



# **Chapter 90**

# **State Reporting**



## 90.10 General State Reporting Policies

Section	Title	Effective Date	Page Number
90.10.10	Purpose and scope of these policies	June 1, 2016	<a href="#">929</a>
90.10.20	Authority for these policies	June 1, 2016	<a href="#">929</a>
90.10.30	Applicability	June 1, 2016	<a href="#">929</a>
90.10.40	Using the Agency Financial Reporting System (AFRS) - roles and responsibilities	June 1, 2019	<a href="#">930</a>
90.10.50	Some agencies have component unit reporting requirements	June 1, 2016	<a href="#">931</a>
90.10.60	Agency prepared reports must reconcile with AFRS and the ACFR	June 1, 2016	<a href="#">932</a>
90.10.70	Agencies must comply with reporting due dates	June 1, 2016	<a href="#">932</a>

### 90.10.10 Purpose and scope of these policies

June 1, 2016

Chapter 90 establishes the state reporting policies and procedures governing the accumulation of accounting data for reporting purposes and the preparation of the state of Washington's Annual Comprehensive Financial Report (ACFR).

### 90.10.20 Authority for these policies

June 1, 2016

All agencies are required by [RCW 43.88.110](#) to maintain accounting records and report thereon in a manner prescribed by the Budget and Accounting Act or associated regulations. Additionally, [RCW 43.88.027](#) requires the Governor, through the Director of the Office of Financial Management (OFM), to prepare and publish within six months of the end of the fiscal year, as a matter of public record, an annual financial report that encompasses all funds and account groups of the state.

### 90.10.30 Applicability

June 1, 2016

This chapter is applicable to and binding on all agencies of the state of Washington, unless otherwise exempted by statute or rule. The Budget and Accounting Act ([RCW 43.88.020](#)) defines the term "agency"



# State Administrative and Accounting Manual

to mean and include “every state office, officer, each institution, whether educational, correctional or other, and every department, division, board and commission, except as otherwise provided.” Agencies may request a waiver from complying with specific requirements of this chapter. Refer to [Subsection 1.10.40](#) for information on how to request a waiver.

---

## 90.10.40 Using the Agency Financial Reporting System (AFRS) - roles and responsibilities

June 1, 2019

---

The Agency Financial Reporting System (AFRS) functions as the statewide financial [accounting system](#). The financial data collected in AFRS is used to prepare a variety of reports including analyses for state level executive management and responses to inquiries for information from parties outside OFM. Because of the importance of financial reports in the management of state operations, it is essential that complete and accurate data be submitted to AFRS monthly.

To this end, the following roles and responsibilities have been established:

### 90.10.40.a

**OFM** is responsible for assisting agencies in complying with AFRS reporting and processing requirements.

This includes:

1. Training and consulting services regarding state policies, procedures, and regulations, as well as the processing of transactions and reporting of data in AFRS;
2. Assistance in resolving certain processing problems related to accounting and financial reporting standards, system functionality (including batch interface processing); and
3. Notification of missing or erroneous data, substantial system modifications and processing issues where possible.

### 90.10.40.b

**Agencies** are responsible for:

1. Ensuring that accurate and complete data is submitted to AFRS monthly.
2. Ensuring that they are in a position to respond to problems encountered with the integrity and/or transmission of agency data, especially during critical times such as AFRS month-end cut-off and during the fiscal year-end closing process.
3. Exercising appropriate control over data security.
4. Verifying the completeness, accuracy, and integrity of data submitted.



## State Administrative and Accounting Manual

5. Notifying their assigned OFM Accounting Consultant if data or other problems arise.
6. Reviewing balances in AFRS for accuracy and completeness and, as applicable, reconciling balances to subsidiary records.

### 90.10.40.c

**Administering agencies** are responsible for:

1. Reviewing the reasonableness of the asset, liability and equity balances of the accounts that they administer.
2. Alerting the assigned OFM Budget Analyst if any fund balance issues are noted.
3. Bringing to the attention of the administering agency's OFM Accounting Consultant all other unusual activity and/or balances. Refer to [Subsection 80.10.90](#).

### 90.10.40.d

**Agencies that use the batch interface process to submit data** are responsible for:

1. Ensuring that data is transmitted in a secure and reliable manner consistent with AFRS requirements.
2. Coordinating with OFM ITS on matters regarding the transmission and processing necessary to make the data available for processing by AFRS.

---

## 90.10.50 Some agencies have component unit reporting requirements

June 1, 2016

Reporting requirements prescribe two methods for reporting component units of the state in the ACFR. Depending upon a component unit's relationship with the state, it is either blended or reported discretely.

- **Blended component units** are reported as part of the primary state government just like a normal state agency. Data for blended component units is included in AFRS.
- **Discretely reported component units** are reported in a column separate from the primary state government. Component units discretely reported need to submit audited financial statements to OFM.

The OFM Accounting Consultant assigned to agencies identified as (or having) component units will work with agency personnel to provide additional information and assistance as needed to satisfy reporting requirements. If questions exist regarding component units or potential component units, contact the assigned OFM Accounting Consultant.



---

### **90.10.60 Agency prepared reports must reconcile with AFRS and the ACFR**

June 1, 2016

---

Agencies preparing and/or publishing agency financial statements are to use data submitted to AFRS and the Disclosure Forms application for inclusion in the state's ACFR. Any variance between the final AFRS data and agency issued financial statements is to be reconciled and disclosed in the notes of the agency's financial statements. However, if the separately issued report uses different reporting standards, the agency is to clearly indicate in the notes to their financial statements which standards were used and how they differ from those used in the state's ACFR.

---

### **90.10.70 Agencies must comply with reporting due dates**

June 1, 2016

---

Agencies are to adhere to the published due dates. This adherence allows the data to be consolidated by OFM and reported in accordance with prescribed time frames.



## 90.20 Fiscal Year-End Cut-Off Procedures

Section	Title	Effective Date	Page Number
90.20.05	Introduction	June 1, 2022	<a href="#">933</a>
90.20.10	Cash cut-off date and policies	June 1, 2016	<a href="#">934</a>
90.20.15	Prior period adjustments and corrections	July 1, 2020	<a href="#">935</a>
90.20.20	Revenue recognition	July 1, 2020	<a href="#">938</a>
90.20.25	Expenditure/expense recognition	July 1, 2020	<a href="#">940</a>
90.20.30	Expenditure/expense accruals for single year operating expenditure authority - mid-biennium	June 1, 2016	<a href="#">940</a>
90.20.35	Expenditure/expense accruals for biennial expenditure authority - mid-biennium	June 1, 2016	<a href="#">941</a>
90.20.40	Expenditure/expense accruals - end of biennium	June 1, 2016	<a href="#">942</a>
90.20.45	Unliquidated estimated accrued expenditures/expenses – immaterial prior period adjustments	June 1, 2016	<a href="#">943</a>
90.20.47	Shortages in estimated accrued expenditures/expenses in appropriated accounts – belated claims	June 1, 2016	<a href="#">943</a>
90.20.50	Interagency accruals	June 1, 2019	<a href="#">943</a>
90.20.55	Accounting estimates	June 1, 2016	<a href="#">946</a>
90.20.60	Interfund accruals	June 1, 2022	<a href="#">947</a>
90.20.62	Fund balance	June 1, 2016	<a href="#">948</a>
90.20.70	Adjustment and reconciliation activity	June 1, 2022	<a href="#">948</a>
90.20.80	Office of Financial Management analysis and ACFR preparation	June 1, 2016	<a href="#">956</a>
90.20.90	State Auditor’s Office audit	June 1, 2016	<a href="#">956</a>



## 90.20.05 Introduction

June 1, 2022

This section provides policies and procedures for closing a [fiscal year](#) and for the preparation of the state of Washington's [Annual Comprehensive Financial Report \(ACFR\)](#). The cut-off policy provides guidance for all state agencies to review their financial data and make necessary adjustments. The agency review and subsequent adjustments give the State Auditor's Office (SAO) reliable financial data on which to form an opinion and enable timely financial reporting.

The closing calendar for fiscal year 2022 is as follows:

- The last regular working day of the fiscal year is **June 30, 2022**. Refer to the Office of the State Treasurer's (OST) closing schedule for cutoff dates for treasury activity.
- **Interagency invoices** must be mailed by **July 25, 2022**. Refer to [Subsection 90.20.50](#).
- **Phase 1** is for agencies to record revenue and expenditure/expense accruals. Phase 1 closes **July 29, 2022**. Refer to [Subsections 90.20.20](#) through [Subsection 90.20.62](#).
- **Phase 2** is for agencies to record adjustments necessary to correct year end totals. Phase 2 closes **September 2, 2022**. Refer to [Subsection 90.20.70](#).

State disclosure forms must be completed by the due dates detailed in [Subsection 90.40.10](#), unless alternate dates are approved by the agency's assigned Office of Financial Management (OFM) Accounting Consultant.

Following the close of Phase 2:

- OFM analyzes Agency Financial Reporting System (AFRS) data and disclosure form submissions and prepares the state's ACFR.
- SAO audits the accounting data and the state's ACFR.

State agencies are not allowed to make entries in AFRS after Phase 2 close, unless approved by OFM.

A schedule of phase cut-off dates is published annually by OFM as part of the directive implementing these policies. Refer to the AFRS/ACFR Closing Schedule and other year-end closing resources at: <https://ofm.wa.gov/accounting/administrative-accounting-resources/year-end-closing>.

## 90.20.10 Cash cut-off date and policies

June 1, 2016

### 90.20.10.a

Cash cut-off is the last working (business) day in June. Cash activity occurring **after** this date is recorded in the ensuing fiscal year.



## 90.20.10.b Treasury accounts

Treasury account cash receipts received by an agency **on or before June 30** are recorded in Fiscal Month 12 or 24 as “in-process” cash prior to the June monthly cut-off. If these amounts are not deposited in the State Treasury on or before the OST fiscal year cut-off date (usually June 30), the entry by OST to treasury cash activity will be made in the ensuing period. Refer to [Subsection 90.30.20](#) for illustrative entries.

Treasury account cash disbursements **paid on or before OST's cut-off date** are recorded as "in-process" cash prior to the June fiscal month cutoff. Refer to [Subsection 90.30.50](#) for illustrative entries.

## 90.20.10.c Local accounts

[Local account](#) cash receipts deposited **on or before June 30** are recorded with a debit to GL Code 1110 “Cash in Bank.” Local account [cash receipts](#) received on or before June 30, but not deposited until **after June 30**, are recorded as a debit to GL Code 1120 “Undeposited Local Cash.” Amounts recorded as GL Code 1120 are reclassified to GL Code 1110 “Cash in Bank” when deposited in the local bank account. Refer to [Subsection 90.30.20](#) for illustrative entries.

Local account [cash disbursements](#) made on or before June 30 are recorded with a credit to GL Code 1110 “Cash in Bank.” Refer to [Subsection 90.30.50.a](#) for illustrative entries.

---

## 90.20.15 Prior period adjustments and corrections

July 1, 2020

---

Prior period adjustments are corrections of errors discovered after a fiscal year has been closed. There are two types of prior period adjustments, material and immaterial.

OFM makes the final determination as to whether a prior period adjustment is material or immaterial based on materiality at the reporting unit level or fund statement code level.

At the agency level, prior period adjustments that equal or exceed the threshold level computed annually at the roll-up fund level as listed in [Subsection 75.30.40](#) of this manual are to be brought to the attention of the agency’s OFM Accounting Consultant. For purposes of [Subsection 75.30.40](#), the threshold level is the lesser of (a) \$1 million or (b) the greater of the following two amounts: five percent of [roll-up fund](#) equity or one percent of roll-up fund gross activity (revenues plus expenditures/expenses). This threshold level is intended to identify adjustments for consideration of the cause and if there is a need to modify agency accounting processes so as to avoid similar adjustments in the future.

### 90.20.15.a Material prior period adjustments

Material prior period adjustments are reported as adjustments to beginning fund equity. If a material prior period adjustment is required, the following source documents are prepared by the agency, and copies are forwarded to the OFM Accounting Consultant assigned to the agency.





## State Administrative and Accounting Manual

- [Journal Voucher](#) - Forward a properly completed journal voucher or equivalent toolbox entry with supporting documentation referencing the attached footnote disclosure signed by the agency's fiscal officer indicating approval. Agencies assign the current document number and leave the reference document number blank.
- [Footnote Disclosure](#) - Include a description of the nature of the adjustment, and its impact on beginning balances.

### 90.20.15.b

Material prior period adjustments (except for Subsidiary Accounts 997 and 999) are offset to GL Code 9720 "Prior Period Material Corrections (OFM Only)." Refer to [Subsection 90.30.30.a](#) for an illustrative entry.

### 90.20.15.c

Material prior period adjustments to Subsidiary Accounts 997 and 999 are offset to GL Code 9910 "Current Period Clearing Account (Subsidiary Accounts Only)." Refer to [Subsection 90.30.30.b](#) for an illustrative entry.

### 90.20.15.d

All material prior period adjustments (as reflected on the agency prepared journal voucher) are entered in AFRS by OFM after approval by the OFM Assistant Director, Accounting Division.

### 90.20.15.e Immaterial prior period adjustments and corrections

Except as noted below, immaterial prior period adjustments in governmental fund type accounts are offset by a credit to GL Code 3215 "Immaterial Adjustments to Prior Periods" with Revenue Source Code 0485 "Immaterial Prior Period Adjustments."

In proprietary fund type accounts, if the immaterial prior period correction is related to a revenue, it should be adjusted through revenue and, if it is related to an expense, it should be adjusted through expense.

**Debits to Revenue Source Code 0485 "Immaterial Prior Period Adjustments" are generally not appropriate and require the approval of the agency's OFM Accounting Consultant.**

Adjustments to clear over liquidated payables or to write down inventory balances should be recorded as expenditures against the applicable expenditure authority code. Refer to [Subsection 90.30.35.b](#) for an illustrative entry.

Write-offs of accounts receivable balances should be debited to the related allowance for doubtful accounts per [Subsection 85.54.55](#). Absent an allowance account in a governmental fund type account, the adjustment should be debited to the revenue source code that was credited when the receivable was recorded. In a proprietary fund type account, if no allowance account exists, accounts receivable are written off to GL Code 6515 "Bad Debts Expense."



## State Administrative and Accounting Manual

If the write-off involves the receivable of federal or private/local revenues, agencies should contact their assigned OFM Accounting Consultant.

If the receivable originated through an offset to expenditures, then the adjustment to write down the receivable should be a reversal of the original entry. If the expenditure occurred in a prior expenditure authority period, and the account involved is appropriated, the expenditure may be a belated claim. Refer to [Subsection 85.40.10](#).

If, in the second year of a biennium, a prior period adjustment relates to a biennial expenditure authority that has not lapsed, the prior period adjustment is to be recorded to/against the applicable expenditure authority.

