



# **Fiscal Year-End Update**

## **June 2018**

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**Statewide Accounting**

**OFM**

OFFICE OF FINANCIAL MANAGEMENT

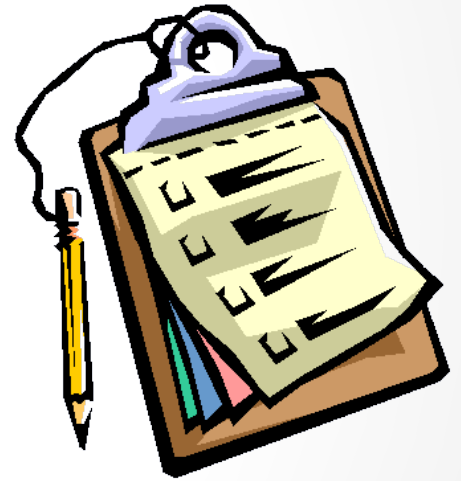
# Quote

How did it get so late so  
soon?

- Dr. Suess

# Today's Agenda

- Closing calendar for FY 18
- State YE Update
  - New GASB Standards
  - To do's & reminders
  - GL Reconciliations
  - Disclosure form changes
  - Certifications
- Training & Resources



# FY 2018 CAFR

- Again, our thanks to our state's fiscal staff at all agencies and the SAO CAFR audit team for helping us meet our CAFR timeline- we continue to be one of the top states issuing our CAFR!
- What's the goal for FY 18?

# Key dates for FY18 closing

- **June 29** – Cash cutoff
- **July 13** – Disclosure forms open
- **July 20** – Interagency billings mailed
- **July 31** – Phase 1 cutoff – accruals
- **August 17** –Phase 1B – early state disclosure forms, interagency receivables/payables, and pollution remediation site status report due
- **August 31** – Phase 2 close – agency adjustments complete, remaining state and federal disclosure forms due
- **September 12** – State certification form due
- **January 31, 2019**– Federal certification form due

# After Phase 2 close

- OFM Statewide Accounting analyzes AFRS data and disclosure forms
  - These activities often result in questions to the agencies so someone needs to be available to answer them.
  - No agency entries unless requested and/or approved by OFM.
- SAO audits the accounting data and the state's CAFR.
  - If you (or your auditor) find a material adjustment or error after Phase 2 close, contact us immediately!

# Governmental Accounting Standards Board (GASB) Statements

# Implementing GAAP

- New in FY18
  - GASB Stmt. 75 – Postemployment Benefits Other than Pensions.
  - GASB Stmt. 81- Irrevocable Split-Interest Agreements.
  - GASB Stmt. 82 – Pension Issues – amendment of GASB Statements 67, 68, and 73.
  - GASB Stmt. 85 – Omnibus 2017.
  - GASB Stmt. 86 – Certain Debt Extinguishment Issues.



# Implementing GAAP

- GASB 87 – Leases
  - Implementation 6/30/2021
- Major Projects - [www.GASB.org](http://www.GASB.org)
  - Revenue and expense recognition
  - Financial reporting model

# SAAM Update June 1

- No significant changes to Chapter 75.
- Added 25 new accounts.
- Added new subobject BK.

# Administering Agency Responsibilities



- Administering agencies provide general oversight of financial accounting records at the Account level
  - Monitoring cash
  - Investigate unusual activity and/or GL balances
- Alert OFM Budget and SWA about fund balance or cash issues

# To Do's & Reminders

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- Watch your spending - no overspent appropriations
- Record revenues and expenditures in correct fiscal year
- Interagency billings
  - Mailed out by July 20<sup>th</sup>
  - Estimates or actual
  - Communicate, communicate, communicate

# To Do's & Reminders

- Due to/Due from's
  - Most last year balances should be liquidated by now
  - Priority should be given to interagency receivables and payables – **DEADLINE Phase 1B 8/17/18**
- Liquidate over-accrued payables
  - Before Phase 2 close – adjust accrual
  - After Phase 2 close – immaterial prior period adjustment
  - If under-accrued payable – belated claim

