

# State Fiscal Year-End Closing

Office of Financial Management

Statewide Accounting

May 2012

# Today's Agenda

- Closing schedule for FY
- 12 FY end to do's/reminders
- Disclosure form changes
- New GASB Standards
- SAAM updates

# Faster CAFR Initiative

Thanks to the fiscal staff at all state agencies we met our goal to publish the FY 11 CAFR early – November 22<sup>nd</sup>!

Why the push for an earlier CAFR?

What's the goal for FY 12?

<u>Date</u>	<u>FY 12 Closing Calendar</u>
6/29	Last day of the fiscal year, cash cutoff
7/23	Interagency billings mailed
7/31	Phase 1 closes
8/1	Disclosure form application opens
9/7	Phase 2 closes – agency adjustments completed*. Disclosure form application closes, state & federal forms are due.
9/21	State disclosure certification form is due.
10/5	Phase 3 closes, audit adjustment phase
12/7	Federal assistance certification form is due
	* early close by Community Colleges on 8/16, DOT on 8/15.

# Interagency Billings 90.20.50

- **Mail by July 23<sup>rd</sup>** (*Even if you need to use estimates. Mark it clearly as an “estimate.” Follow up with the actual bill as soon as possible.*)
- Start reconciling early by cleaning up old balances.
- Communicate with each other!
- Be aware of using appropriate agency numbers for consolidated agencies like DES!

# Phase 2 Agency Adjustment Phase

- All AFRS entries should be entered by Phase 2 close (September 7th).  
SAAM 90.20.70
- Our goal is to publish the CAFR early again for FY12 (November 16th) so we need accurate, complete data by Phase 2 close.

# Phase 3 Audit Adjustment Phase

If you (or your auditor) find a material error after Phase 2 close contact us!

# **Fiscal Year End to do's & reminders**

## **Review your In-Process 85.50.40**

- Review your AFRS unbalanced In-Process and error reports regularly.
- Research and clear items asap.
- Take the “In-Process Report” training class.

# GL 9920 Clearing Account

- The CAF005 Clearing Accounts Review (GLs 9910 and 9920) ER will soon be in production.
- It's still very important to check
- Use the report from AFRS or EOS in the mean time.

# Reconcile your GLs 90.20.70

- Assets and liabilities must be properly and completely stated .
- Revenues and expenditures/expenses must be recorded in the proper period with the correct coding.
- GL codes with subsidiary accounts must be reconciled to the subsidiary records.

# What could happen if you don't reconcile your GLs?

1. Unreliable financial data
2. Audit findings
3. Theft or fraud
4. Appropriations overspent
5. Large prior period adjustments
6. Embarrassing media attention

# What are the benefits of reconciling your GLs?

1. Accurate financial data
2. Detect/fix errors (in a timely manner)
3. Detect/prevent fraud (good internal controls)
4. Be in compliance with SAAM & agency internal policies

# Review your Trial Balance Report

- Are all the Accounts and GLs valid for my agency?
- Is there current year activity in each GL, if appropriate?
- Are Asset & Expenditure GL balances debits and Liability & Revenue GL balances credits?
- Are the GL balances correct? Does my agency internal system or supporting documentation agree to the amounts on the AFRS trial balance?

# Which Accounts typically have GL problems?

## 01P Suspense Account

Run an ER trial balance report & check the AFRS In-Process reports. Clear asap.

## 035 State Payroll Revolving Account

- Run an ER trial balance report and reconcile each GL.
- Take the “Payroll Revolving Account Reconciliation” class.

## **Construction in Progress GL 2510**

- Review & reconcile GL 2510
- When projects are complete move them to the appropriate capital asset GL.
- Properly record the adjustment for asset classification in your capital asset system (CAMS or other authorized system).

# Review your subobject codes

Certain subobject codes are to be used only for interagency payments, not for payments to outside vendors.

<b>Code</b>	<b>Subobject Title</b>	<b>Pay to:</b>
<b>EK</b>	Facilities & Services	DES
<b>EL</b>	Data Processing Services	DES, OFM, CTS
<b>EM</b>	Attorney General Services	AG
<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
<b>EX</b>	OMWBE Services	OMWBE

# Receive Goods & Services by June 29 90.20.25

Goods and services must be received by calendar day June 29 to be included as an expenditure/expense or asset in FY12. If received after calendar day June 29 it's FY13.

# Use ER Reports

ER Reports show problems and help with researching AFRS activity.

Favorites:

- Questionable balance – Assets (option B\*)
- Questionable balance – Liabilities (option B\*)
- GL Accounts with Unchanged Balances
- Interagency & Interfund receivables/payables
- General Ledger Analysis Flexible

\* Option B includes the subsidiary GL accounts

# Immaterial Prior Period Adjustments

## GL 3215 90.20.15

Debits to revenue source 0485

“Immaterial Prior Period Adjustments”  
are generally not appropriate and  
require OFM approval.

ER report: “Prior Period Adjustment  
Activity”

# Clean up any remaining estimated accruals from a prior period

- **Timing:** Make the adjustment when it is expected that no further payments will be made.
- Normally within 12 months of the end of the EA period, but no later than 2 years.

