



## Chapter 90 - State Reporting

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### **90.10 General State Reporting Policies**

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90.10.10	Purpose and scope of these policies	June 1, 2006
90.10.20	Authority for these policies	June 1, 2006
90.10.30	Applicability	June 1, 2006
90.10.40	Using the Agency Financial Reporting System (AFRS) - roles and responsibilities	June 1, 2006
90.10.50	Some agencies have component unit reporting requirements	June 1, 2006
90.10.60	Agency generated reports must reconcile with AFRS and the CAFR	June 1, 2006
90.10.70	Agencies must comply with reporting due dates	June 1, 2006

### **90.20 Fiscal Year-End Cut-Off Procedures**

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90.20.05	Introduction	June 1, 2006
90.20.10	Cash cut-off date and policies	June 1, 2006
90.20.15	Prior period adjustments	June 1, 2006
90.20.20	Phase 1 - Revenue accrual activity	June 1, 2006
90.20.25	Phase 1 - Expenditure/expense recognition	June 1, 2006
90.20.30	Phase 1 - Expenditure/expense accruals for single year operating appropriations - mid-biennium	June 1, 2006
90.20.35	Phase 1 - Expenditure/expense accruals for biennial appropriations - mid-biennium	June 1, 2006
90.20.40	Phase 1 - Expenditure/expense accruals - end of biennium	June 1, 2006
90.20.45	Phase 1 - Unliquidated estimated accruals	June 1, 2006
90.20.47	Phase 1 - Shortages in estimated accruals	June 1, 2006
90.20.50	Phase 1 - Interagency accruals	June 1, 2006
90.20.55	Phase 1 - Accounting estimates	June 1, 2006
90.20.60	Phase 1 - Interfund accruals	June 1, 2006
90.20.65	Phase 1 - Agency funds	June 1, 2006

**90**  
**State Reporting**

90.20.70	Phase 2 – Adjustment activity	June 1, 2006
90.20.80	Phase 3 – Office of the State Auditor adjustment activity	June 1, 2006
90.20.90	Phase 4 – Office of Financial Management compilation activity	June 1, 2006

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

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90.30.10	How to use this section	June 1, 2006
90.30.20	Cash revenues	June 1, 2006
90.30.30	Prior period adjustments	June 1, 2006
90.30.40	Accrued revenues	June 1, 2006
90.30.50	Vendor payment (warrant/check) transactions	June 1, 2006
90.30.60	Encumbrance transactions	June 1, 2006
90.30.70	Interagency reimbursements (Object S)	June 1, 2006
90.30.80	Intra-Agency reimbursements (Object T)	June 1, 2006

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**90.40 State Disclosure Forms**

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90.40.10	Introduction to state disclosure forms and lead sheet	June 1, 2006
90.40.20	Cash and Investments Disclosure	June 1, 2006
90.40.30	Taxes Receivable Disclosure	June 1, 2006
90.40.35	Inventory Disclosure	June 1, 2006
90.40.38	Capital Assets - Summary of Activity Disclosure	June 1, 2006
90.40.40	Long-Term Construction Commitments Disclosure	June 1, 2006
90.40.45	Leases, Liabilities by Major Class - Summary of Activity, and Certificates of Participation (COPs) Disclosure	June 1, 2006
90.40.50	Deferred Revenues Disclosure	June 1, 2006
90.40.55	Bond Debt Disclosure	June 1, 2006
90.40.60	Transfers Disclosure	June 1, 2006
90.40.65	Noncash Activity Disclosure	June 1, 2006
90.40.70	Pension Disclosure	June 1, 2006
90.40.75	Miscellaneous Disclosures	June 1, 2006
90.40.95	Financial Disclosure Certificate	June 1, 2006



## 90.10 General State Reporting Policies

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### 90.10.10

June 1, 2006

#### Purpose and scope of these policies

This part of the manual 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 *Comprehensive Annual Financial Report (CAFR)*.

### 90.10.20

June 1, 2006

#### Authority for these policies

All agencies are required by RCW 43.88.110(9) 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

June 1, 2006

#### Applicability

This part 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" 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.

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**90.10.40**

June 1, 2006

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

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 the OFM. In light of the importance of financial reports in the management of state operations, it is essential that the data submitted to AFRS be timely, complete, and accurate.

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

## 90.10.40.a

**The Office of Financial Management (OFM)** is responsible to assist agencies to comply with AFRS reporting requirements. This includes:

- Assistance regarding communication methods; notification of missing or erroneous data where possible;
- Assistance in resolving certain processing problems; and
- Training and consulting services regarding state policies, procedures, and regulations.

## 90.10.40.b

**Agencies** are responsible for:

- 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 closing process. The critical period for month-end processing extends from two working days before to two working days following the published AFRS cut-off date.
- Exercising appropriate control over data security.
- Verifying the completeness, accuracy, and integrity of data submitted.
- Notifying their assigned OFM Accounting Consultant if data or other problems arise.

**Batch interface agencies** are responsible for:

- Ensuring that data is transmitted in a secure and reliable manner consistent with AFRS requirements. The preferred method of transmission is through the statewide communication backbone managed by the Department of Information Services (DIS).
- Coordinating with DIS on matters regarding the transmission and processing necessary to make the data available for processing by AFRS.

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**90.10.50**

June 1, 2006

**Some agencies have component unit reporting requirements**

Reporting requirements prescribe two methods for reporting component units of the state in the CAFR. 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. Blended component units submit data through 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.

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**90.10.60**

June 1, 2006

**Agency generated reports must reconcile with AFRS and the CAFR**

Agencies generating and/or publishing agency financial statements are to use data submitted to AFRS and included as part of the CAFR. 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 CAFR.

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**90.10.70**

June 1, 2006

**Agencies must comply with reporting due dates**

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



## 90.20 Fiscal Year-End Cut-Off Procedures

### 90.20.05

June 1, 2006

### Introduction

This section provides policies and procedures for closing a fiscal year and for the preparation of the state of Washington's *Comprehensive Annual Financial Report* (CAFR). The cut-off policy provides guidance for all state agencies, to review their financial data and make necessary adjustments. The 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 process is established in phases. Each phase requires completion of certain events in preparation for the next phase. For the Fiscal Year Ended June 30, 2006, the phases are as follows:

- **Phase 1** allows agencies time to record revenue and expenditure/expense accruals. Phase 1 deadline is **Monday, July 31, 2006**.
- **Phase 2** gives agencies time to record adjustments necessary to correct year-end totals. Phase 2 deadline is **Wednesday, September 13, 2006**. It is important that agencies complete all adjustment activity by the end of Phase 2 to facilitate the completion of the state disclosure forms which are due September 21, 2006. Refer to Section 90.40.
- **Phase 3** allows the SAO time to audit accounting data and recommend any necessary adjustments. State agencies are not allowed to make entries into the Agency Financial Reporting System (AFRS) during Phase 3, unless approved by OFM. Phase 3 deadline is **Wednesday, October 11, 2006**.
- **Phase 4** is when the OFM prepares the CAFR.

A schedule of phase cut-off dates is published annually by OFM as part of the directive implementing these policies.

**90.20.10**

June 1, 2006

**Cash cut-off date and policies**

- 90.20.10.a Cash is cut-off at June 30. Cash activity occurring **after** June 30 is recorded in the ensuing fiscal year.
- 90.20.10.b Treasury fund 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 Office of State Treasurer’s (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.)
- 90.20.10.c Treasury fund cash disbursements **paid on or before OST's cut off date** are recorded as "in-process" cash prior to the June fiscal month cut-off. (Refer to Subsection 90.30.50 for illustrative entries.)
- 90.20.10.d Local fund cash receipts deposited on or before June 30 are recorded with a debit to GL Code 1110 “Cash in Bank.” Local fund 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.)
- 90.20.10.e Local fund 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 for illustrative entries.)
- 90.20.10.f Administering agencies are responsible to review cash balances for the accounts they administer and reconcile them to the Office of the State Treasurer’s balances. Refer to Subsection 80.10.50. Administering agencies should closely monitor cash balances at year end and alert their OFM Accounting Consultant if they note unusual balances or activity.

**90.20.15**

June 1, 2006

**Prior period adjustments**

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. To facilitate this determination, prior period adjustments that equal or exceed the roll-up fund's materiality level as computed annually and 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, roll-up fund materiality 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).

### Material Prior Period Adjustments

90.20.15.a 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 the original copies forwarded to the OFM Accounting Consultant assigned to the agency.

1. Journal Voucher (A7-A) - Forward a properly completed Journal Voucher referencing the attached footnote disclosure [refer to (2) below] signed by the agency's fiscal officer indicating approval. Agencies assign the Current Document Number and leave the Reference Document Number blank. (OFM uses the reference document field for recording the OFM control number.)
2. Footnote Disclosure - Include a description of the nature of the adjustment, its impact on beginning balances, and the resulting effect on:
  - “Change in Net Assets” of prior periods for **proprietary and trust funds** (specifically, the under/overstatement of revenues and expenses); or
  - “Net change in fund balances” of prior periods for **governmental funds** (specifically, the under/overstatement of revenues and expenditures).

90.20.15.b Material prior period adjustments (except for agency funds and Subsidiary Accounts 997 and 999) are offset to GL Code 9220 “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.c for an illustrative entry.)

- 90.20.15.d All material prior period adjustments (as reflected on the agency prepared Journal Voucher) are entered by OFM after approval from the OFM Accounting Consultant. After OFM enters the Journal Voucher into AFRS, a copy of the Journal Voucher, signed by the approving OFM Accounting Consultant, is returned to the submitting agency.

**Immaterial Prior Period Adjustments**

- 90.20.15.e Immaterial prior period adjustments are reported on the financial statements as miscellaneous revenue or other revenue.

Generally, immaterial prior period adjustments (except for agency funds and Subsidiary Accounts 997 and 999) are offset by a credit to GL Code 3215 “Immaterial Adjustments to Prior Periods” with Revenue Source Code 0485 “Immaterial Prior Period Adjustments.” (Refer to Subsection 90.30.30.b for an illustrative entry.)

**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 overliquidated payables or to write down inventory balances should be recorded as expenditures against the applicable appropriation code. For guidance related to shortages in estimated accruals, refer to Subsection 90.20.47.

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, the adjustment should be debited to the revenue source code that was credited when the receivable was recorded. In a proprietary fund if no allowance account exists, accounts receivable are written off to GL Code 6515 “Bad Debts Expense.” 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 appropriation period, refer to Subsection 85.40.10 for procedures relating to belated claims.

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

Immaterial prior period adjustments resulting in the receipt of cash for the recovery of an expenditure against a prior appropriation are recorded with a credit to GL Code 3210 “Cash Revenues” using Revenue Source Code

0486 “Recoveries of Prior Appropriation Expenditures.” 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 appropriation.

- 90.20.15.f Record immaterial prior period adjustments to Subsidiary Accounts 997 and 999 as current period additions and/or deletions. If an immaterial prior period adjustment to Subsidiary Account 997 involves accumulated depreciation, it should be recorded to GL Code 6591 “Depreciation Expense (General Capital Subsidiary Account only)”.
- 90.20.15.g Adjustments involving beginning cash balances in agency funds are to be prepared by the administering agency on a Journal Voucher and submitted to the OFM Accounting Consultant for entry. All other prior period adjustments to agency funds are recorded as current period activity.
- 90.20.15.h OFM may make adjustments between material and immaterial adjustment classifications based upon review during preparation of the CAFR.

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**90.20.20**  
June 1, 2006

**Phase 1 – Revenue accrual activity**

90.20.20.a

**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. 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.)

If cash was received or a receivable recorded for a revenue which **does not** meet the revenue recognition criteria for governmental or proprietary funds as appropriate, record the revenue in GL Code 5192 “Deferred Revenues - Short-Term” or GL Code 5292 “Deferred Revenues - Long-Term” depending upon when it is expected to be realized. These amounts are recognized as revenue in the future period when they meet the applicable revenue recognition criteria. (Refer to Subsection 90.30.40.c for an illustrative entry.)

