



Chapter 10 - Travel

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Per Diem allowances for foreign locations, Alaska, Hawaii, and US Possessions are revised monthly and can be accessed online:

- Refer to the U.S. Department of State – Foreign Per Diem Rates website at:
http://aoprals.state.gov/content.asp?content_id=184&menu_id=78.
- Rates for Alaska, Hawaii, and U.S. possessions follow the foreign rates at: <http://www.defensetravel.dod.mil/perdiem/perdiemrates.html>.

Use the outside CONUS, Non-Foreign Overseas, and Foreign query tool. Most of the lodging rates in these tables include all taxes. However, taxes on lodging are separately reimbursable for Alaska, Hawaii, Puerto Rico, the Northern Mariana Islands, and U.S. possessions.

10.90.10.e State agencies without access to the Internet may contact their OFM Accounting Division Consultant or Travel Policy Consultant to obtain the current rates for Continental USA, Non Continental USA, and Foreign locations.

10.90.20
Jan. 1, 2014

Reimbursement rates for lodging, meals, and privately owned vehicle mileage

The following summary shows the reimbursement rates for lodging, meals, and privately owned vehicle mileage for the Continental USA:

Reimbursement Rates for Lodging, Meals, and Privately Owned Vehicle Mileage

For the Continental USA - 48 Contiguous States and the District of Columbia

Rates as of January 1, 2014	Notes																																			
<p>Maximum Allowable Lodging Rates (see notes for tax treatment)</p> <p>Non High-Cost Locations (In State and Out-of-State)</p> <ul style="list-style-type: none"> • Maximum rate = \$83.00 / night plus tax • Exception to maximum rate = \$193.50 / day { (83 + 46) x 150% } <p>High-Cost Locations. For rates for individual high cost locations in the Continental USA, refer to the U.S. General Services Administration website at: www.gsa.gov.</p> <p>Seasonal Lodging Rates. For out of state locations, refer to the U.S. General Services Administration website at: www.gsa.gov. For seasonal rate information for Washington state locations, refer to the state Per Diem Rates map on OFM's Travel Resources website at: http://www.ofm.wa.gov/resources/travel.asp.</p>	<p>The reference for the maximum lodging rates is on the U.S. General Services Administration website at: www.gsa.gov. Select U.S. Per Diem Rates by Location (Continental USA) to view rates for the contiguous 48 states (amounts shown are before adding applicable state and local taxes to the reimbursement rates) or <u>Foreign Per Diem Rates</u> (taxes included) to view rates for Alaska, Hawaii, and U.S. possessions.</p>																																			
<p>Meal Rates (including taxes and tips and incidental expenses)</p> <table style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 15%;"></th> <th style="width: 20%; text-align: center;"><u>Non High-Cost Locations</u></th> <th style="width: 10%;"></th> <th colspan="4" style="width: 55%; text-align: center;"><u>High-Cost Locations</u></th> </tr> </thead> <tbody> <tr> <td>Breakfast</td> <td style="text-align: center;">\$11.00</td> <td style="text-align: center;">\$13.00</td> <td style="text-align: center;">\$14.00</td> <td style="text-align: center;">\$15.00</td> <td style="text-align: center;">\$16.00*</td> <td style="text-align: center;">\$18.00</td> </tr> <tr> <td>Lunch</td> <td style="text-align: center;">14.00</td> <td style="text-align: center;">15.00</td> <td style="text-align: center;">17.00</td> <td style="text-align: center;">18.00</td> <td style="text-align: center;">20.00</td> <td style="text-align: center;">21.00</td> </tr> <tr> <td>Dinner</td> <td style="text-align: center;"><u>21.00</u></td> <td style="text-align: center;"><u>23.00</u></td> <td style="text-align: center;"><u>25.00</u></td> <td style="text-align: center;"><u>28.00</u></td> <td style="text-align: center;"><u>30.00</u></td> <td style="text-align: center;"><u>32.00</u></td> </tr> <tr> <td>Totals</td> <td style="text-align: center;"><u>\$46.00</u></td> <td style="text-align: center;"><u>\$51.00</u></td> <td style="text-align: center;"><u>\$56.00</u></td> <td style="text-align: center;"><u>\$61.00</u></td> <td style="text-align: center;"><u>\$66.00</u></td> <td style="text-align: center;"><u>\$71.00</u></td> </tr> </tbody> </table>		<u>Non High-Cost Locations</u>		<u>High-Cost Locations</u>				Breakfast	\$11.00	\$13.00	\$14.00	\$15.00	\$16.00*	\$18.00	Lunch	14.00	15.00	17.00	18.00	20.00	21.00	Dinner	<u>21.00</u>	<u>23.00</u>	<u>25.00</u>	<u>28.00</u>	<u>30.00</u>	<u>32.00</u>	Totals	<u>\$46.00</u>	<u>\$51.00</u>	<u>\$56.00</u>	<u>\$61.00</u>	<u>\$66.00</u>	<u>\$71.00</u>	<p>To determine which high cost meal rate applies for a specific high cost location in the Continental USA, refer to the U.S. General Services Administration website at: www.gsa.gov. (Meal rates will be referred to as <u>subsistence rates</u>.) When calculating the meal breakdown for high cost meal locations in the Continental USA or Foreign Locations not listed in the table to the left, use the percentages in Subsection 10.40.10.c.</p> <p>*\$66.00 meal rate is for reference only; no WA state location currently has \$66.00 meal allowance.</p>
	<u>Non High-Cost Locations</u>		<u>High-Cost Locations</u>																																	
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<p>Non High-Cost Per Diem Rate</p> <ul style="list-style-type: none"> • Daily rate = \$129.00 / day = Non high-cost lodging rate (\$83) + Non high-cost meals rate (\$46) • Hourly rate = \$129.00 / 24 hours = \$5.38 per hour 	<p>Certain types of boards and commissions use both daily and hourly rates (Section 10.70). Also, the hourly rate is used when an employee is authorized to use a privately owned travel trailer or camper (Subsection 10.30.70).</p>																																			
<p>Privately Owned Vehicle (POV) Mileage Rate = \$0.56/ mile</p>	<p>Source: IRS Revenue Procedure 2013-80.</p>																																			
<p>Privately Owned Aircraft Mileage Rate = \$1.33/ nautical mile</p>	<p>Source: Federal Register Vol. 77, No. 249 Dec. 28, 2012. Nautical mile information can be found on several websites including: www.airnav.com/airports/</p>																																			
<p>Privately Owned Motorcycle Mileage Rate = \$0.535 / mile</p>	<p>Source: Federal Register Vol. 77, No. 249 Dec. 28, 2012.</p>																																			



