



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555

May 16, 2005

OFM DIRECTIVE 04A-06

TO: Agency Directors and Policy Manual Holders

FROM: Sadie Rodriguez-Hawkins, Assistant Director
Accounting Division

SUBJECT: CHAPTER 35, INVENTORIES; CHAPTER 75, UNIFORM CHART OF ACCOUNTS; CHAPTER 80, ACCOUNTING POLICIES; CHAPTER 85, ACCOUNTING PROCEDURES; AND CHAPTER 90, STATE REPORTING

We are revising several chapters of the state of Washington's *State Administrative and Accounting Manual* (SAAM), issued by the Office of Financial Management (OFM). The effective date of these revisions is June 1, 2005. These revisions include numerous policy corrections and updates, most notably the state reporting policies and procedures for Fiscal Year 2005. This directive also reiterates the timetables related to year-end reporting and includes the fiscal year-end closing schedule.

NOTE: The revisions to **Chapter 95 Federal Reporting** are pending the issuance of the federal compliance supplement update and will be issued at a later date.

Key changes to the policies include:

CHAPTER 35: INVENTORIES (<http://www.ofm.wa.gov/policy/35.htm>)

- Removed reference to food stamps.
- Clarified inventory valuation methods for inventories.

CHAPTER 75: UNIFORM CHART OF ACCOUNTS (<http://www.ofm.wa.gov/policy/75.htm>)

- Removed GL Code 1470 Food Stamp Inventory.
- Added GL Codes 1324, 5187, 6592 and 6593.

CHAPTER 80: ACCOUNTING POLICIES (<http://www.ofm.wa.gov/policy/80.htm>)

- Clarified language related to financial reporting entities.
- Clarified receivables policy for government-wide reporting.
- Removed reference to food stamps from inventory policy.

CHAPTER 85: ACCOUNTING PROCEDURES (<http://www.ofm.wa.gov/policy/85.htm>)

- Updated policy relating to the State Charge Card System administered by the Department of General Administration.
- Removed food stamp inventories policy.
- Emphasized that recording transactions for allowance for depreciation and depreciation should correctly reflect assets being disposed of or transferred out.
- Provided further guidance related to deferred revenues.
- Clarified recording of compensatory time in governmental fund type accounts.

CHAPTER 90: STATE REPORTING (<http://www.ofm.wa.gov/policy/90.htm>)

- Provided further guidance related to immaterial prior period adjustments in the General Capital Assets Subsidiary Account (Account 997) when adjusting accumulated depreciation.
- Emphasized that transactions increasing and decreasing liability and capital assets accounts are to be recorded separately, not netted.
- Emphasized that the amount due within one year for all long-term obligations is to be reclassified to a short-term liability.
- Emphasized that new COPs and capital leases reported in the General Long-Term Obligations Subsidiary Account (Account 999) should agree with GL Code 3221 Other Financial Sources, Revenue Source Codes 0807 and 0809 in governmental accounts.
- Added a new Capital Assets Disclosure Form for reporting additions and/or deletions to capital assets.
- Added clarifications to the disclosure forms to make the forms more understandable and easier to complete. The electronic forms will provide current AFRS amounts for reconciliations.
- Required all disclosure forms be reported in **dollars** (not rounded to the nearest thousand as previously required).
- Removed the Investment Disclosure Form. With the implementation of GASB Statement No. 40 *Deposit and Investment Risk Disclosure*, information needed for reporting will be separately requested from select agencies.
- Added language that the Financial Disclosure Certification applies to all information provided to OFM during the fiscal year-end closing process.

Timetables Related to Year-End Reporting

Displayed below is the timeline for reporting data to the Agency Financial Reporting System (AFRS) for closing the fiscal year:

Phase I, agency accrual phase, is to be completed by **July 29, 2005**, and Phase 2, agency adjustment phase, is to be completed by **September 13, 2005**. Subsequent to the close of Phase 2, OFM approval will be required to process adjusting entries. AFRS reports will be created at the end of both Phases 1 and 2.

Component units that do not submit data directly through AFRS are to submit audited financial statements to the OFM Accounting Division by **October 7, 2005**.

With the exception of the community and technical colleges, all interagency billings, whether based on actuals or estimates, are to be sent out to agencies by **July 15, 2005**. Billings from the community and technical colleges are to be sent out to agencies by July 21, 2005.

Agencies are required to complete and submit their state and federal disclosure forms in an electronic format. With the exception of the federal certification form, all state and federal electronic disclosure forms are to be received by OFM by **September 21, 2005**. Submission of Federal Assistance Certification is delayed until **December 9, 2005**. The format and instructions for completing the electronic state and federal forms will be available in August 2005. If you have questions regarding the state disclosure forms, please contact your assigned OFM Accounting Consultant. If you have questions regarding the federal disclosure forms, please contact Norm Johnson at (360) 664-7676 or e-mail norm.johnson@ofm.wa.gov. Mail the signed original along with one copy of both the Financial Disclosure Certificate and Federal Assistance Certification to the OFM Accounting Division, PO Box 43113, Olympia, WA 98504-3113.

Please replace the following pages as noted:

Chapter 35	Entire chapter
Chapter 75	Electronic only, will be reprinted for July 1, 2005, update
Chapter 80	Entire chapter
Chapter 85	Table of contents; Pages 11-12, 23-30, 33-38, 81-82, 89-106, 121-134, and 145-146
Chapter 90	Entire chapter

The policies and procedures prescribed in SAAM are the minimum requirements that state agencies must meet. An agency may adopt more restrictive or detailed policies as long as the agency meets the required minimum standards.

Agency Directors and Policy Manual Holders
May 16, 2005
Page 4 of 4

All OFM directives and policies are available on our web site at <http://www.ofm.wa.gov/accounting/policies.htm>. We encourage you to use the on-line version of SAAM, as it includes all technical corrections made between formal policy updates, which are published under directives. The superseded policies and additional resources are also available on our Administrative and Accounting Resources web site at <http://www.ofm.wa.gov/policy/resource.htm>.

Unless noted otherwise in this memo, questions regarding manual content and proper interpretation should be directed to the OFM Accounting Consultant assigned to your agency.

Attachments