Immaterial prior period adjustments resulting in the receipt of cash for the recovery of an expenditure charged against a prior expenditure authority are recorded with a credit to GL Code 3210 “Cash Revenues” using Revenue Source Code 0486 “Recoveries of Prior Expenditure Authority Expenditures.” Refer to [Subsection 90.30.35.c](#) for an illustrative entry.

Revenue Source Code 0486 should only be debited in very limited circumstances and only with prior approval of the agency’s assigned OFM Accounting Consultant.

Refer to [Subsection 90.20.45](#) for guidance on immaterial prior period adjustments resulting from overestimating an accrual against a prior expenditure authority.

### 90.20.15.f

Record immaterial prior period adjustments to Subsidiary Accounts 997 and 999 as current period additions and/or deletions. Refer to [Subsection 90.30.35.f - h](#) for illustrative entries.

- An immaterial prior period adjustment to the asset cost (either increase or decrease) should be recorded using GL Code 6597 “Capital Asset Adjustment (General Capital Subsidiary Account only)” Subobject WF “Capital Asset Adjustment (General Capital Assets Subsidiary Account Only).”
- An immaterial prior period adjustment to Subsidiary Account 997 that involves an increase to the allowance for depreciation should be recorded to GL Code 6591 “Depreciation Expense (General Capital Subsidiary Account only)” Subobject WA “Depreciation/Amortization.”
- An immaterial prior period adjustment to Subsidiary Account 997 that involves a decrease to the allowance for depreciation should be recorded to GL Code 6597 “Capital Asset Adjustment (General Capital Subsidiary Account only)” Subobject WF “Capital Asset Adjustment (General Capital Assets Subsidiary Account Only).”

### 90.20.15.g

OFM may make adjustments between material and immaterial adjustment classifications based upon review during preparation of the ACFR.

*Enterprise Reporting (ER) report to use: Accounting/Prior Period Adjustment Activity.*



## 90.20.20 Revenue recognition

July 1, 2020

### 90.20.20.a Governmental fund type accounts

Revenues in governmental fund type accounts are recognized in the period in which they become both **available** and **objectively measurable** as follows:

In general, the following revenues are deemed measurable and available **at June 30** and are accrued in the concluding fiscal year:

- Taxes imposed on exchange transactions (gross receipts and fuel taxes,) pertaining to underlying exchange transactions that occur as of June 30, are accrued as revenue in the concluding fiscal year if expected to be collected within twelve months of fiscal year-end.
- Federal grant revenues are recognized according to the guidelines provided in [Subsection 50.30.70](#). In general, federal grant revenues are recognized when the qualifying grant expenditures are made provided that the availability criteria are met.
- Revenues from licenses, permits, and fees related to prior services or activity (such as fees based on volume of activity) are accrued as revenue in the period in which the service or activity occurs. Revenues from licenses, permits, and fees related to a future time period (such as driver and motor vehicle licenses) are recognized as revenue in the fiscal year in which they are collected.
- Property taxes, which are due and expected to be collected within 60 days of the fiscal year-end, are accrued as revenues in the concluding fiscal year for Generally Accepted Accounting Principles (GAAP) reporting purposes. Property taxes which are due and expected to be collected after 60 days are accrued as unavailable revenue (GL codes 5192 or 5292).
- Private donation pledges are accrued when the eligibility requirements are met, provided that they are verifiable, unconditional, probable of collection, measurable and available.
- All other revenues are accounted for in accordance with GAAP for both budget and accounting reporting purposes.

### 90.20.20.b Proprietary and fiduciary fund type accounts

Revenues for proprietary and fiduciary fund type accounts are accounted for on a full accrual basis which means that they are recognized in the period when earned.

### 90.20.20.c Revenue accrual

When cash has not been received **by June 30** for revenues meeting the appropriate recognition criteria, record the revenue as an accrual (revenue offset by receivable) in Fiscal Month 99 or 25. If the amount is not known but can be reasonably estimated, the estimated revenue should be accrued. Record the liquidation of these accruals (receivable offset by cash) in the ensuing fiscal year when the cash is received. Refer to [Subsections 90.30.40.a and b](#) for illustrative entries.



## State Administrative and Accounting Manual

### 90.20.20.d Revenue accrual estimate adjustments

Record over and under accruals of estimated revenue from the prior fiscal year-end as adjustments to revenue in the current period:

- Record over accruals as a decrease to revenue in the current period.
- Record under accruals as an increase to revenue in the current period.

Refer to [Subsection 90.30.35.d and e](#) for illustrative entries.

### 90.20.20.e Unavailable revenue – governmental fund type accounts

If cash was received or a receivable recorded for revenue which does not meet the revenue recognition criteria for governmental fund type accounts, record the amount in GL Code 5192 “Unavailable Revenues - Short-Term” or GL Code 5292 “Unavailable Revenues - Long-Term” depending upon when the revenue is expected to be recognized. Generally in governmental funds, accrued revenue sources are deemed unavailable if not expected to be collectible within 12 months of fiscal year end. Accordingly, the use of GL Code 5192 is very limited. Refer to [Subsection 85.70.40](#). Balances recorded to GL Code 5292 are recognized as revenue in a future period when they meet the availability recognition criteria. Refer to [Subsection 90.30.40.c](#) for an illustrative entry.

### 90.20.20.f Unearned revenue – all accounts

If cash was received or a receivable was recorded for revenue for which the earning criteria has not been met in governmental or proprietary fund type accounts, record the amount in GL Code 5190 “Unearned Revenues – Short Term” or GL Code 5290 “Unearned Revenues – Long Term” depending upon when the revenue is expected to be realized. Refer to [Subsection 85.70.45](#). These amounts are recognized as revenue in a future period when they meet the earning criteria. Refer to [Subsection 90.30.40.d](#).

### 90.20.20.g Treasury deposit income

The fiscal year-end accrual for treasury deposit income is recorded by OST as Agency 705 Treasurer’s Deposit Income in either Account 076 “Treasury Income Account” or Account 409 “Investment Income Account.”

1. [Treasury accounts](#) (for governmental, proprietary, and fiduciary fund type accounts) Treasury deposit income for treasury accounts is reported by OST as Agency 705 activity for the concluding fiscal year. OST records the interest as payable in Account 076 by a credit to GL Code 5153 “Due to Other Funds” with the appropriate subsidiary account code. In addition, OST records the interest in the various receiving accounts in Agency 705 by debiting GL Code 1353 “Due from Other Funds” with Subsidiary Account Code 076000, and crediting GL Code 3205 “Accrued Revenues” with Revenue Source Code 0401 “Investment Income.”
2. [Treasury trust accounts](#) (for governmental, proprietary, and fiduciary fund type accounts) Treasury deposit income for treasury trust accounts is reported by OST in Agency 705. OST records the interest as payable in Account 409 by crediting GL Code 5153 “Due to Other Funds” with the



## State Administrative and Accounting Manual

appropriate subsidiary account code. In addition, OST records the activity in the various receiving accounts in Agency 705, by debiting GL Code 1353 “Due from Other Funds” with Subsidiary Account Code 409000 and crediting GL Code 3205 “Accrued Revenues” with Revenue Source Code 0401 “Investment Income.”

---

### 90.20.25 Expenditure/expense recognition

July 1, 2020

---

#### 90.20.25.a Governmental fund type accounts

Expenditures in [governmental](#) fund type accounts are recognized in the period in which the account liability is incurred; that is, the period in which the goods or services are received. Goods and services **must be received by June 30** to be included as an expenditure of the concluding fiscal year.

#### 90.20.25.b Proprietary and fiduciary fund type accounts

In proprietary and fiduciary fund type accounts, expenses are recognized when incurred, if measurable. All goods and services **received through June 30 must be recognized** in the concluding fiscal year.

#### 90.20.25.c All accounts

Record [expenditures/expenses](#) incurred in the concluding fiscal year but **paid after June 30**, as an accrual (expenditure/expense offset by payable) in Fiscal Month 99 or 25. Record [liquidation](#) of the accrual (payable offset by cash) in the ensuing fiscal year when paid. Refer to [Subsection 90.30.50](#) for illustrative entries. If the ensuing year is the second fiscal year of a [biennium](#) and the expenditure is charged against a biennial [expenditure authority code](#), then there is an additional entry to reverse the initial accrued expenditure and record cash expenditure.

---

### 90.20.30 Expenditure/expense accruals for single year operating expenditure authority - mid-biennium

June 1, 2016

---

#### 90.20.30.a Expenditure/expense accruals

Record all expenditure/expense accruals charged against single year operating expenditure authority by Phase 1 close of the ensuing year. If the amount of the accrual is known (i.e., the invoice has been received or the amount is otherwise known), record the entry to GL Code 6505 “Accrued Expenditures/Expenses.”

#### 90.20.30.b Estimates

If the amount is not known, **but can be reasonably estimated**, record the estimate in GL Code 6560 “Estimated Accrued Expenditures/Expenses.” Make estimates in accordance with the state's policy for developing accounting estimates. Refer to [Subsection 90.20.55](#).



## State Administrative and Accounting Manual

**Note:** If the actual amount becomes known prior to Phase 2 close, the estimate recorded in GL Code 6560 “Estimated Accrued Expenditures/Expenses” should be reversed and the actual amount should be recorded in GL Code 6505 “Accrued Expenditures/Expenses.”

All expenditure/expense accruals (GL Codes 6505 and 6560) made during the first fiscal year of a biennium and charged against single year operating expenditure authority will be closed to fund equity during the biennium automated closing process in AFRS.

Agencies should monitor the liquidation of estimated accruals at the account/expenditure authority level. While a subsidiary worksheet is the recommended method, agencies may use any reasonable means of documenting the liquidations. Reconcile the unliquidated balances on a timely basis. Retain this subsidiary worksheet or other form of documentation for audit purposes.

### 90.20.30.c Encumbrances

The balance in GL Code 6410 “[Encumbrances](#)” related to **single year** expenditure authority is to be **zero** at the end of the fiscal year. Goods and services ordered, but not received prior to close of business June 30, are accounted for as expenditures of the ensuing year or in the fiscal period received. Refer to [Section 85.30](#). ER report to use: Accounting/Exceptions/Encumbrances - First Fiscal Year Operating (GL 6410)

*ER report to use: Accounting/Exceptions/Encumbrances - First Fiscal Year Operating (GL 6410)*

---

## 90.20.35 Expenditure/expense accruals for biennial expenditure authority - mid-biennium

June 1, 2016

---

### 90.20.35.a Expenditure/expense accruals

Record all expenditure/expense accruals charged against biennial expenditure authority by Phase 1 close of the ensuing year. Both actual and estimated accruals are to be recorded in GL Code 6505 “Accrued Expenditures/Expenses.” Actual accruals are based on an invoice or the amount is otherwise known.

### 90.20.35.b Estimates

Estimates are made if an amount is not known but **can be reasonably estimated**. Make estimates in accordance with the state's policy for developing accounting estimates (use GL Code 6505). Refer to [Subsection 90.20.55](#). Reverse accrued expenditures/expenses (GL Code 6505) recorded during the first fiscal year of the biennium at the beginning of the second fiscal year of the biennium. After the reversal, payments of the accruals are to be treated the same as other expenditures/expenses of the second fiscal year.

### 90.20.35.c Encumbrances

Goods and services ordered, but **not received prior to June 30** of the first fiscal year of the biennium, are recorded as encumbrances in the first fiscal year by debiting GL Code 6410 “Encumbrances” with an offsetting credit to GL Code 9510 “Reserved for Encumbrances.” **For budgeted accounts, total**



# State Administrative and Accounting Manual

allotment charges plus these encumbrances cannot exceed the approved spending authority (approved biennial budget). Refer to [Section 85.30](#).

*ER report to use: Accounting/Exceptions/Encumbrances by Account and Program*

Additionally, for encumbrances relating to capital appropriations, a sufficient available fund balance must exist or an appropriate budget explanation explaining the difference must be included with fiscal year-end disclosure forms as an attachment to the financial disclosure certification. Refer to [Subsection 85.30.10](#) for further information about encumbrance accounting.

A second option for mid-biennium reporting of encumbrances related to biennial expenditure authority is to record them at a summary level by debiting GL Code 9514 “Reserved for Encumbrances for Continuing Operating Expenditure Authority” with an offsetting credit to GL Code 9510 “Reserved for Encumbrances.” This entry is reversed at the beginning of the ensuing fiscal year by debiting GL Code 9510 and crediting GL Code 9514. At the time the summary level entry is reversed, the encumbrances need to be recorded in GL Code 6410 against an actual expenditure authority code. Prior to using GL Code 9514, agencies should check with their assigned OFM Accounting Consultant.

---

## 90.20.40 Expenditure/expense accruals - end of biennium

June 1, 2016

---

### 90.20.40.a Expenditure/expense accruals

Record all expenditure/expense accruals for the concluding fiscal year by Phase 1 close of the ensuing year. If the amount of the accrual is known (i.e., the invoice has been received or the amount is otherwise known), record the entry to GL Code 6505 “Accrued Expenditures/Expenses.”

### 90.20.40.b Estimates

If the amount is not known, **but can be reasonably estimated**, record the estimate in GL Code 6560 “Estimated Accrued Expenditures/Expenses.” Make estimates in accordance with the state's policy for developing accounting estimates. Refer to [Subsection 90.20.55](#).

**Note:** If the actual amount becomes known prior to Phase 2 close, the estimate recorded in GL Code 6560 “Estimated Accrued Expenditures/Expenses” should be reversed and the actual amount should be recorded in GL Code 6505 “Accrued Expenditures/Expenses.”

All accrued expenditures/expenses (GL Codes 6505 and 6560) are closed to fund equity during the biennium automated closing process in AFRS.

Agencies should monitor the liquidation of estimated accruals at the account/expenditure authority level. While a subsidiary worksheet is the recommended method, agencies may use any reasonable means of documenting the liquidations. Reconcile the unliquidated balances on a timely basis. Retain this subsidiary worksheet or other form of documentation for audit purposes.



## State Administrative and Accounting Manual

### 90.20.40.c Encumbrances - operating expenditure authority

The balances of GL Codes 6410 “Encumbrances” and 9514 “Reserved for Encumbrances for Continuing Operating Expenditure Authority” are to be **zero** at the end of the biennium. Goods and services ordered, but not received prior to close of business **June 30**, are accounted for as expenditures of the ensuing year or in the fiscal period received. Refer to [Section 85.30](#).

### 90.20.40.d Encumbrances - capital expenditure appropriations

At biennium-end, encumbrances for capital appropriations that are **reappropriated** in the new biennium are closed to GL Code 9513 “Reserved for Encumbrances for Reappropriated Capital

Appropriations” in the concluding biennium, **provided a sufficient available fund balance exists**. These amounts are offset by GL Code 9510 “Reserved for Encumbrances.” The entry to close GL Code 6410 “Encumbrances” is reversed at the beginning of the ensuing biennium with the encumbrance charged to the reappropriated appropriation. Refer to [Subsection 90.30.60.c](#) for an illustrative entry.