25.10

About the Payroll Policies

25.10.10

May 1, 1999

Purpose of these policies

These payroll accounting policies and procedures serve as a basis for preparing, processing, and recording payrolls.

25.10.20

January 1, 2012

Authority for these policies

The Office of Financial Management (OFM) is responsible for establishing the necessary systems, policies, and procedures for payroll preparation and accounting (Chapter 42.16 RCW). Additionally, the provisions of Title 357 WAC and collective bargaining agreements administered by OFM State Human Resources supplement these instructions.

25.10.30

January 1, 2012

Applicability

This part applies to all agencies of the state of Washington unless otherwise exempted by statute or collective bargaining agreements and to all their payroll processing and payment systems used to pay employees' salaries, wages, and benefits. A variety of payroll systems are used by state agencies to pay their employees:

- 25.10.30.a General government agencies use a centralized payroll system maintained by the Department of Enterprise Services.
- 25.10.30.b The community and technical colleges use the Payroll Personnel Management System maintained by the State Board for Community and Technical Colleges, Information Technology Division.
- 25.10.30.c Each of the remaining universities uses its own payroll system.

25.10.40

July 1, 2012

Employee definitions

25.10.40.a

State Employee

Generally, an individual is an employee when the employer has the legal right to direct when, where, and how the work is done. Section 75.70 of this manual provides a more detailed definition of Salaries and Wages (Object A). There is also information in Section 75.70 (Object C) covering those individuals paid by the state who are not employees.

Several definitions of "state employee" exist in statute for different purposes. However, the Office of Financial Management has historically used the following general definition:

A "state employee" means any individual who is appointed by an agency head or designee and serves under the supervision and authority of any agency carrying out the ongoing business of the agency, unless designated otherwise in statute.

For employment tax purposes, each federal and state agency that regulates employment has its own definition of "employee" based on what taxes that agency levies or collects. For example, the IRS collects federal income, Old Age and Survivors Insurance (OASI), and Medicare taxes. The Department of Labor and Industries, on the other hand, collects moneys for the worker's compensation program. An individual can be an employee by one agency's definition, but not by another's definition.

The following federal and state agencies publish regulations or WACs that define an "employee" from their perspective:

- The Internal Revenue Service (Revenue Ruling 87-41 and Publication 15 (Circular E)).
- The Washington State Department of Labor and Industries (Chapter 296 WAC).
- The Washington State Department of Employment Security (Chapter 192 WAC and the federal/state 218 agreement).
- The Washington State Department of Revenue (Chapter 458 WAC).

25.20.30
June 1, 2006

Agency required payroll certifications

25.20.30.a

Certification Requirements

RCW 41.06.270 specifies two conditions an agency must meet before paying an employee. The agency head (or authorized designee) must certify that the payroll meets these conditions using the following language:

<p>“I hereby certify that to the best of my knowledge amounts listed in this payroll are true and correct charges and that employees holding a position covered by Chapter 41.06 RCW or other applicable employment contract, have been employed in accordance with the rules, regulations, and orders issued thereunder.”</p>		
<p>BY _____</p>		
(NAME)	(TITLE)	(DATE)

As an alternative, in instances where an agency is using the Human Resource Management System and the payroll includes a mid-period transfer and charges belonging to another agency, the following language may be used:

<p>“I hereby certify that to the best of my knowledge amounts listed in this payroll, associated with my agency, are true and correct charges and that employees holding a position covered by Chapter 41.06 RCW or other applicable employment contract, have been employed in accordance with the rules, regulations, and orders issued thereunder.”</p>		
<p>BY _____</p>		
(NAME)	(TITLE)	(DATE)

25.20.30.b

Agency Required Records to Support Payroll Certification

1. Agency records include the certification signed by the agency head (or authorized designee):
 - Directly on the payroll register, or
 - On a separate document if the payroll register is on microfiche.