## 90.20.20.b

**Governmental Funds Revenue Recognition**

Revenues in governmental funds 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 is met.
- Generally, revenues from licenses, permits, and fees 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.
- 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.c

**Proprietary and Trust Funds Revenue Recognition**

Revenues for proprietary and trust funds are accounted for on a full accrual basis which means they are recognized in the period when earned.

## 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, and under accruals as an increase to revenue in the current period.

90.20.20.e

### Treasury Deposit Income

The fiscal year-end accrual for treasury deposit income is recorded by the OST as follows:

1. **Treasury Funds**: Treasury deposit income is reported by OST as Agency 705 activity for the concluding fiscal year. The 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 0408 “Treasury Deposit Income.”
2. **Treasury Trust Funds**: Treasury deposit income for treasury trust funds is reported by OST in Agency 705. The OST records the interest as payable in Account 409 by crediting GL Code 5153 “Due to Other Funds” with the 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 0408 “Treasury Deposit Income.”
3. **Agency Funds**: The revenue associated with treasury deposit income is *not* recorded in agency funds. Instead, OST records interest revenue in the associated operating account. The operating account that records interest revenue is the account which has ownership of the cash accounted for in the agency fund.

The OST records treasury deposit income earned in agency funds for treasury funds as payable in Agency 705, Account 076, by a credit to GL Code 5153 “Due to Other Funds” with a valid subsidiary account code for the appropriate operating account. OST notifies the administering agencies of the various agency funds of the correct amount of deposit income by July 15th. Administering agencies are to notify OST, in writing, of the proper accounts to which to distribute the treasury deposit income.

Upon notification, OST records the distribution in the designated operating account 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 0408 “Treasury Deposit Income.”

**90.20.25**

June 1, 2006

**Phase 1 – Expenditure/expense recognition**

90.20.25.a

**Governmental Funds**

Expenditures in governmental funds are recognized in the period in which the fund 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 Trust Funds**

In proprietary, and trust funds, 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 Funds**

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 appropriation, then there is an additional entry to reverse the initial accrued expenditure and record a cash expenditure.

**90.20.30**

June 1, 2006

**Phase 1 - Expenditure/expense accruals for single year operating appropriations - mid-biennium**

90.20.30.a

**Expenditure/Expense Accruals**

Record all expenditure/expense accruals charged against single year operating appropriations by July 31 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.” 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.)

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

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

90.20.30.b **Encumbrances**

The balance in GL Code 6410 “Encumbrances” related to single year appropriations 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.

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**90.20.35** **Phase 1 - Expenditure/expense accruals for biennial appropriations - mid-biennium**  
June 1, 2006

90.20.35.a **Expenditure/Expense Accruals**

Record all expenditure/expense accruals charged against biennial appropriations by July 31 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 other information that is otherwise known. 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. (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.b **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 funds, total allotment charges plus these encumbrances cannot exceed the approved spending authority (approved biennial budget).**

**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.** Refer to Subsection 85.30.10 for further information about encumbrance accounting.

A second option for mid-biennium reporting of encumbrances related to biennial appropriations is to record them at a summary level by debiting GL Code 9514 “Encumbrances for Continuing Operating Appropriations” 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 appropriation. Prior to using GL Code 9514, agencies should check with their assigned OFM Accounting Consultant.

**90.20.40**

June 1, 2006

**Phase 1 – Expenditure/expense accruals - end of biennium**

90.20.40.a

**Expenditure/Expense Accruals**

Record all expenditure/expense accruals for the concluding fiscal year by July 31 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.” If the amount is not known, **but can be reasonably estimated**, record the estimate in GL Code 6560 “Estimated Accrued Expenditures/Expenses.”

An exception to this would be: for governmental funds, when a capital appropriation has been reappropriated, no estimated accrual is necessary. Make estimates in accordance with the state's policy for developing accounting estimates. (Refer to Subsection 90.20.55.)

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

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

90.20.40.b      **Encumbrances - Operating Appropriations**

The balances of GL Codes 6410 “Encumbrances” and 9514 “Encumbrances for Continuing Operating Appropriations” 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.

90.20.40.c      **Encumbrances - Capital Appropriations**

At biennium-end, encumbrances for capital appropriations that are **reappropriated** in the new biennium are closed to GL Code 9513 “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.)

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**90.20.45**  
June 1, 2006

**Phase 1 – Unliquidated estimated accruals**

Unliquidated estimated accruals from the prior appropriation period are liquidated using GL Code 3215 “Immaterial Adjustments to Prior Periods” with Revenue Source Code 0486 “Recoveries of Prior Appropriation Expenditures.” The adjustment is made when it is expected that no further payments will be made, normally within 12 months of the end of a biennium, but no later than two years following the accrual.

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**90.20.47**  
June 1, 2006

**Phase 1 – Shortages in estimated accruals**

Shortages in estimated accrued expenditures/expenses are to be treated as **belated claims** of the prior appropriation period. Belated claims are obligations for goods and services which were received on or before June 30 but were not accrued in the concluding appropriation period. Refer to Subsection 85.40.10 for procedures relating to belated claims.

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**90.20.50**

June 1, 2006

**Phase 1 – Interagency accruals**

## 90.20.50.a

Interagency receivables/payables are required to be in balance at fiscal year-end. 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 is to be contacted to resolve the issues. In establishing receivable billings, interagency receivables/payables are recorded as of the date goods and services are delivered. A reasonable estimated billing, in lieu of an actual amount, is an acceptable basis for the receivable/payable.

When payment of an interagency payable is made by Journal Voucher (i.e., Inter-Agency Payments (IAP)) transfer between Treasury funds, or EFT, the OST processing date is considered the date of liquidation of the receivable/payable. If the payment is made by warrant or local fund check, the date recorded on the payment document is considered the date of liquidation. Payment should be made when the actual bill is received.

Interagency billings for services rendered as of June 30 are to be sent out by vendor agencies no later than July 15. If a vendor agency cannot produce actual billings by July 15, the agency is to send out estimated billings by July 15. Estimated billings are to be clearly marked as estimates. The State Board for Community and Technical Colleges have until July 21 to send billings due to summer school considerations.

Actual billings received by customer agencies are to be accrued in GL Code 6505 “Accrued Expenditures/Expenses” by July 31 in the concluding fiscal year, using Fiscal Month 99 or 25.

For **biennial appropriations** at mid-biennium, expenditures related to estimated billings received by customer agencies are accrued in GL Code 6505 “Accrued Expenditures/Expenses” by July 31 in the concluding fiscal year using Fiscal Month 99.

At the **end of an appropriation period**, expenditures related to estimated billings received by customer agencies are accrued in GL Code 6560 “Estimated Accrued Expenditures/Expenses” by July 31 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.

90.20.50.b

The following payables **should not** be recorded as interagency receivable/payables:

1. Amounts due to the Department of Revenue for taxes are recorded as GL Code 5158 “Due to Department of Revenue - Sales and Use Tax,”
2. Amounts due to the Department of Labor and Industries for workers' compensation are recorded as GL Code 5124 “Accrued Salaries and Fringe Benefits Payable,”
3. Amounts due to the OST under Certificate of Participation program are recorded in GL Code 5173 “Certificates of Participation Payable,” if short-term, or GL Code 5273 “Certificates of Participation Payable,” if long-term.
4. Department of Retirement Systems (DRS) withholdings for retiree medical insurance premiums due to Health Care Authority (HCA) are recorded by DRS as GL Code 5152 “Due to Other Governments” and by HCA as GL Code 1352 “Due from Other Governments,”
5. Amounts due to the Department of Retirement Systems (DRS) as a result of special billings for retirement contributions are recorded as GL Code 5152 “Due to Other Governments,”
6. Amounts due to or from state Agriculture Commodity Commissions are recorded as GL Code 5152 “Due to Other Governments” or GL Code 1352 “Due from Other Governments,” and,
7. 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:

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

90.20.50.c State agencies, including the State Board for Community and Technical Colleges (SBCTC) and the Community and Technical Colleges (CTCs), are to record amounts due to, or from, SBCTC, CTCs and the Colleges' Center for Information Services, as follows:

<u>If due to or from entity is:</u>	<u>Use subsidiary code</u>
CTCs (Agencies 6050 to 6960)	6990xx *
SBCTC (Agency 3520)	699000
Colleges' Center for Information Services (Agency 6990)	699099

\*(where xx is the second and third numbers of the 4 digit agency code for the specific community or technical college)

**90.20.55**

June 1, 2006

**Phase 1 - Accounting estimates**

90.20.55.a An accounting estimate is an approximation of an expenditure/expense, revenue, financial statement account, item, or 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 accounts is 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.

90.20.55.c

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

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

Once the agencies have determined the accounting estimate, they must record the accounting estimate in accordance with state accounting policies.

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**90.20.60**

June 1, 2006

**Phase 1 - Interfund accruals**

Interfund receivables and payables, GL Codes 1353 and 5153, 1653 and 5253, 1355 and 5155, and 1350 and 5150, are to be in balance at the agency level. The date goods and services are delivered is used to establish interfund receivables and payables. When payment of an interfund payable is made by Journal Voucher transfer between treasury funds, the OST processing date is considered the date of liquidation of the receivable/payable. If the payment is made by warrant or local fund check, the date recorded on the payment document is considered the date of liquidation. Payment should be made when the actual bill is received.

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**90.20.65**

June 1, 2005

**Phase 1 - Agency funds**

Agency funds are custodial in nature and do not report operations or fund balance. At fiscal year-end, these funds only report assets and liabilities **existing as of June 30.**

**90.20.70**

June 1, 2006

**Phase 2 - Adjustment activity**

90.20.70.a

Phase 2 is the final opportunity for state agencies to enter adjustments for the concluding fiscal year before the data are provided to the SAO for final audit and released as the unaudited fiscal year activity. Agencies are to review reports 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. Any entries processed after Phase 2 will not be reflected in the statewide budgeting reports until after release of the CAFR and the final audited data.

90.20.70.b

Journal Vouchers are used for adjusting entries posted during Phase 2 for Fiscal Month 99 or 25. Journal Vouchers are to be identified as to the biennium and fiscal month to which they pertain. Examples of types of activities to perform and adjustments to make are as follows:

1. **Review and Adjust Balances.** Administering agencies are to review cash and in-process accounts, GL Code Series 4XXX and 7XXX, for the funds they administer and reconcile cash balances to the OST's cash balances. Administering agencies are also to make a review of their funds' asset, liability, and equity balances 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 agency's assigned OFM Accounting Consultant help make the adjustment in AFRS. Refer to Subsection 80.10.90.
2. **Make 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 contains the procedures to follow to make inventory adjustments.
3. **Review and Adjust Leave Payables.** Review and adjust leave payables (GL Codes 5125 and 5225 "Accrued Annual Leave Payable," GL Codes 5127 and 5227 "Accrued Sick Leave Payable," and GL Codes 5128 and 5228 "Accrued Compensatory Time Payable") 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.**

Note: **Annual leave** payable is to include both the dollar value of the annual leave due employees *and* the employer's share of the associated payroll related payments; e.g., pension and 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).

**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.

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.

4. **Balance Transfers.** Transfers (Revenue Source Codes 0484 and 06XX, and Object M) are to be in balance (i.e., net to zero) at the agency level.
5. **Reclassify Revenue Source Codes.** Reclassify Revenue Source Codes 09XX to the appropriate asset, liability, revenue, or expenditure/expense account.
6. **Eliminate Revenue Source Codes.** In **proprietary funds only**, eliminate Revenue Source Codes 0611, 0612, 0860, 0863, 0864, and 0865 and record them through a debit to GL Code 3225 "Revenue Adjustments/Eliminations (GAAP)" and a credit to the appropriate liability account.
7. **Allocate Interagency Reimbursement Balances.** Allocate balances in Interagency Reimbursements - Unidentified and Intra-Agency Reimbursements - Unidentified (Subobjects SZ and TZ) to the appropriate subobject level under Objects S and T.
8. **Make Object S related adjustments.** Normally, payments received by proprietary funds 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 funds, 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

**90**  
**State Reporting**

Adjustments/Eliminations (GAAP)” with appropriate revenue source codes. 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 accounts, 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.)

