local Taxes
- 2000 Local Support Non-Tax
- 3000 State Revenue—General Purpose
- 4000 State Revenue—Special Purpose
- 5000 Federal Revenue—General Purpose
- 6000 Federal Revenue—Special Purpose
- 7000 Other School Districts
- 8000 Other Entities
- 9000 Other Financing Sources

Within each of the general categories above, the second digit may further designate the revenue source, as in the 4000 and 6000 series. See notes preceding these sections. The last two digits signify the program for which the revenue is designated. Accounts ending in 00 contain the revenues for which individual program codes have not been established and for which OSPI does not require individual breakouts. Districts add additional coding to keep individual revenues segregated for program, budget, and audit requirements.

*For example, for revenue code **6124**:*

- 6** Indicates Federal Revenue—Special Purpose.
- 1** Indicates revenues that come to the district through OSPI.
- 24** Indicates the program; in this case, Special Education—Supplemental.

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 funding 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.

REVENUES AND OTHER FINANCING SOURCES BY FUND

Fund abbreviations used, describe which revenue codes may be used within each fund:

Fund Abbreviations

GFS General Fund—State and Other Sub-Fund 10

GFL General Fund—Enrichment Sub-Fund 11

CPF Capital Projects Fund

DSF Debt Service Fund

TVF Transportation Vehicle Fund

REVENUES AND OTHER FINANCING SOURCES BY FUND							
"na" indicates the account is closed in that fund.							
	Account	Title	GFS	GFL	DSF	CPF	TVF
			10	11			
	1000	Local Taxes (GL 960)	GFS	GFL	DSF	CPF	TVF
	1100	Local Property Tax	na				
	1300	Sale of Tax Title Property	na				
	1400	Local in Lieu of Taxes		na			
	1500	Timber Excise Tax	na				
	1600	County-Administered Forests	na				
	1900	Other Local Taxes	na				
	2000	Local Support Non-Tax (GL 960)	GFS	GFL	DSF	CPF	TVF
	2100	Tuition and Fees—Unassigned	na		na	na	na
	2109	Tuition and Fees—Transition to Kindergarten	na		na	na	na
	2122	Special Education—Infants and Toddlers—Tuition and Fees	na		na	na	na
	2131	Secondary Vocational Education—Tuition and Fees	na		na	na	na
	2145	Skill Center—Tuition and Fees	na		na	na	na
	2171	Traffic Safety—Education Fees	na		na	na	na
	2173	Summer School—Tuition and Fees	na		na	na	na
	2186	Community School—Tuition and Fees	na		na	na	na
	2188	Early Learning—Tuition and Fees	na		na	na	na
	2200	Sales of Goods, Supplies, and Services—Unassigned	na		na		

REVENUES AND OTHER FINANCING SOURCES BY FUND							
"na" indicates the account is closed in that fund.							
	Account	Title	GFS	GFL	DSF	CPF	TVF
			10	11			
	2000	Local Support Non-Tax (GL 960)	GFS	GFL	DSF	CPF	TVF
	2231	Secondary Vocational Education—Sales of Goods, Supplies, and Services	na		na	na	na
	2245	Skill Center—Sales of Goods, Supplies, and Services	na		na	na	na
	2288	Early Learning—Sales of Goods, Supplies, and Services	na		na	na	na
	2289	Other Community Services—Sales of Goods, Supplies, and Services	na		na	na	na
	2298	School Food Services—Sales of Goods, Supplies, and Services		na	na	na	na
	2300	Investment Earnings	na				
	2400	Interfund Loan Interest Earnings	na		na		na
	2450	Other Interest Earnings	na				
	2500	Gifts, Grants, and Donations (Local)	na		na		
	2600	Fines and Damages	na		na		
	2700	Rentals and Leases	na				
	2800	Judgements and Settlements	na		na		
	2900	Local Support Non-Tax—Unassigned	na				
	2998	Local School Food Services – non NSLP	na		na	na	na
	3000	State Revenue—General Purpose (GL 960)	GFS	GFL	DSF	CPF	TVF
	3100	Apportionment		na	na	na	na
	3121	Special Education—General Apportionment		na	na	na	na
	3300	Local Effort Assistance	na		na	na	na
	3600	State Forests	na				
	3900	Other State General Purpose—Unassigned		na			na
	4000	State Revenue—Special Purpose (GL 960)	GFS	GFL	DSF	CPF	TVF
	4100	Special Purpose—Unassigned		na	na		
	4109	Special Purpose—Transition to Kindergarten	na		na	na	na
	4121	Special Education		na	na	na	na

REVENUES AND OTHER FINANCING SOURCES BY FUND							
"na" indicates the account is closed in that fund.							
	Account	Title	GFS	GFL	DSF	CPF	TVF
			10	11			
	4000	State Revenue—Special Purpose (GL 960)	GFS	GFL	DSF	CPF	TVF
	4122	Special Education—Infants and Toddlers—State		na	na	na	na
	4126	State Institutions—Special Education		na	na	na	na
	4130	State Funding Assistance—Paid Direct to District	na	na	na		na
	4139	Career Launch		na	na	na	na
	4155	Learning Assistance		na	na	na	na
	4156	State Institutions, Centers, and Homes—Delinquent		na	na	na	na
	4158	Special and Pilot Programs		na	na	na	na
	4159	Institutions—Juveniles in Adult Jails		na	na	na	na
	4165	Transitional Bilingual		na	na	na	na
	4174	Highly Capable		na	na	na	na
	4188	Early Learning	na		na	na	na
	4198	School Food Services		na	na	na	na
	4199	Transportation—Operations		na	na	na	na
	4230	State Funding Assistance—Paid Direct to Contractor	na	na	na		na
	4300	Other State Agencies—Unassigned		na	na		
	4321	Special Education		na	na	na	na
	4322	Special Education—Infants & Toddlers—State		na	na	na	na
	4326	State Institutions—Special Education		na	na	na	na
	4330	State Funding Assistance—Other	na	na	na		na
	4356	State Institutions—Centers and Homes		na	na	na	na
	4358	Special and Pilot Programs		na	na	na	na
	4365	Transitional Bilingual		na	na	na	na
	4388	Early Learning—Other State Agencies	na		na	na	na
	4398	School Food Services		na	na	na	na
	4399	Transportation—Operations		na	na	na	na
	4499	Transportation—Depreciation	na	na	na	na	

REVENUES AND OTHER FINANCING SOURCES BY FUND							
"na" indicates the account is closed in that fund.							
	Account	Title	GFS	GFL	DSF	CPF	TVF
			10	11			
	5000	Federal Revenue—General Purpose (GL 960)	GFS	GFL	DSF	CPF	TVF
	5200	General Purpose Direct Federal Grants—Unassigned		na			
	5300	Impact Aid—Maintenance and Operations	na				
	5329	Impact Aid—Special Education Funding	na		na	na	na
	5400	Federal in Lieu of Taxes		na			
	5500	Federal Forests		na			na
	5600	Qualified Bond Interest Credit—Federal	na				
	5700	Qualified Energy Investment Tax Credits	na				
	6000	Federal Revenue—Special Purpose (GL 960)	GFS	GFL	DSF	CPF	TVF
Note: Federal revenues from OSPI use 61 as the first two digits in their four-digit code. USDA commodities, however, are recorded in Revenue Account 6998 USDA Commodities.							
	6100	Special Purpose—OSPI Unassigned		na	na	na	
	6109	Special Purpose—Transition to Kindergarten	na		na	na	na
	6122	Special Education—Infants and Toddlers—Medicaid Reimbursements		na	na	na	na
	6124	Special Education—Supplemental		na	na	na	na
	6125	Special Education—Infants and Toddlers—Federal		na	na	na	na
	6138	Secondary Vocational Education		na	na	na	na
	6140	Impact Aid—Construction	na	na	na		na
	6146	Skill Center		na	na	na	na
	6151	ESEA Disadvantaged—Federal		na	na	na	na
	6152	Other Title Grants Under ESEA—Federal		na	na	na	na
	6153	ESEA Migrant—Federal		na	na	na	na
	6157	Institutions—Neglected and Delinquent		na	na	na	na
	6161	Head Start	na		na	na	na
	6164	Limited English Proficiency		na	na	na	na
	6167	Indian Education—JOM		na	na	na	na
	6168	Indian Education—ED		na	na	na	na
	6176	Targeted Assistance		na	na	na	na
	6178	Youth Training Programs		na	na	na	na
	6188	Early Learning	na		na	na	na
	6189	Other Community Services	na		na	na	na
	6198	School Food Services		na	na	na	na

REVENUES AND OTHER FINANCING SOURCES BY FUND							
"na" indicates the account is closed in that fund.							
Account	Title	GFS	GFL	DSF	CPF	TVF	
		10	11				
6199	Transportation—Operations		na	na	na	na	
<i>Note: Federal revenues received directly from federal government agencies use 62 as the first two digits in their four-digit revenue code.</i>							
6200	Direct Special Purpose Grants		na	na			
6210	E-Rate—Federal		na	na			na
6221	Special Education—Medicaid Reimbursements		na	na	na	na	
6222	Special Education—Infants and Toddlers—Medicaid Reimbursements		na	na	na	na	
6224	Special Education—Supplemental		na	na	na	na	
6225	Special Education—Infants and Toddlers—Federal		na	na	na	na	
6238	Secondary Vocational Education		na	na	na	na	
6240	Impact Aid—Construction	na	na	na			na
6246	Skill Center		na	na	na	na	
6251	ESEA Disadvantaged—Federal		na	na	na	na	
6252	Other Title Grants Under ESEA—Federal		na	na	na	na	
6253	ESEA Migrant—Federal		na	na	na	na	
6257	Institutions—Neglected and Delinquent		na	na	na	na	
6261	Head Start	na		na	na	na	
6264	Limited English Proficiency		na	na	na	na	
6267	Indian Education—JOM		na	na	na	na	
6268	Indian Education—ED		na	na	na	na	
6276	Targeted Assistance		na	na	na	na	
6278	Youth Training Programs		na	na	na	na	
6288	Early Learning	na		na	na	na	
6289	Other Community Services	na		na	na	na	
6298	School Food Services		na	na	na	na	
6299	Transportation—Operations		na	na	na	na	
Note: Federal revenues received from non-federal agencies or entities other than OSPI use 63 as the first two digits in their four-digit revenue code.							
6300	Federal Grants Through Other Entities—Unassigned		na	na			
6310	Medicaid Administrative Match		na	na	na	na	
6321	Special Education—Medicaid Reimbursements		na	na	na	na	
6322	Special Education—Infants and Toddlers—Medicaid Reimbursements		na	na	na	na	

REVENUES AND OTHER FINANCING SOURCES BY FUND							
"na" indicates the account is closed in that fund.							
	Account	Title	GFS	GFL	DSF	CPF	TVF
			10	11			
	6324	Special Education—Supplemental		na	na	na	Na
	6325	Special Education—Infants and Toddlers—Federal		na	na	na	Na
	6338	Secondary Vocational Education		na	na	na	Na
	6340	Impact Aid—Construction	na	na	na		Na
	6346	Skill Center		na	na	na	Na
	6351	ESEA Disadvantaged—Federal		na	na	na	Na
	6352	Other Title Grants Under ESEA—Federal		na	na	na	Na
	6353	ESEA Migrant—Federal		na	na	na	Na
	6357	Institutions—Neglected and Delinquent		na	na	na	na
	6361	Head Start	na		na	na	na
	6364	Limited English Proficiency		na	na	na	na
	6367	Indian Education—JOM		na	na	na	na
	6368	Indian Education—ED		na	na	na	na
	6376	Targeted Assistance		na	na	na	na
	6378	Youth Training Programs		na	na	na	na
	6388	Early Learning	na		na	na	na
	6389	Other Community Services	na		na	na	na
	6398	School Food Services		na	na	na	na
	6399	Transportation—Operations		na	na	na	na
	6998	USDA Commodities		na	na	na	na
	7000	Resources from Other School Districts (GL 960)	GFS	GFL	DSF	CPF	TVF
	7100	Program Participation—Unassigned		na	na		na
	7121	Special Education		na	na	na	na
	7122	Special Education—Infants and Toddlers		na	na	na	na
	7131	Vocational Education		na	na	na	na
	7145	Skill Center		na	na	na	na
	7147	Skill Center—Facility Upgrades		na	na	na	na
	7189	Other Community Services	na		na	na	na
	7197	Support Services		na	na	na	na
	7198	School Food Services		na	na	na	na
	7199	Transportation		na	na	na	na
	7301	Nonhigh Participation	na		na		

REVENUES AND OTHER FINANCING SOURCES BY FUND							
"na" indicates the account is closed in that fund.							
	Account	Title	GFS	GFL	DSF	CPF	TVF
			10	11			
	8000	Resources from Other Entities (GL 960)	GFS	GFL	DSF	CPF	TVF
	8100	Governmental Entities		na			
	8101	Governmental Entities—Enrichment	na		na	na	na
	8188	Early Learning	na		na	na	na
	8189	Community Services	na		na	na	na
	8198	School Food Services		na	na	na	na
	8199	Transportation		na	na	na	na
	8200	Private Foundations	na		na		
	8500	Educational Service Districts		na	na		
	8521	ESDs—Special Education		na	na	na	na
	8522	ESDs—Special Education—Infants & Toddlers		na	na	na	na
	9000	Other Financing Sources (GL 965)	GFS	GFL	DSF	CPF	TVF
	9100	Sale of Bonds	na				
	9200	Sale of Real Property	na				na
	9300	Sale of Equipment	na		na	na	
	9400	Insurance Recoveries	na		na		
	9500	Long-Term Financing	na		na		
	9600	Sale of Refunding Bonds	na	na		na	na
	9900	Transfers – Redirection of Apportionment		na			na
	9901	Transfers – Other Resources	na				
	9902	Transfers – Technology and Maintenance	na		na	na	na

1000 Local Taxes (GL 960)

1100 Local Property Tax

Applicable Fund: (GFL, DSF, CPF, TVF)

Record revenue from real and personal property tax collections. Joint local property taxes received by a county other than the primary county should be recognized as revenue when the secondary county receives it.

(Reference: RCW 84.52.050, 84.52.053, 84.52.056.)

1300 Sale of Tax Title Property

Applicable Fund: (GFL, DSF, CPF, TVF)

Record revenue from the district's share of the proceeds from sales of properties acquired by the county through foreclosure of tax liens.

(Reference: RCW 36.35.120 and 35.49.160.)

1400 Local in Lieu of Taxes

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

Record revenue from local payments in lieu of property tax (PILTs) associated with housing authorities and urban-use land banks. If an amount is from another tax source, substituting for the property tax, it should be recorded in the specific "in lieu of tax" revenue account provided for it; or, if there is no specific revenue account otherwise provided, use Revenue Account 1900 Other Local Taxes.

(Reference: RCW 35.82.210, 35.83.040, [79.19.110](#).)

Note: The General Fund revenue in this account reduces the state payment to the district in Revenue Account 3100 Apportionment, [WAC 392-121-415](#) (3)

1500 Timber Excise Tax

Applicable Fund: (GFL, DSF, CPF, TVF)

Record revenue from the tax distributed to counties by the Department of Revenue. The amounts received from the Timber-Assessed Valuation (TAV) distributions represent a portion of the special levy.

(Reference: RCW 84.33.081.)

1600 County-Administered Forests

Applicable Fund: (GFL, DSF, CPF, TVF)

Record revenue from the district's share of income produced from the utilization or depletion of natural resources existing in lands acquired by the county through foreclosures of tax liens. This account should be used only by school districts in certain counties (primarily Grays Harbor County), which have elected not to deed such lands to the state. Revenue from similar lands in other counties has been deeded by those counties to the State Forest Board and is recorded in Revenue Account 3600 State Forests.

1900 Other Local Taxes

Applicable Fund: (GFL, DSF, CPF, TVF)

Record revenue from other local taxes that do not belong in Revenue Accounts 1100 through 1600.

2000 Local Support Non-Tax (GL 960)

Revenue recorded under this category includes those locally generated resources not resulting from tax assessments.

2100 Tuition and Fees—Unassigned

Applicable Fund: (GFL)

Record revenue from tuition and fees to attend or participate in an activity or academic event not assigned to another specific revenue account. This should include revenues from tuition and fees not funded by basic education, or levy.

(Reference: AGO 73-11.)

2109 Tuition and Fees—Transition to Kindergarten

Applicable Fund: (GFL)

Record revenue from tuition and fees to attend or participate in a transition to kindergarten program.

In accordance with [ESSB 6260](#), school districts, charter schools, and state-tribal education compact schools are authorized to charge sliding scale fees for enrollment in a transition to kindergarten program, except for:

- students who are eligible for but not yet placed in the early childhood education and assistance program or the head start program,
- or for children with disabilities entitled to a free appropriate public education in accordance with the federal individuals with disabilities education act and chapter 28A.155 RCW.

2122 Special Education—Infants and Toddlers—Tuition and Fees

Applicable Fund: (GFL)

Record fees collected from parents for the provision of early intervention services to children with disabilities from birth through age two.

2131 Secondary Vocational Education—Tuition and Fees

Applicable Fund: (GFL)

Record revenue from tuition paid by nonresident students to attend vocational education programs.

2145 Skill Center—Tuition and Fees

Applicable Fund: (GFL)

Record revenue from tuition and fees charged to students enrolled in a course offered in a skill center.

2171 Traffic Safety—Education Fees

Applicable Fund: (GFL)

Record revenue from traffic safety education fees paid by an enrolled student in a traffic safety education course. These fees must be used to pay costs of traffic safety education courses and may not exceed total expenditures in Program 71.

(Reference: RCW 28A.220.040.)

2173 Summer School—Tuition and Fees

Applicable Fund: (GFL)

Record revenue from tuition and fees charged to summer school students.

(Reference: RCW 28A.320.500.)

2186 Community School—Tuition and Fees

Applicable Fund: (GFL)

Record revenue from fees charged to students in community education (schools) programs.

(Reference: RCW 28A.620.020.)

2188 Early Learning—Tuition and Fees

Applicable Fund: (GFL)

Record revenue from tuition and fees for district-provided child care. Do not include payments from OSPI or other state agencies.

(Reference: RCW 28A.215.010.)

2200 Sales of Goods, Supplies, and Services—Unassigned

Applicable Fund: (GFL, CPF, TVF)

Record revenue derived from the sales of goods, supplies, and services that is not assigned to a specific program. Include classroom fees that represent the sale of optional student materials or project materials consumed or kept by the student. Include fees that represent the sale of services.

(Reference: AGO 73-11, RCW 28A.335.090, RCW 39.33.070.)

2231 Secondary Vocational Education—Sales of Goods, Supplies, and Services

Applicable Fund: (GFL)

Record revenue from the sales of goods, supplies, and services by the secondary vocational education program. Include the sale of supplies used by students in projects.

2245 Skill Center—Sales of Goods, Supplies, and Services

Applicable Fund: (GFL)

Record revenue from sales by auxiliary enterprises that provide goods and services to students and to the public by operating as part of an instructional program in the skill center, that is, Program 45.

2288 Early Learning—Sales of Goods, Supplies, and Services

Applicable Fund: (GFL)

Record revenue from the sales of goods, supplies, or services by the child care program. Also record revenue from the sale of meals in the Early Learning Food Program. Do not use this revenue account to record federal meal reimbursements.

2289 Other Community Services—Sales of Goods, Supplies, and Services

Applicable Fund: (GFL)

Record revenue from the sales of goods, supplies, services, or non-to-from transportation by the community service program. Also record revenue from the sale of meals and a la carte items in the summer food service program and other community service programs when the expenditures have been recorded in Program 89 (such charges should recover cost of labor, materials, and indirect costs). Revenue from catering is also recorded here.

Additionally, record revenue from bus riders for the use of the district's school buses, such as reimbursements from community groups. Transportation operation allocation received from the state is recorded in Revenue Account 4199 Transportation—Operations.

2298 School Food Services—Sales of Goods, Supplies, and Services

Applicable Fund: (GFS)

Record revenue from the sale of meals and a la carte items served during the regular school day. Exclude revenues from the sale of meals and a la carte items served in the child care food program, which are recorded in Revenue Account 2288. Also exclude revenues from the sale of meals and a la carte items in the summer food and community service programs, which are recorded in Revenue Account 2289.

(Reference: RCW 28A.235.100, chapter 392-157 WAC.)

2300 Investment Earnings

Applicable Fund: (GFL, DSF, CPF, TVF)

Record revenue from the investment of moneys. This also includes earnings from depository bank accounts and apportionment advances. Investment service fees charged by the county treasurer or other qualified public depositories should be netted from the earnings amount recorded as district revenue.

(Reference: RCW 28A.320.320.)

2400 Interfund Loan Interest Earnings

Applicable Fund: (GFL, CPF)

Record revenue from interest proceeds received by a loaning fund for a temporary loan to another borrowing fund. The interest rate charged shall not be less than the current county warrant interest rate. Interfund loans must be accomplished by a formal resolution approved by the board of directors.

(Reference: WAC 392-123-150.)

2450 Other Interest Earnings

Applicable Fund: (GFL, DSF, CPF, TVF)

Record revenue from interest earned on leases or other contractual financing arrangements to use school district property.

(Reference: RCW 28A.335.040 to RCW 28A.335.090.)

2500 Gifts, Grants, and Donations (Local)

Applicable Fund: (GFL, CPF, TVF)

Record revenue from gifts, grants, conveyances, devices, and bequests of personal or real property, in trust or otherwise, for use or benefit of the district or its students. The board of directors shall administer the proceeds from these receipts for scholarship, instructional, and student aid purposes in accordance with applicable terms and conditions. For information on recording PPTF additions, refer to Chapter 13. Amounts from private foundations that are material in nature are recorded in Revenue 8200, Private Foundations.

(Reference: RCW 28A.320.030.)

2600 Fines and Damages

Applicable Fund: (GFL, CPF, TVF)

Record revenue from individuals for fines imposed for destruction of school property, and for payments made to reimburse the district for damage done to school property.

Refundable deposits made to cover the damage or loss of loaned textbooks and materials should not be recorded in this account, but instead in General Ledger

Account 650 Deposits. When the refund will not be made because of loss or damage, this revenue account shall be credited and the 650-account debited.

(Reference: RCW 28A.635.060.)

2700 Rentals and Leases

Applicable Fund: (GFL, DSF, CPF, TVF)

Record revenue from the lease, rental, or occasional use of school property. Revenues derived from these sources shall be deposited in the Capital Projects Fund or Debt Service Fund, except for moneys required to be expended for maintenance, utility insurance, or any other costs associated with the lease or rental of such property, which must be deposited in the district's General Fund.

Rental and lease revenue may be deposited to the General Fund to be used exclusively for nonrecurring costs related to operating school facilities including, but not limited to, expenses for maintenance at the option of the board of directors and after an evaluation of the sufficiency of the Capital Projects Fund to meet demands for new construction and improvements.

Revenues derived from personal property of the district shall be deposited in the General Fund.

(Reference: RCW 28A.335.060, 28A.335.150, and WAC 392-142-255.)

2800 Judgements and Settlements

Applicable Fund: (GFL, CPF, TVF)

Record revenue from claims for damages incurred by the district. Include revenue from legal judgements and other non-insurance settlements.

Refer to Revenue Account 2600 for administrative fines for damages in accordance with RCW 28A.635.060.

Refer to Revenue Account 9400 for insurance recoveries and claims related to insurable losses for capital assets.

2900 Local Support Non-Tax—Unassigned

Applicable Fund: (GFL, DSF, CPF, TVF)

Record revenue from any local non-tax source for which a specific revenue account is not provided. Include in this account items such as county-assessed impact fees and the difference in the amount recorded as revenue and the amount actually deposited (cash over and short.)

2998 Local School Food Services—non NSLP

Applicable Fund: (GFL)

Record revenue from the sale of meals served during the regular school day. This revenue code is to be used exclusively by school districts that do not participate in the National School Lunch Program (NSLP.)

3000 State Revenue—General Purpose (GL 960)

3100 Apportionment

Applicable Fund: (GFS)

Record revenue from the State General Fund for the operation of the basic education program in the common schools, including apportionment advances. Amounts distributed through the apportionment payment system that are not part of the basic education allocation are not to be recorded in this account. Refer to Revenue Account 2300 Investment Earnings for investment earnings from advances of apportionment.

(Reference: RCW 28A.150.380 and 28A.510.250.)

Note: The General Fund revenue in accounts 1400, 5400, and 5500 are equalized in this account.

3121 Special Education—General Apportionment

Applicable Fund: (GFS)

Record general apportionment revenue from OSPI to the special education program. This revenue is redirected by OSPI to the Special Education program under the Washington State Excess Costs methodology adopted Fall of 2007.

(Reference: 2007–09 State Biennial Operating Budget, Section 507.)

3300 Local Effort Assistance

Applicable Fund: (GFL)

Record revenue from the state that is meant to lessen the impact of high property tax rates due to low property valuations.

(Reference: RCW 28A.500.010.)

3600 State Forests

Applicable Fund: (GFL, DSF, CPF, TVF)

Record revenue from the Department of Natural Resources distributed to school districts from the lease of State Forest Board lands or from the sale of forest and mineral products from those lands.

(Reference: RCW 79.64.110.)

3900 Other State General Purpose—Unassigned

Applicable Fund: (GFS, DSF, CPF)

Record revenue for general purposes from the state for which a specific revenue account has not been provided.

4000 State Revenue—Special Purpose (GL 960)

Coding Notes:

- Revenues beginning with **41** are state revenues that come to the district through OSPI.
- Revenues beginning with **42** are state revenues paid directly to vendors or contractors by the state on the district's behalf.
- Revenues beginning with **43** are state revenues that come to the district through other state agencies.

4100 Special Purpose—Unassigned

Applicable Fund: (GFS, CPF, TVF)

Record revenue from OSPI for special purpose programs for which a specific revenue account has not been provided. This includes amounts paid to the district by OSPI for district employees, including substitute teacher reimbursement, to attend meetings or conferences sponsored by OSPI.

4109 Special Purpose—Transition to Kindergarten

Applicable Fund: (GFL)

Record revenue from OSPI for Transition to Kindergarten programs operated by the district meeting all eligibility requirements. These resources are considered enrichment resources and not part of the state's statutory program of basic education. The funding provided must be expended only for the support of operating a Transition to Kindergarten Program and best practices for site readiness of facilities used for the program.

(Reference: SSHB 1550, Chapter 28A.300 RCW, RCW 28A.225.160, and 43.88C010)

4121 Special Education

Applicable Fund: (GFS)

Record revenue from OSPI for programs that provide for the education of students with disabilities including preschool. Also, include revenues for home hospital per WAC 392-172A-02100.

(Reference: RCW 28A.155.010, 28A.155.020, 28A.155.050, 28A.155.070.)

4122 Special Education—Infants and Toddlers—State

Applicable Fund: (GFS)

Record revenues from OSPI for providing early intervention services to children with disabilities. Only money received for services for children from birth through age two are included.

(Reference: RCW 28A.155.065.)

4126 State Institutions—Special Education

Applicable Fund: (GFS)

Record revenue from OSPI for programs in institutions for persons with disabilities. The institutions are established by DSHS for care and treatment of persons with exceptional needs by reason of mental or physical deficiency.

4130 State Funding Assistance—Paid Direct to District

Applicable Fund: (CPF)

Record revenue from OSPI assistance moneys paid directly to the district for renovation or construction of school plant facilities.

State assistance moneys paid directly to contractors are recorded in Revenue Account 4230 State Funding Assistance—Paid Direct to Contractor. State assistance moneys paid to districts by state agencies other than OSPI are recorded in Revenue Account 4330 State Funding Assistance—Other.

4139 Career Launch

Applicable Fund: (GFS)

Record revenue from OSPI supporting career connected learning opportunities and student enrollment in the Career Launch program.

4155 Learning Assistance

Applicable Fund: (GFS)

Record revenue from OSPI that provides learning assistance programs to public school students who are deficient in basic skills.

(Reference: RCW 28A.165.070.)

4156 State Institutions, Centers, and Homes—Delinquent

Applicable Fund: (GFS)

Record revenue from OSPI for education of juveniles in residential facilities operated by the Department of Social and Health Services, detention centers operated by counties, and adult correctional facilities operated by the Department of Corrections.

(Reference: Chapter 28A.190 RCW, RCW 13.04.145, chapter 244 Laws of 1998, and chapter 392-122 WAC.)

4158 Special and Pilot Programs

Applicable Fund: (GFS)

Record revenue from OSPI for special and pilot programs including, but not limited to, drug and alcohol prevention; cultural enrichment; preschool education (excluding children with disabilities); alternative education; environmental education; the Pacific Science Center; Teacher Assistance Program (TAP); and programs for potential high school dropouts.

4159 Institutions—Juveniles in Adult Jails

Applicable Fund: (GFS)

Record revenue received from OSPI to pay for education programs provided to juveniles who are incarcerated in adult jail facilities

(Reference: RCW 28A.194, WAC 392-122-205 and 392-122-228.)

4165 Transitional Bilingual

Applicable Fund: (GFS)

Record revenue from OSPI to provide financial assistance for programs to help meet the extra expenditures for the education of students whose primary language is not English.

(Reference: RCW 28A.180.010 and 28A.180.080.)

4174 Highly Capable

Applicable Fund: (GFS)

Record revenue from OSPI for instructional programs designed to serve highly capable students.

(Reference: RCW 28A.185.010 through 28A.185.030 and chapter 392-170 WAC.)

4188 Early Learning

Applicable Fund: (GFL)

Record revenue from OSPI for the purpose of operating Early Learning programs.

4198 School Food Services

Applicable Fund: (GFS)

Record revenue from OSPI that is based on the number of reimbursable student meals served in the food services program. It represents the state's matching requirement for federal lunch program funding. Refer to revenue accounts in the 6000 series for revenue from federal grants and reimbursements for the National School Breakfast, Lunch, and Milk programs.

(Reference: RCW 28A.235.100 and chapter 392-157 WAC.)

4199 Transportation—Operations

Applicable Fund: (GFS)

Record revenue from OSPI for the operation of the pupil transportation program.

(Reference: RCW 28A.160.010, 28A.160.030, and 28A.160.150.)

4230 State Funding Assistance—Paid Direct to Contractor

Applicable Fund: (CPF)

Record revenue from state assistance moneys paid directly to contractors for renovation or construction of school district facilities. State assistance paid to the district from OSPI are recorded in Revenue Account 4130 State Funding Assistance—Paid Direct to District. State assistance paid to districts by agencies other than OSPI are recorded in Revenue Account 4330 State Funding Assistance—Other.

4300 Other State Agencies—Unassigned

Applicable Fund: (GFS, CPF, TVF)

Record revenue for special purposes from state entities other than OSPI for which a specific revenue account has not been provided.

4321 Special Education

Applicable Fund: (GFS)

Record revenue paid from other agencies for programs that provide for the education of students with disabilities, including preschool. Also include revenues for home hospital per WAC 392-172A-02100. Also record the state portion of Medicaid reimbursement for medical services and self-billing and other administrative fees

distributed through other entities, such as DSHS. Districts that receive School-Based Healthcare Services (SBHS) reimbursements from the state Health Care Authority (HCA) should record the state portion of those reimbursements in this account.

For SBHS provided on and after 7/1/2022, eligible claims will automatically pay on a weekly basis. The remittance advice does not show the breakdown of Federal and State funds. The current SBHS Medical reimbursement breakdown for services provided on and after May 11, 2023, is: Federal: 50.0%; State: 50.0%. Reimbursement breakdown percentages are subject to change by the HCA. Review revenue code 6321 for guidance on the federal portion.

(Reference: RCW 28A.155.010, 28A.155.020, 28A.155.050, 28A.155.070.)

4322 Special Education—Infants and Toddlers—State

Applicable Fund: (GFS)

Record revenues from state agencies other than OSPI for providing early intervention services to children with disabilities. Only money received for services for children from birth through age two are included.

(Reference: RCW 28A.155.065.)

4326 State Institutions—Special Education

Applicable Fund: (GFS)

Record revenue from other agencies for programs in institutions for persons with disabilities. The institutions are established by DSHS for care and treatment of persons with exceptional needs by reason of mental or physical deficiency.

4330 State Funding Assistance—Other

Applicable Fund: (CPF)

Record revenue for state assistance moneys paid to districts by state agencies other than OSPI, for renovation or construction of plant facilities of the school district.

State assistance moneys paid directly to the district are recorded in Revenue Account 4130 State Funding Assistance—Paid Direct to District. State assistance moneys paid directly to contractors are recorded in Revenue Account 4230 State Funding Assistance—Paid Direct to Contractor.

4356 State Institutions—Centers and Homes

Applicable Fund: (GFS)

Record revenue from other agencies for education of juveniles in residential facilities operated by DSHS, detention centers operated by counties, and adult correctional facilities operated by the Department of Corrections.

(Reference: Chapter 28A.190 RCW, RCW 13.04.145, chapter 244 Laws of 1998, and chapter 392-122 WAC.)

4358 Special and Pilot Programs

Applicable Fund: (GFS)

Record revenue from other agencies for special and pilot programs including, but not limited to, drug and alcohol prevention; cultural enrichment; preschool education (excluding children with disabilities); alternative education; environmental education; the Pacific Science Center; and programs for potential high school dropouts.

4365 Transitional Bilingual

Applicable Fund: (GFS)

Record revenue from the state, other than OSPI, to provide financial assistance for programs to help meet the extra expenditures for the education of students whose primary language is not English.

(Reference: RCW 28A.180.010 and 28A.180.080.)

4388 Early Learning—Other State Agencies

Applicable Fund: (GFL)

Record revenue from other state agencies, such as the Department of Social and Health Services, for Early Learning services provided by the school district.

4398 School Food Services

Applicable Fund: (GFS)

Record revenue from other agencies that is based on the number of reimbursable student meals served in the food services program. It represents the state's matching requirement for federal lunch program funding.

Refer to Revenue Account 6000 series for revenue from federal grants and reimbursements for the National School Breakfast, Lunch, and Milk programs.

(Reference: RCW 28A.235.100 and chapter 392-157 WAC.)

4399 Transportation—Operations

Applicable Fund: (GFS)

Record revenue from other agencies for the operation of the pupil transportation program.

(Reference: RCW 28A.160.010, 28A.160.030, and 28A.160.150.)

4499 Transportation—Depreciation

Applicable Fund: (TVF)

Record revenue from the state for the acquisition of student vehicle transportation. This yearly allocation is based on either the depreciation or replacement cost of the existing bus fleet. Depreciation or replacement cost depends on the date when the vehicle was acquired.

For school districts using contractor-owned school buses, the equivalent depreciation reimbursements from the state for those privately owned buses are recorded in General Fund Revenue Account 4199 Transportation—Operations.

(Reference: RCW 28A.160.200 and chapter 392-142 WAC.)

5000 Federal Revenue—General Purpose (GL 960)

5200 General Purpose Direct Federal Grants—Unassigned

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

Record revenue from federal unassigned general-purpose grants. An example of this is Taylor Grazing.

5300 Impact Aid—Maintenance and Operations

Applicable Fund: (GFL, DSF, CPF, TVF)

Record revenue from federal grants to school districts based on students whose parents work or live on federal property. These moneys compensate school districts for loss of local taxes on federal property.

(Reference: Every Student Succeeds Act, Title VII.)

5329 Impact Aid—Special Education Funding

Applicable Fund: (GFL)

Record revenue from the U.S. Department of Education federal Impact Aid Program as identified on the Voucher for Impact Aid Section 7003(d) payment.

(Reference: Every Student Succeeds Act, Title VII.)

5400 Federal in Lieu of Taxes

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

Record revenue from the Federal Housing Administration, Bureau of Land Management, Military Forest Yield and Reclamation Projects.

(Reference: RCW 84.72.020 and WAC 392-121-415.)

Note: The General Fund revenue in this account reduces the state payment to the district in Revenue Account 3100 Apportionment.

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.

5600 Qualified Bond Interest Credit—Federal

Applicable Fund: (GFL, DSF, CPF, TVF)

Record payments received from the Department of the Treasury that are refundable tax credits paid on certain qualified tax credit bonds issued by the district. Eligible bonds are the following:

- Qualified Zone Academy Bonds issued after March 18, 2010, as authorized under the Hiring Incentives to Restore Employment Act of 2010.
- Qualified School Construction Bonds issued after March 18, 2010, as authorized under the Hiring Incentives to Restore Employment Act of 2010.

Eligible bonds must meet all other statutory requirements specific to the type of bond being issued, and districts must make an irrevocable election to have the tax credit rules apply to the bond issue.

(Reference: American Recovery and Reinvestment Act of 2009, P.L. 111-5, Section 1531; Hiring Incentives to Restore Employment Act of 2010, P.L. 111-147, Section 301.)

5700 Qualified Energy Investment Tax Credits

Applicable Fund: (GFL, DSF, CPF, TVF)

Record payments received from the Treasury Department and the Internal Revenue Service that are refundable tax credits paid on certain qualified energy programs attributable to the district.

The Inflation Reduction Act (IRA) tax credits create opportunities for K-12 school districts to leverage federal resources to help to fund investments in clean energy infrastructure and reduce energy costs.

Ref: Clean Energy Bill, Final Regulations: 2024-04604

6000 Federal Revenue—Special Purpose (GL 960)

Coding Notes:

- Revenues beginning with **61** are federal revenues that come through OSPI.
- Revenues beginning with **62** are federal revenues received directly from a federal agency.
- Revenues beginning with **63** are federal revenues received through an agency other than OSPI.

6100 Special Purpose—OSPI Unassigned

Applicable Fund: (GFS, TVF)

Record revenue from any federal source distributed through OSPI that is not assignable to a specific revenue account in the 6000 series. Examples include:

- AIDS Education
- Character Education
- Class Size Reduction
- DASA Prevention and Intervention
- Linking Education
- Reading Excellence
- REAP
- Teen Aware

6121 Special Education—Medicaid Reimbursements

Applicable Fund: (GFS)

Record federal Medicaid reimbursements for medical services and self-billing, and other administrative fees distributed through OSPI.

Note: Districts receiving Medicaid reimbursements through the state Health Care Authority should be using Revenue 6321 instead of 6121.

See 6221 for this type of revenue received directly from the federal agency.
See 6321 for this type of revenue received through an agency other than OSPI.

(Reference: RCW 74.09.5255.)

6122 Special Education—Infants and Toddlers—Medicaid Reimbursements

Applicable Fund: (GFS)

Record Medicaid reimbursement revenues relating to the provision of early intervention services for children with disabilities from birth through age two. Only record revenues received *directly from OSPI* in this account.

See 6222 for this type of revenue received directly from a federal agency.
See 6322 for this type of revenue received through an agency other than OSPI.

6124 Special Education—Supplemental

Applicable Fund: (GFS)

Record revenue received through OSPI from federal grants to assist school districts in providing supplemental services imposed by the requirement to provide a free appropriate public education to all eligible special education students. Include special education safety net awards.

See 6224 for this type of revenue received directly from the federal agency.
See 6324 for this type of revenue received through an agency other than OSPI.

(Reference: Individuals with Disabilities Education Act (IDEA) Amendments of 2004, Public Law 108-446.)

6125 Special Education—Infants and Toddlers—Federal

Applicable Fund: (GFS)

Record federal revenues received for the provision of early intervention services for children with disabilities from birth through age two, as detailed in Part C of the Individuals with Disabilities Education Act.

See 6225 for this type of revenue received directly from the federal agency.
See 6325 for this type of revenue received through an agency other than OSPI.

(Reference: Individuals with Disabilities Education Act (IDEA) Amendments of 2004, Public Law 108-446; 20 U.S.C. Chapter 33 Subchapter III.)

6138 Secondary Vocational Education

Applicable Fund: (GFS)

Record revenue received through OSPI from federal grants used to assist school districts in providing improved vocational-technical educational programs that lead to academic and occupational skills needed to work in a technologically advanced society.

See 6238 for this type of revenue received directly from the federal agency.
See 6338 for this type of revenue received through an agency other than OSPI.

(Reference: Carl D. Perkins Career and Technical Education Improvement Act of 2006.)

6140 Impact Aid—Construction

Applicable Fund: (CPF)

Record revenue received through OSPI from federal grants to provide assistance for the construction of urgently needed minimum school facilities. This occurs where districts:

- (1) have had substantial enrollment increases due to new or increased federal activities;
- (2) have children residing on federal property where state or local moneys cannot be spent on the education of federally connected children;

- (3) are comprised mainly of Indian lands or that provide a free public education to children who reside on Indian lands, and districts that are comprised mainly of federal property and that have inadequate facilities; and
- (4) have facilities in need of reconstruction because of a presidentially declared disaster.

See 6240 for this type of revenue received directly from the federal agency.

See 6340 for this type of revenue received through an agency other than OSPI.

(Reference: Every Student Succeeds Act, Title VII; 34 CFR.)

6146 Skill Center

Applicable Fund: (GFS)

Record revenue received through OSPI from federal grants to assist school districts in providing occupational skills needed to work in a technologically advanced society through the use of a skill center.

See 6246 for this type of revenue received directly from the federal agency.

See 6346 for this type of revenue received through an agency other than OSPI.

(Reference: Carl D. Perkins Career and Technical Education Improvement Act of 2006.)

6151 ESEA Disadvantaged—Federal

Applicable Fund: (GFS)

Record revenue from federal grants received through OSPI to assist school districts in providing services to educationally deprived children living in low-income areas, local institutions for neglected and delinquent youth, and youth living in non-state operated group homes. Schools identified for supplemental services under school improvement should report revenues for services to students from low socio-economic families.

Specific programs include, but are not limited to, the following:

- Title I, Part A—Basic (includes Title I, Part A set aside for neglected and delinquent included in Title I, Part D, subpart 2)
- Title I, Part B 2—Early Reading First
- Title I, Part G—Advanced Placement

- Title X, Part C—McKinney-Vento Homeless Assistance Act, Subtitle B

See 6251 for this type of revenue received directly from the federal agency.

See 6351 for this type of revenue received through an agency other than OSPI.

(Reference: Every Student Succeeds Act, Title I, Parts A, B, F, and G, Title X; 34 CFR; RCW 28A.300.070; chapter 392-163 WAC.)

6152 Other Title Grants Under ESEA—Federal

Applicable Fund: (GFS)

Record revenue from federal grants received through OSPI designed to assist school districts in improving the quality of education. Specific programs include, but are not limited to, the following:

- Title II, Part A—State Grants for Improving Teacher Quality
- Title IV, Part A— Student Support and Academic Enrichment Grants
- Title IV, Part B—21st Century Learning Centers
- Title V, Part B (1) and (2)—Rural and Low Income Schools

See 6252 for this type of revenue received directly from the federal agency.

See 6352 for this type of revenue received through an agency other than OSPI.

(Reference: Every Student Succeeds Act.)

6153 ESEA Migrant—Federal

Applicable Fund: (GFS)

Record revenue from federal grants received through OSPI to assist school districts in providing services to migratory children ages 3 through 21; or until the high school graduation of migratory agricultural workers or migratory fishers who have moved from one school district to another during the past 36 months to obtain temporary or seasonal employment in agriculture, fishing, or related food-processing activities.

See 6253 for this type of revenue received directly from the federal agency.

See 6353 for this type of revenue received through an agency other than OSPI.

(Reference: Every Student Succeeds Act, Title I, Part C; 34 CFR, 206; RCW 28A.300.070; chapter 392-164 WAC.)

6157 Institutions—Neglected and Delinquent

Applicable Fund: (GFS)

Record revenue from federal grants received through OSPI to assist school districts in providing services to children under 21 years of age that have been placed in a state institution for neglected or delinquent children, adult correctional institution, or community day program operated by a state agency.

See 6257 for this type of revenue received directly from the federal agency.

See 6357 for this type of revenue received through an agency other than OSPI.

(Reference: Every Student Succeeds Act, Title I, Part D subpart 1; 34 CFR, 200.)

6161 Head Start

Applicable Fund: (GFL)

Record revenue from federal grants received through OSPI to assist school districts in providing comprehensive health, educational, nutritional, social, and other services primarily to economically disadvantaged children from age 3 up to school age, and to involve parents in activities with their children so that the children will attain overall social competence.

See 6261 for this type of revenue received directly from the federal agency.

See 6361 for this type of revenue received through an agency other than OSPI.

(Reference: 45 CFR, 1300.)

6164 Limited English Proficiency

Applicable Fund: (GFS)

Record revenue from federal grants received through OSPI for language instruction for students with limited English proficiency, such as bilingual, and immigrant students.

See 6264 for this type of revenue received directly from the federal agency.

See 6364 for this type of revenue received through an agency other than OSPI.

(Reference: Every Student Succeeds Act, Title III.)

6167 Indian Education—JOM

Applicable Fund: (GFS)

Record revenue from federal grants received through OSPI to assist school districts in providing supplemental education programs for children who are (1) enrolled members (or at least quarter-blood members) of federally recognized tribes eligible for service by the Bureau of Indian Education and (2) between age 3 and grade 12 with priority given to those residing on or near Indian reservations. (Education contracts under Johnson-O'Malley Act.)

See 6267 for this type of revenue received directly from the federal agency.
See 6367 for this type of revenue received through an agency other than OSPI.

(Reference: 25 CFR.)

6168 Indian Education—ED

Applicable Fund: (GFS)

Record revenue from federal grants received through OSPI to support the efforts of school districts in developing and carrying out supplementary, elementary, and secondary school programs designed to meet the unique educational and culturally related academic needs of Indian children.

See 6268 for this type of revenue received directly from the federal agency.
See 6368 for this type of revenue received through an agency other than OSPI.

(Reference: 34 CFR.)

6176 Targeted Assistance

Applicable Fund: (GFS)

Record revenue from federal grants received through OSPI, authorized under Title I, Part A of the Improving America's School Act of 1994 (IASA).

See 6276 for this type of revenue received directly from the federal agency.
See 6376 for this type of revenue received through an agency other than OSPI.

(Reference: Improving America's School Act of 1994, Title I, Part A; chapter 392-165 WAC.)

6178 Youth Training Programs

Applicable Fund: (GFS)

Record revenue from federal grants received through OSPI to assist school districts in providing job training and related assistance to economically disadvantaged individuals and others who face significant employment barriers.

See 6278 for this type of revenue received directly from the federal agency.

See 6378 for this type of revenue received through an agency other than OSPI.

6188 Early Learning

Applicable Fund: (GFL)

Record revenue from federal grants and reimbursements received through OSPI to assist school districts in providing nonprofit Early Learning programs.

See 6288 for this type of revenue received directly from the federal agency.

See 6388 for this type of revenue received through an agency other than OSPI.

(Reference: 7 CFR.)

6189 Other Community Services

Applicable Fund: (GFL)

Record revenue from the federal government received through OSPI for community services not specifically identified in the revenue code structure.

See 6289 for this type of revenue received directly from the federal agency.

See 6389 for this type of revenue received through an agency other than OSPI.

6198 School Food Services

Applicable Fund: (GFS)

Record revenue from federal grants received through OSPI for the reimbursement of eligible school breakfasts, lunches, snacks, and milks served. Also record revenue from federal breakfast program start-up grants and the Fresh Fruits and Vegetable Program. Also include federal reimbursements for Child and Adult Care Food Programs (CACFP) and the Summer Food Service Programs (SFSP).

See 6298 for this type of revenue received directly from the federal agency.

See 6398 for this type of revenue received through an agency other than OSPI.

(Reference: 7 CFR; RCW 28A.235.100; chapter 392-157 WAC.)

6199 Transportation—Operations

Applicable Fund: (GFS)

Record revenue from federal grants received through OSPI for transportation operations.

See 6299 for this type of revenue received directly from the federal agency.
See 6399 for this type of revenue received through an agency other than OSPI.

6200 Direct Special Purpose Grants

Applicable Fund: (GFS, CPF, TVF)

Record revenue from special purpose federal grants distributed directly from federal government agencies that are not specifically identified by the revenue code structure.

6210 E-Rate—Federal

Applicable Fund: (GFS, CPF)

Record resources awarded by the FCC for the Universal Service Fund – Schools and Libraries, Assistance Listing Number 32.004. E-Rate is administered through the Universal Service Administration Company (USAC). The (USAC) administers all of FCC's Universal Service Fund programs. Per SAM.gov, this program is considered a direct award from FCC and school districts are considered direct recipients.

E-Rate will not be subject to single audits and expenditures are not reported on the SEFA. However, E-rate is a federal resource and there are a limited number of subsections of 2CFR § 200 which districts will need to consider; specifically:

- 2 CFR § 200.203 - Requirement to provide public notice of Federal financial assistance programs.
- 2 CFR § 200.303 - Internal controls; and
- 2 CFR §§ 200.331-333 - Subrecipient Monitoring and Management.

The following 2CFR policy requirements are excluded from coverage under E-Rate:

- Subpart E, Cost Principles
- Subpart F, Audit Requirements

The resources are provided for discounts for telecommunications, internet access, and internal connections. School districts that receive E-Rate funding commitments

are direct recipients of a federal award regardless of whether the district chooses to receive:

- A direct reimbursement against the commitment; or
- Has its service provider seek reimbursement on the district's behalf.

6221 Special Education—Medicaid Reimbursements

Applicable Fund: (GFS)

Record federal Medicaid reimbursements for medical services and self-billing, and other administrative fees distributed directly from the federal agency.

See 6121 for this type of revenue received from federal grants through OSPI.

See 6321 for this type of revenue received through an agency other than OSPI.

(Reference: RCW 74.09.5255.)

6222 Special Education—Infants and Toddlers—Medicaid Reimbursements

Applicable Fund: (GFS)

Record Medicaid reimbursement revenues relating to the provision of early intervention services for children with disabilities from birth through age two. Only record revenues received *directly from the federal agency* in this account.

See 6122 for this type of revenue received from OSPI.

See 6322 for this type of revenue received through an agency other than OSPI.

6224 Special Education—Supplemental

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the federal agency to assist school districts in providing supplemental services imposed by the requirement to provide a free appropriate public education to all eligible special education students.

See 6124 for this type of revenue received from federal grants through OSPI.

See 6324 for this type of revenue received through an agency other than OSPI.

(Reference: Individuals with Disabilities Education Act (IDEA) Amendments of 2004, Public Law 108-446.)

6225 Special Education—Infants and Toddlers—Federal

Applicable Fund: (GFS)

Record federal revenues received for the provision of early intervention services for children with disabilities from birth through age two, as detailed in Part C of the Individuals with Disabilities Education Act. Only record revenues received *directly from the federal agency* in this account.

See 6125 for this type of revenue received from OSPI.

See 6325 for this type of revenue received through an agency other than OSPI.

(Reference: Individuals with Disabilities Education Act (IDEA) Amendments of 2004, Public Law 108-446; 20 U.S.C. Chapter 33 Subchapter III.)

6238 Secondary Vocational Education

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the federal agency used to assist school districts in providing improved vocational-technical educational programs that lead to academic and occupational skills needed to work in a technologically advanced society.

See 6138 for this type of revenue received from federal grants through OSPI.

See 6338 for this type of revenue received through an agency other than OSPI.

(Reference: Carl D. Perkins Career and Technical Education Improvement Act of 2006.)

6240 Impact Aid—Construction

Applicable Fund: (CPF)

Record revenue from federal grants received directly from the federal agency to provide assistance for the construction of urgently needed minimum school facilities. This occurs where districts:

- (1) have had substantial enrollment increases due to new or increased federal activities;
- (2) have children residing on federal property where state or local moneys cannot be spent on the education of federally connected children;

- (3) are comprised mainly of Indian lands or that provide a free public education to children who reside on Indian lands, and districts that are comprised mainly of federal property and that have inadequate facilities; and
- (4) have facilities in need of reconstruction because of a presidentially declared disaster.

See 6140 for this type of revenue received from federal grants through OSPI.

See 6340 for this type of revenue received through an agency other than OSPI.

(Reference: Every Student Succeeds Act, Title VII; 34 CFR.)

6246 Skill Center

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the federal agency to assist school districts in providing occupational skills needed to work in a technologically advanced society through the use of a skill center.

See 6146 for this type of revenue received from federal grants through OSPI.

See 6346 for this type of revenue received through an agency other than OSPI.

(Reference: Carl D. Perkins Career and Technical Education Improvement Act of 2006.)

6251 ESEA Disadvantaged—Federal

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the federal agency to assist school districts in providing services to educationally deprived children living in low-income areas, local institutions for neglected and delinquent youth, and youth living in non-state operated group homes. Schools identified for supplemental services under school improvement should report revenues for services to students from low socio-economic families.

Specific programs include, but are not limited to, the following:

- Title I, Part A—Basic (includes Title I, Part A set aside for neglected and delinquent included in Title I, Part D, subpart 2)
- Title I, Part B 2—Early Reading First
- Title I, Part G—Advanced Placement

- Title X, Part C— McKinney-Vento Homeless Assistance Act, Subtitle B

See 6151 for this type of revenue received from federal grants through OSPI.

See 6351 for this type of revenue received through an agency other than OSPI.

(Reference: Every Student Succeeds Act, Title I, Parts A, B, F, and G, Title X; 34 CFR; RCW 28A.300.070; chapter 392-163 WAC.)

6252 Other Title Grants Under ESEA—Federal

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the federal agency designed to assist school districts in improving the quality of education. Specific programs include, but are not limited to, the following:

- Title II, Part A—State Grants for Improving Teacher Quality
- Title IV, Part A— Student Support and Academic Enrichment Grants
- Title IV, Part B—21st Century Learning Centers
- Title V, Part B (1) and (2)—Rural and Low-Income Schools

See 6152 for this type of revenue received from federal grants through OSPI.

See 6352 for this type of revenue received through an agency other than OSPI.

(Reference: Every Student Succeeds Act.)

6253 ESEA Migrant—Federal

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the federal agency to assist school districts in providing services to migratory children ages 3 through 21; or until the high school graduation of migratory agricultural workers or migratory fishers who have moved from one school district to another during the past 36 months to obtain temporary or seasonal employment in agriculture, fishing, or related food-processing activities.

See 6153 for this type of revenue received from federal grants through OSPI.

See 6353 for this type of revenue received through an agency other than OSPI.

(Reference: ESSA, Title I, Part C; 34 CFR; RCW 28A.300.070; chapter 392-164 WAC.)

6257 Institutions—Neglected and Delinquent

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the federal agency to assist school districts in providing services to children under 21 years of age that have been placed in a state institution for neglected or delinquent children, adult correctional institution, or community day program operated by a state agency.

See 6157 for this type of revenue received from federal grants through OSPI.

See 6357 for this type of revenue received through an agency other than OSPI.

(Reference: Every Student Succeeds Act, Title I, Part D, subpart 1; 34 CFR, 200.)

6261 Head Start

Applicable Fund: (GFL)

Record revenue from federal grants received directly from the federal agency to assist school districts in providing comprehensive health, educational, nutritional, social, and other services primarily to economically disadvantaged children from age 3 up to school age, and to involve parents in activities with their children so that the children will attain overall social competence.

See 6161 for this type of revenue received from federal grants through OSPI.

See 6361 for this type of revenue received through an agency other than OSPI.

(Reference: 45 CFR, 1300.)

6264 Limited English Proficiency

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the federal agency for language instruction for students with limited English proficiency, such as bilingual, and immigrant students.

See 6164 for this type of revenue received from federal grants through OSPI.

See 6364 for this type of revenue received through an agency other than OSPI.

(Reference: Every Student Succeeds Act, Title III.)

6267 Indian Education—JOM

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the Bureau of Indian Education to assist school districts in providing supplemental education programs for children who are (1) enrolled members (or at least quarter-blood members) of federally recognized tribes eligible for service by the Bureau of Indian Education and (2) between age 3 and grade 12 with priority given to those residing on or near Indian reservations. (Education contracts under Johnson-O'Malley Act.)

See 6167 for this type of revenue received from federal grants through OSPI.
See 6367 for this type of revenue received through an agency other than OSPI.

(Reference: 25 CFR.)

6268 Indian Education—ED

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the Department of Education to support the efforts of school districts in developing and carrying out supplementary, elementary, and secondary school programs designed to meet the unique educational and culturally related academic needs of Indian children.

See 6168 for this type of revenue received from federal grants through OSPI.
See 6368 for this type of revenue received through an agency other than OSPI.

(Reference: 34 CFR.)

6276 Targeted Assistance

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the federal agency authorized under Title I, Part A of the Improving America's School Act of 1994 (IASA).

See 6176 for this type of revenue received from federal grants through OSPI.
See 6376 for this type of revenue received through an agency other than OSPI.

(Reference: Improving America's School Act of 1994, Title I, Part A; chapter 392-165 WAC.)

6278 Youth Training Programs

Applicable Fund: (GFS)

Record revenue from federal grants received directly through the federal agency to assist school districts in providing job training and related assistance to economically disadvantaged individuals and others who face significant employment barriers.

See 6178 for this type of revenue received from federal grants through OSPI.

See 6378 for this type of revenue received through an agency other than OSPI.

6288 Early Learning

Applicable Fund: (GFL)

Record revenue from federal grants received directly from the federal agency to assist school districts in providing nonprofit Early Learning programs.

See 6188 for this type of revenue received from federal grants through OSPI.

See 6388 for this type of revenue received through an agency other than OSPI.

6289 Other Community Services

Applicable Fund: (GFL)

Record revenue received directly from the federal agency for community services not specifically identified in the revenue code structure.

See 6189 for this type of revenue received from federal grants through OSPI.

See 6389 for this type of revenue received through an agency other than OSPI.

6298 School Food Services

Applicable Fund: (GFS)

Record revenue received directly from the federal agency for the reimbursement of eligible school breakfasts, lunches, snacks, and milks served. Also record revenue from federal breakfast program start-up grants and the Fresh Fruit and Vegetable Program. Also include federal reimbursements for Child and Adult Care Food Programs (CACFP) and the Summer Food Service Programs (SFSP).

See 6198 for this type of revenue received from federal grants through OSPI.

See 6398 for this type of revenue received through an agency other than OSPI.

(Reference: 7 CFR; RCW 28A.235.100; chapter 392-157 WAC.)

6299 Transportation—Operations

Applicable Fund: (GFS)

Record revenue from federal grants received directly from the federal agency for transportation operations.

See 6199 for this type of revenue received from federal grants through OSPI.

See 6399 for this type of revenue received through an agency other than OSPI.

6300 Federal Grants Through Other Entities—Unassigned

Applicable Fund: (GFS, CPF, TVF)

Record federal grant revenue received indirectly through non-federal entities other than OSPI.

6310 Medicaid Administrative Match

Applicable Fund: (GFS)

Record revenue received from the Department of Social and Health Services for outreach and linkage services to students and families eligible for Medicaid benefits.

(Reference: Title XIX of the Social Security Act as amended.)

6321 Special Education—Medicaid Reimbursements

Applicable Fund: (GFS)

Record federal Medicaid reimbursements for medical services and self-billing and other administrative fees distributed through other entities, such as DSHS. Districts that receive School-Based Healthcare Services (SBHS) reimbursements from the state Health Care Authority (HCA) should record the federal portion of those reimbursements in this account. Use revenue code 4321 to record the reimbursement of the state portion.

For SBHS provided on and after 7/1/2022, eligible claims will automatically pay on a weekly basis. The remittance advice does not show the breakdown of Federal and State funds. The current SBHS Medical reimbursement breakdown for services provided on and after May 11, 2023, is: Federal: 50.0%; State: 50.0%. Reimbursement breakdown percentages are subject to change by HCA.

Medicaid reimbursements received from HCA for services provided to Medicaid-eligible Special Education students are considered patient care services and are not subject to audit under Uniform Guidance. School districts do not report the Federal funds they receive through the SBHS Program (Medicaid reimbursement for IEP/IFSP services) on the SEFA. This is consistent with language in 29 CFR 99.205: *Medicaid payments to a subrecipient for providing patient care services to Medicaid eligible individuals are not considered Federal awards expended under this part.*

See 6121 for this type of revenue received from federal grants through OSPI.
See 6221 for this type of revenue received directly from the federal agency.

(Reference: RCW 74.09.5255 and 29 CFR 99.205 (i))

6322 Special Education—Infants and Toddlers—Medicaid Reimbursements

Applicable Fund: (GFS)

Record Medicaid reimbursement revenues relating to the provision of early intervention services for children with disabilities from birth through age two. Only record revenues received *from agencies other than OSPI* in this account.

See 6122 for this type of revenue received from OSPI.
See 6222 for this type of revenue received directly from the federal agency.

6324 Special Education—Supplemental

Applicable Fund: (GFS)

Record revenue received from federal grants received through nonfederal agencies other than OSPI to assist school districts in providing supplemental services imposed by the requirement to provide a free appropriate public education to all eligible special education students.

See 6124 for this type of revenue received from federal grants through OSPI.
See 6224 for this type of revenue received directly from the federal agency.

(Reference: Individuals with Disabilities Education Act (IDEA) Amendments of 2004, Public Law 108-446.)

6325 Special Education—Infants and Toddlers—Federal

Applicable Fund: (GFS)

Record revenue received from federal grants received through nonfederal agencies other than OSPI for the provision of early intervention services for children with disabilities from birth through age two, as detailed in Part C of the Individuals with Disabilities Education Act. Only record revenues received *from agencies other than OSPI* in this account.

See 6125 for this type of revenue received from OSPI.

See 6225 for this type of revenue received directly from the federal agency.

6338 Secondary Vocational Education

Applicable Fund: (GFS)

Record revenue received from federal grants received through nonfederal agencies other than OSPI used to assist school districts in providing improved vocational-technical educational programs that lead to academic and occupational skills needed to work in a technologically advanced society.

See 6138 for this type of revenue received from federal grants through OSPI.

See 6238 for this type of revenue received directly from the federal agency.

(Reference: Carl D. Perkins Career and Technical Education Improvement Act of 2006.)

