

State Disclosure Forms



Fiscal Year 2015
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Agenda

- General information
- Review each of the 21 state disclosure forms in detail
- What data should be reported?
- How and where should it be reported?
- Practice exercises

General: What are they & why do we need them?

- It's a web based application
- Forms are completed on-line
- All state agencies complete the forms, as applicable
- The forms provide information that is not available in AFRS for the CAFR and the Federal Single Audit report

General, continued

- All financial information reported in the disclosure forms should be reconciled to AFRS
- Detailed instructions are in SAAM Section 90.40
- Disclosure Form changes are communicated via:
 - SAAM directive, email, this training

General, continued

- It's a one year system so save or print out your forms so you have a copy to refer to next year.
- Why do we make changes to the application every year?
 - New accounting standards, enhancements, fix bugs

General, continued

FYI - How to pdf a disclosure form:

1. File, Print
2. Select Adobe PDF, instead of your default printer
3. Save the pdf in the appropriate folder

General, continued

- 21 state disclosure forms
- Not every form will apply to your agency
- Some of the forms are questionnaires with Yes/No buttons
- Other forms prefill with your AFRS beg. & ending GL balances and you must fill in the actual increase and/or decrease activity for the FY₇

General, continued

- Tips screen – includes helpful hints
- Reconciliation boxes – Compare what you entered to the AFRS amount. Differences should be zero, or provide an explanation.
- Save button – Use it before you leave the form so you don't lose the data that you've entered.
- Error messages – Display in red at the top of the form. Must be addressed before you can continue.

Security

Each agency has 1 or more security administrators(form required)

They can:

- Add new users (Edit/View access)
- Change a user's status (Active/Inactive)
- Change a user's role (Edit/View)
- Reset a user's password

Log in after 7/15 to verify that your username & password are working

Disclosure Form Dates

7/15 – 9/4/15	Application is open
8/21/15	Early Phase 1B forms are due
9/4/15	Phase 2 closes, remaining state and federal forms are due*
9/16/15	State Certification form is due

* may be re-opened for agency corrections on a day by day basis if needed, contact SWA

When is the application open? How often is it updated?

Data may be entered in the DF application 24/7.

AFRS data is updated nightly (Monday - Friday).

The updated AFRS data is available in the disclosure forms the following morning.

Start Early

Start working on your disclosure forms early, as they may highlight adjustments that you need to make in AFRS before Phase 2 close.

“Procrastination makes easy things hard, hard things harder.”

2 Required Forms

2 forms are required to be completed by all agencies:

- Financial Disclosure Certification
- Miscellaneous

Certain forms are specific to certain agencies: OST, AOC, Higher Education

Quick Quiz

1. What chapter & section in SAAM has the state DF instructions?
2. When does the DF application open?
3. What is the early Phase 1B due date?
4. What is the Phase 2 due date (remaining state & federal forms are due)?

Quick Quiz

5. What if I find an error after Sept 4th? Can I fix it?
6. Name a form that every agency has to complete.
7. What date is the state certification form due?
8. The key to success with Disclosure Forms is to start _ _ _ _ _.

Lead Sheet

- View or Edit access is based on your security
- Forms are grouped by when they are due (3 due dates) **New**
- Link to form instructions in SAAM
- If a form pre-fills with AFRS data it will be marked "Required" on the Lead Sheet

Lead Sheet

- Read the instructions in SAAM for each form to determine if a form applies to your agency this FY
Do not rely on the Lead sheet or you might miss a form that is required for your agency.
- “Completed” status column (mark each form Yes, No, or N/A)

Phase 1B Forms Due 8/21/15

3 Bond forms

4 Cash forms

COPs (Certificates of Participation)

*Request an extension if you'll be late
(can't be later than Phase 2 close on
9/4/15)

3 Bond Forms 90.40.55

Agencies that issue bonds and/or pay bond debt service must complete the 3 Bond forms

Required for these agencies:

- 010 OST
- 163 CTS
- 179 DES
- 235 L&I (OST enters for them)
- 310 DOC
- All Colleges & Universities

3 Bond Forms 90.40.55

Bond Debt by Major Class:

Table 1 Reconciliation to AFRS

Prefills with AFRS beginning & ending balances by Account.