---

### 90.20.45 Unliquidated estimated accrued expenditures/ expenses – immaterial prior period adjustments

June 1, 2016

Unliquidated estimated accrued expenditures/expenses from a prior expenditure authority period are adjusted using GL Code 3215 “Immaterial Adjustments to Prior Periods” with Revenue Source Code 0486 “Recoveries of Prior Expenditure Authority Expenditures.” The adjustment is made when it is expected that no further payments will be made, normally within 12 months of the end of an expenditure authority period, but no later than two years following the accrual. Refer to [Subsection 90.30.35.a](#) for an illustrative entry.

---

### 90.20.47 Shortages in estimated accrued expenditures/ expenses in appropriated accounts – belated claims

June 1, 2016

Shortages in estimated accrued expenditures/expenses in **appropriated accounts** are to be treated as **belated claims** of the prior expenditure authority period. Belated claims are obligations for goods and services which were received on or before **June 30** but were not accrued in the concluding expenditure authority period. Refer to [Subsection 90.30.35.b](#) for an illustrative entry. Refer to [Subsection 85.40.10](#) for procedures relating to belated claims.

---

### 90.20.50 Interagency accruals

June 1, 2019





## State Administrative and Accounting Manual

### 90.20.50.a

Interagency receivables/payables are required to be in balance at fiscal year end by Phase 1B close. Agency cooperation is essential to balance interagency receivables and payables at the statewide level. Agencies are to contact the other agencies involved to resolve any differences. If disagreements exist, the OFM Accounting Consultant assigned to each agency should be contacted to resolve the issues.

Interagency GL Codes include:

- 1354 Due from Other Agencies
- 1654 Due from Other Agencies - LT
- 5154 Due to Other Agencies
- 5254 Due to Other Agencies - LT

There are several exceptions to the GL codes listed above for recording interagency payables. Refer to Subsection 90.20.50.b for a list of these exceptions. Also, interagency receivable/payables with the State Board for Community and Technical Colleges (SBCTC) and the Community and Technical Colleges (CTCs) require a specific subsidiary GL code, refer to [Subsection 90.20.50.c](#).

In establishing interagency receivables/payables, the accrual should be recorded as of the date goods and services are delivered. Refer to [Subsection 90.20.25](#).

A reasonable estimated billing, in lieu of an actual amount, is an acceptable basis for recording the receivable/payable. However, payment should be made after receipt of the actual bill, not on an estimated billing.

The type of interagency payment used to liquidate an interagency accrual depends on the cash type of the accounts involved. Payments between treasury and treasury trust accounts are to be made using the most cost effective means available, for example an interagency payment (IAP). Refer to [Subsection 85.36.20](#). Except as noted below, the accrual is deemed liquidated on the date the cash is credited to the receiving agency. If the payment is made by warrant or local fund check, the date recorded on the payment document is considered the date of liquidation.

Unless prior arrangements have been made between the billing agency and billed agency, interagency billings for services rendered **as of June 30** are to be sent out by vendor agencies no later than the date listed in [Subsection 90.20.05](#). If a vendor agency cannot produce actual billings by this date, the agency is to send out estimated billings and follow up with the actual bill as soon as possible. Estimated billings are to be clearly marked as estimates.

Actual billings received by customer agencies are to be accrued in GL Code 6505 “Accrued Expenditures/Expenses” by Phase 1 close in the concluding fiscal year, using Fiscal Month 99 or 25.

For a **biennial expenditure authority** at mid-biennium, expenditures related to estimated billings received by customer agencies are accrued in GL Code 6505 “Accrued Expenditures/Expenses” by Phase 1 close in the concluding fiscal year using Fiscal Month 99.



# State Administrative and Accounting Manual

At the **end of an expenditure authority period**, expenditures related to estimated billings received by customer agencies are accrued in GL Code 6560 “Estimated Accrued Expenditures/Expenses” by Phase 1 close in the concluding fiscal year using Fiscal Month 99 or 25.

Disputed billings are treated as estimates whether based upon actual invoices or not. Disputed billings are to be paid when resolved.

Refer to the list of interagency contacts on OFM’s website at: <http://www.ofm.wa.gov/resources/yearend.asp>

*ER reports to use: Accounting/Interagency & Interfund/Interagency payables and Accounting/Interagency & Interfund/Interagency receivables.*

## 90.20.50.b

The following interagency payables **should not** be recorded using GL Codes 5154 or 5254. Instead the following GL Codes should be used:

GL Codes	GL Title	Description
5152	Due to Other Governments	Department of Retirement Systems withholdings for retiree medical insurance premiums due to Health Care Authority (HCA). HCA records it as GL Code 1352 “Due from Other Governments.”
5152	Due to Other Governments	Health Care Authority for the flexible spending administrative charge
5152	Due to Other Governments	Department of Retirement Systems special billings for retirement contributions
5152	Due to Other Governments	Department of Transportation for Good to Go! Accounts
5152	Due to Other Governments	Office of the Secretary of State for the Washington State Combined Fund Drive
5152/1352	Due to Other Governments/Due from Other Governments	Amounts due to or due from state Agriculture Commodity Commissions
5158	Due to Dept. of Revenue – Taxes	Department of Revenue for sales and use taxes
5159/1359	Due to Primary Government/Due from Component Units	Amounts due to or due from discrete component units (refer to the list below)
5173/5273	Certificates of Participation Payable	Office of the State Treasurer for a COP liability
5180	Paid Family and Medical Leave Deductions Payable	Amounts due to the Employment Security Department for the employer and employee premiums and surcharges.
5187	Industrial Insurance and Medical Aid Deductions Payable	Department of Labor & Industries for worker’s compensation



# State Administrative and Accounting Manual

Amounts due to or from the following discrete component units are recorded as GL Code 5159 "Due to Primary Government" or GL Code 1359 "Due from Component Units," as follows:

<b><u>Component Units</u></b>	<b><u>Agency Code</u></b>
Washington Economic Development Finance Authority	1060
Washington State Housing Finance Commission	1480
Tobacco Settlement Authority	3040
Washington Higher Education Facilities Authority	3460
Washington Health Care Facilities Authority	5990
Washington Public Stadium Authority	7270

## 90.20.50.c

When recording interagency receivables/payables with the State Board for Community and Technical Colleges (SBCTC) and the Community and Technical Colleges (CTCs), use the following subsidiary GL codes:

<b>Agency Name</b>	<b>Agency Code</b>	<b>Use Subsidiary GL Code</b>
Community and Technical Colleges	6050 to 6960	6990xx*
State Board for Community and Technical Colleges	3520	699000

\* Where xx is the second and third numbers of the 4 digit agency code for the specific community or technical college. Refer to [Subsection 75.20.10](#).

---

## 90.20.55 Accounting estimates

June 1, 2016

---

### 90.20.55.a

An accounting estimate is an approximation of an expenditure/expense, revenue, or other financial statement element. Accounting estimates are included in the state's accounting records because of the following:

1. The measurement of some amounts or the valuation of some financial statement element may be uncertain, pending the outcome of future events.
2. Relevant data concerning events that have already occurred cannot be accumulated on a timely, cost-effective basis.

### 90.20.55.b

Agencies are responsible for making the accounting estimates to be included in their accounting records. Estimates are based on subjective as well as objective factors. These decisions are normally based on knowledge and experience of past and current events, assumptions about conditions expected to exist, and courses of action expected to be taken.



## State Administrative and Accounting Manual

### 90.20.55.c

Agencies are responsible for establishing a process for preparing accounting estimates. The process normally consists of the following:

1. Identifying situations for which accounting estimates are required.
2. Identifying the relevant factors that may affect the accounting estimate.
3. Accumulating relevant, sufficient, and reliable data on which to base the estimate.
4. Developing assumptions that represent management's judgment of the most likely circumstances and events with respect to the relevant factors.
5. Determining the estimated amount based on the assumptions and other relevant factors.

Once an agency has determined the accounting estimate amount, they must record the accounting estimate in accordance with state accounting policies.

*ER report to use: Accounting/Estimated Accrued Expenditures/Expenses (GL 6560) Review*

**Note:** If the actual amount becomes known prior to Phase 2 close, the expenditure estimate recorded in GL Code 6560 “Estimated Accrued Expenditures/Expenses” should be reversed and the actual amount should be recorded in GL Code 6505 “Accrued Expenditures/Expenses.”

---

## 90.20.60 Interfund accruals

June 1, 2022

---

Interfund receivables and payables, GL Codes 1353 and 5153, 1653 and 5253, 1355 and 5155, and 1350 and 5150, are required to be in balance at the agency level at fiscal year-end. For the University of Washington and Washington State University only, GL Codes 1667, 5167, and 5267 are also required to be in balance at the agency level at fiscal year-end.

Interfund accruals should be established when goods and/or services are delivered. When payment of an interfund payable is made by interfund transfer (IFT) or journal voucher (JV), the accrual is considered liquidated on the date that the cash is credited to the receiving fund. If payment is made by warrant or local check, the date recorded on the payment document is considered the date of liquidation.

*ER reports to use: Accounting/Interagency & Interfund/Interfund Receivables/Payables and Accounting/Interagency & Interfund/Pooled Cash and Investments Due to/Due from Other Funds (GLs 1355 and 5155).*



## 90.20.62 Fund balance

June 1, 2016

Agencies are responsible for reviewing the fund balance general ledger (GL) codes in AFRS of the governmental fund type accounts to which they post activity and reclassifying as appropriate. Each account is designated a closing GL code within the classifications of: nonspendable, restricted, committed, assigned or unassigned. Refer to [Subsection 75.40.20](#) for a description of these GL codes. A portion of the residual activity balance may be more appropriately reported in a fund balance GL code in a classification other than that of the designated closing code. Refer to [Subsection 75.30.50](#) for the closing GL code for each account. If questions exist regarding fund balance classification, contact your assigned OFM Accounting Consultant.

Refer to [Subsection 90.30.90](#) for an illustrative entry.

## 90.20.70 Adjustment and reconciliation activity

June 1, 2022

### 90.20.70.a

Phase 2 is the final opportunity for state agencies to enter adjustments for the concluding fiscal year before the data is provided to the SAO for final audit and released as the unaudited fiscal year activity.

Agencies are to review their data to ensure that assets and liabilities are properly and completely stated, and that revenues and expenditures/expenses are accurately reflected and recorded in the proper period using the correct coding. GL codes with subsidiary accounts must be reconciled to the subsidiary records.

### 90.20.70.b

Journal vouchers are used for adjusting entries posted during Phase 2 for Fiscal Month 99 or 25. Journal vouchers must include the biennium and fiscal month to which they pertain.

Examples of types of activities to perform and adjustments to make are as follows:

1. **Amortization of a deferred inflow or outflow (gain/loss) on debt refunding – proprietary fund type accounts.** In proprietary fund type accounts only, amortize the deferred inflows and outflows on a bond refunding recorded in GL Code 5268 “Deferred Inflow on Bond Refunding” or GL Code 1972 “Deferred Outflow on Bond Refunding.” For COP (Certificate of Participation) refundings, GL Code 5266 “Deferred Inflow on COP Refundings” or GL Code 1971 “Deferred Outflow on COP Refundings” are used if material. Record the amortization in GL Code 6512 “Amortization Expense” using Subobject WB “Amortization.” Refer to [Subsection 85.72.20.d](#) for bonds, and [85.72.40.f](#) and [85.85.52.b](#) for COPs.
2. **Capital asset/accumulated depreciation/amortization reconciliation.** Reconcile the balances in GL Code series 2XXX “Capital Assets” in AFRS with the balances for capital assets in the Capital Asset Management System (CAMS) or other authorized capital asset subsidiary system. An



## State Administrative and Accounting Manual

adjusting entry is required when the balance in AFRS does not agree with the reconciled balance. Refer to [Subsections 30.20.95](#), and [90.20.15.f](#).

**Separately record additions, deletions, and adjustments to capital assets and accumulated depreciation/amortization occurring during the year. Adjusting entries to capital assets and accumulated depreciation/amortization are not to be netted.** [Subsection 85.60.60](#) contains the procedures for adjusting capital assets.

3. **Certificates of Participation (COP) payable review.** Review and adjust GL Codes 5173 and 5273 “Certificates of Participation Payable” to ensure that year-end balances are correct and agree with balances maintained by OST. **Transactions to record increases to the COP liability accounts are to be recorded separately from decreases, not netted.** Record in GL Code 5173 the COP principal amount payable in the next fiscal year.

For governmental fund type accounts, ensure that the amount of all new Certificates of Participation (COPs) recorded in Subsidiary Account 999 agrees to amounts reported in the governmental fund type accounts in GL Code 3221 “Other Financing Sources” and Revenue Source Code 0807 “Certificates of Participation” and GL 3210 “Cash Revenues” and Revenue Source Code 0854 “Refunding COPs Issued.” Refer to [Subsections 85.85.45](#) and [85.85.50](#).

For proprietary fund type accounts, increases in GL Codes 5173 and 5273 should equal the par amount of the new COP.

*ER report to use: Accounting/Exceptions/COPs and Leases – Governmental Accounts*

4. **Depreciation/amortization adjustment.** Record depreciation/amortization using the procedures contained in [Subsection 85.60.40](#).

*ER report to use: Accounting/Depreciation Expense and Increase in Allowance for Depreciation Review*

5. **Expenditures within appropriations review.** Review expenditures to ensure that appropriations have not been overspent.

*ER report to use: Accounting/Budget/Appropriations Overspent*

6. **Fund balance review.** Review the balances in fund balance GL codes in governmental fund type accounts to ensure appropriate classification and compliance with order of spending policies. Refer to [Subsections 80.30.65](#) and [90.20.62](#).

Additionally, the balances in the following sets of GL codes are to net to zero:

### **Governmental fund type accounts only:**

#### **Inventory:**

1410 Consumable Inventories, and  
9120 Nonspendable Consumable Inventories

*ER report to use: Accounting/Exceptions/Consumable Inventory for Governmental Accounts*



## State Administrative and Accounting Manual

### **All accounts – encumbrances – biennial expenditure authority – mid-biennium:**

6410 Encumbrances, or

9514 Reserved for Encumbrances for Continuing Operating Expenditure Authority, and

9510 Reserved for Encumbrances

(Refer to [Subsection 90.20.35.c](#))

*ER report to use: Accounting/Exceptions/Encumbrances by Account and Program*

### **All accounts – encumbrances – capital appropriations at end of biennium:**

9513 Reserved for Encumbrances for Reappropriated Capital Appropriations, and

9510 Reserved for Encumbrances

(Refer to [Subsection 90.20.40.d](#))

### **Exception situations:**

**Inventories** - In governmental fund type accounts, donated commodities, such as immunization supplies, are recorded in GL Code 1415 “Donated Inventories” and are offset by GL Code 5190 “Unearned Revenues.” Refer to [Subsection 85.56.40](#) Accounting for Donations of Consumable Inventories.