2. A copy of all documents that reflect personnel actions for:
 - Appointment, transfer, promotion, demotion, and salary changes.
 - Any other temporary or permanent changes in employee status.

25.20.40

July 1, 2011

Payment and reconciliation of deductions and employer's costs

25.20.40.a

Agencies are to design payroll procedures to produce accurate payment of payroll deductions and employer costs to vendors on a timely basis.

25.20.40.b

Pay other state agencies by journal voucher or interagency payment whenever possible.

25.20.40.c

Timely reconciliations are recommended for:

- **Year-to-date (YTD) data** to ensure information used for preparing federal employment tax payments and reports are correct. Avoid incurring IRS interest and penalty assessments by reconciling YTD wage and tax data to federal deposits, quarterly Forms 941/941-X, and annual Forms W-2/W-2c. Refer to IRS Publication 15 for information regarding resolution of discrepancies and suggestions to reduce errors.
- **Health insurance data** to ensure that the premiums collected from employees and amounts calculated as employer contributions are proper.

25.20.50

January 1, 2012

Employee transfers between agencies

When an employee accepts an appointment with a different employer, WAC 357-22-025 requires the most recent former employer to provide employee information to the new employer in a transmittal package developed by Office of Financial Management (OFM) State Human Resources.

Both the terminating and new employing state agencies should make a concerted effort to ensure the employee doesn't suffer a lapse in wage when there is an immediate continuing employment transfer.

The terminating agency must transfer at a minimum, the following documents to the new agency's designated office promptly:

Fringe benefits that are taxable under certain circumstances include, but are not limited to:

- Gift certificates
- Awards and prizes
- Personal use of agency provided vehicles, such as commuting between official residence and official workstation
- Clothing allowances
- Educational assistance
- Lodging
- Meals
- Moving expenses
- Unspent, unreturned travel advances

To determine which, if any, fringe benefits are included in earnable compensation for retirement purposes, contact the Department of Retirement Systems at (360) 664-7000 or toll free at 1-800-547-6657.

25.30.50

July 1, 2012

Compensatory time - Cash-out payments

25.30.50.a

General

Overtime-eligible state employees may be compensated in cash or in compensatory time. The Fair Labor Standards Act (FLSA), administered by the U.S. Department of Labor, sets standards regarding overtime pay. Rules and collective bargaining agreements (CBAs) for overtime and compensatory time are written based on this Act. For non-represented employees, refer to WAC 357-28-255 through 285. For represented employees, refer to the applicable CBA. Agencies are advised to review rules and contracts for more complete information.

Cash compensation for overtime is subject to federal employment taxes (income, Medicare, and OASI) and state retirement.

Most compensation for compensatory time cash-out payments are subject to state retirement. In limited circumstances, cash compensation for compensatory time cash-out payments are not subject to state retirement. For more information, contact the Department of Retirement Systems at (360) 664-7000 or toll free at 1-800-547-6657.

25.30.50.b

Calculating rate for compensatory time cash-out payments

Note: In the 2011-2013 biennium only, refer to WAC Chapter 357-28 or CBAs to determine the appropriate base salary rate for paying overtime or cashing out compensatory time.

1. Except for terminating employees as noted in (2) below, compensatory time cash-out payments shall be paid at the FLSA regular rate earned by the employee for the pay period the employee receives such payment.

Example: Employee A is receiving a compensatory time cash-out provided under agency policy or collective bargaining agreement. The employee is continuing employment. Pay compensatory time at the employee's current FLSA regular rate.

2. Upon termination of employment, compensatory time cash-out payments shall be paid at the higher of:
 - a. The FLSA regular rate in effect for the employee in the pay period the employee receives such payment (or the final pay period, whichever is earlier), **or**
 - b. The average FLSA regular rate received by the employee during the last three years of employment. If the employee has been employed continuously for less than three years, use the period of time subsequent to the last permanent break in service. The average FLSA regular rate shall be calculated by summing total regular pay (excluding overtime premium pay) earned in the periods observed and dividing by total hours worked in the periods observed.

Example: Employee B is terminating October 25 and is receiving final pay for all wages owed and leave accrued, including compensatory time. The employee's FLSA regular rate (\$20.15/hour) in the current period is lower than the average FLSA regular rate over the past three years of employment (\$21.00/hour). Pay compensatory time at \$21.00/hour.

25.30.50.c

Recording compensatory time payable

Agencies are to record a liability for accumulated compensatory time not cashed out by the end of the fiscal year. Refer to Subsection 85.72.65 for instructions on how to estimate and record the compensatory time payable in both governmental and proprietary/trust type accounts.