# To Do's & Reminders

- Pollution remediation site status report **DEADLINE Phase 1B – 8/17/18**
- Adhere to the OST cash cutoff memo
- Receipt goods and services by 6/30
- Complete physical inventories
-

# To Do's & Reminders

- Clear In-Process (71xx) and Error reports
- Clear GL 9920
- Clear revenue sources 09xx
- Clear Account 01P Suspense
-



# To Do's & Reminders

- Run ER exception reports and clear all variances, such as:
  - Transfers
  - Assets with credit balances
  - Liabilities with debit balances
  - GLs with unchanged balances
  - Interfund/Interagency balances
- Record compensated absences

# To Do's & Reminders

- Capital assets
  - Record depreciation/accumulated depreciation
    - Use the correct trans code
  - Reconcile capital asset GLs to capital asset system
  - Review GL 2510 Construction in progress, and if complete, reclassify to appropriate capital asset GL
  - Use capitalization thresholds in SAAM 30.20.20
  - Enter in CAMS or agency capital asset system

# Unearned and unavailable revenues

- Unearned revenue GL Codes 5190/5290
  - Liability
  - Cash has been received, but the revenue has not yet been earned
  - Governmental & Proprietary fund type accounts
- Unavailable revenue GL Codes 5192/5292
  - Deferred inflow of resources
  - Applies to a future period so revenue will not be recognized until that time.
  - Governmental fund type accounts only