**Receivables** - In governmental fund type accounts, GL Codes 9131 “Nonspendable Receivables – Long-Term” and the long-term 16XX “Receivables” are to agree, with one exception: there is to be no reserve if the long term receivable is offset by GL Code 5292 “Unavailable Revenues – Long-Term” or other 52XX long term liability GL codes.

*ER report to use: Accounting/Exceptions/Long-Term Receivables/Payable for Governmental Accounts*

## **7. General ledger balance review.**

**Agencies** are to review and reconcile asset, liability and equity general ledger accounts.

*AFRS reports to use: daily in process report, daily error report*

*ER reports to use:*

### Agencies:

*Accounting/Agency Trial Balance*

*Accounting/Exceptions/General Ledger Accounts with Unchanged Balances*

*Accounting/Exceptions/Questionable Balance – Assets and Deferred Outflows of Resources*

*Accounting/Exceptions/Questionable Balance – Liabilities and Deferred Inflows of Resources*

**Administering agencies** are to review asset, deferred outflows of resources, liability, deferred inflows of resources, and equity balances for the accounts they administer for reasonableness. If adjustments are required, administering agencies are to contact the other agencies involved. Agencies contacted are to make the requested adjustments in AFRS, or if necessary, have the



## State Administrative and Accounting Manual

agency's assigned OFM Accounting Consultant assist with making the adjustment in AFRS. Refer to [Subsection 80.10.90](#).

### *Administering Agencies:*

*Above reports plus Administering Agency/Administering Agency Trial Balance.*

- 8. In-process review.** Review the AFRS daily unbalanced in-process and error reports. Agency documents listed on those reports for the concluding fiscal year should be researched and cleared as soon as possible.

*ER report to use: Accounting/Exceptions/Clearing Accounts Review (GL 9910 and 9920)*

- 9. Interagency reimbursements (Object S) elimination.**

**Budgeted proprietary fund type accounts** - Normally, payments received by proprietary fund type accounts for goods and services are recorded as revenue with appropriate revenue source codes (refer to [Subsection 90.30.70.b](#) for an illustrative entry). However, in the case of budgeted proprietary fund type accounts, interagency reimbursements are recorded for budgetary purposes as credits to expense using Object S. These cases require additional entries to record revenue and to eliminate expenditure reductions for GAAP reporting. Record revenue by crediting GL Code 3225 "Revenue Adjustments/Eliminations (GAAP)" with appropriate revenue source codes and record the expenditure recovery elimination by debiting GL Code 6525 "Expense Adjustments/ Eliminations (GAAP)," with appropriate subobjects within Object S. The GAAP adjustment accounts, GL Codes 3225 and 6525, are not recognized for budgetary reporting. For GAAP reporting purposes, interagency reimbursements are reflected as revenues since the two expense GL Codes, 6510 and 6525, offset each other. Refer to [Subsection 85.90.60.b](#) for further information and to [Subsection 90.30.70.a](#) for illustrative entries.

*ER report to use: Accounting/Exceptions/Expense Elimination for Proprietary Accounts*

**Other accounts** - Record Object S "Interagency Reimbursements" received by accounts other than budgeted proprietary fund type accounts as normal reimbursements of expenditures by crediting GL Code 6510 "Cash Expenditures/Expenses" using Object S with appropriate subobjects. Refer to [Subsection 90.30.70.c](#) for an illustrative entry.

*ER report to use: Accounting/Exceptions/Object S Debit Exceptions*

- 10. Interagency and intra-agency reimbursements reallocation (Unidentified Subobjects SZ & TZ).** Allocate balances in Interagency and Intra-agency Reimbursements - Unidentified (Subobjects SZ and TZ) to the appropriate subobject level under Objects S and T.

*ER report to use: Accounting/Exceptions/Objects SZ and TZ Not Redistributed*

- 11. Interagency and interfund receivables and payables in fiduciary funds.** Fiduciary funds may not report assets or liabilities that belong to the state itself. Accordingly, interagency and interfund receivables and payables in fiduciary fund type accounts (e.g. Account 035) must be eliminated for financial reporting purposes and the related asset or liability reported in the appropriate account.





## State Administrative and Accounting Manual

Interagency and interfund receivable and payable balances in fiduciary fund type accounts should be zero at **June 30**.

12. **Inventory adjustments.** If the inventory balances (GL Code series 14XX) in AFRS do not agree with the physical count at **June 30**, an adjusting entry is necessary to reflect the proper balances. [Section 85.56](#) lists the procedures to make inventory adjustments.

*ER reports to use: Accounting/Agency Trial Balance or Accounting/General Ledger Account Analysis Flexible*

13. **Investment review.** Review investments (GL Code series 12XX) for compliance with the investment valuation policies presented in [Section 85.52](#). Generally, non-participating interest earning investments (e.g., non-negotiable certificates of deposit with redemption terms that do not consider market rates) are to be recorded at cost; all other short term investments are to be recorded at amortized cost; and non-current investments are to be recorded at fair value.
14. **Leave payable adjustments.** Review and adjust leave payables as necessary to ensure correct year-end balances in compliance with Governmental Accounting Standards Board (GASB) Statements 16 and 34. Transactions to record increases and decreases are to be recorded separately, not netted. Refer to [Subsections 85.72.50](#) through [85.72.65](#).
- GL Codes 5125 and 5225 Accrued Vacation Leave Payable
  - GL Codes 5127 and 5227 Accrued Sick Leave Payable
  - GL Codes 5128 and 5228 Accrued Compensatory Time Payable

Vacation leave payable is to include both the dollar value of the vacation leave due employees and the employer's share of the associated payroll related payments; e.g., Social Security and Medicare taxes.

A liability for sick leave is to be accrued for the estimated amount that will be paid to employees as sick leave buy-out upon retirement. No liability is accrued for the estimated dollar value of allowed time off. The sick leave accrual is to include the dollar value of the estimated amount that will be paid in cash and the employer's share of the associated payroll related payments; e.g., Social Security and Medicare taxes (pension is not paid on sick leave buy-out).

Using the assumption that employees are currently taking the leave that they most recently earned (last in, first out), and given that accrued vacation and sick leave generally increase year to year, the long-term designation (GL Codes 5225 and 5227) is generally appropriate. Under this assumption, vacation and sick leave liabilities would be classified short term only when special circumstances exist, such as a significant number of retirements or terminations (resulting in unusually high vacation and sick leave buy-out) are expected in the next year.

Compensatory time payable is to include both the dollar value of the compensatory time due employees and the employer's share of the associated payroll related payments; e.g., pension and Social Security and Medicare taxes.



## State Administrative and Accounting Manual

Additionally, review shared leave activity to ensure that it is recorded in both the accounting and payroll systems in such a way as to allow for statewide reporting of shared leave activity. Refer to [Subsection 85.34.20](#) for procedures for making accounting entries.

*ER reports to use: Accounting/Agency Trial Balance or Accounting/General Ledger Account Analysis Flexible*

- 15. Long-term obligations review.** Record “Long-Term Obligations” for governmental fund type accounts (GL Code series 52XX) in Account 999 “General Long-Term Obligations Subsidiary Account.” In proprietary and fiduciary fund type accounts, long-term obligations are recorded directly in the accounts. For all long-term obligations, ensure that the amount due in the next year is recorded in the short-term GL Code series 51XX. Refer to [Section 85.72](#).

**Transactions to record increases to individual liability accounts are to be recorded separately from decreases, not netted.**

For governmental fund type accounts, ensure that the amount of all new lease-to-own agreements recorded in the Subsidiary Account 999 agrees to amounts reported in the governmental fund type accounts in GL Code 3221 “Other Financing Sources” with Revenue Source Code 0809 “Lease-to-Own Acquisition.” Refer to [Subsection 85.72.30.b](#).

For governmental fund type accounts, ensure that the amount of all new right-to-use lease agreements recorded in the Subsidiary Account 999 agrees to amounts reported in the governmental fund type accounts in GL Code 3221 “Other Financing Sources” with Revenue Source Code 0810 “Right-to-Use Lease Acquisition.” Refer to [Subsection 85.72.25.c.\(1\)](#).

*ER report to use: Accounting/Exceptions/COPs and Leases – Governmental Accounts*

Long-term obligations other than bonds, leases, and COPs related to the acquisition of capital assets (purchased or constructed) should be reported in GL 5298 “Other Obligations – Capital Related”.

- 16. Pollution remediation obligations.** Record pollution remediation obligations (GL Code 5287) for governmental fund type accounts in Account 999 “General Long-Term Obligations Subsidiary Account.” In proprietary and fiduciary fund type accounts, pollution remediation obligations are always fund liabilities. They are separated into short-term liabilities (e.g., accounts payable, claims and judgments payable, or accrued salaries) using appropriate general ledger codes and long-term liabilities using GL Code 5287 “Pollution Remediation Obligation.” Refer to [Subsection 85.74.50](#).

**Transactions to record increases are to be recorded separately from decreases, not netted.**

The balance recorded in GL Code 5287 in Account 999 “General Long-Term Obligations Subsidiary Account” must match the total amount shown as “reportable” on the Site Status Report. In proprietary and fiduciary fund type accounts, the total amount shown as “reportable” on the Site Status Report must equal the pollution remediation obligation amounts recorded in GL Code 5287 plus the appropriate short-term GL code(s).



## State Administrative and Accounting Manual

If applicable, the Site Status Report is due on Phase 1B close, and a copy is required to be submitted with the Financial Disclosure Certificate. Refer to [Subsections 90.40.75](#) question 6 and [90.40.95](#).

17. **Merchandising activity review for proprietary accounts.** Review inventory, sales revenue and cost of goods sold GL codes for reasonableness. Expenses coded to Object F “Cost of Goods Sold,” must be accompanied by an equal or greater amount coded to Revenue Source Code 0450 “Sales of Goods and Supplies – Proprietary Funds.” Refer to [Subsection 85.56.30](#).

*ER report to use: Accounting/Merchandising Activity - Proprietary Accounts*

18. **Object T adjustments.** Total Object T “Intra-Agency Reimbursements” are to be reviewed to ensure that they are in balance (net to zero) at the subobject level for all accounts within the following GL Codes:

- 6505 Accrued Expenditures/Expenses
- 6510 Cash Expenditures/Expenses
- 6560 Estimated Accrued Expenditures/Expenses

**Budgeted proprietary fund type accounts** - In the case of budgeted proprietary fund type accounts, intra-agency reimbursements are recorded as a credit to expense using Object T.

Therefore, an adjustment is required to record revenue by crediting GL Code 3225 “Revenue Adjustments/Eliminations (GAAP)” with an appropriate revenue source code and debiting GL Code 6525 “Expense Adjustments/Eliminations (GAAP)” Object T. Only in the case of GL Code 6525 transfers is there no corresponding Object T offset. Refer to [Subsection 85.90.60.a](#) for further information and to [Subsections 85.95.50](#) and [90.30.80.a](#) for illustrative entries.

*ER report to use: Accounting/Exceptions/Object T for Proprietary Accounts*

**Other accounts** - Record Object T “Intra-Agency Reimbursements” received by accounts other than budgeted proprietary fund type accounts as a reduction of expenditures. Refer to [Subsection 90.30.80.c](#) for an illustrative entry.

*ER report to use: Accounting/Exceptions/Object T Elimination*

19. **Prior period adjustments review.** Review Prior Period Adjustments to ensure that they are in compliance with [Subsection 90.20.15](#). Debits to Revenue Source Code 0485 “Immaterial Prior Period Adjustments” are generally not appropriate and require the approval of the agency’s assigned OFM Accounting Consultant.

*ER report to use: Accounting/Prior Period Adjustment Activity*

20. **Private/local revenue/expenditure balancing.** Private/local revenues and expenditures should balance at the account level for budgeted accounts, Expenditure Authority types 7 “Private/Local” and 9 “Private/Local – Unanticipated” and Revenue Source Code series 05XX. Refer to [Subsection 75.80.10](#).

*ER report to use: Accounting/Exceptions/Private/Local Revenue/Expenditures*



## State Administrative and Accounting Manual

21. **Receivable adjustments and reconciliation.** Report receivables as the net amount expected to be collected. An adjusting entry to the related accounts may be required to properly reflect the net estimated realizable value of the receivables. [Subsection 85.54.55](#) describes the procedures to be followed in making the adjustments and [Subsection 85.65.32](#) shows an illustrative entry.

Receivables should be reconciled to subsidiary systems and/or records if applicable. Refer to [Subsection 85.54.65](#).

22. **Revenue Source Code series 09XX reclassification.** Reclassify Revenue Source Code series 09XX to the appropriate asset, liability, revenue, or expenditure/expense account. Refer to [Subsections 75.80.20](#) and [85.20.30](#).

*ER report to use: Accounting/Exceptions/Major Source 09 (Non-Revenues) to be Redistributed*

23. **Revenue source code elimination for debt transactions in budgeted proprietary fund type accounts.** In budgeted proprietary fund type accounts only, eliminate Revenue Source Codes 0611 and 0612 as well as 0850 through 0865 adjusting them through GL Code 3225 “Revenue Adjustments/Eliminations (GAAP)” to the appropriate liability account. Refer to [Subsection 85.85.30.e](#).

24. **Suspense Account (Account 01P) review.** At fiscal year-end all GL codes in Account 01P must be reviewed and cleared out if appropriate. Refer to [Subsection 85.20.60](#).

*ER report to use: Accounting/Agency Trial Balance*

25. **Transfer balancing.** Transfers (Revenue Source Codes 0484 and 06XX, and Object M) are to be in balance (i.e., net to zero) at the agency level. Refer to [Subsection 85.90.50](#).

*ER report to use: Accounting/Transfers*

26. **Travel advances outstanding reclassification.** Travel advances recorded in GL Code 1383 “Travel Advances” should agree to the agency’s underlying documentation by employee. Refer to [Subsections 85.54.44](#) and [10.80.60](#).

27. **Unavailable and unearned revenue review.** Review unavailable revenues recorded in governmental fund type accounts (GL Codes 5192 and 5292) and unearned revenues recorded in both governmental and proprietary fund type accounts (GL Codes 5190 and 5290). Refer to [Subsections 85.70.40](#), [85.70.45](#), and [90.20.20](#).

*ER reports to use: Accounting/Agency Trial Balance or Accounting/General Ledger Account Analysis Flexible.*

### 90.20.70.c Federal revenue/expenditure balancing

Federal assistance financial information required to be reported on the Schedule of Expenditures of Federal Awards (SEFA) should be reconciled and adjusted, as needed, and posted to AFRS during Phase 2. For further information, refer to [Chapter 95](#).



## State Administrative and Accounting Manual

### 90.20.70.d Disclosure form information should be accurately recorded in AFRS

State disclosure forms must be completed by the due dates detailed in [Subsection 90.40.10](#).