Record Object S “Interagency Reimbursements” received by funds other than proprietary funds 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.)

9. **Make Object T related adjustments.** Total Object T “Intra-Agency Reimbursements” are to be reviewed to ensure they are in balance (net to zero) at the sub-object level for all funds within the following GL Codes: 6505 “Accrued Expenditures/Expenses,” 6510 “Cash Expenditures/Expenses,” and 6560 “Estimated Accrued Expenditures/Expenses.” In the case of budgeted proprietary funds, 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 Subsection 90.30.80.a for illustrative entries.).

Record Object T “Intra-Agency Reimbursements” received by funds other than proprietary funds as reduction of expenditures. (Refer to Subsection 90.30.80.c for an illustrative entry.)

10. **Review Fund Balance Reserves.** Review fund balance reserves and corresponding asset balances to ensure they are in balance at the agency/fund level. The balances in the following sets of GL Codes are to net to zero:

Governmental Funds Only:

1130	Petty Cash, and
9556	Reserved for Petty Cash
1210	Investments, and
9557	Reserved for Investments
1410	Consumable Inventories, and
9540	Reserved for Consumable Inventories

All Funds - **Biennial Appropriations - Mid-Biennium:**

6410	Encumbrances, or
9514	Encumbrances for Continuing Operating Appropriations, and
9510	Reserved for Encumbrances

All Funds - **Capital Appropriations at End of Biennium:**

9513	Encumbrances for Reappropriated Capital Appropriations, and
9510	Reserved for Encumbrances

Exception situations:

In governmental funds, donated commodities, such as immunization supplies, are recorded in GL Code 1415 "Donated Inventories" and are offset by GL Code 5192 "Deferred Revenues." (Refer to Subsection 85.56.40 Accounting for Donations of Consumable Inventories.)

In governmental funds, GL Codes 9570 "Reserved for Other Receivables" and the long-term 16XX "Receivables" are to agree, with two exceptions:

- GL Code 9560 "Reserved for Student Loans Receivable" is to agree to the net of the student loan portions of GL Code 1614 "Loans Receivable," and GL Code 1644 "Allowance for Uncollectible Loans Receivable," and
- There is to be no reserve if the receivable is offset by deferred revenue or a liability.

**90**  
**State Reporting**

11. **Adjust Receivables.** Report receivables as the net amount expected to be collected. **An adjusting entry to the related GL Code Series 134X “Allowance for Uncollectible Receivables” 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.
12. **Review Investments.** Review investments (GL Code Series 12xx) for compliance with investment valuation policies as 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.
13. **Reconcile Capital Assets.** Reconcile the balances in GL Code Series 2XXX “Capital Assets” in AFRS with the balances for capital assets with a unit cost of \$5,000 or more in the Capital Asset Management System (CAMS) or other authorized capital asset subsidiary system. An adjusting entry is required when the subsidiary system and AFRS are out of balance. **Separately record additions, deletions, and adjustments to capital assets occurring during the year. Adjusting entries to capital assets are not to be netted.** Subsection 85.60.60 contains the procedures for adjusting capital assets.
14. **Record Depreciation.** Record depreciation using the procedures contained in Subsection 85.60.40.  
  
**Please note:** The procedure for recording depreciation in the General Capital Assets Subsidiary Account 997 changed in Fiscal Year 2004. Refer to Subsection 85.65.56.a.
15. **Record Long-Term Obligations.** Record GL Code Series 52XX “Long-Term Obligations” for governmental fund type accounts in Account 999 “General Long-Term Obligations Subsidiary Account.” In proprietary and trust 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 (51XX).

**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 Capital Leases recorded in the Subsidiary Account 999, agree to amounts reported in the governmental fund type accounts in GL Code 3221 “Other Financing Sources” with Revenue Source Code 0809 “Capital Lease Acquisitions.”

16. **Review Certificates of Participation Payable.** Review and adjust GL Codes 5173 and 5273 “Certificates of Participation Payable,” to ensure year-end balances are correct and agree with balances maintained by the OST. **Transactions to record increases to the COP liability accounts are to be recorded separately from decreases, not netted.** Record in the short-term GL Code 5173 the COP 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.”

17. **Review Deferred Revenues.** Review deferred revenues recorded in governmental funds. Revenues are to be deferred when one of the two following criteria is met: 1) revenues are not yet earned, and 2) cash is not available. Refer to Subsection 85.70.40.
18. **Reclassify Outstanding Travel Advances.** Reclassify all outstanding travel advances currently recorded as Object G “Travel” expenditures, if any, to GL Code 1383 “Travel Advances.” This entry can be reversed in the ensuing period.
19. **Amortize Gain/Loss on Bond Refunding.** In **proprietary funds only**, amortize gain/loss on bond refunding recorded in GL Code 5268 “Deferred Gain/Loss on Bond Refunding”. Record the amortization in GL Code 6512 “Amortization Expense” using Subobject PF “Amortization of Gain/Loss on Bond Refunding.”
20. **Ensure that information reported on State Disclosure Forms is accurately recorded in AFRS.** Phase 2 ends on Wednesday, September 13, 2006. Section 90.40 State Disclosure Forms are due Thursday, September 21, 2006. All state agencies should review the information in AFRS that is to be reported on these forms and make necessary adjustments to AFRS prior to the end of Phase 2. It is important that disclosure forms are reviewed prior to September 13, in order to ensure adjustments can be made to AFRS before Phase 2 ends.

**90.20.80**

June 1, 2006

**Phase 3 – Office of the State Auditor adjustment activity**

90.20.80.a

State agencies are not allowed to make entries into AFRS during Phase 3, unless approved by OFM.

During Phase 3, the SAO will have the opportunity to recommend any **material** adjustments to agencies' balances. Agencies are to review the recommended adjustments from SAO. If an agency agrees with the adjustments recommended by the SAO, the agency is to indicate its agreement on the accompanying batch control form. If an agency disagrees with the recommended adjustments, the agency is to indicate its reasons on the Journal Voucher.

90.20.80.b

All audit adjustments are recorded on a Journal Voucher form, 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 cooperate with and assist the auditor, to ensure the audit adjustment Journal Voucher is complete and accurately prepared.**

90.20.80.c

To facilitate the audit adjustment phase, promptly notify the agency's OFM Accounting Consultant of any adjustments requested by the SAO.

90.20.80.d

Submit final SAO audit adjustments to OFM by the Phase 3 cut-off. SAO audit adjustments are to be reviewed by the OFM Accounting Consultants. If appropriate, OFM will post the recommended adjustments to agencies' balances in AFRS and notify the agencies concerned.

**90.20.90**

June 1, 2006

**Phase 4 - Office of Financial Management compilation activity**

90.20.90.a

OFM will prepare the state of Washington CAFR after the Phase 3 cut-off for the concluding fiscal year. During this process, it may be necessary to make certain corrections to the data for financial statement presentation purposes. If adjustments are needed, agencies will be consulted and will receive copies of Journal Vouchers for adjustments made to agency records by OFM.

90.20.90.b

The audited AFRS data at the close of the fiscal year will be used by the state for all subsequent fiscal year reports. This includes budgetary control reporting and preparation of biennial budget requests.

90.20.90.c

Agencies generating and/or publishing agency financial statements are to use the final audited AFRS data. (Refer to Subsection 90.10.50.)



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

### 90.30.10

June 1, 2006

### How to use this section

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.

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

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

### 90.30.20

June 1, 2006

### Cash revenues

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 funds) or a local bank account (for local funds) by June 30. (Refer to Subsection 90.20.10.)

	<b>Dr.</b>	<b>Cr.</b>
Cash in Bank (1110) or Journal Vouchers In-Process (7140) or Receipts In-Process (7110)	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 funds) or a local bank account (for local funds) by June 30.

<b>Operating Agency - Concluding Fiscal Year:</b>	<b>Dr.</b>	<b>Cr.</b>
Undeposited Local Cash (1120) or	xxx	
Journal Vouchers In-Process (7140) or		
Receipts In-Process (7110)		
Cash Revenues (3210) (with appropriate revenue		xxx
source code)		
 <b>Office of the State Treasurer - Ensuing Fiscal Year -</b>	<b>Dr.</b>	<b>Cr.</b>
<b>For Treasury Funds:</b>		
Current Treasury Cash Activity (OST Only) (4310)	xxx	
Journal Vouchers In-Process (7140) or		xxx
Receipts In-Process (7110)		
 <b>Operating Agency - Ensuing Fiscal Year - For Local</b>	<b>Dr.</b>	<b>Cr.</b>
<b>Funds:</b>		
Cash in Bank (1110)	xxx	
Undeposited Local Cash (1120)		xxx

**90.30.30**

June 1, 2006

**Prior period adjustments**

90.30.30.a

To record material prior period adjustments to beginning real account balances (equity). **These entries have the effect of adjusting beginning fund balance/equity. Submit these entries to the OFM Accounting Consultant assigned to the agency for approval and entry. Full footnote disclosure is to accompany these adjustments.** (Refer to Subsection 90.20.15.)

<b>Office of Financial Management:</b>	<b>Dr.</b>	<b>Cr.</b>
Account to be Adjusted (XXXX)	xxx	
Prior Period Material Corrections (OFM Only)		xxx
(9220)		

90.30.30.b

To record immaterial prior period adjustments.

	<b>Dr.</b>	<b>Cr.</b>
Account to be Adjusted (XXXX)	xxx	
Immaterial Adjustments to Prior Periods (3215)		xxx
Revenue Source Code (0485) Immaterial Prior		
Period Adjustments		

90.30.30.c To record material prior period adjustments to the Subsidiary Accounts, debit and credit adjustments are offset to GL Code 9910 “Current Period Clearing Account (Subsidiary Accounts Only).” **Note: The balance in GL Code 9910 should be zero.** 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 (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 of Depreciation (2420)	4.4M	
Current Period Clearing Account (Subsidiary Accounts Only) (9910)	.6M	
Furnishings and Equipment (2410)		5.0M
Investment in Capital Assets (98XX)	.6M	
Current Period Clearing Account (Subsidiary Accounts Only) (9910)		.6M

**90.30.40**

**Accrued revenues**

June 1, 2006

90.30.40.a To record revenues earned but not received by June 30. (Refer to Subsection 90.20.20.)

	<b>Dr.</b>	<b>Cr.</b>
Appropriate Receivable Account (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 funds) or a local bank account (for local funds).

	<b>Dr.</b>	<b>Cr.</b>
Cash in Bank (1110) or Receipts in-Process (7110) or Journal Vouchers In-Process (7140)	xxx	
Appropriate Receivable Account (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, credit GL Code 3210.

90.30.40.c To record a receivable for revenues which meets the asset recognition criteria but does not meet the revenue recognition criteria and is not expected to be collected until after the concluding fiscal year.

	<b>Dr.</b>	<b>Cr.</b>
Appropriate Receivable Account (13XX) or (16XX)	xxx	
Deferred Revenues (5192) or (5292)		xxx

**90.30.50**

June 1, 2006

**Vendor payment (warrant/check) transactions**

90.30.50.a To record cash expenditures/expenses for goods and services received and paid for during the fiscal year (July 1 through June 30). (Refer to Subsection 90.20.10.)

	<b>Dr.</b>	<b>Cr.</b>
Cash Expenditures/Expenses (6510) (with appropriate subobject)	xxx	
Cash in Bank (1110) or Warrants In-Process (7120)		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.)