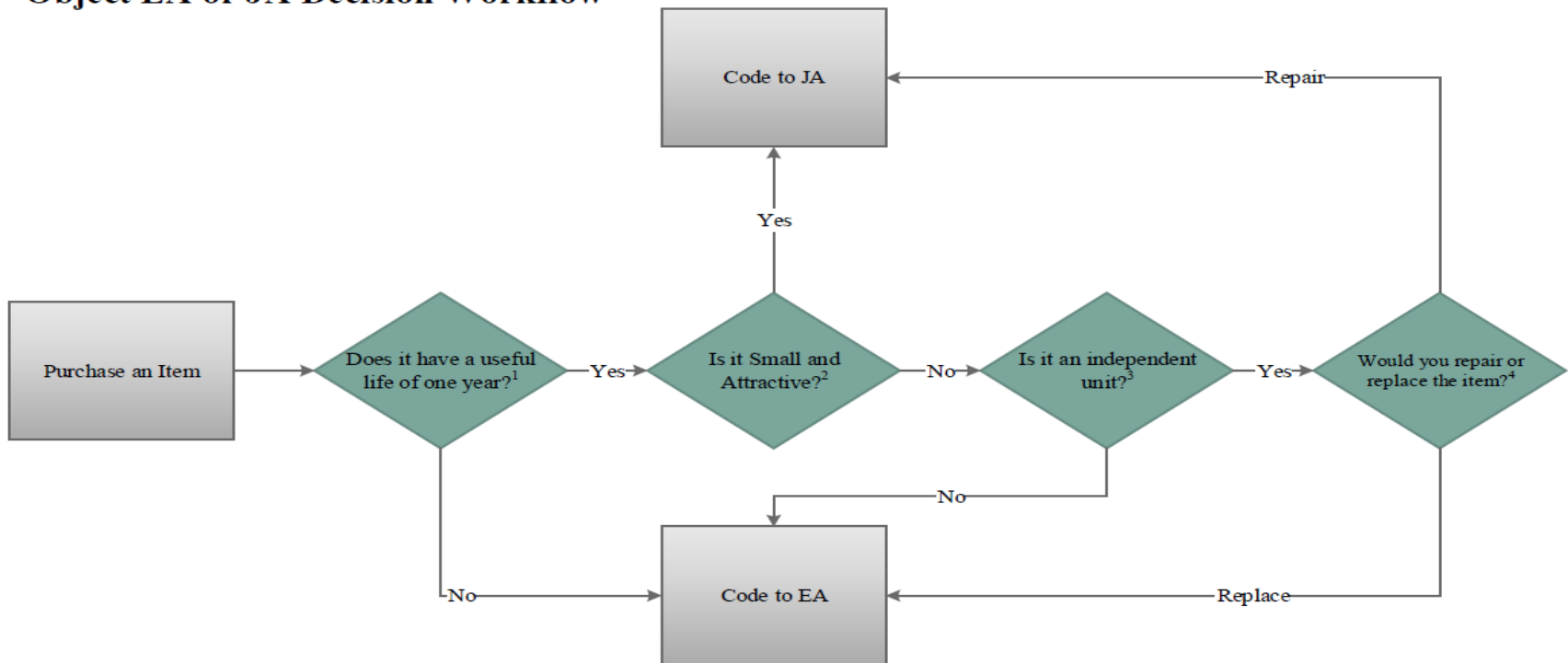
# Review your subobject codes

- Certain subobject codes are only to be used for interagency payments
- Do not use these codes for payments to outside vendors

	<b>Subject Title</b>	<b>Pay to:</b>
<b>EK</b>	Facilities & Services	DES
<b>EL</b>	Data Processing Services	CTS
<b>EM</b>	Attorney General Services	ATG
<b>EN</b>	Personnel Services	DES, OFM
<b>ET</b>	Audit Services	SAO
<b>EV</b>	Admin Hearing Services	OAH
<b>EW</b>	Archives & Records Mgt Services	Sec of State

# EA vs. JA

## Object EA or JA Decision Workflow



1 - Under normal conditions of use, including reasonable care and maintenance, it can be expected to serve its principal purpose for at least one year.

2 - Please refer to your agency's policy for Small and Attractive items; if none, refer to SAAM policy 30.40.20.

3 - It retains its original shape, appearance, and character with use. It does not lose its identity through fabrication or incorporation into a different or more complex unit or substance.

4 - If the item is damaged or some of its parts are lost or worn out, it is more feasible to repair the item than to replace it with an entirely new unit.

# IT Expenditures - X/Y Coding

## Sub-Objects and Sub-Sub-Objects that require X/Y coding per SAAM 75.65.20

Office of Financial Management  
 Statewide Accounting  
 September 22, 2017

	SO	SSO	SSO TITLE	Definition
C	CD		Computer and Information Services	The amounts expended for design, development, and/or implementation of agency information technology (IT) systems; project management for systems; quality assurance on, or evaluation of IT systems; development of significant IT strategic plans; and business analysis related to the IT needs of an agency. Also includes services to analyze, enhance, modify or implement computer systems or telecommunications systems; IT security analysis and security vulnerability assessments; business analysis of agency IT system; disaster recovery planning services; and IT systems analysis.
E	EY		Software Licenses, Maintenance, and Subscription-Based Computing Services	Amounts expended for purchased software or licenses of commercially available software with a useful life of one year or less, including upgrades and/or maintenance agreements. Software licensing includes, but is not limited to, the right to use the software, support for the software, and upgrades.
J	JB		Noncapitalized Software	The amounts expended for purchased software or licenses of commercially available software, types of intangible assets, with a useful life of greater than one year and not considered a capital asset in accordance with the state's capitalization policy in Subsection 30.20.20.
J	JQ		Software	The amounts expended for purchased software or licenses of commercially available software, types of intangible assets, with a useful life of greater than one year and considered a capital asset in accordance with the state's capitalization policy.

# IT Expenditures - X/Y Coding

## Sub-Objects and Sub-Sub-Objects that require X/Y coding per SAAM 75.65.20

Office of Financial Management  
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September 22, 2017

Object	SO	SSO	SSO TITLE	Definition
E	EA	A410	IT Supplies	Costs associated with purchase of IT supplies.
E	EB	0026	Leg Domain Name Registration	
E	EB	B010	Internet Service	Costs associated with modems, routers, circuits, gateways, Digital Subscriber Lines (DSL), internet access and other bundled service costs designed to transmit data. Does not include website hosting services (refer to EY).  Excludes charges from Consolidated Technology Services (WaTech).
E	EB	B020	Mobile Phone Service	Costs associated with the use of mobile phones and hotspot devices; includes all one-time and recurring charges; roaming and additional call and data charges should be coded here as well.  Does not include the actual mobile device itself (refer to JA).
E	EE	E050	IT Equipment	Costs associated with installation, repairs and maintenance of information technology (IT) equipment such as computers, servers, other IT hardware, copiers, printers, phone equipment, voice and data lines, and (non-leased) multi-function devices. Does not include maintenance agreements on IT equipment.
E	EE	E060	Radio Equipment	Costs associated with repairs and maintenance of radio equipment. Inclusive of maintenance agreements.
E	EE	E110	IT Equipment - Maintenance Agreements	Costs associated with maintenance agreements on IT equipment.
E	EH	H080	Computer Rental / Leases	Costs associated with rent/lease of computers and other information technology (IT) hardware such as servers.
E	EH	H160	Multi Function Device Lease Long Term	Costs associated with rent/lease of copiers that provide printing, reproduction, scanning, facsimile and other functions. This does not include equipment/service that is part of managed print service contracts. For a period of time one year or greater.