# Interagency accruals 90.20.50

- Remember that EFTs, IAPs & IFTs are the most efficient & cost effective means of payment (85.36.10).
- The effective date is the date cash is credited to the receiving agency by OST.
- Be aware of any AFRS processing lag time.
- Recently the ACH process changed from a three to two day lag.

# Interagency payments via Warrant

The date on the warrant determines the payment date.

You pay another state agency (that has a local account) with a warrant dated June 29<sup>th</sup> and they don't receive it until July 2<sup>nd</sup>. Do you need to set up a payable at June 29? No. The date on the warrant is the effective date.

# Administering Agencies

# Are you an Administering Agency?

Administering agencies are designated by OFM to provide general oversight of financial accounting records at the Account level.

- Check the Fund Reference Manual on-line #3 “Account Listing by Administering Agency.”
- Run an ER Admin Agency Trial Balance report  
Admin Agency = your agency #  
Account = \* (all)

ER report folder: Financial Reports/Administering Agency

# Admin Agency Responsibilities

80.10.90 and 90.10.40.c

Review Asset, Liability and Fund Balance GLs

Review Cash and In-process GLs

Alert OFM Budget about fund balance issues

Contact your OFM SWA consultant about  
unusual activity and/or GL balances

Sign up for the “Administering Agencies”  
training class for more information

# **FY-End Financial Reporting classes**

- State Fiscal Year-end Closing Update
- Federal Fiscal Year-end Closing Update
- Expenditures & Payables workshop
- Revenues, Reconciliations, and Phase 2 Adjustments workshop

# OFM On-line Resources

## Year End Closing Resources:

- AFRS/CAFR closing schedule
- OST cash memo
- June cash transaction effective dates
- Most common AFRS tran codes for year-end
- Interagency receivable/payable contact list

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

# Disclosure Forms

# State Disclosure Forms 90.40

## State Financial Disclosure Certification form

- Read the 19 items listed
- Signed by Agency director & CFO
- Include attachments, if applicable:
  - AG letter on litigation
  - Site Status Report for Pollution Remediation
  - Any exceptions to the certifications
- Due 2 weeks after Phase 2 close (9/21/12).

# **State Disclosure Forms 90.40**

**State Financial Disclosure Certification form #1** “The transactions recorded in AFRS for FY 12 accurately & completely reflect our agency’s activity & ending account balances for each of the accounts listed below.”

# State Disclosure Forms 90.40

**State Financial Disclosure Certification form #13** “. . . The balances shown for capital assets in AFRS reflect fairly our agency’s capital assets on June 30 and these balances have been reconciled to our authorized capital asset subsidiary system.”

# **State Disclosure Form Changes –FY 12**

## **Deferred Revenue Form**

Modified the deferred revenue form to reflect the changes to deferred revenue and added new unearned revenue general ledgers (GL 5190 & 5290).

Agency Code: \_\_\_\_\_ Agency Title: \_\_\_\_\_

**90.40.50.A Deferred and Unearned Revenues Disclosure**

Choose the appropriate "Type of Deferred/Unearned Revenue" that best applies. Limit use of the "Miscellaneous/Other" type. Credits should be entered as positive amounts.

Account Code & Title	GL Code & Title	Type of Deferred/Unearned Revenue	Comments or Description of Miscellaneous/Other (required)	Amount	Recognition Criteria	Source of Funds

**Reconciliation**

Account & GL Code	Entered Amount	AFRS Amount	Difference (Must be zero)

# **New GASB Standards**

# **GASB 54 – FY11**

## **“Fund Balance Reporting and Governmental Fund Type Definitions”**

# **GASB 59 – FY11**

## **“Financial Instruments Omnibus”**

Updates existing standards regarding the financial reporting of certain financial instruments & external investment pools.

# SAAM Updates

SAAM directives are posted on  
our website

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

# Statewide Project Type Codes 75.65

## Effective July 1, 2010:

- Added mandatory project type codes to the statewide chart of accounts
- Requires certain IT expenditures to be coded as:
  - X:** Acquisition/New Development
  - Y:** Maintenance and Operations
- Deferred for Higher Ed until FY2013

# Chapters 90

**Effective June 1, 2012:**

- Chap 90 – the State year end changes we just reviewed.

# June 7, 2012 SAAM Update

Issued in May

Chapters 10 Travel, 25 Payroll, 30 Capital Assets, 45 Purchase Cards, 75 Chart of Accounts, 85 Accounting Procedures

# July 1, 2012 SAAM Update

Issued in June

Chapters 25 Payroll, 30 Capital Assets, 75  
Chart of Accounts, 80 Accounting Policies,  
85 Accounting Procedures

# Contacts and Resources

**OFM website** <http://www.ofm.wa.gov/>

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

## **Enterprise Reporting**

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

**AFRS Help Desk** (360) 407-8182

Email: [afrshelpdesk@ofm.wa.gov](mailto:afrshelpdesk@ofm.wa.gov)

**Bret Brodersen** (360) 725-0229

Email: [bret.brodersen@ofm.wa.gov](mailto:bret.brodersen@ofm.wa.gov)