	<b>Dr.</b>	<b>Cr.</b>
Accrued Expenditures/Expenses (6505) (appropriate subobject)	xxx	
Appropriate Payable Account (51XX)		xxx

90.30.50.c To record payment of accrued expenditures/expenses in the ensuing fiscal year. Note: This entry is system generated for AFRS agencies using warrant-producing transaction codes.

	<b>Dr.</b>	<b>Cr.</b>
Appropriate Payable Account (51XX)	xxx	
Cash in Bank (1110) or Warrants In-Process (7120)		xxx

Note: For expenditures charged to biennial appropriations 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, credit GL Code 6505.

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 July 31. **Estimated** expenditures/expenses may also be items for which you anticipate an invoice amount based upon expenditure trend information, such as regular quarterly invoices. The final entry in this example shows how to reverse an unliquidated estimated accrual that is not expected to be liquidated. (For continuing appropriations, estimated accruals are recorded in GL Code 6505.)

<b>Concluding Fiscal Year at Appropriation End:</b>	<b>Dr.</b>	<b>Cr.</b>
Estimated Accrued Expenditures/Expenses (6560) (appropriate subobject)	xxx	
Appropriate Payable Account (51XX)		xxx

<b>Ensuing Fiscal Year:</b>	<b>Dr.</b>	<b>Cr.</b>
Appropriate Payable Account (51XX)	xxx	
Cash in Bank (1110) or Warrants In-Process (7120)		xxx

Appropriate Payable Account (51XX)	xxx	
Immaterial Adjustments to Prior Periods (3215)		xxx
Revenue Source Code (0486) Recoveries of Prior Appropriation Expenditures		

**90.30.60**

June 1, 2006

**Encumbrance transactions**

90.30.60.a To record encumbrances for budgeted accounts during the fiscal year.  
(Refer to 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.

<b>Concluding Fiscal Year at Biennium End:</b>	<b>Dr.</b>	<b>Cr.</b>
Encumbrances for Reappropriated Capital Appropriations (9513)	xxx	
Encumbrances (6410)		xxx
<b>Ensuing Fiscal Year:</b>	<b>Dr.</b>	<b>Cr.</b>
Encumbrances (6410)	xxx	
Encumbrances for Reappropriated Capital Appropriations (9513)		xxx

**90.30.70**

June 1, 2006

**Interagency reimbursements (Object S)**

90.30.70.a To record an interagency reimbursement received by a budgeted proprietary fund type for salaries and benefits during the fiscal year. (Refer to Subsection 90.20.70.b, item 8.)

	<b>Dr.</b>	<b>Cr.</b>
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) Revenue Source Code (0420) Charges for Services		xxx

**90**  
**State Reporting**

**90.30.80**

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

	<b>Dr.</b>	<b>Cr.</b>
Cash in Bank (1110) or	xxx	
Receipts In-Process (7110) or		
Journal Vouchers In-Process (7140)		
Cash Revenues (3210)		xxx
Revenue Source Code (0420) Charges for Services		

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

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

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**90.30.80 Intra-Agency reimbursements (Object T)**

June 1, 2006

90.30.80.a To record an intra-agency reimbursement received by a budgeted proprietary fund type for salaries and benefits during the fiscal year. (Refer to Subsection 90.20.70.b, item 9.)

	<b>Dr.</b>	<b>Cr.</b>
Cash in Bank (1110) or	xxx	
Receipts In-Process (7110) or		
Journal Vouchers In-Process (7140)		
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) Revenue Source Code (0420) Charges for Services		xxx

**90  
State Reporting**

90.30.80.b	To record an intra-agency reimbursement received by a proprietary fund type during the fiscal year.	<b>Dr.</b> xxx	<b>Cr.</b>
	Cash in Bank (1110) or Receipts In-Process (7110) or Journal Vouchers In-Process (7140)		
	Cash Revenues (3210)		xxx
	Revenue Source Code (0420) Charges for Services		
90.30.80.c	To record an intra-agency reimbursement received by accounts other than proprietary fund types for salaries and benefits during the fiscal year.	<b>Dr.</b> xxx	<b>Cr.</b>
	Cash in Bank (1110) or Receipts In-Process (7110) or Journal Vouchers In-Process (7140)		
	Cash Expenditures/Expenses (6510) Subobject TA (Salaries)		xxx
	Cash Expenditures/Expenses (6510) Subobject TB (Benefits)		xxx



## 90.40 State Disclosure Forms

### 90.40.10

June 1, 2006

### Introduction to state disclosure forms and lead sheet

Information collected in the state Disclosure Forms application facilitates the preparation of the state of Washington's *Comprehensive Annual Financial Report* (CAFR) by the Office of Financial Management (OFM).

The state Disclosure Forms application is an electronic way of capturing detail data for various aspects of an agency's activities. Access the state Disclosure Forms application at: <http://www.ofm.wa.gov/systems/default.asp>.

Each of the disclosure forms covers a specific activity or area of information that is not readily available from the data collected in the state's Agency Financial Reporting System (AFRS).

Each agency is **required** to complete three state disclosure forms: Liabilities by Major Class, Miscellaneous, and the Financial Disclosure Certificate. The rest of the disclosure forms may or may not apply to your agency. If there is AFRS data pre-filled in a disclosure form, your agency is required to complete the form. Specify on the lead sheet if a form is completed or not applicable for your agency.

All forms, except the Financial Disclosure Certificate, are electronically submitted to the Office of Financial Management, Accounting Division. The **original** Financial Disclosure Certificate including attachments, as necessary, is to be mailed to the following address by September 21, 2006:

Office of Financial Management  
Accounting Division  
P.O. Box 43113  
Olympia, Washington 98504-3113

Due Dates	Reporting Items
September 13, 2006	Phase 2 Close
September 21, 2006	Disclosure Forms & State Financial Disclosure Certificate
December 8, 2006	Federal Assistance Certification

Agencies should review the information in AFRS that is to be reported on the disclosure forms and make necessary adjustments to AFRS **prior to the end of Phase 2**, in order to accurately complete the disclosure forms by the due date. **Early completion of the disclosure forms is encouraged.**

## State Disclosure Form Lead Sheet

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

### 90.40.10 State Disclosure Form Lead Sheet

State Disclosure Forms	SAAM	Required	Completed
Bond Debt by Major Class – Summary of Activity Disclosure	90.40.55		
Bond Debt Refunding Activity Disclosure	90.40.55		
Bonds Payable General Disclosure	90.40.55		
Capital Assets - Summary of Activity Disclosure	90.40.38		
Cash and Investments General Disclosure	90.40.20		
Cash on Hand and in Bank Disclosure	90.40.20		
Certificates of Deposit (Non-negotiable) Disclosure	90.40.20		
Certificates of Participation Disclosure – OST	90.40.45		
Deferred Revenues Disclosure	90.40.50		
Financial Disclosure Certificate	90.40.95	<b>Required</b>	
Inventory Disclosure	90.40.35		
Lease Disclosure	90.40.45		
Liabilities by Major Class – Summary of Activity Disclosure	90.40.45	<b>Required</b>	
Long-Term Construction Commitments Disclosure	90.40.40		
Miscellaneous Disclosure	90.40.75	<b>Required</b>	
Noncash Activity Disclosure	90.40.65		
Pension Disclosure – Courts	90.40.70		
Pension Disclosure – DRS	90.40.70		
Pension Disclosure – Higher Education	90.40.70		
Pension Disclosure – WSCTC	90.40.70		
Taxes Receivable Disclosure	90.40.30		
Transfers Disclosure	90.40.60		

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**90.40.20**

June 1, 2006

**Cash and Investments Disclosure**

**General Instructions**

**Local Funds and Treasury Funds**

Agencies with **balances** at June 30 in GL Codes 1110, 1120, 1130, 1140, 1150, 1205, 1209, 1210, 1215, 1216, 1220, 1230, and 1280 are to complete the Cash and Investments Disclosure Forms as applicable.

**Treasury and Treasury Trust Funds**

The Office of the State Treasurer (OST) will provide the information required to report the cash and investment activity for treasury and treasury trust funds for cash balances and activity recorded in GL Code 4310 "Current Treasury Cash Activity (OST Only)," GL Code 4320 "Beginning Treasury Cash Balance (OFM Only)," and GL Code 4325 "Beginning Treasury Cash Balance - Agency Funds."

**Note:** Amounts covered by **Federal Deposit Insurance Corporation (FDIC)** are considered to be insured. In general, FDIC insurance separately covers demand deposits and interest bearing deposits up to \$100,000 each, per taxpayer identification number (TIN), per bank. **Public Deposit Protection Commission (PDPC)** provides for a collateral pool for protection of balances deposited with Washington public depositories. Uninsured/uncollateralized balances would include those deposited in out-of-state and alien banks.

**Cash and Investments General Disclosure (90.40.20.A)** contains general questions concerning an agency's cash and investment activity. Information provided should be on an agency-wide basis.

**Cash on Hand and in Bank Disclosure (90.40.20.B)** 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 balance on hand and as stated by the bank in terms of insurance protection by FDIC or collateral protection through PDPC of the State of Washington or no protection; and
2. The June 30 book balance as reported in Agency Financial Reporting System (AFRS).

Book and bank balances will normally be different except for accounts with very little activity.

**Cash and Investments Disclosure** - continued

**Certificates of Deposit (Non-negotiable) Disclosure (90.40.20.C)** is to be completed if an agency has non-negotiable certificates of deposit reported in GL Codes 1140, 1150, 1205, 1209, or 1210. These are time deposits that are placed directly with financial institutions and generally are subject to a penalty if redeemed before maturity.

## Cash and Investments General Disclosure

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

### 90.40.20.A Cash and Investments General Disclosure

1. During the fiscal year, has there been a change in the types of deposits or investments that your agency is authorized by legal or contractual provisions to carry?

No \_\_\_\_\_ Yes \_\_\_\_\_ If yes, provide a description of the changes.

2. Did your agency have any significant or recurring violations of legal or contractual provisions for deposits with financial institutions and investments during the fiscal year?

No \_\_\_\_\_ Yes \_\_\_\_\_ If yes, provide a description of the violations.

3. During the fiscal year, did your agency have investing situations that resulted in significantly greater relative credit risk than that existing as of fiscal year-end?

No \_\_\_\_\_ Yes \_\_\_\_\_ If yes, provide a description of the situations.

4. Provide a list of financial institutions where any funds under the control of your agency are deposited. Also, report the number of accounts at each institution. Be sure to include all petty cash accounts, local funds, and lock box accounts (i.e., any account where money is deposited outside the state treasury).

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5. If your agency has \$500,000 or more on deposit at any one financial institution, provide the name of the institution and the amount. **Note:** Deposits include demand deposits, money market deposit accounts, time certificates of deposits, and savings deposits.

\_\_\_\_\_ \$ \_\_\_\_\_

6. If your agency has entered into any agreements that commit the state, upon request, to make additional investment purchases, provide a listing of the unfunded investment commitments by type of investment.

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**Cash and Investments General Disclosure** - continued

7. Did your agency engage in Securities Lending activities during the fiscal year?

No \_\_\_\_\_ Yes \_\_\_\_\_ If yes, provide the following information:

- a. Legal and contractual authorization for use of securities lending transactions and any significant violations of these provisions;
- b. General description of securities lending transactions during the fiscal year, including the following information: the types of securities lent, the types of collateral received, whether the government has the ability to pledge or sell collateral securities without a borrower default, the amount by which the value of the collateral provided is required to exceed the value of the underlying securities, any restrictions on the amount of the loans that can be made, and any indemnification provided to the agency by its securities lending agent;
- c. Carrying amount and fair value of underlying securities as of fiscal year end;
- d. Whether the maturities of the investments made with cash collateral generally match the maturities of the securities on loan, as well as the extent of such matching at fiscal year end;
- e. The amount of credit risk, if any, related to the securities lending transactions; and
- f. The amount of any losses on securities lending transactions during the period resulting from default of a borrower or lending agent and any amounts recovered from prior period losses.