# IT Expenditures - X/Y Coding

## Sub-Objects and Sub-Sub-Objects that require X/Y coding per SAAM 75.65.20

Office of Financial Management  
Statewide Accounting  
September 22, 2017

Object	SO	SSO	SSO TITLE	Definition
E	EH	H170	Multi Function Device Lease Short Term	Costs associated with rent/lease of copiers that provide printing, reproduction, scanning, facsimile and other functions. This does not include equipment/service that is part of managed print service contracts. For a period of time less than one year.
E	EH	H165	Multi Function Device - Overages	Costs for overages associated with managed function device leases. This includes charges for copies above the maximum allowed in the lease and any other extra costs not included in the lease rate.
E	ER	R230	IT Services	Costs associated with providing various routine IT Services (e.g., coding, adjustments, etc.), generally very prescriptively documented via contractual language (clear deliverables, SLAs, etc.) executed at the direction of state-employees.
J	JA	A010	IT Equipment	Costs associated with noncapitalized IT equipment with a useful life more than one year. Includes mainframes, personal computers, servers, printers, copiers, plotters, and other devices.
J	JA	A030	Radio Equipment	Costs associated with noncapitalized radio equipment that meets the criteria in SAAM XX.XX (see EA/JA Flowchart on COA Reference Page).
J	JA	A060	Telecommunication Equipment	Costs associated with noncapitalized telecommunications equipment that meets the criteria in SAAM XX.XX (see EA/JA Flowchart on COA Reference Page).
J	JC	C020	IT Equipment	Costs associated with the purchase of capitalized IT equipment. Includes mainframes, personal computers, servers, printers, copiers, plotters, and other devices.
J	JC	C040	Radio Equipment	Costs associated with the purchase of capitalized radio equipment.
J	JC	C070	Telecommunication Equipment	Costs associated with the purchase of capitalized telecommunications equipment.

# Transfers

- Be sure to use the correct Trans Code so that transfer amounts show up correctly as debits or credits in AFRS
- Transfers from one Account to another Account within the same agency must be in balance

# To Do's & Reminders

- Analytical review
  - In terms of the \$ amount change or the % change, is the current year-end balance reasonable?
  - Review your Trial Balance
    - Have prior year short-term receivables & payables been liquidated?
    - Do I have all GL activity reported and in the correct GL?
    - Do the balances agree with supporting documentation or internal system?

# To Do's & Reminders

- All agency entries should be completed by August 31<sup>st</sup>!
- Disclosure forms complete by August 31<sup>st</sup>!



# General Ledger Reconciliations

# GL Reconciliations

GL reconciliation means you know what makes up the balance in each GL and you have a plan for any action that is needed. This includes prior year or prior biennium GL balances that need to be corrected.

# GL reconciliations

- General ledger (GL) reconciliations should be up-to-date
  - All GLs should be reconciled
    - Agree with subsidiary records
  - An error in one GL may mean an error in another GL

Example: A receipt was credited to GL 1312 A/R, when it should have been credited to GL 1319 Other Receivables. Now both GL balances are wrong.
  - Agency director and CFO certification

# Disclosure Forms



# State Disclosure Form Security

- Each agency has a security administrator (form required). They can add new users with *View or Edit access*.
- Log in after 7/13 to verify that your username & password are working.