Type of Bonds:	GLs:
GO Bonds	5161, 5261
GO zero coupon bonds	5164, 5264
Revenue bonds	5162, 5262, 5167, 5267, 1667
Other bonds payable	5169, 5269

Bond Debt by Major Class

- Enter Debits (Retirements/Principal paid)
- Enter Credits (New bond issues)
- In Account 999
 - Debits = subobject PA "Principal"
 - Credits = new bond issues (revenue source codes 0860, 0864, 0865, 0859)
- In Proprietary type accounts Credits (increases) = Par of the new bond issues
- Ignore reclassifications between ST & LT GLs when entering debit/credit activity

Bond Debt by Major Class

Table 2 Debt Service Schedule

- An amortization schedule of principal & interest to be paid in future years
- Separate columns for GO & Revenue Bonds
- Enter data by FY for the life of the bond(s)

Table 3 Reconciliations

- Compares the total Ending Balances in Table 1 to the total Principal amount in Table 2
- Compares the ST principal amount (next FY) to ST GL amount

Bond Debt by Major Class

Table 4 Enter type of bond, low & high interest rates

Table 5 Enter purpose, type of bond & amount authorized but unissued at 6/30. (Typically only OST & UW complete this)

Table 6 Prefills with AFRS beg & ending balances for GLs 5212, 1910 & 5910 (accrued interest, unamortized discounts & premiums). Enter debit & credit activity. Note related amortization should be in GL 6512 or 6593 subobject WB.

Bond Debt by Major Class

Table 7 For Revenue bonds only.

Enter details about pledged revenues:

Source of revenue, current & future revenues pledged, description, purpose, term.

If "other" is chosen explain in the Comments box.

Table 8 Reconciles Table 2 & 7. Revenue bond principal + interest (Table 2) is compared to future pledged revenues (Table 7). Future pledged revenue should be \geq future debt service.

Bond Debt Refunding Activity

Did your agency refund existing bonds this FY?

If yes, enter the details: date, par amounts (old & new bonds), average interest rates, gross debt service savings.

If your agency has done advance refundings and the defeased debt remains outstanding enter the amount.

Bond Payable General Disclosure

Answer each question Yes or No:

- Does arbitrage apply to your bonds?
- Do you have issues with the IRS about the tax exempt status of your bonds?
- Do you have variable interest rate debt?
- Are you planning to issue bonds between July 1 and December 31st?
- Did you capitalize bond interest expense in an enterprise fund type account this FY?

4 Cash forms

90.40.20

The 4 Cash forms are due early, Phase 1B
8/21/15

If all of your agency's cash & investments are in treasury accounts with OST (GLs 43xx) these forms won't apply to you.

If you have Local accounts or Cash & Investments (GLs 11xx or 12xx) you'll need to complete the 4 Cash forms (as applicable).

Cash and Investments

General Disclosure

Questions 4 & 5

- Apply to deposit accounts (checking, CDs, MM), not investments or LGIP
- List current bank name(s)

Cash & Investments

Restricted Disclosure **NEW**

AFRS June 30 balances are prefilled for GLs:

- 1140 & 1240 (Restricted Cash & Investments)
- 1150 (Cash with Fiscal Agents)

Provide an explanation of all amount(s). Does it meet the definition of “restricted”?

Report unspent bond proceeds and any other externally restricted cash & investments recorded in AFRS at June 30

Cash & Investments Restricted Disclosure

Do Exercise A

Cash on Hand and in Bank

- Prefills with AFRS data for GLs 1110, 1120, 1130, 1140, 1150 and 1240
- The total of the amounts in the Insured/Collateralized & Uninsured/Uncollateralized columns should equal the cash balance on the June 30 bank statement(s)
- Insured or Collateralized includes: FDIC, PDPC, NCUA

Cash on Hand and in Bank

- Uninsured/Uncollateralized includes:
Out-of-state banks and alien banks (rare) (requires a Comment about the reason/nature)
- Usually the book and bank balance are different due to outstanding checks or deposits in transit. All Variances require a "Comment".