8. Did your agency engage in Reverse Repurchase Agreements during the fiscal year?

No \_\_\_\_\_ Yes \_\_\_\_\_ If yes, provide the following information:

- a. Legal and contractual authorization for use of reverse repurchase agreements and any significant violations of these provisions;
- b. Reverse repurchase agreements as of fiscal year end, including the credit risk related to the agreements;
- c. Whether the maturities of the investments made with the proceeds of reverse repurchase agreements generally are matched to the maturities of the agreements during the fiscal year, as well as the extent of such matching as of year end; and
- d. Losses, if any, recognized during the fiscal year, due to default by counterparties to reverse repurchase agreements, and any amounts recovered from prior period losses.

**Cash and Investments General Disclosure** - concluded

9. Did your agency invest in Derivatives during the fiscal year?

No \_\_\_\_\_ Yes \_\_\_\_\_ If yes, provide the following information:

- a. Legal and contractual authorization for use of derivatives and any significant violations of these provisions;
- b. The nature of the derivatives used, held, or written during the fiscal year and the reasons for entering into them; and
- c. The amount of credit risk, market risk, and legal risk related to derivative transactions to the extent that these risks are above and beyond the risks that are otherwise apparent in agency disclosures of investment activities and balances.

10. Provide the following information related to investment valuation:

- a. The methods and significant assumptions used to estimate the fair value of investments, if the fair value is based on other than quoted market prices;
- b. The policy for determining which investments, if any, are reported at amortized cost.

**Cash on Hand and in Bank Disclosure**

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

**90.40.20.B Cash on Hand and in Bank Disclosure (by GL Code)**

Account Code & Title	GL Code & Title	Cash on Hand	FDIC Insured	PDPC Collateralized	Uninsured Uncollateralized	Total on Hand and in Bank	AFRS Amount	Difference (Must be zero)

## Certificates of Deposit (Non-negotiable) Disclosure

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

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

Complete the following if your agency has recorded amounts for **Non-negotiable Certificates of Deposit** in AFRS GL Codes **1140 (Cash and Investments with Escrow Agents and Trustees)**, **1150 (Cash with Fiscal Agents)**, **1205 (Temporary/Pooled Cash Investments)**, **1209 (Short-term portion of long-term investments)**, or **1210 (Investments)**.

**Agencies (other than the State Investment Board (SIB))** - Certificates of Deposits (CDs) held by agencies are generally non-negotiable. One of the features of non-negotiable certificates of deposit is a penalty when redeemed prior to maturity. Such certificates of deposits should be disclosed below. FDIC insurance covers the first \$100,000 per bank per TIN. (Historically, only SIB has held negotiable CDs. The Negotiable Certificates of Deposits should not be reported below).

Account Code & Title	GL Code & Title	FDIC Insured	PDPC Collateralized	Uninsured Uncollater- alized	Total

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**90.40.30**

June 1, 2006

**Taxes Receivable Disclosure****General Instructions**

All agencies with taxes receivable as of fiscal year-end are to complete the Taxes Receivable Disclosure Form (90.40.30.A). The balances in GL Codes 1311, 1328 and 1611 are to be presented by account and by type. The amounts for each related allowance account, GL Codes 1341, 1348, and 1641, need only be reported by account.

The type of taxes receivable include the following:

- Property
- Sales
- Business and Occupation
- Estate
- Fuel
- Other

**State Reporting**

**Taxes Receivable Disclosure**

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

**90.40.30.A Taxes Receivable Disclosure**

Account Code & Title	GL Code & Title	Tax Type	Amount

Note: An Account/GL Code may have one or more tax types.

**Reconciliation**

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

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**90.40.35**

June 1, 2006

**Inventory Disclosure****General Instructions**

There are two types of inventories - consumable inventories (GL Code 1410 and 1415) and merchandise inventories (GL Codes 142X, 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.

Donated consumable inventories are recorded at fair market value. Other than as noted above, agencies are to select the applicable valuation method for inventories on hand.

A general description of these methods are:

- **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.
- **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, describe the valuation method used.

All agencies with balances in Inventory GL Codes are to complete the Inventory Disclosure Form (90.40.35.A) for all accounts at fiscal year-end regardless of the value.

**Inventory Disclosure (90.40.35.A)** requires disclosing inventory balances by account as shown in Fastrack Trial Balance Report #CAF002. Identify the method used to value each type of inventory.

## Inventory Disclosure

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

**90.40.35.A Inventory Disclosure**

Account Code & Title	GL Code & Title	Valuation Method	Description of Other Method	Amount

Note: An Account/GL Code may have one or more valuation methods.

**Reconciliation**

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

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**90.40.38**

June 1, 2006

**Capital Assets - Summary of Activity Disclosure****General Instructions**

All agencies with capital assets (GL Code series 2XXX) are to complete the Capital Assets - Summary of Activity Disclosure Form (90.40.38.A). The debit and credit amounts shown on the general ledger trial balance reports may not reflect true additions and/or deletions due to certain transactions and adjustments that inflate true activity. An example would be when an erroneous transaction is not backed out using the reverse code with the original transaction code. Agencies are encouraged to correct activity as reported on the general ledger trial balance to reflect true additions and deletions.

State Reporting

**Capital Assets - Summary of Activity Disclosure**

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

**90.40.38.A Capital Assets - Summary of Activity Disclosure**

Account Code & Title	GL Code & Title	Beginning Balance From AFRS	DR Additions	CR Additions	Calculated Ending Balance	Ending Balance From AFRS	Difference (Must be zero)	Comment

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**90.40.40**

June 1, 2006

**Long-Term Construction Commitments Disclosure****General Instructions**

All agencies with long-term construction commitments are to complete the Long-Term Construction Commitments Disclosure Form (90.40.40.A). The state is required to disclose significant long-term commitments not recognized 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 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. 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 totaled and entered at the bottom as "Other Miscellaneous."

**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. Such commitments should be disclosed by recording the information on a separate line with zero (\$0) in the current "Fiscal Year-End Construction-in-Progress" column.

State Reporting

Long-Term Construction Commitments Disclosure

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

**90.40.40.A Long-Term Construction Commitments Disclosure**

Account Code & Title	Project Title	Fiscal Year-End Construction-In-Progress Amount	Remaining Commitment Amount
	Other Miscellaneous		

Reconciliation

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

**90.40.45**

June 1, 2006

**Leases, Liabilities by Major Class – Summary of Activity, and Certificates of Participation (COPs) Disclosure****General Instructions**

All agencies with **operating and/or capital leases**, and **liability activity and/or balances** in the GL Codes listed below are to complete the Lease Disclosure Form (90.40.45.A) and the Liabilities by Major Class – Summary of Activity Disclosure Form (90.40.45.B). The Office of the State Treasurer (OST) (Bond Retirement and Interest Agency) is to complete the Certificates of Participation (COPs) Disclosure Form (90.40.45.C).

While OST will provide the disclosure of future debt service obligations for capital commitments financed through the COP program on Form 90.40.45.C, agencies are required to reconcile COP fiscal year activity and year-end balances to OST's records. The OST COP fiscal year activity and year-end balances information will be provided to agencies during Phase 1 and all balances must be reconciled by the close of Phase 2.

1. **Lease Disclosure (90.40.45.A)** collects information about **operating and capital leases**. An **operating lease** is rental of an asset with a term of more than one year, where the payments are chargeable as rental or lease expenditures. Most operating leases contain clauses indicating that continuation of the lease is subject to funding by the Legislature. Historically, these leases have been renewed in the normal course of business. Therefore, they are treated as noncancelable for financial reporting purposes.

A **capital lease** is a lease that transfers substantially all the benefits and risks inherent in the ownership of property to the state. If at its inception, a lease meets one or more of the four criteria in Subsection 30.20.30, the lease is classified as a capital lease. Otherwise, it is classified as an operating lease. Refer to Subsection 30.20.40 for further information pertaining to capital leases.

- **Item (1)** reports the total **operating lease payments** for rental expense/expenditures paid to external entities (not state agencies) that was charged to **sub-object ED** for the fiscal year ended June 30. Do not include payments to the Department of General Administration for state-owned property, or payments to other state agencies for operating leases between state agencies.

**Leases, Liabilities by Major Class – Summary of Activity,  
and Certificates of Participation (COPs) Disclosure** - continued

- **Item (2)** reports, by account, **total future minimum lease payments for all operating leases** having initial or remaining noncancelable lease terms in excess of one year, **and for all capital leases**, as of June 30 for each of the five succeeding fiscal years and in five year increments thereafter.

Executory and interest costs are not included in the net present value of minimum lease payments. Executory costs for capital leases pertain to insurance, maintenance, and taxes, whether paid by the lessor or lessee. Interest costs refers to “imputed” interest costs, which reduce the net minimum future lease payments to present value. The interest rate to be used in determining the present value of the minimum lease payments is the interest rate the State of Washington would pay on its major bond issues at the inception of the lease. (Refer to Subsection 85.85.40.a.(1)).

- **Item (3)** reports the **gross amount of assets recorded under capital leases** as of June 30, by major class of asset. Balances are reported by account.

2. **Liabilities by Major Class – Summary of Activity Disclosure (90.40.45.B)** summarizes **liability activity** by major class. For purposes of this disclosure, **major class** is defined as follows:

Major Class	General Ledger Codes
Certificates of participation	5173, 5273, 1911
Compensated absences	5125, 5127, 5128, 5225, 5227, 5228
Claims and judgments payable	5113, 5118, 5119, 5149, 5213, 5285, 5286
Installment purchase contracts	5171, 5271
Leases	5172, 5272
Lottery prizes annuities payable	5114, 5226
Tuition benefits payable	5184, 5284
Other obligations	5193, 5199, 5247, 5293, 5297, 5299
Unfunded pension obligations	5281

**Leases, Liabilities by Major Class – Summary of Activity,  
and Certificates of Participation (COPs) Disclosure** - concluded

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.

Please note:

- For this schedule, **reclassifications** between long-term and short-term general ledger codes are to be disregarded, and should not be included in the “new issues” (increases in liabilities) or “retirements” (payments of liabilities) columns.
  - **Long-term liabilities** are to be recorded in the **52XX** GL Codes.
  - **Short-term liabilities** (amounts due within one year as of June 30) are to be recorded in the **51XX** GL Codes.
  - For **Certificates of Participation** (GL Codes 5173/5273) recorded in the General Long-Term Obligations Subsidiary Account (Account 999), **new issues** are to agree to amounts reported in governmental fund-type accounts in Revenue Source Code 0807 “Certificates of Participation.”
  - For **Capital Leases** (GL Codes 5172/5272) recorded in the General Long-Term Obligations Subsidiary Account (Account 999), **new issues** are to agree to amounts reported in governmental fund-type accounts in Revenue Source Code 0809 “Capital Lease Acquisitions.”
3. **Certificates of Participation (COPs) Disclosure (90.40.45.C)** is completed by OST and reports debt service requirements to maturity for Certificates of Participation (COPs) as well as related arbitrage rebate requirements, if any.

## Lease Disclosure

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

### 90.40.45.A Lease Disclosure

Account: \_\_\_\_\_

1. **Operating Leases:** For all operating leases where the rental term is one year or longer, report the total rental expense/expenditures paid to external entities (not state agencies) that was charged to sub-object ED, for the fiscal year ended June 30. **Do not** include payments to the Department of General Administration for state-owned property, or payments to other state agencies for operating leases between state agencies.

Total Rental Expenses \$ \_\_\_\_\_

2. **Total Future Minimum Operating and Capital Lease payments:** For operating leases having initial or remaining noncancelable lease terms in excess of one year, and for all capital leases, report the total future minimum lease payments as of June 30, for each of the five succeeding fiscal years and in five-year increments thereafter.