---

## 90.20.80 Office of Financial Management analysis and ACFR preparation

June 1, 2016

---

### 90.20.80.a

Following the close of Phase 2, OFM analyzes the balances in AFRS and the information collected through the disclosure form application for reasonableness. State agencies are not allowed to make entries into AFRS after Phase 2 close unless approved by OFM.

### 90.20.80.b

OFM prepares the ACFR in accordance with generally accepted accounting principles and works with the State Auditor's Office (SAO) throughout the ACFR audit.

### 90.20.80.c

Once the SAO issues their opinion on the state's ACFR, AFRS data is considered final and will be used by the state for all subsequent fiscal year reports. This includes budgetary control reporting and preparation of biennial budget requests.

### 90.20.80.d

Agencies preparing and/or publishing agency financial statements are to use the final audited AFRS data. Refer to [Subsection 90.10.60](#).

---

## 90.20.90 State Auditor's Office audit

---

June 1, 2016

---

### 90.20.90.a

During the fiscal year end cut-off process, SAO may recommend **material** adjustments to agencies' balances. Agencies are to review these recommended adjustments and notify their assigned OFM Accounting Consultant of the adjustments promptly.

### 90.20.90.b

All audit adjustments are recorded on a journal voucher form or equivalent toolbox entry, assigned a current document number by the audited agency, indicating the applicable biennium and fiscal month, and signed by the audited agency's fiscal officer indicating agreement or disagreement. Agencies are to



## State Administrative and Accounting Manual

cooperate with and assist the auditor, to ensure the audit adjustment journal voucher is complete and accurately prepared.

### **90.20.90.c**

Agencies are to submit SAO audit adjustments to OFM promptly. SAO audit adjustments are to be reviewed by the agency's assigned OFM Accounting Consultant. If appropriate, OFM will post the recommended adjustments in AFRS.



## 90.30 Fiscal Year-End Cut-Off - Illustrative Entries

Section	Title	Effective Date	Page Number
90.30.10	These entries are for illustrative purposes	June 1, 2016	<a href="#">958</a>
90.30.20	Cash revenues	June 1, 2016	<a href="#">958</a>
90.30.30	Material prior period adjustments	June 1, 2016	<a href="#">959</a>
90.30.35	Immaterial prior period adjustments and corrections	June 1, 2016	<a href="#">960</a>
90.30.40	Accrued, unavailable and unearned revenues	June 1, 2016	<a href="#">962</a>
90.30.50	Vendor payment transactions	June 1, 2016	<a href="#">963</a>
90.30.60	Encumbrance transactions	June 1, 2016	<a href="#">965</a>
90.30.70	Interagency reimbursements (Object S)	June 1, 2016	<a href="#">966</a>
90.30.80	Intra-agency reimbursements (Object T)	June 1, 2016	<a href="#">967</a>
90.30.90	Fund balance reclassification	June 1, 2016	<a href="#">968</a>

### 90.30.10 These entries are for illustrative purposes

June 1, 2016

The following entries illustrate the recording of year-end financial transactions. These entries are for illustrative purposes only and should not be considered all-inclusive.

Entries posted to GL Code series 71XX “In-Process” in treasury and treasury trust accounts also require an entry from the Office of the State Treasurer (OST) to clear the In-Process GL codes, as illustrated below.

	Dr.	Cr.
In-Process (71XX)	xxx	
Current Treasury Cash Activity (OST Only) (4310)		xxx

This OST entry would be reversed for In-Process debit amounts.



## 90.30.20 Cash revenues

June 1, 2016

### 90.30.20.a

To record cash revenues earned and received during the fiscal year (between July 1 and June 30) and **deposited** in the State Treasury (for treasury accounts) or a local bank account (for local accounts) **by June 30**. Refer to [Subsections 85.20.10](#) and [90.20.10](#).

	<b>Dr.</b>	<b>Cr.</b>
Cash in Bank (1110) or Receipts In-Process (7110) or Journal Vouchers In-Process (7140)	xxx	
Cash Revenues (3210) (with appropriate revenue source code)		xxx

### 90.30.20.b

To record cash revenues earned and **received by June 30** and recorded by the AFRS June cut-off, but not deposited/receipted in the State Treasury (for treasury accounts) or a local bank account (for local accounts) **by June 30**.

#### **Operating agency - concluding fiscal year:**

	<b>Dr.</b>	<b>Cr.</b>
Undeposited Local Cash (1120) or Receipts In-Process (7110) or Journal Vouchers In-Process (7140)	xxx	
Cash Revenues (3210) (with appropriate revenue source code)		xxx

#### **OST - ensuing fiscal year - for treasury accounts:**

	<b>Dr.</b>	<b>Cr.</b>
Current Treasury Cash Activity (OST Only) (4310)	xxx	
Receipts In-Process (7110) or Journal Vouchers In-Process (7140)		xxx

#### **Operating agency - ensuing fiscal year - for local accounts:**

	<b>Dr.</b>	<b>Cr.</b>
Cash in Bank (1110)	xxx	
Undeposited Local Cash (1120)		xxx

## 90.30.30 Material prior period adjustments

June 1, 2016

**Material prior period adjustment entries have the effect of adjusting beginning fund balance/equity. These entries must be submitted to the OFM Accounting Consultant assigned to the agency for approval and entry. Full footnote disclosure must accompany these adjustments.**





# State Administrative and Accounting Manual

## 90.30.30.a

To record **material** prior period adjustments to beginning real account balances (equity). Refer to [Subsection 90.20.15.a](#).

<b>Office of Financial Management:</b>	<b>Dr.</b>	<b>Cr.</b>
GL Code to be Adjusted (XXXX)	xxx	
Prior Period Material Corrections (OFM Only) (9720)		xxx

## 90.30.30.b

To record material prior period adjustments to the Subsidiary Accounts 997 and 999, debit and credit adjustments are offset to GL Code 9910 “Current Period Clearing Account (Subsidiary Accounts Only).” Refer to [Subsection 90.20.15.b](#).

For purposes of this example, assume that an agency discovers that \$5.0 million of equipment, with associated allowance for depreciation of \$4.4 million, remains in the Capital Assets Subsidiary Account 997 long after the equipment has become obsolete and effectively retired.

<b>Office of Financial Management:</b>	<b>Dr.</b>	<b>Cr.</b>
Allowance for Depreciation (2420)	4.4M	
Current Period Clearing Account (Subsidiary Accounts Only) (9910)	0.6M	
Furnishings and Equipment (2410)		5.0M
Investment in Capital Assets (9850)	0.6M	
Current Period Clearing Account (Subsidiary Accounts Only) (9910)		0.6M

**Note:** The ending balance in GL Code 9910 must be zero.

---

## 90.30.35 Immaterial prior period adjustments and corrections

June 1, 2016

---

### 90.30.35.a

To write off an unliquidated prior year estimated payable accrual. For purposes of this example, assume that an agency recorded an estimated accrual in the amount of \$20,000 and received actual bills in the subsequent fiscal year totaling \$19,500. The residual balance of \$500 in GL Code 5111 “Accounts Payable” should be adjusted through GL Code 3215 “Immaterial Adjustments to Prior Periods,” Revenue Source Code 0486 “Recoveries of Prior Expenditure Authority Expenditures.” Refer to [Subsection 90.20.45](#).

	<b>Dr.</b>	<b>Cr.</b>
Accounts Payable (5111)	500	
Immaterial Adjustments to Prior Periods (3215) Revenue Source Code (0486) “Recoveries of Prior Expenditure Authority Expenditures”		500



# State Administrative and Accounting Manual

## 90.30.35.b

To clear an over liquidated prior year estimated payable accrual. For purposes of this example, assume that an agency recorded an estimated accrual in a prior year in the amount of \$10,000 and received actual bills in the subsequent year totaling \$12,000. The balance (\$2,000) in excess of the estimated accrual is a current year expenditure and, if the account involved is appropriated, the expenditure may be a belated claim. Refer to [Subsections 90.20.15.e](#) and [85.40.10](#).

	Dr.	Cr.
Accounts Payable (5111)	10,000	
Cash Expenditures/Expenses (6510) (with appropriate Subobject)	2,000	
Warrants/ACH Payments In-Process (7120)		12,000

## 90.30.35.c

To record the recovery of an expenditure charged against a prior period expenditure authority. For purposes of this example, assume that an agency paid their electric bill in the amount of \$5,000. In the subsequent fiscal year the agency received a refund for an energy credit in the amount of \$500. The \$500 is recorded in the current fiscal year using GL Code 3210 “Cash Revenues” with Revenue Source Code 0486 “Recoveries of Prior Expenditure Authority Expenditures.” Refer to [Subsection 90.20.15](#).

	Dr.	Cr.
Cash in Bank (1110) or	500	
Receipts In-Process (7110)		
Cash Revenues (3210) Revenue Source Code (0486) "Recoveries of Prior Expenditure Authority Expenditures"		500

## 90.30.35.d

To adjust a receivable that was overestimated. For purposes of this example, assume that an agency recorded an estimated receivable in the amount of \$25,000 and in the subsequent year received payment in full of \$20,000. After liquidating the receivable for the amount received, the residual balance is adjusted through current year revenue. Refer to [Subsection 90.20.20.e](#).

	Dr.	Cr.
Accrued Revenues (3205) (with appropriate source code)	5,000	
Accounts Receivable (1312)		5,000

## 90.30.35.e

To adjust a receivable that was underestimated. For purposes of this example, assume that an agency recorded an estimated receivable in the amount of \$20,000 and in the subsequent year received payment in full of \$30,000. After liquidating the receivable for the amount received, the residual balance is adjusted through current year revenue. Refer to [Subsection 90.20.20.e](#).



# State Administrative and Accounting Manual

	Dr.	Cr.
Accounts Receivable (1312)	10,000	
Accrued Revenues (3205) (with appropriate source code)		10,000

## 90.30.35.f

To record an immaterial prior period adjustment to the General Capital Assets Subsidiary Account 997. Assume that the agency discovers that equipment cost is understated in AFRS by \$10,000. Refer to [Subsection 90.20.15.f](#). If the agency discovers that the equipment cost is overstated, the entry would be reversed.

	Dr.	Cr.
Furniture and Equipment (2410)	10,000	
Capital Asset Adjustment (General Capital Asset Subsidiary Account Only) (6597) Subobject WF “Capital Asset Adjustment”		10,000

## 90.30.35.g

To record an immaterial prior period adjustment to the General Capital Assets Subsidiary Account 997. Assume that the agency discovers that the allowance for depreciation is understated in AFRS by \$7,500. Refer to [Subsection 90.20.15.f](#).

	Dr.	Cr.
Depreciation/Amortization Expense (General Capital Asset Subsidiary Account Only) (6591) Subobject WA “Depreciation/Amortization”	7,500	
Allowance for Depreciation – Furnishings and Equipment (2420)		7,500

## 90.30.35.h

To record an immaterial prior period adjustment to the General Capital Assets Subsidiary Account 997. Assume that the agency discovers that the allowance for depreciation is overstated in AFRS by \$8,500. Refer to [Subsection 90.20.15.f](#).

	Dr.	Cr.
Allowance for Depreciation – Furnishings and Equipment (2420)	8,500	
Capital Asset Adjustment (General Capital Asset Subsidiary Account Only) (6597) Subobject WF “Capital Asset Adjustment”		8,500

---

## 90.30.40 Accrued, unavailable and unearned revenues

June 1, 2016

---

### 90.30.40.a

To record revenues earned but not received by **June 30**. Refer to [Subsection 90.20.20](#).



# State Administrative and Accounting Manual

	Dr.	Cr.
Appropriate Receivable GL Code (13XX)	xxx	
Accrued Revenues (3205) (with appropriate revenue source code)		xxx

## 90.30.40.b

To record receipt of accrued revenues in the ensuing fiscal year and deposit in the State Treasury (for treasury accounts) or a local bank account (for local accounts). Refer to [Subsection 90.20.20](#).

	Dr.	Cr.
Cash in Bank (1110) or	xxx	
Receipts in-Process (7110) or		
Journal Vouchers In-Process (7140)		
Appropriate Receivable GL Code (13XX)		xxx

**Note:** For revenue accrued at the end of the first fiscal year of the biennium, this entry is accompanied by a reversal of the accrued revenue - debit GL Code 3205 “Accrued Revenues,” and credit GL Code 3210 “Cash Revenues” in the second fiscal year.

## 90.30.40.c

To record a long-term receivable in a governmental fund type account for revenue which meets the asset recognition criteria but is not expected to be collected within one year. Refer to [Subsection 90.20.20.e](#).

	Dr.	Cr.
Appropriate Long-term Receivable GL Code (16XX)	xxx	
Unavailable Revenues (5292)		xxx

## 90.30.40.d

To record the receipt of cash or to record a receivable for which the earnings process is not yet complete. Refer to [Subsection 90.20.20.f](#)

	Dr.	Cr.
Appropriate Cash or In-Process GL Code (1110) or (7110) or	xxx	
Appropriate Receivable GL Code (13XX) or (16XX)	xxx	
Unearned Revenues (5190) or (5290)		xxx

## 90.30.50 Vendor payment transactions

June 1, 2016

Refer to [Subsection 85.36.20](#) for information on payment methods available to state agencies.



# State Administrative and Accounting Manual

## 90.30.50.a

To record cash expenditures/expenses for goods and services received and paid for during the fiscal year (prior to June 30). Refer to [Subsection 90.20.10](#).

	Dr.	Cr.
Cash Expenditures/Expenses (6510) (with appropriate Subobject)	xxx	
Cash in Bank (1110) or		
Warrants/ACH Payments In-Process (7120) or		
Journal Vouchers In-Process (7140)		xxx

## 90.30.50.b

To record the accrual of actual expenditures/expenses for goods and services received but not paid for by June 30. Refer to [Subsections 90.20.25](#) through [90.20.40](#).

	Dr.	Cr.
Accrued Expenditures/Expenses (6505) (with appropriate Subobject)	xxx	
Appropriate Payable GL Code (51XX)		xxx

## 90.30.50.c

To record payment of accrued expenditures/expenses in the **ensuing fiscal year**.

This entry is system generated in AFRS agencies when using payment producing transaction codes:

	Dr.	Cr.
Appropriate Payable GL Code (51XX)	xxx	
Cash in Bank (1110) or		
Warrants/ACH Payments In-Process (7120) or		
Journal Vouchers In-Process (7140)		xxx

**Note:** For expenditures charged to a biennial expenditure authority accrued at the end of the first fiscal year of the biennium, this entry is accompanied by a reversal of the accrued expenditure - debit GL Code 6510 "Cash Expenditures/Expenses," and credit GL Code 6505 "Accrued Expenditures/Expenses."