6340 Impact Aid—Construction

Applicable Fund: (CPF)

Record revenue received from federal grants received through nonfederal agencies other than OSPI to provide assistance for the construction of urgently needed minimum school facilities. This occurs where districts:

- (1) have had substantial enrollment increases due to new or increased federal activities;
- (2) have children residing on federal property where state or local moneys cannot be spent on the education of federally connected children;
- (3) are comprised mainly of Indian lands or that provide a free public education to children who reside on Indian lands, and districts that are comprised mainly of federal property and that have inadequate facilities; and

- (4) have facilities in need of reconstruction because of a presidentially declared disaster.

See 6140 for this type of revenue received from federal grants through OSPI.
See 6240 for this type of revenue received directly from the federal agency.

(Reference: Every Student Succeeds Act, Title VII; 34 CFR.)

6346 Skill Center

Applicable Fund: (GFS)

Record revenue received from federal grants received through nonfederal agencies other than OSPI to assist school districts in providing occupational skills needed to work in a technologically advanced society through the use of a skill center.

See 6146 for this type of revenue received from federal grants through OSPI.
See 6246 for this type of revenue received directly from the federal agency.

(Reference: Carl D. Perkins Career and Technical Education Improvement Act of 2006.)

6351 ESEA Disadvantaged—Federal

Applicable Fund: (GFS)

Record revenue received from federal grants received through nonfederal agencies other than OSPI to assist school districts in providing services to educationally deprived children living in low-income areas, local institutions for neglected and delinquent youth, and youth living in non-state operated group homes. Schools identified for supplemental services under school improvement should report revenues for services to students from low socio-economic families.

Specific programs include, but are not limited to, the following:

- Title I, Part A—Basic (includes Title I, Part A set aside for neglected and delinquent included in Title I, Part D, subpart 2)
- Title I, Part B 2—Early Reading First
- Title I, Part G—Advanced Placement
- Title X, Part C—McKinney-Vento Homeless Assistance Act, Subtitle B

See 6151 for this type of revenue received from federal grants through OSPI.

See 6251 for this type of revenue received directly from the federal agency.

(Reference: Every Student Succeeds Act, Title I, Parts A, B, F, and G, Title X; 34 CFR; RCW 28A.300.070; chapter 392-163 WAC.)

6352 Other Title Grants Under ESEA—Federal

Applicable Fund: (GFS)

Record revenue from federal grants received through nonfederal agencies other than OSPI designed to assist school districts in improving the quality of education.

See 6152 for this type of revenue received for federal grants through OSPI.

See 6252 for this type of revenue received directly from the federal agency.

(Reference: Every Student Succeeds Act.)

6353 ESEA Migrant—Federal

Applicable Fund: (GFS)

Record revenue received from federal grants received through nonfederal agencies other than OSPI to assist school districts in providing services to migratory children ages 3 through 21; or until the high school graduation of migratory agricultural workers or migratory fishers who have moved from one school district to another during the past 36 months to obtain temporary or seasonal employment in agriculture, fishing, or related food-processing activities.

See 6153 for this type of revenue received from federal grants through OSPI.

See 6253 for this type of revenue received directly from the federal agency.

(Reference: Every Student Succeeds Act, Title I, Part C; 34 CFR; RCW 28A.300.070; chapter 392-164 WAC.)

6357 Institutions—Neglected and Delinquent

Applicable Fund: (GFS)

Record revenue received from federal grants received through nonfederal agencies other than OSPI to assist school districts in providing services to children under 21 years of age that have been placed in a state institution for neglected or delinquent children, adult correctional institution, or community day program operated by a state agency.

See 6157 for this type of revenue received from federal grants through OSPI.
See 6257 for this type of revenue received directly from the federal agency.

(Reference: Every Student Succeeds Act, Title 1, Part D; 34 CFR.)

6361 Head Start

Applicable Fund: (GFL)

Record revenue received from federal grants received through nonfederal agencies other than OSPI to assist school districts in providing comprehensive health, educational, nutritional, social, and other services primarily to economically disadvantaged children from age 3 up to school age and to involve parents in activities with their children so that the children will attain overall social competence.

See 6161 for this type of revenue received from federal grants through OSPI.
See 6261 for this type of revenue received directly from the federal agency.

(Reference: 45 CFR.)

6364 Limited English Proficiency

Applicable Fund: (GFS)

Record revenue received from federal grants received through nonfederal agencies other than OSPI to assist school districts in developing and providing services to children with limited proficiency in understanding, speaking, reading, or writing English.

See 6164 for this type of revenue received from federal grants through OSPI.
See 6264 for this type of revenue received directly from the federal agency.

(Reference: 34 CFR; Title III, Part A.)

6367 Indian Education—JOM

Applicable Fund: (GFS)

Record revenue from federal grants received indirectly through the tribes to assist school districts in providing supplemental education programs for children who are (1) enrolled members (or at least quarter-blood members) of federally recognized tribes eligible for service by the Bureau of Indian Education and (2) between age 3

and grade 12 with priority given to those residing on or near Indian reservations.
(Education contracts under Johnson-O'Malley Act.)

See 6167 for this type of revenue received from federal grants through OSPI.
See 6267 for this type of revenue received directly from the federal agency.

(Reference: 25 CFR.)

6368 Indian Education—ED

Applicable Fund: (GFS)

Record revenue received from federal grants received through nonfederal agencies other than OSPI to support the efforts of school districts in developing and carrying out supplementary, elementary, and secondary school programs designed to meet the unique educational and culturally related academic needs of Indian children.

See 6168 for this type of revenue received from federal grants through OSPI.
See 6268 for this type of revenue received directly from the federal agency.

(Reference: 34 CFR.)

6376 Targeted Assistance

Applicable Fund: (GFS)

Record revenue received from federal grants received through nonfederal agencies other than OSPI authorized under Title I, Part A of the Improving America's School Act of 1994 (IASA).

See 6176 for this type of revenue received from federal grants through OSPI.
See 6276 for this type of revenue received directly from the federal agency.

(Reference: Improving America's School Act of 1994, Title I, Part A; chapter 392-165 WAC.)

6378 Youth Training Programs

Applicable Fund: (GFS)

Record revenue from federal grants received indirectly through agencies other than OSPI to assist school districts in providing job training and related assistance to

economically disadvantaged individuals and others who face significant employment barriers.

See 6178 for this type of revenue received from federal grants through OSPI.

See 6278 for this type of revenue received directly from the federal agency.

6388 Early Learning

Applicable Fund: (GFL)

Record revenue received from federal grants received through nonfederal agencies other than OSPI to assist school districts in providing nonprofit Early Learning programs.

See 6188 for this type of revenue received from federal grants through OSPI.

See 6288 for this type of revenue received directly from the federal agency.

6389 Other Community Services

Applicable Fund: (GFL)

Record revenue received from federal grants received through nonfederal agencies other than OSPI for community services not specifically identified in the revenue code structure.

See 6189 for this type of revenue received for federal grants through OSPI.

See 6289 for this type of revenue received directly from the federal agency.

6398 School Food Services

Applicable Fund: (GFS)

Record revenue received from federal grants received through nonfederal agencies other than OSPI for the reimbursement of eligible school breakfasts, lunches, snacks, and milks served. Also record revenue from federal breakfast program start-up grants and the Fresh Fruit and Vegetable Program. Also include federal reimbursements for Child and Adult Care Food Programs (CACFP) and the Summer Food Service Programs (SFSP).

See 6198 for this type of revenue received from federal grants through OSPI.

See 6298 for this type of revenue received directly from the federal agency.

(Reference: 7 CFR; RCW 28A.235.100; chapter 392-157 WAC.)

6399 Transportation—Operations

Applicable Fund: (GFS)

Record revenue received from federal grants received through nonfederal agencies other than OSPI for transportation operations.

See 6199 for this type of revenue received from federal grants through OSPI.

See 6299 for this type of revenue received directly from the federal agency.

6998 USDA Commodities

Applicable Fund: (GFS)

Record as revenue the value of USDA commodities received as reported on the Statement of Commodities Shipped Report. If applicable, include cash in lieu of commodities distributed to the district during the year. The value of the commodities is determined by the USDA and reported to the districts by OSPI in the Commodity Receiving Report.

(Reference: 7 CFR.)

7000 Resources From Other School Districts (GL 960)

7100 Program Participation—Unassigned

Applicable Fund: (GFS, CPF)

Record nonfederal revenue from other school districts not assigned to a specific program.

7121 Special Education

Applicable Fund: (GFS)

Record revenue from other school districts for educational programs for students with disabilities.

7122 Special Education—Infants and Toddlers

Applicable Fund: (GFS)

Record revenues received from other school districts for the provision of early intervention services for children with disabilities from birth through age two. Similar

revenues received for services provided when the child reaches age three should be recorded in revenue account 7121.

7131 Vocational Education

Applicable Fund: (GFS)

Record revenue from other school districts to pay for tuition-free interdistrict cooperative programs in vocational education.

(Reference: RCW 28A.335.160 and chapter 392-135 WAC.)

7145 Skill Center

Applicable Fund: (GFS)

Record revenue from other school districts to pay for interdistrict skill center programs.

7147 Skill Center–Facility Upgrades

Applicable Fund: (GFS)

Host districts record revenue from other school districts participating in an interdistrict skill center program. These resources are restricted for use to provide a separate minor repair and maintenance capital account on facilities constructed or renovated with state funding. The host district has authority to collect those deposits by charging participating districts an annual per-pupil facility fee.

(Reference: SSB 5644)

7189 Other Community Services

Applicable Fund: (GFL)

Record revenues received from other school districts for community service activities. This includes revenues related to non-to-from transportation expenditures, and revenues from other districts relating to the maintenance of pupil transportation equipment under an interlocal cooperative agreement.

7197 Support Services

Applicable Fund: (GFS)

Record revenue received from other school districts for interdistrict support services such as printing and data processing.

(Reference: RCW 28A.335.160 and chapter 392-135 WAC.)

7198 School Food Services

Applicable Fund: (GFS)

Record revenue received from other school districts for the reimbursement of food service expenditures.

(Reference: RCW 28A.235.100 and chapter 392-157 WAC.)

7199 Transportation

Applicable Fund: (GFS)

Record revenue received from other school districts for the reimbursement of transportation expenditures.

(Reference: RCW 28A.160.010.)

7301 Nonhigh Participation

Applicable Fund: (GFL, CPF, TVF)

Record revenue received from nonhigh school districts for the education of high school students.

(Reference: RCW 28A.160.010 and chapter 392-132 WAC.)

8000 Resources From Other Entities (GL 960)

Revenue recorded in this category comes from nonfederal resources provided by local agencies, governments, foundations, and governmental associations not provided for elsewhere. State resources should be recorded under the 3000 or 4000 series. Federal resources should be recorded in the 5000 or 6000 series.

8100 Governmental Entities

Applicable Fund: (GFS, CPF, TVF)

Record nonfederal revenue from governmental entities such as local agencies, governments, and governmental associations.

Do not include those revenues coming from OSPI, the federal government, non-governmental entities, state resources, ESDs, or other school districts.

(Reference: RCW 28A.160.080, 28A.160.090.)

8101 Governmental Entities—Enrichment

Applicable Fund: (GFL, 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)

8188 Early Learning

Applicable Fund: (GFL)

Record revenue from local governments to provide Early Learning programs.

8189 Community Services

Applicable Fund: (GFL)

Record revenue from local governments for community service activities.

8198 School Food Services

Applicable Fund: (GFS)

Record revenue from volunteers, public agencies, political subdivisions, or associations that serve public entities while using school facilities, other local child nutrition programs, and for school or employee functions.

(Reference: RCW 28A.235.120.)

8199 Transportation

Applicable Fund: (GFS)

Record revenue from public agencies, political subdivisions (cities, counties, fire departments, etc.) for work performed on their transportation vehicles.

8200 Private Foundations

Applicable Fund: (GFL, CPF, TVF)

Record revenue from private foundations including, but not limited to, grants that are restricted as to their use and are material in nature.

8500 Educational Service Districts

Applicable Fund: (GFS, CPF, TVF)

Record nonfederal revenue from educational service districts.

8521 Educational Service Districts—Special Education

Applicable Fund: (GFS)

Record nonfederal revenue from an Educational Service District for reimbursement of costs relating to a district's Special Education program.

8522 Educational Service Districts—Special Education—Infants and Toddlers

Applicable Fund: (GFS)

Record revenues received from an educational service district for the provision of early intervention services for students with disabilities from birth through age two. Similar revenues received for services provided when the child reaches age three should be recorded in revenue account 8521.

9000 Other Financing Sources (GL 965)

9100 Sale of Bonds

Applicable Fund: (GFL, CPF, DSF, TVF)

Record the face value of the bond sale. Bond issuance costs such as underwriter's fees, legal counsel, and financial advisor's fees are charged to Account 530 Expenditures in the fund receiving the proceeds from the bond sale. The bond premium or discount resulting from the difference between the stated interest rate and the market interest rate is recorded as an other financing source (premium) or other financing use (discount).

Use this resource code for financing capital acquisitions under RCW 28A.530.010 through .070 (voted debt). Use this resource code if the district takes some of its bonding authority and issue contracts under the LOCAL program, per RCW 39.94.030.

9200 Sale of Real Property

Applicable Fund: (GFL, CPF, DSF)

Record the proceeds from the sale of land or buildings. Per RCW 28A.335.130, the proceeds from any sale of school district real property by a board of directors shall be deposited to the Debt Service Fund or the Capital Projects Fund, except for amounts required to be expended for the costs associated with the sale of such property, which moneys may be deposited into the fund from which the expenditure was incurred. For real property to be sold, it must have been declared surplus by the board of directors.

(Reference: RCW 28A.335.090, 28A.335.120, 28A.335.130, 28A.335.240.)

RCW 84.04.090 – Defines "Real Property."

RCW 84.04.080 – Defines "Personal Property."

9300 Sale of Equipment

Applicable Fund: (GFL, TVF)

Record the proceeds from the sale of surplus equipment. Monies derived from pupil transportation vehicles shall be deposited in the district's transportation vehicle fund. Monies derived from other personal property shall be deposited in the district's

general fund. For equipment to be sold, it must be declared surplus by the board of directors, advertised, and at least 30 days must pass before sale.

(Reference: RCW 28A.335.060, RCW 28A.335.180.)

9400 Insurance Recoveries

Applicable Fund: (GFL, CPF, TVF)

Include all insurance recoveries that apply to any loss covered by insurance, whether or not the policyholder is the district.

An exception is allowed for insurance recoveries related to storm cleanup that are measurable and available in the same year as the related cleanup expenditures. In this example only, resources should be netted against those expenditures. Refer to the section titled Revenue Versus Contra-Expenditure Recognition in Chapter 3 for additional guidance.

FEMA grants are not insurance recoveries and should be accounted for as direct/indirect federal grants.

Include payments related to L&I workers compensation insurance.

Experience rating credits and other rebates should be accounted for as reimbursements; (crediting the GL 530 expenditure account).

9500 Long-Term Financing

Applicable Fund: (GFL, CPF, TVF)

Record the financial inflows from long-term financing as evidenced by a formal contract for the purchase of specific services or equipment (e.g., leases for the purchase of equipment). The contract obligates the borrower to make payments in future years.

Record the face value of the non-voted bond sale. Bond issuance costs such as underwriter's fees, legal counsel, and financial advisor's fees are charged to Account 530 Expenditures in the fund receiving the proceeds from the bond sale. The non-voted bond premium or discount resulting from the difference between the stated interest rate and the market interest rate is recorded as an other financing source (premium) or other financing use (discount).

Use this resource code for financing capital acquisitions under RCW 28A.530.080 (non-voted debt) including the issuance of non-voted contracts under the LOCAL program, per RCW 39.94.030.

9600 Sale of Refunding Bonds

Applicable Fund: (DSF)

Record the proceeds from the issuance of new debt in refunding plus any discount related to underwriter's fees. The contra entry for any discount related to underwriter's fees deducted from the proceeds of a refunding bond sale is a debit to General Ledger Account 535 Other Financing Uses (Actual). Payments made to the escrow agent for underwriter's fees from other resources provided by the school district should be recorded as a debit to General Ledger Account 530 Expenditures. The amount recorded under this account is net of any premium received or discount deducted because the stated rate of interest on the bonds sold was different from the market rate of interest.

9900 Transfers—Redirection of Apportionment

Applicable Fund: (GFS, DSF, CPF,)

Record the receipt of nonreciprocal redirections of apportionment from the General Fund to another fund. For guidance on nonreciprocal interfund transfers, refer to Chapter 3 and the section titled Interfund Activities.

9901 Transfers—Other Resources

Applicable Fund: (GFL, DSF, CPF, TVF)

Record the receipt of nonreciprocal other resources from one fund to another. For guidance on nonreciprocal interfund transfers, refer to Chapter 3 and the section titled Interfund Activities.

9902 Transfers—Technology and Maintenance

Applicable Fund: (GFL)

Record the receipt of nonreciprocal Capital Projects technology and maintenance levy transfers to the General Fund in accordance with RCWs 28A.320.330 (2)(f)(ii) and 28A.320.330 (2)(g). For guidance on nonreciprocal interfund transfers, refer to Chapter 3 and the section titled Interfund Activities and Chapter 10, and the section titled Ongoing Technology and Maintenance Expenditure Transfers.

FEDERAL ASSISTANCE

The federal government provides assistance to school districts as aid and reimburses for costs incurred. Most federal financial assistance is in the form of cash awards. However, there are programs that do not involve cash transactions (e.g., food stamps, food commodities, loan guarantees, interest rate subsidies, or insurance). Some programs include both cash and noncash assistance.

Direct federal grants are distinguished from indirect grants by the fact that direct grants are received from a federal department or agency without passing through an intermediary state or local government or another nonfederal agency. Programs provided by the federal government are classified into 15 types of assistance: eight nonfinancial and seven financial.

The financial types of assistance available to school districts are listed below:

- Formula grants
- Project grants
- Direct payments
- Direct loans
- Guaranteed or insured loans
- Insurance
- Sale, exchange, or donation of property and goods

Reporting Federal Assistance Listing Numbers (ALN)

Assistance Listing Numbers (ALN) are related to federal programs and provide detailed public descriptions of grants and other types of assistance to school districts and other entities. Assistance Listing Numbers (ALN) were formerly referred to as the Catalog of Federal Domestic Assistance (CFDA) numbers. The ALNs are typically five-digits with a period between the second and third digits. The first two digits are assigned to the federal awarding agency (e.g., 10.550 is Food Distribution under the National School Lunch Act).

Every effort should be made to obtain the ALN for each program for which federal assistance is received. It is best to obtain this information when the contract or agreement is entered into. The catalog of Assistance Listings is available online at [Assistance Listings](#).

If a program has no identifying number, the first two digits of the assigned two-digit agency number should be used to indicate the federal agency that provided the award. After these digits a period should be placed and "U01" is written. Refer to the SEFA Instructions on the [ABFR webpage](#) for additional guidance.

Selected two-digit agency numbers are listed here as a reference:

Selected Two-Digit Federal Agency Numbers			
10	Department of Agriculture	47	National Science Foundation
11	Department of Commerce	64	Veterans Affairs, Department of
12	Department of Defense	66	Environmental Protection Agency
14	Department of Housing and Urban Development	81	Department of Energy
15	Department of Interior	83	Federal Emergency Management Agency
16	Department of Justice	84	Department of Education
20	Department of Transportation	85	Scholarship Foundations
42	Library of Congress	93	Department of Health and Human Services
45	National Endowment for the Arts and the Humanities	97	Department of Homeland Security

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INTRODUCTION

This chapter illustrates the subsidiary expenditure account structure and contains the listing of expenditure accounts for the school district's General Fund. Because expenditure account structures and account numbers are not uniform for all funds, this chapter is dedicated to the General Fund.

The user can find expenditure information on other funds by referring to other chapters dedicated to that purpose. Information about the Capital Projects Fund and the Transportation Vehicle Fund Accounting is found in Chapter 10; Debt Service Fund Accounting is Chapter 11; The Associated Student Body (ASB) Fund is Chapter 12; and Fiduciary Activity is Chapter 13.

In each fund, subsidiary expenditure accounts are summarized in General Ledger Account 530 Expenditures and controlled by establishing estimates in Account 900 Appropriations for Expenditures.

Each district shall maintain general ledger accounts that show the amount appropriated and the amount expended. The purpose of this requirement is to guard against the creation of liabilities in excess of the appropriations approved by the board of directors. General ledger accounts are also provided for the purpose of creating a formal accounting record of encumbrances. At the end of the year, outstanding encumbrances are closed to Account 820 Assigned to Encumbrances. At the start of the next fiscal year, encumbrances should be reestablished, if still valid (GASB Cod. Sec. 1700.128). See Chapter 7 General Journal Entries for recording illustrations and the [Administrative, Budgeting and Financial Reporting \(ABFR\) Guidance](#) on the OSPI website for the note disclosures required.

General Fund Account Structure

The account structure for general fund expenditures is summarized in the following table format: Fund – Sub-Fund – Program – Activity – Object/NCES Object – Location:

The General Fund Account Structure for Revenues and Expenditures						
Fund / Sub-Fund	GL Code	Program	Revenue	Activity	Object/ NCES	Location
1 / 1	530	2		2	1 / 3	4
1 / 1	960	2	2			

Fund and Sub-Fund

For reporting purposes to OSPI, the Fund segment is a single integer. Beginning in fiscal year 2018–19, a local revenue sub-fund of its general fund is established to account for the financial operations of every school district, charter school, and state-tribal education compact that are paid from local revenues per RCW 28A.320.330. The Sub-Fund element was added to the account code structure and is also a single integer.

Beginning in fiscal year 2019–20 the Fund and Sub-Fund segment will be combined for F-196 reporting purposes and the two-digit segment will be reported to OSPI.

The sub-fund represents a sub-set of the General Fund and is only applicable to revenue general ledger account codes (GLs) 960 and 965 and expenditure GLs 530, 535, and 536. There is only one General Fund Balance Sheet; but the sub-fund concept will be segregated on the Statement of Revenues, Expenditures, and Changes in Fund Balance in a subsidiary financial statement to report the Sub-Fund Activities to OSPI. The sub-fund concept is described in the Introduction section at the beginning of the Accounting Manual.

Program and Revenue Codes

The program codes classify revenues and expenditures into the plan of activities and procedures designed to accomplish a predetermined set of objectives. Eight broad areas are identified in this chapter that are intended to capture similar instructional services delivered to public schools: Regular Instruction; Special Education; Vocational Education; Skill Centers; Compensatory Education; Other Instructional Programs; Community Services; and Support Services. Specific programs are described later in this chapter.

Revenue codes are explained in Chapter 5: The first two digits of a revenue code reflects the source of the funds; the program code is represented in the last two digits of the revenue codes. The table below is a cross-reference for program codes to revenues.

Activity Codes

The activity describes the function for which a service or material object is acquired. The activities of a school district are classified into nine broad areas: Administration; Instruction; Instructional Support; School Food Services; Pupil Transportation;

Maintenance and Operation; Other Services; Debt Service; and Public Activities. Activities are described later in this chapter.

Object Codes and NCES Object Codes

Object codes are used to describe the service or commodity obtained as the result of a specific expenditure. Beginning in fiscal year 2019–20, school districts will report expenditures using a four-digit Object Code to OSPI.

Object of expenditures are classified by the first integer into nine broad areas used in school district accounting:

- (0) Debit Transfer
- (1) Credit Transfer
- (2) Salaries—Certificated Employees
- (3) Salaries—Classified Employees
- (4) Employee Benefits and Payroll Taxes
- (5) Supplies, Instructional Resources, and Non-capitalized Items
- (7) Purchased Services
- (8) Travel
- (9) Capital Outlay

The object code is further classified by a specific three-digit code. These three-digit codes are modelled after National Center for Education Statistics (NCES) object codes to provide detailed expenditure information necessary for federal reporting and comparability across districts. The four-digit object codes are described later in this chapter.

Location Codes

Location codes permit expenditures to be segregated to educational sites. Beginning in fiscal year 2019–20, school districts will report expenditure information using approved, four-digit Location Codes to OSPI on the F-196. If the school district's accounting software does not contain four-digits in its location code segment, districts must create crosswalks to upload information for F-196 reporting.

In general, the approved location codes are provided to school districts by OSPI to support the flow of education-related information back to the state. The location codes are commonly used by school districts in other fiscal reporting platforms including personnel and enrollment reporting. For the purpose of reporting

expenditure information to OSPI, the approved location codes are classified into two broad categories:

- K–12 Instructional: locations that record student enrollment counts from P-223 and other Enrollment Reports.
- Non-Instructional: locations that do not record student enrollment such as district administration, maintenance facilities, and bus barns.

Allocating Non-Instructional Costs to Instructional Locations

Under the Every Student Succeeds Act (ESSA), Section 1111 (h), the state must produce annual reports on the per-pupil expenditures of federal, state, and local funds for each school district and for each school in the state. The reporting requirements prescribe that district-level, non-instructional location costs be allocated to the school level to provide uniformed results.

Non-Instructional cost allocation should begin at the school district level. At year end, school districts should evaluate specific non-instructional expenditures and allocate those expenditures to the applicable school locations. For example, if the district has itinerant staff expenditures in a non-instructional location, and that staff works in three of the district's eight school locations, the district should consider allocating the itinerant expenditures to only the three school locations they visit. The allocation of costs to the three school sites can be based on a methodology designed to attribute those costs to the school level in a uniformed manner such as a per-pupil served by location. If a school district identifies other program-specific expenditures in non-instructional locations, the district should assign those costs to the appropriate school locations that provide the program. For example, if the school district has CTE director expenditures in a non-instructional location, those program-related expenditures should be allocated to the appropriate school locations served by the program.

Other non-instructional expenditures, such as the superintendent's office, the business office, and human resources can be allocated to instructional locations in a uniformed methodology such as AAFTE at each school.

Non-instructional expenditures submitted on the annual F-196 will be allocated by OSPI to instructional locations using similar uniformed methodologies.

PROGRAM-REVENUE DESCRIPTIONS

PROGRAM-REVENUE DESCRIPTIONS			
Regular Instruction			
Program	Description	Revenues	Description
01	Basic Education	7301	Nonhigh Participation
02	Basic Education—Alternative Learning Experience		
03	Basic Education—Dropout Reengagement		
09	Transition to Kindergarten	2109; 4109	Transition to Kindergarten
Special Education Instruction			
Program	Description	Revenues	Description
21	Special Education—Supplemental—State	3121; 4121; 4321; 6121; 6221; 6321; 7121; 8521	Basic Education Redirection (3121); Special Education
22	Special Education—Infants and Toddlers—State	2122; 4122; 4322; 6122; 6222; 6322; 7122; 8522	Special Education—Infants and Toddlers

PROGRAM–REVENUE DESCRIPTIONS			
Program	Description	Revenues	Description
24	Special Education— Supplemental—Federal	6124; 6224; 6324	Special Education—Supplemental
25	Special Education—Infants and Toddlers—Federal	6125; 6225; 6325	Special Education—Infants and Toddlers—Federal
26	Special Education—Institutions— State	4126; 4326	State Institutions—Special Education
29	Special Education—Other— Federal	5329	Impact Aid—Special Education Funding
Vocational Education Instruction			
Program	Description	Revenues	Description
31	Vocational—Basic—State	2131; 2231; 7131	Tuition and Fees; Sales of Goods, Supplies, and Services, Resources from Other Districts
34	Middle School Career and Technical Education—State		
38	Vocational—Federal	6138; 6238; 6338	Secondary Vocational Education
39	Vocational—Other Categorical		
Skill Center Instruction			
Program	Description	Revenues	Description
45	Skill Center—Basic—State	2145; 2245; 7145	Tuition and Fees; Sales of Goods, Supplies, and Services Resources from Other Districts
46	Skill Center—Federal	6146; 6246; 6346	Skill Center
47	Skill Center—Facility Upgrades	7147	Skill Center—Facility Upgrades

PROGRAM–REVENUE DESCRIPTIONS			
Compensatory Education Instruction			
Program	Description	Revenues	Description
51	ESEA Disadvantaged—Federal	6151; 6251; 6351	Disadvantaged
52	Other Title Grants Under ESEA—Federal	6152; 6252; 6352	School Improvement
53	ESEA Migrant—Federal	6153; 6253; 6353	Migrant
55	Learning Assistance Program—State	4155	Learning Assistance
56	State Institutions, Centers, and Homes—Delinquent	4156; 4356	State Institutions, Centers, and Homes—Delinquent
57	State Institutions—Neglected and Delinquent—Federal	6157; 6257; 6357	Institutions—Neglected and Delinquent
58	Special and Pilot Programs—State	4158; 4358	Special and Pilot Programs
59	Institutions—Juveniles in Adult Jails	4159	Institutions—Juveniles in Adult Jails
61	Head Start—Federal	6161; 6261; 6361	Head Start
64	Limited English Proficiency—Federal	6164; 6264; 6364	Limited English Proficiency
65	Transitional Bilingual—State	4165; 4365	Transitional Bilingual
67	Indian Education—Federal—JOM	6167; 6267; 6367	Indian Education—JOM

PROGRAM–REVENUE DESCRIPTIONS			
Compensatory Education Instruction			
Program	Description	Revenues	Description
68	Indian Education—Federal—ED	6168; 6268; 6368	Indian Education—ED
69	Compensatory—Other		
Other Instructional Programs			
Program	Description	Revenues	Description
71	Traffic Safety	2171	Traffic Safety—Education Fees
73	Summer School	2173	Summer School—Tuition and Fees
74	Highly Capable	4174	Highly Capable
76	Targeted Assistance—Federal	6176; 6276; 6376	Targeted Assistance
78	Youth Training Programs—Federal	6178; 6278; 6378	Youth Training Programs
79	Instructional Programs—Other		
Community Services			
Program	Description	Revenues	Description
81	Public Radio and Television		
86	Community Schools	2186	Community School—Tuition and Fees
88	Early Learning Programs	2188; 4188; 4388; 6188; 6288; 6388; 8188	Tuition and Fees; State Resources Federal Resources Resources from Other Entities

PROGRAM–REVENUE DESCRIPTIONS			
Community Services			
Program	Description	Revenues	Description
89	Other Community Services	2289; 6189; 6289; 6389; 7189; 8189	Sale of Goods and Services. Federal Resources Resources from Other Districts; Resources from Other Entities
Support Services			
Program	Description	Revenues	Description
97	Districtwide Support	7197	Support Services
98	School Food Services	2298; 2998; 4198; 4398; 6198; 6298; 6398; 6998; 7198; 8198	Sale of Services Sale of Services State Resources Federal Resources USDA Commodities Resources from Other Districts Resources from Other Entities
99	Pupil Transportation	4199; 4499; 6199; 6299; 6399; 7199; 8199	Transportation—Operations Transportation—Depreciation Federal Resources Resources from Other Districts Resources from Other Entities

PROGRAM-REVENUE DESCRIPTIONS		
Other Revenue Accounts		
1000 Local Support Tax		
No specific Programs assigned To these Revenue Codes	1100	Local Property Tax
	1300	Sale of Tax Title Property
	1400	Local In Lieu of Taxes
	1500	Timber Excise Tax
	1600	County-Administered Forests
	1900	Other Local Taxes
2000 Local Support Non-tax		
No specific Programs assigned to these revenue codes.	2100	Tuition and Fees—Unassigned
	2200	Sales of Goods, Supplies, and Services—Unassigned
	2300	Investment Earnings
	2400	Interfund Loan Interest Earnings
	2450	Other Interest Earnings
	2500	Gifts, Grants, and Donations
	2600	Fines and Damages
	2700	Rentals and Leases
	2800	Settlements and Judgements
	2900	Local Support Non-Tax— Unassigned

PROGRAM-REVENUE DESCRIPTIONS		
3000 State Revenue—General Purpose		
No specific Programs assigned to these revenue codes.	3100	Apportionment
	3300	Local Effort Assistance
	3600	State Forests
	3900	Other State General Purpose—Unassigned
4000 State Revenue—Special Purpose		
No specific Programs assigned to these revenue codes.	4100	Special Purpose—Unassigned
	4130	State Matching—Paid Direct to District (CPF)
	4230	State Matching—Paid Direct to Contractor (CPF)
	4300	Other State Agencies—Unassigned
5000 Federal Revenue—General Purpose		
No specific Programs assigned to these revenue codes.	5200	General Purpose Direct Federal Grants—Unassigned
	5300	Impact Aid—Maintenance and Operations
	5400	Federal in Lieu of Taxes
	5500	Federal Forests
	5600	Qualified Bond Interest Credit—Federal
	5700	Qualified Energy Investment Tax Credits

PROGRAM-REVENUE DESCRIPTIONS		
6000 Federal Revenue—Special Purpose		
No specific Programs assigned to these revenue codes.	6100	Special Purpose—OSPI Unassigned
	6200	Direct Special Purpose Grants
	6210	E-Rate—Federal (79-66)
	6300	Federal Grants Through Other Entities—Unassigned
	6310	Medicaid Administrative Match
7000 Revenues from Other School Districts		
No specific Programs assigned to this revenue code.	7100	Program Participation—Unassigned
8000 Revenues from Other Entities		
No specific Programs assigned to these revenue codes.	8100	Governmental Entities
	8101	Governmental Entities—Enrichment
	8200	Private Foundations
	8500	Educational Service Districts
9000 Other Financing Source Accounts		
No specific Programs assigned to these revenue codes.	9100	Sale of Bonds
	9200	Sale of Real Property
	9300	Sale of Equipment
	9400	Insurance Recoveries
	9500	Long-Term Financing
	9600	Sale of Refunding Bonds
	9900	Transfers—Redirection of Apportionment
	9901	Transfers—Other Resources
	9902	Transfers—Technology and Maintenance

GENERAL FUND EXPENDITURES

Program Codes

00 Regular Instruction

- 01 Basic Education
- 02 Basic Education—Alternative Learning Experience
- 03 Basic Education—Dropout Reengagement
- 09 Transition to Kindergarten

20 Special Education Instruction

- 21 Special Education—Supplemental—State
- 22 Special Education—Infants and Toddlers—State
- 24 Special Education—Supplemental—Federal
- 25 Special Education—Infants and Toddlers—Federal
- 26 Special Education—Institutions—State
- 29 Special Education—Other—Federal

30 Vocational Education Instruction

- 31 Vocational—Basic—State
- 34 Middle School Career and Technical Education—State
- 38 Vocational—Federal
- 39 Vocational—Other Categorical

40 Skill Center Instruction

- 45 Skill Center—Basic—State
- 46 Skill Center—Federal
- 47 Skill Center—Facility Upgrades

50–60 Compensatory Education Instruction

- 51 ESEA Disadvantaged—Federal
- 52 Other Title Grants Under ESEA—Federal
- 53 ESEA Migrant—Federal
- 55 Learning Assistance Program—State
- 56 State Institutions, Centers, and Homes—Delinquent
- 57 State Institutions—Neglected and Delinquent—Federal
- 58 Special and Pilot Programs—State
- 59 Institutions—Juveniles in Adult Jails
- 61 Head Start—Federal
- 64 Limited English Proficiency—Federal
- 65 Transitional Bilingual—State
- 67 Indian Education—Federal—JOM
- 68 Indian Education—Federal—ED
- 69 Compensatory—Other

70 Other Instructional Programs

- 71 Traffic Safety
- 73 Summer School
- 74 Highly Capable
- 76 Targeted Assistance—Federal
- 78 Youth Training Programs—Federal
- 79 Instructional Programs—Other

80 Community Services

- 81 Public Radio and Television
- 86 Community Schools
- 88 Early Learning Programs
- 89 Other Community Services

90 Support Services

- 97 Districtwide Support
- 98 School Food Services
- 99 Pupil Transportation

PROGRAM EXPENDITURE CODES

Educational programs consist of activities of a school district which are directly involved in the instruction and education of students.

00 Regular Instruction

01 Basic Education

Record expenditures to provide free appropriate kindergarten through twelfth grade public education to pupils, which shall include instruction in reading, language arts, mathematics, social studies, science, music, art, health, physical education, industrial arts, and other subjects and activities, deemed appropriate by the school district.

(Reference: RCW 28A.150.210 and 28A.150.220.)

02 Basic Education—Alternative Learning Experience

Record expenditures providing basic education to students claimed for state apportionment under the provision of WAC 392-121-182 Alternative Learning Experience. This would include expenditures for providing basic education to those students that are enrolled in an on-line program as defined in WAC 392-502-010.

Expenditures are allowed in Activity 32 Instructional Technology within this program only to the extent that they are directly related to the ALE program. Examples of allowable expenditures for this program are computers and related hardware necessary to run the program, software and software licenses, and other charges that are directly attributable to the program.

(Reference: RCW 28A.150.262, WAC 392-121-182, WAC 392-502-010, Chapter 37, Laws of 2010 1st Special Session, ¶501(1)(p).)

03 Basic Education—Dropout Reengagement

Record expenditures providing basic education to students, claimed for state apportionment under the provision of ESSHB 1418, for a statewide dropout reengagement system to provide appropriate educational opportunities and access to services for students age sixteen to twenty-one who have dropped out of high

school or are not accumulating sufficient credits to reasonably complete a high school diploma in a public school before the age of twenty-one.

(Reference: RCW 28A.175.100, 28A.175.105 through 28A.175.115.)

09 Transition to Kindergarten

Record expenditures for school districts, charter schools, and state-tribal education compact schools operating transition to kindergarten instructional programs meeting all eligibility requirements. Funding provided for the program is considered enrichment resources and not part of the state's statutory program of basic education. The funding provided must be expended only for the support of operating a Transition to Kindergarten Program and best practices for site readiness of facilities used for the program. Any additional funds used in support of the Transition to Kindergarten Program must be from enrichment sources.

(Reference: SSHB 1550, Chapter 28A.300 RCW, RCW 28A.225.160, and 43.88C010)

20 Special Education Instruction

Program expenditure type 20 includes the series of programs for the education of eligible special education students.

Record in these programs the excess cost expenditures for providing special education and related services to special education-eligible students.

"Excess costs" are those expenditures for special education and related services for special education students that exceed the amount needed to provide a basic education to those students. Basic education costs are to be recorded in Program 01 Basic Education.

An "eligible special education student" means a student receiving specially designed instruction in accordance with a properly formulated individualized education program (IEP). Special education students are individuals classified as developmentally delayed, intellectually disabled, multi-disabled, deaf-blind, hearing impaired, deaf, communication disordered, visually disabled, emotionally or behaviorally disabled, orthopedically impaired, health impaired, specific learning disabled, autistic, or traumatic brain injured who, by reason thereof, require special education and related services.

Beginning with the 2007–08 school year, districts are subject to the Washington State Excess Cost Method (WSECM). The WSECM relies on each school district's Federal Child Count Report–Implementation of Least Restrictive Environment, to determine the amount of service provided to special education students outside the regular classroom.

The WSECM assumes that:

- Special education students receive their appropriate share of basic education support from basic education staff when served in the regular classroom.
- When special education students are served outside the regular classroom, basic education dollars follow them to partially support the special education services.

21 Special Education—Supplemental—State

Record special education expenditures funded by state and other sources. Include preschool special education expenditures. Also include expenses for providing home hospital services per WAC 392-172A-02100 and Medicaid school-based healthcare services for eligible special education students.

22 Special Education—Infants and Toddlers—State

Record expenditures for providing early intervention services to all children with disabilities from birth through age two. School districts provide or contract for early intervention services in partnership with local birth through two lead agencies and birth through two providers. Once a child reaches age three, record Individual Education Plan (IEP) expenditures in Program 21 Special Education—Supplemental—State.

(Reference: RCW 28A.155.065.)

24 Special Education—Supplemental—Federal

Record special education excess cost expenditures for federal grants under the Individuals with Disabilities Education Act (IDEA). Federally funded portions of the safety net award (revenue code 6124) should be reflected in program 24 expenditures.

IDEA resources are intended to supplement and, to the extent practicable, increase the level of state and local moneys expended for the education of special education students and in no case to supplant such state and local funds.

25 Special Education—Infants and Toddlers—Federal

Record expenditures for providing early intervention services to all children with disabilities from birth through age two, under Part C of the Individuals with Disabilities Education Act.

26 Special Education—Institutions—State

Record special education expenditures for conducting approved education programs for students in state residential institutions for the disabled or emotionally disturbed.

29 Special Education—Other—Federal

Record special education federal excess cost expenditures (see definition under Program 24 above) for non-designated federal special education sources. An example of this is the 8003(d) portion of impact aid.

30 Vocational Education Instruction

Record the direct expenditures incurred for operating vocational education secondary programs approved by OSPI.

31 Vocational—Basic—State

Record expenditures for work skills programs that have been approved for funding by OSPI, including state or local match requirements for federal vocational grants. Vocational work skills include, but are not limited to, family and consumer sciences education, business education, marketing education, agriculture education, health occupations education, trade and industrial education, technology education, and career education.

(Reference: RCW 28A.150.220.)

34 Middle School Career and Technical Education—State

Record expenditures for OSPI approved Career and Technical Education programs provided to middle school (grades 7 & 8) students.

(Reference: 2007–09 State Biennial Operating Budget, Section 513(10).)

38 Vocational—Federal

Record expenditures from federal grants to assist school districts in providing improved educational programs that lead to academic and occupational skills to work in a technologically advanced society.

(Reference: Carl D. Perkins Career and Technical Education Improvement Act of 2006.)

39 Vocational—Other Categorical

Record expenditures for vocational education programs for secondary students funded by categorical sources that are not identified with a specific program number in the 30 series.

40 Skill Center Instruction

Record direct expenditures incurred for operating a skill center program approved by OSPI. The skill center is encouraged to direct charge expenditures such as insurance and items related to grounds and maintenance.

45 Skill Center—Basic—State

Record expenditures for secondary vocational skill center programs that have been approved for funding by OSPI, including state or local match requirements for federal vocational grants. Teacher salaries and other curricular expenditures should be charged to this program. The skill center program director should be charged to Activity 23 Principal's Office.

46 Skill Center—Federal

Record expenditures from federal grants to assist school districts in providing improved educational programs that lead to academic and occupational skills to work in a technologically advanced society through the use of a skill center.

(Reference: 20 USC 2301–2465 and 34 CFR 401.)

47 Skill Center—Facility Upgrades

Record expenditures for a separate minor repair and maintenance capital account on facilities constructed or renovated with state funding. The use of these funds is a supplement for specific renovations, repairs, and maintenance purposes. Financial resources used for this purpose may not replace routine annual preventive maintenance expenditures included in Program 45, Skill Center—Basic—State.

(Reference: SSB 5644)

50–60 Compensatory Education Instruction

Programs designed to assist student participation in the regular instruction programs.

51 ESEA Disadvantaged—Federal

Record expenditures for federal grant programs approved by OSPI to assist districts in providing services to educationally deprived children living in low-income areas. Also record expenditures from federal entitlement grants under ESEA Title I, Part D, subpart 2, local institutions to assist school districts providing services to children under 18 years of age who have been placed in local detention centers and group homes. Schools identified for supplemental services under school improvement should report expenditures for services to students from low socio-economic families. Specific programs include, but are not limited to, the following:

- Title I, Part A—Basic (includes Title I, Part A set aside for neglected and delinquent in Part D, subpart 2)
- Title I, Part B 2—Early Reading First
- Title I, Part G—Advanced Placement
- Title X, Part C—McKinney-Vento Homeless Assistance Act, Subtitle B

(Reference: 20 USC 6301–6323, Every Student Succeeds Act, Title I, Parts A, B, and G; Title X; 34 CFR 200; RCW 28A.300.070; and chapter 392-163 WAC.)

NOTE: ESEA Title I, Part D, subpart 1 expenditures are recorded under program 57.

52 Other Title Grants Under ESEA—Federal

Record expenditures from federal grants designed to assist school districts in improving the quality of education. Specific programs include, but are not limited to, the following:

- Title II, Part A—State Grants for Improving Teacher Quality
- Title IV, Part A— Student Support and Academic Enrichment Grants
- Title IV, Part B—21st Century Learning Centers
- Title V, Part B (1) and (2)—Rural and Low-Income Schools

(Reference: Every Student Succeeds Act.)

53 ESEA Migrant—Federal

Record expenditures for federal grant programs to assist districts in providing services to migratory children age 3 through 21, or until graduation, of migratory agricultural workers or of migratory fishers who have moved from one school district to another during the past 36 months to obtain temporary or seasonal employment in agriculture, fishing, or related food-processing activities.

(Reference: Every Student Succeeds Act, Title I, Part C; 34 CFR 206, RCW 28A.300.070, chapter 392-164 WAC.)

55 Learning Assistance Program—State

Record expenditures for state-funded assistance to students who are deficient in basic skills achievement in reading, mathematics, and language arts.

(Reference: RCW 28A.165.010 through 28A.165.090; chapter 392-162 WAC.)

56 State Institutions, Centers, and Homes—Delinquent

Record expenditures for the following:

- State group homes for delinquent youth—Educational programs provided by local school districts in facilities financed by the Division of Juvenile Rehabilitation of DSHS to house adjudicated youth 24 hours a day.
- Juvenile parole learning centers—Education provided under the guidance of local school districts in facilities for adjudicated youth funded by the Division of Juvenile Rehabilitation of DSHS.

- County detention centers—Education in facilities maintained for treatment and education of juveniles who have been placed under protective custody or have committed a criminal offense.
- State institutions for delinquent youth—Education in facilities established by DSHS for the diagnosis, confinement, and rehabilitation of juveniles committed by the courts.

(Reference: RCW 28A.190.020 through 28A.190.060.)

57 State Institutions—Neglected and Delinquent—Federal

Record expenditures from federal grants (Every Student Succeeds Act, Title I, Part D, subpart 1) to assist school districts in providing services to children under 21 years of age who have been placed in a state institution for neglected or delinquent children, in an adult correctional institution, or a community day program operated by a state agency.

(Reference: Every Student Succeeds Act, ESEA Title I, Part D, subpart 1.)

NOTE: ESEA Title I, Part D, subpart 2 expenditures are recorded under program 51.

58 Special and Pilot Programs—State

Record expenditures for state-funded special and pilot programs as defined by the state Legislature.

59 Institutions—Juveniles in Adult Jails

Record expenditures for providing a program of basic education to youth under the age of 18 who are incarcerated in adult correctional facilities.

(Reference: RCW 28A.194.005 through 28A.195.900, WAC 392-122-205 and 392-122-228.)

61 Head Start—Federal

Record expenditures from federal grants to assist school districts in providing comprehensive health, educational, nutritional, social, and other services primarily to economically disadvantaged children from age 3 to school age and to involve

parents in activities with their children so that the children will attain overall social competence.

(Reference: 45 CFR 1300.)

64 Limited English Proficiency—Federal

Record expenditures from federal grants to assist school districts in developing and providing services to children with limited proficiency in understanding, speaking, reading, or writing English.

(Reference: Every Student Succeeds Act, Title III; 20 USC 3281–3283; 20 USC 3291–3292; 34 CFR.)

65 Transitional Bilingual—State

Record expenditures for supplemental services for the benefit of students in the bilingual education program in the district. Under this program, an eligible student is one whose primary language is not English and whose English language skills are significantly deficient or absent.

(Reference: RCW 28A.180.010 through 28A.180.080.)

67 Indian Education—Federal—JOM

Record expenditures from federal grants to assist school districts in providing supplemental education programs for children who are (1) enrolled members (or at least quarter-blood members) of federally recognized tribes eligible for service by the Bureau of Indian Education and (2) are between age 3 through grade 12 with priority given to those residing on or near Indian reservations. (Education contracts under Johnson O'Malley Act [P.L. 93-638].)

(Reference: Johnson O'Malley Act (JOM) and 25 CFR.)

68 Indian Education—Federal—ED

Record expenditures for supplemental federal assistance to develop and carry out programs designed to meet the unique educational and culturally related academic needs of Indian pupils in public schools, with priority given to urban and other non-reservation-based Indian students.

(Reference: P.L. 103-82, 20 USC 7801.)

69 Compensatory—Other

Record expenditures for other compensatory programs. This could include programs funded in total or in part by counties, cities, foundations, or other private agencies not identified with specific expenditure program numbers previously listed in the 50 and 60 series; for example, Learn and Serve grants.

70 Other Instructional Programs**71 Traffic Safety**

Record the expenditures for accredited courses in traffic safety instruction. Traffic safety education develops student skills to safely operate motor vehicles, the knowledge of motor vehicle laws, and an understanding of causes and consequences of traffic accidents.

(Reference: chapter 28A.220 RCW and chapter 392-153 WAC.)

73 Summer School

Record expenditures for summer school programs.

(Reference: RCW 28A.320.500 and 28A.320.510.)

74 Highly Capable

Record expenditures for supplemental services for the benefit of highly capable pupils.

(Reference: RCW 28A.185.010 through 28A.185.030.)

76 Targeted Assistance—Federal

Record expenditures for promising educational programs for:

- At-risk students and those students who require higher than average expenditures to serve.
- Support for supplementary resources and instructional computer hardware.
- Schoolwide improvements.
- Professional development.

- Enhancement of student academic achievements.
- Other innovative projects.

(Reference: Improving America's Schools Act of 1994, Title I, Part A; 34 CFR 200; and chapter 392-165 WAC.)

78 Youth Training Programs—Federal

Record expenditures for federally funded programs to provide disadvantaged youth with job training. Examples include Job Training Partnership Act (JTPA) and Youth Work Experience programs.

(Reference: 29 USC 801 et. seq. and 20 CFR 680.)

79 Instructional Programs—Other

Record expenditures not directly identifiable with specific other instructional programs in the 70 series. Examples include, but are not limited to, the following:

- AIDS Education
- Character Education
- Drug and Alcohol Substance Abuse (DASA) Prevention and Intervention
- Refugee School Impact
- REAP
- Teen Aware
- GEAR UP
- E-Rate—Federal

80 Community Services

Record in the 80 series expenditures for operating programs primarily for the benefit of the whole community or some segment of the community. Exclude regular instructional programs operated by the school district. This series includes direct expenditures for custodial and detention care of children and recreation such as ski school, swimming, and civic activities. Expenditures for feeding the elderly should be charged here by transfer from Program 98 School Food Services.

81 Public Radio and Television

Record expenditures for the operation of radio and television stations broadcasting on the public airwaves and accessible to the general public. Grants from the Corporation for Public Broadcasting or public donations in support of public broadcasting are expended in this program.

86 Community Schools

Record expenditures for community education programs or service programs on a noncredit and nontuition basis.

(Reference: chapter 28A.620 RCW.)

88 Early Learning

Record expenditures for the care or instruction, or both, of children served by Preschool, Child Care, Play Groups, and Before-and-After School Care programs operated or supported by the school district.

Every board of directors shall have power to establish, equip, and maintain preschools for children of working parents, in cooperation with the federal government or any of its agencies, when in their judgment the best interests of their district will be subserved thereby.

Expenditures under federal funds or state appropriations made to carry out the purposes of RCW 28A.215.010 through 28A.215.050 shall be made by warrants issued by the state treasurer upon order of the superintendent of public instruction. School district may only utilize funds outside the state basic education appropriation and the state school transportation appropriation for services related to these programs.

Allowable program elements may include:

- Contract with public and private entities to conduct all or any portion of the management and operation of an early learning program at a school district site or elsewhere.
- Establish charges based upon costs incurred, as outlined in RCW 28A.215.050.
- Transport children enrolled in an early learning program to the program and to related sites as outlined in RCW 28A.215.050.

Program examples include, but are not limited to, the following:

- ECEAP
- Part-day or full-day preschool
- Preschool cooperatives
- Play groups (Kaleidoscope Play and Learn, 1-2-3 Grow and Learn)

(Reference: chapter 28A.215 RCW.)

89 Other Community Services

Record expenditures for community service programs for which a specific program has not been assigned in the 80 series. Districts that are a part of a vehicle maintenance cooperative with other school districts should transfer costs for vehicles other than the district's school buses from Program 99 into this program using the debit-credit transfer procedure.

90 Support Services

Support service programs consist of activities to accomplish objectives that support the educational programs of the district.

97 Districtwide Support

Record expenditures for districtwide support assigned to Activities 11 through 15, 25, 61 through 69, 72 through 75, and 83 through 85 that are not directly identifiable with any one program. These are shared expenditures related to operations of the school district as a whole rather than any particular program.

98 School Food Services

Record the direct expenditures for preparing and serving meals and a la carte items to pupils under the National School Lunch Program, School Breakfast Program, Special Milk Program, Seamless Summer Feeding Waiver, the Fresh Fruit and Vegetable Program, the Child and Adult Care Food Program and the Summer Food Services Program. Also, record the direct expenditures for serving meals and a la carte items to adults.

All food service program direct expenditures are charged and accounted for in Program 98. This includes, but is not limited to, expenditures incurred for the National School Lunch Program, School Breakfast Program, Special Milk Program, the Child and Adult Care Food Program and the Summer Food Services Program.

All other food service direct expenditures not incurred for one of the programs listed above are charged to Program 98 and later transferred to the program that sponsored the direct expenditures. Other programs utilizing food services are charged the costs in the Debit/Credit transfer process. Use Credit transfers (Activity 49) to transfer expenditures for food services to other programs and debit other program and activities as appropriate.

(Reference: 42 USC 1751–1760, 1779; P.L. 79-396, 89-642, 91-248, 95-166, 95-627, 96-499, 97-35; and 7 CFR 210 through 247.)

99 Pupil Transportation

Record expenditures for transporting pupils to and from school, including between locations in the district, during the school year. Other transporting of students and nonstudents may be initially charged to this program when the expenditures cannot be easily and conveniently separated from the regular transportation expenditures (to and from school, including interdistrict) and then transferred to other programs as appropriate.

Transportation-related services as necessary to provide students with the opportunity to equitably access educational services in a remote learning environment are considered permissible transportation activities and deemed an allowable use of the current transportation allocation. See Activity 58 for detailed guidance.

Adult school crossing guards should be charged to Program 99. Adult supervision for programs such as Walking School Bus and other walk to school programs should also be charged to Program 99.

Appendix B contains more guidance on to and from transportation, including guidance on separating and removing costs that are non to and from transportation expenditures out of Program 99.

Credit transfers (Activity 59) to transfer expenditures for transportation to other programs and debit other program and activities as appropriate.

(Reference: chapter 28A.160 RCW.)

ACTIVITY EXPENDITURE CODES

Activity Codes

10 Administration

- 11 Board of Directors
- 12 Superintendent's Office
- 13 Business Office
- 14 Human Resources
- 15 Public Relations

20 Instruction

- 21 Supervision
- 22 Learning Resources
- 23 Principal's Office
- 24 Guidance and Counseling
- 25 Pupil Management
- 26 Health and Related Services
- 27 Teaching
- 28 Extracurricular
- 29 Payments to School Districts

30 Instructional Support

- 31 Instructional Professional Development
- 32 Instructional Technology
- 33 Curriculum
- 34 Professional Learning--State
- 35 Pupil Safety

40 School Food Services

- 41 Supervision
- 42 Food
- 44 Operations
- 49 Transfers

50 Pupil Transportation

- 51 Supervision
- 52 Operations
- 53 Maintenance
- 56 Insurance
- 58 Remote Learning Operations
- 59 Transfers

60 Maintenance and Operation

- 61 Supervision
- 62 Grounds Maintenance
- 63 Operation of Buildings
- 64 Maintenance
- 65 Utilities
- 66 E-Rate—Federal
- 67 Building and Property Security
- 68 Insurance
- 69 Depreciation Sub-Fund Facility Maintenance

70 Other Services

- 72 Information Systems
- 73 Printing
- 74 Warehousing and Distribution
- 75 Motor Pool

80 Debt Service

- 83 Interest
- 84 Principal
- 85 Debt-Related Expenditures

90 Public Activities

- 91 Public Activities

10 Administration

This series consists of those activities related to the general direction, regulation, and control of the affairs of the school district that are organization wide. These expenditures are to be charged to Program 97, Districtwide Support.

11 Board of Directors

Include those responsibilities that are not delegated but are retained and carried out by the school district's governing board. Delegated responsibilities will be charged to the activity in which the person responsible is charged.

Include such items as expenditures for board memberships, audits, elections of school board members, legal services, judgments not covered by insurance, census, and, as provided by RCW 36.70.015 for regional planning.

12 Superintendent's Office

This activity relates to districtwide administrative responsibility. It consists of general administration and superintendent's office. Include election costs for bonds and levies in this activity.

Election costs for successful bonds and levies for capital projects may be paid from the Capital Projects Fund. The Capital Projects Fund may reimburse election costs for unsuccessful levies paid from the General Fund if the levy is passed within the same fiscal year. The Capital Projects Fund may also reimburse election costs for prior unsuccessful bond elections paid from the General Fund to the extent such reimbursement complies with the federal tax code.

13 Business Office

This activity consists of the financial and accounting operations of a district. Include districtwide research and planning for budgeting, accounting, bookkeeping and statistical services, business administration, fiscal control, purchasing, and payroll.

14 Human Resources

This activity consists of the personnel recruitment and placement activities of the district. This would include expenditures such as employee assistance programs,

employment services, classification and compensation, human resources information systems, labor relations, recruitment and development, employee association representatives, etc.

15 Public Relations

This activity consists of writing, editing, and other preparation necessary to disseminate educational and administrative information to parents, students, staff, and the general public through direct mailing, the various news media, email, internet websites, and personal contact.

20 Instruction

This series consists of activities dealing directly with or aiding in the teaching of students or improving the quality of teaching, such as professional development. These are the activities of teachers, principals, consultants, supervisors of instruction, attendance services, guidance and counseling, psychological and speech services, health services, and social services.

Direct charging to specific instructional programs is done if the expenditures can be identified as applying to the specific program(s). Do not charge supportive services expenditures to Programs 97, 98, or 99 except for Activity 25 Pupil Management, Activity 29 Payments to School Districts and Activity 35 Pupil Safety.

21 Supervision

This activity is used to record expenditures for overall leadership for the instructional programs.

Include the expenditures for staff members providing supervision, coordination, evaluation, and development in instruction, instructional materials, and pupil services programs. Also include secretarial and clerical assistants along with nonemployee-related costs for these functions. Include expenditures for training supervisors for their supervisory activities.

22 Learning Resources

Include the part of the instructional program that provides services and materials specifically designed to improve learning through use of instructional or educational aids. It provides for organizing learning resources in a systematic manner at locations where they are available for use by pupils and staff members in educational programs of the school. Learning resource materials include books, film, video, pictures, charts, models, and other materials for aiding instruction.

Operations performed under this activity include, but are not limited to, film inspection; audio-visual equipment operation; storing and dispensing of audio-visual materials and equipment; development of films, charts, models, and other materials for aiding instruction; and other activities which have as their purpose the improvement of learning through the use of pictures, films, tapes, or other media. Include such services as those of the audio-visual consultant, film inspector, film librarian, projectionist, programmer, graphic artist, librarians, and catalogers, and their secretarial, clerical, and other assistants. Include services, equipment, and materials designed to provide learning through the use of television or radio. Include such services as script writing, planning, and recording broadcast programs. In terms of personnel, it includes the director, projectionist, scriptwriter, camera operator, and secretarial, clerical, and other assistants. The operation of computers previously recorded in this activity should now be recorded in Activity 32 Instructional Technology.

23 Principal's Office

This activity covers management and coordination of a school unit. Specifically, it includes the implementation of administrative policies, assignment of duties to staff members, administration of the instructional program, evaluation of the efficiency of staff members, supervision of the maintenance and operation workers as their work may affect the school unit's program, management of records, coordination of the school unit's program of instruction with the districtwide program, and such other management and coordination of programs as required for the operation of an elementary or secondary school or school of adult education.

Include the duties of the principal, assistant principal, vice principal, and skill center director, and their secretarial and clerical assistants assigned to coordinate and manage the operation of a school unit, including attendance secretaries.

24 Guidance and Counseling

Include expenditures involved in aiding pupils to assess and understand their abilities, aptitudes, interests, environmental factors, and educational needs through activities such as student assessment testing.

Include that part of the pupil services program concerned with assisting pupils in increasing their understanding and use of educational and career opportunities. Include activities of the counselor, social worker, guidance director, secretaries, registrars, clerks, and other assistants, and outreach for deprived students or homeless liaison work.

25 Pupil Management

Include expenditures for hall guards, crossing guards, bus aides, and playground aides. Also include expenditures for lunchroom aides when their duties involve control and assistance of students. Lunchroom aides who assist in preparation or distribution of food are charged to Activity 44 Operations.

In addition, include personnel who are involved with early identification of patterns of nonattendance, analysis of causes of nonattendance, early professional action on problems of nonattendance, and enforcement of compulsory attendance laws. Attendance secretaries whose position does not involve resolving the nonattendance issues listed above should be coded to Activity 23.

Also include administrative expenses such as cell phones that are utilized by personnel responsible for pupil management. The cost of adult crossing guards or adult supervisors for programs such as Walking School Bus should be charged to this activity within Program 99.

26 Health and Related Services

Include services in the field of physical and mental health consisting of medical, dental, optometry, psychiatric, doctor, nurse, orientation-mobility specialists, occupational therapists, and physical therapists. Also include duties of the psychologist, psychometrist, language pathologists, and audiometrists, and their secretarial, clerical, and other assistants.

27 Teaching

Include expenditures of instructing pupils in a teacher-pupil learning situation where the teacher is regularly in the presence of the pupils or in regular communication with pupils (such as with distance learning and running start) in a systematic program designed to assist pupils in acquiring new or improved knowledge, skills, and understandings.

Include the direct expenditures for classroom teachers, teachers' aides, teachers of homebound, teachers of institutionalized, correspondence teachers, and others assigned to instruct pupils regularly in a teacher-pupil learning situation, and their secretaries, clerks, and other assistants.

Do not include the costs of textbooks, electronic textbooks, instructional software, science equipment, workbooks, and similar items. These costs should be charged to Activity 33 Curriculum.