Cash on Hand and in Bank

Do Exercise B

Certificates of Deposit (Non-negotiable) 90.40.20

- CDs held by agencies other than SIB are generally non-negotiable. They usually have a penalty if redeemed prior to maturity.
- Includes GLs: 1140, 1150, 1205, 1209, 1210, 1240
- Same notes as above about Insured or Collateralized or Uninsured/Uncollateralized.

COPs – Agencies 90.40.45

- **New form Certificates of Participation**
- Debt financing through OST for a capital asset purchase
- GLs 5173 (Short-term: principal due next FY) and 5273 (Long-term)
- Must agree with OST year-end COP report
- Decreases = Principal paid
- Increases = New COP issues
- Ignore ST/LT reclassification activity

COPs – Agencies 90.40.45

Governmental vs. Proprietary fund type accounts

New COP issue (increase to GL 5173/5273)

- In Account 999 (Governmental fund type accounts) should = revenue source codes 0807 + 0854
- In Proprietary fund type accounts the increase (credit) should = the par amount of the new COP

COPs – Agencies

Do Exercise C

COPs – OST 90.40.45

Completed by Agency 010 OST only

Provides data about future debt service payment for COPs (Certificates of Participation) statewide.

Quick Quiz

1. Name a form that is due early (Phase 1B)?
2. What if you can't meet the early Phase 1B due date? What should you do?
3. What's the latest date you can ask for as an extension?

Phase 2 Disclosure Forms

Due 9/4/15 Phase 2 close

Capital Assets 90.40.38

Table 1 Capital Assets Reconciliation to AFRS

Prefills with AFRS beginning & ending balances by Account for GLs 2xxx

Enter DR Additions (Acquisitions)

Enter CR Deletions (Disposals)

Capital Assets 90.40.38

Table 1 Capital Assets Reconciliation to AFRS

Enter Adjustments* * (if any)

- Immaterial prior year corrections
- Transfers between Agencies and/or Accounts
- Impairments (SAAM 30.20.90)

Difference from AFRS must be zero

* * See SAAM for sample entries for Account 997 immaterial prior period adjustments (90.30.35.f-h)

Capital Assets 90.40.38

Table 2 Depreciation and Allowance for Depreciation

- Prefills with AFRS data for Depreciation Expense GLs 6511 & 6591
- Enter the DR and CR activity
- Generally the debit to Depreciation Expense should equal the credit to Allowance for Depreciation
- Difference from AFRS must be zero

Capital Asset Reminders

- **Don't net activity!** Record acquisitions and disposals separately
- Check increases against capitalized subobject codes JC – JZ
- Check GL 2510 CIP (Construction in Progress). If a project is complete and placed in service the costs should be moved from CIP to the appropriate capital asset GL (buildings, software, etc).

Capital Assets Reminders

- Reconcile AFRS to CAMS (capital asset mgt system) or internal approved system – beginning & ending balances and current year activity
- Do a physical inventory at least once every other fiscal year
- When making adjusting entries use the “R” code when appropriate
- Website reference documents

Capital Assets Reminders

- The ending balance amount for each capital asset GL must be \geq to the associated allowance for depreciation GL (an easy check)
- Be careful when selling or disposing of capital assets, also remove the associated allowance for depreciation

Capital Assets

Do Exercise D

Inventory 90.40.35

Prefills AFRS data:

- Consumable inventories GLs: 1410, 1415
- Merchandise inventories GLs: 1420, 1430, 1440, 1450

Choose what valuation method you use:
FIFO, LIFO, WA, Other (describe)

SAAM requires an annual physical count &
AFRS adjustment (35.10.50.b & 35.10.65)

Lease form 90.40.45

Report data by fund type: Governmental and Internal Service or Enterprise

Table 1 Operating Leases

- Prefills AFRS data for subobjects ED and EH by Account and fund type
- Enter Payments to External Entities
- Enter Payments to Other State Agencies and Internal Payments within your Agency
- Explain any difference (ex – ST rentals)

Lease form 90.40.45

Table 2 Future Minimum Operating and Capital Lease payments

- Enter future payments to **external entities** (not state agencies) by FY.
- **Report only existing leases. Do not project into the future** if there is not a current existing lease with those terms, even if you will renew the lease when it expires.
- Reconciliation of capital leases to AFRS: agrees amount entered to GL 5172/5272 balance in AFRS. Difference should be zero.