Fiscal Year	Operating Leases	Capital Leases
2007		
2008		
2009		
2010		
2011		
2012 – 2016		
2017 – 2021		
2022 – 2026		
2027 – 2031		
2032 – 2036		
Total Future Minimum Payments		

Less: Executory and Interest Costs \$ ( \_\_\_\_\_ )  
 Net Present Value of Future Minimum Lease Payments \$ \_\_\_\_\_

**Lease Disclosure** - concluded

**Reconciliation of Capital Leases to AFRS:**

GL Code 5172 ST Lease-Purchase Agreements Payable	\$ _____
GL Code 5272 LT Lease-Purchase Agreements Payable	_____
Total GL Codes 5172/5272 Amount	\$ _____ *
Variance between Net Present Value of Future Minimum Lease Payments for Capital Leases and AFRS GL Codes 5172/5272:	\$ _____

If there is a difference, provide explanation for any variance.

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\* The Net Present Value of Future Minimum Lease Payments for Capital Leases is to agree with the total amount from Fastrack Report #CAF002 in GL Codes 5172 and 5272. If a variance exists, an explanation must be provided.

3. **Capital Leases:** Report assets recorded under capital leases as of June 30 by major class of asset.

Capital Asset	Amount
Land (non-depreciable)	\$ _____
Buildings	_____
Equipment	_____
Less: Accumulated Depreciation	( _____ )
Total	\$ _____

## Liabilities by Major Class – Summary of Activity Disclosure

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

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

Please complete the following schedule to disclose **all liability activity**, by account, for the fiscal year ended June 30.

**Account:** \_\_\_\_\_

Beginning and ending balances should match the **Fastrack Report #CAF002 Trial Balance Report**. For the “Decreases” and “Increases” columns, exclude reclassifications between long-term and short-term. Otherwise, the effect will be to “gross up” or overstate the activity.

- Normally, **decreases** are payments of liabilities and should be entered as positive (debit) amounts.
- Normally, **increases** in liabilities will be **credit** amounts and should be entered as negative (credit) amounts.
- On the electronic version of the disclosure form, the ending balance will be calculated by the system and should agree to the Total column in the CAF002 Report.

Note: For **GL Code 1911**, Unamortized Discounts on COPs, the balance is normally a debit amount, 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. For the electronic version of the disclosure form, the ending balance will be calculated by the system and should agree to the Total column in the CAF002 Report.

Account Code & Title	Major Class	GL Code	Beginning Balance From AFRS	DR Decreases	CR Increases	Calculated Ending Balance	Ending Balance from AFRS	Difference (Must be zero)

**Certificates of Participation (COPs) Disclosure –  
Office of the State Treasurer**

Office of the State Treasurer  
Agency Code: 0100 Agency Title: (Bond Retirement and Interest)

**90.40.45.C Certificates of Participation Disclosure – Office of the State Treasurer**

1. Please disclose the total debt service requirements to maturity for Certificates of Participation as of June 30 as follows:

Fiscal Year	Equipment Principal	Equipment Interest	Real Estate Principal	Real Estate Interest
2007				
2008				
2009				
2010				
2011				
2012-2016				
2017-2021				
2022-2026				
2027-2031				
2032-2036				
Totals:				

2. Are the provisions of the federal arbitrage rebate requirements applicable to any of the COPs reported in this section?

No \_\_\_\_\_ Yes \_\_\_\_\_

If yes, calculate and enter the amount of estimated rebatable arbitrage profits as of fiscal year-end. \$ \_\_\_\_\_

3. Did you do a COP Refunding this fiscal year? If yes, provide the following information:

- a. A **general description of the transaction**, including date new COP was issued, amount of new COP issued, average interest rate of new COP issued, amount of COP refunded, and average interest rate of COP refunded.
- b. The **difference between the cash flows** required to service the old COP and the cash flows required to service the new COP and complete the refunding.
- c. Amount of the **economic gain or loss** resulting from the transaction.

## State Reporting

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### 90.40.50

June 1, 2006

## Deferred Revenues Disclosure

### General Instructions

All agencies with balances in GL Codes 5192 and 5292 “Deferred Revenues,” and GL Code 5195 “Deferred Expenditure Recoveries - Short Term” as of fiscal year-end must complete the Deferred Revenues Disclosure Form (90.40.50.A). Balances are to be categorized by account and type of revenue deferred (i.e., property taxes, timber sales, charges for services, etc.).

For amounts over \$200,000 complete the deferred revenue recognition criteria section.

In governmental funds, deferred revenue is recorded when one of two criteria is met: 1) revenues not yet earned, and/or 2) cash not available. In proprietary funds, deferred revenue is recognized only for revenues not yet earned. Refer to Subsection 85.70.40.

Report deferred revenue recognition criteria in the following categories:

1. Revenue not yet earned:
  - Advance payments
  - Prepayments made pursuant to agreements
  - Federal loan program advances
  - Insurance premiums billed in advance
  - Prepaid tuition and fees (summer school)
  - Other revenue not yet earned
  
2. Cash not available (governmental funds only):
  - Receivables that won't be collected in the next 12 months
  - Contracts for future harvest of timber
  - Other cash not available

**90  
State Reporting**

**Deferred Revenues Disclosure**

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

**90.40.50.A Deferred Revenues Disclosure**

Account Code & Title	GL Code & Title	Type of Deferred Revenue	Description if Miscellaneous/ Other	Amount	Recognition Criteria (Required for amounts over \$200,000)

**Reconciliation**

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

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**90.40.55**

June 1, 2006

**Bond Debt Disclosure**

**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.

In general, there are three types of bonds issued by the state. A brief description of each follows:

- **General Obligation Bonds:** These bonds are backed by the full faith and credit of the State of Washington. General obligation bonds provide funds for various capital projects throughout the state and for state/local transportation projects.
  - **Revenue Bonds:** Current state statute empowers certain state agencies to issue bonds not supported, or not intended to be supported, by the full faith and credit of the state. Agencies issue revenue bonds for various purposes including housing, dining, and parking facilities at higher education institutions. Fees generated by these facilities are used to service the debt.
  - **Zero-Coupon General Obligation Bonds:** These bonds are also backed by the full faith and credit of the state of Washington. The only difference between these and general obligation bonds is the way investors earn a rate of return. Zero-coupon bonds pay no annual interest; interest is accreted each year until paid or the bonds are redeemed. Zero-coupon bonds are issued primarily to provide funds for acquisition and construction of capital facilities.
1. **Bonds Payable General Disclosure (90.40.55.A)** contains **general questions** concerning arbitrage rebate requirements and variable interest rate debt.
  2. **Bond Debt by Major Class – Summary of Activity Disclosure (90.40.55.B)** summarizes **current year activity of bond debt** by major class.
    - The Office of the State Treasurer (OST) will summarize and report their bond activity recorded in the General Long-Term Obligations Subsidiary Account (Account 999), as well as for other agencies where OST pays the actual debt service (currently L & I and WSCTC).

90  
State Reporting

**Bond Debt Disclosure** - continued

- **All other agencies are required to complete this disclosure form for debt activity that is paid by their agency, not by OST.**

Agencies should reconcile the information in this disclosure form with amounts recorded in the applicable AFRS bond debt general ledger codes.

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

Major Class	General Ledger Codes
General obligation bonds	5161, 5261
GO zero coupon bonds-principal	5164, 5264
Revenue bonds	5162, 5262
Other bonds payable	5169, 5269
Deferred amounts on refunding	5268
Accreted interest-GO zero coupon bonds	5212
Deferred amounts for issuance discounts (original issue discount)	1910
Unamortized bond issue costs (costs of issuance)	1920
Unamortized premiums on bonds sold	5910

Please note:

- For this schedule, **reclassifications between long-term and short-term general ledger codes are to be disregarded**, and should not be included in the “New Issues” (Increases in bond debt liability) or “Retirements” (payments of bond debt liability) columns.
- **Long-term** bond debt obligations are to be recorded in the **52XX** GL Codes.
- **Short-term** bond debt obligations (amounts due within one year as of June 30) are to be recorded in the **51XX** GL Codes. **The short-term year-end balance in a 51XX GL Code is to equal the amount due and payable in the next fiscal year.**
- For bonds recorded in the General Long-Term Obligations Subsidiary Account (**Account 999**): **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), and 0865 (Note Proceeds), and **retirements** (payments or reductions in bond debt) are to equal amounts reported in governmental fund-type accounts in Sub-object PA (Principal).

## Bond Debt Disclosure – concluded

3. **Bond Debt Refunding Activity Disclosure (90.40.55.C)** 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.
- **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).

**Bonds Payable General Disclosure**

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

**90.40.55.A Bonds Payable General Disclosure**

- 1. Are the provisions of federal arbitrage rebate requirements applicable to the bonds your agency reported in this section?

No \_\_\_\_\_ Yes \_\_\_\_\_

If yes, calculate and enter the amount of estimated rebatable arbitrage profits as of fiscal year-end. \$ \_\_\_\_\_

- 2. Does your agency have any variable interest rate debt outstanding as of fiscal year-end?

No \_\_\_\_\_ Yes \_\_\_\_\_

If yes, provide the following information:

- a. Disclose the terms by which interest rates change for variable-rate debt.

\_\_\_\_\_

- b. Disclose the amounts outstanding as of fiscal year-end.

\$ \_\_\_\_\_

## Bond Debt by Major Class – Summary of Activity Disclosure

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

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

- Please complete the following schedule to disclose **all bond debt activity**, by account, for the fiscal year ended June 30.

Beginning and ending balances should match the **AFRS Report #CAF002/Fastrack General Ledger Trial Balance Report**. For the “New Issues” and “Retirements” columns, exclude reclassifications between long-term and short-term. Otherwise, the effect will be to “gross up” or overstate the activity.

- 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 (debit) amounts.
- Normally, **new issues** in bond debt liabilities will be **credit** amounts and should be entered as negative (credit) amounts.
- On the electronic version of the disclosure form, the ending balance will be calculated by the system and should agree to the “Total” column in the AFRS Report #CAF002/Fastrack Trial Balance.

**Table 1 - Bond Debt GL’s Reconciliation to AFRS**

Account	Debt Class / GL Code	Beginning Balance from AFRS	DR Retirements	CR New Issues	Calculated Ending Balance	Ending Balance from AFRS	Difference (Must be zero)

**Bond Debt by Major Class – Summary of Activity Disclosure** - continued

- 2. **Total debt service requirements** for General Obligation Bonds (including both General Obligation and Zero-Coupon), Other Bonds Payable, and Revenue Bonds to maturity as of June 30, are as follows:

**Note:** The **Total** of the “Principal” columns in the schedule **below** is to agree to the following GL Codes in the ending balance column from the Table 1 (5161/5261 plus 5164/5264 plus 5162/5262 plus 5169/5269 plus 5163/5263). In addition, the principal payment due in Fiscal Year 2007 per the schedule **below** is to agree to the amount recorded in the **applicable 51XX GL Code** in AFRS as of June 30. If there is a variance, please provide an explanation.

**Table 2 - Bond Debt Service Schedule**

Fiscal Year	General Obligation and Other Bonds Payable Principle	General Obligation and Other Bonds Payable Interest	Revenue Bonds Principal	Revenue Bonds Interest
2007				
2008				
2009				
2010				
2011				
2012 – 2016				
2017 - 2021				
2022 - 2026				
2027 - 2031				
2032 - 2036				
Total				

**Bond Debt by Major Class – Summary of Activity Disclosure** - continued

3. Table 3 reconciles Tables 1 and Table 2. It also verifies that the amount reported as short-term in Table 2 agrees to the short-term GL's in AFRS.