The following costs are examples of materials and supplies that should be charged to this activity:

- Instructional materials
- Student supplies
- Student planners
- Classroom materials
- Reference materials used in the classroom
- Basic instructional supplies
- Basic instructional supplemental materials
- Test prep workbooks
- Science classroom chemicals

28 Extracurricular

This activity is used to record expenditures directly related to student services such as coaching, class or student activity advising, supervising student body fund accounting, and related duties. (*Legal reference: AGO 1973, No. 11—Student Fees; AGO 1973, No. 22—Uniforms; see also AGO 1974, No. 21—Funding of Interscholastic Athletic Activities; RCW 28A.325.010 through 28A.325.030; chapter 392-138 WAC.*) Also include transportation expenditures (chartered or provided in-district) for extracurricular activities that are not recorded in the ASB Fund. District-operated

transportation expenditures should be charged to this activity using debit and credit transfer objects of expenditure.

Also chargeable to this account are expenditures directly related to skill center project (job) accounts, including bookstores and child care services. Child care services are charged to Activity 91 Public Activities in Program 88 Early Learning.

29 Payments to School Districts

This activity is used to record payments to other school districts including, but not limited to, nonhigh, special education, and skill center payments by participating school districts.

30 Instructional Support

The activities in this series are used to record expenditures that are incurred in support of the district's educational programs.

31 Instructional Professional Development

This activity is used to record expenditures for the instructional professional development of school district personnel. These include such activities as in-service training, workshops, conferences, demonstrations, and other activities related to the ongoing growth and development of personnel.

This activity may include course registration fees, tuition reimbursement, charges from external vendors to conduct training courses (at either school facilities or offsite), related travel and other expenditures associated with training and professional development.

Base salaries for attendees should not be coded to this activity. Assigned professional development staff will have their regular salaries charged to this activity. Additional contract days that are provided for the express purpose of professional development should be recorded in this category.

32 Instructional Technology

This activity is used to record expenditures relating to costs of computers and related equipment that is based in the school. Expenditures to be recorded in this activity are computers and other classroom technology such as printers, projectors, document cameras, smart boards and other peripheral equipment. Software costs of operating school-based computers and other standard software installed on all school-based computers may be charged here. Expenditures for computer-based curriculum, such as digital textbooks or educational software, should be coded consistent with other curriculum under Activity 33.

The salary and benefit costs for those staff members that support instructional technology may be charged to this activity. Expenditures for districtwide technology, or central services such as a help desk or IT department should not be coded here but should be coded to Program 97 Activity 72.

33 Curriculum

This activity is used to record costs relating to the development and implementation of curriculum for the school district. The term "curriculum" has two meanings. The first meaning of "curriculum" is all of the subjects and course offerings within a district, as well as policy and procedure changes that constitute a course of study. The second meaning of "curriculum" is all of the textbooks, electronic resources, and other instructional materials that are associated with a particular course offering.

The costs for salaries and benefits for this activity are limited to those staff members that support curriculum. This includes tasks such as proposing, researching, evaluating, recommending, planning, developing, or implementing changes to the overall curriculum of the district or to individual course offerings. It also includes reviewing and recommending changes to relevant school board policies and related administrative expenditures.

The cost of new and replacement textbooks and other materials that relate to curriculum implementation are recorded here. These are items that will be utilized in a classroom setting to provide instruction to students.

These costs include, but are not limited to:

- Textbooks
- Electronic textbooks (including annual licensing or subscription fees)
- Instructional software (including annual licensing or subscription fees)

- Durable equipment related to specific curriculum delivery
- Hands-on science kits
- Mathematic manipulatives
- Sheet music
- Workbooks and kits used in lieu of workbooks

The purchase of electronic equipment that will be used to deliver curriculum such as tablets, computers, or e-readers should not be charged to this activity. The cost of electronic equipment that is to be used in the classroom should be coded to Activity 32 Instructional Technology.

The cost for teacher training in the implementation of new curriculum, whether in the form of new courses of study or new textbooks for existing courses of study, should not be charged to this activity. The cost of training should be charged to Activity 31 Instructional Professional Development.

Consumable supplies, with the exception of workbooks, are not considered curriculum, and should be charged to Activity 27 Teaching.

34 Professional Learning—State

This activity is used to record expenditures for state-funded professional learning for certificated instructional staff. State-funded professional learning support and activities may include, but is not limited to, courses, workshops, institutes, networks, studio residencies, virtual learning modules, and conferences provided by for-profit and nonprofit entities outside the school such as universities, educational service districts, technical assistance providers, networks of content specialists, and other education organizations and associations. Assigned certificated professionals providing support and activities can have their regular salaries charged to this activity.

Activity 34, Professional Learning–State, is similar to Activity 31, Instructional Professional Development, with the following exceptions. Activity 34 is only open in state-funded programs. Activity 34 is closed to all programs that do not generate a funding allocation for this purpose. Classified staff salaries are closed in Activity 34. All classified staff costs associated with professional development should be coded to Activity 31.

Per RCW 28A.150.415, the funding provided under this section must be audited as part of the regular financial audits of school districts by the state auditor's office to

ensure compliance with the limitations and conditions of this section. Expenditures related to the allocation must meet the definitions and standards provided in RCW 28A.415.430, 28A.415.432 and 28A.415.434. If the yearly allocation, plus carryover, is not fully expended by the end of the fiscal year, the residual allocation should be identified in the financial records as restricted carryover. Use GL 821–Restricted for Carryover of Restricted Revenues.

35 Pupil Safety

Include expenditures for pupil safety personnel, or "safety and security staff" who are working on school property when students are expected to be present. As defined in RCW 28A.320.124, "Safety and security staff" means a school resource officer, a school security officer, a campus security officer, and any other commissioned or noncommissioned employee or contractor, whose primary job duty is to provide safety or security services for a public school. Employees charged to this Activity Code are required to complete the training requirements for Safety & Security Staff outlined in [RCW 28A.310.515](#). Employee time may be split-coded to use Activity 35 so long as the employee has intended and regularly scheduled duties as a safety and security staff member as one of their primary functions.

Do not include expenditures for staff who are assigned to occasionally monitor hallways, entrances, and perimeters during peak times if their primary duty functions are other than safety and security. Continue to charge these staff as currently assigned or to Activity 25 Pupil Management.

Do not include expenditures for building security that must be charged to Activity 67 Building and Property Security.

Also include administrative expenses such as cell phones that are utilized by personnel responsible for pupil safety.

(Reference: RCW 28A.310.515; RCW 28A.320.124; RCW 28A.320.1241; RCW 28A.320.1242)

40 School Food Services

The activities in this series are used to record operating expenditures for nutrition services (the preparation and serving of regular and incidental meals for pupils and teachers as provided by RCW 28A.235.120) provided in connection with regular school activities.

Expenditures identified with this series must be charged to Program 98 School Food Services, except:

- Expenditures chargeable to other programs for which program approval has been obtained through the use of debit and credit transfer objects.
- Expenditures chargeable to Program 73 Summer School and Program 89 Other Community Services through the use of debit and credit transfer objects.

41 Supervision

This activity is used to record the expenditures for managing, directing, and supervising the food service program. Services include those of supervisory, secretarial, and other assistants involved in the administration of the food service program. Examples include directors, director's support staff, and dieticians.

42 Food

Include the expenditures for all food (purchased and commodities) used in connection with the regular food services program including expenditures for processing, freight, delivery, and storage.

44 Operations

Include the direct expenditures for preparing and serving breakfasts and lunches in connection with school activities and the delivering of prepared meals to schools. Include services of cooks, cashiers, and kitchen help expenditures, contractual services, supplies, and materials (other than food), travel, and capital outlay. Include lunchroom aides who assist in food preparation or distribution.

49 Transfers

This activity, under Program 98 School Food Services, is used exclusively for transferring expenditures for banquets, feeding of the elderly, feeding approved child care children, and other feeding operations not chargeable to Program 98. Expenditures to be transferred out are accumulated in Activities 41 through 44 along with other school food services expenditures.

50 Pupil Transportation

This series is charged with expenditures related to the conveyance of pupils.

Expenditures identified with this series must be charged to Program 99 Pupil Transportation, except:

- Transportation expenditures chargeable to other programs for which program approval has been obtained through the use of debit and credit transfer objects.
- Expenditures chargeable to Program 73 Summer School and Program 89 Other Community Services through the use of debit and credit transfer objects.
- Purchases and rebuilding expenditures for pupil transportation vehicles must be charged to the Transportation Vehicle Fund.

51 Supervision

This activity is used to record expenditures relating to the overall supervision of the pupil transportation program. Include the expenditures for managing, directing, and supervising the transportation program. Services include those of supervisory, secretarial, and other assistants in establishing routings and schedules, supervision of vehicle operations and maintenance, dispatching, and training pupil transportation staff.

52 Operations

Include direct operating expenditures for buses and payments to firms for transporting pupils. The only salaries charged to this activity are those of the bus drivers. Include expenditures for the transportation of pupils by means other than school buses as well as expenditures for medical exams for bus drivers. Vehicle fuel costs should be charged to Object 5 under this activity.

53 Maintenance

The expenditures for maintaining pupil transportation vehicles are charged to this activity. Include such services as mechanical repair, painting, checking for safety, cleaning, greasing, and preventive maintenance. Also charged to this activity are tires, tubes, antifreeze, first aid kits, oils, lubricants, and fire extinguishers. Include rent, custodial, and related services for the garage, and the repair and maintenance of the garage buildings, grounds, and equipment. Also included are the expenditures for replacement and additional shop equipment.

56 Insurance

Include expenditures for insuring pupil transportation vehicles and providing the school district with liability protection. Types of insurance include liability, property damage, medical care, collision, fire, and theft damage.

58 Remote Learning Operations

Include direct operating expenditures for buses used in the remote learning operations. The only salaries charged to this activity are those of the bus drivers. Remote Learning services include:

- The use of bus drivers, and the corresponding use of school buses, to deliver one or more of the following education tools and services to students in their remote learning locations on a schedule to be determined by school districts:
 - learning materials, including but not limited to workbooks, homework packets, paper assignments, and other tangible instructional materials
 - meals; and
 - any hardware, Wi-Fi hotspots, or other technology solutions that increase student access to remote learning online curriculum; and
- The transportation of students to and from learning centers or other public or private agencies where educational and support services are provided to students.

Also include contracted service payments to firms for the direct costs incurred for operating buses in remote learning operations. Other portions of payments made to contracted firms for transportation-related services should be allocated to other appropriate activities within Program 99: Supervision, Maintenance, and Insurance.

Include other transportation expenditures for remote learning operations carried out by means other than school buses. Vehicle fuel costs should be charged to Object 5 under this activity.

School districts are required to track and document the specific time and uses of school buses and bus drivers to deliver remote learning services.

59 Transfers

Include the expenditures for providing transportation for pupils on trips in connection with educational programs, including exhibits, films, galleries, theaters, music halls, ski schools, environmental sites, and other locations for the purpose of broadening their knowledge and experience. Include motor pool expenditures originally charged to the Activity 50 series that must be transferred to Activity 75 Motor Pool. Expenditures to be transferred out are initially accumulated in Activities 51 through 53 along with other transportation expenditures.

60 Maintenance and Operation

This series consists of activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in an efficient working condition. Expenditures identified with this series must be charged to Program 97 Districtwide Support, except:

- Expenditures identifiable with federal programs that should be charged directly or through the use of debit and credit transfer objects.
- Expenditures chargeable to a state program for which approval has been obtained for specific direct expenditures.
- Expenditures chargeable directly to Program 89 Other Community Services (Activities 63, 65, 67 and 68 only).
- Expenditures chargeable directly to Program 99 Pupil Transportation (Activities 62, 63, 64, and 67 only).
- Expenditures for Pupil Management are chargeable directly to Activity 25.
- Expenditures for Pupil Safety are chargeable directly to Activity 35.

61 Supervision

This activity is used to record expenditures relating to the supervision of the maintenance and operations of the school district. Include the expenditures for the services of supervisory personnel and their secretarial and clerical assistants, property managers, assistant property managers, and those administrative expenses required for maintenance and operation oversight.

62 Grounds Maintenance

Include expenditures for routine care of grounds, such as raking, hoeing, watering, cutting, and protecting lawns, transplanting, trimming, and caring for flowerbeds. Include all related supplies and materials.

Maintenance includes expenditures for maintaining grounds and equipment. Include repairing or replacing walks, fences, tennis courts, playground surfaces, lawn sprinkling systems, outside flagpoles, driveways, and sewers.

63 Operation of Buildings

Operations encompass those activities related to a building's normal performance of the function for which it is used. Include expenditures for custodians. Include expenditures for all small equipment items and consumable supplies used by personnel in operating the building.

In addition, include rental expenditures for land and buildings for purposes other than pupil transportation. Equipment rentals are charged to the using activity and appropriate program.

64 Maintenance

Maintenance is the upkeep of property and equipment, work necessary to realize the originally anticipated useful life of a building. Included are expenditures for maintaining buildings and equipment through repair and upkeep. Services include, but are not limited to, repainting, redecorating, resurfacing, refinishing, reshingling, and repairing of structures, foundations, doors, windows, hardware, gutters, downspouts, window glass, window shades, stage curtains, drapes, and built-in equipment such as lockers, cabinets, Venetian blinds, swimming pool filtration equipment, soap and towel dispensers, bulletin boards, and door checks.

For example, include expenditures for moving portable structures and maintenance of service systems, including the repair and replacement of heating systems, electric lighting systems, bells, clocks, communication systems, voice systems, sewers, fire safety systems, plumbing systems, and elevators.

When the fabrication of equipment and furnishings by school employees is an appreciable expenditure, expenditures should be transferred to the using activity and appropriate program.

Contractual repair and maintenance of equipment, including audio-visual and refrigeration equipment, should be charged to the using activity and the appropriate program. Transfer in-house repair expenditures to the using program and activity by means of debit-credit transfer objects.

Maintenance of buildings and equipment for Program 99 Pupil Transportation should be charged to Activity 53, Pupil Transportation Maintenance.

65 Utilities

Include expenditures for water, electricity, sewage, gas, coal, wood, oil, sanitary, recycling, basic voice telecommunications services, and other service assessments or charges. Telecommunications expenditures that are part of the instructional program, such as video or data transmission, may be charged directly to the appropriate activity or may be transferred using debit and credit transfer objects of expenditures. Utility costs may not be charged to any program in which this activity is not allowable.

66 E-Rate—Federal

Include expenditures for telecommunications services, and other service assessments, discounts, or charges allowable as provided through the E-Rate funding commitment decision letter. School districts that receive E-Rate funding commitments are direct recipients of a federal award regardless of whether the district chooses to receive:

- A direct reimbursement against the commitment; or
- Has its service provider seek reimbursement on its behalf.

This Activity Code is only available in Program 79. E-Rate expenditures cannot be commingled with other state and local expenditures within the same activity code and E-

Rate expenditures cannot be accounted for in another BEA or Categorical Program. Allowable costs are limited to the materials, supplies, and operating cost (MSOC) Object codes, as provided.

67 Building and Property Security

Include services designed to protect buildings and other property of the district from unlawful entry, vandalism, and burglary. Include the expenditures for security supervision, security patrols, intrusion devices, and cell phone expenses related to security supervision. Include maintenance of security devices and telephone line charges as well as monitoring expenditures. Also include expenditures for fire protection services. Charge services related to pupil management to Activity 25. Charge services related to pupil safety to Activity 35.

68 Insurance

Include provision for property, employee, liability insurance, and fidelity bonds in this activity. Insurance deductible amounts may be included in this activity. Do not include pupil transportation insurance that is charged to Activity 56 Insurance.

69 Depreciation Sub-Fund for Facility Maintenance

This Activity Code is only applicable for use in school districts of the second class as defined by RCW 28A.300.065 and may only be utilized upon a formal resolution of the board to commit resources in General Ledger Account Code 873—Committed to Depreciation Sub-Fund for Facility Maintenance and for the specific purposes as outlined below.

Include expenditures for the purpose of preventative maintenance or emergency facility needs. The preventative maintenance must be necessary to realize the originally anticipated useful life of a building or facility and include: Exterior painting of facilities; replacement or renovation of roofing, exterior walls, windows, heating, air conditioning and ventilation systems, floor coverings in classrooms and common areas, and electrical and plumbing systems; and renovation of playfields, athletic facilities, and other district real property.

Second class school districts, subject to applicable public works bid limits, may use school district employees to perform preventative maintenance with moneys from the depreciation subfund, but moneys from the depreciation subfund may not be used for employee compensation unrelated to these specific purposes.

70 Other Services

This series includes those services of information systems, printing, warehousing and distribution, and motor pool. The direct expenditures for traffic safety education recorded in Activity 75 Motor Pool will be transferred to Program 71 Traffic Safety.

Expenditures identified with this series will be charged to Program 97 Districtwide Support, except:

- Expenditures identifiable with federal programs that must be charged directly or through the use of debit and credit transfer objects.
- Expenditures chargeable to a state program for which program approval has been obtained.
- Expenditures in this series that are chargeable to any other program may be transferred to that program from Program 97 through the use of debit and credit transfer objects.

72 Information Systems

Include all expenditures concerned with the operation of a recognized organizational unit that administers the district's information system. Such services as systems and database development and maintenance, processing data, and storage of data are charged here. Include the operation of the district's network including, but not limited to, server equipment, technology staff, maintenance costs and agreements, internet connection fees, right of way fees, operating systems and managing system software, content filtering, and network security.

Information systems expenditures that are specific to a program, such as computer-assisted instruction and classroom terminals, may be charged directly to the appropriate program and activity.

73 Printing

Include the operating expenditures for duplicating, printing, or otherwise reproducing printed materials by a print shop and contracted printing services. Transfer printing expenditures that are part of the instructional program to the appropriate activity through the use of debit and credit transfer objects.

74 Warehousing and Distribution

Include the expenditures for distributing supplies, delivering mail, and the expenditures for operating a central warehouse. Warehousing and distribution expenditures that are part of other programs, such as delivery of meals to schools, may be charged directly to the appropriate activity or may be transferred through the use of debit and credit transfer objects.

75 Motor Pool

If accumulating motor pool expenditures for allocation to using programs, include all direct expenditures for operating motor vehicles and other motor-driven transportation equipment used for purposes other than pupil transportation. Include the operating expenditures for staff cars, maintenance vehicles, traffic safety cars, delivery trucks, and other nonpupil transportation motor-driven equipment. Include the expenditures for the acquisition of vehicles and for contracted maintenance of vehicles. Direct expenditures that may have been originally charged to the pupil transportation program, such as gasoline, oil, parts, and repair, will be transferred to the activity periodically or at the end of the year.

Use debit and credit transfer objects of expenditure to transfer expenditures in this activity to the end-using program. Transfer operating expenditures for traffic safety cars to Program 71 Traffic Safety.

If a portion or all of the expenditures for vehicles used in a single program can be conveniently isolated without the use of this activity, it need not be used. Instead, charge the expenditures directly to the using program.

Districts that participate in maintenance and repair cooperatives for pupil transportation equipment with other school districts or for vehicles owned and operated by other governmental entities should record those activities in Program 89 Activity 75.

80 Debt Service

Expenditures identified with this series are charged to Program 97 Districtwide Support.

83 Interest

Record warrant interest and all other interest expenditures, including interest on conditional sales contracts, purchase agreements, and interfund loans.

84 Principal

Record the principal portion of matured debt.

85 Debt-Related Expenditures

Record expenditures necessary to issue debt. Also record expenditures made to the U.S. Treasury rebating arbitrage earnings.

90 Public Activities

This series consists of community-wide activities provided by the school district. They are not confined to one program, school, or narrow phase of school activity. Such expenditures are to be charged to Program 61 Head Start—Federal, Program 79 Instructional Programs—Other, Program 81 Public Radio and Television, Program 88 Early Learning, and Program 89 Other Community Services.

91 Public Activities

Record expenditures for operating community service programs that are not charged to other specific activities. Include expenditures for ski schools, childcare centers, servicing community transit bus fleets, etc.

OBJECT OF EXPENDITURE CODES

Objects of expenditure codes describe the goods or services provided to accomplish the objectives of the program and activity. In the account code structure, the object code classifies the service or commodity obtained. The first digit of the object code is the traditional title categories that districts currently use. Program expenditure reports use object titles to display expenditures by activities within the program. The title category code segregates expenditures into groupings which describe the general nature of the goods or services. Following the one-digit object title is a three-digit National Center of Education Statistics (NCES) object code. The NCES codes are a nationally developed, uniformed classification system that specifically identify expenditures. The combination of the one-digit object title and the three-digit NCES code completes the four-digit object code segment.

School districts must report expenditures on the F-196 Financial Report using the four-digit object codes listed in this chapter. School districts have the option of customizing their account code structure; but custom codes must roll up or crosswalk to the required four-digit codes for F-196 reporting.

The title categories of the objects of expenditure are as follows:

- 0 Debit Transfer
- 1 Credit Transfer
- 2 Salaries—Certificated Employees
- 3 Salaries—Classified Employees
- 4 Employee Benefits and Payroll Taxes
- 5 Supplies, Instructional Resources, and Non-capitalized Items
- 6 (Not Used)
- 7 Purchased Services
- 8 Travel
- 9 Capital Outlay

NCES OBJECT CODES

Three-digit NCES object codes describe the services or commodities obtained from specific expenditures and provides OSPI with the details required to align data to state and federal reporting objectives.

The NCES codes will be reported on the F-196 in combination with the object title codes, 0-9. Within the chart of accounts, this is commonly displayed as a four-digit expenditure segment OBBB. The "O" being the current 0-9 object title code; the "BBB" represents the three-digit NCES object code. Districts are encouraged, but not required, to embed the NCES code in the "sub-object" portion of the object code segment. The specific placement of the NCES code into a district's chart of accounts is at the discretion of the district and its accounting software provider.

Mandatory reporting of General Fund expenditures by the four-digit object codes begins in the 2019–20 fiscal year. OSPI will collect NCES data in the General Fund only. Districts may use these NCES codes in other government funds. The three-digit NCES codes are divided into nine expenditure categories:

- 100 Personal Services—Employee Salaries
 - The 100 series is used in combination with Object Title Codes 2 or 3
- 200 Personal Services—Employee Benefits
 - The 200 series is used in combination with Object Title Code 4
- 300 Purchased Services—Professional and Technical
 - The 300 series is used in combination with Object Title Code 7
- 400 Purchased Services—Property
 - The 400 series is used in combination with Object Title Code 7
- 500 Other Purchased Services
 - The 500 series is used in combination with Object Title Codes 7 or 8
- 600 Supplies
 - The 600 series is used in combination with Object Title Codes 5 or 7
- 700 Property
 - The 700 series is used in combination with Object Title Code 9
- 800 Debt Service and Miscellaneous
 - The 800 series is used in combination with Object Title Code 7
- 900 Other Items
 - The 900 series is used in combination with Object Title Codes 7 or 9

Object of Expenditure Code Description

Specific NCES expenditure codes are listed under the nine major categories and within the Object of Expenditure Codes listed below.

Object 0000 Debit Transfer

This object is used to transfer-in direct expenditures previously charged to another program.

Object 1000 Credit Transfer

This object is used to transfer-out direct expenditures chargeable to another program.

Object 2XXX Salaries—Certificated Employees

Object Title Code 2 is used to record all expenditures for salaries of certificated personnel employed by the district. Amounts paid for personal services to both permanent and temporary school district certificated employees, including personnel substituting for others in permanent positions and on long-term unpaid leave.

A certificated employee means a person who holds a professional education certificate issued by OSPI and is one of the following:

- The person is employed by a district in a position for which such certificate is required by statute rule of the State Board of Education or written policy or practice of the employing district.
- The person is employed by an agency in a position for which such certificate is required.
- The person is a superintendent or is hired to fill a position designated as, or which is in fact, deputy superintendent or assistant superintendent.

Salary expenditures are charged to specific object codes. The object codes listed below are for F-196 reporting.

NCES Object Code Customization

Your district can customize the codes for specific use. In most situations where a four-digit NCES object code ends in "0," districts can replace the last digit with codes "1" to

"9" to segregate types of costs within a category. For example: Salary code 2110 can be segregated into 2111 to 2119 by the district for internal use. All expenditures coded from 2110 to 2119 should be combined for reporting purposes on the F-196 under the object code 2110.

The types of certificated salaries include, but are not limited to:

Object Code	Description
Personal Services – Certificated Employee Salaries	
2110	Salaries of Regular Certificated Employee
	• Basic employment contract, including retroactive pay
2120	Salaries of Temporary Certificated Employees and Substitutes
	• Compensation of substitutes or other temporary personnel
2130	Salaries for Time Outside the Contracted Teaching Day not Paid by Contract
	• Optional days • Miscellaneous hourly rates of compensation
2140	Salaries for Sabbatical Leave–Certificated
2150	Supplemental Contracts–Certificated
	• Supplemental teaching or academic duty contract • Supplemental extracurricular duty contract • Additional days contract • Other special contracts for time or responsibility
2160	Other Salaries–Certificated
	• Special contract provisions such as tax-sheltered annuity, housing allowance, mileage, or auto allowance • Deferred, or grievance-awarded compensation • Annual sick leave buy-back • Retirement sick leave buy-back and vacation buy-back • Employment termination settlements
2170	Other Salaries–NBCT
	• National Board Certificated Teacher (NBCT)

2110 – Salaries of Regular Certificated Employees

Amounts paid to full-time and part-time-permanent certificated employees of the school district. Include basic teaching employment contracts. Exclude amounts paid

to employees for supplemental contracts. Use NCES code 2150 for supplemental contracts.

2120 Salaries of Temporary Certificated Employees and Substitutes

Amounts paid to substitute teachers and other temporary certificated employees of the school district who are hired on a temporary or substitute basis. Exclude amounts paid to employees for supplemental contracts. Use NCES code 2150 for supplemental contracts.

2130 Salaries for Time Outside the Contracted Teaching Day not Paid by Contract

Amounts paid to certificated employees of the school district in either temporary or permanent positions for work performed in addition to and outside of the normal work period for which the certificated employee is compensated under regular salaries and temporary salaries above. The terms of such payment are subject to federal, state, and local regulations and interpretation. Exclude amounts paid under supplemental contracts. Use NCES code 2150 for supplemental contracts.

2140 Salaries for Sabbatical Leave–Certificated

This object code is used to identify amounts paid by the School District to certificated employees on sabbatical leave. Exclude amounts paid under supplemental contracts. Use NCES code 2150 for supplemental contracts.

2150 Supplemental Contracts–Certificated

Amounts paid to certificated employees of the school district in either temporary or permanent positions for work performed under supplemental contracts which are in addition to and outside of the employee's regular work assignment. This includes time or responsibility compensation for such assignments as coaching, extra-curricular activity sponsorship, supplemental contract pay for curriculum development, and other arrangements that are not a part of an employee's base compensation package.

- Supplemental teaching or academic duty contract
- Supplemental Extracurricular duty contract
- Additional days contracts

2160 Other Salaries—Certificated

This code is used to identify amounts paid by the school district to certificated employees for other salaries not listed elsewhere.

- Special contract provisions such as tax-sheltered annuity, housing allowance, mileage, or auto allowance.
- Deferred or grievance-awarded compensation
- Annual sick-leave buy-back
- Retirement sick-leave and vacation leave buy-back
- Employment termination settlements

2170 Other Salaries—NBCT

This code is used to identify amounts paid by the school district for National Board Certificated Teacher (NBCT) bonuses.

Object 3XXX Salaries—Classified Employees

Object Title Code 3 is used to record the gross salary for personal services rendered by classified employees, including personnel substituting for those in permanent positions while on the payroll of the school district. A classified employee is any person employed by a district in a position that does not require a teaching certificate.

Classified employee salary expenditures are charged to specific object codes. The object codes listed below are for F-196 reporting.

NCES Object Code Customization

Your district can customize the codes for specific use. In most situations where a four-digit NCES object code ends in "0," districts can replace the last digit with codes "1" to "9" to segregate types of costs within a category. For example: Salary code 3110 can be segregated into 3111 to 3119 by the district for internal use. All expenditures coded from 3110 to 3119 should be combined for reporting purposes on the F-196 under the object code 3110.

Object Code	Description
3110	Salaries of Regular Classified Employees
	• Compensation for assigned hours per day or paid days per year including, but not limited to, normal workdays and holidays
3120	Salaries of Temporary Classified Employees and Substitutes
	• Compensation of substitutes or other temporary personnel
3130	Salaries for Time Outside the Workday and Overtime Pay
	• Overtime hours or additional hours • Optional days
3140	Salaries for Sabbatical Leave—Classified
3150	Supplemental Contracts—Classified
	• Supplemental extracurricular duty contract • Other special contracts for time or responsibility
3160	Other Salaries—Classified
	• Special contract provisions such as tax-sheltered annuity, housing allowance mileage, or auto allowance • Deferred, or grievance-awarded compensation • Annual sick leave buy-back • Retirement sick leave buy-back and vacation buy-back • Employment termination settlements

3110 Salaries of Regular Classified Employees

Amounts paid for work performed by full-time and part-time permanent classified employees of the school district. Exclude amounts paid under supplemental contracts for additional time or responsibility. Use NCES code 3150 for supplemental salaries.

3120 Salaries of Temporary Classified Employees and Substitutes

Amounts paid to substitute classified employees of the school district who are hired on a temporary or substitute basis. Exclude amounts paid under supplemental contracts for additional time or responsibility. Use NCES code 3150 for supplemental salaries.

3130 Salaries for Time Outside the Workday and Overtime Pay

Amounts paid to classified employees of the school district in either temporary or permanent positions for work performed in addition to the normal work period for which the classified employee is compensated under regular salaries and temporary salaries above. The terms of such payment are subject to federal, state, and local regulations and interpretation. Exclude amounts paid under supplemental contracts for additional time or responsibility. Use NCES code 3150 for supplemental salaries.

3140 Salaries for Sabbatical Leave–Classified

This object code is used to identify amounts paid by the school district to classified employees on sabbatical leave. Exclude amounts paid under supplemental contracts for additional time or responsibility. Use NCES code 3150 for supplemental salaries.

3150 Supplemental Contracts–Classified

Amounts paid to classified employees of the school district in either temporary or permanent positions for work performed under supplemental salary contracts which are in addition to the employee's regular work assignment. This includes time or responsibility compensation for such assignments as coaching, extra-curricular activity sponsorship, supplemental pay for curriculum development, and other arrangements that are not a part of an employee's base compensation package.

3160 Other Salaries–Classified

Amounts paid to classified employees of the school district for salaries not included elsewhere.

- Special contract provisions such as tax-sheltered annuity, housing allowance, mileage, or auto allowance.
- Deferred or grievance-awarded compensation
- Annual sick-leave buy-back
- Retirement sick-leave and vacation leave buy-back
- Employment termination settlements

Object 4XXX Employee Benefits and Payroll Taxes

Object Title Code 4 is used to record amounts paid by the school district on behalf of employees; generally, all expenditures for employee payroll-generated benefits and employer taxes. These amounts are not included in the gross salary but are in addition to that amount. Such payments are benefit payments and, while not paid directly to employees, are part of the cost of personal services. Employee benefits and payroll taxes are reported at the 4200 level to align with NCES object codes for personnel benefits and taxes. The following codes segregate the various benefits and taxes by employee type. These codes are required for F-196 reporting.

Object Code	Description
4212	Group Insurance–Certificated Staff
	Life, AD&D, Long-Term and Short-Term Disability
4213	Group Insurance–Classified Staff
	Life, AD&D, Long-Term and Short-Term Disability
4222	Federally Mandated Insurance–Certificated Staff
	OASI (social security and Medicare)
4223	Federally Mandated Insurance–Classified Staff
	OASI (social security and Medicare)
4232	Retirement Contributions–Certificated Staff
	- State retirement systems (TRS) - Employee Local Retirement Plan
4233	Retirement Contributions–Classified Staff
	- State retirement systems (SERS and PERS) - Employee Local Retirement Plan
4242	On-Behalf Payments–Certificated Staff
4243	On-Behalf Payments–Classified Staff
4252	Tuition Reimbursement–Certificated Staff
4253	Tuition Reimbursement–Classified Staff
4262	Unemployment Compensation–Certificated Staff
4263	Unemployment Compensation–Classified Staff
4272	Worker's Compensation–Certificated
	Industrial insurance, medical aid, and supplemental pension contributions
4273	Worker's Compensation–Classified Staff
	Industrial insurance, medical aid, and supplemental pension contributions

Object Code	Description
4282	Health Benefits–Certificated Staff
	• Medical, Dental, Vision, etc.
4283	Health Benefits–Classified Staff
	• Medical, Dental, Vision, etc.
4292	Other Employee Benefits–Certificated Staff
4293	Other Employee Benefits–Classified Staff

4212 Group Insurance–Certificated Staff***4213 Group Insurance–Classified Staff***

Employer’s share of life insurance, accidental death and disability, long-term disability, and short-term disability insurance plans.

4222 Federally Mandated Insurance–Certificated Staff***4223 Federally Mandated Insurance–Classified Staff***

Employer’s share of federally mandated Medicare and Social Security insurance plans paid by the school district.

4232 Retirement Contributions–Certificated Staff***4233 Retirement Contributions–Classified Staff***

Employer’s share of contributions into Washington State TRS, SERS, and PERS pension plans, or local employee retirement plans, paid by the school district.

4242 On-Behalf Payments–Certificated Staff***4243 On-Behalf Payments–Classified Staff***

Payments made by the state or other governments on behalf of the school district that benefit active employees of the school district. An example of this would be if the state sent resources directly to the retirement systems as a state match of the retirement contributions of school district personnel. The flow of resources from the state to DRS are made on behalf of the school district.

Note: This account is not used to record benefit payments made by the district. This account would be used if another agency made benefit payments on behalf of the

district. An equal revenue amount should be recognized and recorded depending on the source of the payment.

4252 Tuition Reimbursement–Certificated Staff

4253 Tuition Reimbursement–Classified Staff

Amounts reimbursed by the school district to any employee qualifying for tuition reimbursement based on school district policy.

4262 Unemployment Compensation–Certificated Staff

4263 Unemployment Compensation–Classified Staff

Amounts paid by the school district to provide unemployment compensation for its employees. Also include amounts paid by the school district to provide paid family and medical leave for its employees under FMLA.

4272 Workers' Compensation–Certificated Staff

4273 Workers' Compensation–Classified Staff

Amounts paid by the school district to provide workers' compensation insurance for its employees.

4282 Health Benefits–Certificated Staff

4283 Health Benefits–Classified Staff

Amounts paid by the school district to provide health benefits for its current employees or retired employees for medical, dental, vision, and other medically related insurance coverage for whom benefits are paid.

4292 Other Employee Benefits–Certificated Staff

4293 Other Employee Benefits–Classified Staff

Amounts paid by the school district for employee assistance program benefits, which are not classified above. Depending upon the type of benefit, these may be included as gross income on W-2's (e.g., auto allowance).

Object 5XXX Supplies, Instructional Resources, and Non-capitalized Items

Object Title Code 5 is used to record amounts paid for items that are consumed, worn out, or deteriorated through use; or items that lose their identity through fabrication or incorporation into different or more complex units or substances. Supplies, instructional resources, and non-capitalized items are reported in the 56XX object code level to align with NCES object codes for supplies.

Non-capitalized items recorded here are items of equipment that are not reported under Object 9 Capital Outlay. The items must have a useful life of less than one year or have an acquisition cost that is less than \$10,000 or the minimum capitalization value established by the school district. Refer to the district's capital assets policy for the criteria for distinguishing between a supply item and an equipment item. Items that contribute to a district's capital assets must be coded as equipment items in the 97XX object code series.

NCES Object Code Customization

Your district can customize the codes for specific use. In most situations where a four-digit NCES object code ends in "0," districts can replace the last digit with codes "1" to "9" to segregate types of costs within a category. For example: General Supplies, code 5610, can be segregated into 5611 to 5619 by the district for internal use. All expenditures coded from 5610 to 5619 should be combined for reporting purposes on the F-196 under the object code 5610.

The types of supplies include, but are not limited to:

Object Code	Description
5610	General Supplies: Instructional and Non-instructional Resources
5622	Motor Vehicle Electricity
5626	Motor Vehicle Fuels
5630	Food (Programs 89 and 98 only)
5640	Books and Periodicals
5650	Supplies—Technology Related

5610 General Supplies: Instructional and Non-instructional Resources

Expenditures for the purchase of all consumable supplies (other than those listed for other NCES Object Codes below) for the operation of a school district. These items may also lose their identity through fabrication or incorporation into a different or more complex unit or structure. Include postage, freight, and cartage for the delivery of these supplies. Supplies, instructional resources, and other non-capitalized items include, but are not limited to:

- Accessories and parts
- Assessment tests
- Building and hardware supplies and components
- Copy supplies
- Custodial supplies
- Fertilizers
- Glassware
- Hand tools
- Instructional materials
- Lumber
- Office and library supplies
- Paper products
- Postage
- Preprinted forms
- Science class chemicals
- Transportation parts, and lubricants
- Workbooks and kits

5622 Motor Vehicle Electricity

Expenditures for electricity supplied to charge electric powered vehicles and buses.

5626 Motor Vehicle Fuels

Expenditures for gasoline, diesel, propane, and other fuels for use in motor vehicles; purchased in bulk or from service stations.

5630 Food

Expenditures for food used in the school food service program. This object code is used only in Program 98, Food Services, or in Program 89, for a Child and Adult Care Food Program (CACFP). This object code will also include any costs to process USDA Donated Food into alternate end products through commodity processing contracts.

Food acquired and used in instructional programs or for other purposes allowed by district policy is charged to object code 5610.

5640 Books and Periodicals

Expenditures for books, textbooks, and periodicals prescribed and available for general use, including library and reference books. This category includes the cost of workbooks, textbook binding, or repairs, as well as textbooks that are purchased to be resold or rented. Also recorded here are costs of binding or other repairs to school library books.

5650 Supplies—Technology Related

Technology-related supplies are typically used in conjunction with technology-related hardware or software. Some examples are electronic textbooks, CDs, flash or jump drives, parallel cables, and monitor stands. Software costs below the capitalization threshold should be reported here. E-readers, including Kindles and iPads, that fall below capitalization thresholds should be reported here.

Licenses and fees, for services such as subscriptions to research materials over the Internet, should be reported under 7530 Communications.

Items that contribute to a district's capital assets must be coded as equipment items in object code 9734 or 9735.

Object 6XXX (Not Used)**Object 7XXX Purchased Services**

Object Title Code 7 is used to record expenditures for services and associated goods from independent contractors or service providers that are rendered to the school district under expressed or implied contracts, with the exception of specific expenditures

entered into for the expressed purposes classified as Object 8 Travel. Independent contractors or service providers are not employees of the school district. Payments to independent contractors or service providers may include labor together with goods or materials and related charges furnished in the performance of such labor.

If such expenditures increase the value or life of an asset, they should be recorded in Object 9 Capital Outlay.

NCES Object Code Customization

Your district can customize the codes for specific use. In most situations where a four-digit NCES object code ends in "0," districts can replace the last digit with codes "1" to "9" to segregate types of costs within a category. For example: Cleaning Services, code 7420, can be segregated into 7421 to 7429 by the district for internal use. All expenditures coded from 7420 to 7429 should be combined for reporting purposes on the F-196 under the object code 7420.

Purchased Services are segregated into several category types: 73XX is for professional and technical services; 74XX is for property services; 75XX is for other services; 76XX is energy related costs; 78XX is related to debt services; and 79XX is other items.

Purchased services include, but are not limited to:

Object Code	Description
73XX	Purchased Services—Professional and Technical
7310	Office and Administrative Services
7311	Election Fees
7320	Professional Educational Services
7321	Contracted Teachers
7322	Contracted Educational Staff Associates
7330	Employee Training and Development Services
7340	Other Professional Services
7341	Legal Services for District Support
7342	Audit Services
7343	Other Legal Services
7350	Technical Services
7351	Data Processing and Coding Services
7352	Other Technical Services

Object Code	Description
74XX	Purchased Services—Property
7410	Utility Services (Water/Sewer)
7420	Cleaning Services (Garbage Service, Contracted Custodial, Snow Removal)
743X	Repairs and Maintenance Services
7431	Non-Technology-Related Repairs and Maintenance
7432	Technology—Related Repairs and Maintenance
744X	Rentals
7441	Rentals of Land and Buildings
7442	Rentals of Equipment and Vehicles
7443	Rentals of Computers and Related Equipment (Activities 32 and 72 only)
7450	Contractor Services (minor renovating, remodeling)
7490	Other Purchased Property Services
75XX	Other Purchased Services
751X	Student Transportation Services
7511	Student Transportation Purchased from Another School District or ESD
7512	Student Transportation Purchased from an LEA or SEA Out-of-State
7519	Student Transportation Services Purchased from Another Source
7520	Insurance Premiums (Property, Liability, Vehicle, etc.) (Not Employee Benefits)
7530	Communications
7540	Advertising
7550	Printing and Binding
756X	Tuition—(Students)
7565	Tuition Paid to Postsecondary Schools (Dual Credit)
7569	Tuition—Other
7570	Food Service Management (FSMC)
7580	Registration and Entrance Fees
759X	Interagency Purchased Services
7591	Services Purchased from Another School District or ESD
7592	Services Purchased from Another LEA or SEA Out-of-State
762X	Energy
7621	Natural Gas

Object Code	Description
7622	Electricity
7623	Bottled Gas
7624	Oil
7625	Coal
7629	Other Energy
78XX	Debt Service and Fees
7810	Dues and Fees
7820	Settlements and Judgments Against the School District
783X	Debt-Related Expenditures and Expenses
7831	Redemption of Principal
7832	Interest on Long-Term Debt
7833	Bond Issuance and Other Debt-Related Costs
7835	Interest on Short-Term Debt
79XX	Other Items
7950	Special Items
7960	Extraordinary Items

73XX Purchased Services—Professional and Technical

Services that by their nature can be performed only by persons or firms with specialized skills and knowledge. Although a product may or may not result from the transaction, the primary reason for the purchase is the service provided. Included are the services of architects, engineers, auditors, medical doctors, lawyers, consultants, teachers, accountants, brokers, etc.

7310 Office and Administrative Services

Services in support of the various policy-making and managerial activities of the school district. Included are management consulting activities oriented to general governance or business and financial management of the school district; school management support activities; and election services and tax collecting services.

7311 Election Fees

Services in support of School Board authorized elections. Use Activity 11, Board of Directors, to record school board election fees. Use Activity 12, Superintendent's Office, to record election fees associated with bonds and levies.

7320 Professional Educational Services

Services supporting the instructional program and its administration. Included are curriculum improvement services, and contracted para educational services.

7321 Contracted Teachers

Contracted instructional services supporting the instructional program of the district as defined under WAC 392-121-206 and in association with the use of S-275 duty code 630.

7322 Contracted Educational Staff Associates

Services supporting the instructional program of the district as defined under WAC 392-121-206 and in association with the use of S-275 duty code 640. This includes counseling and guidance services, and library and media support services.

7330 Employee Training and Development Services

Services supporting the professional and technical development of school district personnel, including instructional, administrative, and service employees. Included are course registration fees, charges from external vendors to conduct training courses (at either school district facilities or off-site), and other expenditures associated with training by third-party vendors. All expenditures should be captured in this NCES Code regardless of the type or intent of the training course or professional learning activity.

IRS guidelines allow school districts to provide their employees with a job-related education assistance program (EAP) each year. Review *IRS Publication 970, Tax Benefits for Education*, for qualifications and restrictions. When an employee receives an EAP reimbursement greater than the maximum allowed, the benefit becomes taxable income. Use Object Code 2160 for taxable income.

7340 Other Professional Services

Professional services other than educational services that support the operation of the school district. Included are medical doctors, lawyers, architects, auditors, accountants, therapists, audiologists, dietitians, editors, negotiations specialists, paying agents, system analysts, planners, brokers, etc. Costs incurred for fingerprinting and background checks should use this NCES Code. Audit costs

charged directly to programs should use this NCES Code. Bond issuance costs should be coded in this NCES Code series.

7341 Legal Services for District Support

Legal costs, associated with interpretation of laws and regulations, recorded in Program 97, Activity 11, Board of Directors, but not specifically associated with the Board of Directors.

7342 Audit Services

Audit costs recorded in Program 97, Activity 11, Board of Directors, and not directly charged to another program.

7343 Other Legal Services

All other legal costs supporting district services not related to the services incurred under Object Code 7341. This could include, but is not limited to work performed by personnel attorneys, construction attorneys, and contract write-up services.

7350 Technical Services

Services to the school district that are not regarded as professional; but require basic scientific knowledge, manual skills, or both. Included are purchasing and warehousing services, graphic arts, etc.

7351 Data Processing and Coding Services

Services to the school district including data entry, formatting, processing services, and programming.

7352 Other Technical Services

Services to the school district other than data processing and related services.

74XX Purchased Services—Property

Services purchased to operate, repair, maintain, and rent property owned or used by the school district. These services are performed by persons other than school district employees. Although a product may or may not result from the transaction, the primary reason for the purchase is the service provided.

7410 Utility Services

Expenditures for utility services other than energy services supplied by public or private organizations. Water and sewer services are included here.

Cleaning services are not included here but are coded to 7420; Telephone and internet services are not included here but are coded to 7530. Energy services are classified under the 762X object code series.

7420 Cleaning Services

Services purchased to clean buildings (apart from services provided by school district employees), including, but not limited to, recycling, shredding, and garbage disposal services, snow plowing, custodial services, laundry services, and lawn care services.

743X Repairs and Maintenance Services

Expenditures for repairs and maintenance services not provided directly by school district personnel. These include contracts and agreements covering the upkeep of buildings and equipment.

7431 Non-Technology-Related Repairs and Maintenance

Contracts and agreements covering the upkeep of buildings and non-technology equipment. Costs for renovating and remodeling are not included here but are classified under NCES Code 7450.

7432 Technology Related Repairs and Maintenance

Expenditures for repairs and maintenance services for technology equipment that are not directly provided by school district personnel. This includes ongoing service agreements for technology hardware (e.g., personal computers and servers).

744X Rentals

Costs for renting or leasing land, buildings, equipment, and vehicles.

7441 Rentals of Land and Buildings

Expenditures for leasing or renting land and buildings for both temporary and long-range use by the school district.

7442 Rentals of Equipment and Vehicles

Expenditures for leasing or renting equipment or vehicles for both temporary and long-range use of the school district. This includes bus and other vehicle rental when operated by a local school district and similar rental agreements. Include rental vehicles for driver's education programs here. This should be coded to the Program and Activity where the equipment or vehicle is used. This code excludes the costs associated with the rental of computers or other technology-related equipment.

7443 Rentals of Computers and Related Equipment

Expenditures for leasing or renting computers or related equipment for both temporary and long-range use. This should be coded to the Program where the equipment is being used. For use with Activity 32 and 72 only.

7450 Contractor Services

Includes amounts paid to contractors for minor, renovating, and remodeling of facilities. Expenditures related to contracts and agreements covering the upkeep of buildings and non-technology equipment should be charged to 7431. Expenditures related to new construction and major renovation should be charged to NCES Code 9720.

7490 Other Purchased Property Services

Purchased property services which are not classified above. Include moving costs associated with classroom reassignments and redesigns. Communication services are not included here but are included in NCES Code 7530.

75XX Other Purchased Services

Amounts paid for services rendered by organizations or personnel not on the payroll of the school district (separate from Professional and Technical Services or Property Services). While a product may or may not result from the transaction, the primary reason for the purchase is the service provided.

751X Purchased Services—Student Transportation Services

Expenditures for transporting students to and from school and other activities. Expenditures for the rental of buses, operated by personnel on the payroll of the school district, are not recorded here but under object code 7442.

7511 Student Transportation Purchased from Another School District or ESD

Payments to the ESD or another school district for transporting students to and from school and school-related events. Include expenditures related to Transportation Cooperatives. To-and-From transportation is coded to Program 99. Non-To-and-From transportation is coded to the Program utilizing the service. Expenditures for the rental of buses, operated by personnel on the payroll of the school district, are not recorded here but under object code 7442.

7512 Student Transportation Purchased from an LEA or SEA Out-of-State

Payments to other LEA OR SEA outside the state for transporting students to and from school and school-related events. To-and-From transportation is coded to Program 99. Non-To-and-From transportation is coded to the Program utilizing the service.

7519 Student Transportation Services Purchased from Another Source

Payments to persons or agencies other than school districts for transporting children to and from school and school-related events. Include payments for contracted vendor services and reimbursements for student transportation on public carriers.

7520 Insurance Premiums

Expenditures for all types of insurance coverage, including property, liability, fidelity, and vehicle insurance. Employee insurance benefits are coded to the 42XX series.

7530 Communications

Services provided by persons or businesses to assist in transmitting and receiving messages or information. This category includes telephone and voice communication services; data communication services to establish or maintain computer-based communications, networking, and Internet services; video communication services to establish or maintain one-way or two-way video communications via satellite, cable, or other devices; postal communication services to establish or maintain postage machine rentals, express delivery services, and couriers. Include licenses and fees for search engine products and subscriptions to research materials over the Internet. Expenditures for software, both 'downloaded' and 'off-the-shelf,' should be coded to NCES Codes 5650 or 9735.

7540 Advertising

Expenditures for announcements in professional publications, newspapers, or broadcasts over radio and television. These expenditures include advertising for such purposes as personnel recruitment, legal ads, new and used equipment, and sale of property. Costs for professional advertising or public relations services are not recorded here but are charged to NCES Code 7340.

7550 Printing and Binding

Expenditures for job printing and binding, usually according to specifications of the school district. This includes designing and printing forms and posters as well as printing and binding school district publications.

Preprinted standard forms are not charged here, but are recorded under 5610, General Supplies.

The costs of binding and other repairs to schoolbooks are not charged here, but are recorded under 5640, Books and Periodicals.

756X Tuition

Contracted expenditures to reimburse other educational agencies for instructional services to students of the paying school district.

7565 Tuition Paid to Postsecondary Schools

Contracted expenditures to reimburse Postsecondary Schools for instructional services to students of the paying school district. Included here are payments made in association with dual credit programs such as Running Start.

7569 Tuition—Other

Tuition paid to other governmental organizations as reimbursement for providing specialized instructional services to resident students of the paying school district. Examples may include services from out-of-state educational agencies and district placement for special educational services.

7570 Food Service Management

Expenditures for the operation of a local food service facility by other than employees of the school district. Included are contracted services, such as food preparation, associated with the food service operation. Fixed fee contracts for food service used by those Districts who are paying an outside vendor a fixed fee for their food service costs. Used only with Food Services, Program 98.

Direct expenditures by the school district for food, supplies, labor, and equipment would be charged to the appropriate NCES Code.

7580 Registration and Entrance Fees

This account is used to record expenditures for authorized registration and entrance fees in accordance with the policies of the school district. Payments for event registrations and entrance costs are charged here. Travel, meals, and lodging costs should be charged to NCES Code 8580. Employee training courses or professional learning activities should be charged to NCES Code 7330.

759X Interagency Purchased Services

Any interdistrict payments other than tuition or transportation should be classified here. This code identifies payments for services made between a school district and other government entities. Examples of such services are data processing, media services, nursing, and guidance.

7591 Services Purchased from Another School District or ESD

Payments to ESDs or other school districts within the state for services other than tuition or transportation. Examples of such services are data processing, purchasing, nursing and guidance, assessment, and membership costs. Tuition must be reported with NCES Code 7569. Transportation must be reported with NCES Code 7511.

7592 Services Purchased from Another LEA or SEA Out-of-State

Payments to another LEA or SEA outside the state for services other than tuition or transportation. Examples of such services are data processing, purchasing, nursing, and guidance. Tuition must be reported with NCES Code 7569. Transportation must be reported with NCES Code 7512.

762X Energy

Record expenditures for energy, including natural gas, electricity, bottled gas, oil, coal, and for services received from public and private utility companies as described below. Vehicle fuel is recorded as a supply cost under code 5626.

7621 Natural Gas

Expenditures for gas utility services from a private or public utility company.

7622 Electricity

Expenditures for electric utility services from private or public utility company.

7623 Bottled Gas

Expenditures for bottled gas, such as propane gas received in tanks normally used for heating. Propane fuel used as fuel for buses should be coded to 5626.

7624 Oil

Expenditures for bulk oil normally used for heating.

7625 Coal

Expenditures for coal normally used for heating.

7629 Other Energy

Expenditures for energy that cannot be classified in one of the foregoing categories.

78XX Debt Service and Fees

Amounts paid for goods and services not otherwise classified above.

7810 Dues and Fees

Expenditures or assessments for membership in professional or other organizations, as well as student fees (such as entry fees to contest). Tuition expenditures should be reported in NCES Codes 7565 or 7569. Expenditures associated with registration, participation, or entrance to an event should be coded to NCES Code 7580. Fees for professional services should be charged to the appropriate 73XX series code.

7820 Settlements and Judgements Against the School District

Expenditures from current funds for all judgments (except as indicated below) against the school district that are not covered by liability insurance but are of a type that might have been covered by insurance. Amounts paid as the result of mediation or court decisions are recorded here. This would include student transportation liability claims incurred and paid by the school district. Judgments against the school district resulting from failure to pay bills or debt service are recorded under the appropriate expenditure accounts as though the bills or debt service had been paid when due. The proper coding for employee disputes usually is dictated by the terms of the legal settlement (e.g., employee disputes, which award compensation, should be coded to salary). Code 7820 is appropriate for noncompensation post-employment settlements.

783X Debt-Related Expenditures and Expenses**7831 Redemption of Principal**

Expenditures to retire bonds and long-term loans, including lease-purchase arrangements. For use with Activity 84 only.

7832 Interest on Long-Term Debt

Expenditures for interest on bonds and notes, including lease-purchase arrangements. For use with Activity 83 only.

7833 Bond Issuances and Other Debt-Related Costs

Expenses in connection with bond and other debt issuance costs, including lease-purchase debt issuance costs. For use with Activity 85 only.

7835 Interest on Short-Term Debt

Expenditures for interest on short-term debt or anticipation notes. For use with Activity 83 only.

79XX Other Items

This series of codes is used to classify transactions which are unusual and infrequent. Costs recorded here require accounting control and reporting by the school district.

7950 Special Items

This code is used to classify special items in accordance with GASB Statement 34. Included are transactions or events within the control of the school district administration that are either unusual in nature or infrequent in occurrence. For some districts, this may include termination benefits resulting from workforce reductions; or costs in connection with an early retirement program offered to all employees represented in one or more classes of employees. Special items may also include events that are not within the control of the district.

In the governmental funds, these items should be separately captioned and disclosed in the Notes to the Financial Statements.

7960 Extraordinary Items

This code is used to classify items in accordance with APB Opinion No. 30 which are transactions or events that are both unusual in nature and infrequent in occurrence. For some districts, this may include significant costs related to a natural disaster caused by fire, flood, tornado, hurricane, or hailstorm; or costs related to an environmental disaster.

In the governmental funds, these items should be separately captioned and disclosed in the Notes to the Financial Statements.

Object 8XXX Travel

Object Title Code 8 is used to record expenditures for authorized travel in accordance with the policies of the school district. This travel may include contractual services for transporting school district employees, students, employment candidates, and representatives from place to place and the furnishing of accommodations incidental to travel and other expenditures necessitated by travel. Do not include expenditures for transporting students to and from school, instruction sites, or extracurricular activities which are recorded in Program 99 or the ASB Fund.

NCES Object Code Customization

Your district can customize the codes for specific use. In most situations where a four-digit NCES object code ends in "0," districts can replace the last digit with codes "1" to "9" to segregate types of costs within a category. For example: Employee Travel, code 8580, can be segregated into 8581 to 8589 by the district for internal use. All expenditures coded from 8580 to 8589 should be combined for reporting purposes on the F-196 under the object code 8580.

Object Code	Description
8580	Travel, Meals, and Lodging

8580 Travel, Meals, and Lodging

Expenditures for transportation, meals, lodging, and other expenses authorized in accordance with the policies of the school district. This travel may include contractual services for transporting school district employees, students, employment candidates, and representatives from place to place and the furnishing of accommodations incidental to travel and other expenditures necessitated by travel. Payments for per diem in lieu of reimbursements for subsistence are also charged here. Registration and entrance registration fees should be coded to NCES Code 7580. Contractual services, providing student transportation, should be charged to 7511, 7512, or 7519. Trip costs that utilize the district's bus fleet are charged out from Program 99 to the program utilizing the service in the debit and credit transfer process.

Travel expenditures include the following:

- Airplane, railroad, bus, and taxi
- Automobile rental
- Incidental expenditures, such as:
 - Baggage transfer fees
 - Garage
 - Parking
 - Storage
 - Lodging and meal subsistence on an actual or per diem basis
 - Mileage for use of personal automobile

Object 9XXX Capital Outlay

Object Title Code 9 is used to record expenditures for capitalized equipment and improvements to buildings and grounds infrastructure. While real property and buildings are included in the list of NCES Object Codes described below, related expenditures shall be included in the Capital Projects Fund according to RCW 28A.320.330 (2).

Equipment is defined as a nonexpendable, tangible item of personal property having a useful life of more than one year and an acquisition cost which is the lesser of the capitalization policy established by the school district or \$10,000. Included are those items composed of component items (individually not meeting the capitalization amount, but in total meets the capitalization amount).

Improvements to buildings and grounds infrastructure are defined as those expenditures that materially increase the value or useful life of the buildings or grounds facility.

Capital outlay expenditures may include, but are not limited to, the following:

- Air conditioner and other cooling equipment
- Automobiles, trucks, tractors, vans, and other vehicles
- Boilers, furnaces, and other heating equipment
- Building and equipment major repairs and improvements
- Communications equipment
- Computers, printers, and other peripheral equipment
- Furniture and fixtures
- Instructional equipment
- Lunchroom equipment
- Office machines

Object Code	Description
97XX	Property
9710	Land and Improvements
9720	Buildings
973X	Equipment
9731	Machinery
9732	Vehicles
9733	Furniture and Fixtures
9734	Technology-Related Hardware
9735	Technology Software
9739	Other Equipment
99XX	Other Items
9950	Special Items
9960	Extraordinary Items

97XX Property

RCW 28A.320.330 (2) states that a capital projects fund (CPF) shall be established for major capital purchases. In general, CPF money is used for the purposes described in RCW 28A.530.010, which includes, but is not limited to, land and buildings. Normally, NCES Code 9710, Land, and 9720, Buildings, are related to purchases in the Capital Projects Fund.

The NCES codes are not necessary in the CPF because related purchases are recorded by Type Code. In the event a district wishes to utilize object codes in their CPF, the object codes are described here.

Expenditures for acquiring capital assets, including land or existing buildings; improvements of grounds; initial equipment; additional equipment; and replacement of equipment. Items that do not contribute to a district's capital assets, as evaluated by the district's capital assets policy, may be coded as supply items.

9710 Land and Improvements

This expenditure code is used for the purchase of land and the original improvements thereon. Purchases of air and mineral rights are included here. Also included are special assessments against the school district for capital improvements, such as streets, curbs, and drains.

9720 Buildings

This expenditure code is used for the acquisition of existing buildings and construction of buildings, major permanent structural alterations, renovations, fire protection systems, and other service systems.

- Expenditures for installment or lease payments, except interest, that have a terminal date and result in the acquisition of buildings should be assigned to NCES Codes 7831 and 7832.
- Expenditures contracted for minor alterations and renovations of buildings should be recorded under NCES Code 7450.
- Buildings built and alterations performed by the school district's own staff are charged to NCES Codes 21XX, 31XX, 42XX, 5610, and 9730, as appropriate.
- Building rent is recorded in NCES Code 7441.

973X Equipment

Expenditures for the initial and replacement items of equipment, such as machinery, furniture, fixtures, and vehicles. Machinery, vehicles, furniture, and fixtures (including teacher desks, chairs, and file cabinets), technology equipment, and other equipment acquired for a particular program should be charged to the appropriate program code. The district's capital asset policy establishes criteria for when equipment must be capitalized and included on the district's property inventory records. Usually, this criterion requires equipment costing above a certain dollar amount to be capitalized. Capitalized equipment must be coded with Object Code 9.

- Machinery, vehicles, furniture, and fixtures, which do not meet the criteria for capitalization, should be coded to NCES Code 5610, Supplies.
- Technology-related equipment, which does not meet the criteria for capitalization, should be coded to Object Code 5 in NCES Code 5650, Supplies–Technology Related.
- Districts may use these object codes in the CPF and TVF, but there are no reporting requirements to do so.

9731 Machinery

Expenditures for equipment usually composed of a complex combination of parts (excluding vehicles). Examples are ovens, freezers, lathes, drill presses, printing presses, microscopes, etc.

9732 Vehicles

Expenditures for vehicles that are licensed and to be used to transport persons or objects. Examples are automobiles, trucks, buses, station wagons, and vans.

9733 Furniture and Fixtures

Expenditures for equipment used for sitting; as a support for writing and work activities; and a storage space for material items.

9734 Technology-Related Hardware

Expenditures for technology-related equipment and technology infrastructure. These costs include those associated with the purchase of network equipment, servers, PCs, printers, other peripherals, and devices. Technology-related hardware that meet the standards for classification as a supply should be coded to Object Code 5, NCES Code 5650, Supplies–Technology Related.

9735 Technology Software

Expenditures for purchased software used for educational or administrative purposes that exceed the capitalization threshold. Expenditures for software that meet the standards for classification as a supply should be coded to NCES Code 5650, Supplies–Technology Related.

9739 Other Equipment

Expenditures for all other equipment not classified elsewhere in the 973X NCES Code series.

99XX Other Items**9950 Special Items**

This code is used to classify special items in accordance with GASB Statement 34. Included are transactions or events within the control of the school district administration that are either unusual in nature or infrequent in occurrence. For some districts, this may include termination benefits resulting from workforce reductions; or costs in connection with an early retirement program offered to all employees represented in one or more classes of employees. Special items may also include events that are not within the control of the district.