## 90.30.50.d

To record the accrual of estimated expenditures/expenses for goods and services received but not paid for by June 30. Usually the invoice has not been received by Phase 1 close. Estimated expenditures/expenses may also be items for which you anticipate an invoice amount based upon expenditure trend information, such as regular quarterly invoices. Refer to [Subsections 90.20.30](#) through [90.20.40](#) and [90.20.55](#).

<b>Concluding fiscal year at expenditure authority end:</b>	Dr.	Cr.
Estimated Accrued Expenditures/Expenses (6560) (with appropriate Subobject)	xxx	
Appropriate Payable GL Code (51XX)		xxx



# State Administrative and Accounting Manual

<b>Ensuing fiscal year:</b>	<b>Dr.</b>	<b>Cr.</b>
Appropriate Payable GL Code (51XX)	xxx	
Cash in Bank (1110) or		
Warrants/ACH Payments In-Process (7120)		xxx

**Note:** At the end of the first year, estimated accruals against biennial expenditure authorities are recorded in GL Code 6505 “Accrued Expenditures/Expenses.”

## 90.30.60 Encumbrance transactions

June 1, 2016

### 90.30.60.a

To record encumbrances for budgeted accounts during the fiscal year. Refer to [Section 85.30](#) and [Subsections 90.20.25](#) through [90.20.40](#).

	<b>Dr.</b>	<b>Cr.</b>
Encumbrances (6410)	xxx	
Reserved for Encumbrances (9510)		xxx

### 90.30.60.b

To record liquidations of encumbrances for budgeted accounts when paid or accrued.

	<b>Dr.</b>	<b>Cr.</b>
Reserved for Encumbrances (9510)	xxx	
Encumbrances (6410)		xxx

### 90.30.60.c

To record the **end-of-biennium** capital appropriation encumbrances for projects that have been **reappropriated** in the ensuing biennium. Refer to [Subsection 90.20.40.d](#).

<b>Concluding fiscal year at biennium end:</b>	<b>Dr.</b>	<b>Cr.</b>
Reserved for Encumbrances for Reappropriated Capital Appropriations (9513)	xxx	
Encumbrances (6410)		xxx

<b>Ensuing fiscal year:</b>	<b>Dr.</b>	<b>Cr.</b>
Encumbrances (6410)	xxx	
Reserved for Encumbrances for Reappropriated Capital Appropriations (9513)		xxx



## 90.30.70 Interagency reimbursements (Object S)

June 1, 2016

### 90.30.70.a

To record an interagency reimbursement received by a **budgeted proprietary fund type account** for salaries and benefits during the fiscal year. Refer to [Subsections 85.90.60.b](#), [85.95.60](#) and [90.20.70.b](#).

	Dr.	Cr.
Cash in Bank (1110) or Receipts In-Process (7110) or Journal Vouchers In-Process (7140)	xxx	
Cash Expenditures/Expenses (6510) Subobject SA (Salaries)		xxx
Cash Expenditures/Expenses (6510) Subobject SB (Benefits)		xxx
Expense Adjustments/Eliminations (GAAP) (6525) Subobject SA (Salaries)	xxx	
Expense Adjustments/Eliminations (GAAP) (6525) Subobject SB (Benefits)	xxx	
Revenue Adjustments/Eliminations (GAAP) (3225) (with appropriate revenue source code)		xxx

### 90.30.70.b

To record an interagency reimbursement received by a **non-budgeted proprietary fund type account** during the fiscal year.

	Dr.	Cr.
Cash in Bank (1110) or Receipts In-Process (7110) or Journal Vouchers In-Process (7140)	xxx	
Cash Revenues (3210) (with appropriate revenue source code)		xxx

### 90.30.70.c

To record an interagency reimbursement received by accounts **other than proprietary fund type accounts** for salaries and benefits during the fiscal year.

	Dr.	Cr.
Cash in Bank (1110) or Receipts In-Process (7110) or Journal Vouchers In-Process (7140)	xxx	
Cash Expenditures/Expenses (6510) Subobject SA (Salaries)		xxx
Cash Expenditures/Expenses (6510) Subobject SB (Benefits)		xxx



## 90.30.80 Intra-agency reimbursements (Object T)

June 1, 2016

### 90.30.80.a

To record an intra-agency reimbursement received by a budgeted proprietary fund type account for salaries and benefits during the fiscal year. Refer to [Subsections 85.90.60.a](#), [85.95.50](#) and [90.20.70.b](#).

	Dr.	Cr.
Cash in Bank (1110) or Receipts In-Process (7110) or Journal Vouchers In-Process (7140)	xxx	
Cash Expenditures/Expenses (6510) Subobject TA (Salaries)		xxx
Cash Expenditures/Expenses (6510) Subobject TB (Benefits)		xxx
Expense Adjustments/Eliminations (GAAP) (6525) Subobject TA (Salaries)	xxx	
Expense Adjustments/Eliminations (GAAP) (6525) Subobject TB (Benefits)	xxx	
Revenue Adjustments/Eliminations (GAAP) (3225) (with appropriate revenue source code)		xxx

### 90.30.80.b

To record an intra-agency reimbursement received by a **non-budgeted proprietary fund type account** during the fiscal year.

	Dr.	Cr.
Cash in Bank (1110) or Receipts In-Process (7110) or Journal Vouchers In-Process (7140)	xxx	
Cash Revenues (3210) (with appropriate revenue source code)		xxx

### 90.30.80.c

To record an intra-agency reimbursement received by accounts **other than proprietary fund type accounts** for salaries and benefits during the fiscal year.

	Dr.	Cr.
Cash in Bank (1110) or Receipts In-Process (7110) or Journal Vouchers In-Process (7140)	xxx	
Cash Expenditures/Expenses (6510) Subobject TA (Salaries)		xxx
Cash Expenditures/Expenses (6510) Subobject TB (Benefits)		xxx





## 90.30.90 Fund balance reclassification

June 1, 2016

To record a reclassification of fund balance. For purposes of this example, assume that bond proceeds are deposited in Account 064, that some proceeds remain unspent at year end and that the bond resolution restricts the use of the unspent proceeds. Per [Subsection 75.30.50](#), Account 064 has a designated closing GL Code of 9310 “Committed for Higher Education.” In light of the bond resolution and the descriptions of the fund balance GL codes in [Subsection 75.40.20](#), the agency determines that the unspent bond proceeds portion of the amount in GL Code 9310 should be reclassified to GL code 9230 “Restricted for Higher Education.” This entry increases the restricted fund balance GL code and decreases the committed fund balance GL code.

	<b>Dr.</b>	<b>Cr.</b>
Committed for Higher Education (9310)	xxx	
Restricted for Higher Education (9230)		xxx



## 90.40 State Disclosure Forms

Section	Title	Effective Date	Page Number
90.40.10	Introduction to state disclosure forms and lead sheet	June 1, 2022	<a href="#">969</a>
90.40.20	Cash and investments disclosure	June 1, 2021	<a href="#">971</a>
90.40.30	Taxes receivables disclosure	June 1, 2022	<a href="#">973</a>
90.40.35	Inventory disclosure	June 1, 2016	<a href="#">974</a>
90.40.38	Capital assets – summary of activity disclosure	June 1, 2022	<a href="#">975</a>
90.40.40	Long-term construction commitments disclosure	June 1, 2016	<a href="#">976</a>
90.40.45	Leases, liabilities by major class – summary of activity, and Certificates of Participation (COPs) disclosure	June 1, 2022	<a href="#">977</a>
90.40.50	Unavailable and unearned revenues disclosure	June 1, 2022	<a href="#">980</a>
90.40.55	Bond debt disclosure	June 1, 2022	<a href="#">981</a>
90.40.60	Transfer disclosure	June 1, 2016	<a href="#">985</a>
90.40.70	Pension disclosure	June 1, 2016	<a href="#">986</a>
90.40.75	Miscellaneous disclosure	June 1, 2019	<a href="#">988</a>
90.40.80	Internal control/internal audit questionnaire disclosure	June 1, 2019	<a href="#">988</a>
90.40.95	Financial disclosure certification	June 1, 2022	<a href="#">989</a>

### 90.40.10 Introduction to state disclosure forms and lead sheet

June 1, 2022

Information collected in the state Disclosure Forms application facilitates the preparation of the state of Washington's [Annual Comprehensive Financial Report \(ACFR\)](#) by the Office of Financial Management (OFM).



# State Administrative and Accounting Manual

The state Disclosure Forms application is an electronic way of capturing detail data for various aspects of an agency's activities. Each of the disclosure forms covers specific detail or other information that is not readily available from the data collected in AFRS.

All forms are completed online. The signed Financial Disclosure Certification form including attachments, as necessary, is to be emailed to [OFMAccounting@ofm.wa.gov](mailto:OFMAccounting@ofm.wa.gov).

Due Dates	Reporting Items
August 19, 2022	Phase 1B Close: <ul style="list-style-type: none"> <li>• Certain state disclosure forms*</li> <li>• Pollution Remediation site status report, refer to Subsection 90.40.75</li> <li>• Asset Retirement Obligation report, refer to Subsection 85.74.45</li> <li>• Interagency Receivable/Payable balancing, refer to Subsection 90.20.50</li> </ul>
September 2, 2022	Phase 2 Close - remaining state and all federal disclosure forms
September 14, 2022	Financial Disclosure Certification form
February 28, 2023	Federal Assistance Certification form

\*Phase 1B is the due date for the following state disclosure forms:

- Bond Debt by Major Class – Summary of Activity Disclosure
- Debt General Disclosure
- Bond Sales Disclosure
- Cash and Investments General Disclosure
- Cash and Investments Restricted Disclosure
- Cash on Hand and in Bank Disclosure
- Certificates of Deposit (Non-negotiable) Disclosure
- Certificates of Participation Disclosure - Agencies
- Certificates of Participation Disclosure – OST
- Internal Control Questionnaire Disclosure
- Miscellaneous Disclosure

If your agency cannot complete some or all of the Phase 1B forms listed above by the due date, you need to request an extension by sending a memo to your assigned OFM Accounting Consultant. The memo should list the form(s) for which an extension is needed and the date by which your agency can complete the form(s).

In order to accurately complete the disclosure forms by the due date, agencies should review the information in the Agency Financial Reporting System (AFRS) that is associated with the information on the disclosure forms and make necessary adjustments in AFRS prior to the end of Phase 2.

Each agency is **required** to complete the following state disclosure forms

- Cash and Investments Restricted Disclosure
- Internal Control Questionnaire
- Miscellaneous Disclosure
- Financial Disclosure Certification



# State Administrative and Accounting Manual

The remainder of the disclosure forms may or may not apply to your agency.

Specify on the lead sheet if a form is completed or not applicable by selecting “Yes” or “N/A” in the “Completed” column. If there is AFRS data pre-filled on a disclosure form for your agency, the Lead sheet will identify the form as “Required” and you must complete it.

All reporting of financial information is to be in **whole dollars**. Do not enter pennies, decimal points, dollar signs, etc. Refer to the “Tips” screen in the Disclosure Form application for more helpful information.

All financial information reported is to be reconciled to AFRS. Reports in Enterprise Reporting (ER) are available to assist in the reconciliation process. Agencies are encouraged to use these reports throughout the year to monitor reconciliation status.

To complete the state disclosure forms, access the Disclosure Forms application at: <http://www.ofm.wa.gov/systems/default.asp>. Click on the Disclosure Forms link. Use an authorized User ID, agency number, and password to log in, and then select the “State Forms” tab.

If you have a question regarding disclosure form reporting, contact your assigned OFM Accounting Consultant.

[State Disclosure Form Lead Sheet](#)

---

## 90.40.20 Cash and investments disclosure

June 1, 2021

---

### General Instructions

**Local and treasury accounts.** Agencies with **balances at June 30** in the following general ledger (GL) codes are required to complete the cash and investments disclosure forms as applicable:

- 1110 Cash in Bank
- 1120 Undeposited Local Cash
- 1130 Petty Cash
- 1140 Restricted Cash and Investments, Current Operations
- 1150 Cash with Fiscal Agents
- 1205 Temporary and/or Pooled Cash Investments
- 1209 Short-Term Portion of Long-Term Investments
- 1210 Investments
- 1215 Investments under Reverse Repurchase Agreements
- 1216 Collateral held under Securities Lending Agreements
- 1220 Unamortized Premiums on Investments
- 1230 Unamortized Discounts on Investments
- 1240 Restricted Cash and Investments, Noncurrent
- 1280 Valuation Allowance - Investments



## State Administrative and Accounting Manual

Amounts covered by the Federal Deposit Insurance Corporation (FDIC), the Public Deposit Protection Commission (PDPC), or the National Credit Union Administration (NCUA) are considered to be insured or collateralized. In general,

- FDIC insurance separately covers demand deposits and interest bearing deposits up to \$250,000 each, per taxpayer identification number (TIN), per bank.
- PDPC provides for a collateral pool for protection of balances in excess of the FDIC limits on deposit with Washington public depositories.
- NCUA insurance covers federal and state-chartered credit union accounts up to \$250,000 per TIN, per credit union. Per chapter 39.58 RCW, \$250,000 is the maximum deposit allowed in any one credit union, and excess deposits are not covered by the PDPC.

Uninsured/uncollateralized balances would include those deposited in out-of-state and alien banks.

There are three cash and investment disclosure forms:

### **90.40.20.a Cash and Investments General Disclosure**

This form contains general questions concerning an agency's cash and investment activity. Information provided should be on an agency-wide basis.

[Cash and Investment General Disclosure](#)

### **90.40.20.b Cash and Investments Restricted Disclosure**

All agencies are required to complete the Cash and Investments Restricted Disclosure form. This form contains questions about restricted cash. Balances in GL Codes 1140 and 1240 "Restricted Cash and Investments" and GL Code 1150 "Cash with Fiscal Agents" are prefilled from AFRS and agencies are asked to provide a description of the nature of the restriction. The form also asks agencies to report unspent bond proceeds and any other externally restricted cash and investments recorded in AFRS at **June 30**.

[Cash and Investment - Redistricted Disclosure](#)

### **90.40.20.c Cash on Hand and in Bank Disclosure**

This form requests information concerning an agency's cash in bank by GL code as well as information on petty cash funds and undeposited receipts held in cash. Agencies are to report the following:

1. The June 30 total cash on hand.
2. The June 30 cash balance in bank as stated by the bank (i.e., bank statement), categorized by:
  - Insured or Collateralized
  - Uninsured/Uncollateralized
3. The June 30 book balance as reported in Agency Financial Reporting System (AFRS).



## State Administrative and Accounting Manual

Except for accounts with very little activity, book and bank balances will normally be different due to outstanding checks and/or deposits in transit.

Explain the reason for any differences between book and bank balances in the comment box. Also explain in the comment box the reason and/or nature of any amounts listed in the Uninsured/Uncollateralized column.