Lease form 90.40.45

Table 3 Capital Leases & Capital Assets

The state is the lessee

Report by type of capital asset (land, buildings, equipment)

Generally the net value of assets reported here should be \geq the NPV of future minimum lease payments in Table 2

Lease form 90.40.45

Table 4 Future Operating and Capital Lease Receipts

It's rare that the state is a lessor

Enter data if leasing to **external entities** is a **significant** part of your agency's business in terms of revenues or assets

Lease form

Do Exercise E

Liabilities 90.40.45.B

Prefills with AFRS beg & ending balances by Account for certain Liability GLs 5xxx.

- Enter Decreases
- Enter Increases
- Ignore ST/LT reclassification activity
- Difference from AFRS must be zero
- **Change for FY15** moved COP liabilities to a separate form

Long-Term Construction Commitments 90.40.40

Enter data about CIP (GL 2510) projects and remaining commitments

List each significant project separately:

- CIP > \$2 million or
- Remaining commitment > \$10 million

Add non-significant projects together and enter as one line titled "Other Miscellaneous"

Miscellaneous 90.40.75

Answer each question Yes or No.

Depending on your agency, most or all of the questions may not apply to you.

Q #1: Grants/contributions restricted for
capital purposes

Q# 2: Art, Library or Reserve collections
not capitalized

Q #3: Donor restricted endowments

Miscellaneous 90.40.75

Q#4: Other Entities

- Discretely reported component units or related organizations
- Blended component units
- Joint ventures
- Segments

Q #5: Capital Assets that are permanently impaired and idle

Q #6: Pollution Remediation

Q #7: Nonexchange Financial Guarantees **New**

Pension and OPEB- Higher Ed

90.40.70

- Completed by 4 year Higher Ed institutions, SBCTC and SAC
- Information for Higher Ed Retirement and Supplemental Plans
- Enter data from an actuarial valuation
- Prefills GL 5281 Unfunded Pension Obligations
- OPEB liability – enter data from OSA actuarial valuation

Pension – Courts 90.40.70

Completed by agency 055 AOC only

Provides payroll data for agencies in the Judicial Retirement Account

Receivables 90.40.30

Modified for 2015 – new form title

Table 1: Taxes Receivable

Prefills AFRS data by Account and GL:

Taxes Receivable: 1311, 1328, 1611

Allowance for Uncollectible: 1341, 1348, 1641

Choose what type of tax it is:

Property, Sales, B&O, Estate, Fuel, Other

Receivables 90.40.30

Table 2: Other Receivables **New**

Prefills AFRS data by Account and GL if over \$5 million at June 30

GLs 1318, 1319, 1619

Choose what type of receivable it is from drop down box. Describe if Misc/Other.

Reconciliation box for both. Difference from AFRS must be zero

Transfers 90.40.60

Used to collect information about transfers between Accounts

- Intra-agency (Accounts within your own agency) ** *most common*
- Inter-agency (between Agencies)

Transfers 90.40.60

The Reconciliation box prefills with the AFRS credit activity in the Receiving Account for:

- GL 65xx Object M (interfund operating transfer)
- GL 32xx revenue sources 0613-0699 and 0484 (excludes sources 0623, 0649, 0677, 0683, 0690)

Transfers 90.40.60

- You may need to fix your data in AFRS before you can complete this disclosure form.
- Describe if transfer is > \$20 million.
- Difference from AFRS must be zero by Account

Check your ER Transfer Report

- The Debit column should only have debit amounts
- The Credit column should only have credit amounts
- Each line should have a debit or credit amount, but not both
- Total Debits = Total Credits, net to zero
- If the ER Transfer report is ok the disclosure form will be much easier to complete

Transfers 90.40.60

For Inter-agency transfers:

- Paying account is blank
- List agency # the transfer was received from
- This form is filled out by the agency that received the transfer in
- The agency that paid the transfer out does not report it in disclosure forms

Transfers

Do Exercise F

Unavailable and Unearned Revenue 90.40.50

Prefills AFRS data by Account & GL

- 5190/5290 Unearned Revenue
- 5192/5292 Unavailable Revenue
- 5195 Deferred Expenditure Recoveries

For each Account/GL choose:

- Type
- Recognition Criteria
- Source of Funds (Federal/State/Private/Local)

Unearned Revenue 90.40.50

Unearned means the earnings process is not yet complete. You received the cash but you haven't earned it yet.

