

School District Accounting Advisory Committee

Selected Accounting Topics for Review and prepare for
changes to the 2024–25 School District Accounting Manual

January 23, 2024



Washington Office of Superintendent of
PUBLIC INSTRUCTION

Agenda

- Roll Call
- SDAAC Update — New Committee Members
- Agency Updates
- Sub-Committee Recaps
- SB 6016 Potential ASB Local Tax Resource
- Accounting Manual Revisions and Addendums — Recap
- Work in Progress — Recap

Welcome New SDAAC Committee Members

- New committee members representing WASBO:
 - Amanda Sipher, North Thurston SD
 - David Knechtel, Kent SD
 - Marci Bannan, Orting SD
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- The outgoing WASBO Committee members are
 - Kate Davis, Olympia SD
 - Kris Grindy, Washougal SD
 - Paula McCoy, Ridgefield SD

SDAAC Sub Committee: The CTE Funding Model

- The next CTE Sub-Committee meeting is scheduled for February 16
- Review the funding model and discuss potential modifications to the Program Expenditure Matrices 31 & 34
- What are allowable uses of the funding as it relates to ASB and CTSO activity.
- Removing CTE Carryover from Minimum Expenditure Requirements

SDAAC Sub Committee: NCES Objects 0&1

- The NCES Sub-Committee met January 5
- Distinct Passenger cost accounting
- Shift the accounting to a supplemental schedule in the F-196
- The next meeting is scheduled for February 7

SDAAC Sub Committee: F-195 Programming

- The F-195 Sub-Committee met January 9
- More flexibility to certify levies and enter amounts
- F-200 line items to better convey the authorized extension
- F-195-F logic moving Ending FB to Beginning FB
 - Year 2 Ending to Year 3 Beginning
 - Year 3 Ending to Year 4 Beginning
- Lee & System Programmers to determine feasibility.
- Next meeting after Legl session.

SDAAC Sub Committee: Leases – PV Calculation Limitation

- The NCES Sub-Committee met on January 19
 - Alphonso Melton; Ryan Montgomery; Holly Burlingame
 - Paul Stone; Jason Williams; Sarah Jahn
 - Joanne Klien; Heather Korten; Cindy Coleman
- No deviation from GASB guidance
- Adding clarifying guidance on management discretion
- Sarah Jahn coordinating a Teams Channel to share additional edits to before it is included in the Accounting Manual.

SDAAC Sub Committee:

Indirect Rates – New Methodology

- Holly Burlingame; Ryan Montgomery; Jason Williams
- Barb Piguet; Amy Harris; Michelle Matakas
- Mike Sando; Paul Stone
- Capping Indirect Rates used by LEAs
- Replacing the State Recovery Rate with the Federal Unrestricted Indirect Rate (This requires WAC Changes)
- (Feds do not allow Capital Outlay)... (Cap Outlay should be exclude at state recovery too.)
- New Activity 69 Depreciation Sub-Fund should be Excluded from Indirect calculations.

SB 6016

ASB Local Revenue

- Tax revenue from green energy projects
- Put back into the local communities.
- This act creates a mechanism to ensure that more of the taxes from new green energy projects are fed back into the districts where they are located.
- A new local tax provided specifically for the ASB Fund.

SB 6016

ASB Local Revenue

- A school district receiving funding under chapter 82.--- RCW
- (the new chapter created in section 12 of this act)
- Must deposit all proceeds into a subaccount of its associated student body program fund and
- Such funds may be used for any allowable purpose of the associated student body program fund.

SB 6016

ASB Local Revenue

Fund	Item Code	Revenue Codes	Description
4	480	1000	General Student Body
4	481	2000	Athletics
4	482	3000	Classes
4	483	4000	Clubs
4		5000	
4	493	6000	Private Moneys
4		7000	



Financial Reporting Guidance

ASB Local Revenue

- We will need to add an Item Code for the new resource.
- This will be captured in the EDS Download
- Probably no noticeable change to the appearance of the Statement of Revenues, Expenditures...
- May need to add a Supplementary schedule outlining the Tax Transfers within the ASB

Accounting Manual Guidance

ASB Local Revenue

- **We** need a volunteer or a small group to volunteer...
- Need someone to write up about three to six sentences that describes how to account for the new deposits and how to Transfer the resources within the ASB.
- Clarify who needs to be involved in the decision-making process on how the funds are utilized...
- Clarify the documentation that should be kept...

Minor Accounting Manual Edits

- Notations below Federal Revenue Account Codes in the Accounting Manual will follow the Coding Notes provided in Chapter 5, Page 5-29:

Coding Notes

- Revenues beginning with **61** are federal revenues that come through OSPI.
- Revenues beginning with **62** are federal revenues that come directly from a federal agency.
- Revenues beginning with **63** are federal revenues that come indirectly through a nonfederal agency other than OSPI

Minor Accounting Manual Edits

Minor edit to SEFA guidance in Chapter 5, Page 5-69:

When an ALN is not known, or in rare cases where there isn't one: Districts should follow the guidance provided in the SEFA instructions. They must use the same structure that's required for the Federal Audit Clearinghouse: 10.U01, 10.U02, etc.