25.40.12

January 1, 2012

Uniformed service shared leave pool

Per RCW 41.04.685, the uniformed service shared leave pool allows general government and higher education employees to voluntarily donate leave to be used by any eligible employee who has been called to service in the uniform services. WAC 357-31-640 through 725 establishes the rules for the uniformed service shared leave pool.

The Military Department, in consultation with Office of Financial Management (OFM) State Human Resources administers the uniformed service shared leave pool. Procedures can be found on OFM's Payroll Resources website at: <http://www.ofm.wa.gov/resources/payroll.asp>.

In order to participate in the uniformed service shared leave pool, employers must develop a written policy which, at a minimum, addresses:

1. Eligibility requirements for use of the uniformed service shared leave pool.
2. Donation of leave.
3. Use of pool leave.
4. Abuse of the leave pool.

An employer may limit the amount of leave an employee may donate to or receive from the pool only if it would result in the violation of rule or statute.

Leave that is donated or received is calculated consistent with the Washington State Leave Sharing Program. Refer to Subsection 25.40.10. However, shared leave received under the uniformed service shared leave pool is not included in the 522 day total specified in RCW 41.04.665.

25.40.15

May 20, 2010

Sick leave pools

Per RCW 41.04.680, general government state employees may pool sick leave within an agency to be used by participating employees who have a personal illness, accident, or injury. WAC 357-31-570 through 635 establishes the rules for creating and administering a sick leave pool.

Prior to creating a sick leave pool, an agency must appoint an administrator and develop a written policy. For purposes of calculating maximum sick leave that may be donated or received by any one employee, pooled sick leave is counted and converted in the same manner as sick leave under the Washington state Leave Sharing Program.

A participating employee may not withdraw more than 522 days from a sick leave pool for the entire duration of state employment. The 522 days includes any days an employee has received under the Washington State Leave Sharing Program. Refer to Subsection 25.40.10.

This provision is for non-represented employees only.

25.40.20

July 1, 2013

Vacation leave buyout at termination

RCW 43.01.041 establishes the authority for vacation leave buyout upon termination of employment. WAC 357-31-225 or collective bargaining agreements (CBAs) provide additional rules and guidance.

Compute termination leave payments by multiplying an average hourly rate times the number of vacation leave hours accumulated. Determine the average hourly rate by multiplying .0063* times the monthly salary rate. The fraction of .0063 is based upon the number of work hours in an average month. Do not include premium pay such as standby, shift differential, and overtime in the monthly salary rate used as the basis for termination leave payment.

*The formula for deriving the .0063 factor follows.

Formula for Deriving the Vacation Leave Buyout Termination Factor:

$$\begin{array}{r}
 \frac{8 \text{ hrs}}{1 \text{ day}} \times \frac{1}{(365 \text{ days} - 104 \text{ Saturdays and Sundays} - 11 \text{ holidays} - 12 \text{ days of vacation leave})} \\
 = \frac{1}{158.66} \\
 = .0063
 \end{array}$$



Chapter 30 - Capital Assets

30.10 About the Capital Asset Policies

30.10.10	Policies in this chapter are minimum standards	July 1, 2001
30.10.15	Definition of a capital asset	July 1, 2012
30.10.20	Authority for these policies	July 1, 2001
30.10.30	Applicability	July 1, 2001
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30.10.50	Policies differ in cases of absolute title and residual title	July 1, 2001
30.10.60	Assets in use by subtenant agencies	July 1, 2001

30.20 Valuing, Capitalizing, Depreciating and Reconciling Capital Assets

30.20.10	How to value capital assets	July 1, 2009
30.20.20	When to capitalize assets	Mar. 17, 2010
30.20.22	Assets not capitalized	July 1, 2001
30.20.30	Definition of a capital lease	Mar. 17, 2010
30.20.40	Accounting for capital leases	Mar. 17, 2010
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30.20.60	Accounting for infrastructure	June 1, 2012
30.20.70	Depreciation policy	Feb. 1, 2011
30.20.80	Non-depreciable transportation-related infrastructure assets reported using the modified approach	June 1, 2002
30.20.90	Impairment of capital assets and related insurance recoveries	July 1, 2005
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30.30.20	How capital assets should be marked	July 1, 2001
30.30.30	When it is OK not to mark a capital asset	July 1, 2009

30
Capital Assets

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30.40 Capital Asset Inventory Records Policy

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30.40.80	Lost or stolen property	July 1, 2008

30.45 Capital Asset Physical Inventory Policy

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30.45.20	Who should conduct and verify the physical inventory?	July 1, 2001
30.45.30	Physical inventory instructions	July 1, 2001
30.45.40	Physical inventory reconciliations	July 1, 2001
30.45.50	Retaining physical inventory records	July 1, 2001

30.50 Capital Asset Class and Location Code Tables

30.50.10	Schedule A - Capital asset class codes and useful life schedule	Jan. 1, 2014
30.50.20	Schedule B - Location (county) codes	July 1, 2001



30.40 Capital Asset Inventory Records Policy

30.40.10

July 1, 2001

Which assets need to be inventoried or cataloged?