### [Cash on Hand and in Bank Disclosure](#)

#### **90.40.20.d Certificates of Deposit (Non-negotiable) Disclosure**

This form is required to be completed if an agency has non-negotiable certificates of deposit reported in GL Codes:

- 1140 Restricted Cash and Investments, Current Operations,
- 1150 Cash with Fiscal Agents,
- 1205 Temporary and/or Pooled Cash Investments,
- 1209 Short-Term Portion of Long-Term Investments,
- 1210 Investments, or
- 1240 Restricted Cash and Investments, Noncurrent.

Certificates of Deposits (CDs) held by agencies (other than the State Investment Board) are generally non-negotiable. One of the features of non-negotiable certificates of deposit is a penalty when it is redeemed prior to maturity. Such certificates of deposits should be reported on this disclosure form. (Historically, only SIB has held negotiable CDs. Negotiable certificates of deposits should not be reported on this disclosure form.)

### [Certificate of Deposit \(Non-negotiable\) Disclosure](#)

---

## **90.40.30 Taxes receivables disclosure**

June 1, 2022

---

### **General Instructions**

All agencies with taxes as of fiscal year-end are required to complete the [Taxes Receivable Disclosure](#) form.

The balances in the following tax related GL Codes are to be reported by account and by type.

- 1311 - Taxes Receivable
- 1328 - Tax Liens Receivable
- 1611 - Long-Term Taxes Receivable

The types of taxes receivable include the following:

- Beer and wine
- Business and occupation



## State Administrative and Accounting Manual

- Cannabis
- Estate
- Fuel
- Hazardous substance
- Insurance premium
- Other (a description is required)
- Property
- Public utility
- Real estate excise tax
- Sales

The amounts for each related allowance GL Code need only be reported by account.

- 1341 - Allowance for Uncollectible Taxes Receivable
- 1348 - Allowance for Uncollectible Tax Liens Receivable
- 1641 - Allowance for Uncollectible Long-Term Taxes Receivable

### [Taxes Receivable Disclosure](#)

---

## 90.40.35 Inventory disclosure

June 1, 2016

---

### General Instructions

All agencies with balances at fiscal year-end in inventory GL codes are required to complete the [Inventory Disclosure](#) form for all accounts regardless of the value. Identify the method used to value each type of inventory.

There are two types of inventories - consumable inventories (GL Codes 1410 and 1415) and merchandise inventories (GL Codes 1420, 1430, 1440, and 1450). Consumable inventories are assets that are consumed in the course of an agency's business. Merchandise inventories, on the other hand, are assets held for resale. Merchandise and consumable inventories are mutually exclusive and are accounted for separately.

Refer also to Subsections [35.10.40](#) and [35.10.45](#).

For inventories on hand, other than donated consumable inventories, agencies are to select the applicable valuation method. Donated consumable inventories are recorded at fair value at time of acquisition.

Inventory methods include:

- **First-in, first-out (FIFO)** – This method allocates costs on the assumption that goods are consumed/sold in the order in which they were acquired. In other words, the first goods purchased are assumed to be the first used or sold. Thus, inventory on-hand is assumed to represent the most recent acquisitions.



## State Administrative and Accounting Manual

- **Last-in, first-out (LIFO)** – This method allocates costs on the assumption that the last units acquired are the first units consumed/sold. Thus, inventory on-hand is assumed to come from earlier acquisitions.
- **Weighted average (W.A.)** – In general, this method values ending inventory based on the average cost per unit for the period.
- **Other** – An agency may use an inventory valuation method other than those described above as defined in writing by the agency inventory officer. If an agency uses another method, list the valuation method used.

### [Inventory Disclosure](#)

---

## 90.40.38 Capital assets – summary of activity disclosure

June 1, 2022

---

### General Instructions

All agencies with capital assets (GL Code series 2XXX) are required to complete the [Capital Assets - Summary of Activity Disclosure](#) form.

The debit and credit amounts shown on a trial balance report may not reflect true additions and/or deletions due to certain transactions and adjustments that inflate true activity. An example of inflated activity would be when an erroneous transaction is not backed out using a reverse code with the original transaction code. Agencies should **adjust AFRS to reflect their true activity** during the fiscal year, as reported in the disclosure form. For information and tools related to capital asset transactions, refer to our resources website at: <https://ofm.wa.gov/accounting/administrative-accounting-resources/capital-assets>.

**Additions** to capital assets should be those purchases or reclassifications that meet the state's capitalization policy.

**Deletions** should reflect the sale or disposal of an asset.

**Adjustments** may include:

- Immaterial prior year corrections, such as an adjustment to the cost of an asset (increase or decrease) using GL Code 6597 Subobject WF in Account 997
- Transfers between agencies and/or accounts
- Impairments

Refer to [Sections 30.20](#) and [85.60](#) and [Subsection 90.20.15.f](#).

Increases to **allowance for depreciation/amortization** should be the result of and equal to increases in depreciation/amortization expense. Reductions in allowance for depreciation/amortization should be related to the sale or disposal of an asset.





**Adjustments** may include:

- Immaterial prior year corrections, such as a decrease to the allowance for depreciation/amortization using GL Code 6597 Subobject WF in Account 997
- Transfers between agencies and/or accounts
- Impairments

Agencies reporting activity in Account 997 “General Capital Assets Subsidiary Account” should review their capital asset activity coded to **Subobjects JC – JZ, SJ and TJ** in their governmental fund type account(s) and compare them to the activity in Account 997.

Additionally, capital asset GL balances reported in AFRS are required to be **reconciled to the agency’s subsidiary capital asset system** (for example, Capital Asset Management System (CAMS)). Refer also to [Subsection 85.60.60](#).

[Example of Completed Capital Assets - Summary of Activity Disclosure](#)

---

## 90.40.40 Long-term construction commitments disclosure

June 1, 2016

---

### General Instructions

All agencies with long-term construction commitments are required to complete the [Long-Term Construction Commitments Disclosure](#) form. The state is required to disclose significant long-term commitments that are not reported in the financial statements. Construction commitments are the most common commitment of this type.

The form is designed to collect both the construction-in-progress project information for the fiscal year-end as recorded in AFRS (GL Code 2510) as well as remaining commitment information. A commitment is viewed as the estimated dollars necessary to complete a project.

Agencies are to list each significant project on a separate line by the account where it is recorded or will be recorded in AFRS. A project is considered significant if the amount of GL Code 2510 “Construction-in-Progress” at fiscal year-end exceeds \$2 million or if the remaining commitment exceeds \$10 million. All projects that do not meet the criteria for a significant project are to be aggregated and entered at the bottom of the form as “Other Miscellaneous.”

The Department of Transportation should disclose commitments made for on-going infrastructure projects regardless of GL code used.

**Note:** Those amounts to be shown in the “Remaining Commitment” column are those remaining commitments not recorded in AFRS; i.e., not recorded as a disbursement or accrual in fiscal year-end agency financial activity. Occasionally, an agency may have a construction project that involves a significant commitment for the future, but no construction-in-progress has been recorded in AFRS. Such



commitments should be disclosed by recording the information on a separate line with zero (\$) in the current “Fiscal Year-End Construction-in-Progress” column.

[Long-Term Construction Commitments Disclosure](#)

---

## 90.40.45 Leases, liabilities by major class – summary of activity, and Certificates of Participation (COPs) disclosure

June 1, 2022

---

### General Instructions

All agencies with liability activity and/or balances are required to complete the [Liabilities by Major Class – Summary of Activity Disclosure](#) form. Agencies with leases are also required to complete the [Lease Disclosure](#) form. Agencies with Certificates of Participation (COPs) are to complete the [Certificate of Participation Disclosure – Agencies](#) form. OST (Bond Retirement and Interest Agency) is to complete the [Certificates of Participation \(COPs\) Disclosure – OST](#) form.

### 90.40.45.a Lease Disclosure

This form collects information about leases.

#### Right-to-Use Lease Agreement

A right-to-use lease agreement is a contract that conveys control of the right to use another entity’s capital asset, as specified in the contract, for a specific period of time in an exchange or exchange-like transaction. A lease liability and intangible right-to-use lease asset must be recorded for leases that meet the state’s capitalization policy. Refer to [Subsection 30.20.35](#).

#### Lease-to-Own Agreement

A lease-to-own contract that transfers ownership of the underlying asset to the lessee by the end of the contract and does not contain termination options should be reported as a financed purchase of the underlying asset by the lessee and a sale of the asset by the lessor. Refer to [Subsection 30.20.40](#).

Agencies are to report the following:

- 1. Right-to-Use Lease Agreement Future Payments (state agency is lessee) - Principal and Interest to Maturity:**

For leases paid to external entities (not state agencies) having initial noncancelable lease terms in excess of one year, report the future payments, by principal and interest, as of **June 30**, for each of the five succeeding fiscal years and in five-year increments thereafter. **Reporting should be limited to existing leases. Do not project leases into future periods.**



# State Administrative and Accounting Manual

The future lease payments for right-to-use lease agreements is compared to the AFRS balances in GL Codes 5174 and 5274, including balances in Account 999 “General Long-Term Obligations Subsidiary Account.” Any difference must be explained.

2. **Any right-to-use lease agreements that exceed the capitalization threshold entered into after June 30.**
3. **Lease-to-Own Agreement Future Payments (state agency is lessee) - Principal and Interest to Maturity:**

For leases paid to external entities (not state agencies) having initial noncancelable lease terms in excess of one year, report the future payments, by principal and interest, as of **June 30**, for each of the five succeeding fiscal years and in five-year increments thereafter. **Reporting should be limited to existing leases. Do not project leases into future periods.**

The future lease payments for lease-to-own agreements payable is compared to the AFRS balances in GL Codes 5172 and 5272, including balances in Account 999 “General Long-Term Obligations Subsidiary Account.” Any difference must be explained.

## [Lease Disclosure](#)

### 90.40.45.b Liabilities by Major Class – Summary of Activity Disclosure

This form summarizes liability activity by major class. For purposes of this disclosure, **major class** is defined as follows:

Liability - Major Class	GL Codes
Claims and judgments payable	5113, 5118, 5119, 5149, 5213, 5285, 5286
Lease-to-own agreements payable	5172, 5272
Right-to-use lease liability	5174, 5274
Other obligations	5116, 5117, 5247, 5297, 5298, 5299
Pollution remediation liability	5287
Tuition benefits payable	5184, 5284

- All agencies with liability balances (beginning or ending) and/or activity during the fiscal year in any of the GL codes noted above are required to complete this disclosure form by account.
- Beginning and ending balance columns are automatically filled with data from AFRS. The ending balance will agree with the total column on a Trial Balance report.
- Adjustments can be either debit or credit amounts. Examples of adjustments include: transfers between agencies and/or accounts, and certain immaterial prior year corrections. Adjustments require an entry in the Comment field.
- For this form, reclassifications between long-term and short-term GL codes are to be disregarded, and should not be included in the increases (CR) or decreases (DR) columns.



## State Administrative and Accounting Manual

- For lease-to-own agreements (GL Codes 5172 and 5272) recorded in Account 999 “General Long-Term Obligations Subsidiary Account,” new issues (increases) are to agree to amounts reported in governmental fund-type accounts in Revenue Source Code 0809 “Lease-to-Own Acquisition.”
- For right-to-use lease agreements (GL Code 5174 and 5274) recorded in Account 999 "General Long-Term Obligations Subsidiary Account,” new issues (increases) are to agree to amounts reported in governmental fund-type accounts in Revenue Source Code 0810 "Right-to-Use Lease Acquisition."

### [Liabilities by Major Class - Summary of Activity Disclosure](#)

#### **90.40.45.c Certificates of Participation (COPs) Disclosure – Agencies**

- All agencies with COP balances (beginning or ending) and/or activity during the fiscal year in GL Codes 5173, 5273, 5920, and/or 1911 are required to complete this disclosure form by account.
- Agencies are **required** to reconcile COP fiscal year activity and year-end GL balances to OST’s records. An OST COP fiscal year activity and year-end balances report is provided to agencies in July. All COP balances must be reconciled by the close of Phase 1B.
- Beginning and ending balance columns are automatically filled with data from AFRS. The ending balance will agree with the total column on a Trial Balance report.
- For this form, **reclassifications** between long-term and short-term GL codes are to be disregarded, and should not be included in the increases (CR) or decreases (DR) columns.
- For COP (GL Codes 5173 and 5273) recorded in Account 999 “General Long-Term Obligations Subsidiary Account,” **new issues** (increases) are to agree to amounts reported in governmental fund type accounts in Revenue Source Codes 0807 “Certificates of Participation” and 0854 “Refunding COPs Issued.”
- In proprietary fund type accounts, **new issues** (increases) should equal the par amount of the new COP.
- For GL Code 1911 “Unamortized Discounts on Certification of Participation”, the balance is normally a debit, increases are normally debits, and decreases are normally credits. Enter increases in the Increase column, as positive amounts. Enter decreases in the Decrease column, as negative amounts.

### [Certificates of Participation \(COPs\) Disclosure - Agencies](#)

#### **90.40.45.d Certificates of Participation (COPs) Disclosure - OST**

This form is completed by OST. OST reports debt service requirements to maturity for Certificates of Participation (COPs) as well as related arbitrage rebate requirements, if any. Principal amounts entered for the fiscal years disclosed must agree in total to the related GL codes in AFRS.

### [Certificates of Participation \(COPs\) Disclosure - OST](#)



## 90.40.50 Unavailable and unearned revenues disclosure

June 1, 2022

### General Instructions

All agencies with unavailable/unearned balances as of fiscal year-end must complete the [Unavailable and Unearned Revenues Disclosure](#) form.

Balances in the following GL Codes are to be reported by account and type:

- 5190 and 5290 Unearned Revenues
- 5192 and 5292 Unavailable Revenues

Choose from the following list the type that is most applicable:

- Charges for services
- Donable goods
- Grant or donation
- Miscellaneous/Other\*
- Other taxes
- Premiums and assessments
- Property taxes
- Timber sales
- Tolls
- Transportation related charges

\* Limit your use of the Miscellaneous/Other type. If Miscellaneous/Other is used, a description is required in the Comments or Description column.

Also complete these fields on the form:

- Recognition Criteria
- Source of Funds (federal, state, private/local)

### **Unearned Revenues (GL Codes 5190 and 5290):**

Revenues that are unearned are recorded to GL Codes 5190 and 5290, and may be reported in both governmental and proprietary type accounts. Unearned means that the earnings process is not yet complete.

Examples of revenues not yet earned include:

- Federal assistance received in advance,
- Insurance premiums received in advance,
- Prepaid tolls,
- Prepaid tuition and fees (summer school), and
- Prepayments made pursuant to agreements.



# State Administrative and Accounting Manual

Refer also to [Subsections 85.70.45](#).

## **Unavailable Revenues (GL Codes 5192 and 5292):**

Revenues that are unavailable are recorded to GL Codes 5192 and 5292, and may only be reported in governmental fund type accounts.