Guidance removed

- After these digits a period should be placed and the word "Unknown" is written.
- Example: "10.unknown" or "10.999" indicate a program from the Department of Agriculture for which the ALN could not be obtained.

Guidance added

- After these digits a period should be placed and "U01" is written. Refer to the SEFA Instructions on the [ABFR webpage](#) for additional guidance.



Accounting Manual Edit: Chapter 9, Federal Micro-Purchase Threshold

Micro Purchase Threshold for public works construction projects is \$2,000.

Micro-purchase threshold means \$10,000, except it means—

- For acquisitions of construction subject to 40 U.S.C. chapter 31, subchapter IV, Wage Rate Requirements (Construction), \$2,000;

48 CFR Part 2 Subpart 2.1 definitions



Micro-Purchase Narrative Guidance

When federal funds are used to purchase services:

- For the acquisition of public works construction projects subject to wage rate requirements, the Micro-Purchase Threshold is \$2,000. Projects below the threshold do not require quotes. However, districts must consider price to be reasonable, and, to the extent practical, distribute equitably among service providers.
- Purchases of \$10,000 or less for other purchased services do not require quotes....



E-Rate—Federal

- SAO confirmed with the FCC:
- No plans to apply the Single Audit Act to ALN 32.004 and 32.005.
- E-Rate is described as ALN 32.004
- E-Rate is a Federal Program effective September 1, 2023.
- E-Rate will not be reported on the SEFA.

E-Rate—Federal

- Although the provisions of Sub-Part F (Audit Requirements) do not apply to E-Rate, other monitoring is applicable.
- A limited number of 2 CFR § 200, Subparts C-D apply to the E-Rate program, 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 FCC has additional monitoring requirements to ensure compliance and to verify information about payments.



E-Rate Accounting — Best Practice

- The School District Accounting Codes for Federal E-Rate are effective from September 1, 2023.
- Use Revenue Code 6210 and Program 79, Activity 66 to record all E-Rate Transactions.
- You should be able to distinguish and match federal fiscal awards:
 - FY23 E-Rate Award and Expenditures from the
 - FY24 E-Rate Award and Expenditures
- **Questions and Observations about Accounting for E-RATE?**



Change to SDAM: Chapter 3, Page 3-52

Capitalization Threshold for Leases

- School Districts may establish a lease liability threshold for leases that are clearly **trivial** ~~insignificant~~ individually and in the aggregate. This threshold defines the dollar amount
- A district may establish a single capitalization threshold for all leases or different capitalization thresholds for different classes of leases **however, the capitalization thresholds aren't expected to change frequently from year to year.....**

Change to SDAM: Chapter 3, Page 3-52

Capitalization Threshold for Leases

- The threshold should be established at a small enough level such that the leases excluded would be clearly **trivial** ~~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.

Chapter 7 JE Illustrations for Contractual Obligations

The initial recognition of the contractual obligation and the Other Financing Source. Program 97 records the Capital Outlay.

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 of \$55,791 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.



Chapter 7 JE Illustrations for Contractual Obligations

The periodic payments to the contract/vendor; The charges for principal and interest payments go in Program 97.

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.



Chapter 7 JE Illustrations for Contractual Obligations

This DR/CR Transfer shifts the cost of the Contractual Obligation to the Program responsible for the acquisition and debt.

General Ledger Account	Subsidiary Ledger Required	Account Title	Debit	Credit
530	PP-AA-OXXX	Periodic Usage Fee – Charge to Program	1,000	
530	97-85-1XXX	Periodic Usage Fee – Credit from 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.



Work in Progress Changes to SDAM

- Clarifying guidance for Lease Term description.
- GASB Statement 101 Compensated Absences
- Possible Change for the ASB Local Tax Guidance (SB 6016)
- Possible Change to modify Indirect Rate Guidance
- Possible Changes to Transportation Guidance (SB 6031)
- Possible Change to Non-Voted Debt Guidance (SB 5969)

Other Old or New Business

- Prior to publishing a Bulletin announcing changes to the Accounting Manual, the document will be sent to SDAAC members for a final review.
- Any Additional Topics for Discussion?

Updated SDAAC Meeting Schedule

Postponing the next scheduled SDAAC meeting at this time			
Wednesday, March 13	9-11 am	OSPI Video- Conference	Regular Committee Meeting

- Future meeting dates to be determined.
- The expectation is for meetings to resume in June to begin work on changes to the **2025–26 Accounting Manual**.

Final Thoughts

If you have taken notes of today's meeting, I would appreciate having a copy. Your notes help as a reminder of items discussed.

Thank you for participating.



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