In the governmental funds, these items should be separately captioned and disclosed in the Notes to the Financial Statements.

9960 Extraordinary Items

This code is used to classify items in accordance with APB Opinion No. 30 which are transactions or events that are both unusual in nature and infrequent in occurrence. For some districts, this may include significant costs related to a natural disaster caused by fire, flood, tornado, hurricane, or hailstorm; or costs related to an environmental disaster.

In the governmental funds, these items should be separately captioned and disclosed in the Notes to the Financial Statements.

TRANSFER OBJECTS OF EXPENDITURE

The transfer objects of expenditure enable a district to transfer certain direct charges to the program using the resources. The transfer objects of expenditure consist of both credit objects of expenditure (Object 1) and debit objects of expenditure (Object 0).

The use of the credit objects of expenditure is limited to certain expenditure centers that manufacture or produce a finished product or service. These manufacturing or servicing expenditure centers are found only in the following three programs: Program 97 Districtwide Support, Program 98 School Food Services, and Program 99 Pupil Transportation.

The finished product or service is in turn used or consumed by other programs. Debit transfer objects of expenditure are used to charge these expenditures to the using programs.

The total debit transfer objects of expenditure must always be in balance with total credit transfer objects of expenditure and must be used exclusively to transfer expenditures from the allowed expenditure centers. While total debit and credit transfer objects must be equal, they do not need to be equal in any particular activity. The debit transfers to a specific activity do not have to equal the credit transfers from that same activity. The debit transfers typically should be to other activities in the recipient program. The transfer objects of expenditure must not be used to correct coding or other errors made on original entries.

Debit transfer objects of expenditure are permitted, unless specifically prohibited, in all activities that have at least one of the Objects of Expenditure 5 through 9 open. This is because the purchased goods and services normally shown in these objects potentially could have been obtained from the production centers in Programs 97, 98, or 99.

Debit transfer objects of expenditure must not be used by districts to direct charge vendor billings to recipient programs for products or services not produced by the manufacturing or servicing expenditure centers of the school district. These must be charged directly to the appropriate activity and object of expenditure in the recipient program.

Credit Transfer Limitations

The use of credit transfer objects of expenditure is limited to transferring certain expenditures from the following activities. Please note two separate activities are provided for making the credit transfer object of expenditure. These two separate activities are Activity 49 Transfers and Activity 59 Transfers. Also note that the definitions of Activity 49 and Activity 59 parallel each other.

School Food Services Series—41 through 44

The credit transfer object of expenditure is used to transfer to the using program expenditures for banquets, feeding of the elderly, and other feeding operations not chargeable to Program 98 School Food Services. Expenditures for banquets, feeding of the elderly, and other feeding programs provided by outside vendors, and not by Program 98 resources or contractors, should be direct charged to the recipient program.

Pupil Transportation Series—51 through 56

The credit transfer object of expenditure is used to transfer to the using program expenditures for field trips, rooter buses, and ski school transportation not chargeable to Program 99 Pupil Transportation. Such expenditures are typically charged to the using program on an hourly and mileage rate basis. Also included are motor pool expenditures initially charged to these activities because of common gasoline and maintenance facilities. Expenditures for field trips, rooter buses, etc., provided by outside vendors and not by Program 99 resources or contractors should be direct charged to the recipient program.

Activity 64 Maintenance

The credit transfer object of expenditure is used to transfer to the using program expenditures for maintenance not chargeable to Program 97 Districtwide Support.

Examples include the credit transfer object of expenditure used to transfer the expenditures of building remodeling not chargeable to Program 97 for work performed by the school district's own labor force to categorical programs that allow such remodeling expenditures for reimbursement purposes.

Similarly, the credit transfer object of expenditure is used to transfer the expenditures of furniture and equipment built or rebuilt by the school district's own labor force to the program using the furniture.

The following two activities use the "job order" approach for accumulating production center expenditure data because they typically consist of separable, discrete orders or jobs.

Activity 72 Information Systems

The expenditures for information systems may be charged to the using program and activity by use of the credit transfer object of expenditure.

Activity 73 Printing

The expenditures for printing may be charged to the using program and activity by use of the credit transfer object of expenditure. Since the printing activity is producing a product to be used by various programs and activities, Activity 73 Printing should be considered conceptually to be costed in its entirety to the programs and activities that use the printed material.

Activity 74 Warehousing and Distribution

The expenditures for warehousing and distribution may be charged to the using program and activity by use of the credit transfer object of expenditure.

Activity 75 Motor Pool

The credit transfer object of expenditure will be used to transfer the expenditure of operations of motor pool to the using program and activity. Since various programs

and activities use the motor pool, Activity 75 Motor Pool should be considered conceptually to be costed in its entirety to the using programs and activities. Such expenditures are typically charged out on an hourly and mileage rate basis.

Debit and Credit Transfer Illustrations

The use of debit-credit objects to transfer expenditures to other programs or activities are illustrated below. In general, the use of the debit transfer object of expenditure is available in any program-activity in which Objects of Expenditure 5 through 9 are open.

Through the use of the transfer objects of expenditure, school districts will be able to record and report costs of programs both before and after transfers. This will enable school districts to charge expenditure centers and at the same time maintain budgetary control over these manufacturing and service-producing expenditure centers. This full disclosure accounting will give visibility to the transfers.

Illustration A: To transfer banquet expenditures related to a local community organization to Program 89.

(Dr) Program 89, Activity 91, Object 0
(Cr) Program 98, Activity 49, Object 1

A banquet was held in the school for a local civic organization. Original charges were incurred through Program 98 School Food Services and Activities Series 41 through 44. This entry transfers the charges to Program 89 Other Community Services and Activity 91 Public Activities.

Indicates Debit Transfer				0
Activity 91 Public Activities		91		
Program 89 Other Community Services	89			
	(Dr)	89 -	91 -	0
		(Cr)	98 -	49 - 1
Program 98 School Food Services		98		
Activity 49 Transfers			49	
Indicates Credit Transfer				1

Illustration B: To transfer pupil transportation expenditures to the local skill center.

(Dr) Program 45, Activity 27, Object 0
(Cr) Program 99, Activity 59, Object 1

School buses were used to transport pupils on a skill center project. Original charges were incurred through Program 99 Pupil Transportation and Activity Series 51 through 57. This entry transfers the charge to Program 45 Skill Center Basic—State and Activity 27 Teaching.

Indicates Debit Transfer				0
Activity 27 Teaching		27		
Program 45 Skill Center Basic—State	45			
	(Dr)	45 -	27 -	0
		(Cr)	99 -	59 - 1
Program 99 Pupil Transportation		99		
Activity 59 Transfers			59	
Indicates Credit Transfer				1

Illustration C: To transfer vehicle expenditures to Program 71.

(Dr) Program 71, Activity 27, Object 0
(Cr) Program 97, Activity 75, Object 1

The expenditures for operating traffic safety education vehicles were originally charged to Program 97 Districtwide Support and Activity 75 Motor Pool. This entry transfers the charge to Program 71 Traffic Safety and Activity 27 Teaching.

Indicates Debit Transfer				0
Activity 27 Teaching		27		
Program 71 Traffic Safety	71			
	(Dr)	71 -	27 -	0
		(Cr)	97 -	75 - 1
Program 97 Districtwide Support		97		
Activity 75 Motor Pool			75	
Indicates Credit Transfer				1

Illustration D: To transfer district printing expenditures to Program 21.

(Dr) Program 21, Activity 27, Object 0
 (Cr) Program 97, Activity 73, Object 1

The expenditure for printing some instructional material for the special education program was originally charged to Program 97 Districtwide Support and Activity 73 Printing. This entry transfers the charge to Program 21 Special Education, and Activity 27 Teaching.

Indicates Debit Transfer	_____	0			
Activity 27 Teaching	_____	27			
Program 21 Special Education	_____	21			
(Dr)	21 -	27 -	0		
	(Cr)	97 -	73 -	1	
Program 97 Districtwide Support	_____	97			
Activity 73 Printing	_____	73			
Indicates Credit Transfer	_____			1	

Illustration E: To transfer furniture expenditures to the appropriate program.

(Dr) Program 01, Activity 27, Object 0
 (Cr) Program 97, Activity 64, Object 1

The expenditure for fabricating furniture for a classroom was originally charged to Program 97 Districtwide Support and Activity 64 Maintenance. This entry transfers the charge to Program 01 Basic Education and Activity 27 Teaching.

Indicates Debit Transfer	_____	0			
Activity 27 Teaching	_____	27			
Program 01 Basic Education	_____	01			
(Dr)	01 -	27 -	0		
	(Cr)	97 -	64 -	1	
Program 97 Districtwide Support	_____	97			
Activity 64 Maintenance	_____	64			
Indicates Credit Transfer	_____			1	

Illustration F: To transfer pupil transportation expenditures to basic education.

(Dr) Program 01, Activity 27, Object 0
(Cr) Program 99, Activity 59, Object 1

School buses were used to transport pupils to an ecology field trip. Originally charged to Program 99 Pupil Transportation and Activity Series 51 to 54. This entry transfers the trip cost to Program 01 Basic Education and Activity 27 Teaching.

Indicates Debit Transfer	_____	0		
Activity 27 Teaching	_____	27		
Program 01 Basic Education	_____	01		
(Dr)	01 -	27 -	0	
	(Cr)	99 -	59 -	1
Program 99 Pupil Transportation	_____	99		
Activity 59 Transfers	_____	59		
Indicates Credit Transfer	_____			1

Illustration G: To transfer remodeling expenditures to the disadvantaged program.

(Dr) Program 51, Activity 27, Object 0
(Cr) Program 97, Activity 64, Object 1

A building was partially remodeled by school district employees to accommodate Title I classes. Original charges were incurred through Program 97 Districtwide Support and Activity 64 Maintenance, and Objects 3, 4, 5, and 7. This entry transfers the charges to the end using Program 51 Disadvantaged—Federal and Activity 27 Teaching.

Indicates Debit Transfer	_____	0		
Activity 27 Teaching	_____	27		
Program 51 Disadvantaged	_____	51		
(Dr)	51 -	27 -	0	
	(Cr)	97 -	64 -	1
Program 97 Districtwide Support	_____	97		
Activity 64 Maintenance	_____	64		
Indicates Credit Transfer	_____			1

Illustration H: To transfer motor pool expenditures to the appropriate program.

(Dr) Program 97, Activity 75, Object 0
(Cr) Program 99, Activity 59, Object 1

Motor pool vehicle costs were initially charged to Program 99 Pupil Transportation because of common gas and maintenance facilities. Original charges were to Activity Series 51 through 59 (52 Operations and 53 Maintenance). This entry transfers the charge to Program 97 Districtwide Support and Activity 75 Motor Pool.

Indicates Debit Transfer				0	
Activity 75 Motor Pool		75			
Program 97 Districtwide Support	97				
(Dr)	97 -	75 -	0		
	(Cr)	99 -	59 -	1	
Program 99 Pupil Transportation		99			
Activity 59 Transfers			59		
Indicates Credit Transfer					1

Illustration I: To transfer expenditures for rooter buses to basic education.

(Dr) Program 01, Activity 28, Object 0
(Cr) Program 99, Activity 59, Object 1

School buses were used as rooter buses to transport pupils to a school athletic meet. Original charges were to Program 99 Pupil Transportation and Activity Series 51 through 57. This entry transfers the charges to Program 01 Basic Education and Activity 28 Extracurricular.

Indicates Debit Transfer				0	
Activity 28 Extracurricular		28			
Program 01 Basic Education	01				
(Dr)	01 -	28 -	0		
	(Cr)	99 -	59 -	1	
Program 99 Pupil Transportation		99			
Activity 59 Transfers			59		
Indicates Credit Transfer					1

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CHAPTER 7 – General Journal Entries

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INTRODUCTION

The following pages have examples of the types of general journal entries common to school districts and may not be all-inclusive. Although district accounting records may contain more detail than presented here, these entries only display state required accounting segments. Refer to chapters 4, 5, and 6, for the state required account segments. Accounting software used by districts may generate some of these entries. Refer to the district's software manuals for guidance.

Overview of Basic Accounting Equations

Basic double entry accounting provides that assets, deferred outflows of resources (DOR), and expenditure accounts normally carry debit balances (DR). Liabilities, deferred inflows of resources (DIR), fund balance equity, and revenues normally carry credit balances (CR). Balance sheet accounts consist of assets plus deferred outflows minus liabilities minus deferred inflows to equal fund balance. The statement of revenues, expenditures and changes in fund balance consists of revenues minus expenditures to equal the change in fund balance.

Balance Sheet									
Debit Balances				(=)	Credit Balances				
Assets		(+)	DOR	(-)	Liabilities		(-)	DIR	(=) Fund Balance
DR	CR		DR	CR	DR	CR		DR	CR
+	-		+	-	-	+		-	+

Statement of Revenues, Expenditures, and Changes in Fund Balance							
Revenues		(-)	Expenditures		(=)	Change in Fund Balance	
DR	CR		DR	CR		DR	CR
-	+		+	-		-	+

JOURNAL ENTRIES

Opening Entries

Fiscal Year Opening Entry—All Funds Except Fiduciary Funds

(Commonly software generated)

General Ledger Account	Account Title	Applicable Fund	Debit (DR)	Credit (CR)
200	Imprest Cash	GF, ASB, CPF	X	
230	Cash on Hand	ALL	X	
240	Cash on Deposit with County Treasurer	ALL	X	
250	Cash with Fiscal Agent	DSF	X	
310	Taxes Receivable	GF, DSF, CPF, TVF	X	
320	Due From Other Funds	ALL	X	
330	Due From Other Governmental Units	ALL	X	
340	Accounts Receivable	ALL	X	
350	Interfund Loans Receivable	GF, CPF	X	
360	Accrued Interest Receivable	ALL	X	
410	Inventory—Supplies and Materials	GF, ASB	X	
420	Inventory—Lunchroom	GF	X	
430	Prepaid Items	GF, ASB, CPF, TVF	X	
450	Investments	ALL	X	
455	Investments—Deferred Compensation	GF, CPF	X	
241	Warrants Outstanding	ALL		X
601	Accounts Payable	ALL		X
602	Contracts Payable—Current	GF, ASB, CPF, TVF		X
605	Accrued Salaries	GF, ASB, CPF		X
606	Anticipation Notes Payable	GF, DSF, CPF, TVF		X
610	Payroll Deductions and Taxes Payable	GF, ASB, CPF		X
630	Due to Other Governmental Units	GF, ASB, CPF, TVF		X
635	Deferred Compensation Payable	GF, CPF		X
637	Estimated Unemployment Benefits Payable	GF		X
638	Estimated Other Employee Insurance Claims Payable	GF		X
639	Estimated Industrial Insurance Benefits Payable	GF		X

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General Ledger Account	Account Title	Applicable Fund	Debit (DR)	Credit (CR)
640	Due to Other funds	ALL		X
645	Interfund Loans Payable	GF, DSF, CPF, TVF		X
650	Deposit	GF, ASB, CPF		X
660	Unearned Revenue	ALL		X
675	Matured Bond Payable	DSF		X
685	Matured Bond Interest Payable	DSF		X
686	Arbitrage Rebate Payable	GF, DSF, CPF, TVF		X
750	Unavailable Revenue	ALL		X
760	Unavailable Revenue—Taxes Receivable	GF, DSF, CPF, TVF		X
810	Restricted for Other Items	GF, ASB, DSF, CPF, TVF		X
815	Restricted for Unequalized Deductible Revenue	GF (cash basis only)		X
819	Restricted for Fund Purposes	TVF, ASB		X
820	Assigned to Encumbrances	GF, CPF, TVF, ASB		X
821	Restricted for Carryover of Restricted Revenues	GF		X
823	Restricted for Carryover of Transition to Kindergarten Revenues	GF		X
828	Restricted for Carryover of Food Service Revenue	GF		X
830	Restricted for Debt Service	GF, CPF, TVF		X
835	Restricted for Arbitrage Rebate	GF, DSF, CPF, TVF		X
840	Nonspendable Fund Balance—Inventory & Prepaid Items	GF, ASB		X
845	Restricted for Self-Insurance	GF		X
850	Restricted for Uninsured Risks	GF, ASB, CPF, TVF		X
861	Restricted From Bond Proceeds	CPF		X
862	Committed From Levy Proceeds	CPF		X
863	Restricted From State Proceeds	CPF		X
864	Restricted From Federal Proceeds	CPF		X
865	Restricted From Other Proceeds	CPF		X
866	Restricted From Impact Fee Proceeds	CPF		X
867	Restricted From Mitigation Fee Proceeds	CPF		X
869	Restricted From Undistributed Proceeds	CPF		X

General Ledger Account	Account Title	Applicable Fund	Debit (DR)	Credit (CR)
870	Committed to Other Purposes	GF, DSF, CPF, TVF, ASB		X
872	Committed to Economic Stabilization	GF		X
875	Assigned to Contingencies	GF		X
884	Assigned to Other Capital Projects	GF		X
888	Assigned to Other Purposes	GF		X
889	Assigned to Fund Purposes	DSF, CPF, TVF, ASB		X
890	Unassigned Fund Balance	GF		X
891	Unassigned to Minimum Fund Balance Policy	GF		X
To record the fiscal year opening balances. This represents the beginning trial balance.				

Fiscal Year Opening Entry—Budgetary Accounts—All Funds Except Fiduciary Funds

(Commonly software generated)

General Ledger Account	Account Title	Applicable Fund	Debit	Credit
510	Estimated Revenues	ALL	X	
515	Estimated Other Financing Sources	ALL	X	
540	Appropriated Fund Balance	ALL	X	
535	Other Financing Uses (Budget and Actual)	ALL		X
900	Appropriations	ALL		X
To record the annual budget of the General Fund as adopted by the board of directors for the fiscal year 20XX.				

Fiscal Year Opening Entry—Fiduciary Funds

Permanent Fund (PF), Private Purpose Trust Fund (PPTF), Pension Trust Fund (PTF), Custodial Fund (CF)

(Commonly software generated)

General Ledger Account	Account Title	Fiduciary Fund	Debit	Credit
200	Imprest Cash	ALL	X	
230	Cash on Hand	ALL	X	
240	Cash on Deposit with County Treasurer	ALL	X	

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General Ledger Account	Account Title	Fiduciary Fund	Debit	Credit
320	Due From Other Funds	PF	X	
330	Due From Other Governmental Units	ALL	X	
340	Accounts Receivable	PF, PPTF, PTF	X	
360	Accrued Interest Receivable	ALL	X	
430	Prepaid Items	PF	X	
450	Investments	PF, PPTF, PTF	X	
451	Investments—Cash with Trustee	PF, PPTF, PTF	X	
460	Other Assets	PPTF	X	
490	Capital Assets—Land	PPTF	X	
491	Capital Assets—Buildings	PPTF	X	
493	Capital Assets—Equipment	PPTF, PTF, CF	X	
241	Warrants Outstanding	ALL		X
498	Accumulated Depreciation—Building	PPTF		X
499	Accumulated Depreciation—Equipment	PPTF, PTF, CF		X
601	Accounts Payable	ALL		X
602	Contracts Payable—Current	PF		X
630	Due to Other Governmental Units	ALL		X
640	Due to Other funds	PF		X
660	Unearned Revenue	PF		X
750	Unavailable Revenue	PF		X
810	Restricted for Other Items	PF		X
854	Restricted for Intact Trust Principal	PPTF, PTF, CF		X
855	Nonspendable Fund Balance—Trust Principal	PF		X
856	Restricted for Individuals, Organizations, and Other Governments—PPTF	PPTF, PTF		X
857	Restricted for Individuals, Organizations, and Other Governments—CF	CF		X
858	Restricted for Other Purposes	PPTF, PTF, CF		X
870	Committed to Other Purposes	PF		X
889	Assigned to Fund Purposes	PF		X
To record the fiscal year opening balances. This represents the beginning trial balance.				

Periodic Entries

These entries are commonly made on a regular basis, based on the needs of the district.

Local Receipts

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
230		Cash on Hand	ALL	X	
960	Yes	Revenues	ALL		X
965	Yes	Other Financing Sources	ALL		X
To record monies received directly by the district.					

NSF Check

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures (Bad Check or Bank Fees)	ALL	X	
960 or 965	Yes	Revenues or Other Financing Sources	ALL	X	
230		Cash on Hand	ALL		X
To record an NSF check returned to the district. This is a reversal of the original local receipt. Any bank fees or charges would be expended through GL 530.					

Warrant Cancellation and Unclaimed Property

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
241		Warrants Outstanding		X	
530	Yes	Expenditure (reduction of original account)			X
To record the cancellation of a warrant, crediting the original expenditure account. The district remains liable to pay unclaimed property to the person or entity subsequently establishing ownership.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
241		Warrants Outstanding		X	
601		Accounts Payable			X
To record the cancellation of a warrant and to recognize a liability for unclaimed property. G/L 601 clears when unclaimed property is remitted.					
General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
960	Yes	Local Revenue (reduction of original posting account).		X	
660		Unearned Revenue			X
To reverse the recognition of revenue and move unclaimed property to the Unearned Revenue Account before remitting to the DOR.					
General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
660		Unearned Revenue		X	
601		Accounts Payable			X
To reverse unused or unearned monies deposited in a student account and the property is unclaimed. Recognize a liability to the Department of Revenue for unclaimed property. G/L 601 clears when unclaimed property is remitted to DOR.					

County Treasurer Monthly Entry (From County Treasurer Report F-197)

District records must be reconciled to the amounts reported on the County Treasurer Report F-197. For further detail regarding debt issuance, refer to the Bond Issue and Bond Refunding section in this chapter. Refer to the F-197 section of the ABFR for line item definitions and additional guidance.

General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
240		01	Cash on Deposit with County Treasurer	ALL	X	
230		01	Cash on Hand	ALL		X
To record school district deposits receipted in.						
240		03	Cash on Deposit with County Treasurer	ALL	X	
450		03	Investments	ALL		X
To record investments sold.						

Accounting Manual for Public School Districts

General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
240		52	Cash on Deposit with County Treasurer	GF, CPF, DSF, TVF	X	
645		52	Interfund Loans Payable	GF, CPF, DSF, TVF		X

To record interfund loan proceeds.

General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
240		49	Cash on Deposit with County Treasurer	GF, CPF	X	
350		49	Interfund Loans Receivable	GF, CPF		X

To record repayment of interfund loan principal.

240		15	Cash on Deposit with County Treasurer	GF, DSF, CPF, TVF	X	
965	Yes	15	Other Financing Sources	GF, DSF, CPF, TVF		X

To record proceeds from Revenue Anticipation Notes issued.

240		Various	Cash on Deposit with County Treasurer	ALL	X	
960	Yes	Various	Revenues	ALL		X
965	Yes	Various	Other Financing Sources	ALL		X

To record Schedule A cash increases, except for state apportionment. See ABFR Chapter F-197 for Schedule A item numbers.

General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
240		19	Cash on Deposit with County Treasurer	ALL	X	
240		19	Cash on Deposit with County Treasurer	ALL	X	
Various		19	Other Cash Increases	ALL		X

To record other cash increases. The Credit GL depends on the identification of the cash increase.

Accounting Manual for Public School Districts

General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
241		05	Warrants Outstanding	ALL	X	
240		05	Cash on Deposit with County Treasurer	ALL		X
To record warrants redeemed.						

Various		12	Warrants Issued by district	ALL	X	
241		12	Warrants Outstanding	ALL		X
To record warrants issued. Commonly software generated at the time of issue.						

General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
530	Yes	06	Expenditures	GF, DSF, CPF, TVF	X	
240		06	Cash on Deposit with County Treasurer	GF, DSF, CPF, TVF		X
To record warrant interest paid.						

450		07	Investments	ALL	X	
240		07	Cash on Deposit with County Treasurer	ALL		X
To record investments purchased.						
350		13	Interfund Loans Receivable	GF, CPF	X	
240		13	Cash on Deposit with County Treasurer	GF, CPF		X
To record an interfund loan.						

530	Yes	09	Expenditures (Interest)	GF, DSF, CPF, TVF	X	
645		08	Interfund Loans Payable (Principal)	GF, DSF, CPF, TVF	X	
240		08 + 09	Cash on Deposit with County Treasurer	GF, DSF, CPF, TVF		X
To record an interfund loan principal and interest paid.						

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General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
530	Yes	17	Expenditures	GF, DSF, CPF, TVF	X	
535	Yes	16	Other Financing Uses	GF, DSF, CPF, TVF	X	
240		16 + 17	Cash on Deposit with County Treasurer	GF, DSF, CPF, TVF		X
To record Revenue Anticipation Notes redeemed and interest paid.						

536		10	Other Financing Uses–Transfers Out	GF, DSF, CPF, TVF	X	
240		10	Cash on Deposit with County Treasurer	GF, DSF, CPF, TVF		X
To record transfers to another fund.						

General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
Various		11	Other Cash Decreases	ALL	X	
240		11	Cash on Deposit with County Treasurer	ALL		X
To record other cash decreases. The Debit GL depends on the identification of the cash decrease.						

241		14	Warrants Outstanding	ALL	X	
530	Yes	14	Expenditures	ALL		X
To record warrants cancelled. This is a reversal of the original warrant issued.						

240		50	Cash on Deposit with County Treasurer	DSF	X	
960 or 965	Yes	50	Revenues or Other Financing Sources	DSF		X
To record accrued interest and premium on bond sales.						

240		77	Cash on Deposit with County Treasurer	DSF	X	
250		77	Cash with Fiscal Agent	DSF		X
To record monies remitted to county treasurer by fiscal agent.						

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General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
530	Yes	58, 65, 71, 72	Expenditures	DSF	X	
240		58, 65, 71, 72	Cash on Deposit with County Treasurer	DSF		X
To record voted and non-voted bond principal and interest paid by county treasurer.						

General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
530	Yes	98	Expenditures	DSF	X	
240		98	Cash on Deposit with County Treasurer	DSF		X
To record bond transfer fees.						

250		73	Cash with Fiscal Agent	DSF	X	
240		73	Cash on Deposit with County Treasurer	DSF		X
To record monies remitted to fiscal agent by county treasurer.						

General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
530	Yes	56, 63, 79, 90	Expenditures	DSF	X	
675		56, 90	Matured Bonds Payable	DSF		X
685		63, 79	Matured Interest Payable	DSF		X
To record matured voted and non-voted bond principal and interest.						

675		57, 75	Matured Bonds Payable	DSF	X	
685		64, 76	Matured Interest Payable	DSF	X	
250		57, 64, 75, 76	Cash with Fiscal Agent	DSF		X
To record voted and non-voted bond principal and interest paid by fiscal agent.						

530	Yes	18	Expenditures	CPF	X	
240		18	Cash on Deposit with County Treasurer	CPF		X
To record bond issuance expenditures.						

State Apportionment Monthly Entry

(From OSPI Report 1197)

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
240		Cash on Deposit with County Treasurer	GF, CPF, TVF	X	
960	3XXX	State Revenue—General Purpose	GF		X
960	4XXX	State Revenue—Special Purpose	GF, CPF, TVF		X
960	5XXX	Federal Revenue—General Purpose	GF		X
960	6XXX	Federal Revenue—Special Purpose	GF		X
To record monthly apportionment received directly by county treasurer.					

Note: In all funds, except for the Associated Student Body Fund and the fiduciary funds, these categories are further divided into specific revenue or other financing source accounts. The subsidiary revenue or other financing source account numbers, titles, and descriptions are uniform for all applicable Funds; however, not all accounts are used in each fund.

Taxes Levied, Received, and Adjusted

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
310		Taxes Receivable	GF, DSF, CPF, TVF	X	
760		Unavailable Revenue—Taxes Receivable	GF, DSF, CPF, TVF		X
To record property taxes levied and increased taxes.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
760		Unavailable Revenue—Taxes Receivable	GF, DSF, CPF, TVF	X	
310		Taxes Receivable	GF, DSF, CPF, TVF		X
To record a reduction in the property tax receivable as a result of tax collections.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
240		Cash on Deposit with County Treasurer	GF, DSF, CPF, TVF	X	
960		Revenues	GF, DSF, CPF, TVF		X
To record the reduction in taxes receivable as a result of property tax collections and adjustments.					

Accounts Payable—Encumbrances—Accrual Districts Only

(Commonly computer generated)

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
520		Encumbrances	GF, ASB, CPF	X	
820		Assigned to Encumbrances	GF, ASB, CPF		X
To record the commitment to purchase at the time the order is placed.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
820		Assigned to Encumbrances	GF, ASB, CPF, TVF	X	
520		Encumbrances	GF, ASB, CPF, TVF		X
530	Yes	Expenditures	ALL	X	
601		Accounts Payable	ALL		X
To record approved invoices as accounts payable and relieve the encumbrance.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
601		Accounts Payable	ALL	X	
241		Warrants Outstanding	ALL		X
To record the payment of approved accounts payable invoices.					

Accounts Receivable—Accrual Districts Only

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
340		Accounts Receivable	ALL	X	
960	Yes	Revenues	ALL		X
To record accounts receivable.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
230		Cash on Hand	ALL	X	
340		Accounts Receivable	ALL		X
To record the receipt of a receivable.					

Budget Modifications

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
510		Estimated Revenues	ALL	X	
900		Appropriations	ALL		X
To record a budget extension due to unanticipated revenues and increase existing appropriations.					
General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
515		Estimated Other Financing Sources	ALL	X	
540		Appropriated Fund Balance	ALL		X
535		Other Financing Uses (Budget and Actual)	ALL		X
To record a budget extension due to unanticipated other financing sources and to increase estimated other financing uses.					

Payroll

(Commonly computer generated)

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF, ASB, CPF	X	
605		Accrued Salaries	GF, ASB, CPF		X
610		Accrued Payroll Deductions and Taxes Payable	GF, ASB, CPF		X
To record payroll.					

Note: If the district uses a separate account for payroll, a separate journal entry will be needed to move the amount of net payroll into that account.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
605		Accrued Salaries	GF, ASB, CPF	X	
610		Accrued Payroll Deductions and Taxes Payable	GF, ASB, CPF	X	
241		Warrants Outstanding	ALL		X
To record payment of payroll via warrants.					

Refund of Expenditure

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
230		Cash on Hand	ALL	X	
530	Yes	Expenditures	ALL		X
To record the receipt of an expenditure refund.					

Refund of Revenue

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
960	Yes	Revenues	ALL	X	
241		Warrants Outstanding	ALL		X
To record revenues subsequently refunded to payee through accounts payable.					

Sale of Equipment

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
230		Cash on Hand	ALL Except DSF	X	
965	Yes	Other Financing Sources	ALL Except DSF		X
To record the sale of equipment by the district per RCW 28A.335.180.					

Debit–Credit Transfers

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	PP-AA-0	Expenditures—Debit Transfers	GF	X	
530	PP-AA-1	Expenditures—Credit Transfers	GF		X
The transfer objects of expenditure enable a district to transfer certain direct charges to the program and activity using the resources. The transfer objects consist of both debit objects of expenditure (Object 0) and credit objects of expenditure (Object 1). See Chapter 6 for more information.					

Inventory—Perpetual MethodReceipt of Inventory

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
410		Inventory—Supplies and Materials	GF, ASB	X	
420		Inventory—Lunchrooms	GF	X	
601		Accounts Payable	GF, ASB		X
To record the receipt of inventory items.					

Accounts Payable for Inventory

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
601		Accounts Payable	GF, ASB, CPF, TVF	X	
241		Warrants Outstanding	GF, ASB, CPF, TVF		X
To record the payment of accounts payable established upon receipt of inventory items.					

Reduction in Inventory

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF, ASB, CPF, TVF	X	
410		Inventory—Supplies and Materials	GF, ASB		X
420		Inventory—Lunchrooms	GF		X
To record the reduction in inventory for supplies and material or food withdrawn from stock or an inventory reduction when a physical inventory reveals that the book figure exceeds the actual stock.					

Inventory—Periodic MethodExpenditure of Periodic Method Inventory

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF, ASB, CPF, TVF	X	
410		Inventory—Supplies and Materials	GF, ASB, CPF, TVF		X
420		Inventory—Lunchrooms	GF		X
To record expenditures of inventory items at the beginning of the year. It is assumed that inventory items are used before any new purchases (FIFO method).					

Periodic Method Receipt of Inventory

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF, ASB, CPF, TVF	X	
601		Accounts Payable	GF, ASB, CPF, TVF		X
To record the receipt of inventory items and their immediate expenditure.					

Periodic Method to Establish Inventory

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
410		Inventory—Supplies and Materials	GF, ASB, CPF, TVF	X	
420		Inventory—Lunchrooms	GF	X	
530	Yes	Expenditures	GF, ASB, CPF, TVF		X
To record the establishment of inventory accounts based on a periodic physical count of items. Inventory should be consistently valued by using the first-in, first-out (FIFO), or other generally accepted method of accounting for inventory.					

Interfund Activity Entries

There are two varieties of interfund activities: interfund loans, and interfund transfers. Interfund loans are of short duration, and must be repaid within a year. Interfund transfers are of a permanent nature, and require board and budgetary approval. For more information about interfund activities, review the section in Chapter 3.

Interfund Loan Entries

Interfund loan entries are also noted in the County Treasurer Monthly Entries. They are repeated here to show the entries according to borrowing and lending funds. Interfund loans are short term obligations and cannot extend beyond one calendar year.

Borrowing Fund

General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
240		52	Cash on Deposit with County Treasurer	GF, CPF, DSF, TVF	X	
645		52	Interfund Loans Payable	GF, CPF, DSF, TVF		X
To record interfund loan proceeds.						

General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
530	Yes	09	Expenditures (Interest)	GF, DSF, CPF, TVF	X	
645		08	Interfund Loans Payable (Principal)	GF, DSF, CPF, TVF	X	
240		08 + 09	Cash on Deposit with County Treasurer	GF, DSF, CPF, TVF		X
To record an interfund loan principal and interest paid.						

Lending Fund

General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
350		13	Interfund Loans Receivable	GF, CPF	X	
240		13	Cash on Deposit with County Treasurer	GF, CPF		X
To record an interfund loan.						
General Ledger Account	Subsidiary Ledger Required	County Treasurer Line Item	Account Title	Applicable Fund	Debit	Credit
240		49	Cash on Deposit with County Treasurer	GF, CPF	X	
350		49	Interfund Loans Receivable	GF, CPF		X
960	Yes 2400	41	Interfund Loan Interest Earnings	GF, CPF		X
To record repayment of interfund loan principal and interest paid.						

Interfund Transfer EntriesSending Fund

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
536		Other Financing Uses—Transfers Out	GF, CPF, TVF	X	
640		Due To Other Funds	GF, CPF, TVF		X
To record the amount to be paid in an interfund transfer.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
640		Due To Other Funds	GF, CPF, TVF	X	
240		Cash on Deposit with County Treasurer	GF, CPF, TVF		X
To record the actual transfer of funds out of the sending fund.					

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, or 9902	Other Financing Sources	GF, DSF, CPF, TVF		X
To record the interfund receivable. Use the applicable revenue code 9900, 9901 or 9902.					
General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
240		Cash on Deposit with County Treasurer	GF, DSF, CPF, TVF	X	
320		Due From Other Funds	GF, DSF, CPF, TVF		X
To record the actual transfer of funds into the receiving fund.					

Capital Projects Technology and Maintenance Transfers

The following journal entries are for districts that use Capital Projects Funds in the manners described in RCW 28A.320.330(2)(f)(ii) and (g). For additional guidance, see Chapter 10 – Capital Projects Fund Accounting. This is a specific example of an allowable interfund transfer.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF	X	
241	Yes	Warrants Outstanding	GF		X
To record the initial expenditures in the General Fund. (Entry #1)					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
320	No	Due From Other Funds	GF	X	
965	9902	Transfers — Technology and Maintenance	GF		X
To record the interfund receivable from the Capital Projects Fund for the above work. (Entry #2a)					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
536	Yes	Other Financing Uses—Transfers Out	CPF	X	
640		Due To Other Funds	CPF		X

To record the interfund payable to the General Fund for the above work. (Entry #2b)

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
240		Cash on Deposit with County Treasurer	GF	X	
320		Due From Other Funds	GF		X

To record the liquidation of the interfund transfer. (Entry #3a)

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
640		Due To Other Funds	CPF	X	
240		Cash on Deposit with County Treasurer	CPF		X

To record the liquidation of the interfund transfer. (Entry #3b)

COBRA Benefits

COBRA Benefit Payment Receipt

COBRA payments are not part of a school district's operating revenues or expenditures as the district is holding the funds from the employee (or former employee) to transmit to the insurance company.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
230		Cash on Hand	GF	X	

610		Payroll and Liability Payable	GF		X
960	Yes	Revenues	GF		X
To record the payment of COBRA medical, dental and other benefits by a former employee or eligible family member. Revenues represent collection of administrative fees.					

When COBRA payments are made by current employees through payroll, the employee's warrant is reduced and the offsetting Credit to GL 610, Payroll and Benefits Payable, is created.

COBRA Benefit Vendor Payment

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
610		Payroll and Benefits Payable	GF	X	
241		Warrants Outstanding	GF		X
To record the payment to the medical providers of COBRA benefits.					

Time and Effort Adjustments

Employee salaries and wages may be assigned to federal grants before the services are performed based on budget or other estimated distribution percentages. The method used to establish the estimates should produce reasonable approximations of the actual employee time distributions. Estimates alone do not qualify for and may not be used in lieu of T&E reports. 2 CFR 200.430(i)(1)(vii).

Districts must compare actual costs based on T&E reports to the estimates used for coding payroll expenditures. This reconciliation must occur timely and be documented. We recommend the reconciliation be done quarterly, but if you have other internal controls in place to ensure adjustments are timely, you can perform reconciliations less frequently. During the reconciliation process, variances should be adjusted to actual, but at a minimum, adjustment to actual must occur at year end.

At the end of the fiscal year, differences higher than 5% must be adjusted so the final payroll and accounting records reflect costs of the actual time worked as reported by staff for each federal cost objective for the year. Individual employee variances may be aggregated for each federal award.

The following examples display the calculation for first and second quarter time and effort.

1st Quarter	Amount paid to date (budgeted)	Budgeted Percentage	Actual as worked to date (Per Time and Effort)	Actual Percentage	Difference at Object Level
01-21-2	10,830.27		11,263.48		-433.21
01-21-4	3,678.42		3,825.56		-147.14
Total 01	14,508.69	50%	15,089.04	52%	-580.35
51-21-2	10,830.27		10,397.06		433.21
51-21-4	3,678.42		3,531.28		147.14
Total 51	14,508.69	50%	13,928.34	48%	580.35
Totals	29,017.38		29,017.38		0.00

In the first quarter example, no adjustment is required since the amount Title I was overcharged was 4.17% (\$14,508.69 versus \$13,928.34). This is less than 5% percent of the cost.

2nd Quarter	Amount paid to date (budgeted)	Budgeted Percentage	Actual as worked to date (Per Time and Effort)	Actual Percentage	Difference at Object Level
01-21-2	21,660.54		24,259.80		-2,599.26
01-21-4	7,356.84		8,239.66		-882.82
Total 01	29,017.38	50%	32,499.47	56%	-3,482.09
51-21-2	21,660.54		19,061.28		2,599.26
51-21-4	7,356.84		6,474.02		882.82
Total 51	29,017.38	50%	25,535.29	44%	3,482.09
Totals	58,034.76		58,034.76		0.00

In the second quarter example, a cumulative adjustment is required since Title I was overcharged by 13.64% (\$29,017.38 versus \$25,535.29). This is greater than 5% of the program budgeted or charged.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	01-21-2	Basic Education, Supervision, Certificated Salary	GF	2,599.26	
530	01-21-4	Basic Education, Supervision, Employee Benefits & Taxes	GF	882.82	

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	51-21-2	Title I, Supervision, Certificated Salary	GF		2,599.26
530	51-21-4	Title I, Supervision, Benefits & Taxes	GF		882.82
To record cumulative time and effort adjustment for first and second quarter.					

Self-Insured Industrial Insurance

(This is for self-insured districts who are not participating in an industrial insurance pool.)

Security Deposit Required by L&I for a Deposit Held in Trust

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
459		Self-Insurance Security Deposits	GF	X	
240		Cash on Deposit with County Treasurer	GF		X
To record the security deposit required by the Department of Labor and Industries for a deposit held in trust by the county treasurer. GL 241 may be appropriate if the deposit is held in trust by other than the county treasurer.					

Expenditure for Industrial Insurance Benefits and the Liability Claims

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF	X	
639		Estimated Industrial Insurance Benefits Payable	GF		X
To record the expenditure for industrial insurance benefits and the liability claims. This is a payroll entry.					

Benefit Claims, Administrative Assessments, and Reinsurance Premiums

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
639		Estimated Industrial Insurance Benefits Payable	GF	X	
241		Warrants Outstanding	GF		X
To record the payment of benefit claims, administrative assessments, and reinsurance premiums for industrial insurance.					

Payments for Industrial Insurance Benefit Related Expenditures

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF	X	
601		Accounts Payable	GF		X
To record the supplemental pension, consulting firm service fees, surety bond premiums, legal and other related expenditures involved with industrial insurance benefits.					

Self-Insured Unemployment Compensation

(This is for self-insured districts who are not participating in an unemployment insurance pool.)

Expenditure of Unemployment Benefits During Payroll

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF	X	
637		Estimated Unemployment Benefits Payable	GF		X
To record the expenditure of unemployment benefits during payroll processing. The liability is for estimated future claims against current wages.					

Unemployment Benefits and Administrative Assessment to Employment Security

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
637		Estimated Unemployment Benefits Payable	GF	X	
241		Warrants Outstanding	GF		X
To record the payment of unemployment benefits and administrative assessments to the Employment Security Department. These amounts represent claims actually paid by Employment Security that are now being reimbursed by the district.					

Compensated Absence Pools

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
451		Investments—Cash with Trustee	GF	X	
241		Warrants Outstanding	GF		X
To record the periodic deposit into the compensated absence pool via warrant.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF	X	
241		Warrants Outstanding	GF		X
To record the cash-out of leave of an eligible employee upon termination or the buy-back of partial leave of an employee during the annual eligibility period. The appropriate sub-coding for the correct program–activity–object for the employee or former employee should be used.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
240		Cash on Deposit with County Treasurer	GF	X	
451		Investment—Cash with Trustee	GF		X
To record the reimbursement of the district from the pool for eligible compensated absence expenditures.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
890		Unassigned Fund Balance	GF	X	
888		Assigned to Other Purposes	GF		X
To record the assignment of fund balance for any amounts contributed to the pool in excess of reimbursements from the pool. If the district receives reimbursements in excess of the amount contributed, this entry is reversed.					

Deferred Compensation

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
455		Investments—Deferred Compensation	GF, CPF, PTF	X	
635		Deferred Compensation Payable	GF, CPF, PTF		X
To record the investment and related liability for deferred compensation. Cash for investments is obtained by warrants written along with the payroll. Amounts are expended with payroll.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
635		Deferred Compensation Payable	GF, CPF, PTF	X	
241		Warrants Outstanding	GF, CPF, PTF		X
610	Yes	Payroll Deduction and Taxes Payable	GF, CPF, PTF		X
To record the payment to an employee or former employee and the accrual of the federal tax deduction.					

Contracts Payable

Long-Term

Conditional Sales Contract

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	PP-AA-9	Expenditures	GF, CPF, TVF	X	
965	9500	Other Financing Sources	GF, CPF, TVF		X

To record the full purchase amount of the asset when it is acquired through a conditional sales contract. See Chapter 3 for additional information.

Current Payment of Conditional Sales Contract

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	97-84-7	Expenditures—Principal	GF, CPF, TVF	X	
530	97-83-7	Expenditures—Interest	GF, CPF, TVF	X	
241		Warrants Outstanding	GF, CPF, TVF		X

To record the current payment of the contract. This entry is made in the same fund acquiring the equipment. The second or double expenditure is recorded as an expenditure for debt payment in Activity 84, Principal. Since the Capital Projects Fund does not have the name expenditure program format as do the other two funds, Expenditure Type 91, Debt Principal should be used.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
602		Contracts Payable—Current	GF, CPF, TVF	X	
241		Warrants Outstanding	GF, CPF, TVF		X

To record the payment of the current year portion of the long-term contract. This entry is made in the same fund acquiring the equipment.

Adjustments—Prior Fiscal Year—Immaterial Errors

Entries for immaterial errors are handled the same as correcting entries in the current year. Refer to the definition of materiality in Chapter 8 Financial Reporting.

Adjustments—Prior Fiscal Year—Material Errors

Prior fiscal year adjustments are infrequent and must be **material**. The following entries are samples of some adjustments that might be necessary in certain unusual situations. Refer to the definition of materiality in Chapter 8 Financial Reporting.

Refund of Expenditures Paid in a Prior Fiscal Year

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
240		Cash on Deposit with County Treasurer	ALL	X	
898		Prior Year Error Corrections	ALL		X
To record the refund of expenditures paid in a prior fiscal year.					

Refund of Prior Fiscal Year Tax Receipts

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
898		Prior Year Error Corrections	GF, DSF, CPF, TVF	X	
240		Cash on Deposit with County Treasurer	GF, DSF, CPF, TVF		X
To record the refund of prior year tax receipts.					

Correction of an Error in Recording the Prior Fiscal Year Physical Inventory

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
410		Inventory—Supplies and Materials	GF, ASB	X	
420		Inventory—Lunchrooms	GF	X	
898		Prior Year Error Corrections	GF, ASB		X
To record the correction of an understatement of the prior fiscal year inventory. If the inventory had been overstated, the debits and credits would be reversed.					

Correction of Prior Fiscal Year Accruals That Were Missed in Error

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
898		Prior Year Error Corrections	All	X	
601		Accounts Payable	All		X
To record the correction of prior fiscal year expenditure accruals that were understated in error.					

Adjustments—Prior Fiscal Year—Fund Entity Changes

Fund entity changes occur when an equity transfer is made to another governmental unit outside of the school district.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
898		Prior Year Error Corrections	GF, CPF	X	
630		Due to Other Governmental Units	GF, CPF		X
To record transfer of resources to XYZ ECEAP Center. This journal entry is used to reduce beginning fund balance. At the end of the year, GL 898 is closed to GL 890 Unassigned Fund Balance.					

Adjustments—Optional Journal Entry Related to Prior Period Adjustments

Optional entry when a Prior Period adjustment affects a specific Fund Balance Account. Districts should consider posting an offset from GL 890 or GL 889 to another equity account when applicable.

The example below would occur after a prior period restatement is posted for an increase to inventory in the General Fund.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
890		Unassigned Fund Balance	GF, CPF	X	
840		Nonspendable Fund Balance— Inventory and Prepaid Items	GF, CPF		X
To record the related increase in inventory as nonspendable fund balance. This journal entry allows the prior period adjustment to be reflected in a proper fund balance account.					

Accruals

Accounts Payable Accruals as of the End of the Fiscal Year

(Commonly computer generated)

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	All	X	
601		Accounts Payable	All		X
To record accounts payable accruals as of the end of fiscal year. Expenditures are processed through the payables and expensed directly to the previous school fiscal year.					

Payroll Accruals as of the End of the Fiscal Year

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF, ASB, CPF	X	
605		Accrued Salaries	GF, ASB, CPF		X
610		Payroll Deductions and Taxes Payable	GF, ASB, CPF		X
To record payroll accruals as of the end of fiscal year.					

Grant Accruals

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
330		Due From Other Governmental Units	ALL	X	
340		Accounts Receivable	GF, ASB, DSF, CPF, TVF, PF	X	
960	Yes	Revenue	ALL		X
To record grant accruals.					

Accrued Interest

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
240		Cash on Deposit with County Treasurer	DSF	X	
604		Accrued Interest Payable	DSF		X
To record the cash received for accrued interest at the time of the bond sale.					

Payment of Interest on Bonds Including Accrued Interest Payable

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	DSF	X	
604		Accrued Interest Payable	DSF	X	
240		Cash on Deposit with County Treasurer	DSF		X
To record the payment of interest on bonds including the accrued interest payable. See entry above.					

Annual Entries**Commodities**

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	98-42-5	Expenditures	GF	X	
960	6998	Revenues	GF		X
420		Inventory—Lunchroom	GF	X	X
The debit to GL 530 is the value of commodities used during the year. The credit to GL 960 is the value of the commodities received during the year. GL 420 account is either debit or credit to balance the entry and reflects the change in inventory. This entry assumes a periodic inventory system.					

Deferred Inflows of Resources

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
230 or 240		Cash on Hand or Cash on Deposit with County Treasurer	GF, ASB, DSF, CPF, TVF, PF	X	
750		Unavailable Revenue	GF, ASB, DSF, CPF, TVF, PF		X
To record revenue received but not available to pay for current liabilities.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
340		Accounts Receivable	GF, ASB, DSF, CPF, TVF, PF	X	
750		Unavailable Revenue	GF, ASB, DSF, CPF, TVF, PF		X
To recognize resources earned but not received and will not be available to pay for current liabilities.					

Prepaid Items

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
430		Prepaid Items	GF, CPF, ASB	X	
601		Accounts Payable	GF, CPF, ASB		X
To record a payable incurred in the current fiscal year for a future fiscal year.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF, ASB, CPF, TVF	X	
430		Prepaid Items	GF, ASB, CPF, TVF		X
To record the expenditures after September 1.					

Revenue Receivables

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
320		Due From Other Funds	GF, ASB, DSF, CPF, TVF, PF	X	
330		Due From Other Governmental Units	GF, ASB, DSF, CPF, TVF, PF	X	
340		Accounts Receivable	GF, ASB, DSF, CPF, TVF, PF	X	
960	Yes	Revenues	GF, ASB, DSF, CPF, TVF, PF		X
To record revenue sources established as receivables and available.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
230 or 240		Cash on Hand or Cash on Deposit with County Treasurer	GF, ASB, DSF, CPF, TVF, PF	X	
320		Due From Other Funds	GF, ASB, DSF, CPF, TVF, PF		X
330		Due From Other Governmental Units	GF, ASB, DSF, CPF, TVF, PF		X
340		Accounts Receivable	GF, ASB, DSF, CPF, TVF, PF		X
To record the collection of accounts receivable established in the entry above.					

Closing Entries

Closing Entries—All Funds (Except Fiduciary Funds)

(Commonly software generated)

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
535		Other Financing Uses (Budget and Actual)	ALL	X	
889		Assigned to Fund Purposes	DSF, CPF, TVF, ASB	X*	X*
890		Unassigned Fund Balance	GF	X*	X*
960	Yes	Revenues	ALL	X	
530	Yes	Expenditures	ALL		X
540		Appropriated Fund Balance	ALL		X
965	Yes	Other Financing Sources	ALL		X
898		Prior Year Error Corrections	ALL	X*	X*
To record the fiscal year closing balances. (* Record as debit or credit as appropriate.)					

Closing Entries—Budgetary Accounts

(Commonly software generated)

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
820		Assigned to Encumbrances	ALL	X	
900		Appropriations	ALL	X	
510		Estimated Revenues	ALL		X
515		Estimated Other Financing Sources	ALL		X
520		Encumbrances	ALL		X
To record the closing of the budgetary accounts at the end of the fiscal year.					

Closing Entries—Permanent Fund (PF), Private Purpose Trust Fund (PPTF), Pension Trust Fund (PTF), Custodial Fund (CF)

(Commonly software generated)

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
889		Assigned to Fund Purposes	PF, PPTF, PTF	X	
530	Yes	Expenses	PF, PPTF, PTF		X
To record the closing of expenses at the end of the fiscal year.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
960	Yes	Revenues	PF, PPTF, PTF	X	
889		Assigned to Fund Purposes	PF, PPTF, PTF		X
To record the closing of revenues at the end of the fiscal year.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
889		Assigned to Fund Purposes	PF, PPTF, PTF	X	
538		Nonoperating Expenses	PF, PPTF, PTF		X
To record the closing of nonoperating expenses at the end of the fiscal year.					

968		Nonoperating Revenues	PF, PPTF, PTF	X	
889		Assigned to Fund Purposes	PF, PPTF, PTF		X
To record the closing of nonoperating revenues at the end of the fiscal year.					

Closing Entries—Fiduciary Fund

Fiduciary funds report assets “held in trust” for others. If accounting software closes PPFT or PTF to GL 889, additional entries are required. GL 889 is not applicable for Fund 7.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
889		Assigned to Fund Purposes	PPTF, PTF	X	
854		Restricted for Intact Trust Principal	PPTF, PTF, CF		X
856		Restricted for Individuals, Organizations, and Other Governments—PPTF	PPTF, PTF		X
857		Restricted for: Individuals, Organizations, and Other Governments—CF	CF		X
858		Restricted for Other Purposes	PPTF, PTF, CF		X
To record Fiduciary Fund balances to the proper accounts and close out GL889.					

Restrictions of Fund Balance

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
889		Assigned to Fund Purposes	ALL (except GF)	X	
890		Unassigned Fund Balance	GF	X	
819		Restricted for Fund Purposes	TVF, ASB		X
821		Restricted for Carryover of Restricted Revenue	GF		X
828		Restricted for Carryover of Food Service Revenue	GF		X
830		Restricted for Debt Service	GF, CPF, TVF		X
835		Restricted for Arbitrage Rebate	GF, DSF, CPF, TVF		X
845		Restricted for Self-Insurance	GF		X

850		Restricted for Uninsured Risk	GF, ASB, CPF, TVF		X
861		Restricted from Bond Proceeds	CPF		X
862		Committed from Levy Proceeds	CPF		X
863		Restricted from State Proceeds	CPF		X
864		Restricted from Federal Proceeds	CPF		X
865		Restricted from Other Proceeds	CPF		X
866		Restricted from Impact Fee Proceeds	CPF		X
867		Restricted from Mitigation Fee Proceeds	CPF		X
868		Restricted from CTE Carryover Resources	CPF		X
869		Restricted from Undistributed Proceeds	CPF		X

To record the establishment of restrictions on fund balance. Restricted fund balance accounts consist of portions of fund balance that are either legally restricted to a specific future use or are not available for appropriation or expenditure. See Chapter 4 for additional information.

Restricted for Unequalized Deductible Revenue (Cash Basis Districts Only)

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
890		Unassigned Fund Balance	GF	X	
815		Restricted for Unequalized Deductible Revenue	GF		X

To set up a restriction for deductible revenue received that will be deducted from apportionment in the next fiscal year. This should be done at year-end.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
815		Restricted for Unequalized Deductible Revenue	GF	X	
890		Unassigned Fund Balance	GF		X

To reverse the restriction for deductible revenue when deducted from apportionment.

Accrual of Deductible Revenue Recovery (Accrual Basis Districts Only)

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
960	3100	Revenues	GF	X	
630		Due to Other Governmental Units	GF		X
To record the liability for the recovery of state revenues in January of the following year.					

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
630		Due to Other Governmental Units	GF	X	
960	3100	Revenues	GF		X
To record the recovery of state revenues owed from the prior year (done in January). The recovery is treated as if the district received an advance on its apportionment payment in the prior year.					

Commitment of Fund Balance

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
889		Assigned to Fund Purposes	All (except GF)	X	
890		Unassigned Fund Balance	GF	X	
870		Committed to Other Purposes	All		X
872		Committed to Economic Stabilization	GF		X
To record the establishment of commitments of fund balance. Accounts are used to set aside financial resources for specific purposes. These accounts reflect commitments made by the board of directors for future financial resource use. See Chapter 4 for additional information.					

Assignment of Fund Balance

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
890		Unassigned Fund Balance	GF	X	

875		Assigned to Contingencies	GF		X
884		Assigned to Other Capital Projects	GF		X
888		Assigned to Other Purposes	GF		X
To record the establishment of designation of fund balance. Accounts are used to set aside financial resources for specific purposes. These accounts reflect tentative management plans for future financial resource use such as the replacement of equipment or the assignment of resources for contingencies. See Chapter 4 for additional information.					

SHARED SERVICE ARRANGEMENTS JOURNAL ENTRIES

With Fiscal Agent Responsibilities

See Chapter 3 Shared Service Arrangements, Fiscal Agent Accounting Treatment, for more information.

Background for All Scenarios

School Districts A, B, and C have agreed to participate in a shared service arrangement for a federal grant that requires one of the districts to be a fiscal agent. The three districts have signed an interlocal agreement, applied, and have been awarded the grant. The following four examples are intended to illustrate typical journal entries for each type of fiscal agent arrangement situation that may occur.

Note: Revenue codes for federal funds would be as follows:

- 61XX are for federal revenues that come to the district through OSPI.
- 62XX are for federal revenues that come to the district directly from a federal agency.
- 63XX are for federal revenues that come to the district indirectly through a non-federal agency, such as the fiscal agent.

Note that when the fiscal agent accounts for the funds in an agency fund, the sub-recipient of these funds would not code a 63XX, but a 62XX. See scenario 3.

Scenario 1—Fiscal Agent as a Participating District

School District A is administering the grant and has monitoring responsibilities for School Districts B and C. All school districts are benefiting from this grant; therefore, School District A is a *Participating Fiscal Agent*. After all three school districts have

expended funds in accordance with the grant purposes, School Districts B and C have requested reimbursement from School District A of \$300 each. School District A has requested reimbursement from the federal agency of \$300 also, \$900 total. The journal entries are as follows:

School Districts A, B, and C—Accounted for in the General Fund

School districts A, B, and C expend \$300 each for grant purposes and make the following journal entry:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	Yes	Expenditures	300	
241		Warrants Outstanding		300
To recognize grant expenditures.				

When the fiscal agent, School District A, receives School Districts B's and C's claims for expenditure reimbursement, School District A makes the following journal entry in the General Fund:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	Yes	Expenditures	600	
601		Accounts Payable (GL 630 Due to Other Governmental Units at year-end for accrual districts)		600
To record grant expenditures for School Districts B and C.				

Upon receipt of the grant proceeds, School District A makes the following journal entries in the General Fund:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
240		Cash on Deposit with County Treasurer	900	
960	Yes	Revenues		900
To record receipt of grant proceeds.				
601		Accounts Payable (GL 630 Due to Other Governmental Units at year-end for accrual districts)	600	
241		Warrants Outstanding		600
To disburse grant proceeds to School Districts B and C.				

School Districts B and C receive grant proceeds from the fiscal agent, School District A, and make the following journal entry:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
240		Cash on Deposit with County Treasurer	300	
960	Yes	Revenue		300
To record receipt of grant proceeds.				

Scenario 2—Fiscal Agent as a Non-Participating District with Administrative Responsibilities

School District A has agreed to be the fiscal agent and based on the grant agreement School District A has administering and monitoring responsibilities for the grant. School District A is not benefiting from the grant with the exception of receiving a \$100 administrative fee. The administrative fee is reimbursable from the grant proceeds. Prior to School District A receiving reimbursement, they first bill the \$50 administrative fee to School Districts B and C.

(For this scenario, we will assume that School Districts B and C have already paid School District A the administrative fee and have submitted their reimbursement requests totaling \$900 to School District A (\$400 in grant expenditures and the \$50 administrative fee for each participating school district).)

School District A, the fiscal agent, gets claims for expenditure reimbursements from School Districts B and C, and makes the following journal entry:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	Yes	Expenditures	800	
601		Accounts Payable (Or GL 630 Due to Other Governmental Units for accrual districts)		800

Upon receipt of the grant proceeds, School District A makes the following journal entries:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
240		Cash on Deposit with County Treasurer	800	
960	Yes	Revenues		800
To record receipt of grant proceeds.				

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
601		Accounts Payable (630 Due to Other Governmental Units at year-end for accrual districts.)	800	
241		Warrants Outstanding		800
To disburse the grant proceeds to School Districts B and C.				

School Districts B and C receive the grant proceeds from School District A and make the following journal entry:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
240		Cash on Deposit with County Treasurer	400	
960	Yes	Revenues (Since this is a federal grant and it was received from School District A, this revenue should be coded to 63XX.)		400
To record receipt of grant proceeds.				

Scenario 3—Fiscal Agent as a Non-Participating District with No Administrative Responsibilities (Cash Conduit Only)

School Districts B and C are the beneficiaries of this grant; however, to be eligible for the grant they must have a fiscal agent. School District A agrees to be the fiscal agent with no administrative responsibilities. School District A is not receiving an administrative fee, they are simply acting as a cash conduit for School Districts B and C. School District A will report the grant proceeds in the Custodial Fund (Fund 7).

School Districts B and C have expended fund according to the grant agreement and have requested reimbursement through School District A.

When School District A receives money from the grantor for School Districts B and C, the following entry is made in School District A's Custodial Fund (Fund 7):

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
968		Nonoperating Revenues	900	
538		Nonoperating Expenses		900
To record receipt of grant proceeds.				

School District A then disburses the funds to School Districts B and C. The following journal entry is made:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
538		Nonoperating Expenses	900	
968		Nonoperating Revenues		900
To record the disbursements of grant proceeds to School Districts B and C.				

School Districts B and C make the following journal entry in the General Fund when they receive the funds from the fiscal agent (School District A):

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
240		Cash on Deposit with County Treasurer	450	
960		Revenues (School District A was a cash conduit. This federal grant should be coded to the 62XX revenue code.)		450
To record receipt of grant proceeds.				

Scenario 4—Fiscal Agent as a Participating District with Administrative Responsibilities and On Behalf Payments

School District A is administering the grant, which includes purchasing items that will be used by all three of the school districts. School Districts B and C will not be getting any of the cash funds but rather will be provided with the resources (equipment, etc.) provided under the intent of the grant.

School District A purchases equipment for themselves as well as School Districts B and C. School District A makes the following entry in the General Fund:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	Yes	Expenditures	900	
241		Warrants Outstanding		900
To record the purchase of equipment.				

After purchasing the equipment, School District A requests reimbursement from the grantor. When the grant proceeds are received, the following journal entry is made:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
240		Cash on Deposit with County Treasurer	900	
960	Yes	Revenues		900
To record receipt of grant proceeds.				