The following assets are inventoriable assets and must be carried on the property records of an agency:

- All assets meeting the state's capitalization policy (refer to Subsection 30.20.20),
- Assets with a unit cost (including sales tax and ancillary costs) less than \$5,000 identified as small and attractive assets (refer to Subsection 30.40.20 below),
- Art collections, library reserve collections, and museum and historical collections that meet the criteria in Subsection 30.20.22 which are not required to be capitalized, are required to be controlled by means of a perpetual inventory or a recognized cataloging system, and
- Collections under the control of a state historical society as defined by RCW 27.34.020 are required by RCW 27.34.070 to be cataloged.

Trust lands are to be accounted for by the administering agency.

30.40.20

January 1, 2014

Small and attractive assets

Each agency should perform a risk assessment (both financial and operational) on the agency's assets to identify those assets that are particularly at risk or vulnerable to loss. Assets so identified that fall below the state's capitalization policy are considered small and attractive assets. Each agency should develop written internal policies for managing small and attractive assets.

The agency should implement specific measures to control small and attractive assets in order to minimize identified risks. Periodically, the agency should perform a follow up risk assessment to determine if the additional controls implemented are effective in managing the identified risks.

Agencies must include as small and attractive assets all items in the commodity class code major group 10XX – Weapons, Firearms, Signal Guns, and Accessories. Otherwise, agencies have discretion in setting their definition of small and attractive assets. However, absent a risk assessment and development of written policies for identifying and controlling small and attractive assets, agencies must include, at a minimum, the following assets with unit costs of \$300 or more as small and attractive:

6651	Optical Devices, Binoculars, Telescopes, Infrared Viewers, and Rangefinders
6710-6730	Cameras and Photographic Projection Equipment
7012	Desktop Computers (PCs)
7013	Laptops and Notebook Computers
7014	Tablets and Smart Phones
7730	Television Sets, DVD Players, Blu-ray Players, and Video Cameras (home type)

30.40.30

July 1, 2012

Capital asset inventory system requirements

Agencies are to maintain capital asset inventory systems that include records for all inventoriable assets.

Agencies are to use the Capital Asset Management System (CAMS) for all assets that meet the state's capitalization policy. Agencies may use an alternate in-house system provided written approval from the Office of Financial Management, Office of the Chief Information Officer (OCIO) is obtained prior to initiating acquisition or development of the system. Refer to Subsection 80.30.88.

For assets defined as small and attractive, agencies may use either CAMS or an alternate in-house system without OCIO approval.



30.50 Capital Asset Class and Location Code Tables

30.50.10 Capital asset class codes and useful life schedule

January 1, 2014

30.50.10.a Schedule A

This following schedule is for capital assets acquired in new condition. Refer to the Addendum to Schedule A (Subsection 30.50.10.b) for energy efficiency equipment and products.

Major Group	Class Code	Descriptive Title	Useful Life
A0		Land	Not Calculated
	A100	Uplands	
	A200	Beds of Navigable Water	
	A300	Shorelands	
	A400	Tidelands	
	A500	Harbor Areas	
01		Transportation Infrastructure (Modified Approach) Operated by the Department of Transportation	Not Calculated
	0110	State Highway System	
02	0200	Construction In Progress	Not Calculated
03		Art Collections, Library Reserve Collections, Museum and Historical Collections (Inexhaustible), and Intangible Assets with Indefinite Useful Lives	Not Calculated
	0300	Art Collections, Library Reserve Collections, and Museum and Historical Collections (Inexhaustible)	
	0310	Intangible Assets with Indefinite Useful Lives (e.g. easements, mineral, timber, and water rights acquired separately from land, that have indefinite useful lives)	

Major Group	Class Code	Descriptive Title	Useful Life
04		Infrastructure (Depreciable)	
	0420	Having a Useful Life of	20 Years
	0425	Having a Useful Life of:	25 Years
	0430	Having a Useful Life of:	30 Years
	0435	Having a Useful Life of:	35 Years
	0440	Having a Useful Life of:	40 Years
	0445	Having a Useful Life of:	45 Years
	0450	Having a Useful Life of:	50 Years
05		Buildings/Components	
	0505	Having a Useful Life of:	5 Years
	0510	Having a Useful Life of:	10 Years
	0515	Having a Useful Life of:	15 Years
	0520	Having a Useful Life of:	20 Years
	0524	Having a Useful Life of:	24 Years
	0525	Having a Useful Life of:	25 Years
	0527	Having a Useful Life of:	27 Years
	0530	Having a Useful Life of:	30 Years
	0535	Having a Useful Life of:	35 Years
	0540	Having a Useful Life of:	40 Years
	0545	Having a Useful Life of:	45 Years
	0500	Having a Useful Life of:	50 Years
06		Improvements - Other Than Buildings (Includes Leasehold Improvements)	
	0610	Having a Useful Life of:	3 Years
	0620	Having a Useful Life of:	5 Years
	0625	Having a Useful Life of:	8 Years
	0630	Having a Useful Life of:	10 Years
	0640	Having a Useful Life of:	15 Years
	0650	Having a Useful Life of:	20 Years
	0655	Having a Useful Life of:	25 Years
	0660	Having a Useful Life of:	30 Years
	0665	Having a Useful Life of:	35 Years
	0670	Having a Useful Life of:	40 Years
	0675	Having a Useful Life of:	45 Years
	0680	Having a Useful Life of:	50 Years