Key: \$ has been received, not yet earned

Allowed in both Governmental and Proprietary fund type accounts.

Examples:

- A grant received in advance
- Prepaid tuition and fees
- Prepaid tolls

Unavailable Revenue 90.40.50

Unavailable revenue –You’ve earned the revenue but you won’t receive the cash in the next 12 months

Only allowed in Governmental fund type accounts

Limited Usage

Example:

Revenues associated with a LT receivable such as a contract for the harvest of timber that extends beyond 12 months

Unavailable and Unearned Revenue 90.40.50

Type choices: charges for services, child support, donable goods, grants or donations, taxes, timber sales, miscellaneous (describe)

Recognition criteria choices (choices depend on the GL): prepaid revenue, advance payments, LT receivables, etc

Source of funds: Federal, State, or Private/Local

Difference from AFRS must be zero

State Certification

Due 9/16/15

Financial Disclosure Certification 90.40.95

- Required for all agencies
- Signed by your Agency head & CFO
- The form includes 26 items that they are certifying to
- Check for required attachments

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

SOC reports

Service Organization Control Reports are reports prepared by CPAs on the internal controls 3rd party providers (service organizations) have over outsourced services or processes that impact a user state agency.

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

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 (Title 45 CFR 95.621)

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 report₇₆

Service Organizations & SOC reports

If a SOC report has not been obtained, or a report for the current period is not available, attach a narrative about the service provided and the reason why a SOC report has not been obtained or is not available

For questions about materiality contact your SWA accounting consultant

Refer to the article in the Winter 2015 Connection for more information and our website resources – “internal control” webpage.

Financial Disclosure Certification 90.40.95

New and revised certifications

- # 5 – Auditor and law violations
- # 6 – Relevant communications
- # 14 – Capital assets
- # 16 – Pollution remediation obligations
- # 17 – Service organizations
- # 19 – Significant assumptions **New**
- # 21 – Carrying balance of classification of assets, liabilities or net position

Financial Disclosure Certification Attachments

- #2 Disclosure of outstanding litigation such as a letter from the Attorney General's Office
- #7 Narrative disclosing deficiencies in internal control
- #16 Pollution remediation site status report
- #17 Narrative related to a Service Organization Control (SOC) report
- #18 Certification related to the use of a specialist
- #23 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

Financial Disclosure Certification 90.40.95

Email the signed form (and any required attachments) to OFM by September 16, 2015

Re-sign and re-send this form if significant changes are made after your original submission.

Common Disclosure Form Problems

- Users can't access the application
- Agencies don't start early
- Changes are made in AFRS but the related disclosure form isn't updated
- Variances aren't explained or the explanation isn't complete.
Generally the difference from AFRS must be zero.

Common Disclosure Form Problems, continued

- Form instructions aren't followed. For example, credits must be entered with a minus sign
- Certification form isn't submitted by the due date
- Attachments aren't included with the certification

Conclusion

- Start working on your disclosure forms early
- Remember early Phase 1B forms due 8/21/15
- Use the “Feedback” link to send us comments or suggestions for improvements
- Call OFM/SWA (not DES) with questions. SWA is the help desk.⁸³

Quick Quiz

1. The general rule is that increases & decreases should be reported separately, not netted (T/F)?
2. Name an example of a capital asset adjustment
3. Name one of the attachments to the certification form
4. Name one of the new forms for FY15

Feedback

- Please fill out the evaluation form
- What worked well?
- What didn't work very well?
- Next year include _____?
- Next year don't include _____?

Contacts and Resources

Disclosure form application

<https://disclosureforms.ofm.wa.gov>

SAAM

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

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