School Districts B and C receive the equipment from School District A. The following journal entry is made in the General Fund:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	Yes	Expenditures	300	
960	Yes	Revenues		300
To reflect the equipment purchases by School District A with grant proceeds on behalf of School Districts B and C.				

JOURNAL ENTRIES FOR LEASES

Lease Accounting for Cash Basis (F-196)

For cash basis accounting, the accounting transactions are very similar to prior practice. In this illustrated example of accounting for a lease agreement, assume a cash-basis school district signs a lease to pay \$1,000 on September 30, 2020, the scheduled date of delivery of certain equipment. The lease payments are \$1,000 per month for sixty months for a total of \$60,000. The district will report the total amount of the contractual liability as a capital outlay and an other financing source.

Lessee: Cash-Basis Accounting Entries

The General Fund acquisition of equipment with a Lease:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	NCES 973X	Expenditures – Capital Outlay	60,000	
965	Yes	Other Financing Sources—Leases		60,000
To record the acquisition of equipment with a lease at the start of the lease term				

The initial payment on the lease:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	NCES 744X	Expenditures—Rental/Lease of XXX	1,000	
241		Warrants Outstanding		1,000
To record the first lease payment				

The remaining eleven monthly lease payments in year one

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	NCES 744X	Expenditures—Rental/Lease of XXX	11,000	
241		Warrants Outstanding		11,000
To record the monthly lease payments				

Lessor: Cash-Basis Accounting Entries

Lease payments are recognized as revenue when received.

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
First Year Lease Payments Received				
240		Cash	1,000	
960	Yes	Lease Income		1,000
To recognize lease revenue when received.				

Lease Accounting for Modified Accrual (F-196)

Accounting for Leases under modified accrual is different from cash basis accounting. Under modified accrual (F-196), the lessee is required to calculate the present value of the minimum lease payments as the liability under the lease agreement. Using the same scenario described above for cash-basis accounting, assume a school district signs a lease to pay \$1,000 on September 30, 2020, the scheduled date of delivery of certain equipment. The lease payments are \$1,000 per month for sixty months for a total of \$60,000. The district will need to calculate the present value of the minimum lease payments. Assuming the discount rate on the lease is three percent, the present value of the lease is calculated: (Using the Present Value function tool in Excel, (.0025, 60, -1000,0,1), the present value of the minimum lease payments is \$55,791.

Summary Amortization Schedule for Lease				
Date	Lease Payments	Interest Expenditures @3 Percent	Principal Expenditure	Amount of Long-Term Debt
9/30/20				\$55,791
8/31/21	\$12,000	\$1,387	\$10,613	45,178
8/31/22	12,000	1,208	10,792	34,386
8/31/23	12,000	880	11,120	23,266
8/31/24	12,000	541	11,459	11,807
8/31/25	12,000	193	11,807	0
	\$60,000	\$4,209	\$55,791	

Calculations and journal entries below are based on the summary amortization table (actual lease payments are made monthly):

Lessee: Modified Accrual Accounting Entries

The General Fund's acquisition of equipment with a lease:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	NCES 973X	Expenditures – Capital Outlay	55,791	
965	Yes	Other Financing Sources—Leases		55,791
To record the acquisition of equipment with a lease.				

The first payment on the lease on the date of delivery:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	NCES 7831	Expenditures—Debt Service—Principal	1,000	
241		Warrants Outstanding		1,000
To record the first lease payment. Initially recorded as a Liability.				

The remaining eleven monthly lease payments in year one

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	NCES 7831	Expenditures—Debt Service—Principal	9,613	
530	NCES 7835	Expenditures—Debt Service—Interest	1,387	
241		Warrants Outstanding		11,000
To record the monthly lease payments. Initially recorded as a liability.				

In modified accrual accounting, a liability is generally recognized before warrants are issued. General Ledger Account Code 620—Leases Payable would be used in these instances. After the liability is created, the district issues warrants, removing the liability.

Additional journal entries for General Fund contractual obligations are illustrated on page 7-51 using similar situational examples as those illustrated above.

Lessor Accounting for Modified Accrual

Using the same values described in the lessee scenario, a school district that leases property to another organization recognizes a lease receivable and the deferred inflow on the present value of the minimum lease payments. The following example is for a 60 month lease, with payments of \$1,000 per month, at a discount rate of 3% (present value of total lease payments = \$55,791):

Summary Lessor Schedule with Deferred InFlow and Amortization						
Year	Total Payments	Receivable Reduction	Interest Income	Lease Receivable Balance	Lease Income	Deferred. InFlow Balance
				55,791		55,791
1	12,000	10,613	1,387	45,178	11,158	44,633
2	12,000	10,792	1,208	34,386	11,158	33,475
3	12,000	11,120	880	23,266	11,158	22,317
4	12,000	11,459	541	11,807	11,158	11,158
5	12,000	11,807	193	0	11,158	0
Total	60,000	55,791	4,209		55,791	

Calculations and journal entries below are based on summary amortization table (actual lease payments are made monthly):

Lessor: Modified Accrual Accounting Entries

The initial recording of the lease as a lessor:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
345		Leases—Receivable	55,791	
755		Deferred Inflow—Leases		55,791
To recognize lease contract at the start of the lease term.				

The first year lease payments received:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
230		Cash	12,000	
345		Leases—Receivable		10,613
960	2450	Other Interest Income		1,387
To record lease payment, interest income, and reduce the lease receivable.				

The first year entry to reduce the Deferred Inflow and recognize Lease Income

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
755		Deferred Inflow—Leases	11,158	
960	Yes	Lease Income		11,158
To recognize lease income and adjust Deferred Inflows.				

SHORT-TERM OBLIGATION JOURNAL ENTRIES

The following example journal entries are typically used to account for short-term borrowings, such as RANs, TANs, and BANs, see Chapter 3 for more information:

To Record Loan from Bank on a TAN

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
240		Cash on Deposit with County Treasurer	X	
606		Anticipation Notes Payable		X
To record loan from the bank on a TAN.				

To Record Maturation of the TAN, with Interest

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	Yes	Expenditures (Interest)	X	
606		Anticipation Notes Payable	X	
241		Warrants Outstanding		X
To record maturation of the TAN, including interest.				

CONDITIONAL SALES CONTRACTS OR LONG-TERM NON-VOTED NOTES**Applicable Funds: GF, CPF, TVF**

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	Yes	Expenditures	70,000	
241		Warrants Outstanding		10,000
965	Yes	Other Financing Sources		60,000
To record acquisition of a capital asset using a conditional sales contract or a long-term nonvoted note. The full purchase price of \$70,000 for the item acquired is recorded as a capital outlay expenditure. The credit to Warrants Outstanding of \$10,000 represents the down payment amount. The \$60,000 credit to Other Financing Sources is recorded to Account 9500.				

To Record the Long-Term Payable

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
480		Amount to be Provided for Debt Retirement	60,000	
714		Contracts Payable—Long-Term		60,000
To record the long-term payable.				

Debt Maturity

When debt matures, this journal entry is made in the Long-Term Debt Holding Account:

To Record the Reduction in the Long-Term Payable

General Ledger	Subsidiary Ledger	Account Title	Debit	Credit
714		Contracts Payable—Long-Term	60,000	
480		Amount to be Provided for Debt Retirement		60,000
To record the reduction in the long-term payable.				

To Record the Maturation of Debt in the Fund which Received the Debt Proceeds

General Ledger	Subsidiary Ledger	Account Title	Debit	Credit
530	Yes	Expenditures (Principal)	60,000	
602		Notes and Contract Payable—Current		60,000
To record the maturation of debt in the fund which received the debt proceeds.				

Modified Accrual Entries for Contractual Obligations in the General Fund

For school districts using modified accrual accounting, the initial recognition of a contractual obligation in the General Fund is reported at its present value in Activity 85 – Debt-Related Expenditures. Because the General Fund’s debt obligation is the responsibility of district administration, the Capital Outlay should be reported in Program 97 – Districtwide Support.

The journal entries illustrated below use the same situational examples as those used in the leases journal entries, beginning on page 7-46.

To Record the acquisition of equipment with a contractual obligation in the General Fund:

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	97-85-973X	Debt Service Expenditures	55,791	
965	9500	Other Financing Sources		55,791
To record the acquisition of capital assets using a conditional sales contract or a long-term non-voted note. The present value amount is recorded as a capital outlay expenditure in Activity 85 for the item acquired; and the \$55,791 is recorded to Account 9500, Other Financing Sources.				

As the district makes periodic payments to pay down the debt, the principal and interest payments are recorded in Activities 83 and 84 respectively.

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	97-83-7832	Periodic Interest Payment	114	
530	97-84-7831	Periodic Reduction of Principal	886	
241		Warrants Outstanding		1,000
To record the periodic expenditures for the contractual obligation. Principal and Interest payments are recorded in Activities 83 and 84.				

Districts can transfer the cost of the capital equipment to the Program responsible for budgeting for the cost of its use. This is done through the Debit/Credit transfer process.

To Record the periodic usage fee to the Program utilizing the equipment. This Debit/Credit transfer shifts the cost of the contractual obligation to the Program responsible for the acquisition of the equipment. The Program would be obligated to budget for the costs.

General Ledger	Subsidiary Ledger	Account Title	Debit	Credit
530	PP-AA-0XXX	Debit Transfer – Periodic Usage Fee – Charged to Program	1,000	
530	97-85-1XXX	Credit Transfer – Periodic Usage Fee – A Credit for Debt Service		1,000
This is a Debit/Credit Transfer to charge the Program responsible for the acquisition of the asset. The Program is held responsible to budget for the costs. This transaction moves the periodic costs from Activity 85 to the Program as a “service or usage fee” charge.				

ABRITRAGE REBATE

Review the Chapter 3 section Arbitrage when conditions apply.

General Ledger	Subsidiary Ledger	Account Title	Applicable Fund	Debit	Credit
861		Restricted from Bonds	Decrease	\$XXX	
835		Restricted for Arbitrage Rebate	Increase		\$XXX
When the calculation indicates that arbitrage is due. Keep adjusting GL 861 and GL 835 (up or down) as the calculation indicates. Bond issues can be separated by sub-coding.					
General Ledger	Subsidiary Ledger	Account Title	Applicable Fund	Debit	Credit
835		Restricted for Arbitrage Rebate	Decrease	\$XXX	
861		Restricted from Bonds	Increase		\$XXX
To adjust fund balance accounts when payment is due (90% due to the IRS after fifth year). Need to increase GL 861 because the A/P expenditure to Source Code 1 will decrease GL 861.					

General Ledger	Subsidiary Ledger	Account Title	Applicable Fund	Debit	Credit
530	93-1	Expenditure, Arbitrage Rebate, Bond Source	Increase	\$XXX	
686		Arbitrage Rebate Payable – (or)	Increase		\$XXX
601		Accounts Payable	Increase		\$XXX
When the Accounts Payable is due, the expenditure will close to GL 861 and decrease GL 861. The payable can be posted to GL 686 but will more likely be posted to GL 601 instead.					
General Ledger	Subsidiary Ledger	Account Title	Applicable Fund	Debit	Credit
686		Arbitrage Rebate Payable – (or)	Decrease	\$XXX	
601		Accounts Payable	Decrease	\$XXX	
240		Cash on Deposit	Decrease		\$XXX
When the payment is made to the IRS: (90% due to the IRS after the fifth year.) As noted above, the liability account used is decreased (either GL 686 or GL 601) depending on where the liability was originally posted.					
General Ledger	Subsidiary Ledger	Account Title	Applicable Fund	Debit	Credit
686		Arbitrage Rebate Payable (or)	Decrease	\$XXX	
601		Accounts Payable	Decrease	\$XXX	
240		Cash on Deposit	Decrease		\$XXX
The final 10% payment is due and payable to the IRS 60 days after the bonds are paid off. (8038-T Form is used to make payments.)					

CASH-IMPREST

Establishment of an Imprest Account

Imprest accounts must be authorized by Board Resolution.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
200		Imprest Cash	GF, ASB, CPF	X	
241		Warrants Outstanding	GF, ASB, CPF		X
To record the establishment of an imprest account or to increase an existing account. (If the County Treasurer issues the check credit GL 240, Cash on Deposit with County Treasurer instead of GL 241, Warrants Outstanding.)					

Replenishment of an Imprest Account

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF, ASB, CPF	X	
241		Warrants Outstanding	GF, ASB, CPF		X
To record the monthly replenishment of an imprest account by warrant.					

Return of an Imprest Account

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
240		Cash on Deposit with County Treasurer	GF, ASB, CPF	X	
200		Imprest Cash	GF, ASB, CPF		X
To record the return of an imprest account when the account is abolished or reduced. (If the funds are deposited into a district depository account instead of directly to the County Treasurer use GL 230, Cash on Hand, instead of GL 240, Cash on Deposit with County Treasurer.)					

ENCUMBRANCES

Encumbrances are the estimated amount of expenditures to ultimately result if unperformed contracts in process are completed.

Encumbrances for Commitment to Purchase

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
520		Encumbrances	GF, ASB, CPF	X	
820		Assigned to Encumbrances	GF, ASB, CPF		X
To record the commitment for purchases at the time the order is placed. This is system generated when a purchase order is approved or a salary contract is committed.					

Encumbrance Liquidation

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
820		Assigned to Encumbrances	GF, ASB, CPF, TVF	X	
520		Encumbrances	GF, ASB, CPF, TVF		X
To record encumbrance liquidation at the time the goods or services are received. This is commonly a system generated entry.					

Reestablishment of Prior Fiscal Year Encumbrances

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
520		Encumbrances	GF, ASB, CPF, TVF	X	
820		Assigned to Encumbrances	GF, ASB, CPF, TVF		X
To record the reestablishment of encumbrances closed at the end of the Prior Fiscal Year, but that are still considered open. This entry is made at the beginning of the current fiscal year and is commonly system generated.					

DONATIONS

Donated Capital Assets

Example: The district sells a piece of capital equipment that was previously donated to the district for cash before August 31.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
240		Cash on Deposit with County Treasurer	GF	X	
965	9300	Other Financing Sources (Sale of Equipment)	GF		X
To record the sale of a donated capital asset for cash before the end of the year.					

Donated Assets (not Capital Assets)

(Voluntary Nonexchange Transactions)

Example: A private individual donated cash to a school district to be used at any time, and for any purposes deemed appropriate by the school district.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
240		Cash on Deposit with County Treasurer	GF	X	
960	2500	Gifts, Grants and Donations (Local)	GF		X
To record the receipt of donated cash.					

Donated Services

Example: An accountant from a private company donates personal time to work on setting up Medicaid Administrative Match billings.

General Ledger Account	Subsidiary Ledger Required	Account Title	Applicable Fund	Debit	Credit
530	Yes	Expenditures	GF	X	
960	Yes	Revenues	GF		X
To record the donation of service time for specialized services if material in amount.					

CHAPTER 8 – Financial Reporting

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OVERVIEW

Financial reporting is not an end in itself, but a useful tool in providing the necessary information needed by the citizenry and other users who have limited authority, ability, or resources to obtain information. The overall goal of financial reporting (and accounting) for governments is to provide:

- Financial information useful for making economic, social, and political decisions and demonstrating accountability and stewardship.
- Information useful for evaluating managerial and organizational performance.

The paramount objective of a government is accountability. Accountability is defined in the standards as:

The requirement of a government to answer to the citizenry—to justify the raising of public resources and the purposes for which they are used.

To meet these goals and objectives, financial reporting should assist the users in evaluating the government. To accomplish this, the financial reports should:

- Provide information to determine whether current-year revenues were sufficient to pay for current-year services.
- Demonstrate whether resources were obtained and used in accordance with the entity's legally adopted budget.
- Demonstrate compliance with other finance-related legal or contractual requirements.
- Provide information to assist users in assessing the service efforts, cost, and accomplishments of the governmental entity.
- Provide information about sources and uses of financial resources, including the identification of material nonrecurring financial transactions.
- Provide information about how the governmental entity financed its activities and met its cash requirements.
- Provide information necessary to determine whether the entity's financial position improved or deteriorated as a result of the year's operations.
- Provide information about the financial position and condition of a governmental entity.
- Provide information about a governmental entity's physical and other nonfinancial resources having useful lives that extend beyond the current year.
- Disclose legal or contractual restrictions on resources and risk of potential loss of resources.

The information presented in financial reports will also depend on the needs of the users. There are three primary users of external state and local governmental reports:

- The citizenry to whom government is primarily accountable.
- Legislative and oversight bodies that directly represent the citizens.
- Investors and creditors, e.g., securities underwriters and bond insurers.

With external financial reporting a primary objective of a government, the accounting system must be designed to provide the essential information to meet this objective. Therefore, a financial objective can directly influence the accounting system from which the information is derived.

Financial statements and reports are end products of the reporting process. Certain information is better reported in the financial statements, while other information is better reported, or can only be reported, using alternative reporting formats.

Financial statements prepared by governments are the core of financial reporting and the principal means of communicating financial information to external users. Governments may also choose, or are required, to report through other types of financial reporting. Budgets filed with grantor agencies are examples of other types of financial reports and may include financial statements, other financial information, and nonfinancial information. These reports are generally used to:

- Meet specific legal or contractual requirements.
- Present financial information in prescribed formats.
- Report specific elements, accounts, or items taken from the basic financial statements.

Since financial reporting is the primary means of communicating information to the users, certain basic characteristics are considered necessary for effectiveness. They are identified in the standards as:

- Understanding—Reports should be presented as simply as possible.
- Reliability—Reports should be fairly stated, verifiable, and free from bias.
- Relevance—Reports should meet the needs of the users.
- Timeliness—Reports must be issued soon enough to be of benefit to the users.
- Consistency—Reports should be prepared using the same accounting principle or reporting method for all similar transactions and events from one period to another.
- Comparability—Reports should help users make comparisons of different governments that perform the same functions or operations.

In the state of Washington, several types of financial reports are required. In addition to the required financial reports, districts may choose to prepare additional financial reports.

BUDGETS

Comparing Actual Financial Results with the Legally Adopted Budget

The budget document is considered by most to be the primary source of governmental information. The three user groups previously identified (citizenry, legislative and oversight bodies, and investors and creditors) are generally interested in comparing originally adopted budgets and budgets after final amendments, with the actual results of the current year's activities on a budgetary basis. This information may be used to evaluate financial management practices (e.g., spending in excess of budgeted amounts may indicate poor financial management; underspending may indicate that the quality or quantity of services could have been increased, that there was effective cost containment, or that resources were over-budgeted for a particular program).

Form F-195—Official Budget Document

Form F-195 is the official budget document. All school districts must prepare, adopt, and file their budgets in the required format.

For additional information on Form F-195, see Chapter 2—Budgeting.

Form F-198—Budget Status Reports and Statements of Financial Condition

Each school district shall prepare and make available, monthly budget status reports (Form F-198) and other pertinent financial information, as needed by the board of directors.

For additional information on Form F-198, see Chapter 2—Budgeting.

Personnel Budget Status Reports

Each school district shall maintain the capability to prepare monthly personnel budget status reports within ten days when requested by the Office of Superintendent of Public Instruction (OSPI) or the district's board of directors.

For additional information on Personnel Budget Status Reports, see Chapter 2—Budgeting.

FINANCIAL STATEMENTS

Assessing Financial Condition

Financial reports are commonly used to assess a government's financial condition and its ability to continue to provide services and meet obligations as they come due. Financial statements are prepared on a "going concern" basis, which assumes the district will be able to meet its obligations as they come due in the normal course of business without needing to default on obligations or take emergency actions outside the normal course of business. This assumption is a fundamental concept for both preparers and users of financial statements.

For preparers, the going concern assumption is the underlying rationale for recognition, accrual, and measurement of assets and liabilities, reflecting their expected future value or settlement as a part of normal, ongoing operations. For users, analysis and interpretation of financial statements is based on the expectation that the district will continue operations and use assets or settle liabilities using ordinary business practices.

For this reason, districts have a responsibility to assess their financial condition to determine whether there is a substantial doubt about the going concern assumption. Specifically, whether there is a substantial doubt that the district will be able to meet its obligations as they become due for a reasonable period of time without needing to default on obligations or take emergency actions outside the normal course of business. For governments, a "reasonable period of time" is generally considered to be fifteen months beyond the date of the financial statements. This determination is referred to as "substantial doubt" for the remainder of this section.

As critical government institutions, school districts are not expected to declare bankruptcy or dissolve. Therefore, the Accounting Manual does not contain any form of liquidation basis of accounting for use when there is substantial doubt about the going concern assumption. Continuation of a school district as a going concern is assumed in absence of significant information to the contrary. If no substantial doubt exists, then no disclosure is needed. However, if conditions or events exist that raise a substantial doubt, then note disclosure is required.

Examples of conditions or events that would normally be considered to raise a substantial doubt include the following. This is not an exhaustive list.

- The need to petition OSPI to budget receivables and enter into binding conditions.
- Contracting with the County Treasurer to register warrants due to lack of funds.
- Issuing an F-196 Annual Financial Statement with a negative unrestricted fund balance in the general fund.
- Issuing interfund loans to avoid entering into binding conditions.
- Requesting apportionment advances.
- Temporarily funding structural budget imbalances using short term debt, asset sales, or other one-time resources.
- Delaying vendor or payroll payments due to lack of funds.
- Defaulting on bonds or other debt.
- Triggering debt guarantees or negotiating debt restructures to avoid default.
- Catastrophic events that prevent the district from operating or earning a significant portion of expected revenues, or that subject the district to material uninsured losses in excess of cash reserves.

Evaluation of the district's ability to continue as a going concern for a reasonable period of time involves making a judgement, at a particular point in time, about inherently uncertain future outcomes of conditions or events. This judgment should consider all relevant information available up to the date that the financial statements are issued.

When a substantial doubt exists, the district is responsible to develop plans to mitigate the adverse conditions or events. Plans should be documented and approved by the governing body and should be supported by analysis and ongoing monitoring procedures as needed.

Report F-196—Annual Financial Statements

Report F-196 is the required financial statement of a school district. It reports the school district's financial condition and actual revenues and expenditures for the entire school year.

The F-196 (presented on either a cash or modified accrual basis) is used by school districts to comply with the requirements of financial reporting required by OSPI and the State Auditor's Office (SAO), the regulatory agencies. This framework differs from GAAP in several ways, and it is considered an other comprehensive basis of accounting (OCBOA). The differences will be discussed later in this chapter.

Overview of Report F-196

School districts will use the EDS platform to run preliminaries of the F-196 Report and run edit reports before submitting the file to their ESD. When the F-196 data submitted to the ESDs have been reviewed, and the Certification Page has been electronically signed and dated by the district and the ESD, the file is submitted to OSPI and marked "Ready for OSPI Review".

Error edits on Report F-196 must be corrected. Informational messages are also provided. The final Report F-196 cannot be run until all error messages are corrected. The computer-produced error edits and warning messages, including any necessary edit explanations, must accompany the completed Report F-196.

Report F-196—Time Schedule

Failure to adhere to due dates published by OSPI may result in a delay of apportionment (WAC 392-117-035). The final date for filing is considered met if the postmark or other evidence indicates shipment prior to midnight on the final date.

Making Corrections to Report F-196 Annual Financial Statements

The correction procedure consists of the school district filing corrected Report F-196 pages as an "informational supplement." This informational supplement is filed with the district's original Report F-196 at OSPI and the appropriate ESD. A brief memo addressing the pages and accounts, which were changed, should be attached to the corrected pages. The memo should also indicate if the correction was discovered by the district or required by SAO.

Corrected amounts are not updated into computer databases maintained at OSPI. These databases are closed shortly after the end of the fiscal year to facilitate the timely dissemination of annual financial statement data. Revised Report F-196 files provided by the district will not be included in any of the OSPI databases. Therefore, bulletins or financial reports issued by OSPI will not include the revised amounts. Computer edit programs for the School District Official Budget Document (Report F-195) or for Report F-196 will not include the corrected amounts.

The following applies to the filing of corrections:

- The correction must be the correction of an error.
- Corrections can be for any amount no matter how small.

- Only unaudited years are eligible for correction. Years for which an audit has been completed by SAO are not eligible for correction, unless the auditor first agrees to the correction.

Financial Reporting of Error Corrections

Informational supplements (filings) to Report F-196 are generally only used for making adjustments to reimbursements that result from the correction of errors. They are not a replacement for the accounting and financial reporting of errors that are required in accordance with GAAP.

Since the informational supplement filing does not correct the actual Report F-196 filing, but only supplements it, the district must address the error correction in its current-year financial statements. These error corrections must be done in accordance with Governmental Accounting Standards Board (GASB) Statement 100. Error corrections will need to be reported in GL898 to reflect the aggregate effect on beginning fund balance of the current school year. These accounting and reporting steps should be included in Report F-196 for the current year, and **not** for the year in which the error occurred for previously audited financial statements.

Definition of Materiality

Materiality is defined in the FASB's Statement of Financial Accounting Concepts No. 2 as, "the magnitude of an omission or misstatement of account information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

Governmental Fund Financial Statements

Essentially, the F-196 equates to the governmental fund financial statements. There are two basic governmental fund statements:

- The governmental fund balance sheet
- The governmental fund statement of revenues, expenditures, and changes in fund balances

The F-196 requires the general, associated student body (ASB), capital projects, transportation vehicle, debt service, and permanent funds be reported as major funds.

The Governmental Fund Balance Sheet focuses on current financial resources. Assets should be reported if they are a form of cash or will be converted to cash (e.g., receivables, investments, some capital gifts) or inventories. Assets that are not financial in nature, such as general capital assets (land, buildings and improvements, and equipment) should *not* be reported in governmental funds. Likewise, governmental funds do *not* report unmatured principal and interest of the district's long-term debt. Liabilities such as claims and judgments, compensated absences, and special termination benefits are recognized in the governmental funds only as they become due. Assets and liabilities should be presented in the order of liquidity.

Fund balance is the difference between assets and liabilities. Fund balance is made up of unreserved amounts available for new spending and reserved amounts committed for specific uses. The most common reservations are for long-term loans and advances, legal restrictions, inventories and prepaids, and encumbrances.

Fiduciary Funds—Required Financial Statements

Two statements are required for fiduciary funds (GASB 34, paragraphs 106–109):

- The statement of fiduciary net position
- The statement of changes in fiduciary net position

Separate columns are required for each type of fiduciary fund. Although GAAP discusses four fiduciary types, only two are used by school districts in Washington State. Most districts will have private-purpose trust funds; a few will have pension and other employee benefit trust funds.

The statement of fiduciary net position is reported on the F-196. Fiduciary funds continue to be reported using the economic resources measurement focus and the accrual basis of accounting.

Notes to the Financial Statements

The Notes to the Financial Statements are essential in explaining significant accounting policies and circumstances that affect the district's financial position and results of operations.

Notes in financial reporting are the responsibility of the school district, not the auditor, and accordingly are subject to audit as an integral part of the financial statements. A separate and distinct set of Notes to the Financial Statements must be prepared for

each school year, regardless of audit frequency. For example, if the district receives a two-year audit, two distinct sets of Notes would be prepared. Sample notes to the financial statements are included in the Administrative Budgeting and Financial Reporting [\(ABFR\) Guidelines](#) on the SAFS webpage.

The Notes to the Financial Statements are intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from, or cannot be included in, the financial statements themselves. The notes are therefore an integral part of the financial statements.

- When preparing Notes to the Financial Statements, delete the notes that do not apply and add others needed for readers to understand the financial statements.
- Example notes presented in the ABFR Guidelines are considered the minimum requirement for disclosure, as applicable. Since the basis of accounting is other than GAAP, disclosures required for fair presentation include a description of the basis of accounting, how it differs from GAAP and disclosures similar to those required by GAAP for any elements presented in the financial statements that are similar to GAAP. Additional disclosures not specifically shown as examples may also be required to achieve fair presentation for unique facts and circumstances.
- Notes should not include irrelevant, obsolete, trivial or superfluous information. For example, districts should refrain from negative disclosure (stating that a potential disclosure is inapplicable, such as “there were no subsequent events requiring disclosure”).
- Note disclosures should be expressed as clearly and simply as possible and include explanations as necessary to ensure it is understandable by users. However, this does not mean that disclosures should avoid precise technical terms or omit or abridge information that may be complicated or difficult to understand.
- The notes to the financial statements can be presented in any format including: narrative; tables; schedules; and matrices, as long as they contain the required information.

FINANCIAL AND SINGLE AUDITS

Financial statement audits provide an audit opinion about whether the district’s financial statements are presented fairly in all material respects in conformity with the applicable financial reporting framework. Financial statement audits are performed in accordance with Government Auditing Standards and also include reports on internal control over financial reporting and on compliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.

Single audits are required if the district spends at least \$1,000,000 in total federal financial assistance annually. These audits are performed in accordance with Generally Accepted Government Auditing Standards and are an assessment of internal controls over federal programs, tests of how those controls are working, and tests of compliance with federal requirements.

Contact your Local Audit Team at the State Auditor's Office (SAO) to address your questions and discuss your district's audit requirements.

For audit purposes, the financial statement (F-196) is comprised of the following financial elements:

- Balance Sheet
- Statement of Revenues, Expenditures, and Changes in Fund Balance, All Funds—For the Year Ended August 31, 20XX
- Statement of Revenues, Expenditures, and Changes in Fund Balance, Sub Funds of the General Fund—For the Year Ended August 31, 20XX
- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position
- Schedule of Long-Term Liabilities

The Schedule of Long-Term Liabilities is required to be included with audited financial statements as supplementary information.

Statements prescribed for the F-196 in *The Accounting Manual for School Districts in the State of Washington* differ from GAAP in the following areas:

- Districtwide statements (Statement of Net Position and Statement of Activities) are not prepared.
- The original adopted budget is not presented. GAAP requires this for the General Fund and major special revenue (ASB) fund.
- Infrastructure is not considered material to schools and is not presented.
- Capital assets are not presented in the governmental fund statements but are disclosed in the notes to the financial statements.
- Long-term debt is reported on a Schedule of Long-Term Liabilities and in the notes to the financial statements, but not in the governmental fund statements.
- The Management Discussion and Analysis required supplementary information under GAAP, is not required.

SAO's Adverse Opinion on Adherence to U.S. GAAP

SAO has made changes to modified accrual financial statement Audit Reports. This change is effective for the audit reports beginning with the 2016–17 F-196 financial statements.

When providing an opinion on financial statements intended for general use and prepared under a regulatory method of accounting (for example, those in the School District Accounting Manual), United States auditing standards require auditors to express a separate opinion on whether the financial statement presentation was performed in accordance with GAAP.

(Ref: AU-C §800.21)

All financial statement audit reports will contain the following:

- A standard paragraph with an opinion on the fair presentation of the financial statements in accordance with the School District Accounting Manual.
- A separate section stating that the financial statements were not prepared in accordance with generally accepted accounting principles (GAAP) for government organizations (an "adverse" opinion), along with the reason behind the opinion.

In no way does this additional opinion imply the financial statements are unreliable or unfairly presented according to the School District Accounting Manual. Rather, the purpose of the opinion is to let report users know if the financial statement's presentation complies with, or differs from, GAAP.

School district financial statement presentations differ from those required by GAAP as a matter of course. For example, financial statements prescribed by the Accounting Manual do not include full-accrual, government-wide statements. This is a significant departure from GAAP. As a result, auditing standards do not allow the State Auditor to issue an unmodified, or "clean," opinion on whether the financial statements conform to GAAP.

SAO issues similar two-opinion reports for local governments, including school districts preparing financial statements on a cash basis. It has even been verified with bond rating and federal regulatory agencies that issuing the modified, or "adverse," GAAP opinion does not affect bond ratings. In addition, this opinion does not preclude school

districts from qualifying as “low risk” for their single audits, as long as all other Uniform Guidance requirements are met.

Basis for Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP.

As described in Note 1, management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. GAAP requires such presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the District’s governmental activities have not been determined. As a result, SAO is required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Example School District No. 999, as of August 31, 20XX, or the changes in financial position or cash flows for the year then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

Internal Control Structure

Professional standards and the Single Audit Act require reports on:

- * The internal control structure based on an audit of the financial statements.
- * Single audit report on the internal control structure used in administering federal award programs.

During the audit, a material weakness in the school district’s internal control structure may be material errors or material irregularities in the financial statements that would be detected or prevented by the district’s internal control structure. When a material weakness is discovered, the standard report form must be modified. The material weakness should be described and the reason for the weakness should be noted. (A

material weakness can result from poor internal control design or noncompliance with established controls.)

Reporting Levels of Audit Recommendations

SAO utilizes the following three levels of reporting issues that arise during a financial audit:

- * **Findings** formally address issues in an audit report. Districts are given the opportunity to respond to a finding, and this response, or a synopsis of it, will be published in the audit report.
- * **Management Letters** communicate less significant issues of noncompliance and make recommendations for strengthening internal controls. Management letters are referenced, but are not included, in the audit report.
- * **Exit Items** are less serious audit issues than a finding or management letter. These issues are informally communicated to a district.

OTHER FINANCIAL REPORTS

Assisting Compliance with Applicable Laws, Rules, and Regulations

In addition to the legally mandated budgetary and fund controls, there may be other legal restrictions controlling governmental actions. Financial reports may help demonstrate compliance with grant restrictions, bond covenants, and taxing and debt limits. Failure to comply with legal or contractual provisions may indicate fiscal irresponsibility and could have financial consequences such as disallowed costs, loss of grants, or acceleration of debt payments. Therefore, governments should ensure that the accounting system is capable of providing the necessary information to demonstrate compliance with the applicable laws, rules, and regulations.

Schedule of Expenditures of Federal Awards (SEFA)

A Schedule of Expenditures of Federal Awards (SEFA) must be prepared by all districts that receive federal funds. It is required to be included as supplementary information with the audited financial statements.

OMB Uniform Audit Requirements §200.510(b) prescribes the form and content of the SEFA, which is used by auditors to determine if a single audit is required and to help identify which federal programs will be audited. Refer to the F-196 Financial Reporting

section of the [Administrative, Budgeting, and Financial Reporting Guidance](#) webpage for more information on the SEFA.

Assisting in Evaluating Efficiency and Effectiveness

Taxpayers and other governmental entities want information about service efforts, costs, and accomplishments of governmental entities and consider this information a necessary element of financial reporting. This information, along with additional information, may help users assess the economy, efficiency, and effectiveness of a government and may help form a basis for voting or funding decisions. To be of value, the information needs to be of sufficient detail to permit comparisons with other years and other governmental entities.

Currently, in the state of Washington, there are no required reports of this kind, although some districts may already be issuing this type of report for the board and the taxpayers of the district. They may provide reports on the cost of providing education to students at different grade levels over a period of time, or the cost of housing students now, as compared to projections for the future.

Schedule of Debt and Liabilities

This schedule provides information about the outstanding debt and liabilities of a school district. It is used to corroborate information on various amounts of liabilities that are shown on the district's balance sheets, as well as information on long-term liabilities that are not displayed on the balance sheets. Non-bond debt, such as notes, leases, and lines of credit are reported in the fund that issued the debt or recorded the liability. Bonded debt, whether voted or non-voted, is reported in the Debt Service Fund.

Instructions

The only amounts that should be reported on the Schedule of Liabilities are the principal amounts that are outstanding on the individual items. Interest is not reported on the Schedule of Liabilities. Amounts that should be excluded from this schedule are payments due to vendors or employees that are expected to be paid normally as part of the disbursement cycle (i.e., accounts payable, payroll accruals), interfund loans (they do not represent a net claim on the financial resources of the district) and short-term leases.

For each type of liability, record the appropriate amounts in each of the five columns.

- * Column 1: Beginning Balance: Record the balance for the liability as of September 1 of a given reporting year. This should match the amount reported August 31 of the prior year.
- * Column 2: Additions: Record the amount of new debt or liabilities that were issued during the year. In instances of bond or other debt refunding, the new issue should be recorded in this column.
- * Column 3: Reductions: Record the amount of debt or liabilities that were liquidated during the year. In instances of bond or other debt refunding, the principal amount that has been refunded should be recorded in this column. Only record the amount of principal that has been paid during the year; do not include any interest payments.
- * Column 4: Ending Balance: The ending principal balance for the various liabilities as of August 31 of a given reporting year. This should equal Beginning Balance plus Additions minus Reductions.
- * Column 5: Amount Due Within One Year: Record the principal amount outstanding at the end of the year that will become due by August 31 of the subsequent year. Amounts that should be excluded from this schedule are payments due to vendors or employees that are expected to be paid normally as part of the disbursement cycle with current available resources.

If a district registers warrants with their county treasurer, the periodic activity that occurs during the year is reported on the Schedule of Debt and Liabilities **even if there is no year-end balance**. If a district has a line of credit with another financial institution, only the amount that has actually been used is reported on the Schedule of Debt and Liabilities. Any unused portion of the line of credit will need to be reported in the Notes to the Financial Statements.

In addition, districts will need to disclose information about these long-term liabilities in the Notes to the Financial Statements.

(Sample School District) Schedule of Debts and Liabilities For the Year Ended August 31, 20XX						
LTDG GL # *	Description	Beginning Balance	Additions	Reductions	Ending Balance	Amt Due Within One Year
Voted General Obligation Debt <i>*(Subject to the 5% Debt Limitation)</i>						
701	Voted Bonds					
702	Voted LOCAL Program Financing					
Non-Voted Debt and Liabilities <i>*(Subject to the 3/8th of 1% Debt Limitation)</i>						
711	Non-Voted LTGO Bonds					
712	Non-Voted LOCAL Program Financing					
713	Leases					
714	Contracts Payable					
716	Claims & Judgments					
718	Long-Term Notes					
719	Bond and Tax Anticipation Notes					
720	Lines of Credit					
721	Loans & Debt Obligations to Other Governments					
722	Arbitrage					
723	Registered Warrants					
729	Other Non-Voted Debt					
Revenue Debt and Other Liabilities <i>*(Not Subject to the Debt Limitation)</i>						
717	Compensated Absences					
724	Revenue Anticipation Notes					
741	Net Pension Liability TRS 1					n/a
742	Net Pension Liability TRS 2/3					n/a
743	Net Pension Liability SERS 2/3					n/a
744	Net Pension Liability PERS 1					n/a

* Note: The LTDG GL Codes listed in the left column and the *italicized* section labels are for reference only and not included on the schedule in the financial statements.

CHAPTER 9 – Federal Grants Management

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INTRODUCTION

Federal agencies are contributors of a variety of grants to school districts. Federal grantor agencies include, but are not limited to the U.S. Department of Education, U.S. Department of Agriculture, and the U.S. Department of Health and Human Services. Some federal grants, such as Impact Aid, may be received directly from the federal agency. Other federal grants, such as Title I, Part A, are “passed through” to the district from the primary grantee recipient within the state such as the Office of Superintendent of Public Instruction (OSPI) or an educational service district (ESD).

Each grantor has its own set of rules and regulations governing the grants that it makes. Districts must comply with the most restrictive grant rules and regulations - this chapter will focus on federal fiscal regulations, which are typically the most stringent. Accounting systems and procedures that meet federal guidelines will usually be sufficient to meet state and local requirements.

FEDERAL LAWS AND REGULATIONS

There are three main categories of requirements applicable to federal programs: 1) statutes, 2) regulations, and 3) nonregulatory guidance. In addition to those requirements, OSPI issues bulletins and memos that further clarify those requirements, as well as discuss processes required to comply with those requirements.

Statutes

Statutes have the highest level of authority. There are some statutes that apply to all federal programs such as the Single Audit Act and some that apply to only the Department of Education (ED) program such as the General Education Provisions Act (GEPA). Then there are those that apply only to specific programs such as the Every Student Succeeds Act.

Regulations—Uniform Grant Guidance

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 2 of the CFR. Education General Administrative Requirements (EDGAR) is a compilation of administrative requirements that are also published in the CFR.

The federal Office of Management and Budget (OMB) rules titled “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” are in Title 2, Part 200. This guidance is commonly referred to as Uniform Grant Guidance in the Accounting Manual.

Nonregulatory Guidance

Nonregulatory guidance is less binding as legal authority, but it reflects the department’s interpretation in a more user friendly format, typically Q and A’s.

OSPI Bulletins

Bulletins provide additional instructions, examples, and procedures for implementing the various requirements.

BASIC FEDERAL FISCAL REQUIREMENTS

Allowable Costs

Expenditures under federal programs are governed by the Federal cost principles contained in 2 CFR Part 200 Subpart E—Cost Principles. Districts must ensure that costs claimed under Federal awards follow these cost principles as well as any special terms and conditions contained in the award. Additionally, grantees are required to follow the more restrictive of the federal, state, and district policies.

When applying these cost principles, districts must:

- Maintain responsibility for the efficient and effective administration of the Federal award through the application of sound management practices.
- Assume responsibility for administering federal funds in a manner consistent with underlying agreements, program objectives and the terms and conditions of the federal award.
- Apply accounting practices that are consistent with the cost principles, support the accumulation of costs as required by the principles, and provide for adequate documentation to support costs charged to the federal award.

Districts must maintain a system of internal controls over federal expenditures to provide reasonable assurance that Federal awards are expended only for allowable

activities and that the costs of goods and services charged to Federal awards are allowable and in accordance with the above referenced cost principles.

Those controls must meet the following general criteria:

- Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the district.
- Be accorded consistent treatment.
- Be determined in accordance with generally accepted accounting principles.
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- Be adequately documented.

Classifications of Direct and Indirect Costs

Since there is no universal rule for classifying costs as either direct or indirect, districts must be consistent in treating each item of cost incurred for the same purpose as either a direct or indirect cost to avoid possible double charging. (Ref: CFR §200.412)

Direct costs are those costs that can be specifically identified with particular cost objectives such as a grant, contract, project, function or activity with relative ease and with a high degree of accuracy. Typical direct costs are salaries of employees working specifically on objectives of a grant or contract (including vacations, holidays, sick leave, and other excused absences); employee fringe benefits allocable on direct labor employees; consultant services contracted to accomplish specific grant or contract objectives; and materials, supplies and equipment purchased directly for use on a specific grant or contract.

Indirect costs are those not readily identifiable with the activities of the grant but incurred for the joint benefit of those activities and other activities of the organization. In general, indirect costs are selected administrative and service expenditures in Program 97 Districtwide Support. Typical examples of indirect costs may include procurement, payroll, personnel functions, maintenance and operations of space, data processing, accounting, auditing, budgeting, printing, warehousing and distribution, communications (telephone, postage), and selected expenditures that can be documented as allowable costs to be included into the indirect expenditure cost pool.

In accordance with §200.414, indirect costs are: (a) Incurred for a common or joint purpose benefiting more than one objective; and (b) Not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved.

The uniform guidance specifically references what costs may be included within the direct base for fair sharing of the rate within §200.413. Any item not on this listing are unallowable costs and explicitly excluded from the indirect cost pool. Examples of unallowable costs include: bad debts, contingencies, entertainment, fines/penalties, and general governance.

According to §200.444, certain General Management Costs are unallowable costs and must not be included in the indirect cost pool. These costs are to be included in the base calculation. Washington state school district organizational structures vary greatly, and it is the school district's discretion to determine what constitutes its general management costs. Within the CFR guidance, the expenditures that cannot be included in the Indirect Cost Pool for a school district include:

1. The governing body (members of the board of education).
2. Compensation of the chief executive officer (Superintendent of the school district).
3. Compensation of the Heads of Component Offices (Top Executive-Level positions of the school district).
4. The operation of the immediate offices of these officers (Executive Assistants and associated costs).

Salaries, benefits (including termination leave payouts), communications/telephone charges, and other expenditures related directly to the operation of the superintendent's office, the Heads of Component Units of the school district, and board of education offices, specifically, are not included in indirect costs and are considered, for rate purposes, to be unallowable costs in the calculation of the Restricted Indirect Cost Rate.

A cost may not be allocated to a federal program as an indirect cost if any other costs incurred for the same purpose, in like circumstances, has been assigned to a federal program as a direct cost.

OMB Uniform Grants Guidance requires distorting items to be excluded from the distribution expenditure base in the indirect cost computations. Examples of extraordinary or distorting costs include capital outlay, debt service, judgements, and certain transfers. Subaward payments (an award provided by a pass-through entity to a subrecipient to carry out part of a federal award, not including payments to contractors

for goods and services) in excess of the first \$25,000 are distorting items and also excluded from the indirect cost rate calculation.

Indirect Cost Rates

The application of indirect costs to grants (or other programs) is done through the creation of indirect cost rates. These rates are expressed as a percentage of the costs that have been directly charged to programs. School districts create three different indirect rates: the state indirect rate (also called the “state recovery rate”), federal restricted rate, and federal unrestricted rate. Rates are calculated annually by School Apportionment and Financial Services based on information in the districts’ F-196 annual financial statements. Therefore, it is essential that LEAs classify expenditures uniformly and consistently. The information is lagged by two years: the rates calculated in school year 2024–25 are used in the 2026–27 school year. The indirect rates are posted on the OSPI website and utilized by the state and federal programs in the construction of awards to districts.

The indirect rate percentages are the *maximum* rates that may be charged to a program or grant for indirect costs. A district may choose to claim a lower amount for indirects on a grant—by charging more direct costs—but it may not use a higher percentage than the one that has been calculated.

A few programs may have their own limitations on indirect rates. Districts should work with their program staff to ensure they are using the proper information for that program.

Federal Indirect Cost Rates

Indirect expenditure rates allowed on federal grants awarded to school districts are established by the Office of Superintendent of Public Instruction (OSPI) following an agreement with the U.S. Department of Education (ED). This agreement prescribes the method of rate computation, and the resulting rates establish the maximum amount of indirect expenditures that may be claimed for a federal grant.

Restricted Versus Unrestricted Indirect Expenditure Rates

Both restricted and unrestricted rates are calculated annually and are unique to each district. Questions regarding restricted and unrestricted rates should be made to School Apportionment and Financial Services.

Restricted rates are used with grants where “supplement but not supplant” language is in the authorizing legislation. Almost all federal programs fall into this category. Restricted rates must be used for all federal programs except those for which the restricted rate is not required.

Unrestricted indirect cost rates are used for the few federal grants that allow its use. Generally, these are grants without supplement not supplant limitations. The calculation for the unrestricted rate is similar to the restricted rate except expenditures for maintenance and grounds are included, resulting in a higher rate. Direct expenditures for determining both federal restricted and unrestricted rates consist of all other General Fund expenditures except those distorting items for capital outlay and debt service interest which are excluded from the calculation.

How the Federal Indirect Expenditure Rates Are Computed

In general, the computation for an indirect expenditure rate is: Indirect Expenditure Pool divided by the Direct Expenditure Base. Uniform Guidance outlines many factors regarding the classification of costs. Some of these factors are described above in this chapter.

Federal indirect expenditure rates for the current year are based upon financial information in each school district’s annual financial statement, SPI Form F-196, for the 2 years prior to the current year. Therefore, the rates depend upon base-year data that are two years old.

An indirect expenditure rate determines the percentage of each award that may be used for common, district-wide expenditures benefiting all school district programs. These expenditures are specifically allowed by the U.S. Department of Education to be allocated to all other school district programs.

Certification and Documentation of the Federal Indirect Cost Rate Proposal

All school districts must prepare an indirect cost rate proposal (proposal) within six months after the close of the fiscal year end or by a date approved by OSPI. The proposal will include documentation to support the indirect cost rates and must be retained for audit in accordance with the records retention requirements contained in §200.333. Every school district’s proposal must be accompanied by a certificate signed on behalf of the school district by an individual at a level no lower than assistant superintendent or chief financial officer of the school district that submits the proposal.

Required Elements of the School District's Federal Indirect Rate Cost Proposal

A school district's proposal must include the following required elements:

- The annual submission of the school district's financial data reported on OSPI's Annual Financial Report, F-196
- The rates proposed, including other relevant data embedded in the F-196
- An Organizational Chart showing the structure of the school district along with a functional statement noting the duties or responsibilities of all units that comprise the school district.
- A Certificate of Indirect Costs

Federal Indirect Rate Cost Proposal

The following format is provided as an example for a school district's Federal Indirect Rate Cost Proposal. A school district may customize the format.

The _____ School District is presenting the following documentation in support of our Federal Indirect Rate Cost Proposal for the fiscal year 20XX – XY

Proposed Federal Restricted Rate	XX.XX%
Proposed Federal Unrestricted Rate	XX.XX%

Relevant data and the methodology which supports the proposed rates are included as supplementary schedules embedded in the school district's Annual Financial Report, F-196, submitted to OSPI per WAC 392-117-035.

An Organizational Chart showing the structure of the school district along with a functional statement noting the duties or responsibilities of all units that comprise the school district is attached.

Required certification of the Federal Indirect Cost Rate Proposal is attached.

Certificate of Indirect Costs

The following Certificate of Indirect Costs format is provided as an example for school districts. A school district may customize the format. The documentation should be retained by the district and available for program review and audit purposes

This is to certify that I have reviewed the indirect cost rate proposal submitted herewith and to the best of my knowledge and belief:

(1) All costs included in this proposal, dated [identify date], to establish final indirect cost rates for fiscal year [identify period covered by rate] are allowable in accordance with the requirements of the Federal award(s) to which they apply and the provisions of this Part. Unallowable costs have been adjusted for in allocating costs as indicated in the indirect cost proposal.

(2) All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently and the Federal Government will be notified of any accounting changes that would affect the predetermined rate.

I declare that the foregoing is true and correct.

School District:

Signature:

Name of Official:

Title:

Date of Execution:

Cash Management

Districts must minimize the time between the receipt of federal funds and disbursement of those funds to no longer than three days. As provided in 2 CFR 200.305, districts may draw federal funds using a reimbursement or advance payment method. However, districts usually request reimbursement for expenditures for federal grants passed through OSPI instead of requesting advances.

Reimbursement Payment Method

For reimbursements of federal funds, districts must:

- Monitor the fiscal activity (payments and reimbursements) under each grant on a continuous basis, and request timely reimbursement only for expenditures that have already been disbursed and comply with all applicable award requirements.

- Maintain source documentation and accounting records that reconcile to the reimbursement request at a level adequate to establish that funds have not been used in violation of any applicable statutory restrictions or prohibitions.
- If the district transfers expenditures previously charged to a federal award for which reimbursement has been claimed to a non-federal fund source, the district will calculate the interest earned on the federal funds for possible submittal. Refer to Interest Earned section below.

Advance Payment Method

For advances of federal funds, districts must:

- Monitor the fiscal activity (drawdowns and payments) under each grant on a continuous basis and maintain source documentation and accounting records at a level adequate to establish that funds have not been used in violation of any applicable statutory restrictions or prohibitions.
- To the extent available, disburse funds available from program income, rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments.
- Plan for cash flow in the grant project during the budget period and review project cash requirements before each drawdown.
- Draw down only the amount of funds necessary to meet the immediate needs of the program or project (including the proportionate share of any allowable indirect costs), and minimize the time between receiving and disbursing those funds.
- Pay out federal funds for expenditures that comply with all applicable grant requirements as soon as administratively feasible (a rule of thumb is no more than three business days after receiving the funds).
- Deposit advance payments into insured accounts whenever possible.
- Unless conditions listed in CFR Title 2 Part 200 Subpart D §200.305(b)(8) apply, districts must maintain advance payments in interest-bearing accounts.
- Remit interest earned over \$500 annually. Refer to Interest Earned section below.

Interest Earned

Federal regulations allow districts to retain interest earned amounts up to \$500 per year for administrative expenses. Any additional interest earned on those funds must be remitted annually to the Department of Health and Human Services (HHS) Payment Management System (PMS) through an electronic medium or by check to

the HHS Program Support Center. Districts should refer to the federal or pass-through agency for pertinent information about the remittance.

Budget Revisions

Unless prohibited by federal or state statute(s) governing a particular grant program, OSPI allows districts to increase or decrease expenditures for any budgeted activity total or object total by an amount of up to 10 percent of the total "Budgeted Direct Expenditures" for that grant award without submitting a budget revision.

If a budget revision is required due to exceeding that amount, allow enough time for the request to go through the approval process in iGrants prior to the claim submission cutoff date. Districts will not be able to submit a claim until the budget revision is approved.

Equipment

Equipment means tangible nonexpendable property, including exempt property, charged directly to the award having a useful life of more than one year and an acquisition cost of \$10,000 or more per unit. However, lower limits may be established in a district's policy.

Use and Disposition of Equipment

Districts must use equipment purchased with federal funds in the program or project for which it was originally purchased, regardless of whether or not the program continues to be supported with federal funds. Thus, if a district receives a grant to start an afterschool program, any equipment purchased for that program shall be used for the program even after the grant expires.

In addition, such equipment may be used in other federally funded programs, as long as the use does not interfere with the work on the original program or project for which it was purchased. In such situations, first priority for additional use must be given to other programs or projects that are sponsored by the awarding agency.

Subject to approval by the awarding agency, districts may acquire replacement equipment by trading in the original equipment, or selling the original equipment and using the proceeds to offset the cost of the new equipment. Proper sales procedures shall be used that provide for competition to the extent practicable and result in the highest possible return.

If the equipment is no longer needed for the original program or project for which it was originally acquired, or for other activities that are supported with federal money, the equipment may be disposed of.

The rules for disposing of equipment purchased with federal money are as follows:

- If the per-unit market price of the equipment is less than \$10,000, it may be retained, sold or otherwise disposed of without any further obligation to the awarding agency.
- If the per-unit market price of the equipment is greater than \$10,000, it may be retained by the district or sold. In these cases, the district will need to remit to the awarding agency an amount equal to the federal share of the original cost of the equipment.

Equipment Management

Districts must have appropriate controls to safeguard and adequately maintain equipment. A physical inventory of equipment must be conducted at least once every 2 years (district policy may require an annual inventory) and reconciled to the equipment records (any differences between the physical inventory and records must be resolved).

Records must contain the following information about the equipment: description (including serial number or other identification number), source, who holds title, acquisition date and cost, percentage of Federal participation in the cost, location, condition, and any disposition data including, the date of disposal and sales price or method used to determine current fair market value.

Matching, Level of Effort, Earmarking

The specific requirements for matching, level of effort, and earmarking are unique to each Federal program and are found in the statutes, regulations, and the terms and conditions of awards pertaining to the program.

Matching

Matching (also known as cost sharing) is a requirement to provide contributions of a certain amount to match Federal awards. Some federal programs require that a district provide matching funds in order to receive the federal funds.

The following criteria should be considered when determining whether an expenditure is an acceptable match:

- Must be able to be verified from the district's records.
- Can not be included as contributions for other federal programs (unless specifically allowed by Federal program laws and regulations).
- Must be able to show how it is necessary and reasonable to the accomplishment of the program objectives.
- Must be allowable under applicable cost principles.
- Must not be federal funds from another program (unless specifically authorized by federal statute).
- Must be included in the approved budget when required.
- Must conform to other provisions of federal laws, regulations, and contracts or grant agreements applicable to the program.

Level of Effort and Maintenance of Effort (MOE)

Level of effort is a requirement for: a) providing a specified level of service from one period to another, b) maintaining a specified level of expenditures from non-Federal or Federal sources for specified activities from period to period, and c) Federal funds to supplement and not supplant non-Federal funding of services.

A district must meet maintenance of effort requirements under certain programs. If a district is found to fail the MOE test, their subsequent years grant award will be reduced by the amount of failure.

Cross Cutting Requirement

There is a calculation based on a districts F-196 financial information to determine whether the combined fiscal effort per student or the aggregate expenditures of the district from State and local funds for free public education for the preceding year was not less than 90 percent of the combined fiscal effort or aggregate expenditures for the second preceding year, unless specifically waived by the Department of Education.

The MOE calculation is performed by School Apportionment and Financial Services (SAFS) at OSPI. The cross-cutting MOE test is generally completed and issued in January of each year.

Special Education Requirement

The special education MOE calculation is also calculated by SAFS based on F-196 data to determine whether a district spent an amount of local funds, or a

combination of State and local funds, for the education of children with disabilities that is at least equal, on either an aggregate or per capita basis, to the amount of local funds, or a combination of State and local funds, expended for this purpose by the district in the prior fiscal year.

One major difference with Special Education MOE is the 50% provision. For any fiscal year that a district's allocation of special education funds exceeds the allocation for the previous fiscal year, the district may reduce the level of local or State and local expenditures by up to 50% of the excess. If a district chooses this option, it must use an amount of local funds equal to the reduction for activities authorized under ESEA.

Districts that fail the initial test calculated by SAFS will receive a letter from SAFS notifying the district of the process for submitting additional documentation for review by the OSPI Special Education department.

The exceptions considered during this review process are:

- The voluntary departure, by retirement or otherwise, of special education staff
- A decrease in the enrollment of children with disabilities
- The termination of the obligation to serve an exceptionally costly program for a particular child with a disability
- The termination of costly expenditures for long-term purchases
- The assumption of costs by the state safety net fund

The special education MOE test is generally completed and issued in February of each year.

Supplement, Not Supplant

The phrase "supplement, not supplant" arises in federal programs, where the intent is for the federal funding to be an addition to existing program funding, not a replacement. Generally, the "supplement, not supplant" requirements are found in grant programs that utilize the district's restricted rate for applying indirect expenditures.

The official terminology, as borrowed from the Elementary and Secondary Education Act, is:

"A state educational agency or local educational agency shall use federal funds received under this part only to supplement the funds that would, in the absence of such federal funds, be made available from non-federal sources for the

education of pupils participating in programs assisted under this part, and not to supplant such funds” (20 U.S.C. §6321(b)(1)).

The methodology prescribed for SNS evidence testing under ESSA is different for Title I, Part A and is described later in this section. There are three presumptions of supplanting which affect most federal programs other than Title I, Part A.

1. Whether the activity is required by law. Using federal funds for an activity the district is required to provide by local, state, or other federal law raises a presumption of supplanting. The assumption is that the district would use non-federal funds (or, in certain circumstances, other federal funds) to provide the services it is required by law to provide.
2. Whether the activity was provided in prior years with non-federal funds. Using federal funds for an otherwise allowable activity which was provided in prior years with non-federal funds raises a presumption of supplanting. Presumably, those funds were deemed by the district to be sufficiently important to be supported with non-federal funds in prior years, and this is a reliable predictor of how the district will likely spend its non-federal funds in the current year.

This presumption may be rebutted, however, if the district can document contemporaneously that it would not have continued to provide the same activities with non-federal funds, perhaps because of a decline in the resources used for this purpose. This must be documented with board minutes or the equivalent.

3. Whether the activity is provided to non-Title I, Part A or C students with non-federal funds. Unlike the prior two presumptions, this presumption applies only to Title I, Part A or C funds. Using such funds for an activity the district is providing to non-Title I, Part A or C students with state or local funds raises a presumption of supplanting. It is assumed that if a district deems an activity sufficiently important to provide it to non-Title I, Part A or C students, it would also provide that same activity to the Title I, Part A or C students in the absence of such funds.

This presumption of supplanting may also be rebutted, if the services would be allowable under Title I, Part C and are provided with supplemental state or local resources meeting the same requirements as the Title I, Part C program.

Supplement Not Supplant (SNS) for Title 1 Part A

ESSA revised the Title I, Part A supplement not supplant (SNS) requirement. Under ESSA, compliance with SNS under Title I, Part A will no longer be tested through individual costs. School Districts no longer have to consider the “three presumptions of supplanting.”

Under ESSA, School Districts meet compliance under SNS by demonstrating that the methodology they use to allocate state and local funds to schools provides each Title I, Part A school with all of the state and local money it would receive if it did not participate in the Title I, Part A program.

School Districts are responsible for developing and documenting a methodology to distribute state and local funding and staffing to schools without taking Title I, Part A funds into account. School Districts will **not** be submitting their methodology to OSPI for approval. This SNS methodology must be in place prior to the school year and before the allocation of the federal award. School District documentation must be available for Program review and for auditing purposes.

For additional fiscal information on Title 1, Part A, a Program Fiscal Handbook is available on the OSPI website at [Fiscal Guidance Documents](#).

Presumption of Supplanting in Title I, Part A Schoolwide Programs

If the district has schools that operate schoolwide programs under Title I, Part A, the district must ensure and demonstrate that such schools receive all of the state and local funds to which they are entitled and are necessary to operate services required by state and local law. This includes those required services to students with disabilities and English language learners.

Earmarking

Earmarking is a requirement to use a specified minimum or maximum amount of program funds for specified activities. Some federal grant programs have some form of earmarking requirements. That is, specific amounts must be set aside and spent only for specified purposes. Districts that receive funds in grants that have earmarking requirements will need to demonstrate that they have expended the money necessary to meet those requirements.

Program Income

The federal government encourages entities that receive grants to earn income relating to the grants to defray program costs where appropriate (2 CFR §200.307).

Program income means gross income that is generated by a supported activity or earned as a result of the federal award. It includes income from fees for services, the use or rental of equipment acquired with federal funds, and the sale of commodities or items fabricated under a federal award (for example, item or services generated in a CTE class and sold for profit). Unless otherwise stated in the grant terms and conditions or other federal regulations, program income does not include rebates, credits, discounts, and refunds or interest earned on any of them.

Generally, program income must be deducted from allowable grant expenditures. With prior federal approval, program income may be added to the federal award or used for a cost sharing or matching requirement.

Period of Performance (2 CFR section 200.309)

Period of performance means the time during which the district may incur new obligations to perform the work authorized under the federal award. In general, the period of performance is 15 months. This period starts on July 1 of a particular year and runs through September 30 of the following year. For example, a federal grant that becomes available July 1, 2026, is available until September 30, 2027. Please note that this crosses three school district fiscal years.

For competitive grants, districts may incur costs prior to the start date of the period of performance (pre-award costs - costs directly associated with the negotiation and in anticipation of the federal award and are necessary for efficient and timely performance of the scope of work). Pre-award costs are only allowable if they would have been allowable if incurred after the start date of the period of performance and only with written approval from the federal grantor or pass-through entity.