GL Code 5292 should be used to offset a receivable for which the asset recognition criteria has been met, but the governmental fund revenue recognition criteria has not been met. Generally, in governmental funds, accrued revenue sources are deemed unavailable if collectible beyond one year. Examples include long term receivables and contracts associated with the harvest of timber that extend beyond 12 months.

GL Code 5192 should be used only in limited instances where revenue associated with a receivable does not meet the revenue recognition criteria and will be collected within one year. An example where GL Code 5192 is properly used is to offset property taxes receivable that are expected to be collected after 60 days following year end but within one year.

Refer also to [Subsection 85.70.40](#).

## [Unavailable and Unearned Revenues Disclosure](#)

---

## **90.40.55 Bond debt disclosure**

June 1, 2022

---

### **General Instructions**

The state is required to disclose certain information about bond debt activity, debt service requirements, and refunding activity. Agencies that issue bonds and/or pay bond debt service are required to complete these disclosure forms.

The state issues four types of bonds: General Obligation Bonds, Revenue Bonds, Zero Coupon General Obligation Bonds, and Refunding Bonds. Refer to [Subsection 85.72.20](#).

### **90.40.55.a Debt General Disclosure**

This form contains **general questions** concerning arbitrage rebate requirements, IRS communications, variable rate demand obligations, and direct borrowings or placements.

## [Debt General Disclosure](#)

### **90.40.55.b Bond Debt by Major Class – Summary of Activity Disclosure**

This form summarizes the **current year activity of bond debt** by debt class.

**OST** will summarize and report their bond activity that is recorded in Account 999 “General Long-Term Obligations Subsidiary Account,” as well as for other agencies where OST pays the actual debt service (currently L&I).



# State Administrative and Accounting Manual

All other agencies are required to complete this disclosure form for bond debt activity where the debt service is paid by their agency, not by OST.

## Table 1 - Bond Debt GL Codes Reconciliation to AFRS

For purposes of this disclosure form, debt class is defined as follows:

Debt Class	GL Codes
General obligation bonds	5161, 5261
GO zero coupon bonds-principal	5164, 5264
Revenue bonds	5162, 5262, 5167, 5267, 1667
Other bonds payable	5169, 5269

- Beginning and ending balance columns are automatically filled with data from AFRS. The ending balance will agree with the total column on a Trial Balance report.
- Normally, bond debt liabilities will have **credit** balances.
- Normally, **retirements** are payments of bond debt principal and will be **debit** amounts and should be entered as positive numbers.
- Normally, **new issues** in bond debt liabilities will be credit amounts and should be entered as negative numbers.
- For this form, **reclassifications between long-term and short-term GL codes are to be disregarded** and should not be included in the “New Issues” (increases in bond debt liability) or “Retirements” (decreases of bond debt liability) columns.
- For bonds recorded in Account 999 “General Long-Term Obligations Subsidiary Account:” **new issues** (increases in bond debt) are to equal amounts reported in governmental fund type accounts in Revenue Source Codes 0860 “Bonds Issued,” 0864 “Taxable Bonds Issued,” 0865 “Note Proceeds” and 0859 “Proceeds of Refunding Bonds,” and **retirements** (decreases in bond debt) are to equal amounts reported in governmental fund type accounts in Subobject P “Principal.”
- Additionally, if applicable, disclose the portion of the revenue bonds that are **general revenue bonds** and list what types of revenues (for example student tuition, sales and service revenue, interest) are considered general revenues for the purpose of paying debt service.

## Table 2 - Debt Service Requirements

Agencies should disclose their upcoming debt service by fiscal year based on the information in their bond amortization schedules. The amount reported as principal in fiscal year 2023 should agree to the amount in the short term GL Codes 5161, 5162, 5163, 5164, 5167, or 5169.

## Table 3 – Reconciliations

These reconciliations identify potential discrepancies between Tables 1 and 2, and the bond debt GL codes in AFRS.



# State Administrative and Accounting Manual

1. Compares the total ending principal in Table 1 to the principal total in Table 2.
2. Compares the short term GL codes to the fiscal year 2023 principal reported in Table 2.

## **Table 4 - Bonds Outstanding – Type and Interest Rate**

For bonds outstanding at **June 30**, disclose the types of bonds and the range of bond interest rates for the bond issues.

## **Table 5 - Bonds Authorized but Unissued**

For bonds authorized but **unissued at June 30**, please disclose the purpose of the bond issues, the types of bonds, and the total amount of bonds authorized but unissued at June 30.

## **Table 6 - Other Bond Related GL Codes Reconciliation to AFRS**

<b>GL Title</b>	<b>GL Codes</b>
Zero coupon bonds – Accreted Interest Payable	5165/5212
Unamortized discounts on bonds sold	1910
Unamortized premiums on bonds sold	5910

Complete the table to disclose activity related to unamortized bond premiums and discounts, and accreted interest payable (GL Codes 1910, 5165, 5212 and 5910) **as of June 30**. Current year amortization activity should be recorded in GL Codes 6512 or 6593 “Amortization Expense”

Subobject WB “Amortization.”

## **Table 7 – Pledged Revenue for Revenue Bonds**

For revenue bonds outstanding at year end for which specific revenues have been pledged, disclose information about the pledged revenues including: account, source of revenue pledged, current year revenues pledged, current year debt service, future revenues pledged, a description of the debt, the purpose of the debt, and the ending year of the commitment. List the year(s) the bond(s) were issued in the “Purpose of the Debt” column.

## **Table 8 – Reconciliation of Future Revenue Pledged**

Reconcile the revenue pledged amounts reported in Table 7 to the revenue bond principal and interest amount totals in Table 2.

### [Bond Debt by Major Class - Summary of Activity Disclosure](#)

#### **90.40.55.c Bond Sales Disclosure**

This form collects required disclosure information about **current year bond sales** including refunding issues, defeased debt outstanding at year end, and bond issues subsequent to year end.





# State Administrative and Accounting Manual

## Current year bond sales

For bond sales, disclose the following information by Proprietary or Governmental fund type:

- Account the bonds were recorded in AFRS
- Name of bond series
- Delivery date of bond series
- Type of Bond
- Is it a Refunding Bond?
- Is it a Taxable Bond?
- Purpose of the Bonds
- Par amount for the Bond series per the official statement
- Bond series premium/discount

This form will check the amounts disclosed against the amounts reported in the Bond Debt by Major class disclosure form and against AFRS data.

This form also collects required disclosure information on bond debt refunding activities.

The state is required to disclose bond debt refunding activity for bond debt refunded in the current year and for bond debt refunded in prior years that remains outstanding.

- **For all agencies other than OST**, this disclosure form is required to be completed **only** if your agency had a bond debt refunding that was not part of a refunding done by OST, **or** if your agency had bond debt refunded in prior years that remains outstanding and that was **not** part of a refunding done by the OST.
- **OST Bond Retirement and Interest Agency (Agency 0100)** is required to complete this disclosure form for General Obligation Bond debt refundings.

In addition to a general description of the bond refunding, two additional items are required to be disclosed:

- **The difference between the cash flows required to service the old bond debt and the cash flows required to service the new bond debt and complete the refunding.** When measuring the difference between the two cash flows, additional cash used to complete the refunding paid from resources other than proceeds of the new bond debt (for example, for issuance costs or payments to the escrow agent) should be added to the new bond debt cash flows. Accrued interest received at the bond issuance date should be excluded from the new bond debt cash flows. If the new bond debt is issued in an amount greater than that required for the refunding, only that portion of bond debt service applicable to the refunding should be considered.



## State Administrative and Accounting Manual

- **The economic gain or loss resulting from the transaction.** Economic gain or loss is the difference between the present value of the old bond debt service requirements and the present value of the new bond debt service requirements, discounted at the effective interest rate and adjusted for additional cash paid, as noted above.

The **effective interest rate** is the rate that, when used to discount the debt service requirements on the new debt, produces a present value equal to the proceeds of the debt (including accrued interest) net of any premiums or discounts and any underwriting spread and issuance costs that are not recoverable through escrow account earnings. Issuance costs include all costs incurred to issue the bonds, including but not limited to insurance costs (net of rebates from the old debt, if any), financing costs (such as rating agency fees), and other related costs (such as printing, legal, administrative, and trustee expenses).

### Defeased bonds

The state is required to disclose debt defeased in substance that remains outstanding, regardless of how the cash and monetary assets were acquired, in an advance refunding.

If your agency has performed your own bond debt refunding (not through OST) disclose the amount **at June 30** of debt defeased in substance and the amount for which essentially risk-free monetary assets were substituted for not essentially risk-free monetary assets. The amounts disclosed should include any remaining prepaid insurance related to the extinguished debt.

### Bonds issued subsequent to year end

The state is also required to disclose debt issued **subsequent to June 30**. Disclose requested information about debt issued in the period between July 1 and December 31 of the current fiscal year.

### [Bond Sales Disclosure](#)

---

## 90.40.60 Transfer disclosure

June 1, 2016

---

### General Instructions

GAAP requires the state to disclose in the notes to the financial statements certain details about transfers including:

- Amounts transferred between accounts, and
- A general description of the principal purposes of the transfers.

Transfers to be reported on the disclosure form:

- Revenue Source Codes 0613 – 0699 and 0484 (excluding 0623, 0649, 0677, 0683, and 0690)
- GL Code 65XX Object M



## State Administrative and Accounting Manual

The majority of the transfers reported by an agency on this form will be intra-agency transfers (transfers between accounts within the same agency).

If applicable, an agency may also need to report an inter-agency transfer in (a transfer received from another agency). The agency making the interagency transfer out should not report the transaction on this form.

For inter-agency transfers in only, choose the agency number of the paying agency from the “Inter-agency Transfer In” column drop down box on the form. In the comment box indicate the reason for the inter-agency transfer in. No entry is allowed in the “Paying Account” column. Refer to the example below.

For transfers over \$20 million, please provide a general description of the purpose of the transfer.

[Example of Completed Transfers Disclosure](#)

---

### 90.40.70 Pension disclosure

June 1, 2016

---

#### General Instructions

The pension disclosure forms are used to accumulate the information required to calculate the state’s Net Pension Assets and Liabilities, pension related deferred outflows and deferred inflows of resources and pension expense as well as to prepare note disclosures and required supplementary information for the state’s ACFR. The information provided in the ACFR is intended to aid the reader of the financial statements in assessing:

- The stewardship of pension plan resources and the ongoing ability of the plan to pay pension benefits when due,
- The effect of pension plan operations and benefit commitments on the need for contributions by plan members, employers and other contributors,
- The state’s net pension assets/liabilities related to its participation as an employer in sole employer pension plans as well as its proportionate share of pension obligations related to cost sharing plans,
- Compliance with finance-related statutory, regulatory and contractual requirements.

Pension disclosure information is required from the following agencies:

- Department of Retirement Systems
- All four-year higher education institutions, State Board for Community and Technical Colleges (SBCTC), and Student Achievement Council (SAC)

#### 90.40.70.a Pension Information – Department of Retirement Systems

The Department of Retirement Systems (Agency 124) is required to complete a disclosure form including these data elements:



## State Administrative and Accounting Manual

- Covered Payroll
- Employer Contributions
- Member Contributions
- State Contributions

Include the following retirement plans:

- Public Employees' Retirement System (PERS) Plans 1 Defined Benefit (DB), 2/3 (DB), and 3 Defined Contribution (DC);
- Teachers' Retirement System (TRS) Plans 1 (DB), 2/3 (DB), and 3 (DC);
- School Employees Retirement System (SERS) Plans 2/3 (DB), and 3 (DC);
- Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plans 1 and 2 (DB);
- Washington State Patrol Retirement System (WSP) Plans 1 and 2 (DB);
- Judicial Retirement System (JRS) (DB);
- Judges' Retirement Fund (Judges) (DB);
- Public Safety Employees' Retirement Account (PSERS) Plan 2 (DB); and
- Judicial Retirement Account (JRA) (DC).

### 90.40.70.b Pension – Higher Education Institutions, SBCTC, and SAC

This form is required to be completed by all four-year higher education institutions, SBCTC, and SAC. The information required pertains to Higher Education Retirement Plan participants and the Higher Education Supplemental Retirement Plan.

1. **Higher Education Retirement Plan (Defined Contribution Plan):** The total covered payroll is to reflect amounts for Higher Education Retirement Plan participants only. This amount should not include those on “waiting” status. “Waiting” status employees are those who are eligible, but have not yet elected to join the Higher Education Retirement Plan. The member and employer contributions are to reflect amounts contributed by each into the Higher Education Retirement Plan.
2. **Higher Education Supplemental Retirement Plan (Defined Benefit Plan):** Information for the Higher Education Supplemental Retirement Plan should be obtained from your actuarial valuations and payroll records. Disclose payments to beneficiaries in the current fiscal year.

[Pension Disclosure - Department of Retirement Systems](#)

[Pension Disclosure - Higher Education Institutions](#)



## 90.40.75 Miscellaneous disclosure

June 1, 2019

### General Instructions

All agencies are required to complete the [Miscellaneous Disclosure](#) form.

Information is required related to:

1. Grants and contributions restricted for capital purposes.
2. Art collections, library reserve collections and/or museum or historical collections that are not capitalized.
3. Donor restricted endowments.
4. Component units, joint ventures, segments, or related organizations.
5. Capital assets that are permanently impaired and/or idle.
6. Pollution remediation. The site status report is due at Phase 1B close.
7. Nonexchange financial guarantees.
8. Irrevocable split-interest agreements.
9. Asset retirement obligations

[Miscellaneous Disclosure](#)

## 90.40.80 Internal control/internal audit questionnaire disclosure

June 1, 2019

### General Instructions

All agencies are required to complete the [Internal Control/Internal Audit Questionnaire Disclosure](#) form.

Information is required related to:

1. Internal control officer.
2. Risk assessment.
3. Internal audit program.

[Internal Control/Internal Audit Questionnaire Disclosure](#)



## 90.40.95 Financial disclosure certification

June 1, 2022

### General Instructions

All agencies are required to complete the [Financial Disclosure Certification](#).

As required by audit standards, OFM provides, on behalf of the state, a letter of representation to the State Auditor's Office certifying certain financial, compliance, and internal control information. To enable OFM to make the representations required in that letter, each Agency Head and Chief Financial Officer must certify, to the best of their knowledge, that the statements listed in the Financial Disclosure Certification form are true for their agency.

Any exceptions to the certifications are to be attached with a narrative detailing the variance(s) and any proposed or completed corrective actions.

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
- Internal audit certification
- 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

The signed Financial Disclosure Certification form including attachments, as necessary, is to be emailed to [OFMAccounting@ofm.wa.gov](mailto:OFMAccounting@ofm.wa.gov) by **September 14, 2022**.

OFM will accept official electronic signatures using electronic signature software such as DocuSign or Adobe Acrobat Pro E-sign. Agencies must follow their own internal policies regarding the form of signature.

[Financial Disclosure Certification](#)