30
Capital Assets

30.50.10

Major Group	Class Code	Descriptive Title	Useful Life
	6655	Geophysical and Astronomical Instruments	
	6660	Meteorological Instruments and Apparatus	
	6665	Hazard Detecting Instruments and Apparatus	
	6670	Scales and Balances, Commercial and Household	
	6671	Scales, Postal	
	6672	Scales and Balances, Laboratory	
	6675	Drafting, Surveying, and Mapping Instruments	
	6680	Liquid and Gas Flow, Liquid Level, and Mechanical Motion Measuring Instruments	
	6681	Speedometers and Tachometers	
	6682	Regulators and Gauges, Medical	
	6685	Pressure, Temperature, and Humidity Measuring and Controlling Instruments	
	6695	Combination and Miscellaneous Instruments	
67		Photographic, Projecting, and Microfilm Equipment	6 Years
	6710	Cameras, Motion Picture	
	6720	Cameras, Still Picture	
	6730	Photographic Projection Equipment	
	6740	Photographic Developing and Finishing Equipment	
	6750	Photographic Supplies	
	6760	Photographic Equipment and Accessories	
	6770	Films Processed for Commercial and Industrial Use	
	6780	Film Processing	
	6790	Micrographic Equipment	
	6791	Micrographic Supplies	
	6793	Micrographic Unitizing Equipment and Accessories	
69		Training Aids and Devices	5 Years
	6905	Multimedia Systems	
	6910	Training Aids, Medical	
	6911	Audiotape, Training	
	6914	Slides, Training	
	6918	Flight Training Aids and Devices	
	6920	Overhead Transparencies, Training	
	6921	Videotapes, DVDs, Blu-rays, Training	
	6925	Targets	

30
Capital Assets

Major Group	Class Code	Descriptive Title	Useful Life
	6930	Vehicle Training Aids and Devices	
	6935	Robots for Training	
	6940	Communications Training Devices, For The Handicapped	
	6950	Miscellaneous Training Aids and Devices	
70		Information Technology (IT) Equipment	
	7010	Main Frame Computer Systems	5 Years
	7011	Servers	5 Years
	7012	Desktop Computers (PCs)	4 Years
	7013	Laptops and Notebook Computers	4 Years
	7014	Tablets and Smart Phones	2 Years
	7015	Front End Communications Processors	7 Years
	7016	Data Processing Terminals	6 Years
	7017	Data Communications Equipment (Multiplexers, Modems, Routers, Hubs, and Switches)	6 Years
	7025	Input/Output and Storage Devices - Tape	6 Years
	7026	Input/Output and Storage Devices - Disk (Laser and Magnetic)	6 Years
	7027	Input/Output and Storage Devices - Other	5 Years
	7034	Plotters	5 Years
	7035	Other IT Accessorial Equipment and Components (Scanners, Data Displays, etc.)	5 Years
	7037	Monitors	5 Years
	7038	Laser Printers	6 Years
	7039	Impact and Other Printers	6 Years
	7042	Mini/Microcomputer Systems (Used primarily to control larger systems such as heating, A/C, etc.)	5 Years
	7060	Test and Monitor Equipment	5 Years
71		Furniture, Fixtures, and Accessories	10 Years
	7105	Household Furniture	
	7110	Office Furniture, Desk, Chairs, etc.	
	7111	Mail Room Furniture and Equipment	
	7112	School Furniture	
	7115	Hospital Furniture	
	7116	Furniture, Critical Environment (Prisons, etc.)	

30
Capital Assets

30.50.10

Major Group	Class Code	Descriptive Title	Useful Life
	7120	Furniture Fabrication and Repair Supplies	
	7125	Cabinets, Lockers, Bins, and Shelving	
	7126	Auditorium and Theater Furniture	
	7127	Library Furniture	
	7195	Miscellaneous Furniture and Fixtures	
72		Household and Commercial Furnishings and Appliances	7 Years
	7231	Awnings	
	7240	Containers, Utility, Commercial	
	7241	Containers, Utility, Household	
	7290	Miscellaneous Household and Commercial Furnishings and Appliances (Fireplace Sets, Hair Dryers, Washers, Dryers, Compactors, Sewing Machines, Irons, etc.)	
73		Food Preparation and Serving Equipment	5 Years
	7310	Food Cooking, Baking, and Warming Equipment, Commercial	
	7311	Food Cooking, Baking, and Warming Equipment, Household	
	7320	Kitchen Equipment and Appliances, Commercial	
	7321	Kitchen Equipment and Appliances, Household	
	7330	Kitchen Utensils	
	7352	Vacuum Containers and Chests	
74		Office, Visible Record, and Word Processing Equipment	5 Years
	7420	Accounting and Calculating Machines	
	7430	Typewriters and Office Type Composing Machines	
	7435	Word Processing Equipment and Accessories (Includes mini and micro computers specifically designed for Word Processing purposes)	
	7450	Office Type Sound Recording and Reproducing Machines	
	7460	Visible Records Equipment	
	7490	Miscellaneous Office Machines (Coin Counters, Collators, Cash Registers, etc.)	