# State Disclosure Forms

## SAAM Section 90.40

- Not every form will apply to your agency
- Some of the forms are questionnaires
- Some of the forms prefill with AFRS beg/ending GL balances and require you to fill in the actual increase and decrease activity for the FY.

# Phase 1B - Certain disclosure forms due 8/17/18 (90.40.10)

- Early disclosure for:
  - 4 Cash & Investment forms
  - 3 Bond forms
  - 2 COP forms
  - Internal Control Questionnaire form (new)
- Request an extension in writing from SWA if the early date can't be met

# State Disclosure Forms

- 4 forms are now **required** to be completed by all agencies
  - State Financial Disclosure Certification
  - Miscellaneous
  - Cash and Investments Restricted Disclosure
  - Internal Control Questionnaire (new)
- Certain forms are specific only to certain agencies: OST, DRS and Higher Ed

# DF - New for FY18

- Revised Bond Sales Form (90.40.55.C)
  - Added additional clarifying questions related to Defeased Bonds.

# DF - New for FY18

- Miscellaneous Disclosure (90.40.75.A)
  - Revised the wording to question 5
  - Removed the Internal Control Officer question – moved to new Internal Control Questionnaire form
  - Added new question – Irrevocable Split-interest Agreements

# DF - New for FY18

- Internal Control Questionnaire Disclosure (90.40.80.A)
- Three state and one federal question
  - Internal Control Officer
  - Risk assessment - general
  - Internal audit program
  - Risk assessment – federal

# **State Financial Disclosure Certification SAAM 90.40.95**

Revised the wording for three of  
the statements on the  
Certification form

28 statements



# State Financial Disclosure Certification form 90.40.95

- Read all 28 items listed
- Signed by Agency Director & CFO
- Include attachments, if applicable
- Email scanned signed copy with required attachments - **due 9/12/18**
  - Re-sign & re-submit if material changes are made after the original submission

# Financial Disclosure Certification

## SAAM 90.40.95

**Attachments** may include:

- Narrative disclosing deficiencies in internal control
- Pollution remediation site status report
- Narrative related to a Service Organization Control (SOC) report
- Certification related to the use of a specialist
- Narrative disclosing changes to methods of measurement, assumptions, or interpretations related to federal expenditures
- Narrative related to certification exceptions detailing variances and proposed or completed corrective action

# Service Organizations & SOC reports

A **Service Organization** is a 3rd party that processes or stores information or handles business transactions on behalf of its customers (in your case, a state agency).

Examples:

Software as a Service (Provider 1 - HCA)

3rd party Toll Collection business - DOT

# Service Organizations & SOC reports

If your agency uses a service organization and

1) The dollar value of the transactions processed by the service organization is **material** to the CAFR, or

2) A SOC report is required by federal regulation

Then obtain a SOC report and attach a narrative to the state certification detailing:

Period covered, Nature of service provided, Summary of the report (don't send the report), any follow-up actions taken to address weaknesses noted in the SOC report.

For questions about materiality contact your SWA accounting consultant.

# SOC reports

SOC Reports provide information users need to assess and address the risks associated with an outsourced service.

# Common disclosure form problems

- User can't get into the application
- Changes are made in AFRS, but the related disclosure form isn't updated
- Variances aren't explained
- Certification forms aren't submitted timely

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# Training & Resources

# Year-end training classes

## Update classes

- State Fiscal Year-end Closing
- Federal Fiscal Year-end Closing

## Workshops

- Expenditures & Payables
- Revenues, Reconciliation, & Phase 2 Adjustments



# Other Recommended Training Classes

- General Ledger Review
- General Ledger Reconciliation: Basics
- GL 5111 Accounts Payable Reconciliation
- In-Process Report Training
- Administering Agency
- Intro to GAAP
- Internal Control: Basics
- Payroll Revolving Account Reconciliation
- Health Insurance Reconciliation
- Accounting for Capital Assets

# Resources

## SAAM

- <http://www.ofm.wa.gov/policy/default.asp>

## Year-End Resources

- <http://www.ofm.wa.gov/resources/yearend.asp>

## Enterprise Reporting

- <http://reporting.ofm.wa.gov/businessobjects/enterprise10/eportfolio/en/logonform.csp>

# Questions?