For formula grants, districts that do not spend their entire grant award in a particular year may be eligible for carryover of the remaining balance on their grant. Such carryover is available for an additional twelve (12) months, running through September 30 of the second year following the awarding of the grant. Using the example above, this additional period would expire September 30, 2028. This period is known as the Tydings period (not applicable to grants received directly from a federal agency).

Carryover Limitations

Districts may be limited in the amount of grant money that may be carried over into the Tydings period. These limitations are based on the individual programs. For example, a district that receives \$50,000 or more in Title I, Part A funds may not carry over beyond the initial 15 months of availability more than 15 percent of its Title I,

Part A funds. OSPI may grant a waiver of the percentage limitation under certain circumstances.

For information about any carryover provisions for a specific program, review the iGrants profile page for each program or contact the program supervisor.

Obligation

Federal grants utilize the concept of 'obligation' when it comes to the use of grant money. Simply, an obligation is created when a district has a binding commitment to pay federal funds. The determination of when an obligation is created is dependent upon the nature of the cost being incurred.

Nature of Cost	Obligation Created
Acquisition of real or personal property	On the date the subgrantee makes a binding written commitment to acquire the property.
Personal services by an employee	When the services are performed.
Personal services by a contractor who is not an employee	On the date on which the subgrantee makes a binding written commitment to obtain the services.
Performance of work other than personal services	On the date on which a subgrantee makes a binding written commitment to obtain the work.
Travel	When the travel is taken.
Rental of real or personal property	When the subgrantee uses the property.
Approved pre-agreement cost	On the first day of the grant performance period.

The date on which a school district may begin to obligate funds depends on the type of award. There are two types of awards: formula and discretionary.

If the authorizing statute for a program requires the state to make subgrants on the basis of a formula, the state may not authorize a school district to obligate funds until the latter of the following two dates:

- The date that the state may begin to obligate funds (typically July 1); or
- The date that the school district submits its application to the state in substantially approvable status (SAS).

Reimbursement for obligations is subject to final approval of the application.

Formula Programs include, but are not limited to:

- Title I, Part A
- Title I, Part C
- Title II, Part A
- Title III LEP
- Title IV, Part A
- Title V, Part A
- Title VI, Part B Rural, Low-Income Schools
- Perkins
- IDEA

If the authorizing statute for a program gives the state discretion to select subgrantees, the state may not authorize an applicant for a subgrant to obligate funds until ***the subgrant is awarded***.

Obligations need to be liquidated no more than 90 days beyond the end of the funding period.

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

The Uniform Grant Guidance allows 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 that the policy includes self-certification procedures. Districts 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 \$15,000 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.

- Simplified Acquisitions (except books) 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).
 - When a district self-certifies, the range changes to between \$40,000 and \$75,000 for the purchases of furniture, equipment, or supplies.
- Purchases of \$75,000 or more must be publicly solicited using sealed bids.
- Simplified Acquisitions of books between \$15,000 and \$350,000 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 \$350,000 for the purchases of books.
- Book purchases of \$350,000 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, 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 \$15,000 and \$350,000 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 \$350,000.
- Purchases of \$350,000 or more must be publicly solicited using sealed bids.

Davis Bacon Act

- For construction contracts \$2,000 or more, all laborers and mechanics employed by contractors or subcontractors must be paid the higher of the state or federal prevailing wage rates as required by the Department of Labor (DOL) (40 USC 3141–3144, 3146, and 3147). Federal prevailing wage language must be included in the contract, and the LEA must receive weekly certified payrolls from the contractor and any subcontractors to ensure compliance.

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.

Suspension and Debarment

Certain non-federal entities have been prohibited from participating in or receiving federal assistance for various reasons such as prior mismanagement of funds or non-compliance with laws and regulations. This prohibition may be temporary (suspension) or indefinite (debarment; until specifically allowed by the federal government). When performing this purchase, the recipient must verify that the vendor, supplier, provider or their respective principals (e.g., owners, top management, etc.) are not suspended, debarred or otherwise excluded by the federal government.

Districts must comply with suspension and debarment requirements for the following federal transactions:

- Vendor contracts for goods and services that are expected to equal or exceed \$25,000
- All subawards (no dollar threshold)

There are three options to ensure that vendors and subgrantees are not suspended or debarred from receiving federal money:

First, districts can check the System for Award Management (SAM) at www.sam.gov, which is an official website of the federal government. Districts must maintain evidence that SAM was checked (for example, a print-out from the system), and the information should be verified on a periodic basis.

Second, districts can collect a certification from the person or company that they are not suspended or debarred from receiving federal funds. This certification needs to be documented and maintained for the auditors, and reviewed on a periodic basis.

Third, language can be added to the contract covering the transaction that states that the vendor is neither suspended nor debarred from receiving federal dollars, and that they will remain that way throughout the duration of the contract.

Time and Effort

The Uniform Grant Guidance offers new flexibility for time and effort tracking in an effort to reduce burden. In the previous time and effort bulletin Bulletin 048-17, Local Educational Agencies (LEAs) followed time and effort regulations under Office of Management & Budget's (OMB) Circular A-87.

Bulletin 039-24 provides LEAs the option to continue to use the old time and effort guidance (outlined in bulletin 048-17) or to use the new, more flexible, requirements for time and effort reporting, outlined in the Code of Federal Regulations (CFR) 200.430 *Standards for Documentation of Personnel Expenses* (CFR 200.430(g)). As long as an LEA's policy and system of internal controls meets each of the requirements outlined in CFR 200.430(i), it may design a process that uses the method, or combination of "old" and "revised" guidance that works best for its organization.

Bulletin 039-24 includes attachments to time and effort examples that meet the standards under the old T&E guidance. They are intended as examples only and should be modified as needed.

AUDITS OF FEDERAL GRANTS

Audit Requirements

The Single Audit Act of 1984 (with amendments in 1996) and 2 CFR §200.500 (superseded OMB Circular A-133) provide audit requirements for ensuring that federal funds are expended properly. A single audit is intended to provide a cost-effective audit for non-Federal entities in that one audit is conducted instead of multiple audits of individual programs.

A single audit encompasses a district's:

- Financial statements
- Schedule of Expenditures of Federal Awards
- Internal controls over federal programs
- Compliance with direct and material laws and regulations applicable to federal programs

Grantees that expend \$1,000,000 or more in a year in total federal awards are required to have a single audit. Grantees that expend less than \$1,000,000 in federal awards are exempt from federal audit requirements that year, but records must be available for review or audit by appropriate officials of the federal agency, pass-through entity, and Government Accountability Office (GAO).

Compliance Supplement

The Compliance Supplement is issued every year by the Office of Management and Budget. It is used by auditors to understand a federal program's objectives, procedures, and compliance requirements relevant to the audit. The Compliance Supplement also provides audit objectives and suggested audit procedures.

Audit Follow-Up and Resolution

Single audit reports are reviewed by federal granting agencies and OSPI. Any findings related to an award provided directly by a federal agency must be resolved to the satisfaction of the granting agency. In Washington State, the audit resolution process is handled by OSPI for both state and federal findings related to awards passed through OSPI. The audit resolution process includes recovering any disallowed costs.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

All school districts receiving federal funds must prepare a Schedule of Expenditures of Federal Awards (SEFA), regardless of the minimum federal award threshold to receive a single audit. The SEFA lists expenditures for individual federal programs by federal agency and is used by auditors to help determine which federal programs will be audited. It is important that it is complete and accurate. The SEFA is included in the audit report, and the auditor must opine on whether it is fairly stated in all material respects.

The SEFA is *not* submitted to OSPI. It is submitted to the State Auditor's Office, and it is included as a part of the district's financial statements. For more information on the SEFA Instructions, refer to the [Administrative, Budgeting, and Financial Reporting Guidance](#) on the OSPI website.

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CHAPTER 10 – Capital Projects Fund and Transportation Vehicle Fund Accounting

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INTRODUCTION

This chapter provides information that is unique to the Capital Projects and Transportation Vehicle funds. Some information presented here may also be included in other parts of this manual, but it is included here so that those new to governmental accounting can obtain an overview of the funds.

As required by accounting standards, governmental accounting systems should be organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. (See Chapter 1 Fund Accounting Systems, for additional information regarding fund accounting systems.)

The standards categorize funds into one of eleven fund types. These fund types are grouped into three general classifications:

- Governmental funds are used to account for tax-supported activities. GAAP establishes five governmental fund types: General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service, and Permanent Funds. RCW 28A.320.330 requires school districts in Washington state to establish a General Fund, Capital Projects Fund, Debt Service Fund, and Associated Student Body Fund (Special Revenue Fund). RCW 28A.160.130 creates a Transportation Vehicle Fund (Capital Projects Fund).
- Proprietary funds are used to account for business-type activities of a government and are supported, at least in part, by fees or charges. Proprietary funds are **not** permitted for school districts in Washington State.
- Fiduciary Funds are used to account for resources in situations where the government is acting as a trustee or agent for parties outside the government. Fiduciary Funds *cannot* be used to support the government's own programs. Fiduciary Activities are described in Chapter 13.

CAPITAL PROJECTS FUND

Capital Projects Funds—to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds) (GASB Cod. Sec. 1100.103a[3]. See also Sec. 1300, "Fund Accounting").

Within the state of Washington, two funds are used for the acquisition or construction of major capital facilities or assets: The Capital Projects Fund and the Transportation Vehicle Fund. (See the Transportation Vehicle Fund section starting on page 26 of this chapter.) The Capital Projects Fund is created by RCW 28A.320.330.

The Capital Projects Fund can be used for the acquisition of land or existing facilities, construction of buildings, purchase of equipment, conducting energy audits, making capital improvements, which are cost effective as determined by energy audits, and implementing technology systems. In addition, improvements to buildings or grounds, remodeling of buildings, and the replacement of roofs, carpets, and service systems are included in the Capital Projects Fund.

The Capital Projects Fund is generally financed from the proceeds of the sale of bonds, state matching revenues, and special levies. In all instances where moneys are raised by voter-approved bond issues, the proposition must include a description of the projects for which the money is being raised. RCW 28A.530.010 authorizes school districts to issue bonds for certain capital projects. The acquisition of school buses is not a capital project. Therefore, the proceeds of bonds issued per RCW 28A.530.010 cannot be used to acquire school buses.

The Capital Projects Fund is also used to record the proceeds from the sale of, and the net proceeds from, the lease of surplus real property and to record investment earnings of the Capital Projects Fund.

The modified accrual basis of accounting is to be utilized in measuring financial position and operating results unless the district has less than 1,000 full-time equivalent students the previous fiscal year and has elected to utilize the cash basis for all funds except debt service. (See Chapter 1, Accrual Basis in Governmental Accounting, for additional information on the modified accrual basis of accounting.)

The focus of Capital Projects Fund accounting is on the sources and uses of available resources, and the accounting and reporting is on an annual period-oriented basis. The accounting records must contain sufficient information to permit special purpose reporting on a project-length basis.

Revenue recognition for the Capital Projects Fund is the same as for other governmental funds. Amounts are recorded as revenues or other financing sources when they are both measurable and available.

This section does not include information pertaining to the general ledger accounts (Chapter 4), revenue accounts (Chapter 5), or most journal entries (Chapter 7). See the chapters indicated for detailed information in these areas.

Capital Projects Fund Allowable Expenditures by Resource

<u>Resources</u>	<u>Expenditures</u>
Sale of Bonds	Bond resources are restricted to sites and buildings as authorized by law or necessary or proper to carry out the functions of a school district, improvement of energy efficiency and installation of energy systems and components, and structural changes and additions to buildings and sites. The purchase of initial equipment as defined in this section is also allowable. The resolution approving the election shall include the specific buildings to be constructed or remodeled and any additional specific purposes as authorized under RCW 28A.530.010. Expenditures are restricted to those authorized in the bond resolution. Any alteration of the expenditure plan requires a public hearing (RCW 28A.530.020).
Special Levies	Special levies are restricted to the following: the same purposes that bond proceeds may be used for, as well as major renovations of buildings including the replacement of facilities and systems where periodic repairs are no longer economical or extend the useful life of the facility or system beyond its original planned useful life. Also, the renovation and rehabilitation of playfields and athletic fields can be accomplished with Capital Projects Fund special levies. The purchase of initial equipment, additional major items of equipment and furniture, and the costs associated with implementing technology systems as defined in this section are allowable. The resolution approved by the voters authorizing the special levy must include the purpose for raising the moneys.
State Funding Assistance	State Funding Assistance revenue may be spent on new construction for unhoused students or modernization or replacement of existing areas. Local funds must be provided, typically through bonds, and expended first. Any state match not used for the funded project may be expended on any legal expenditure in the Capital Projects Fund. However, any alteration to the use of state assistance requires a public hearing (RCW 28A.530.020).

<u>Resources</u>	<u>Expenditures</u>
Impact and Mitigation Fees	Developer Impact and Mitigation fees are restricted to growth projects specified in the Capital Facilities Plan. Impact fees, under the Growth Management Act, are also restricted to specific schools impacted by the development. Fees collected from voluntary impact fees are limited to the growth projects defined in the agreement.
Investment Earnings	Investment earnings from the proceeds of bonds, state match funds, special levies, and mitigation and impact fees are restricted to the same purposes as proceeds from their source. Interest earnings from all other sources may be used for any legal purpose of the Capital Projects Fund. Further, investment earnings from unrestricted revenue sources can be credited by the County Treasurer to the General Fund, with Board approval, for expenditures for instructional supplies, equipment, and capital outlay purposes.
Insurance Proceeds	Insurance proceeds that represent reimbursement for loss of a building and contents shall be deposited to the credit of the Capital Projects Fund. Insurance proceeds for business interruption insurance shall be credited to the General Fund. Expenditures for the replacement of the building and contents shall be expended from the Capital Projects Fund. Insurance proceeds may be used for any legal purpose in the Capital Projects Fund.
State Apportionment	State apportionment may be used for the same purposes as special levies and bond proceeds. The purchase of initial and additional equipment as defined in this section is also allowable.
Sale of Real Property	Proceeds from the sale of real property may be used for any legal purpose of the Capital Projects Fund. The purchase of initial and additional equipment as defined in this section is also allowable. According to RCW 28A.335.130 the proceeds from any sale of school district real property by a board of directors shall be deposited to the Debt Service Fund or the Capital Projects Fund, except for amounts required to be expended for the costs associated with the sale of such property, which moneys may be deposited into the fund from which the expenditure was incurred.

<u>Resources</u>	<u>Expenditures</u>
Lease or Rental of Surplus Property	Revenues from the lease or rental of surplus property shall be deposited in the Capital Projects Fund and used for any legal purpose of the Capital Projects Fund. A portion of these revenues may be deposited into the General Fund to cover the costs of maintaining the surplus property. According to RCW 28A.335.060, at the option of the board of directors, after evaluating the sufficiency of the school district's Capital Projects Fund for purposes of meeting demands for new construction and improvements, moneys derived for the lease or rental of real property may be deposited into the district's General Fund to be used exclusively for nonrecurring costs related to operating school facilities including, but not limited to, expenses for maintenance.
Categorical Funding	Categorical funding may be used for any legal purpose of the Capital Projects Fund and for the purposes allowed by the funding agency or grantor. The purchase of initial and additional equipment as defined in this section is also allowable.

CAPITAL PROJECTS FUND EXPENDITURES

The use of individual project numbers is optional, but districts may find that the use of a project coding system will facilitate reporting and consolidation of expenditures for capitalization and project tracking.

This code is intended to provide the accumulation of historical expenditures by specific projects. A suggested possibility would be the assignment of the first digit to a building number. The second digit would be an ascending project serial number applicable to the building. This would distinguish the specific project within a building location. A second possibility would be to use an ascending two-digit code, e.g., 01 through 99.

Care should be taken to develop projects that apply only to one building and one expenditure type. This permits expenditures for completed projects to be used as inputs to the school district's property control record system. If at budget time this cannot be done, a temporary number can be assigned. Assigning the permanent number that identifies the expenditure to specific building locations can be done at the time of accounting. However, for some expenditure items, such as salaries that apply to more than one project, it may be desirable to use an undistributed (00) classification for project identification for accounting purposes. When an undistributed classification is used, the expenditures accumulated under this classification must be assigned to projects at year-end.

Expenditure Type Codes

Expenditure types are classified as follows:

10 Sites

- 11 Purchases
- 12 Improvements

20 Buildings

- 21 New
- 22 Remodeling
- 28 CTE Building Remodeling

30 Equipment

- 31 Initial
- 32 Additional
- 35 Instructional Technology
- 38 CTE Equipment

40 Energy

- 41 Audits
- 42 Capital Improvements
- 48 CTE Energy Upgrades

50 Sale and Lease Expenditures

- 51 Sale of Real Estate
- 52 Lease and Rental of Surplus Property

60 Bond or Levy Issuance

- 61 Bond or Levy Issuance or Election

90 Debt

- 91 Principal
- 92 Interest
- 93 Arbitrage Rebate

DESCRIPTIONS OF TYPE CODES

10 Sites

11 Purchases

Record expenditures for the purchase of land or options to purchase land.

12 Improvements

Record expenditures which have the effect of adding to an existing facility's worth, but do not normally increase the square footage of the land. Included under improvements are such items as assessments and the expenditures for clearing, drainage, grading, landscaping, demolition of existing structures, paving, tunnels, overpasses, and fencing.

20 Buildings

21 New

Record the construction expenditures for a building addition or the expenditure for a new or existing structure that will be used to house a related operation such as a warehouse, business office, or school. Include expenditures for facilities to house students during the construction of a school building.

22 Remodeling

Record expenditures for major permanent structural alterations. Included are items which are integral parts of the building or building service such as the initial or additional installation of heating and ventilating systems, electrical systems, plumbing systems, fire protection systems, and other service systems in existing buildings. Remodeling or improvement of buildings usually takes place within the existing floor area, whereas a building addition extends the floor area. Replacements of roofs, carpets, and service systems are recorded here. Repairs to buildings are recorded under the General Fund Activity 64 Maintenance. Include expenditures for facilities to house students during the remodeling of a school building.

28 CTE Building Remodeling

This Type Code should be used when the capital expenditures are related primarily to the CTE program or when funded by CTE apportionment transfers and grants.

Record expenditures for major permanent structural alterations to buildings related to the Career and Technical Education (CTE) vocational program. Included are items which are integral parts of the building housing the CTE program or services such as the initial or additional installation of heating, ventilation, electrical, plumbing, fire protection, and other systems in existing buildings. Replacements of roofs, carpets, and service systems are recorded here. New permanent structures and building additions which will be used to house CTE-related operations may also be recorded here.

30 Equipment

Motor vehicles licensed to be operated on the road are not charged to the Capital Projects Fund. Pupil transportation vehicles are charged to the Transportation Vehicle Fund. All other vehicles are charged to the General Fund.

31 Initial

Record expenditures for the purchase of initial (not replacement) equipment for new or remodeled buildings.

Additionally, for new buildings only, expenditures for the initial non-consumable library, text, and reference books would be classified in this category. Expenditures for these three types of instructional materials in a digital format (e.g., CD-ROM) are also allowable. Items of a consumable nature (e.g., workbooks) are not allowable expenditures of the Capital Projects Fund because they are not capital in nature.

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.

35 Instructional Technology

Record expenditures for the purchase or installation of instructional technology in classrooms. Expenditures to be recorded in this Type Code are computers and other classroom-based technology such as printers, projectors, document cameras, smart boards, and other peripheral equipment. Software costs that are required for the purchase and installation of new instructional technology may also be charged to this Type Code. Once instructional technology has been purchased and placed into service within the district, all future related expenditures shall be charged to the General Fund using the appropriate expenditure codes in that fund.

38 CTE Equipment

Record expenditures for the purchase or installation of additional major items for CTE equipment. The salaries for school district maintenance staff used in the installation of CTE equipment may be charged here. CTE instructional-related salaries, including time to program or to become proficient in operating equipment, must be charged to the General Fund.

40 Energy**41 Audits**

Record expenditures associated with surveys of a building or complex which identify the type, size, energy use level, and major energy using systems which determine appropriate energy conservation maintenance or operating procedures and assess any need for the acquisition and installation of energy conservation measures, including solar energy and renewable resource measures (RCW 28A.320.330(2)(c)(ii)).

42 Capital Improvements

Record expenditures for installation, or modification of the installation, of energy conservation measures in a building or complex which are primarily intended to reduce energy consumption or allow the use of an alternative energy source. Energy conservation measures must have been identified as cost-effective by an energy audit (RCW 28A.320.330(2)(c)(iii)).

48 CTE Energy Upgrades

This Type Code should be used when the capital expenditures are related primarily to the CTE program or when funded by CTE apportionment transfers and grants.

Record expenditures for installation, or modification of the installation, of energy conservation measures in a CTE building which are primarily intended to reduce energy consumption or allow the use of an alternative energy source. Energy conservation measures must have been identified as cost-effective by an energy audit (RCW 28A.320.330(2)(c)(iii)).

50 Sale, Lease, and Rental Expenditures**51 Sale of Real Estate**

Record expenditures associated with the sale of real estate such as attorney fees, sales commissions, and appraisal fees (RCW 28A.335.130).

52 Lease and Rental of Surplus Real Property

Record expenditures associated with the lease and rental transactions of surplus real property. Expenditures for the sale, rental or lease of personal property should be reported in the General Fund (RCW 28A.335.060).

60 Bond or Levy Issuance**61 Bond or Levy Issuance or Election**

Record expenditures incurred in issuing bonds such as attorney fees, underwriting fees, rating agencies and related costs. Successful capital levy and bond election costs may be recorded here. If the related election fails, these expenditures shall be recorded in the General Fund. Expenditures such as transfer fees incurred after bonds are issued should be recorded in the Debt Service Fund.

90 Debt

Type Codes 91 and 92 are used only for debt payments that are made *directly* from the Capital Projects Fund. Transfers to the Debt Service Fund are only recorded in GL 536 Other Financing Uses–Transfers Out.

91 Principal

Record the principal portion of payments made directly from the Capital Projects Fund for debt including, but not limited to, conditional sales contracts, purchasing agreements, and other long-term notes.

92 Interest

Record the interest portion of payments made directly from the Capital Projects Fund for debt including, but not limited to, interest bearing warrants, conditional sales contracts, purchase agreements, and interfund loans.

93 Arbitrage Rebate

Record the expenditure for arbitrage rebate at the time the liability is no longer contingent.

Object Expenditure Codes—Optional

Use of object expenditure codes is an optional expansive feature that provides a method of identifying expenditures as to objects.

Capital Projects Fund—Source—Use Codes

School districts receive and use resources that have restrictions or conditions attached. These conditions can be imposed by bond or levy propositions or by conditions and terms associated with grantor funding on categorical projects or can be restraints existent in state laws (RCW) or agency rules (WAC). The district can also commit or assign funds for specific purposes.

When revenues are received, the school district must be prepared to account for amounts received and expended for that purpose. The source–use code provides a common coding classification for both restricted-use revenues and expenditures.

A one-digit source–use code should be assigned as follows:

One Digit Source–Use Codes and Assignments

- 0 Amounts that are unrestricted and undesignated.
- 1 Amounts derived from the sale of bonds and investment proceeds and used for the purposes expressed in the bond proposition.

One Digit Source–Use Codes and Assignments

- 2 Amounts received from capital projects levies and used for levy propositions.
- 3 Amounts received from state agencies and used for funded projects.
- 4 Amounts received from federal agencies and used for federal portions of individual grants.
- 5 Other sources and uses not described above.
- 6 Amounts received from Impact Fees in accordance with the Growth Management Act.
- 7 Amounts received from Mitigation Fees in accordance with the State Environmental Protection Act.
- 8 Amounts received from CTE Carryover resources transferred from the General Fund.
- 9 Amounts to be distributed. This is an intermediate code for use during the fiscal year and does not have a balance at budget preparation time or when year-end reports are issued. For example, the district may have two or more projects in the same year. The source–use code 9 can be a temporary place for the direct construction management support expenditures during a fiscal year. At the end of the fiscal year, all expenditures in source–use code 9 would be reversed and allocated on a reasonable basis to each project for that fiscal year. Allocation methods could be based on, but not limited to, the total direct expenditures of each project or the total square feet under construction of each project for that fiscal year.

Revenues and Other Financing Sources that are not restricted in their use should be coded with source–use code “0.” For example, state apportionment revenues (Revenue Account 3100) that have been redirected from the General Fund to the Capital Projects Fund are not restricted and should be accounted for by using the “0” source–use code.

Expanded Source–Use Coding

Districts may wish to further expand the minimal one-digit coding to be able to account for individual issues and sales of bonds, levy years, and individual categorical grants. Districts electing to expand on this code structure must include some provision for reducing their expanded code to the fund balance and investment in capital assets accounts provided for in the general ledger.

Example of Source–Use Coding

The Capital Projects Fund receives the proceeds of a bond issue, the terms of which require their expenditure on a specific building project. The district has another

building project under construction, financed through the proceeds of a different bond issue.

Correct coding: 9112

The first two digits "91" identify this as the proceeds from the sale of bonds. The third digit, the minimal source–use digit "1" represents restricted amounts from the sale of bonds. The last digit is entirely a district-assigned number and could be any number 1 through 9. In this case "2" identifies this as the second project.

The Other Financing Source account code for the F-195 and F-196 would be 9100.

The applicable general ledger account is 861 Restricted from Bond Proceeds. Notice that the third digit is the source–use code.

State Reporting of Capital Projects Fund Revenues and Other Financing Sources

Only the summary level revenue code will be reported to the state. In many cases this will only be the first two digits, signifying only the source of the revenue. The last two digits will be only the "00" default code. For example, local levies would still be 1100 for reporting purposes. The actual revenue on the district's books would be 112, with the fourth digit assigned by the district.

Restriction of Fund Balance Using Source–Use Code

Establishing restrictions of fund balance is done by closing Account 960 Revenues and Account 965 Other Financing Sources to the fund balance restriction accounts listed below through the use of the source–use code. To set up restrictions of fund balance, the third digit in the revenue or other financing source account number must match the third digit in the restricted account section of the balance sheet.

Closing expenditures that were expended on the restricted use reduces the restriction on Capital Projects Fund resources. So the Account 530 Expenditures that were restricted are closed to the general ledger restriction accounts representing that restriction.

The applicable general ledger restriction accounts are:

**General Ledger: Restricted Fund Balance:
Equity Accounts for the Capital Projects Fund**

861	Restricted From Bond Proceeds
862	Committed From Levy Proceeds
863	Restricted From State Proceeds
864	Restricted From Federal Proceeds
865	Restricted From Other Proceeds
866	Restricted From Impact Fee Proceeds
867	Restricted From Mitigation Fee Proceeds
868	Restricted From CTE Carryover Resources
869	Restricted From Undistributed Proceeds

Balances in the above accounts represent amounts that have not been expended for the specific projects to which they have been legally restricted; most of the revenues and other financing sources received by the Capital Projects Fund have legal restrictions on their expenditures.

Districts are reminded that their accounting systems must be able to identify these restrictions on future expenditures. Use of restriction accounts is an accounting procedure that makes it possible to account for restricted amounts in the general ledger.

Under this method, restricted revenues and expenditures are closed at year-end to the restriction accounts listed above.

The portion of General Ledger 960 Revenues and General Ledger 965 Other Financing Sources representing unrestricted resources should use source–use code "0" and must be closed to 889 Assigned to Fund Purposes. Examples include redirected state apportionment and revenue from the lease of real property.

The following are general guidelines in determining which restriction account to use:

- Investment earnings have the same expenditure restrictions as the underlying resources generating the revenue.
- Assume that the most restrictive resources were expended first.
- Restricted net position is intended to portray, at the date of the balance sheet or statement of net position, the extent to which the government has assets that can only be used for a specific purpose. If the related liabilities exceed the assets on hand, then the "shortfall," by default, is covered by unrestricted net position. Extending that logic to the unrestricted fund balance classifications,

shortfalls in any of the classifications would be covered by the next classification for that specific purpose in the government's spending prioritization policy (stopping at zero in each classification). Thus, if fund balance (exclusive of nonspendable amounts) in total is negative, then the negative amount can only be attributed to the unassigned fund balance classification.

Capital Outlay Expenditures

Capital outlay expenditures are those which result in the acquisition of capital assets or additions to capital assets. They include capital expenditures for land or existing buildings, improvements to grounds, construction of buildings, additions to buildings, remodeling of buildings, and purchase or installment of initial or additional major items of equipment. Include expenditures for facilities to house students during the construction or remodeling of a school building. Legal fees for capital projects are chargeable to the Capital Projects Fund. Election costs may be charged to the Capital Projects Fund upon passage of the levy. Election costs for failed levies are charged to the General Fund but may be reimbursed by the Capital Projects Fund if the levy passes at a later time provided it is within the same fiscal period.

Salaries

The salaries and other direct expenditures of school district employees who are hired or assigned to the planning or construction management of capital projects, which have been approved as provided above, are recorded under the Capital Projects Fund.

Capital projects' planning includes the development of facility specifications and construction design. It is defined as preparing specifications for building projects or preparing architectural blueprints or other design specifications by planning directors, architects, engineers, or draftsmen who spend significant time performing these duties. Salaries for capital project planning are not to be charged to the Capital Projects Fund for a specific project after the facility specifications or the construction design planning has been completed. Planning for the operation of existing facilities is not to be charged to the Capital Projects Fund.

Construction management, as it pertains to capital projects, is defined as directing, managing, or inspecting one or more capital projects. Salaries of staff project directors, inspectors, or monitors who spend significant time performing these services are designated as construction management salaries. Salaries for construction management

shall not be charged to the Capital Projects Fund after the building is occupied and accepted by school district board action.

The salaries of individuals who spend time performing duties that directly support capital project planning or construction management are to be charged directly to the Capital Projects Fund. Salaries of individuals engaged in the operations of the school district are not to be charged to the Capital Projects Fund. However, costs for staff paid to move their classroom or office as a direct result of a remodel or construction may be charged to the Capital Projects Fund. Salaries of individuals who also perform duties chargeable to another fund should be allocated in proportion to their duties to both the Capital Projects Fund and the other fund. Capital Projects Fund salaries may be processed through the General Fund, which is then reimbursed by the Capital Projects Fund.

Real estate management salaries are not to be charged to the Capital Projects Fund.

When salaries are charged to the Capital Projects Fund, school districts may wish to maintain an object of expenditure to account for salaries and other expenditures.

Repairs

Expenditures for repairs to building structures that do not add to existing facilities are recorded under the General Fund Activity 64 Maintenance. As a general guide concerning repairs to building structures, if changes of partitions, roof structure, or walls are not involved, the expenditures are recorded under the General Fund Activity 64 Maintenance; if such changes are involved, the expenditures are recorded under the Capital Projects Fund as remodeling.

Renovations

The Capital Projects Fund records major renovations and replacement of facilities and systems consisting of roofing, floor covering, exterior walls and windows or service systems when periodic repairs are no longer economical. Replacement is the replacement of a unit of equipment or fixture with another unit or fixture that serves the same purpose in the same way and has approximately the same expected lifetime as the replaced unit when installed. Normal repairs should be charged to the General Fund Activity 64 Maintenance.

Initial Equipment

Expenditures for initial equipment for a new or remodeled building or for a structure being converted from one use to another use are recorded in the Capital Projects Fund. Expenditures for initial equipment or the initial installation of built-in equipment in existing buildings are recorded under the Capital Projects Fund.

Initial expenditures for a new or remodeled building or a structure being converted from one use to another use for the purchase of library, text, and reference books or materials in any format, including electronic, are allowable as initial equipment. Items of a consumable nature (for example, workbooks) are not allowable expenditures of the Capital Projects Fund because they are not capital in nature.

Expenditures for repairs and for replacements not discussed above are recorded under the General Fund Activity 64 Maintenance as repairs to buildings, regardless of the relative value of the replaced item of equipment and its replacement. The purchase of additional equipment may be recorded in the General Fund.

Replacement

Expenditures for the replacement of a building or for the replacement of facilities and systems are recorded under the Capital Projects Fund. Expenditures for the repair of capital assets are recorded under the General Fund Activity 64 Maintenance.

Acquisition or Relocation of Modular (Portable) Buildings

Expenditures for the acquisition or relocation of modular (portable) buildings should be charged to the Capital Projects Fund.

Moving of Equipment and Furniture

During the 2023-2025 fiscal biennium, moving equipment and furniture is an allowable use for moneys in the capital projects fund not attributable to capital levies.

Expenditures for the moving of equipment and furniture between buildings and warehouses for storage, moving of the content of teachers' classrooms between buildings, and furniture purchases, when these costs are due to the following activities: Construction, remodeling, replacement, temporary placement, consolidation, or directed transfer (RCW 28A.320.330(2)(i)).

Energy Capital Improvements

Expenditures for the initial installation of energy capital improvements in buildings and during the remodeling of existing buildings are recorded under the Capital Projects Fund. Expenditures for repairs and replacements are recorded under the General Fund Activity 64 Maintenance as repairs to buildings. Energy-efficient systems as a part of the initial equipment of a new building should be charged to the Capital Projects Fund.

Ineligible Expenditures in the Capital Projects Fund

Supplies, Instructional Resources, and Noncapitalized Items

Except for office supplies consumed by employees whose time is properly charged to the fund, all other supplies are not eligible expenditures. Items of a consumable nature (e.g., workbooks) are not allowable expenditures of the Capital Projects Fund because they are not capital in nature.

Bonded Indebtedness

Liabilities for bonded indebtedness are not recorded in the Capital Projects Fund, but instead are recorded on the Schedule of Long-Term Liabilities.

Bond Election

Expenditures for preliminary studies to provide information for a bond election are considered an expenditure of the bond election and recorded under General Fund Activity 11 Board of Directors.

Vehicles

Vehicles are not to be purchased with Capital Projects Fund money (RCW 28A.320.330(2)(e)). Pupil transportation vehicles are charged to the Transportation Vehicle Fund. All other vehicles are charged to the General Fund.

Inventory and the Capital Projects Fund

The use of inventory accounts within the Capital Projects Fund is optional. Inventory within the Capital Projects Fund consists of items of equipment that have been purchased for a large-scale project, such as the implementation of a new technology system, but that have not yet been distributed to the schools within a district. Items

purchased as equipment for a single-school project, such as a new or remodeled school building, should be recognized as expenditures when incurred and not treated as inventory, even if the district chooses to utilize a central warehouse system.

Ongoing Technology and Maintenance Expenditures and Transfers

Certain moneys in the Capital Projects Fund may be transferred to the district's General Fund and used for certain, non-capital technology or maintenance and repair costs (RCW 28A.320.330(2)(f)(ii) and (g)). Capital Projects Fund moneys that are used in this manner shall be transferred to the General Fund, where the expenditures are recorded. School districts must use Revenue Code 9902 Transfers – Technology and Maintenance to record these transfer transactions in the General Fund. School Districts will also be required to provide details of how the resources are used in the General Fund on a supplemental report in their annual F-196 financial statement. Non-capital expenditures include:

Ongoing Technology

Costs associated with the application and modernization of technology systems for operations and instruction including, but not limited to, the ongoing fees for online applications, subscriptions, or software licenses, including upgrades and incidental services, and ongoing training related to the installation and integration of these products and services.

Maintenance and Repair

Major equipment repair, painting of facilities, and other major preventative maintenance purposes. Based on the district's most recent two-year history of General Fund maintenance expenditures, financial resources used for this purpose may not replace routine annual preventive maintenance expenditures made from the district's General Fund.

Transfers and Source of Funding

Resources received in the Capital Projects Fund including, but not limited to, interest earnings on unrestricted Capital Projects Funds, can be used for the purposes of RCW 28A.320.330(2)(f)(ii) and (g), with the exception of funds derived from the following sources: A) bond proceeds and interest on bond proceeds; B) school impact and mitigation fees and interest on impact and mitigation fees; C) proceeds

from the Washington LOCAL Program; or D) other sources subject to legal or contractual restrictions as to use (for example grant proceeds).

For further information on the transfer process, refer to Chapter 3, Interfund Transfers.

CAPITAL PROJECTS FUND ENTRIES

Capital Projects Fund State Matching Journal Entries

Subsidiary Ledger Account Format for the following JEs:

Expenditures XX-X Type-Source

CPF: State Matching Paid Directly to the Contractor

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	21-3	New Construction, State Source	X	
960	4230	State Funding Assistance Paid Direct to Contractor		X
To record the receipt of state funding assistance moneys paid directly to the contractor. Source code 3 in both the expenditures and revenue will close into GL 863, Restricted from State Proceeds, with a net effect of zero.				

CPF: State Matching Paid to the District

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
240		Cash on Deposit	X	
530	21-3	New Construction, State	X	
530	21-1	New Construction, Bonds		X
960	4130	State Funding Assistance Paid to District		X
State funding assistance moneys paid to the district and used on the funded project. This entry increases GL 861, Restricted from Bond Proceeds and has a net effect of zero on GL 863, Restricted from State Proceeds.				

CPF: State Matching Paid to the District on a Front Funded Project

G / L Account	Sub- Ledger	Account Title	Debit	Credit
240		Cash on Deposit	X	
960	4130	State Funding Assistance Paid to District		X
To record the receipt of state funding assistance moneys paid to the district on a front-funded project. Revenue Account 4130 will close into GL 863, Restricted from State Proceeds.				

Local Option Capital Asset Lending (LOCAL) Program Journal Entries

A Certificate of Participation (COP) is a third-party borrowing option for financing capital acquisitions. School districts usually take advantage of COPs through the LOCAL program administered through the Office of the State Treasurer (OST). The following examples show the journal entries when School District A signs a financing contract with OST to acquire buses. In the first example, the district has chosen to receive the proceeds directly from OST. In the second example, the district has chosen to keep the proceeds with OST, who will handle the payment of the invoices.

SCENARIO #1: District receives proceeds from OST.

In the Transportation Vehicle Fund:

LOCAL Entry #1

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
240		Cash on Deposit with County Treasurer	X	
965	Yes	Other Financing Sources		X
To record COP LOCAL proceeds when OST sends the proceeds to the school district.				

LOCAL Entry #2

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	Yes	Expenditures	X	
240		Cash on Deposit with County Treasurer		X
To record payments to the vendor for a bus purchase when the COP LOCAL proceeds were paid to the school district directly.				

LOCAL Entry #3

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
536		Other Financing Uses—Transfers Out (Budget and Actual)	X	
240		Cash on Deposit with County Treasurer		X
To record the transfer of funds from TVF to DSF to make the COP LOCAL payment.				

In the Debt Service Fund:

LOCAL Entry #4

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
240		Cash on Deposit with County Treasurer	X	
965	Yes	Other Financing Sources		X
To record the transfer of funds from TVF to DSF to make the COP LOCAL payment.				

LOCAL Entry #5

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	Yes	Expenditures	X	
240		Cash on Deposit with County Treasurer		X
To record payment made to the county treasurer, according to the COP LOCAL payment schedule, including principal and interest.				

SCENARIO #2: District elects to keep proceeds with OST and submits invoices to them.

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
250		Cash with Fiscal Agent	X	
965	Yes	Other Financing Sources		X
To record the deposit of LOCAL program proceeds with OST that the district will access to pay for future invoices.				

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	Yes	Expenditures	X	
250		Cash with Fiscal Agent		X
To record payment on invoices that have been paid by OST for allowable uses under the LOCAL program.				

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
536		Other Financing Uses—Transfers Out (Budget and Actual)	X	
250		Cash with Fiscal Agent		X
To record the transfer of any remaining unused LOCAL proceeds out of the TVF.				

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
250		Cash with Fiscal Agent	X	
965	Yes	Other Financing Sources		X
To record the transfer of funds from the TVF to the DSF for future debt payments.				

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TRANSPORTATION VEHICLE FUND

The Transportation Vehicle Fund is created per RCW 28A.160.130. The Transportation Vehicle Fund is to be used to account for the expenditures for the purchase and related debt service incurred for pupil transportation equipment (school buses). In addition, major repair and rebuilding of pupil transportation equipment (school buses) as defined in WAC 392-142-260 is permitted. To charge major repairs to the Transportation Vehicle Fund, a district must receive prior approval from OSPI (Form 1023).

There are three primary sources of revenue for the Transportation Vehicle Fund. The first source are payments from the state for school bus depreciation, per RCW 28A.150.280. The second source of revenue for the Transportation Vehicle Fund comes in the form of special Transportation Vehicle Fund levies, per RCW 84.52.053. The third source of revenue for the Transportation Vehicle Fund comes in the form of bonds. RCW 28A.530.080 authorizes school districts, under certain circumstances, to issue bonds without a vote of the people. These non-voted bonds may be deposited into the Transportation Vehicle Fund, where the proceeds may be used for the purchase of school buses

In addition, the district may transfer money from the General Fund into the Transportation Vehicle Fund. Such transfers are recorded in General Ledger Account 965 Other Financing Sources.

The modified accrual basis of accounting is to be utilized in measuring financial position and operating results unless the district has less than 1,000 full-time equivalent students the previous fiscal year and has elected to utilize the cash basis for all funds except debt service. (See Chapter 1, Accrual Basis in Governmental Accounting, for additional information on the modified accrual basis of accounting.)

This section does not include information pertaining to the general ledger accounts (Chapter 4), revenue accounts (Chapter 5), or journal entries (Chapter 7). See the chapters indicated for detailed information in these areas.

TRANSPORTATION VEHICLE FUND EXPENDITURES

The Transportation Vehicle Fund is provided to account for the expenditures for the purchase, major repair, rebuilding, and related debt service incurred for pupil transportation equipment.

As prescribed in WAC 392-142-260, the allowable uses of Transportation Vehicle Fund moneys by school districts are (1) the purchase of school buses, and (2) performing major repairs of a school bus receiving prior approval by the superintendent of public instruction.

Expenditure Type Codes

Expenditure types are classified as follows:

30 Equipment

- 33 Transportation Equipment Purchase
- 34 Transportation Equipment Major Repair

40 Energy

- 43 Transportation Vehicle Energy Audits
- 44 Transportation Equipment Capital Improvement

60 Bond or Levy Issuance

- 61 Bond or Levy Issuance or Election

90 Debt

- 91 Principal
- 92 Interest
- 93 Arbitrage Rebate

DESCRIPTIONS OF TYPE CODES

30 Equipment

33 Transportation Equipment Purchase

Record expenditures for the purchase of school buses for student transportation or other vehicles used for the expressed purpose of student to-and-from-transportation as defined in WAC 392-141-310(6). Vehicles other than school buses used for student to-and-from transportation must be approved by the school district's board of directors and meet specific standards as provided in RCW 28A.160.195.

Vehicles used for other district purposes should be recorded in the General Fund.

34 Transportation Equipment Major Repair

Record expenditures for major repairs to school buses in accordance with WAC 392-142-260. Major repairs require prior approval from the superintendent of public instruction. Also, record expenditures for converting or repowering existing gas or diesel pupil transportation vehicles to electric or zero emission pupil transportation vehicles. (RCW 28A.160.130)(2)(f).

40 Energy

43 Transportation Vehicle Energy Audits

Record expenditures associated with a feasibility plan to transition from gas or diesel pupil transportation vehicles to electric or zero emission pupil transportation vehicles. (RCW 28A.160.130)(2)(d)

44 Transportation Equipment Capital Improvement

Record expenditures for the purchase, installation, and repair of electric pupil transportation vehicle charging stations and other zero emission pupil transportation vehicle fueling stations and for other costs necessary for station installation. (RCW 28A.160.130)(2)(e).

60 Bond or Levy Issuance

61 Bond or Levy Issuance or Election

Record expenditures incurred for issuing bonds such as attorney's fees, underwriting fees, rating agencies and related costs. Successful Transportation levy and bond election costs may be recorded here. If the related election fails, these expenditures shall be recorded in the General Fund. Expenditures such as transfer fees incurred after bonds are issued may be recorded in the Debt Service Fund.

90 Debt

Type Codes 91 and 92 are used only for debt payments made *directly* from the Transportation Vehicle Fund. Transfers to the Debt Service Fund are only recorded in GL 536 Other Financing Uses—Transfers Out.

91 Principal

Record the principal portion of payments made directly from the Transportation Vehicle Fund for debt including, but not limited to, conditional sales contracts, purchasing agreements, and other long-term notes.

92 Interest

Record the interest portion of payments made directly from the Transportation Vehicle Fund for debt including, but not limited to, conditional sales contracts and purchase agreements.

93 Arbitrage Rebate

Record the expenditure for arbitrage rebate at the time the liability is no longer contingent.

Object Expenditure Codes—Optional

Use of object expenditure codes is an optional expansive feature that provides a method of identifying expenditures as to objects.

CHAPTER 11 – Debt Service Fund Accounting

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INTRODUCTION

This chapter provides information that is unique to the Debt Service Fund. Some information presented here may also be included in other parts of this manual, but it is included here so that those new to governmental accounting can obtain a general overview of each fund in one location.

As required by accounting standards, governmental accounting systems should be organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. (See Chapter 1 Fund Accounting Systems, for additional information regarding fund accounting systems.)

The standards categorize funds into one of eleven fund types. These fund types are grouped into three general classifications:

- Governmental funds are used to account for tax-supported activities. GAAP establishes five governmental fund types: General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service, and Permanent Funds. RCW 28A.320.330 requires school districts in Washington state to establish a General Fund, Capital Projects Fund, Debt Service Fund, and Associated Student Body Fund (Special Revenue Fund). RCW 28A.160.130 creates a Transportation Vehicle Fund (Capital Projects Fund).
- Proprietary funds are used to account for business-type activities of a government and are supported, at least in part, by fees or charges. Proprietary funds are **not** permitted for school districts in Washington State.
- Fiduciary Funds are used to account for resources in situations where the government is acting as a trustee or agent for parties outside the government. Fiduciary Funds *cannot* be used to support the government's own programs. Fiduciary Activities are described in Chapter 13.

DEBT SERVICE FUND

Debt Service Fund—to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest (GASB Cod. Sec. 1100.103a[4]. See also Sec. 1300, "Fund Accounting").

School districts in the state of Washington have one Debt Service Fund. This fund has been established by RCW 28A.320.330 to account for the payment of principal, interest, and the expenditures related to the redemption of outstanding bonds and notes, as well as other noncurrent long-term liabilities. The county treasurer or fiscal agent makes payment of interest and principal.

Provision must be made annually for a levy sufficient to meet the payments of principal, interest, and related expenditures for voted debt. The levy should be sufficient to cover tax payment delinquencies. The state attorney general has ruled that it is improper to levy excessive taxes to retire bonds in advance of the redemption schedule (AGO 57-58 No. 230).

Non-voted bonds are also serviced in the Debt Service Fund rather than in the fund that received the debt proceed. To provide the resources to retire the debt, an operating transfer must be used by the General Fund, Capital Projects Fund, or Transportation Vehicle Fund to transfer resources to the Debt Service Fund.

The modified accrual basis of accounting is to be used in measuring financial position and operating results, except for unmatured principal and interest on general long-term debt which are not recorded as liabilities until they are due and payable. Except for unmatured principal and interest, expenditures are recorded whether disbursements have been made or not. When disbursements are made, the corresponding entries are reductions to the matured debt payable accounts. Since liability accounts have been established for the bond principal, bond interest, and transfer fees, subsidiary expenditure accounts as such are not necessary.

When bonds mature or interest payments become due, the matured debt is recorded in the expenditure accounts and in the matured debt accounts (General Ledger Account 675 Matured Bonds Payable and General Ledger Account 685 Matured Bond Interest Payable).

This section does not include information pertaining to the general ledger accounts (Chapter 4), or revenue accounts (Chapter 5). See the chapters indicated for detailed information in these areas.

Debt Service Fund Expenditures

The Debt Service Fund is provided to account for the revenues, other financing sources, other financing uses, and the related expenditures for long-term debt. This includes accounting for bond principal, interest, and other debt related expenditures.

All districts must recognize debt service expenditures on a modified accrual basis of accounting. When disbursements are made, the corresponding entries are reductions to the matured debt payable accounts.

Debt issued with a maturity of one year or less should be accounted for in the appropriate fund due to its short-term nature. For discussion of the general ledger accounts applicable to the Debt Service Fund, see Chapter 4 General Ledger Accounts.

Transfer of State Forest Revenue from the Debt Service Fund to the Capital Projects Fund

RCW 28A.320.330(3) allows districts to transfer state forest land revenue that is in the Debt Service Fund (DSF) to the Capital Projects Fund (CPF) to the extent the state forest revenue is not necessary for payment of debt service on school district bonds. Districts may transfer past, present, or future state forest land revenue that meets the above requirements. If a district is in doubt about these requirements, they should consult their bond counsel.

Transfers are authorized by the adoption of a resolution of the board of directors. The district's board-adopted budget, if it accurately reflects the desired transfer, may serve as the required resolution for such transfer.

Once the required authorization is in place, budget and actual interfund transfers are accomplished in the accounting records using other financing source account codes in the Capital Projects Fund and other financing use account codes in the Debt Service Fund.

Introduction to Accounting for a Bond Refunding

Debt may be extinguished through a refinancing ("Refunding") in addition to normal repayment. A refunding occurs when previously issued debt is retired at least in part by a new bond issue. Refundings are generally undertaken to take advantage of lower interest rates and to modify debt service requirements. Most often, the proceeds from the sale of new bonds with a lower interest rate are used to pay off old bonds with a higher interest rate. A refunding is financially worthwhile when there are significant savings on a present value basis as compared to the present value of the cash flow for the refunded bonds. A district will generally consult with their financial advisor, bond legal counsel, or ESD to determine whether a refunding is in the best interest of the district and taxpayers.

When bonds are sold, they may have an optional redemption available on or after a fixed date, known as the "Call Date". A school district's bonds cannot be redeemed until the call date, or until they have matured and are payable.

In a refunding, the proceeds of the refunding bond issue are invested in an escrow account held by a trustee until the old bonds are redeemed. In structuring a refunding, an issuer's financing team calculates an issue size which, together with interest earnings in the escrow account, will be sufficient to pay issuance costs, any call premium, and principal and interest requirements on the refunded bonds.

Chapter 39.53 RCW, known as the Refunding Bond Act, authorizes refunding of bonds. Four provisions of chapter 39.53 RCW are:

- [1] RCW 39.53.020 authorizes refunding without an election.
- [2] RCW 39.53.050 authorizes refunding bonds to be issued in a principal amount in excess of, less than, or the same as the principal amount of the bonds to be refunded.
- [3] RCW 39.53.090 states that the principal amount of annual maturities may be increased to the nearest \$5,000 for the purpose of rounding out maturities.
- [4] RCW 39.53.100 states that the amounts of money and investments on deposit for bond retirement shall be deducted from the computation of the amount of outstanding indebtedness for the purpose of any constitutional or statutory debt limitation.

A refunding results in an in-substance defeasance of the refunded bonds between the time of closing of the refunding bonds and the date the old bonds are paid off by the escrow trustee. For financial reporting purposes, a defeasance is the removal of debt from the balance sheet prior to the actual redemption of the debt.

An in-substance defeasance is achieved when cash or assets that qualify as essentially risk free as to amount, timing and collection of principal and interest are deposited in an irrevocable trust to retire the refunded bonds sometime in the future. These assets for an in-substance defeasance should provide cash flows that are sufficient and timed to match the scheduled interest and principal payments on the debt that is being extinguished.

Generally, in-substance defeasances are accomplished through the purchase of U.S. Treasury State and Local Government Series (SLGS) securities or other qualifying U.S. Government securities. The securities purchased provide adequate cash flows that

coincide with the refunded obligation's debt service schedule without exceeding the Internal Revenue Code arbitrage limits established by the 1986 Tax Reform Act.

If refunding bonds are issued in a principal amount more than the principal amount of the bonds to be refunded, as authorized in RCW 39.53.050, the amount of the excess is to be considered non-voted debt in debt limit calculations. Because of this stipulation, school districts should calculate both their non-voted and voted debt limits whenever there is a bond refunding. The district's finance team (bond legal counsel, financial advisor, and underwriter) typically assist with this calculation.

The remainder of this section explains the accounting and financial reporting of new bond issues and refunding bond issues.

NEW BOND ISSUE AND REFUNDING BOND ISSUE **JOURNAL ENTRIES**

New bond issues and bond refundings are common debt instruments for governments to obtain long-term financing for capital projects and to refund existing bonds. Provided in this section are examples that will help you answer some common questions. Not all situations can be covered in this section, although the information may help you deduce how to journalize the transaction. If you need additional assistance, contact your finance team, the School District Accounting Supervisor at OSPI, or your ESD.

Closing Memorandum: When issuing new bonds and refunding bonds, the bond finance team will issue a document commonly referred to as a "Closing Memorandum." The closing memorandum provides the information necessary to make journal entries to record the issuance of bonds.

The closing memorandum will contain the date the bonds were issued ("Dated Date"), and transfers of funds required for closing, schedules of the costs of issuance for the bonds, a debt service schedule, and other information related to the bonds.

Below are some explanations of terms commonly contained in the closing memorandum. After the terms, there is an example of a closing memorandum, followed by a worksheet showing the journal entry of each transaction.

Principal Amount or Par Value: This is the amount of the bonds that will be repaid upon maturity of the bonds.

Bond Premium or Discount: Bonds may be issued for more or less than the par value. Bond proceeds in excess of the par value is called a premium. If bond proceeds are less than the par value, the difference is referred to a bond discount. In the following example, the bonds are issued at a premium, which is most commonly the case.

The bond premiums and discounts are combined with the par value of the bonds and any contribution of district funds to arrive at the total sources of funds available from the bond issuance.

Washington State law allows for the use of bond premiums deposited to the capital projects fund to pay the costs of issuance for a new bond issue without reducing the amount of the voter-approved bond authorization available. This allows districts to have all of a voted-bond authorization available for project funds when bond market conditions allow for bond premiums to be generated.

Cost of Issuance: Fees or other costs associated with issuance of the bonds include the fees of underwriters, bond counsel, financial advisor, credit ratings, escrow agent, and other miscellaneous fees incurred as part of bond issuance. These fees may be paid out of the proceeds and are either paid as part of closing, or the district may receive funds earmarked to pay these costs of issuance following closing of the bonds.

If the costs of issuance are paid as part of the bond closing, or by a refunding trustee, the district will recognize the payment of the costs with a debit to GL 530 in either the Capital Project's Fund (new bond issue) or the Debt Service Fund (refunding bond issue) when recording the bond issuance following the closing.

If the fees are not paid upon closing, the funds generated from the bond issue to make the payment of the fees will be deposited into the District's Capital Project's Fund (new bond issue) or the Debt Service Fund (refunding bond issue) with a debit to GL 240 and a credit to GL 965. Once the associated invoice is received and paid by the district, there will a debit to GL 530 and credit to GL 240. Certain districts may need to make payments via warrant (GL 241).

Additional Proceeds: Bonds are generally sold in increments of \$5,000. If there are funds generated from the bond sale due to this rounding amount to the nearest \$5,000 ("Additional proceeds"), they are deposited into the Debt Service Fund. (debit to GL 240 and credit to GL 965).

Bond Issue — Sale of a New Bonds — Example***Closing Memorandum — New Bond Issue***

Re: Any School District
Any County, Washington
\$127,790,000 Unlimited Tax General Obligation Bonds, 20XX

Date: February 12, 20XX

The following is a summary of the sources of funds for the 20XX Bonds and how those funds will be applied by the County on behalf of the District:

<u>Sources of Funds</u>		REF
Principal Amount	\$ 127,790,000.00	7
Plus: Original Issue Premium	12,953,741.05	8
Less: Underwriter's Discount	(460,544.00)	3
Total Sources of Funds:	<u>\$ 140,283,197.05</u>	
<u>Distribution of Funds by Underwriter Upon Closing</u>		
<u>Any County Office of the Treasurer</u>		
Capital Projects Fund Deposit	\$ 140,000,000.00	1
Costs of Issuance to the Capital Projects Fund [1]	70,650.00	2*
Additional Proceeds to the Debt Service Fund	3,099.80	9
Total to Any County:	<u>140,073,749.80</u>	
<u>Bond Counsel</u>		
Bond Counsel Fee	90,197.25	
Disclosure Counsel Fee	20,000.00	
Total to Bond Counsel	<u>110,197.25</u>	4
<u>Financial Advisor</u>		
Financial Advisor Fee	<u>99,250.00</u>	5
Total Funds Disbursed	<u>\$ 140,283,197.05</u>	

Cost Issuance to be paid at closing:		
Description	Total	
Bond Counsel Fee	\$ 90,197.25	
Disclosure Counsel Fee	20,000.00	
Financial Advisor Fee	99,250.00	
Subtotal	\$209,447.25	
[1] Cost of Issuance to be paid by the District:		
Description	Total	
Bond Rating Fee	70,650.00	6
Combined Total	\$ 280,097.25	

New Bond Journal Entries

In this example, bond rating fees are deposited into the Capital Projects Fund, and the district is obligated to pay the cost of issuance at a later date upon receipt of an invoice.

New Bond Issue Closing Journal Entries					
Capital Projects Fund					
GL #	Title	Debit	Credit	Source	Item #
240	Cash w/County	140,000,000.00		Bond authorization used	1
240	Cash w/County	70,650.00		Bond proceeds deposited to CPF for cost of issuance.	2,6
530	Bond Issue Cost	460,544.00		Underwriter's discount	3
530	Bond Issue Cost	110,197.25		Bond counsel	4
530	Bond Issue Cost	99,250.00		Financial advisor	5
965	OFS – Proceeds from Bonds		127,790,000.00	Par value (Principal) of new bonds	7
965	OFS – Proceeds from Bonds		12,950,641.25	Original issue premium deposited to CPF	8
		140,740,641.25	140,740,641.25		
* Debit (530) and credit (241) Warrants Outstanding when expenses are actually paid – see below.					

New Bond Issue Closing Journal Entries

Debt Service Fund					
GL #	Title	Debit	Credit	Source	Item #
240	Cash w/County	3,099.80		Cash deposited to DSF	9
965	OFS – Proceeds from Bonds		3,099.80	Additional proceeds	8
		3,099.80	3,099.80		

Bond Expense Payment Journal Entry

Capital Projects Fund					
GL #	Title	Debit	Credit	Source	Item #
530	Bond Issue Cost	70,650.00		Rating Fee	2
241	Warrants Outstanding		70,650.00	Payment of Rating Fee	6
		70,650.00	70,650.00		

Bond Refunding — Example

Debt may be extinguished through a refinancing ("Refunding"). A refunding occurs when previously issued debt is retired at least in part by a new bond issue. Refundings are generally undertaken to take advantage of lower interest rates and to modify debt service requirements. In a refunding, the proceeds of the refunding bond issue are invested in an escrow account held by a trustee until the old bonds are redeemed. Existing district resources used as part of the deposit into the escrow account must be reported as an expenditure (GASB 86, ¶6).

If an issue is a combination of new money and refunding bonds, the refunding bond example should be used since the funds for all fees not wired at closing go directly to the refunding trustee, who pays them upon receipt of invoices on behalf of the district issuing the bonds.

Closing Memorandum — Bond Refunding

Re: Any School District
Any County, Washington
\$18,730,000 Unlimited Tax General Obligation Bonds, 20XX

The following is a summary of the sources of funds for the Refunding Bonds and how those funds will be applied by the Refunding Trustee:

Closing Memorandum for the UTGO Refunding Bond			
<u>Source of Funds</u>			REF
Principal Amount	\$18,730,000.00		5
Plus: Original Issue Premium	1,926,088.60		6
Plus: Contribution from the Debt Service Fund	146,786.54		4
Less: Underwriter's Discount	(92,340.50)		1
Total Source of Funds:	\$20,710,534.64		
<u>Distribution of Funds</u>			
<u>Refunding Trustee</u>			
Deposit to Escrow Account to Buy U.S. Government Securities	\$20,593,180.00		3
Escrow Beginning Cash Deposit	2.14		3
Cost of Issuance	117,352.50		2
Total Funds Disbursed	\$20,710,534.64		
Unlimited Tax General Obligation Refunding Bond			
Cost of issuance to be paid by the Refunding Trustee:			
<u>Description</u>	<u>Amount</u>		
Bond Counsel Fee	\$42,300.00		
Disclosure Counsel Fee	15,000.00		
Financial Advisor Fee	31,452.50		
Bond Rating Fee	26,100.00		
Escrow Verification Fee	1,500.00		
Refunding Trustee Fee	1,000.00		
Total	\$117,352.50		

Bond Refunding Journal Entry

Refunding Bond Issue Journal Entry Worksheet					
Debt Service Fund					
GL #	Title	Debit	Credit	Source	Item #
530	Bond Issue Costs	92,340.50		Underwriter's discount	1
530	Bond Issue Costs	117,352.50		Other costs of issuance	2
530	Refunding Escrow Contribution	146,786.54		Use of existing Funds to Escrow	4
535	Other Financing Use	20,446,395.60		Deposit to refunding escrow	3
240	Cash with County		146,786.54	Refunding contribution	4
965	OFS – Proceeds from Bonds		18,730,000.00	Par value (Principal) of new bond	5
965	OFS – Proceeds from Bonds		1,926,088.60	Net original issue premium	6
		20,802,875.14	20,802,875.14		

Questions and Answers on a Refunding Bond Issue**How is a refunding bond structured?**

The proceeds from the sale of refunding (new) bonds are placed in the custody of the trust department of a bank. The bank establishes an escrow account and invests the proceeds so that the cash realized from the maturing investments, together with interest earned, will meet the debt service requirements of the refunded (old) bonds, and to redeem the balance of the old bonds when they are called. The bank reports the financial activity in the escrow account to the county treasurer. Each school district will need to work with its county treasurer to determine whether the school district or the county treasurer will verify the accuracy of the amounts reported and that the transactions were done in accordance with the escrow instructions. The county treasurer shows the refunding financial activity on the County Treasurer's Monthly Report (F-197). The school district is legally responsible for the verification of the amounts reported on the F-197.