Major Group	Class Code	Descriptive Title	Useful Life
77		Musical Instruments, Televisions, and Household Recordings	5 Years
	7710	Musical Instruments	
	7720	Musical Instrument Parts and Accessories	
	7730	Television Sets, DVD Players, Blu-ray Players, and Video Cameras, (home type)	
	7740	Recordings, Entertainment	
	7742	Video Tapes, DVDs, Blu-rays, Entertainment	
78		Recreational and Athletic Equipment and Toys	5 Years
	7810	Athletic and Sporting Equipment	
	7820	Games, Toys, and Wheeled Goods	
	7830	Gymnastic Equipment	
	7831	Playground Equipment	
	7832	Game Room Equipment, Pool and Billiard Tables, and Bowling Equipment	
79		Cleaning Equipment	5 Years
	7910	Floor Polishers, Scrubbers, and Accessories	
	7912	Vacuum Cleaners, Carpet Sweepers, and Accessories	
80		Computer Software, Land Use Rights, Patents, Trademarks, Copyrights, and Other Intangible Assets with Definite Useful Lives	
		<u>Computer Software</u>	
	8010	Having a Useful Life of:	3 Years
	8011	Having a Useful Life of:	5 Years
	8012	Having a Useful Life of:	12 Years
	8013	Having a Useful Life of	15 Years
		<u>Land Use Rights</u>	
	8020	Having a Useful Life of	3 Years
	8021	Having a Useful Life of	5 Years
	8022	Having a Useful Life of	12 Years



Chapter 75 - Uniform Chart of Accounts

75.10 Coding Structures

75.10.10	About the uniform chart of accounts	July 1, 2010
75.10.20	Descriptions of the code types	July 1, 2010

75.20 Agency Codes and Authorized Abbreviations

75.20.10	Sequential by code number	Dec. 6, 2012
75.20.20	Alphabetical by title	Dec. 6, 2012
75.20.30	Sequential by code number within functional group	Dec. 6, 2012

75.30 Fund / Account Codes

75.30.10	GAAP fund types	June 1, 2011
75.30.20	Cash and budget type codes	July 1, 2013
75.30.30	Fund types and subsidiary accounts - government-wide statement codes	July 1, 2002
75.30.40	Roll-up funds and subsidiary accounts - fund statement codes	July 1, 2013
75.30.50	Account codes: sequential by code number	Jan. 1, 2014
75.30.60	Account codes: alphabetical by title	Aug. 1, 2013

75.40 General Ledger Account Codes

75.40.10	Sequential by code number	Jan. 1, 2014
75.40.20	Sequential by code number with description	Jan. 1, 2014

75
Uniform Chart of Accounts

75.50 Expenditure Authority Codes

75.50.10	Expenditure authority type and expenditure character codes with descriptions	June 1, 2009
75.50.20	Operating expenditure authority codes	April 1, 2009
75.50.30	Capital expenditure authority codes	April 1, 2009
75.50.40	Schedule of expenditure authority types and codes not included on the Expenditure Authority Schedule	June 1, 2009

75.60 Statewide Program Codes

75.60.10	Sequential by code number with descriptions	June 1, 2004
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75.65 Statewide Project Type Codes

75.65.10	Information technology data needs	July 1, 2010
75.65.20	Special provisions for information technology project type coding	July 1, 2010
75.65.30	Sequential by code number with descriptions	July 1, 2010

75.70 Object/Subobject/Sub-subobject Codes

75.70.10	Sequential by code number	July 1, 2013
75.70.20	Sequential by code number with description	July 1, 2013

75.80 Revenue Source Codes

75.80.10	Categories of revenue	June 1, 2004
75.80.20	Major revenue source code descriptions	July 1, 2003
75.80.30	Sequential by code number	Jan. 1, 2014
75.80.40	Sequential by code number with description	Jan. 1, 2014