**Table 3 - Reconciliations**

A. The total ending balance in Table 1 must agree to the total principal amount reported in Table 2.

	<b>Amounts</b>
Subtotal of ending balances of applicable GL Codes in Table 1: GL's 5161/5261 + 5162/5262 + 5163/5263 + 5164/5264 + 5169/5269	\$ _____
Principal amount totals reported in Table 2 Debt Service Schedule	_____
Difference (Must be zero)	\$ _____

If there is a difference, provide an explanation.

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B. The short-term GL account amounts in AFRS must agree to the principal amount reported in Table 2.

	<b>Amounts</b>
GL's 5161 + 5162 + 5163 + 5164 + 5169 (from AFRS)	\$ _____
Principal amount for the next fiscal year reported in Table 2 Debt Service Schedule	_____
Difference (Must be zero)	\$ _____

If there is a difference, provide an explanation.

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**Bond Debt by Major Class – Summary of Activity Disclosure** - concluded

- For bonds outstanding (General Obligation Bonds, General Obligation Bonds - Zero Coupon, Other Bonds Payable, and Revenue Bonds), at June 30, please disclose the **types** of bonds and the **range of bond interest rates** for the bond issues.

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

Account	Type of Bond	Low Interest Rate	High Interest Rate

- For bonds authorized but unissued (General Obligation Bonds, General Obligation Bonds - Zero Coupon, Other Bonds Payable, and Revenue Bonds), 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 5 – Bonds Authorized but Unissued**

Account	Purpose	Type of Bond	Authorized but Unissued at June 30

- Please complete the following schedule to disclose activity related to bond premiums and discounts, issue costs, accreted interest payable, and gain/loss on refundings (GL's 1910, 1920, 5212, 5268, 5910) as of June 30.

**Table 6 – Other Bond Related GL's Reconciliation to AFRS**

Account	Debt Class/GL Code	Beginning Balance from AFRS	DR	CR	Calculated Ending Balance	Ending Balance from AFRS	Difference (Must be zero)

## Bond Debt Refunding Activity Disclosure

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

### 90.40.55.C Bond Debt Refunding Activity Disclosure

This disclosure form is required to be completed by OST and agencies other than OST that perform their own debt refundings as follows:

#### Agencies other than OST:

The state is required to disclose bond debt-refunding activities in the CAFR. OST will provide information on all General Obligation Bond Debt Refundings that they initiate. **If your agency performed a bond debt refundings during the fiscal year, please disclose the following information for each refunding:**

- a. A **general description of the transaction**, including date new debt was issued, amount of new debt issued, type of bonds issued, average interest rate of new debt issued, amount of debt refunded, type of debt refunded, and average interest rate of debt refunded.
- b. The **difference between the cash flows** required to service the old debt and the cash flows required to service the new debt and complete the refunding.
- c. Amount of the **economic gain or loss** resulting from the transaction.

The state is required to disclose the amount of prior year defeased bond debt that remains outstanding at June 30. If your agency performed your own bond debt refundings in prior fiscal years, please disclose the amount of prior year defeased debt that remains outstanding at June 30. \$ \_\_\_\_\_

#### OST (Bond Retirement and Interest Agency, Agency #0100):

1. The state is required to disclose bond debt-refunding activities in the CAFR. For OST General Obligation Bond Debt Refundings during the fiscal year, OST should provide the following information for each refunding:
  - a. A **general description of the transaction**, including date new debt was issued, amount of new debt issued, type of bonds issued, average interest rate of new debt issued, amount of debt refunded, type of debt refunded, and average interest rate of debt refunded.
  - b. The **difference between the cash flows** required to service the old debt and the cash flows required to service the new debt and complete the refunding.
  - c. Amount of the **economic gain or loss** resulting from the transaction.
2. The state is required to disclose the amount of prior year defeased bond debt that remains outstanding at June 30. For OST General Obligation Bond Debt Refundings done in prior fiscal years, please disclose the amount of prior year defeased debt that remains outstanding at June 30. \$ \_\_\_\_\_

**90.40.60**

June 1, 2006

**Transfers Disclosure**

**General Instructions**

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

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

Transfers to be reported on the disclosure form include Revenue Source Codes 0613 – 0699 and 0484, excluding sources 0623, 0683, and 0677. Also include GL Code 65XX Object M.

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

Below is an example of a completed Transfer Disclosure Form (90.40.60.A).

**Example:**

Agency Code: 0123 Agency Title: Any Agency

**90.40.60.A Transfer Disclosure**

Paying Account Code & Title	Receiving Account Code & Title	Amount	Description of Transfer (Required for amounts over \$20 million)	Comments
001	760	\$150,000,000	ESSB 5180, Chapter 309, Section 927, Laws of 1999	
001	03C	6,000,000		
721	418	5,200,000		
721	418	2,377,000		
	Total:	\$163,577,000		

State Reporting

Transfers Disclosure

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

**90.40.60.A Transfer Disclosure**

Paying Account Code & Title	Receiving Account Code & Title	Amount	Description of Transfer (Required for amounts over \$20 million)	Comments
	Total:			

**Reconciliation:**

Receiving Account Code	Entered Amount	AFRS Amount	Difference (Must be zero)
	Total:		

Note: The AFRS amount is the Receiving Account credit total on the Fastrack CAF001 Transfer Report, including revenue sources 0613-0699 and 0484, and excluding revenue sources 0623, 0677, and 0683.

**90.40.65**

June 1, 2006

**Noncash Activity Disclosure**

**General Instructions**

All agencies are to report information about noncash investing, capital and financing transactions of proprietary funds on 90.40.65.A. The state is required to disclose this information as part of the Statement of Cash Flows. Agencies that have Enterprise and/or Internal Service funds need to submit information about investing, capital, and financing activities that do not result in cash receipts or payments during the fiscal year ended June 30.

Examples of items to be reported on the form include:

- contributions and write-offs of capital assets;
- refunding bond activity;
- noncash certificate of participation or lease activities;
- adjustments to the fair value of investments; and
- noncash equity adjustments.

Noncash adjustments to current assets and liabilities, such as depreciation, accounts receivables, inventories, and annual and sick leave payables should not be disclosed.

Below is an example of entries included in a completed Noncash Activity Disclosure Form (90.40.65.A).

**Example:**

Agency Code: 123 Agency Title: Any Agency

**90.40.65.A Noncash Activity Disclosure**

Account Code & Title	Debit GL Code & Title	Credit GL Code & Title	Amount	Description of Activity
123	2210	5271	\$1,100,000	Issued installment contract for purchase of building
345	2110	3210-0820	101,250	Donation of land
678	3220	1280	25,043	Decrease in fair value of investments
789	2410	5272	125,000	Capital lease IBM equipment

State Reporting

**Noncash Activity Disclosure**

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

**90.40.65.A Noncash Activity Disclosure**

Account Code & Title	Debit GL Code & Title	Credit GL Code & Title	Amount	Description of Activity

Note: An Account/GL Code may have one or more noncash activities.

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**90.40.70**

June 1, 2006

**Pension Disclosure****General Instructions**

All agencies with pensions as described below need to complete a pension disclosure form. GASB Statement 25 requires certain disclosures for retirement plans administered by Washington State. Additionally, GASB Statement 27 requires certain disclosures for those retirement plans in which the state participates. The pension disclosure form is used to accumulate the information required to prepare the note disclosures to the state's CAFR. The disclosures in the CAFR are intended to provide information that is useful in assessing:

- The stewardship of plan resources and the ongoing ability of the plan to pay pension benefits when due,
- The effect of plan operations and pension benefit commitments on the need for contributions by plan members, employers and other contributors, and
- Compliance with finance-related statutory, regulatory and contractual requirements.

Pension disclosure information is required from the following agencies:

- Department of Retirement Systems
- Administrative Office of the Courts
- Washington State Convention and Trade Center
- All Four-Year Higher Education Institutions
- State Board for Community and Technical Colleges

**Pension Disclosure – Department of Retirement Systems (90.40.70.A)** is to be submitted by the Department of Retirement Systems (Agency 124) and is to include information pertaining to:

- 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);

## State Reporting

### Pension Disclosure – continued

- School Employees Retirement System (SERS) Plans 2/3 (DB), and 3 (DC);
- Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plans 1 & 2 (DB);
- Washington State Patrol Retirement System (WSP) Plans 1 & 2 (DB);
- Judicial Retirement System (JRS) (DB); and
- Judges' Retirement Fund (Judges) (DB).

The total covered payroll, employer contributions, member contributions, and Washington State contributions are required to be presented by employer type for each retirement plan. The payroll and contribution amounts should be broken down between Washington State employers and all other employers.

Total employer contributions should agree to the amounts reported in AFRS Revenue Source Code 0802 for each retirement plan and/or system. Total member contributions should agree to the amounts reported in AFRS Revenue Source Code 0803 for each retirement plan and/or system. Total State contributions should agree to the amounts reported in AFRS Revenue Source Code 0804 for each retirement plan and/or system.

**Pension Disclosure – Administrative Office of the Courts (AOC)**  
**(90.40.70.B)** Sections (1) AOC, (2) Supreme Court, and (3) Court of Appeals are to be completed by the AOC (Agency 055) and is to include information pertaining to:

- Judicial Retirement Account (JRA) (DC); and
- Judges' Retirement Fund (Judges) (DB).

90  
**State Reporting**

**Pension Disclosure** – concluded

The total covered payroll, employer contributions, member contributions, and Washington State contributions are required to be presented by employer type. The payroll and contribution amounts should be broken down between Washington State employers and all other employers.

Total employer contributions for JRA (DC) should agree to the amounts reported in AFRS Revenue Source Code 0802 in Agency 055. Total member contributions for JRA (DC) should agree to the amounts reported in AFRS Revenue Source Code 0803 in Agency 055. Total State contributions for JRA (DC) should agree to the amounts reported in AFRS Revenue Source Code 0804 in Agency 055.

For the Judges' Retirement Fund only the total covered payroll is required on this form since Agency 124 reports the contribution information for Judges in their section of the pension disclosure.

**Pension Disclosure – Washington State Convention and Trade Center (90.40.70.C)** is to be completed by the Washington State Convention and Trade Center (Agency 550). The information required pertains to total covered payroll (payroll for employees covered under the 401 (K) pension plan), the total pension contributions made by the state as employer, and the total pension contributions made by the members.

**Pension Disclosure – Higher Education Institutions (90.40.70.D)** is to be completed by all four-year Higher Education Institutions and the State Board for Community and Technical Colleges. The information required pertains to Higher Education Retirement Plan participants and the Higher Education Supplemental 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.

Information for the Higher Education Supplemental Retirement Plan should be input from your actuarial valuations and payroll records. The Net Pension Obligation (NPO) is recorded in Account 999 GL 5281 "Unfunded Pension Obligations."

