



Washington Office of Superintendent of  
**PUBLIC INSTRUCTION**  
Chris Reykdal, State Superintendent

To School District Business Officers:

As you know, the accounting requirements passed in March 2018 in E2SSB 6362 will be audited by the State Auditor's Office (SAO) in the upcoming audit cycle starting this month. These requirements include separate accounting for state and local revenue as well as accounting at the school building level. As part of the new law, local revenues can be used for enrichment purposes only.

State law defines enrichment in [EHB 2242](#), Section 501. The definition does not change the fundamental principle that the funding provided to school districts via the prototypical school funding model is for allocation purposes only. School districts still retain a tremendous amount of local control as it relates to how communities and school boards can best utilize resources to meet the diverse needs of their students.

OSPI has done extensive work with the School District Accounting Advisory Committee since the passage of the new law to provide districts the framework for accounting practices that implement the new requirements. We have also set the expectation that districts will have a documented plan for differentiating between expenditures of state and local revenue. This plan must adhere to the provisions established in EHB 2242 and be applied consistently across expenditure categories. This plan must be available for review by SAO upon request during the audit.

In spring of 2021, OSPI will be working with SAO and some school district accounting practitioners regarding best practices and lessons learned from the upcoming audit cycle. These conversations will serve as the basis for updated guidance in the 2021-22 school year accounting manual, as well as rules adopted by OSPI in late spring or early summer.

In partnership,  
Chris Reykdal  
Superintendent of Public Instruction

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