How are the refunded (old) bonds accounted for?

The old bonds are removed from the long-term debt liability of the school district upon closing of the new refunding bonds, and the refunding trustee bank establishes an escrow account to meet the debt service requirements the old bonds.

How are the refunding (new) bonds accounted for?

The new refunding bonds are entered as a long-term debt liability of the school district debt and the debt service on the new bonds is recorded in the school district's Debt Service Fund.

What are the tax levy requirements?

Taxes are no longer levied for the debt service requirements of the refunded bond issue. Instead, taxes are levied for the debt service requirements of the refunding bond issue together with any other outstanding bonds.

What are the budgeting and financial reporting requirements?

The debt service requirements of the refunding bonds are budgeted and reported in the school district's Debt Service Fund.

The refunding bonds are reported as a long-term debt liability of the school district. The school district does not budget or report any debt service on the refunded bonds or the amount of the refunded bonds outstanding. However, care must be taken to make sure the district has sufficient budget expenditure authority in the Debt Service Fund for any refunding costs of issuance.

A general description of the transaction should be included in the notes to the financial statements in the year of the refunding. At a minimum, the disclosures should include (1) the difference between the cash flows required to service the old debt and the cash flows required to service the new debt to complete the refunding and (2) the economic gain or loss resulting from the transaction.

Some districts also choose to provide a subsequent event footnote describing a refunding issue when bonds are refunded following the end of a fiscal year but before audited financial statements are published.

NOTE DISCLOSURE ILLUSTRATIONS

The following are two examples of note disclosures for the financial statements. These are provided for illustration purposes. The Refunding Note ties back to the refunding example illustrated above. The narrative in this disclosure is for reference only. The user should refer to the Note Templates (published separately) which provide current discloser language; and modify the note disclosure as necessary.

Refunding Note to the Financial Statements — Example

For the Fiscal Year of Refunding Long-Term Debt

REFUNDED DEBT

On April 2, 20XX, the District issued \$18,730,000 of general obligation refunding bonds with a true interest cost of 3.10% to refund \$20,270,000 of the District's outstanding 20XX Unlimited Tax General Obligation Bonds with an average interest rate of 4.88%. The net proceeds of \$20,593,182, after payment of \$209,693 in underwriting fees, issuance cost, and a Debt Service Fund contribution of \$146,757, were used to retire the 20XX UTGO Bonds. As a result, the 20XX UTGO Bonds are no longer outstanding. The district refunded the 20XX Unlimited Tax General Obligation Bonds to reduce its total debt service payments in years 20XX through 20X9 by \$2,052,081 and to obtain an economic gain, (difference between the present values of the debt service payments on the old and new debt), of \$1,742,029.

Cash Flows Difference		
Old Debt Service Cash Flows	\$26,211,063	
New Debt Service Cash Flows		\$24,158,982
Cash Flow Savings		\$2,052,081
Economic Gain		
Present Value of Cash Flows Savings		\$1,742,029

Summary of Refunding Results Any School District Unlimited Tax General Obligation Refunding Bonds, 20XX Final Numbers	
Dated Date	4/2/20XX
Delivery Date	4/2/20XX
Arbitrage yield	3.015982%
Escrow yield	4.405381%
Value of Negative Arbitrage	– 46,089.64
Bond Par Amount	18,730,000.00
True Interest Cost	3.103646%
Net Interest Cost	3.310689%
All-in TIC	3.218203%
Average Coupon	5.000000%
Average Life	5.797
Par amount of refunded bonds	20,270,000.00
Average coupon of refunded bonds	4.876044%
Average life of refunded bonds	5.839
PV of prior debt to 04/02/20XX @ 3.011982%	22,543,904.36
Net PV Savings	1,742,029.22
Percentage savings of refunded bonds	8.594125%
Percentage savings of refunded bonds	9.300743%

SAVINGS ANY SCHOOL DISTRICT Unlimited Tax General Obligation Refunding Bond, 20XX Final Numbers							
Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Svc	Savings	Annual Savings	PV to 04/02/XX @ 3.0159816%
04/02/20XX		146,786.54	- 146,786.54		-146,786.54		-145,786.54
06/01/20XX	470,775.00		470,775.00	153,481.93	317,293.07		315,740.25
12/01/20XX	1,830,775.00		1,830,775.00	1,998,250.00	-167,475.00	3,031.53	-164,179.57
06/01/20X1	448,675.00		448,675.00	430,000.00	18,675.00		18,035.56
12/01/20X1	1,923,675.00		1,923,675.00	1,715,000.00	208,675.00	227,350.00	198,535.92
06/01/20X2	419,175.00		419,175.00	397,875.00	21,300.00		19,964.02
12/01/20X2	2,019,175.00		2,019,175.00	1,812,875.00	206,300.00	227,600.00	190,487.92
06/01/20X3	387,175.00		387,175.00	362,500.00	24,675.00		22,445.29
12/01/20X3	2,127,175.00		2,127,175.00	1,922,500.00	204,675.00	229,350.00	183,414.03
06/01/20X4	352,375.00		352,375.00	323,500.00	28,875.00		25,491.15
12/01/20X4	2,237,375.00		2,237,375.00	2,038,500.00	198,875.00	227,750.00	172,960.72
06/01/20X5	305,250.00		305,250.00	280,625.00	24,625.00		21,098.10
12/01/20X5	2,360,250.00		2,360,250.00	2,155,625.00	204,625.00	229,250.00	172,713.19
06/01/20X6	253,875.00		253,875.00	233,750.00	20,125.00		16,734.10
12/01/20X6	2,488,875.00		2,488,875.00	2,278,750.00	210,125.00	230,250.00	172,125.05
06/01/20X7	198,000.00		198,000.00	182,625.00	15,375.00		12,407.41
12/01/20X7	2,628,000.00		2,628,000.00	2,417,625.00	210,375.00	225,750.00	167,247.65
06/01/20X8	137,250.00		137,250.00	26,750.00	10,500.00		8,223.47
12/01/20X8	2,772,250.00		2,772,250.00	2,556,750.00	215,500.00	226,000.00	166,269.54
06/01/20X9	71,375.00		71,375.00	66,000.00	5,375.00		4,085.49
12/01/20X9	2,926,375.00		2,926,375.00	2,706,000.00	220,375.00	225,750.00	165,016.47
	26,357,850.00	146,786.54	26,211,063.46	24,158,981.93	2,052,081.53	2,052,081.53	1,742,029.22

Savings Summary

Dated Date	04/02/20XX
Delivery Date	04/02/20XX
PV of savings from cash flow	1,742,029.22
Net PV Savings	<u>1,742,029.22</u>

SOURCES AND USES OF FUNDS			
ANY SCHOOL DISTRICT			
Unlimited Tax General Obligation Refunding Bonds, 20XX Final Numbers			
Dated Date		04/02/20XX	
Sources:			
Bond Proceeds:			
Par Amount		18,730,000.00	
Premium		1,926,088.60	
		20,656,088.60	
Other Sources of Funds			
DSF Contribution		146,786.54	
		20,802,875.14	
Uses:			
Refunding Escrow Deposits:			
Cash Deposit		2.14	
SLGS Purchases		20,593,180.00	
		20,593,182.14	
Cost of Issuances:			
Bond Counsel Fee		42,300.00	
Disclosure Counsel Fee		15,000.00	
Financial Advisor Fee		31,452.50	
Rating Fee		26,100.00	
Escrow Verification Fee		1,500.00	
Refunding Trustee Fee		1,000.00	
		* 117,352.50	
			Σ *
Delivery Date Expenses			\$209,693
Underwriter's Discount		* 92,340.50	
		20,802,875.14	

ESCROW COST				
ANY SCHOOL DISTRICT				
Unlimited Tax General Obligation Refunding Bonds, 20XX Final Numbers				
	Date	Principal	Interest	Net Escrow Receipts
Payoff Date →	06/01/20XX	20,593,180.00	147,593.86	20,740,773.86
		20,593,180.00	147,593.86	20,740,773.86
<u>Escrow Cost Summary</u>				
Purchase Date		04/02/20XX		

Subsequent Event Note to the Financial Statement — Example

This is a note disclosure for when bonds are issued following the end of the fiscal year but before the audit report for that year has been issued. The narrative in this disclosure is for reference only and the amounts used are not used in any of the schedules illustrated above. The user should refer to the Note Templates (published separately) which provide current discloser language; and modify the note disclosure as necessary.

Subsequent Event – Issuance of Bonds

Subsequent to the fiscal year ending August 31, 20XX, on October 7, 20XX, the District issued \$111,610,000 of unlimited tax general obligation and refunding bonds.

\$69,710,000 of the bonds, along with original issue premium of \$5,290,000 were deposited into the District's Capital Projects Fund and represent the final sale of the 20XX voter-approved bond authorization.

\$41,900,000 of the bonds, along with original issue premium of \$5,228,475 were used to refund \$58,355,000 of the district's outstanding 20XX Unlimited Tax General Obligation Bonds. The net proceeds of \$47,128,475, combined with a Debt Service Fund contribution of \$12,362,236 (consisting of 20XX tax collections of \$4,172,236 and Debt Service Fund reserves of \$8,190,000) and payment of \$269,336 in underwriting fees and issuance costs, were used to retire the 20XX UTGO Bonds.

As a result of this transaction, the 20XX UTGO Bonds are no longer outstanding obligations of the District. The transaction will be reflected in the District's fiscal year 20XX financial statements.

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CHAPTER 12 – Associated Student Body (ASB) Fund Accounting

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INTRODUCTION

This chapter provides information that is unique to the Associated Student Body (ASB) fund. Some information presented here may also be included in other parts of this manual, but it is included here so that those new to governmental accounting can obtain a general overview of each fund in one location.

As required by accounting standards, governmental accounting systems should be organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. (See Chapter 1 Fund Accounting Systems, for additional information regarding fund accounting systems.)

The standards categorize funds into one of eleven fund types. These fund types are grouped into three general classifications:

- Governmental funds are used to account for tax-supported activities. GAAP establishes five governmental fund types: General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service, and Permanent Funds. RCW 28A.320.330 requires school districts in Washington state to establish a General Fund, Capital Projects Fund, Debt Service Fund, and Associated Student Body Fund (Special Revenue Fund). RCW 28A.160.130 creates a Transportation Vehicle Fund (Capital Projects Fund).
- Proprietary funds are used to account for business-type activities of a government and are supported, at least in part, by fees or charges. Proprietary funds are **not** permitted for school districts in Washington State.
- Fiduciary Funds are used to account for resources in situations where the government is acting as a trustee or agent for parties outside the government. Fiduciary Funds *cannot* be used to support the government's own programs. Fiduciary Activities are described in Chapter 13.

ASSOCIATED STUDENT BODY FUND (ASB)

Special revenue funds are used to account for the proceeds of revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes (GASB Cod. Sec. 1100.103a[2]. See also Sec. 1300, "Fund Accounting").

The Associated Student Body Fund (ASB) is the only fund designated as a Special Revenue Fund in Washington school districts. This fund is partly financed from establishing and collecting fees from students and nonstudents as a condition of their attendance at any optional, noncredit, extracurricular event of the district. As a Special Revenue Fund, the ASB Fund is under the control, supervision, and approval of the board of directors, and the school district legally owns the resources accounted for in the ASB Fund. The ASB Fund is created by RCW 28A.320.330 and chapter 28A.325 RCW.

Introduction

Since the financial resources of this fund are public resources, the board of directors of each school district or its designees are responsible for the protection and control of these resources just as they are for other public funds placed in its custody. The laws governing the ASB Fund, and the rules and regulations developed by the Office of Superintendent of Public Instruction (OSPI) according to those laws provide the legal and procedural framework for the board of directors of each school district to administer the ASB Fund. See chapter 28A.325 of the Revised Code of Washington (RCW) and chapter 392-138 of the Washington Administrative Code (WAC) relating to the ASB Fund.

Associated Student Body Moneys

One of the stated purposes of the rules and regulations promulgated by OSPI is to encourage the supervised self-government of associated student bodies. The board of directors should develop policies and procedures to promote this goal. Except for non-associated private money and moneys held in trust, the financial resources of the ASB fund are for the extracurricular benefit of the students. Their involvement in decision-making processes is an integral part of associated student body government. The students must have adult supervision to properly administer the associated student body programs, but that supervision must not exclude the students from participation in determining the uses of associated student body resources. In addition, subject to board policy, the board of directors may permit students to conduct fund-raising activities and solicitation of donations in their private capacities.

Final approval of associated student body activities rests with the board of directors, but the students determine what activities will constitute the associated student body program. Although no student activity may be a part of the associated student body program or participate in non-associated private fundraising without the approval of the board of directors, the board has no power to initiate associated

student body activities. The board of directors must set up a review and approval process for activities initiated by members of the associated student body (WAC 392-138-013).

The rules and regulations governing associated student body program financial resources require the board provide for associated student body participation in “the determination of the purposes for which associated student body financial resources shall be budgeted and disbursed.” Additionally, all supporting documentation must show evidence of student approval before associated student body moneys may be disbursed as budgeted.

Trust Moneys and Nonpublic Moneys

Subject to board policy, the board of directors may permit students to conduct fund-raising activities and solicitation of donations in their private capacities.

Nonassociated student body (non-ASB) program fund moneys generated and received by students for private purposes to use for scholarship, student exchange, or charitable purposes shall be held in trust and be disbursed for such purposes as the student group conducting the fund-raising activity shall determine; RCW 28A.325.030(2). An associated student body that receives both public and private moneys must maintain two separate sets of accounts in such a manner that there is a complete segregation of ASB and non-ASB activities in the accounting records (WAC 392-138-017).

If the non-ASB amount is “immaterial” (less than 5 percent of the ASB Fund total revenue) it can be accounted for in the ASB Fund, as long as the private money is easily identifiable within the accounting records. If non-ASB amounts becomes material, the district should report them in a Custodial Fund on their Annual Financial Statements (F-196).

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.

Accounting Methods and Procedures

Basis of Accounting

The county treasurer for each school district that has an associated student body establishes an ASB Fund. All moneys generated through the programs and activities of any associated student body are required to be deposited in the ASB Fund (WAC 392-138-115).

Disbursements from this fund are made with the approval of the board of directors of the school district and are by warrant. In no case may warrants be issued in an amount greater than the moneys on deposit with the county treasurer in the ASB Fund (WAC 392-138-125).

WAC 392-138-014 (2) reads: "Whenever two or more associated student bodies exist within a school district, the accounting records shall be maintained in such a manner as to provide a separate accounting for the transactions of each associated student body in the associated student body program fund."

The requirements of a separate accounting for each associated student body within a district and the limitation of disbursements to the money on deposit in the ASB Fund creates the need for current fund balance information. Receipts and disbursements must be recorded directly to the fund balance account. Two accounts, 560 Revenue Contra and 930 Expenditure Contra, are unique to the ASB Fund and make it possible to record receipts and disbursements directly to fund balance as well as to the revenues and expenditures accounts on a double-entry basis.

Another aspect of the ASB Fund accounting process is the existence of the imprest bank checking account option. The board of directors of a school district may authorize the use of an imprest bank checking account at the school level subject to the provisions of RCW 28A.325.030 and WAC 392-138-120.

League and Other Joint Activities

Athletic leagues and other forms of joint interdistrict and intraschool district associated student body programs may be formed as provided by WAC 392-138-130. These joint programs also include those between public and private schools. The leagues and other joint activities shall be budgeted in the same manner as all other activities of the ASB Fund. When these joint programs exist and moneys must

be managed, a managing district will be appointed, and the joint program associated student body organization will exist in that district's ASB Fund organization.

If there is a managing district, all joint activity revenues will be deposited to the credit of the joint program associated student body organization and all joint activity expenditures charged to that organization. Net revenues (if any) after joint activity expenditures are paid will be distributed to the member schools according to the joint program allocation formula. Member schools within the managing district will receive their share of the net revenues by a transfer entry. Other districts will be paid by warrant. The district receiving the payment will further allocate the payment to member schools by transfer.

Suggested System of Accounting for the ASB Fund at the School Level

Accounting Organization and Methods

Introduction

WAC 392-138-013 reads in part: "The board of directors of each school district shall... (1)(c) assign accounting functions, or portions thereof, to the school building level to be performed by a designated representative of an associated student body or centralize the accounting functions at the district administrative office level..." The model school level accounting system illustrated in this section assumes a high degree of delegation of accounting functions to the school level. This approach should prove valuable for all school districts that delegate, in any degree, accounting functions to the school level. All, part, or none of this system may be used depending on the decision of the board of directors of each school district.

The principles embodied in this system are those necessary to satisfy minimum requirements for adequate accounting and control of associated student body moneys. Any district, whatever the accounting system used, must base that system on both the required and the generally accepted school business procedures, some of which are:

- Official prenumbered documents must be used to adequately safeguard and control the financial transactions of the associated student body. All tickets, membership cards, receipts, purchase orders, checks, etc., must be prenumbered and accurately controlled to ensure the integrity of the accounting system.

- All money upon receipt must be deposited timely and **intact** to the district depository bank and then to the county treasurer for credit to the ASB Fund of the district (WAC 392-138-115).
- All disbursements must be made by warrant or by check from an authorized imprest bank checking account as provided in RCW 28A.325.030 and WAC 392-138-120.
- Supporting documents must be kept for all disbursements made.
- An imprest bank checking account reconciliation statement must be made each month.
- At least once each month the imprest bank checking account will be replenished to its original authorized amount.
- Monthly and yearly financial statements must be prepared.

Organization

There are four positions in the accounting organization of this system. They are:

- Primary Advisor
- ASB Central Treasurer
- Activity Advisor
- Student Activity Treasurer

The board of directors of each school district will designate a primary advisor to each associated student body according to the rules, policies, and procedures of the local school district. When accounting functions are delegated to the school level, the board of directors will also designate an ASB central treasurer to perform those functions. The primary advisor will designate advisors to the various student activity groups that are part of the associated student body. Each student activity group will elect a student activity treasurer. The roles, responsibilities, and duties of the positions are described below.

Primary advisor (probably the school principal): This designee of the board of directors will administer the associated student body program of a school. The duties of the primary advisor will include, but should not be limited to, the following:

- Appoint activity advisors to all student activity groups.
- Supervise the preparation of the annual financial budget.
- Submit to the board of directors for approval any new activities proposed by students.
- Review and approve the annual financial budget.
- Coordinate the implementation of the annual financial budget.

- Assure student participation in the ASB process.
- Approve all projects of student activity groups.
- Approve all purchases.
- Approve all disbursements from the imprest bank checking account.

ASB central treasurer (adult employed at the school): It is recommended that the board of directors require the ASB central treasurer to be bonded for no less than the average cash balance in the possession of this individual. This designee of the board of directors will have the following responsibilities in accounting for the revenues and disbursements of the associated student body:

- Receive all associated student body moneys and immediately deposit them intact in the district depository bank.
- Issue official prenumbered receipts (tickets, cards, etc.) for all moneys received.
- Control all tickets, membership cards, and other official prenumbered documents.
- Issue official prenumbered activity purchase orders for all purchases except those made from petty cash.
- Ensure that moneys are available for purchases.
- Ensure that all documents are properly approved.
- Maintain accounting records of financial transactions and files of supporting documents. The following records and files are recommended in this system:
 - Cash receipts journal—A chronological record of all moneys received by the associated student body.
 - Check register—A written record of all checks written on the imprest bank checking account and all replenishment deposits.
 - Activity account balance record—A separate record will be kept for each student activity group and all receipts and disbursements of the group will be posted here. The current balance of the activity group's account is shown on this record.
 - Cash receipts file—All supporting documents for cash received will be kept on file.
 - Open purchase order file—The purchase order is filed separately until the purchase and invoice are received.
 - Disbursements file—All supporting documents for the imprest bank checking account disbursements (payment orders, invoices, purchase orders, vouchers, petty cash receipts, etc.) will be kept on file.

- At least once each month prepare an imprest bank checking account replenishment request and submit it to the district central office for replenishment of the imprest bank checking account.
- Prepare monthly financial statements.
- Prepare an imprest bank checking account reconciliation statement.

Activity advisor (a faculty member): The primary advisor will appoint an activity advisor to each student activity group. The advisor will guide and supervise the activity groups and ensure compliance with WAC 392-138-011.

Student activity treasurer (elected by the student activity groups): Each student activity will have a student activity treasurer. The student activity treasurer will work under the guidance and supervision of the activity advisor to safeguard the financial resources of the student activity group.

Methods

Budgeting

In the ASB Fund each student activity group prepares a budget for the fiscal year. The budgets for all the student activity groups added together constitute the associated student body budget for the school. After the school associated student body budget is approved by the student council and the primary advisor, it is sent to the district superintendent or designee for approval and consolidation with all other associated student body budgets of the district which, when consolidated, will be the proposed ASB Fund budget for the district.

The schedule for completing the budgetary process will be as designated by the central district office and will provide for the completion of the ASB proposed budget prior to the completion of the student school year. This procedure and timing will provide for necessary student participation in the budgetary process as provided for in chapter 392-138 WAC. The district board of directors must approve the ASB Fund budget before any expenditure may be made from the ASB Fund for the fiscal year.

It is important to note that no activity may have a negative ending balance. This means no student activity group can disburse moneys unless moneys are available in the student activity group's account. If payables are involved, they must be considered in determining moneys available. If there is not enough money available, moneys will need to be transferred (if the disbursement is approved and moneys are available) before the disbursement can be made. This process is called an

interactivity transfer. This method of financial control is not mandatory but is a recommended method of controlling the use of associated student body moneys.

Imprest Bank Checking Account

The use of an imprest bank checking account may be authorized by the board of directors as provided in RCW 28A.325.030 and WAC 392-138-120. Disbursements from the imprest bank checking account must be by check and restricted to the payment of invoices bearing student approval according to the requirements of the district central office.

The imprest bank checking account will be replenished at least once each month by a warrant drawn on the ASB Fund in the amount of disbursements made during the period. A replenishment request will be prepared at such time listing each check issued during the period.

The ASB central treasurer certifies by signing the replenishment request that all disbursements listed are in accordance with the laws, rules and regulations governing associated student bodies. The replenishment request will be sent to the district central office.

Petty Cash

WAC 392-138-018 allows the board of directors to establish a petty cash fund for the making of change or when it is impracticable to make disbursements by check. The petty cash fund may be established by drawing a warrant on the ASB Fund or by writing a check drawn on the imprest bank checking account. All disbursements from the petty cash fund will be documented with receipts (WAC 392-138-125).

Interactivity Transfers

The transfer of moneys between student activity groups will be accomplished by the use of an interactivity transfer. When approval has been received from the transferor and the transferee, the ASB central treasurer will enter the transfer on the activity account balance record of the student activity groups involved. The ASB central treasurer will retain copies of interactivity transfers.

Accounting Procedures

Revenue and Expenditure Activity Classifications

Financial transactions in the Associated Student Body Fund are classified into general activities for both revenues and expenditures. These are minimum classification

categories and districts may, within these categories, record whatever level of detail is required by the district.

1000 Series—General Student Body

Activities included in this classification will be those that affect the general membership of the associated student body. General revenue-producing activities and unallocated moneys would be the primary subcategories included in this classification.

2000 Series—Athletics

Activities included in this classification will be those that comprise the athletic programs of the associated student body organizations.

3000 Series—Classes

Activities included in this classification will be those associated student body activities whose membership is comprised of students affiliated by virtue of belonging to a general school system classification, e.g., senior class.

4000 Series—Clubs

Activities included in this classification will be those associated student body activities whose members meet the membership criteria as defined by the activity group. All clubs must be approved by the board of directors of each school district to be affiliated with the associated student body organization of the school.

6000 Series—Private Moneys

This classification is used to account for private moneys. Private moneys always must be identified as such at the time of collection. There are three types of private moneys accounted for in the ASB Fund.

1. Bona fide voluntary donations identified at the time of collection to be used for scholarship, student exchange, or charitable purpose. "Bona fide voluntary donations" means collections of money freely given without commensurate goods or services being received directly or indirectly by the donor. Bona fide voluntary donations must be intentional, real, actual, genuine, and not feigned.
2. Moneys donated to the school district for scholarship and student aid purposes under the provisions of RCW 28A.320.030. The school board may place these moneys with the ASB for expenditure for these purposes only.

3. Non-associated student body moneys generated and received by students for private purposes. These are moneys raised outside of the direction or supervision of the school district, but they may be held in trust by the ASB for the private use of students. Acceptance of such moneys is at the discretion of the school board and the district must be compensated for providing such service.

The expenditure of all private moneys in the ASB must be under budgetary authority.

Revenue and Expenditure Internal Controls

Control of Revenues

Procedures for ensuring prompt checking, recording, and deposit of cash will significantly reduce the confusion and possible loss of moneys that may occur when such procedures are not in effect.

These procedures will of course vary depending on the types of revenue being controlled. The general purpose is to use methods that allow a prior determination of the amount to be received. There are many procedures that may be used to control revenues from different types of revenue-producing activities. The following partial listing of procedures for the control of general classes of revenue-producing activities should demonstrate how the various techniques might be employed:

Admissions

- Use official prenumbered tickets and take action to prevent fraudulent reuse.
- Give a definite (recorded) number of tickets and a definite amount of change to each ticket seller.
- Require each ticket seller to return all unused tickets, the full amount of change, and the exact amount of revenues promptly.
- Have responsible supervision and adequate staff to prevent undue haste.

Membership Dues

- Provide official prenumbered receipts or membership cards.
- Give each solicitor a definite (recorded) number of receipts or membership cards.
- Require the return of all unused receipts or cards and the exact amount of money due.
- An adult should be designated to supervise the membership campaign.
- Solicitors should not issue receipts or cards on credit.

Receipts from Sales, Campaigns, etc.

Whenever possible, issue official prenumbered receipts. If it is not possible to issue receipts, use other methods for the pre-audit and control of revenues. When goods or other tangible items are being sold, an inventory method may be practical.

When the ASB central treasurer receives money from these types of revenue-producing activities, the ASB central treasurer will use at least a two-part ASB central treasurer's receipt. The ASB central treasurer will file the original and one will be given to the payer.

Donations

Donations should be recorded in the minutes if received by a student activity group of the associated student body. Donations should adhere to the board policy of the district. The ASB central treasurer will issue a receipt as discussed under "Receipts from Sales" above when donations are received.

Non-associated Private Moneys

Districts may establish a board policy permitting students, in their private capacities, to raise moneys through fundraising and solicitation to be used for scholarship, student exchange, or charitable purposes. Prior to soliciting such moneys, notice identifying the intended purpose of the fundraiser must be given. Such notice must state the moneys so raised will be held in trust by the district and used only for the stated purpose (WAC 392-138-200). In addition to a board policy permitting such private fundraising, districts are strongly encouraged to adopt procedures to implement the policy.

Accounting for Revenues

When money is received by the ASB central treasurer from the sale of tickets or membership cards, a ticket sales report will be prepared by the ASB central treasurer to provide a reconciliation between the tickets or membership cards sold and the cash received.

If the ASB central treasurer from revenue-producing activities not using tickets or membership cards receives money, the ASB central treasurer will issue at least a two-part ASB central treasurer's receipt. The original will be filed in the cash receipts file and one will be given to the payer.

NOTE: If it is necessary to void a prenumbered receipt, the word VOID should be written across the face of all copies, and all copies should remain attached in the receipt book.

The amount of the deposit will be recorded in the cash receipts journal. The amounts entered in the cash receipts journal must be posted to the activity account balance record for the student activity group receiving the revenue.

The ASB central treasurer will prepare a bank deposit slip in duplicate that will be signed by the primary advisor after checking the deposit for accuracy. The money will then be deposited in the district depository bank. A copy of the bank deposit slip, after verification, will be filed with all other cash receipt documents in the cash receipts file.

Purchasing Procedures

All purchases except those made from the petty cash fund require the issuance of a purchase order. When a decision to purchase is made, the ASB central treasurer will:

- Determine whether the student activity group(s) has money in its account for the purchase.
- Determine whether the purchase needs district-level approval and therefore must be processed by the district central office.
- When the purchase may be approved at the school level, prepare a two-part activity purchase order that will be signed by the student activity treasurer, the activity advisor, the ASB central treasurer, and the primary advisor. The original of the activity purchase order will be sent to the vendor as evidence of the purchase contract. The duplicate will be filed in the ASB central treasurer's open purchase order file until the purchase and invoice are received.

Disbursements at the School Level

The ASB central treasurer will process for payment all invoices for merchandise and services received. The following procedures pertain primarily to the payment for merchandise and only those procedures for processing the invoice would directly apply to the payment for services:

- The ASB central treasurer will receive the item ordered. The treasurer will check the item and packing slip, if any, against all details on the duplicate copy of the purchase order from the open purchase order file. If any differences appear, the treasurer will contact the vendor immediately so that required corrections be made.
- The packing slip should be attached to the purchase order or it should be otherwise indicated on the purchase order that the item has been received,

and then return the purchase order to the open purchase order file until the invoice is received.

- If the invoice is received before the item, it should be attached to the purchase order and returned to the open purchase order file until the item is received.
- When the ASB central treasurer receives the invoice, it should be checked against the purchase order on file against the item received. This step includes the checking and reconciling of quantities, description detail, unit prices, extensions, discounts, dates, purchase order number, and all other significant data.
- When the invoice is found to be correct, the payment order should be prepared. The invoice will accompany the payment order when it is routed for signature. The payment order is the authorization to issue a check and will be signed by the student activity treasurer, the activity advisor, the primary advisor, and the ASB central treasurer.
- The signature of the ASB central treasurer certifies that all terms of the purchase contract have been met and the claim is due and legal.
- When the payment order has been approved, the ASB central treasurer will issue a check for the amount on the payment order. The number and date of the check will be entered on the payment order. The check will be forwarded to the vendor. The amount of the check will be entered in the check register and in the disbursements column of the activity account balance record.

Monthly Financial Reports

At the end of each month, the ASB central treasurer will reconcile the balance shown on the imprest bank checking account statement to the balance shown on the check register.

From the activity account balance records, the ASB central treasurer will prepare a monthly ASB central treasurer's report. Each activity is shown in the report and the total of the end-of-month balances is equal to the total of the activity account balance records.

The district central office will need to receive copies of these reports to reconcile district records to school records. Some financial transactions of the associated student body may be recorded only at the district level, e.g., vouchers payable. With these reports the district can reconcile the two sets of records. This process must be completed each month to ensure that school financial records and district financial records are in agreement.

Annual Financial Reporting Requirements

School districts are legislatively mandated to post Associated Student Body (ASB) financial information to district websites no later than August 31 of each year. The information must be published for each ASB of the district and each account within the ASB Fund. If the school district website contains separate websites for schools in the district, ASB financial information must be published on the website of the applicable school of the ASB. The required information by account includes: fund balance at the beginning of the year; summary data about expenditures and revenues during the year; and the ending fund balance.

School districts must add updated annual information to the websites each August 31 and maintain the information on their website from the previous five years.

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CHAPTER 13 – Fiduciary Activity

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INTRODUCTION

This chapter provides information that is unique to fiduciary activity. Some information presented here may also be included in other parts of this manual, but it is included here so that those new to governmental accounting can obtain a general overview of fiduciary activity in one location.

As required by accounting standards, governmental accounting systems should be organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. (See Chapter 1 Fund Accounting Systems, for additional information regarding fund accounting systems.)

The standards categorize funds into one of eleven fund types. These fund types are grouped into three general classifications:

- Governmental funds are used to account for tax-supported activities. GAAP establishes five governmental fund types: General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service, and Permanent Funds. RCW 28A.320.330 requires school districts in Washington state to establish a General Fund, Capital Projects Fund, Debt Service Fund, and Associated Student Body Fund (Special Revenue Fund). RCW 28A.160.130 creates a Transportation Vehicle Fund (Capital Projects Fund).
- Proprietary funds are used to account for business-type activities of a government and are supported, at least in part, by fees or charges. Proprietary funds are **not** permitted for school districts in Washington State.
- Fiduciary Funds are used to account for resources in situations where the government is acting as a trustee or agent for parties outside the government. Fiduciary Funds *cannot* be used to support the government's own programs. Although GAAP provides for four Fiduciary Fund types, most school districts will only have two types: private-purpose trust funds, and custodial funds.

FIDUCIARY FUNDS

Fiduciary Fund reporting focuses on net position and changes in net position. Fiduciary funds should be used to account for resources held in a trustee or custodial capacity for others that meet certain criteria. Fiduciary funds include Pension (and Other Employee

benefit) Trust Funds, Investment Trust Funds, Private-Purpose Trust Funds, and Custodial Funds.

Pension (and Other Employee Benefit) Trust Funds

Pension (and other employee benefit) trust funds are used to report fiduciary activities for the following:

- Pension plans and OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of GASB Statement 67 or paragraph 3 of Statement 74, respectively. It is not expected that school districts will report pension and OPEB trust funds.
- Other employee benefit plans for which resources are held in a trust that meets the following criteria:
 - The district itself is not a beneficiary;
 - Assets are dedicated to providing benefits to plan members according to benefit terms;
 - Assets are legally protected from creditors of the district and contributions to the trust and earnings on those contributions are irrevocable.

These trusts are used to report resources held by the district in trust for members and beneficiaries of defined benefit pension plans, defined contribution plans, or other post-employment or other employee benefit plans administered by the district.

If the school district has established its own deferred compensation plans under Internal Revenue Code Section 457, GASB 32 requires this to be accounted for as pension (or other post-employment benefit) trust funds if the district has fiduciary accountability for the plan.

Pension and employee benefit plans administered by other state agencies, such as the Department of Retirement Systems or Health Care Authority, are reported by those entities and not reported as trusts by the school district.

Investment Trust Funds

Not applicable to school districts in Washington state.

Private-Purpose Trust Funds

Private-Purpose Trust Funds are used to report all fiduciary activities that:

- Are *not* required to be reported in pension (and other employee benefit) trust funds and
- Are held in a trust in which the assets are:
 - Administered through a trust in which the government itself is *not* a beneficiary,
 - Dedicated to providing benefits to recipients in accordance with the benefit terms, and
 - Legally protected from the creditors of the school district.

These funds are used to report trust arrangements under which the income and principal benefits individuals, private organizations, or other governments. Examples are moneys or other assets donated to school districts for scholarship, student aid, charitable, and other like uses. The authority to use the resources comes from the donor who specifies a use or range of allowed uses for assets to be held in trust and, accordingly, the school board has the authority to determine the use of the assets only within the confines of the original trust agreement. For this reason, school boards are required to formalize by board resolution the acceptance of any moneys or other assets to be held in trust.

When established, the Private-Purpose Trust Fund will account for one or more individual trusts, so that it will not be necessary to have several trust funds established in the district's accounting records. Thus, the balance of assets in the trust fund will consist of an aggregate of balances of individual trusts.

Custodial Funds

Beginning in 2020–21 and with the implementation of GASB Statement 84, the title Agency Fund is replaced with Custodial Funds. The GASB Board concluded that the term *agency fund* often is confused with *agencies* of the government. The Board, therefore, established the custodial fund classification to address this issue.

Custodial funds are used to report fiduciary activities that are *not* required to be reported in pension (and other employee benefit) trust funds or private-purpose trust funds.

Custodial funds differ from a private-purpose trust fund in that there is no formal trust agreement. The school district is acting in an agent capacity for some other

organization, government, or individuals. They are used where the government's role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary Activity Criteria

An activity is a fiduciary activity **if all** of the following criteria are met:

- The assets associated with the activity are controlled by the school district. A school district controls the assets if it (a) holds the assets or (b) has the ability to direct the use, exchange, or employment of the assets in a manner that provides benefits to the specified or intended recipients.
- The assets associated with the activity **are not** derived either:
 - Solely from the school district's own-source revenues. Applicable examples of own-source revenues include investment earnings and imposed nonexchange revenues such as property taxes.
 - From government-mandated nonexchange transactions or voluntary nonexchange transactions with the exception of pass-through grants for which the school district **does not** have administrative involvement or direct financial involvement. A recipient school district has administrative involvement if, for example, it (a) monitors secondary recipients for compliance with program-specific requirements, (b) determines eligible secondary recipients or projects, even if using grantor-established criteria, or (c) has the ability to exercise discretion in how the funds are allocated. A recipient school district has direct financial involvement if, for example, it finances some direct program costs because of a grantor-imposed matching requirement or is liable for disallowed costs.

An activity is a fiduciary activity if the assets associated with the activity have **one or more** of the following characteristics:

- The assets are (a) administered through a trust in which the school district itself is *not* a beneficiary, (b) dedicated to providing benefits to recipients in accordance with the benefit terms, and (c) legally protected from the creditors of the school district.
- The assets are for the benefit of individuals and the school district **does not** have administrative involvement with the assets or direct financial involvement with the assets. In addition, the assets are *not* derived from the school district's provision of goods or services to those individuals.

- The assets are for the benefit of organizations or other governments that are *not* part of the financial reporting entity. In addition, the assets are *not* derived from the school district's provision of goods or services to those organizations or other governments.

Trust Fund General Information

Definitions

Trust

A trust is a right of property, real or personal, held by one party for the benefit of another.

Trust fund

A trust fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities or balances. It is established to carry out the terms of a trust instrument. See Chapter 1 for a general discussion of school district funds.

Trust instrument

A trust instrument is the formal document, which creates the trust and contains the powers of the trustees and the rights of the beneficiaries.

Central district office

The central district office is comprised of the board of directors or their official designee to whom authority has been delegated to act on their behalf.

Trust Instruments

Each trust within the district's trust fund or funds shall be accepted under the terms of a separate trust agreement to be entered into by the district and the donor at the time the donation is accepted. Such trust instruments shall stipulate the terms under which moneys may be expended by the district, and shall be ratified by board resolution. Unless otherwise directed by the board, the trust instrument shall constitute an appropriation and authorization for the disbursement of moneys for the purposes established in the trust instrument. Where the donor imposes no specific conditions, a gift may be accepted by board resolution and recorded in a trust activity account that pools similar gifts.

Establishment of Private-Purpose Trust Funds

Under the authority of RCW 28A.320.030, the board of directors are strongly encouraged to establish a Private-Purpose Trust Fund (PPTF) in the district's accounting records as a prerequisite; whenever the board chooses to accept donations intended for scholarship or student aid purposes; in accordance with the benefit terms. This excludes gifts accepted for the benefit of the school district.

General Fund Revenue Account 2500—Gifts, Grants, and Donations

A distinction should be made between trust funds as discussed in this chapter and Revenue Account 2500 Gifts, Grants, and Donations. Account 2500 should be used for gifts, accepted under the authority of RCW 28A.320.030 where the school district is the beneficiary. These gifts are intended to be spent immediately, either for a specified purpose or at the district's discretion, and where, accordingly, no trust relationship exists between the donor and the district.

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 Revenue 8200 Private Foundations, or may be set up in the trust funds, as appropriate.

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.

Transferring or Returning Trust Money

Money that has been donated for the designated purpose of scholarships that a district is holding in trust may be returned to the original donor or transferred to a foundation or other entity under specific circumstances. Districts are advised to consult with their legal counsel when transferring trust funds.

Budgeting

The district does not budget trust funds. This is because the authority to use trust fund resources comes from the donor who specifies a use or range of allowed uses for the assets held in trust and, accordingly, the school board has the authority to determine the use of the assets only within the confines of the original trust agreement.

Gains and Losses of Private-Purpose Trust Investment Principal and Earnings

Some trust arrangements permit expenditure of both principal and income, others require the principal be kept intact and allow only income be used. A primary concern of trust accounting is the distinction between transactions that affect trust principal and transactions that relate to trust income.

Income and principal determination procedures may be uniquely defined by the trust agreement. However, unless the trust agreement specifies otherwise, gains and losses on sales of principal assets increase or decrease trust principal rather than affect trust income. For example, the difference between book value of an investment of trust principal and the proceeds from the sale of that investment is considered to belong to the trust principal (corpus) and does not give rise to operating income. Gains or losses on principal should be considered to be nonoperating income or loss and credited or charged to trust principal.

Trust income, once recognized, remains in the trust fund.

System of Accounting for Private-Purpose Trust Funds

A school district that intends to accept moneys in trust under RCW 28A.320.030 is required to create in the district accounting records a formal trust fund to account for such moneys. Donors may, and often do, establish restrictions as conditions of the contribution. The district shall create a Private-Purpose Trust Fund to satisfy the requirements or conditions of the individual trust instrument. Each trust so created will

be used to account for the individual trust instruments of each type that are entered into by the district.

For each conditional trust that the board agrees to accept, a trust instrument between the district and the donor shall be executed. The trust instrument shall be ratified by board resolution, and it shall stipulate the conditions under which the money may be expended.

In some instances, a donor may give a gift with only the general instruction that it be used for purposes per the formal trust instrument. Such moneys that benefit individuals or specific organizations should be accounted for as Private-Purpose Trust Funds. The determining factor is who may benefit, not the legal requirement that only earnings may be spent. Scholarship money, for example, benefits individuals and is accounted for as a Private-Purpose Trust Fund whether or not the principal may be expended.

Supporting documents must be kept for all disbursements made.

Accounts for Individual Trusts

In Private-Purpose Trust Funds, each individual trust shall be assigned an activity number to be used to record revenues and expenses for the individual trust.

Numbering series are assigned as follows:

100(0) Series	Scholarships
200(0) Series	Student Aid
300(0) Series	Other

Deposit and Investment of Trust Fund Moneys

All trust fund moneys upon receipt shall be transmitted intact to the district depository bank and then to the county treasurer for deposit to the credit of the appropriate trust fund of the school district and shall be accounted for, expended, and invested subject to the practices and procedures governing other moneys of the district.

Accounting Procedures

Trust fund moneys shall be accounted for as follows:

- Accounting methods and procedures shall comply with such rules, regulations, and guidelines as are developed by the state auditor and the Superintendent of Public Instruction and published in *The Accounting Manual for Public Schools in the State of Washington* or applicable bulletins of the Superintendent of Public Instruction.
- Whenever two or more trust agreements exist within a school district, the accounting records shall be maintained in such a manner as to provide a separate accounting for the transactions of each separate trust within the district's trust funds.
- The fiscal and accounting records of trust fund moneys shall constitute public records of the school district, shall be available for examination by the state auditor, and shall be preserved in accordance with statutory provisions governing the retention of public records. Personal information used in administering trust funds is exempt from public inspection and copying in accordance with RCW 42.17.310.
- The board of directors may require a fee to be paid to the district from trust fund moneys to reimburse the district for its cost in administering the trust funds.

Disbursement of Trust Fund Moneys

Trust fund moneys shall be disbursed subject to the following conditions:

- No disbursements shall be made except as provided for in the appropriate trust instrument.
- Disbursement shall occur only upon presentation of properly prepared vouchers in such format and design, as the central district office shall prescribe.
- All disbursements from a school district trust fund or from any imprest bank account shall have the approval of the appropriate school district official and shall be identified with the appropriate trust instrument under which the disbursement is made.
- Warrants shall not be issued in excess of the moneys on deposit in the appropriate trust fund, nor shall a negative fund balance be allowed in any individual trust account.
- All disbursements shall be made by warrant except for disbursements from imprest bank accounts and petty cash funds (accounts) as provided for in this chapter.

Imprest Bank Checking Account

The board of directors of a school district may authorize the establishment and maintenance of one or more imprest checking accounts for convenience and efficiency in expediting trust fund disbursements, subject to the following conditions:

- Any imprest bank checking account may be initiated by deposit of a warrant drawn on the appropriate trust fund. A reduction of the established amount in an imprest bank checking account shall be accomplished by depositing an imprest check to the trust fund account with the county treasurer.
- Disbursements from an imprest bank checking account shall be by check and shall be restricted to payments evidenced by vouchers bearing evidence of approval by the authorized district official.
- Expenses shall be recorded at least once each year by a warrant drawn on the appropriate trust fund in payment of an approved voucher in an amount equal to the sum total of the disbursements made by check from the imprest bank checking account during the preceding interval.
- In the event that the imprest bank checking account was established at an excessive amount and the trust fund does not contain sufficient money to replenish the imprest account to its authorized balance, a journal voucher shall be prepared and recorded debiting General Ledger Account 530 Expenditures and crediting General Ledger Account 200 Imprest Cash for the amounts previously disbursed by check.
- The replenishment or journal voucher shall reflect such information as the central district office shall prescribe relative to identification of invoices, invoice approvals, codification of expenses, canceled checks, and other information deemed pertinent.

Accounting Records

The following accounting records shall be kept by each district, which administers trust funds under this chapter. Specific formats are not prescribed, but the specified information must be included. The ASB chapter of the accounting manual contains examples of similar forms.

Cash Receipts and Cash Receipts Journal

Receipts shall be prepared when cash is received and shall be listed in a journal showing date received, receipt number, from whom received, account number or identification of

the applicable individual trust, and dollar amount. The journal shall also serve to summarize deposits made to the county treasurer.

Check Register

For each imprest account used, a check register shall be maintained, showing the detail of deposits and disbursements. Deposits will consist of warrants drawn on the trust fund for initial establishment of the account and for subsequent replenishment. Disbursements will consist of payments for scholarships awarded and other authorized uses.

Imprest Bank Checking Account Replenishment Request

A replenishment request showing the checks issued, payee, dollar amount, and identifying the trust will be prepared to record the replenishment of the imprest fund (account). This request will serve as the voucher authorizing the issuance of a trust fund warrant and, accordingly, will contain the required auditing officer's certification. At a minimum, replenishment will be made at year-end so that expenses can be properly recorded.

Reconciliation of Imprest Bank Checking Account Statement

The imprest checking account will be reconciled monthly on forms showing the reconciliation of the bank statement to the check register balance and the reconciliation of the check register balance to the authorized balance of the imprest account.

Payment Order

A payment order authorizing the issuance of an imprest account check will be prepared showing the detail of the disbursement, including identification of the trust agreement, payee, date, and other pertinent information.

Individual Trust Account Balance Record and Treasurer's Report

This report will be prepared detailing the beginning balances, receipts, disbursements, and ending balances of each individual trust and summarizing these items for the total trust fund.

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APPENDIX A – Program Expenditure Matrices

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PROGRAM EXPENDITURE MATRICES

The following matrices display the activity and object combinations open for use for each Program listed below. Shading signifies that the activity and object is closed.

Program grants may be more restrictive regarding the types of expenditures allowed versus what the accounting manual stipulates.

PROGRAM 01—BASIC EDUCATION

OBJECTS OF EXPENDITURE

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Capital	
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services	Travel	Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
23 Principal's Office										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
28 Extracurricular										
29 Payments to School Districts										
31 Instructional Professional Development										
32 Instructional Technology										
33 Curriculum										
34 Professional Learning—State										
35 Pupil Safety										
TOTALS										

PROGRAM 02—BASIC EDUCATION—ALTERNATIVE LEARNING EXPERIENCE**OBJECTS OF EXPENDITURE**

OBJECTS OF EXPENDITURE											
		Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased		Capital	
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'l's Noncap	Services	Travel	Outlay	
ACTIVITY		Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21	Supervision										
22	Learning Resources										
23	Principal's Office										
24	Guidance and Counseling										
25	Pupil Management										
26	Health and Related Services										
27	Teaching										
28	Extracurricular										
29	Payments to School Districts										
31	Instructional Professional Development										
32	Instructional Technology										
33	Curriculum										
34	Professional Learning—State										
35	Pupil Safety										
	TOTALS										

PROGRAM 03—BASIC EDUCATION—DROPOUT REENGAGEMENT**OBJECTS OF EXPENDITURE**

Statement of Expenses										
		Debit Transfer	Credit Transfer	Cert. Salaries	Class. Salaries	Employee Benefits	Supplies, Inst Mat'l's Noncap	Purchased Services	Travel	Capital Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
23 Principal's Office										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
28 Extracurricular										
29 Payments to School Districts										
31 Instructional Professional Development										
32 Instructional Technology										
33 Curriculum										
34 Professional Learning—State										
35 Pupil Safety										
TOTALS										

PROGRAM 09—TRANSITION TO KINDERGARTEN**OBJECTS OF EXPENDITURE**

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Travel	Capital
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services		Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
23 Principal's Office										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
28 Extracurricular										
29 Payments to School Districts										
31 Instructional Professional Development										
32 Instructional Technology										
33 Curriculum										
34 Professional Learning—State										
35 Pupil Safety										
62 Grounds Maintenance										
63 Operation of Buildings										
64 Maintenance										
65 Utilities										
67 Building and Property Security										
TOTALS										

PROGRAM 21—SPECIAL EDUCATION—SUPPLEMENTAL—STATE**OBJECTS OF EXPENDITURE**

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Travel	Capital
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services		Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
23 Principal's Office										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
28 Extracurricular										
29 Payments to School Districts										
31 Instructional Professional Development										
32 Instructional Technology										
33 Curriculum										
34 Professional Learning—State										
35 Pupil Safety										
TOTALS										

PROGRAM 22—SPECIAL EDUCATION—INFANTS AND TODDLERS—STATE**OBJECTS OF EXPENDITURE**

		Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Capital	
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services	Travel	Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
23 Principal's Office										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
28 Extracurricular										
29 Payments to School Districts										
31 Instructional Professional Development										
32 Instructional Technology										
33 Curriculum										
35 Pupil Safety										
TOTALS										

PROGRAM 24—SPECIAL EDUCATION—SUPPLEMENTAL—FEDERAL**OBJECTS OF EXPENDITURE**

		Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Capital	
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services	Travel	Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
29 Payments to School Districts										
31 Instructional Prof Development										
32 Instructional Technology										
33 Curriculum										
35 Pupil Safety										
TOTALS										

PROGRAM 25—SPECIAL EDUCATION—INFANTS AND TODDLERS—FEDERAL**OBJECTS OF EXPENDITURE**

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Travel	Capital
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services		Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
29 Payments to School Districts										
31 Instructional Professional Development										
32 Instructional Technology										
33 Curriculum										
35 Pupil Safety										
TOTALS										

PROGRAM 26—SPECIAL EDUCATION—INSTITUTIONS—STATE**OBJECTS OF EXPENDITURE**

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Travel	Capital
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services		Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
23 Principal's Office										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
29 Payments to School Districts										
31 Instructional Professional Development										
32 Instructional Technology										
33 Curriculum										
34 Professional Learning—State										
35 Pupil Safety										
TOTALS										

PROGRAM 29—SPECIAL EDUCATION—OTHER—FEDERAL**OBJECTS OF EXPENDITURE**

		Debit Transfer	Credit Transfer	Cert. Salaries	Class. Salaries	Employee Benefits	Supplies, Inst Mat'ls Noncap	Purchased Services	Travel	Capital Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
23 Principal's Office										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
29 Payments to School Districts										
31 Instructional Professional Development										
32 Instructional Technology										
33 Curriculum										
35 Pupil Safety										
TOTALS										

PROGRAM 31—VOCATIONAL—BASIC—STATE**OBJECTS OF EXPENDITURE**

		Debit Transfer	Credit Transfer	Cert. Salaries	Class. Salaries	Employee Benefits	Supplies, Inst Mat'ls Noncap	Purchased Services	Travel	Capital Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
23 Principal's Office										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
28 Extracurricular										
29 Payments to School Districts										
31 Instructional Professional Development										
32 Instructional Technology										
33 Curriculum										
34 Professional Learning—State										
35 Pupil Safety										
63 Operation of Buildings										
65 Utilities										
TOTALS										

PROGRAM 34—MIDDLE SCHOOL CAREER AND TECHNICAL EDUCATION—STATE**OBJECTS OF EXPENDITURE**

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Travel	Capital
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services		Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
23 Principal's Office										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
28 Extracurricular										
29 Payments to School Districts										
31 Instructional Professional Development										
32 Instructional Technology										
33 Curriculum										
34 Professional Learning—State										
35 Pupil Safety										
63 Operation of Buildings										
65 Utilities										
TOTALS										

PROGRAM 38—VOCATIONAL—FEDERAL**OBJECTS OF EXPENDITURE**

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Travel	Capital
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services		Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
24 Guidance and Counseling										
25 Pupil Management										
27 Teaching										
29 Payments to School Districts										
31 Instructional Professional Development										
32 Instructional Technology										
33 Curriculum										
35 Pupil Safety										
63 Operation of Buildings										
TOTALS										

PROGRAM 39—VOCATIONAL—OTHER CATEGORICAL**OBJECTS OF EXPENDITURE**

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Travel	Capital
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services		Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
24 Guidance and Counseling										
25 Pupil Management										
27 Teaching										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
35 Pupil Safety										
TOTALS										

PROGRAM 45—SKILL CENTER —BASIC—STATE**OBJECTS OF EXPENDITURE**

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Travel	Capital
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services		Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
23 Principal's Office										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
28 Extracurricular										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
34 Professional Learning—State										
35 Pupil Safety										
61 Supervision										
62 Grounds Maintenance										
63 Operation of Buildings										
64 Maintenance										
65 Utilities										
67 Building and Property Security										
68 Insurance										
TOTALS										

PROGRAM 46—SKILL CENTER—FEDERAL**OBJECTS OF EXPENDITURE**

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Travel	Capital
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services		Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
24 Guidance and Counseling										
25 Pupil Management										
27 Teaching										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
35 Pupil Safety										
TOTALS										

PROGRAM 47—SKILL CENTER—FACILITY UPGRADES**OBJECTS OF EXPENDITURE**

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Travel	Capital
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services		Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
61 Supervision										
62 Grounds Maintenance										
64 Maintenance										
67 Building and Property Security										
TOTALS										

PROGRAM 51—ESEA DISADVANTAGED—FEDERAL**OBJECTS OF EXPENDITURE**

		Debit Transfer	Credit Transfer	Cert. Salaries	Class. Salaries	Employee Benefits	Supplies, Inst Mat'ls Noncap	Purchased Services	Travel	Capital Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
15 Public Relations										
21 Supervision										
22 Learning Resources										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
35 Pupil Safety										
63 Operation of Buildings										
64 Maintenance										
65 Utilities										
TOTALS										

PROGRAM 52—OTHER TITLE GRANTS UNDER ESEA—FEDERAL**OBJECTS OF EXPENDITURE**

		Debit Transfer	Credit Transfer	Cert. Salaries	Class. Salaries	Employee Benefits	Supplies, Inst Mat'ls Noncap	Purchased Services	Travel	Capital Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
15 Public Relations										
21 Supervision										
22 Learning Resources										
23 Principal's Office										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
28 Extracurricular										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
35 Pupil Safety										
63 Operation of Buildings										
64 Maintenance										
65 Utilities										
91 Public Activities										
TOTALS										

PROGRAM 53—ESEA MIGRANT—FEDERAL**OBJECTS OF EXPENDITURE**

		Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Capital	
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services	Travel	Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
35 Pupil Safety										
63 Operation of Buildings										
64 Maintenance										
65 Utilities										
68 Insurance										
TOTALS										

PROGRAM 55—LEARNING ASSISTANCE PROGRAM—STATE**OBJECTS OF EXPENDITURE**

		Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Capital	
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services	Travel	Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
34 Professional Learning—State										
35 Pupil Safety										
TOTALS										

PROGRAM 56—STATE INSTITUTIONS, CENTERS, AND HOMES—DELINQUENT**OBJECTS OF EXPENDITURE**

		Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Capital	
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services	Travel	Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
23 Principal's Office										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
34 Professional Learning—State										
35 Pupil Safety										
TOTALS										

PROGRAM 57—STATE INSTITUTIONS—NEGLECTED AND DELINQUENT—FEDERAL**OBJECTS OF EXPENDITURE**

		Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Capital	
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services	Travel	Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
35 Pupil Safety										
63 Operation of Buildings										
64 Maintenance										
65 Utilities										
TOTALS										

PROGRAM 58—SPECIAL AND PILOT PROGRAMS—STATE**OBJECTS OF EXPENDITURE**

		Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Capital	
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services	Travel	Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
23 Principal's Office										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
28 Extracurricular										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
35 Pupil Safety										
TOTALS										

PROGRAM 59—INSTITUTIONS—JUVENILES IN ADULT JAILS**OBJECTS OF EXPENDITURE**

		Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Capital	
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services	Travel	Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
23 Principal's Office										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
34 Professional Learning—State										
35 Pupil Safety										
TOTALS										

PROGRAM 61—HEAD START—FEDERAL**OBJECTS OF EXPENDITURE**

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Travel	Capital
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services		Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
23 Principal's Office										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
35 Pupil Safety										
91 Public Activities										
TOTALS										

PROGRAM 64—LIMITED ENGLISH PROFICIENCY—FEDERAL**OBJECTS OF EXPENDITURE**

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Travel	Capital
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services		Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
24 Guidance and Counseling										
25 Pupil Management										
27 Teaching										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
35 Pupil Safety										
TOTALS										

PROGRAM 65—TRANSITIONAL BILINGUAL—STATE**OBJECTS OF EXPENDITURE**

		Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Capital	
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services	Travel	Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
24 Guidance and Counseling										
25 Pupil Management										
27 Teaching										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
34 Professional Learning—State										
35 Pupil Safety										
TOTALS										

PROGRAM 67—INDIAN EDUCATION—FEDERAL—JOM**OBJECTS OF EXPENDITURE**

		Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Capital	
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services	Travel	Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
24 Guidance and Counseling										
25 Pupil Management										
27 Teaching										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
35 Pupil Safety										
TOTALS										

PROGRAM 68—INDIAN EDUCATION—FEDERAL—ED**OBJECTS OF EXPENDITURE**

OBJECTS OF EXPENDITURE											
		Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Capital		
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'l's Noncap	Services	Travel	Outlay	
ACTIVITY		Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21	Supervision										
24	Guidance and Counseling										
25	Pupil Management										
27	Teaching										
29	Payments to School Districts										
	Instructional Professional										
31	Development										
32	Instructional Technology										
33	Curriculum										
35	Pupil Safety										
TOTALS											

PROGRAM 69—COMPENSATORY—OTHER**OBJECTS OF EXPENDITURE**

OBJECTS OF EXPENDITURE										
		Debit Transfer	Credit Transfer	Cert. Salaries	Class. Salaries	Employee Benefits	Supplies, Inst Mat'l's Noncap	Purchased Services	Travel	Capital Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
23 Principal's Office										
24 Guidance and Counseling										
25 Pupil Management and Safety										
26 Health and Related Services										
27 Teaching										
28 Extracurricular										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
35 Pupil Safety										
TOTALS										

PROGRAM 71—TRAFFIC SAFETY**OBJECTS OF EXPENDITURE**

		Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Capital	
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services	Travel	Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
27 Teaching										
29 Payments to School Districts										
31 Instructional Professional Development										
32 Instructional Technology										
33 Curriculum										
68 Insurance										
TOTALS										

PROGRAM 73—SUMMER SCHOOL**OBJECTS OF EXPENDITURE**

		Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Capital	
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services	Travel	Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
23 Principal's Office										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
29 Payments to School Districts										
31 Instructional Professional Development										
32 Instructional Technology										
33 Curriculum										
35 Pupil Safety										
TOTALS										

PROGRAM 74—HIGHLY CAPABLE**OBJECTS OF EXPENDITURE**

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Travel	Capital
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services		Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
34 Professional Learning—State										
35 Pupil Safety										
TOTALS										

PROGRAM 76—TARGETED ASSISTANCE—FEDERAL**OBJECTS OF EXPENDITURE**

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Travel	Capital
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services		Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
35 Pupil Safety										
TOTALS										

PROGRAM 78—YOUTH TRAINING PROGRAMS—FEDERAL**OBJECTS OF EXPENDITURE**

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Travel	Capital
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services		Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
24 Guidance and Counseling										
25 Pupil Management										
27 Teaching										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
35 Pupil Safety										
TOTALS										

PROGRAM 79—INSTRUCTIONAL PROGRAMS—OTHER**OBJECTS OF EXPENDITURE**

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Travel	Capital
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services		Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
23 Principal's Office										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
28 Extracurricular										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
35 Pupil Safety										
62 Grounds Maintenance										
63 Operation of Buildings										
64 Maintenance										
65 Utilities										
66 E-Rate—Federal										
68 Insurance										
91 Public Activities										
TOTALS										

PROGRAM 81—PUBLIC RADIO AND TELEVISION**OBJECTS OF EXPENDITURE**

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Travel	Capital
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services		Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
25 Pupil Management										
27 Teaching										
28 Extracurricular										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
35 Pupil Safety										
63 Operation of Buildings										
65 Utilities										
91 Public Activities										
TOTALS										

PROGRAM 86—COMMUNITY SCHOOLS**OBJECTS OF EXPENDITURE**

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Travel	Capital
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services		Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
23 Principal's Office										
25 Pupil Management										
27 Teaching										
28 Extracurricular										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
35 Pupil Safety										
63 Operation of Buildings										
65 Utilities										
68 Insurance										
91 Public Activities										
TOTALS										

PROGRAM 88—EARLY LEARNING**OBJECTS OF EXPENDITURE**

		Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Capital	
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services	Travel	Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
24 Guidance and Counseling										
25 Pupil Management										
26 Health and Related Services										
27 Teaching										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
35 Pupil Safety										
42 Food										
44 Operations										
63 Operation of Buildings										
65 Utilities										
68 Insurance										
91 Public Activities										
TOTALS										

PROGRAM 89—OTHER COMMUNITY SERVICES**OBJECTS OF EXPENDITURE**

		Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Capital	
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services	Travel	Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
27 Teaching										
28 Extracurricular										
29 Payments to School Districts										
Instructional Professional										
31 Development										
32 Instructional Technology										
33 Curriculum										
42 Food										
44 Operations										
63 Operation of Buildings										
65 Utilities										
68 Insurance										
75 Motor Pool										
91 Public Activities										
TOTALS										

PROGRAM 97—DISTRICTWIDE SUPPORT**OBJECTS OF EXPENDITURE**

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Travel	Capital
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services		Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
11 Board of Directors										
12 Superintendent's Office										
13 Business Office										
14 Human Resources										
15 Public Relations										
25 Pupil Management										
35 Pupil Safety										
61 Supervision										
62 Grounds Maintenance										
63 Operation of Buildings										
64 Maintenance										
65 Utilities										
67 Building and Property Security										
68 Insurance										
69 Depreciation Sub-Fund Facility Maintenance										
72 Information Systems										
73 Printing										
74 Warehousing and Distribution										
75 Motor Pool										
83 Interest										
84 Principal										
85 Debt-Related Expenditures										
TOTALS										

PROGRAM 98—SCHOOL FOOD SERVICES**OBJECTS OF EXPENDITURE**

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Travel	Capital
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services		Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
25 Pupil Management										
29 Payments to School Districts										
35 Pupil Safety										
41 Supervision										
42 Food										
44 Operations										
49 Transfers										
TOTALS										

PROGRAM 99—PUPIL TRANSPORTATION**OBJECTS OF EXPENDITURE**

ACTIVITY	Total	Debit	Credit	Cert.	Class.	Employee	Supplies, Inst	Purchased	Travel	Capital
		Transfer	Transfer	Salaries	Salaries	Benefits	Mat'ls Noncap	Services		Outlay
		(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
25 Pupil Management										
29 Payments to School Districts										
35 Pupil Safety										
51 Supervision										
52 Operations										
53 Maintenance										
56 Insurance										
58 Remote Learning Operations										
59 Transfers										
TOTALS										

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APPENDIX B – Additional Accounting Guidance

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TO-FROM TRANSPORTATION

School districts are required by RCW 28A.160.160 (3) to isolate and report the costs of transporting eligible students to and from school in their annual financial statement. The transportation funding system is based upon the accuracy of costs reported in the financial statements. Throughout the school year, transportation services support school programs and those costs are all initially charged to Program 99. A methodology has been created to ensure districts report the necessary data for the student transportation funding system.