## State Reporting

## Pension Disclosure – Department of Retirement Systems

Agency Code: 124 Agency Title: Department of Retirement Systems

### 90.40.70.A Pension Disclosure – Department of Retirement Systems

Retirement Plan – by Employer Type	Covered Payroll	Employer Contributions	Member Contributions	State Contributions
PERS 1 (DB) – WA State				
PERS 1 (DB) – Other Employers				
PERS 2/3 (DB) – WA State				
PERS 2/3 (DB) – Other Employers				
PERS 3 (DC) – WA State				
PERS 3 (DC) – Other Employers				
TRS 1 (DB) – WA State				
TRS 1 (DB) – Other Employers				
TRS 2/3 (DB) – WA State				
TRS 2/3 (DB) – Other Employers				
TRS 3 (DC) – WA State				
TRS 3 (DC) – Other Employers				
SERS 2/3 (DB) – WA State				
SERS 2/3 (DC) – Other Employers				
SERS 3 (DC) – WA State				
SERS 3 (DC) – Other Employers				
LEOFF 1 (DB) – WA State				
LEOFF 1 (DB) – Other Employers				
LEOFF 2 (DB) – WA State				
LEOFF 2 (DB) – Other Employers				
WSP 1 (DB) – WA State				
WSP 2 (DB) – WA State				
JRS (DB) – WA State				
Judges (DB) – WA State				
Totals:				

90  
State Reporting

**Pension Disclosure –  
Department of Retirement Systems** - concluded

**Reconciliation of Contributions to AFRS Data:**

<b>Retirement Plan</b>	<b>Total Contributions</b>	<b>AFRS Total Contributions</b>	<b>Difference (Must be zero)</b>
Totals:			

## State Reporting

### Pension Disclosure – Administrative Office of the Courts

Agency Code: 055 Agency Title: Administrative Office of the Courts

#### 90.40.70.B Pension Disclosure – Administrative Office of the Courts

Agency Code	Retirement Plan – by Employer Type	Covered Payroll	Employer Contributions	Member Contributions	State Contributions
055	JRA (DC) – WA State				
055	JRA (DC) – Other Employers				
048	JRA (DC) – WA State				
045	JRA (DC) – WA State				
045	Judges (DB) – WA State				
	Totals:				

#### Reconciliation of Contributions to AFRS data:

Retirement Plan	Total Contributions	AFRS Total Contributions	Difference (Must be zero)

90  
State Reporting

**Pension Disclosure –  
Washington State Convention and Trade Center**

Agency Code: 550 Agency Title: WA State Convention and Trade Center

**90.40.70.C Pension Disclosure – Washington State Convention and Trade Center**

Retirement Plan	Covered Payroll	Employer Contributions	Member Contributions	State Contributions
401 K				

## State Reporting

## Pension Disclosure – Higher Education Institutions

**Example:**Agency Code: 123 Agency Title: Any Higher Education Institution**90.40.70.D Pension Disclosure – Higher Education Institutions**

This section is to be completed by all 4-year Higher Education Institutions and the State Board for Community and Technical Colleges:

<b>Higher Education Retirement Plan</b>	
Covered Payroll	\$173,858,328
Employer Contributions	\$14,435,716
Member Contributions	\$14,315,716
<b>Higher Education Supplemental Retirement Plan</b>	
Most current valuation date (mm/dd/yyyy)	06/30/04
Prior valuation date (mm/dd/yyyy)	07/01/99
Input the following information from your most current actuarial valuation:	
UAL (Unfunded Actuarial Accrued Liability)	
Amount from current valuation`	\$9,647,000
Amount from prior valuation	\$801,000
Amortization period (in years)	19.5
ARC (Annual Required Contribution)	\$1,126,000
Amortization of the UAL	\$568,000
Normal cost	\$531,000
Valuation method	Entry Age Normal cost cost method
Actuarial Assumptions	
Investment rate of return - %	6-8%
Projected salary increases - %	2-4%
Input the following information from your records:	
Payroll covered under this plan for the:	
Fiscal year of the most current valuation	\$271,907,000
Fiscal year of the prior valuation	\$206,447,000
Payments to Beneficiaries (last three fiscal years):	
2006	\$742,251
2005	\$774,124
2004	\$819,598
<b>NPO (Net Pension Obligation) Calculation &amp; Comparison to AFRS:</b>	
AFRS Balance in Account 999, GL 5281, June 30 prior year	(735,625)
Annual Required Contribution (from above)	(\$1,126,000)
Payments to Beneficiaries – current fiscal year (from above)	742,251
Balance as of June 30 (calculated)	(1,119,374)
AFRS Balance in Account 999, GL 5281, June 30 current year	(1,119,374)
Difference (Must be zero)	\$ 0
Description of the supplemental plan: The Plan has a supplemental payment component which guarantees a minimum retirement benefit goal based upon a one-time calculation at each employee's retirement date...	
Comments:	

**Pension Disclosure – Higher Education Institutions**

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

**90.40.70.D Pension Disclosure – Higher Education Institutions**

This section is to be completed by all 4-year Higher Education Institutions and the State Board for Community and Technical Colleges:

<b>Higher Education Retirement Plan</b>	
Covered Payroll	\$ _____
Employer Contributions	\$ _____
Member Contributions	\$ _____
<b>Higher Education Supplemental Retirement Plan</b>	
Most current valuation date (mm/dd/yyyy)	_____
Prior valuation date (mm/dd/yyyy)	_____
Input the following information from your most current actuarial valuation:	
UAL (Unfunded Actuarial Accrued Liability)	
Amount from current valuation`	\$ _____
Amount from prior valuation	\$ _____
Amortization period (in years)	_____
ARC (Annual Required Contribution)	\$ _____
Amortization of the UAL	\$ _____
Normal cost	\$ _____
Valuation method	_____
Actuarial Assumptions	
Investment rate of return - %	_____ %
Projected salary increases - %	_____ %
Input the following information from your records:	
Payroll covered under this plan for the:	
Fiscal year of the most current valuation	\$ _____
Fiscal year of the prior valuation	\$ _____
Payments to Beneficiaries (last three fiscal years):	
2006	\$ _____
2005	\$ _____
2004	\$ _____
<b>NPO (Net Pension Obligation) Calculation &amp; Comparison to AFRS:</b>	
AFRS Balance in Account 999, GL 5281, June 30 prior year	\$ _____
Annual Required Contribution (from above)	\$ _____
Payments to Beneficiaries – current fiscal year (from above)	\$ _____
Balance as of June 30 (calculated)	\$ _____
AFRS Balance in Account 999, GL 5281, June 30 current year	\$ _____
Difference (Must be zero)	\$ _____
Description of the supplemental plan:	
Comments:	

**State Reporting****90.40.75**

June 1, 2006

**Miscellaneous Disclosure****General Instructions**

**All agencies are required to complete the Miscellaneous Disclosure Form (90.40.75.A).**

In order to comply with Governmental Accounting Standards Board (GASB) Statement 34, certain information is required related to:

- Grants and contributions restricted for capital purposes,
- Art collections, library reserve collections and/or museum or historical collections,
- Donor restricted assets,
- Component units, segments or related organizations, and
- Impaired and idle capital assets.

### Miscellaneous Disclosure

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

#### 90.40.75.A Miscellaneous Disclosure

1. Did your agency report any revenue from grants or contributions that were **restricted for capital** purposes (to purchase, construct, or renovate capital assets associated with a specific program)?

No \_\_\_\_\_ Yes \_\_\_\_\_ If yes, provide the following information

- a. Account in which the revenue was recorded
- b. Name of grant/contribution
- c. Revenue source codes
- d. Amount

2. Does your agency have any **Art Collections, Library Reserve Collections, and/or Museum or Historical Collections** that are not capitalized?

No \_\_\_\_\_ Yes \_\_\_\_\_

If yes, refer to SAAM 30.20.22.a, which lists 3 conditions that must all be met in order for these assets not to be capitalized. Provide a description of your collection and explain how you meet all 3 of the conditions.

3. Does your agency have any **donor-restricted endowments**? (Note: Donor restricted endowments are recorded in General Ledger Codes 9530 "Reserved for Permanent Funds – Nonexpendable Portion" and 9531 "Reserved for Permanent Funds – Expendable Portion.")

No \_\_\_\_\_ Yes \_\_\_\_\_ If yes, provide the following information

- a. The amount of net appreciation on investments of donor-restricted endowments that are available for authorization for expenditure, and how those amounts are reported in net assets,
- b. The policy for authorizing and spending investment income, such as a spending-rate or total-return rate, and
- c. The account and general ledger code(s) the endowments are reported in.

**State Reporting****Miscellaneous Disclosure** - concluded

4. If applicable, have there been any changes to your **component units, segments, or related organizations**?

No \_\_\_\_\_ Yes \_\_\_\_\_ If yes, provide details of the change.

5. Does your agency have any **capital assets that are permanently impaired and idle** at fiscal year-end? A capital asset is considered to be impaired if the asset experiences a significant and unexpected decline in its service utility. An impaired capital asset is to be revalued to reflect its decline in service utility.

No \_\_\_\_\_ Yes \_\_\_\_\_

If yes, refer to SAAM 30.20.90 and 85.60.45 for further discussion and provide a description and the carrying amount of each impaired and idle capital asset.

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**90.40.95**

June 1, 2006

**Financial Disclosure Certificate****General Instructions**

As required by audit standards, the Office of Financial Management (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 included in the Financial Disclosure Certificate are true for their agency.

**All agencies are required to complete the Financial Disclosure Certificate (90.40.95.A).**

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

The original Financial Disclosure Certificate including attachments, as necessary, is to be mailed to the following address by September 21, 2006:

Office of Financial Management  
Accounting Division  
P.O. Box 43113  
Olympia, Washington 98504-3113

## State Reporting

### Financial Disclosure Certificate

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

#### 90.40.95 Financial Disclosure Certificate

**I certify, that to the best of my knowledge, the following statements are true:**

- (1) The transactions and adjustments submitted to the Agency Financial Reporting System (AFRS) for Fiscal Year 2006 accurately and completely reflect the agency's activity and ending account balances for each of the accounts listed below, in conformity with Generally Accepted Accounting Principles (GAAP) as outlined in the *State Administrative and Accounting Manual* (SAAM) and demonstrate legal compliance, where applicable.
- (2) There are no outstanding litigations, contingencies, or unasserted claims, in the agency that will materially affect these balances; or if such conditions exist, their disclosure is attached to this certification, such as a letter from the Attorney General's Office.
- (3) We are responsible for compliance with laws, regulations, and provisions of contracts and grant agreements applicable to this agency.
- (4) We have identified and disclosed to the auditor violations and possible violations of laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- (5) We are responsible for establishing and maintaining effective internal control over financial reporting. The agency's system of internal controls complies with the prescribed requirements as contained in Chapter 20 of SAAM.
- (6) We are responsible for designing and implementing programs and controls to prevent and detect fraud. We have disclosed to the auditors known instances and allegations of fraud or suspected fraud involving management, employees and others where the fraud could have a material effect on the financial statements.
- (7) Net asset components and fund balance reserves and designations are appropriately classified, and, if applicable, approved.
- (8) Provisions for uncollectible receivables have been properly identified and recorded.
- (9) Interfund and interagency activity and balances have been appropriately classified and reported.
- (10) Deposits are properly classified in category of custodial credit risk.

**90  
State Reporting**

**Financial Disclosure Certificate** - concluded

- (11) Inventories have been properly identified and recorded. Provisions have been made to reduce excess or obsolete inventory, when material, to their estimated net realizable value.
- (12) Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated. The state has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged. The balances shown for capital assets in the Agency Financial Reporting System (AFRS) reflect fairly the agency's capital assets on June 30, 2006, and that these balances have been reconciled to assets \$5,000 and over in our authorized capital asset subsidiary system.
- (13) If the modified approach is used to account for eligible infrastructure assets, the agency meets the GASB-established requirements as outlined in SAAM Subsection 30.20.80.
- (14) We have completed and submitted all disclosure forms applicable to the agency's accounts and activities.
- (15) No exceptions to the above certifications have occurred subsequent to June 30, 2006, and through the date of this certification; or if such conditions exist, their disclosure is attached to this certification.
- (16) This Financial Disclosure Certificate applies to all information provided to OFM by our agency during the fiscal year end closing process including e-mails, spreadsheets, etc.

**Note:** Any exceptions to the above certifications are attached with a narrative detailing the variance(s) and our proposed or completed corrective actions.

| Account Code |
|--------------|--------------|--------------|--------------|--------------|--------------|
| _____        | _____        | _____        | _____        | _____        | _____        |
| _____        | _____        | _____        | _____        | _____        | _____        |
| _____        | _____        | _____        | _____        | _____        | _____        |
| _____        | _____        | _____        | _____        | _____        | _____        |
| _____        | _____        | _____        | _____        | _____        | _____        |

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Printed Name and Title of Agency Head	Signature	Date
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Printed Name and Title of Chief Financial Officer	Signature	Date
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