The methodology consists of a two-step process. First, is the consistent calculation of the non-to-and-from transportation amounts. Second is the consistent application of the debit-credit transfer process to remove those costs from Program 99. **The application of this two-step process results in isolation of state to-and-from school transportation costs in Transportation Program 99.** For contracted transportation services, the charges are based upon contractor billings and costs will be direct charged to the appropriate program.

Identification of Costs

The goal of this guidance is to identify the costs that exist within a student transportation program, and then further identify what costs should be transferred out of the program because they do not pertain to the transportation of students to or from school. Within Program 99, there are three types of expenditures or costs: core, incremental, and direct.

Core costs are central to a student transportation program and would be incurred whether or not the district engages in any non-to-and-from transportation. Core costs are not transferred out of the Program 99. Core costs include the costs involved with the training of new school bus drivers, training costs for school bus driver instructors and other costs necessary providing student transportation services.

Incremental costs are incurred for both to-and-from transportation as well as non-to-and-from transportation. Incremental costs go up or down incrementally dependent upon the number of bus trips. For example, adding a new route for schools incurs additional fuel, as does adding trips for student athletes. These costs are allocated between to-and-from, and non-to-and-from transportation based on the total number of miles driven for each activity.

Direct costs are similar to incremental costs since they increase as the Transportation Department performs more non-to-and-from and non-student transportation activities. These costs are allocated between to-and-from and non-to-and-from based on either miles driven or driver hours. Direct costs for non-student transportation costs are removed from Program 99 as expenditure reimbursements. An example would be when the Maintenance Department purchases fuel from the Transportation Department fuel station. The cost to fill the fuel station is charged to Program 99; the Maintenance Department then reimburses Transportation for this direct cost.

Accounting for Non-To-and-From and Non-Pupil Transportation

The intent of the Legislature is to ensure that only the costs directly relating to to-and-from school transportation of students are reported in Program 99 at year end. However, costs that should belong in another program may be initially charged to Program 99 and subsequently transferred to another program as described below.

Non-pupil transportation (NPT)

Non-pupil transportation (NPT) expenditures are those expenditures that are not related to student transportation vehicles or activities. These expenditures may be initially coded to Program 99, and could include motor pool expenditures, grounds equipment maintenance costs, fuel used by vehicles other than yellow buses, labor spent on activities other than yellow buses, and maintenance work done through an inter-local agreement.

NPT expenditures should not remain in Program 99 at year end. Districts must move the costs by an "expenditure reimbursement" journal entry, crediting the account code originally charged and then debiting the costs into the appropriate program. This is not done through the debit-credit transfer process, which leaves the base costs intact; and affects the cost pool for allocating non-to-and-from costs. Only by directly reducing the Program 99 expenditures will the costs be taken out appropriately.

Non-to-and-from transportation

Non-to-and-from transportation expenditures may be coded directly to the appropriate program but are typically coded to Program 99 initially. Later, these costs are moved out of Program 99 using the debit-credit transfer process based upon the calculations of one of two forms (described below). The costs that are transferred out of Program 99 using Object 1 and transferred into the using program, as determined by the district using Object 0. In the event a suitable

program cannot be determined, districts will transfer the costs to Program 89 Other Community Services.

Calculating State-Funded and Non-State-Funded Pupil Transportation Costs

OSPI has developed two forms for the purposes of calculating state-funded (to-and-from school) and non-state-funded (non-to-and-from school) transportation costs. Consistent application of these forms is essential to providing meaningful comparable data on school district transportation costs. Both forms are available on the School Apportionment and Financial Services web page under [Tools](#).

The first form is called the Short-Form. This form is an optional, one-step calculation based solely on total costs per mile. It is used at year-end to determine what level of costs need to be transferred out of Program 99 for non-to-and-from transportation. Only Class II districts that do not contract for pupil transportation services, and that do not generally direct-charge pupil transportation costs to a program other than 99 are allowed to use the Short-Form process. The Short-Form is done at year-end, and so current-year mileage and expenditures are used.

The second form is called the **Long-Form**. This form is a two-step calculation based upon vehicle costs per mile, plus driver costs per hour. The Long-Form must be used by Class I districts and by any Class II districts that either do not meet the criteria to use the Short-Form or choose not to use the Short-Form. Use of the Long-Form allows for charges to other programs throughout the year. The Long-Form is not applicable for contracted transportation services.

The Long-Form is completed at the end of the fiscal year and it serves multiple purposes. The primary intent of the Long-Form is to calculate the total cost of non-state-funded trips incurred in the current year. This amount should have been charged out throughout the year to other programs in the debit-credit transfer process.

Current year mileage from the School Bus Mileage Report, prepared by the district's Transportation Department, and current year expenditures are needed to complete the Long-Form.

When the Long-Form is completed, the amount representing the "Total Cost of Non-State-Funded Trips" on Line 18 of the Long-Form is compared to Program 99, Activity 59, Object 1, the credit transfers to other programs. When compared, an immaterial variance is expected; and typically exists when a trip rate used throughout the year

estimates trip costs. A final adjusting entry is created to debit or credit the variance to Program 89 Other Community Services.

The Long-Form can also be used to create a standard trip rate for subsequent trip billings using the two variables created on the Long-Form: "Operating Costs per Mile" plus an average "Cost per Hour of Driver." The inflation factors provided can be used to determine a future operating cost per mile. A standard trip rate creates equity in the amounts charged to all Programs utilizing transportation services and also allows Programs to accurately budget the cost of future trips.

The Long-Form template can be used throughout the subsequent fiscal year to determine if a variance exists between the year-to-date Credit-Transfers and the amount reported at the bottom of the Long-Form. Up-to-date mileage, and Program 99 expenditures are used for this purpose. This allows management to adjust trip rates if necessary.

School district should take care to only include Incremental Costs and Direct Costs in the Long-Form; Core Costs should be excluded. Core Costs included on the Long-Form decrease the Transportation Allocation and shift the funding burden to Basic Education. The various types of costs are described above in the section titled: Identification of Costs. The Transportation Long-Form worksheet tool and instructions are available on the OSPI SAFS Web page at [Tools](#).

Miscellaneous Issues

Bus Aides

The cost of a bus aide is appropriately charged to the program that requires the aide. If an aide is not program-specific, then the costs for those aides should be charged to Program 99.

An example of an aide that is program-specific is a bus aide that is hired in accordance with a special education student's Individualized Education Plan (IEP). In this case, the aide should be charged to Program 21 Special Education—Supplemental—State or Program 24 Special Education—Supplemental—Federal. The excess cost for hiring the bus aide is appropriately charged to that program for that student. A bus aide hired for a special education bus that is not attributable to one or more IEP(s) of the students on the bus but is provided generally to assist the driver and enable higher student loads would be charged to Program 99.

Utilities

Districts may only directly charge utility costs to programs that have Activity 65 Utilities open. Chapter 6 shows the acceptable program-activity-object combinations on pages 6-45 through 6-60. Program 99 does not have Activity 65 open; therefore, districts cannot directly charge utility costs to Program 99. Utilities should instead be charged to Program 97 Districtwide Support, Activity 65 Utilities.

Homeless Transportation

Districts that have received a McKinney-Vento grant are allowed to charge the grant for the excess cost of providing transportation for homeless students. However, the cost of providing to-and-from transportation for all of a district's students should be charged to Program 99. Therefore, if a district has a McKinney-Vento grant, only non-to-and-from school transportation costs for homeless students should be charged to the grant. This would include summer school transportation or transportation for extra-curricular activities.

Use of Motor Pool Vehicles

Some districts elect to utilize vehicles from their motor pool for providing to and from transportation for students. Districts that utilize motor pool vehicles in such a manner may charge Program 99 a rate based on the state privately-owned vehicle (POV) mileage rate for any miles driven in providing to and from transportation. The state POV mileage rate is intended to be an all-inclusive rate that encompasses fuel costs, maintenance charges, depreciation, and so on. The rate that is to be charged is the same as the state POV mileage rate. Because the mileage rate includes fuel costs, districts must remove the fuel usage of motor pool vehicles from Program 99.

Transportation and Remote Learning

No provisions of RCW 28A.160 (Student Transportation), may be interpreted or applied to restrict a school district's ability to use its current transportation allocations to support the transportation-related services as necessary to provide students with the opportunity to equitably access educational services in a remote learning environment. The prohibition, to interpret or apply guidance that may contradict this section, extends into the School District Accounting Manual.

Transportation-related services deemed an allowable use of the current transportation allocation include:

- The use of bus drivers, and the corresponding use of school buses, to deliver one or more of the following education tools and services to students in their remote learning locations on a schedule to be determined by school districts:
 - learning materials, including but not limited to workbooks, homework packets, paper assignments, and other tangible instructional materials;
 - meals; and
 - any hardware, Wi-Fi hotspots, or other technology solutions that increase student access to remote learning online curriculum; and
- The transportation of students to and from learning centers or other public or private agencies where educational and support services are provided to students.

School districts are required to track and document the specific time and uses of school buses and bus drivers to deliver the above services. School districts will be required to account for bus miles provided for Remote Learning Operations on the annual School Bus Mileage Report, provided to OSPI. "Remote Learning trips" should be tracked for informational purposes only. The costs will remain in Program 99. Remote Learning trips should be tracked in a similar fashion to how bus usage is tracked for the typical non-to-and-from pupil transportation services, such as extracurricular activities or field trips.

Accounting for Cooperative Arrangements

Districts have the option of creating a cooperative arrangement with other entities, including other school districts, cities, and counties. There are two main types of cooperative arrangements that pertain to pupil transportation for the purposes of this guidance: transportation cooperatives and maintenance cooperatives. A "transportation cooperative" is defined as a situation where two or more school districts combine their resources for the provision of student transportation services. A "maintenance cooperative" is defined as a situation where one district provides vehicle maintenance services for its own vehicles including yellow buses, the vehicles of other school districts (possibly including their yellow buses), and other governmental entities such as cities and counties.

The costs that are incurred for these cooperative arrangements are typically coded initially to Program 99. However, since the costs do not pertain to the to-and-from transportation of the district's students, the costs need to be removed from the district's overall transportation expenditures for the purposes of calculating the mileage rate and at the end of the year for determining funding.

The identification of costs relating to cooperative arrangements depends on the nature of the cost. Some costs are easily identifiable, such as parts that are purchased specifically for a cooperative vehicle (such as another district's bus). Other costs require a bit more work to identify and separate. For instance, to identify the costs relating to a mechanic, a job-costing system should be used to track the hours spent working on cooperative vehicles compared to district yellow buses.

Once costs have been identified as belonging to the cooperative arrangement, and not the district's costs for its own yellow buses, the costs need to be either moved out of Program 99, or otherwise equalized for funding purposes. Moving the costs out uses the debit-credit transfer process to move the costs into Program 89 Other Community Services. Revenues received from the cooperative members would be coded to the appropriate XX89 revenue account. This is the recommended method for handling cooperative costs, as it removes the costs from Program 99 at the end of the year.

Alternatively, a school district may let the costs remain in Program 99 and not transfer them out. This may **only** happen if the district charges for the services on a reimbursement basis. The revenue received *must* be coded to the appropriate XX99 revenue account. The state funding system will reduce the district's total Program 99 expenditures by the amount in the appropriate XX99 revenue accounts, equalizing the non-to-and-from costs in the system. If the district running the cooperative charges an additional fee, such as an administrative charge, the revenue that is received for that fee should not be coded to the XX99 revenue account, but an XX89 revenue account instead. Leaving these fees in would result in the state funding system 'equalizing' more of the district's expenditures.

ASB Transportation

A significant portion of the non-to-and-from transportation costs relate to Associated Student Body (ASB) activities such as sporting events. Non to-and-from transportation costs related to ASB activities are described as services provided by Program 99 and used by the ASB. These costs should be removed from Program 99 using the calculation on either the Long-Form or Short-Form.

An alternative method would be to move the costs out from Program 99 using the debit-credit transfer process into another program such as Program 89. An invoice would be generated by the general fund, which would be paid for by the ASB fund. The money would be deposited into the district's general fund and reported as Revenue 2289. This results in both funds showing the costs at the end of the year.

The cost for the non-to-and-from transportation billed to the ASB fund should not exceed the actual costs calculated using the districtwide rate. To do otherwise would cause the district's General Fund to benefit at the expense of the ASB Fund.

Transportation Frequently Asked Questions

I. HOW TO DEFINE TO-AND-FROM SCHOOL (TO AND FROM) STATE-FUNDED TRANSPORTATION

Q1. How do I decide if the costs for some particular pupil transportation should be included in Program 99?

A. The intent of the Legislature is to have the costs in Program 99 reflect school district expenditures for providing the transportation that the state considers in the funding formula. The easiest method to determine if those costs should remain in Program 99 is to ask the following question: "Do I get funded for this transportation as part of the state ridership report?" (Or: would I get funded for the transportation if it was happening during count week?) If the answer is "Yes," then you should include those costs in Program 99 as to and from. Note that the question is unrelated to whether the funding provided by the state is adequate. If the state funds the transportation during ridership, leave those costs in Program 99. Note also that the new funding system does not require the reporting of all to-from transportation activity.

Q2. Should pupil transportation for summer school programs be included in Program 99?

A. Pupil transportation costs associated with extended school year programs must be transferred out of Program 99. (Note that this is the exception to the rule stated above.)

Q3. The state does not fund pupil transportation within one mile where no hazards to walking exist (the walk area). Should I include the cost of providing pupil transportation within the walk area in Program 99?

A. Yes. While the current formula does not specifically fund school bus passengers with bus stops within the walk area, those costs must be included in Program 99.

Q4. Do I have the option of leaving the costs for academically related field trips in Program 99?

A. No. The costs associated with field trips, extra-curricular trips, and all other transportation that would not qualify for state funding must be moved out of Program 99.

Q5. When a special needs route gets added after the winter reporting period, do I include those costs in Program 99?

A. Yes. Those costs should be included in Program 99. While the current formula does not provide additional funding for that route, the costs are to and from. The accounting process should identify the costs associated with performing necessary to and from transportation, regardless of the fact that the new system does not adjust funding for changes made after the winter reporting period.

Q6. We provide pupil transportation for zero hour and extended day (after school). Are those to-and-from costs?

A. Transportation provided for zero hour students enrolled in a course of study as defined in WAC 392-121-106 should be reported as to and from. Extended day (after school) program transportation should be charged to Program 99 if it is an academic program. If the transportation is provided for both academic and non-academic programs, the student counts must be separated, and the costs relating to the academic program should be charged to Program 99.

Q7. Where should I report the costs for transportation for a student identified as homeless outside of the count period?

A. To-and-from school homeless transportation is charged to Program 99, regardless of whether the work is performed during the transportation report count period. If a district has a McKinney-Vento grant, only non-to-and-from school homeless transportation (for example, summer school and extra-curricular activities) may be charged to the grant.

Q8. Who should I ask for clarification, if I have questions regarding a specific type of transportation that we provide?

A. The first person to ask is your Regional Transportation Coordinator. Contact information for the regional transportation coordinators is available on the OSPI website at [Transportation Coordinators](#). If you are still in need of clarification, please contact Mindy Smith, Student Transportation Program Supervisor at OSPI at 360-725-6121 or mindy.smith@k12.wa.us.

II. HOW TO APPLY THE ACCOUNTING GUIDELINES

Q9. To calculate non-to-and-from costs, my district currently uses a method other than the short or long method defined by OSPI. Is this acceptable?

A. Using a different method will yield different results, and the Legislature is seeking consistent results. Therefore, districts must use either the short or long methods to

calculate non-to-and-from costs. The exception is that contract districts may direct charge all of their non-to-and-from costs if these costs are broken down on the invoice.

Please note that the long method provides flexibility in the calculation of driver costs, so it is possible that your district's method is incorporated in the variations allowed in the long method.

Q10. In preparation for the upcoming school year, our district needs the rates per mile by August 15 in order to budget non-to-and-from transportation expenditures in the programs. May we, therefore, use expenditure data for the prior 180-day school year (September through June) rather than the prior fiscal year (September through August)?

A. If, in your judgment, using the prior school year expenditure data will generate an accurate estimate of the non-to-and-from costs, you may use the prior school year expenditure data rather than the prior fiscal year expenditure data. Districts that use prior school year data should perform the calculation at the end of the year using prior fiscal year data to determine that the school year calculation was accurate. All districts should maintain documentation of the non-to-and-from cost calculation for audit purposes.

Q11. Who should I ask for clarification?

A. Contact Paul Stone, School District and ESD Accounting Supervisor, at 360-725-6303 or paul.stone@k12.wa.us.

Program 99 Transportation Matrix by Activity and Object
How Costs are Split Between State-Funded and Non-State-Funded Transportation

		Debit Transfer	Credit Transfer	Cert. Salaries	Class. Salaries	Employee Benefits	Supplies, Matrls – Non-Cap	Purchased Services	Travel	Capital Outlay
	ACTIVITY	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
25	Pupil Mgment and Safety	C		C	C	C	C	C	C	C
29	Pmts to School Districts ①							C / A		
51	Supervision ②	C		C	C	C	C	C	C	C
52	Operations ③	A			D	D	A	A / D	C / D	A
53	Maintenance	A			A	A	A	A	A	A
56	Insurance							C		
59	Transfers		NA							

The designations on this Matrix visually depict the cost nature(s) of each Program 99 activity-object combination and were used to develop the short and long method Templates.

C = Core costs—These costs are considered core to the state-funded transportation and are not allocated to non-state-funded transportation.

A = Incremental costs—These costs are variable based upon the number of miles driven. They are to be charged here first and then allocated, using the short method template or the long method template, to non-state-funded transportation based on miles.

D = Direct Costs per Hour and Trip Costs—These costs are driven by the number of driver hours or trip-specific costs. The largest component is driver salaries and benefits. Direct costs to be allocated to non-state-funded transportation are calculated in the following manner: (1) using the long method template based on hours (driver salaries and benefits); (2) using the long method template based on specific trip costs (tolls, parking fees, etc.); or (3) using the short method template, added to incremental costs and allocated based upon the percent of to-and-from

miles. These costs may be direct charged to the using program rather than initially charged to Program 99.

NA = Not applicable—The credit transfer amount is not allocated and is not part of the cost per mile or cost per hour calculation.

Non-state-funded costs are accounted for as follows:

- Direct costs (D above) such as driver and trip costs may be charged directly to a non-transportation program.
- Incremental costs (A above) and direct costs (D above) are allocated to non-transportation programs using the debit and credit transfer process. The amounts are calculated using the short or long method for splitting state-funded and non-state-funded transportation costs.

Notes:

- ① These costs may be core or incremental, determined on a specific-transaction basis.
- ② The district can identify specific non-state-funded activity 51 expenditures and allocate them, but this will be the exception. The transportation director salary and benefits are core costs. Costs for a dispatcher hired solely for non-state-funded dispatching may be allocated.
- ③ These costs may be incremental or direct, determined on a specific-transaction basis.

FOOD SERVICE PROGRAM GUIDANCE

Definition of Costs

There are two varieties of costs that need to be considered when looking at program-related expenditures: direct and indirect. Direct costs are those that are specifically incurred for a program or other cost objective and can be readily identified to a particular objective. For example, food purchased for school lunches is a direct cost of the food service program. The salary for a teacher during a regular school day is a direct cost for Program 01 Basic Education.

In contrast, an indirect cost is incurred for the benefit of multiple programs or cost objectives and therefore cannot be identified readily and specifically with any given program or cost objective. These costs are also known as "overhead costs."

Direct Costs

A direct cost is one "that can be identified specifically with a particular final cost objective" (2 CFR Part 225, Appendix A, paragraph E.1v). For a cost to be considered a direct cost, it needs to be traceable to the activity that received the benefit of the cost. The Federal Cost Principles, formerly published as OMB Circular A-87 and now codified in Part 225 of Title 2 of the Code of Federal Regulations (2 CFR Part 225), identify, in general terms, four main categories of direct costs.

The first are the *salary and benefit costs* for employees who work on a particular cost objective. This means that the labor costs for employees who prepare and serve meals to students are direct costs, as would be the cost of a food service director within a district. The costs of staff that collect lunch money would also, in general terms, be a direct cost. However, if, for example, that staff member was also the school's attendance secretary, the entirety of the salary costs would not be a direct cost of the food service program. Only the portion of the salary that is directly related to the food service program may be considered a direct cost. There are other similar issues in this regard; see *Allowability*, below.

The second general category of costs is the "*cost of materials* acquired, consumed, or expended specifically for the purpose" of a cost objective. The largest material-related cost for the food service program is, of course, the food that will be served to the students. However, other material-related costs can be attributed to the school food service program. These include items such as plates, trays, utensils, and so on.

In addition, the costs of office supplies for the food service program are also material-related costs and so should be recorded as a cost of the food service program.

The third category of costs is related to the second: the *costs of "equipment and other approved capital expenditures."* This applies to the necessary equipment to store, prepare, and serve meals to students. If there are any capital expenditures that are necessary for the operations of a school food service program, they should be charged to the program as well.

The fourth general category is travel expenses that are necessary to meet the cost objective.

Indirect Costs

In contrast to direct costs which are identified with a particular cost objective, indirect costs are costs that are "incurred for a common or joint purpose benefiting more than one cost objective." In addition, these costs are "not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved" (2 CFR Part 225, Appendix A, paragraph F.1). Put simply, these costs only indirectly benefit a particular cost objective. These costs are considered as being central costs and are sometimes known as "overhead costs."

Indirect costs can be, in some ways, a direct cost of a particular program, but the time and effort necessary to identify those exact costs far exceed the benefit of knowing the exact cost to a given program. For instance, consider the task of accounts payable for the entire district. It takes time to process an invoice for payment, including confirmation that the items or services were actually received, to entering it into the system, and so on. Each program receives a direct benefit of the process of handling accounts payable, and so the time costs (represented by salary and benefit costs) would be a direct cost of the program. However, it would take determining some basis for spreading the cost, such as the number of invoices processed, or actually determining how long it takes to process a particular invoice, to be able to consider the costs as direct costs for the activity. Hence, the treatment of these costs as indirect costs.

In general terms, indirect costs are recorded in Program 97 Districtwide Support; as they are costs that relate to district-level operations and that benefit all programs.

Application of Indirect Costs—Indirect Rates

How are indirect costs applied to programs such as food service? This is done through a calculated indirect rate. There are three types of indirect rates that school districts in Washington state use: The Federal Restricted Indirect Rate, the Federal Unrestricted Indirect Rate, and the State Recovery Rate. Each of these rates has specific programs for which they are used. The Federal Unrestricted Indirect Rate (FUIR) is allowed for federal programs that do not have a “supplement, not supplant” requirement, such as food service programs. Thus, for school food service programs, the rate that is used is the FUIR.

The FUIR is calculated through a formula that has been agreed upon by both OSPI and the Department of Education, which is OSPI’s cognizant federal agency for indirect rate determinations. The full calculation is done on the district’s F-196 Annual Financial Statement. Rates are calculated with a two-year lag, so the rate that is effective for 2025–26 was calculated using 2023–24 F-196 data for the district.

Indirect costs that are applied to a program’s direct costs are ***not*** reflected on the F-196. Only direct expenditures for programs are reported on the F-196.

Allowability

Not every cost that can be conceived of as being “direct” may be charged to a given program. The Federal government has identified several criteria that need to be evaluated before a cost can be “allowed” to be charged to a specific program.

First, the costs must be reasonable and necessary. “Reasonable” means the price paid for a particular item is the same price that a prudent person would have paid for the same item under similar circumstances. “Necessary” means the cost needed to be incurred for the program or cost objective to move forward or operate.

Second, the costs must be allocable to the program. This either means the costs are directly chargeable to the program in accordance with the relative benefits received, or they are indirect costs that are allocated through the applied use of an indirect cost rate.

Third, the costs must be authorized, or not prohibited under state or local laws or regulation. The Appendix B to Part 225 provides general examples of what sort of costs are applicable to Federal programs in general. If there are additional restrictions about what costs may be charged to a given program, either in state law

or other applicable law, those must be taken into account as well. Related to this is that the costs must conform to any limitations or exclusions that are set forth.

Fourth, the costs must be applied consistently to all relevant programs and treatments. That is, if a cost is treated as a direct cost for a particular program, then the same costs cannot be treated as an indirect cost for other programs. One example, provided by the USDA, is custodial costs. A custodian's time can be directly charged to the food service program, by some form of cost allocation measure (for example, the amount of square footage taken up by the food service program compared to the school taken as a whole). However, to direct charge the custodial costs and meet the consistency requirement, then all custodial costs in schools must be allocated out to the various programs and charged as direct costs. They cannot be treated as an indirect cost that is allocated through the use of an indirect rate. This would include such programs as Basic Education, Special Education, Title I programs, Bilingual programs, etc.

Finally, the costs must be recorded as net of all applicable credits and be adequately documented. "Net of all applicable credits" means that if there are purchase credits that apply to a given item (or rebates), the cost is recorded as the lower cost once those credits have been applied, not the higher, base cost without credits. "Adequately documented" means that there must be some form of documentation to "back up" the cost. For salaries, this would be timesheets or other payroll records (especially for staff that are not charged 100 percent to food service programs). For purchased supplies or services, there are two types of general documentation. The first is an invoice, detailing the items delivered or services performed, as well as the cost for those items or services. The second is some form of documentation or verification that the items being billed for on the invoice were actually received, and that the invoice is authorized to be paid.

Definition of Program Income or Loss

Program income is defined as the excess of Food Service revenues (any XX98 Revenue Code) over total Program 98 expenditures, including applied indirect costs.

Program operating loss is defined as the excess of total Program 98 expenditures, including applied indirect costs, over Food Service revenues (any XX98 Revenue Code). It is assumed that any costs that are not covered by XX98 revenues are covered by other non-federal resources available to the district, including local levy dollars, state apportionment money, and so on. Resources that are used in this fashion can be

considered as being “loaned” to the Food Service Program on behalf of the district to cover the costs.

Final calculation of program income or loss will be completed by OSPI Child Nutrition Services using the Report 1800.

Estimation of Program Income or Loss

Districts may estimate the food service program income or loss for the purposes of recording carryover or offsetting prior carryover amounts. This process starts by summing up all XX98 Revenue Codes for the given year and then deducting all Program 98 direct expenditures, subtracting Object 1 Credit Transfers from total expenditures.

Next, apply the district’s federal unrestricted indirect rate to the direct expenditures. The rate for any given fiscal year was calculated based on the F-196 data from the second prior fiscal year, per OSPI’s indirect rate agreement with the Federal government. This means that the rate for 2025–26 was calculated based on 2023–24 financial data. The indirect rate is not applied to all direct expenditures. The rate is only applied to food service salaries and benefits (Object Codes 2, 3, and 4), purchased supplies *other than food* (Object Code 5, except Activity 42 Object 5), purchased services (Object Code 7, except Activity 42 Object 7), and “other” expenditures (Object Code 0 debit transfers, and Object 8 Travel). If a school district contracts out food services with a food service management company and records the contract costs under Program 98, Object 7, Purchased Services, the district will need to split out the costs between labor, supplies, and other on OSPI Form 1505. Child Nutrition will use the form to split out costs to the appropriate object codes and expenditure activities on the Report 1800 before applying the unrestricted indirect rate. For an explanation of these codes, please see Chapter 6.

The amount that remains (XX98 Revenue less Program 98 direct expenditures less applied indirect expenditures) is the estimated program income or loss for the year. The final calculation of program income or loss will be handled by Child Nutrition Services, with the publication of the Report 1800 for each district.

Carryover of Program Income

A district that has program income shall carry over the excess as a Restriction of Fund Balance. Per Federal statutes, “revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service,

except that, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings” (7 C.F.R. §210.14(a)). This is considered a monetary restriction placed on the use of financial resources by enabling legislation, which means that excess program revenue is treated as “Restricted.” Any excess program income should be recorded in GL 828 Restricted for Carryover of School Nutrition Revenue.

If the district is constantly generating excess program income, the amount recorded year-over-year will continue to accumulate. However, Federal statutes state that a district shall limit “its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service” (7 C.F.R. §210.14(b)). For the purposes of meeting this definition, the following terms are defined:

- “Net cash resources” means the excess of program revenue over program expenditures, accumulated at year-end and year-over-year.
- “3 months average expenditures” means one-third of the total Program 98 expenditures for a school district for a given year, or: $(\text{total expenditures} \div 9 \text{ months}) \times 3$.

What happens in the event a district accumulates more than three months of expenditures in GL 828? In such a situation, the district’s food service program staff will need to work with OSPI Child Nutrition Services on implementing program changes. The changes that are outlined in statute include, but are not limited to, reducing the price paid by students for school lunches, improving the quality of the food that is served to students, and other actions that are designed to improve the food service program. The exact steps that are taken will be determined through agreement between the district and OSPI.

Carryover of Program Loss

Most districts in Washington run school food service accounts (FSAs) that do not generate excess program income, or their total Program 98 expenditures exceed their total XX98 revenues. In such a situation, the assumption is that the district is using other non-federal resources to cover the operating deficit of the food service program, whether it is local levy dollars, general apportionment money, or any non-restricted source of money. The district’s General Fund may be “loaning” the food service program the additional resources necessary to provide a school meal program to the students.

Unlike the situation where a district has recorded net program income, there is nothing to record when the district runs a food service deficit. When the food service account (FSA) is running a deficit, the FSA was “loaned” money from the rest of the district’s General Fund to cover the FSA’s operating costs. A loan would generally be considered an “interfund transaction”, (a “due from” the FSA and a “due to” the General Fund). This transaction could only be recognized if the FSA was a separate fund. Because the food service program is embedded in the General Fund, this interfund transaction cannot be recognized in the district’s financial statements.

To track a food service deficit balance, a separate food service supplemental report has been developed. On the report, the district’s current balance of deficit carryover is displayed. This deficit is evidence of the district’s use of other non-federal resources, loaned to the FSA, for continued operations. The deficit carryover is limited to a cap of the amount of the annual deficit calculated for each of the previous five years. Put another way, any individual deficit amount can be carried over (as a part of the aggregate) up to a maximum of five years. After that time period, it no longer is displayed on reports.

Offsetting Program Income and Program Loss

There are many times when a district will run a food service program that has net income in one year, but has a deficit the following year, or vice versa.

If the district has a balance in GL 828—that is, the food service program has had net income—and then has a deficit the following year, the deficit will first be applied against the balance in GL 828. If the amount of the deficit is not enough to reduce the balance in GL 828 to zero, then the remaining balance is “carried forward.” If the amount of the deficit is greater than the balance in GL 828, then the balance in that account is reduced to zero and the remaining deficit is “carried forward.”

If the district has had a deficit program and has built up a balance, as shown on Report 1800SUM and then has a net income, the amount of net income can be used to offset the balance of the food service deficit account. If the amount of net food service income is not enough to completely remove the deficit, any remaining deficit amounts will be carried forward on the supplemental report. If there is sufficient net income to overcome the deficit balance, any remaining net food service income will be reported in GL 828.

Catering Services (Optional)

Some districts elect to perform catering services within and around the district. The costs and revenues that are associated with such services are not related to the food service program, and therefore should not be reported in Program 98. The most appropriate program code for recording catering services is Program 89 (Other Community Services).

For staff and related services costs, there are a number of methods for moving the costs out of Program 98 and into Program 89. The first method would be to charge the employee's time directly to Program 89 for the time spent on catering services, using time sheets or some other method of determining how much time to charge.

The second method is to do a journal entry to move the costs out of Program 98 (reduce the expenditures in the program) into Program 89 (increase the expenditures in the program). The amount that is to be transferred should be calculated based on some established method, such as percentage of time, over the period spent working on catering services. In this instance, the appropriate share of all salary and benefit costs would need to be transferred. With this method, the salary and benefit costs would no longer be shown in Program 98.

The third method would be to use the debit-credit transfer process as outlined in Chapter 6. For this method, the amount, to be transferred, is calculated on an established method, and then transferred using transfer objects from Program 98 to Program 89. The difference between this method and the last method is that with this method, all of the original expenditures remain intact in Program 98 by expenditure object, but the total Program 98 expenditures are reduced by the amount transferred out.

According to (7 C.F.R. §250.59 (c)), the school food authority should not use donated foods in meals or other activities that do not benefit primarily schoolchildren, such as banquets or catered events. However, as their use in such activities may not always be avoided (*e.g.*, if donated foods are commingled with purchased foods in a single inventory management system), the school food authority must ensure reimbursement to the nonprofit school food service for the value of donated foods used in such activities. When such reimbursement may not be based on actual usage of donated foods (*e.g.*, in a single inventory management system), the school food authority must establish an alternate method of reimbursement—*e.g.*, by including the current per-meal value of donated food assistance in the price charged for the meal or other activity.

COMPENSATED ABSENCES

Introduction

GASB Statement No. 101, Compensated Absences, provides specific guidance on how this liability should be calculated. This Appendix B guidance does not deal with whether the compensated absences liability should be reported in governmental funds. Rather, this guidance applies only to compensated absences liabilities reported on the Schedule of Long-Term Liabilities for cash-basis and modified accrual-basis Local Educational Agencies (LEAs). Guidance for vacation leave and sick leave is provided.

A compensated absence is leave for which employees may receive one or more:

- Cash payments when the leave is used for time off,
- Other cash payments, such as payment for unused leave upon termination of employment; or
- Noncash settlements, such as conversion to defined benefit postemployment benefits. The payment or settlement could occur during employment or upon termination of employment.

A liability for compensated absences is reported for leave that has not been used if it meets the following general criteria:

- Attributable to services already rendered,
- Accumulates
- More likely than not (greater than 50% likelihood) the leave will be used for time off or otherwise paid in cash or settled through noncash means.

Compensated absences generally do not have a set payment schedule. Examples of compensated absences include:

- Vacation (or annual) leave,
- Sick leave,
- Paid time off (PTO),
- Holidays,
- Parental leave,
- Bereavement leave, and
- Certain types of sabbatical leave.

Examples of leave that does not accumulate and **would not** be included in liability calculations:

- Vacation, sick leave, or PTO that does not roll over each year,
- Unlimited leave
- Future holiday pay taken on specific days (ex. Christmas)
- Paid absences dependent upon the occurrence of a sporadic event (ex. parental, military, jury duty, bereavement) unless leave has commenced.
- FMLA
- PFMLA unless self-insured (otherwise paid by state) and leave has commenced.

Termination benefits (GASB 47) are addressed in separate guidance and are not included in compensated absences calculations. Examples of termination benefits include early-retirement incentives and severance pay.

Leave That Has Not Been Used

Districts are required to report a liability for vacation leave, sick leave, and other leave with similar characteristics earned by employees when the criteria are met.

Vacation leave liability should be valued using current salary rates in effect at the balance sheet date (that is, pay rates in effect as of fiscal year-end). However, if it is more likely than not that some leave will be paid at a different rate, use that rate to measure that portion of the liability. For example, vacation leave is paid at 50% of the employee's pay rate upon termination.

The liability for vacation leave should include nonvested leave earned by employees that are expected (more likely than not) to vest. For example, assume new employees earn one day of vacation leave per month, but may not take any leave prior to completing a six-month probationary period. Further, assume that employees not completing the probationary period forfeit any leave earned during that period. The district would then accrue leave earned by new employees to the extent those employees are expected to successfully complete the probationary period. Conversely, the liability for vacation leave should not include accumulated amounts expected to lapse.

The liability for unused sick leave that meets the criteria should be valued using current salary rates in effect at the balance sheet date (that is, pay rates in effect as of fiscal year-end). However, if it is more likely than not that some sick leave will be paid out to eligible employees upon termination and the employee benefit is converted to a different rate,

use that rate to measure that portion of the liability. For example, sick leave is converted to 25% of the employee's earned benefit upon termination.

Districts should evaluate whether sick leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means by assessing relevant factors, including:

- The district's employment policies related to compensated absences,
- Whether leave that has been earned is, or will become, eligible for use or payment in the future,
- Historical information about the use, payment, or forfeiture of compensated absences
- Information known to the district that would indicate that historical information may not be representative of future trends or patterns.

Refer to GASBS 101, Illustration 1, for examples of the application of the recognition criteria for different leave policies.

Leave That Has Been Used but Not Paid

There could also be situations when districts will need to calculate amounts for "leave that has been used, but not paid" (and is NOT expected to be paid with current resources). This would be reported only on the Schedule of Long-Term Liabilities. Leave that has been used, but not paid, should be calculated at exact hours taken and the pay rate in which those hours will be settled plus any salary-related payments. The segregation of the current portion versus the long-term portion is only applicable to districts using modified accrual accounting. Cash basis districts would be expected to report all compensated absence liabilities on the Schedule of Long-Term Liabilities.

Salary-Related Payments

The compensated absence liability should also reflect any salary-related payments **directly and incrementally** connected with leave payments to employees. The portion of the liability that is for salary-related payments should be measured using the rates in effect as of the date of the financial statements.

Include the following salary-related payments:

- Payroll taxes, employer share of Social Security and Medicare taxes (FICA)
- Health saving accounts (HSAs), flexible spending accounts (FSAs)
- Defined "**contribution**" pension and OPEB contributions.

Exclude the following salary-related payments:

- * Defined "**benefit**" pension/OPEB contributions (**DRS plans**)
- * Employer healthcare contributions, life insurance premiums and health care premiums paid on behalf of employees

Refer to GASB 101 Illustration 2 for examples of salary related payments that may be applicable.

General Guidelines to Estimate the Compensated Absence Liability

There are various ways a school district may calculate the compensated absences liability. Your individual approach may be different from the approach we illustrate below.

One method to calculate the liability is illustrated below. When completed, the liability is reported in the F-196 annual financial statement on the Schedule of Long-Term Liabilities.

On the Schedule of Long-Term Liabilities:

- The net change in the liability should be reported as either an increase or a decrease.
- Districts will also need to calculate the portion of the liability to report in the "due within one year" column.
- In the year of implementation, the beginning balance for Compensated Absences will need to be recalculated using the new GASB 101 criteria.

Other Considerations:

- Changes in accounting principles are reported retroactively, and this will need to be disclosed in the Notes to the Financial Statements.
- Districts may create their own process to estimate the liability, but any methodology should include a historical analysis of past leave practices and estimates that use a "more likely than not" (MLTN = 50% or more) threshold to classify data.

- Retaining documentation of your process is required. This will be critical for audit purposes.
 - How you calculated the estimates
 - Information/data sources used to develop estimates

The Historical Analysis of Past Leave Practices:

To estimate the compensated absence liability and to classify it appropriately on the Schedule of Long-Term Liabilities requires a review of school district leave policies and how employees utilized leave in the past (GASBS 101, ¶12). The prior year review provides information intended to classify the leave data by how it was “consumed” or removed from the books. This analysis requires a multiple year review to classify the data as more likely than not (MLTN) to be consumed in a particular fashion. All the various types of leave must be reviewed. The review creates an average annual usage pattern and becomes a product for the liability amount due in one year.

- To recalculate your 2024–25 beginning liability, you need to analyze the past 3-year’s data:
 - Fiscal years 2021–22; 2022–23; and 2023–24.
- Analyze the past 4-year’s data to calculate your 2024–25 ending liability.
 - Fiscal years 2021–22; 2022–23; 2023–24, and the current 2024–25 data.
- In future years, the historical analysis will be a review of data from at least the past 5-years.
- All the various types of compensated absences (i.e. vacation leave) should be analyzed to estimate the liability and amounts due in one year.

Compensated Absences (Other than Sick Leave) That Has Not Been Used

Vacation leave balances are most often fully compensated through paid time off or some other means, such as cash payments at termination or retirement. Consequently, a liability for vacation leave is accrued at fiscal year-end for the paid time taken by the employee in subsequent years. The vacation leave liability should be valued using current salary rates in effect at the balance sheet date. The liability should also reflect certain salary-related payments directly and incrementally associated with the leave (GASBS 101, ¶23—¶26). The calculation to determine the liability is generally straight forward and the review of historical data is used to estimate the amount due in one year.

Each district must review their leave policies and include other applicable forms of compensated absences that meet the criteria. District policies may exclude forms of leave if vesting or probationary periods are applicable. Please review the guidance in the sections above and follow the district’s leave policies to determine and calculate amounts.

Sick Leave That Has Not Been Used

The remainder of the guidance below is specific to calculating the sick leave portion of the compensated absences liability. The figures used are for illustrative purposes only.

An Approach to Calculate Sick Leave That Has Not Been Used

Several factors determine the accrued value of the future sick leave liability. In general terms: sick leave to be used is accrued at 100% of its value, (SLU = 100% Liability); sick leave cashed out is accrued at 25% of its value, (SLCO = 25% Liability); and sick leave forfeited or transferred out is accrued at 0% of its value, (SLF = 0% Liability).

The guidance provided in this appendix illustrates these common sick leave variables, but every district must follow its own leave policies and how leave is valued.

For sick leave, the analysis of your historical data is a review of how many hours of sick leave came off the books, on average, on an annual basis. In this illustration, we are segregating sick leave consumed by the variables and show the accrual rates.

The variables are:

- Sick Leave Hours Used (SLU) = 100% Liability
- Sick Leave Hours Cashed Out (SLCO) = 25% Liability
- Sick Leave Hours Forfeited/Transferred Out (SLF) = 0% Liability

For the purposes of the illustration, the district analyzed historical data. The average annual sick leave hours consumed are determined to be 55,663. The analysis also determined how the hours consumed are segregated by the variables. In this illustration, average hours are assigned to each of the variables.

Employee Sick Leave Balance Report			
Total Active Employees	Total Sick Leave Hours	Total Sick Leave Value	Average Rate of Pay (Σ EE hourly rates / #EEs) ▲
697	180,450	\$8,296,400	\$ 48.45 ♥

- ▲ The liability recognized should be measured using the employees' pay rates as of the date of the financial statements. (GASBS 101, ¶16). An average hourly rate of pay for all employees can be calculated by:
 - The sum of all employees' hourly rates of pay ♥ ÷
 - The total number of employees

- ♥ The measurement for the average hourly rate of pay should include salary-related payments that are directly and incrementally associated with the leave (GASBS 101, ¶23—¶26).
 - **Note:** The average hourly rate of pay may be different for SLU versus SLCO because the salary-related payments, directly and incrementally associated with the leave could be different.
- School district business managers are encouraged to use their professional judgement to determine and document the methodology they utilize to determine the average hourly rate of pay used to estimate the liability.
 - The table illustrates the findings of the historical analysis, including the average hourly rate determined from the sick leave balance report using the average rate of pay method. In our example illustration, the average hourly rate of pay is different for SLCO because the salary-related payments, directly and incrementally associated with SLCO is less than those for SLU.

The result provides the sick leave liability amount due in one year.

Sick Leave Amount Due in One Year					
Sick Leave	Average Annual Hours	Percent of Annual Hours	Average Rate of Pay ▲ ♥	Accrual Rate	Accrual Amount
SLF	3,014	5.41%	\$48.45	0%	\$ 0.00
SLCO	7,112	12.78%	\$46.95	25%	\$ 83,477
SLU	45,537	81.81%	\$48.45	100%	\$ 2,206,268
Totals	55,663	100.00%			
Sick Leave Amount Due in One Year					\$ 2,289,745
Average Hours by Class * Average Rate of Pay ▲ ♥ * Accrual Rate = Accrual Amount					

If the number of sick leave hours earned on the end-of-year report are greater than the average annual sick leave usage, then the residual hours are a long-term liability, and this value needs to be estimated. In our illustration, the total sick leave hours on the end-of-year report are 180,450. The annual usage was 55,663 leaving a residual of 124,787 hours.

Breakdown of Sick Leave Hours	
Total Hours on Sick Leave Balance Report	180,450
Average Sick Leave Hours Consumed in One Year	55,663
Residual Sick Leave Hours	124,787

The illustration below shows the calculation for the residual accrued sick leave. For the residual sick leave hours, the MLTN percentages determined in the historical analysis are consistently applied in future years.

The MLTN percentages are used to determine the proportionate share of the residual sick leave hours applied to the variables. The proportionate hours are multiplied by the average rate of pay and the accrual rate to determine the accrual amount.

Residual Long-Term Sick Leave Liability					
	Percentages Applied to Variables	Proportionate Share of Residual Hours	Average Rate of Pay ▲ ♥	Accrual Rate	Accrual Amount
SLF	5.41%	6,757	\$48.45	0%	\$ 0.00
SLCO	12.78%	15,944	\$46.95	25%	\$ 187,141
SLU	81.81%	102,086	\$48.45	100%	\$ 4,946,078
Totals	100.00%	124,787			\$ 5,133,219

The Aggregated Values from the Two Tables	
The Residual Long-Term Sick Leave Liability	\$ 5,133,219
The Sick Leave Amount Due in One Year	\$ 2,289,745
Total Compensated Absences Liability — Sick Leave	\$ 7,422,964

The sick leave portion of the compensated absences liability is illustrated below on the Schedule of Long-Term Liabilities. The Beginning Balance amount of \$7,265,245 represents the adjusted calculation (the restatement) of the prior year ending liability using the methodology described above. The \$157,719 reported as an addition is the difference between the beginning and ending liability amount. The difference between the beginning and ending liability is reported as a net change amount (GASBS 101 ¶30).

On the Schedule of Long-Term Liabilities				
Beginning Balance	Net Change		Ending Balance	Amount Due in One Year
	Additions	Deductions		
\$7,265,245	\$157,719	\$ -	\$7,422,964	\$2,289,745

ACCOUNTING FOR LEASES

There are three types of leases: short-term leases, contracts that transfer ownership, and contracts that do not transfer ownership—a catchall for all remaining leases of nonfinancial assets.

Key Definitions:

- *Lease:* A “lease” is defined as a contract that conveys control of the right to use another entity’s nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Note: Just because the word “lease” is not in the agreement, does not mean it does not meet the definition of a lease. Not all “leases” meet the definition of lease under GASB Statement No. 87. The substance of the agreement determines its classification.
- *Right to use:* The right to obtain the present service capacity from use of the underlying asset and the right to determine the nature and manner of its use.
- *Lease term:* The period during which a lessee has a non-cancelable right to use an underlying asset, plus periods covered by a lessee’s or lessor’s option to extend the lease (if reasonably certain the option will be exercised) and periods covered by the lessee’s or lessor’s option to terminate the lease (if reasonably certain the option will not be exercised). Note that periods for which both the lessee and the lessor have an option to terminate the lease without permission from the other party or if both parties have to agree to extend, are excluded from the lease term. Fiscal funding/cancellation clauses are ignored unless reasonably certain of being exercised.
- *Exclusions:* These activities would be excluded from the scope of lease accounting:
 - Intangible assets—Such as patents and software. Certain sub-lease exceptions apply.
 - Biological assets—Such as timber
 - Leases of inventory
 - Service concession arrangements
 - Assets financed with outstanding conduit debt—Unless both the asset and conduit debt are reported by the lessor
 - Supply contracts
 - Subscription-Based Information Technology Arrangements (SBITAs)

Short-Term Leases

The identification of a short-term lease hinges entirely on the length of the maximum possible noncancelable lease term. If the lease agreement specifies a noncancelable term, after considering the effects of potential extensions (regardless of their likelihood of being exercised), of 12 months or less, the lease is deemed a short-term lease.

Lease accounting for short-term leases is functionally identical to past practices under old rules. Lessor and lessees are only required to post to account for the outflow or inflow of resources during each period. For cash-basis and modified accrual fund financial statements (F-196), the lease payments are recorded as revenues or expenditures based on the payment provisions of the contract. Short-term leases require no additional note disclosures.

Contracts that Transfer Ownership

Lease contracts that transfer ownership are treated explicitly as sales of the asset by the lessor and a purchase of the asset on credit by the lessee. These arrangements can transfer ownership in two ways, both requiring the contract to have no termination options. First, the contract can directly specify ownership is transferred at the end of the life of the lease. Alternatively, the contract can implicitly allow the borrower to continue to hold the property to the end of its life by setting up a fiscal funding or cancellation clause (which only activates if the governmental entity does not provide a provision for the payment of the lease obligation) that is reasonably certain not to be exercised.

All Other Leases: Contracts that do not Transfer Ownership

All leases that do not fall into either of the two categories listed above are treated with a single-model approach and similar to contracts that transfer ownership.

Accounting for Leases-Lessee

For school districts using cash-basis accounting (F-196): Lessees will be required to recognize:

- A Capital Outlay expenditure
- An other financing source
- On the Schedule of Long-Term Liabilities, add a lease liability for the total amount (not the present value) of the future lease payments.

- Subsequent lease/rental expenditure payments reduce the lease liability
- Special lease transactions, such as subleases and sale-leaseback transactions, will require separate disclosures.
- Lessee note disclosure requirements include: A general description of its leasing arrangements, such as the assets leased, terms of the leases, the amount of the monthly (quarterly/annual) payments, cancellation clauses, etc. If you have issued debt for which the payments are secured by the lease payments, that fact should be disclosed.
- The note disclosure should also include the total amount of lease revenue and any other lease-related inflows recognized in the reporting period.

For school districts using modified-accrual accounting (F-196): Lessees will be required to recognize:

- A Capital Outlay expenditure
- An other financing source
- On the Schedule of Long-Term Liabilities, add a lease liability for the present value of the future lease payments.
- Subsequent lease/rental expenditure payments are segregated between principle repayments and interest expenditures
- Lessee note disclosure requirements include: a description of leasing arrangements; such as the assets leased, terms of the leases, the amount of the monthly (quarterly/annual) payments, cancellation clauses, etc. If you have issued debt for which the payments are secured by the lease payments, that fact should be disclosed.
- The delineation of principal and interest payments required over each of the next five years and beyond, grouped in five-year increments
- Special lease transactions, such as subleases and sale-leaseback transactions, will require separate disclosures.

Calculation of the Lease Liability—Schedule of Liabilities

The lessee should initially measure the lease liability at the present value of payments expected to be made during the lease term. The lease liability should include the following:

- Fixed payments, less any lease incentives receivable from the lessor
- Variable payments based on an index or rate, using the rate as of the beginning of lease
- Variable payments that are fixed in substance
- Residual value guarantees reasonably certain of being required
- Purchase options reasonably certain of being exercised

- Termination penalties, if lease term reflects lessee exercising termination options/fiscal funding clauses
- Any other reasonably certain payments

The lease liability does not include lease payments that are dependent on a lessee's performance or usage of an underlying asset.

The Discount Rate

The discount rate (interest rate) is used to calculate the present value of the contractual obligation. It is the interest rate the lessor charges the lessee. This rate is often not stated in lease agreements. It may be the rate implicit in the lease. If the lease's implicit rate is not readily determinable, the lessee's estimated incremental borrowing rate should be used. This is the rate the lessee would be charged for borrowing the lease payment amounts during the lease term. Documentation of methods and sources used to determine the discount rate for each lease agreement should be retained.

Lease Incentives

Lease incentives are payments made to, or on behalf of the lessee, for which the lessee has a right of offset with its obligation, or other concessions granted to the lessee. Incentives provided after the commencement of the lease term should be accounted for as reductions of lease payments for the periods in which they are provided. If fixed or fixed in substance, the incentive payments should be included in the initial measurement and any re-measurement of the lease receivable and lease liability. Variable or contingent lease incentive payments are not included in the initial measurement.

Modifications

If the lessee's right to use the leased asset decreases, the amendment should be considered a partial or full lease termination (see terminations). A modification to a previously reported lease should be reported as a separate lease if:

- New assets are added and the related increase in payments is consistent with the market price for similar agreements
- If the modification does not meet the criteria to be reported as a separate lease

Lessee:

- Remeasure the lease liability on the effective date of the modification.
- Update the discount rate if any of the following occurs:
 - There is a change in the lease term
 - A change in the likelihood of the lessee exercising a purchase option from reasonably certain to not reasonably certain, or vice versa.

Lessor:

- Re-measure the lease receivable on the effective date of the modification.
- Update the discount rate if any of the following occurs:
 - There is a change in the lease term
 - A change in the likelihood of the lessee exercising a purchase option from reasonably certain to not reasonably certain, or vice versa.

Adjust the deferred inflow of resources by the difference between the new re-measured receivable and the receivable immediately before the modification. However, to the extent the change relates to payments for the current period, the change should be recognized as a revenue or expense for the current period.

If a change results from a debt refunding by the lessor in which the perceived economic advantages of the refunding are passed through to the lessee, the change should be accounted for as:

- The lessor should adjust the lease receivable to the present value of future lease payments based on the interest rate applicable to the revised lease contract. An adjustment to the deferred inflow of resources should be recognized as either a revenue or expenditure over the remaining life of the old debt or new debt, whichever is shorter.
- If the change results from an advance refunding the lessor must recognize as a revenue or expenditure, any reimbursements to be received from the lessee for costs related to the refunded debt (unamortized discount or premium) over the remaining life of the old debt or new debt, whichever is shorter.

Terminations

The lessor should reduce/remove the lease receivable and related deferred inflow. A gain or loss would be recognized for any difference.

Contracts with Multiple Components

If a district enters into a contract that contains both a lease (such as the right to use a building) and non-lease component (maintenance services for the building), the district should account for the components separately.

If a lease involves multiple underlying assets and the assets have different lease terms, each underlying asset should be accounted for as a separate lease contract. The contract price would then be allocated to the different contracts based on prices for the individual assets.

If the contract does not include individual components or prices are not reasonable, allocate components based on available observable information (market prices). If not practicable, the components may be accounted for as a single lease.

Contract Combinations

Contracts entered into at or near the same time with the same party should be considered part of the same lease contract if either of the following is met:

- Contracts are negotiated as a package with a single objective
- The amount of consideration paid in one contract depends on the price or performance of the other contract.

If multiple contracts are determined to be part of the same contract, that contract is then subject to the guidance for *Contracts with Multiple Components*.

Subleases

The initial lease and sublease should be treated as separate transactions and should not be offset against one another. The original lessee would account for the original lease and sublease separately as the lessee and lessor respectively.

Sale-Leasebacks

A sale-leaseback is defined as the sale of the underlying asset by the owner and a lease of the underlying asset back to the seller. The transaction must qualify as a sale, otherwise the transaction is considered a borrowing activity. The sale and lease transaction are accounted for separately.

Lease-Leasebacks

A lease-leaseback occurs when an asset is leased by one party (first party) to another party, then leased back to the first party. The transaction should be accounted for as a net transaction.

Prepaying a Lease

If a lease is prepaid, there is no "financing" and so the amount received by the lessor is already considered the present value. The lessor amortizes the lease receivable and deferred inflow at the total amount of the monthly payments.

Leases Between Related Parties

When leases are made between related parties, the substance of the transaction determines the reporting. For example, the agreement between the district and the related party meets the criteria to be reported as a short-term lease. However, there is an understanding between the district and the related party the lease will be extended over several years. In this example, the lease would not be appropriately reported as a short-term lease.

Capitalization Threshold for Leases

School Districts may establish a lease liability threshold for leases that are insignificant individually and in the aggregate. This threshold defines the dollar amount at which a lease with a maximum possible term of more than one year will be classified as a lease liability. A district may establish a single capitalization threshold for all leases or different capitalization thresholds for different classes of leases, however; the capitalization thresholds are not expected to change frequently from year to year. The threshold should be established at a small enough level such that the leases excluded would be insignificant to financial reporting in aggregate. In establishing a threshold, districts

should consider the different types and groups of leases they have, and management information needs.

Accounting for Leases-Lessor

For F-196 Cash Basis, lease payments are recorded as revenue and cash when received.

For F-196 Modified Accrual, a lessor should recognize a lease receivable and a deferred inflow of resources at the start of the lease term.

- (DR) Lease Receivable—Initially measured at the present value of lease payments expected to be received during the lease term.
- (DR) Cash (possible entry)—For any lease payments received prior to the start of the lease.
- (CR) Deferred Inflow—Measured as the sum of the initial measurement of the lease receivable plus any lease payments received prior to the start of the lease, less any lease incentives.

Lease payments received from the lessee result in:

- (DR) Cash
- (CR) Reduction of the lease receivable
- (CR) Recognition of interest income (a non-operating revenue). Use Revenue Code 2450 Other Interest Earnings.
- (DR) Reduction of the Deferred Inflow in a systematic and rational manner
- (CR) Recognition of lease revenue. Use Revenue Code 2700 Rentals and Leases.

See sample journal entries to account for leases in Chapter 7.

SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAS)

A SBITA is a contractual obligation that results in the right-to-use a subscription asset (an intangible asset) for a period of time greater than a year and the recognition of a long-term liability reported on the schedule of long-term liabilities. Along with the periodic subscription payments, the contractual obligation requires the recognition of an Other Financing Source for the initial subscription liability amount, including any implementation costs included in the SBITA contract. School districts should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the school district, which may be implicit, or the district's incremental borrowing rate if the interest rate is not readily determinable. School districts should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

To the extent relevant, the accounting guidance for SBITAs is based on the standards established under GASB Statement 87—Leases and described in the previous section on Leases.

PUBLIC-PRIVATE & PUBLIC-PUBLIC PARTNERSHIPS AND AVAILABILITY PAYMENT ARRANGEMENTS

Public-private and public-public partnerships involve governments partnering with private entities or other governments for the construction, improvement, and operation of what are typically infrastructure and other major facilities. Whether a contract meets the criteria to be classified as one of these arrangements is based on the substance of the arrangement and not the form. Generally, these arrangements are expected to be rare for school districts.

Public-Private & Public-Public Partnership (PPP)

This is an arrangement in which a district (transferor) contracts with a governmental or nongovernmental entity (operator) to provide public services by conveying the right to operate a nonfinancial public asset in an exchange or exchange-like transaction. The arrangement must be for a defined period of time.

Service Concession Arrangement (SCA)

This is a type of PPP arrangement where the district receives significant consideration (an up-front payment, installment payments, a new facility, or improvements to an existing facility) and a significant residual interest in the underlying asset at the end of the arrangement in exchange for letting the operator collect fees or tolls from users.

Districts should apply similar lease accounting to PPP and SCA arrangements. Districts must disclose information regarding these arrangements in the Notes to the Financial Statements.

Availability Payment Arrangement (APA)

This is an arrangement in which a government compensates another party for delivering, maintaining or operating a nonfinancial asset for a period of time in an exchange or exchange-like transaction, with payments based entirely on making or keeping the asset available for use (rather than fees, usage, or revenue generated from the asset). If the APA is for design, construction, or financing of the underlying asset, it should be accounted for as a financed purchase. If the APA is for maintenance or operation of the underlying asset, the payments should be recorded as expenditures as they are incurred (modified accrual) or when paid (cash basis).

APPENDIX C – Reference Materials

Accounting, Auditing, and Legal Compliance Issues

- Attorney General's Office ([AGO](#))
- State Auditor's Office ([SAO](#))
- Governmental Accounting Standards Board ([GASB](#))
- Government Finance Officers Association (GFOA) *Governmental Accounting, Auditing, And Financial Reporting* (GAAFR) (aka: The Blue Book)
- The *Accounting Manual for Public School Districts in the State of Washington*
- Washington Association of School Business Officials ([WASBO](#))
- Washington Association of School Administrators ([WASA](#))
- Washington State School Directors' Association ([WSSDA](#))

Bulletins and Communications for School Districts

- Administrative, Budgeting, and Financial Reporting ([ABFR](#)) [Guidance](#)
- Bulletins issued by the Office of Superintendent of Public Instruction (OSPI) are posted to the OSPI Web page at [Bulletins](#). You may also receive a copy by contacting School Financial Services, OSPI, at 360-725-6303. The agency TTY number is 360-664-3631.
- GovDelivery and Hot Topic messages issued by OSPI to stakeholders and posted to relevant OSPI Web pages.
- The State Auditor's Office [Audit Connection Blog](#)

Federal Compliance Issues

- Office of Management and Budget ([OMB](#)) Circulars
- Assistance Listings at [SAM.gov](#).
- Office of Special Education and Rehabilitative Services, under [grads360](#) resources ([OSEP](#))
- Title 1 Part A, Program Fiscal Handbook; available on the OSPI website at [Federal Fiscal Guidance](#)
- [Electronic Code of Federal Regulations \(eCFR\)](#)

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Download this material in PDF at [Accounting Manual](#). This material is available in alternative format upon request. Contact the Resource Center at 888-595-3276, TTY 360-664-3631.



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