Uniform Chart of Accounts

Fund Type Title / Roll-Up Fund Title	Roll-Up Fund	Fund Statement Code	Materiality Level * 06-30-12
Judges Supplemental Retirement Defined Contribution Fund	HP	4A	613,000
Judges Retirement Fund	HQ	4A	94,000
School Employees' Retirement System Plan 2 and 3 Defined Benefit Plan	HR	4A	1,000,000
School Employees' Retirement System Plan 3 Defined Contribution Plan	HS	4A	1,000,000
Deferred Compensation Trust Fund	HT	4A	1,000,000
Agency Funds			
Clearing Fund	KA	4D	N/A
Suspense Fund	KB	4D	N/A
Local Government Distributions Fund	KC	4D	N/A
Pooled Investments Fund	KD	4D	N/A
Retiree Health Insurance Fund	KE	4D	N/A
4. <u>GENERAL CAPITAL ASSETS & LONG-TERM OBLIGATION SUBSIDIARY ACCOUNTS</u>			
General Capital Assets Subsidiary	LA	8A	1,000,000
General Long-Term Obligations Subsidiary	LB	8B	1,000,000
5. <u>DISCRETE COMPONENT UNITS</u>			
Proprietary Fund Type Financing Authorities	MZ	9Z	N/A

* Materiality level presented is for consideration in relation to prior period adjustments, refer to Subsection 90.20.15; materiality level for current period activity would be in relation to current period balances/activity.

Uniform Chart of Accounts

75.30.50

January 1, 2014

Account codes: sequential by code number

Account Code	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code	Account Title
001	AA	AA	7000	A	1	9390	General Fund
002	BE	BA	3030	A	1	9323	Hospital Data Collection Account
003	BD	BA	2400	A	1	9321	Architects' License Account
006	GA	GA	0850	A	1	9400	Public Records Efficiency, Preservation and Access Account
007	BF	BA	4650	A	1	9324	Winter Recreation Program Account
014	BF	BA	4900	A	1	9324	Forest Development Account
018	AC	AA	4650	A	1	9324	Millersylvania Park Current Account
01B	BF	BA	4900	A	1	9324	ORV and Nonhighway Vehicle Account
01E	AC	AA	4900	A	1	9242	Geothermal Account
01F	BE	BA	2350	B	2	9323	Crime Victims' Compensation Account
01L	DB	DA	7000	A	1	9310	Higher Education Construction Account
01M	BF	BA	4650	A	1	9324	Snowmobile Account
01N	AC	AA	3100	A	1	9323	Institutional Impact Account
01P	KB	HD	7000	N	1	N/A	Suspense Account
01R	KB	HD	0900	N	1	N/A	Undistributed Receipts Account
01T	KC	HD	1400	N	1	N/A	Local Leasehold Excise Tax Account
023	AC	AA	4610	A	1	9324	Special Grass Seed Burning Research Account
024	BD	BA	2400	A	1	9321	Professional Engineers' Account
025	BB	BA	2050	B	2	9320	Pilotage Account
026	BD	BA	2400	A	1	9321	Real Estate Commission Account
027	BF	BA	4610	A	1	9324	Reclamation Account
02A	BF	BA	4900	A	1	9324	Surveys and Maps Account
02G	BE	BA	3030	A	1	9323	Health Professions Account
02H	BE	BA	3150	B	1	9323	Business Enterprises Revolving Account
02J	BD	BA	1650	A	1	9321	Certified Public Accountants' Account
02K	BE	BA	2250	A	1	9323	Death Investigations Account
02M	BB	BA	4050	A	1	9320	Essential Rail Assistance Account
02N	BF	BA	4650	A	1	9324	Parkland Acquisition Account

Uniform Chart of Accounts

Account Code	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code	Account Title
260	BG	BA	3600	A	1	9310	UW Operating Fees Account
262	BD	BA	2350	A	1	9321	Manufactured Home Installation Training Account
263	BD	BA	1030	A	1	9321	Community and Economic Development Fee Account
264	AZ	AA	1030	A	1	9321	Washington State Economic Development Commission Account
267	BF	BA	4670	A	1	9324	Recreation Resources Account
268	BF	BA	4670	A	1	9324	Nonhighway and Off-Road Vehicle Activities (NOVA) Program Account
269	BF	BA	4650	A	1	9324	Parks Renewal and Stewardship Account
271	BG	BA	3650	A	1	9310	WSU Operating Fees Account
274	BE	BA	3000	B	2	9323	Adult Family Home Account
275	BG	BA	3750	A	1	9310	CWU Operating Fees Account
277	BD	BA	7000	B	1	9321	State Agency Parking Account
281	BB	BA	2400	A	2	9320	Impaired Driving Safety Account
283	BE	BA	3000	A	2	9240	Juvenile Accountability Incentive Account
285	AZ	AA	1030	A	1	9325	Growth Management Planning and Environmental Review Account
289	DA	DA	1790	A	1	9330	Thurston County Capital Facilities Account
290	AC	AA	7000	B	2	9321	Savings Incentive Account
291	AC	AA	3500	A	1	9321	Education Savings Account
294	BF	BA	4770	B	2	9324	Sea Cucumber Dive Fishery Account
295	BF	BA	4770	B	2	9324	Sea Urchin Dive Fishery Account
296	BF	BA	4610	A	1	9324	Columbia River Basin Water Supply Revenue Recovery Account
297	BD	BA	2150	A	2	9324	Pipeline Safety Account
298	BD	BA	2400	B	2	9324	Geologists' Account
300	BD	BA	1020	B	2	9321	Financial Services Regulation Account
303	CB	CA	0100	A	1	9340	Highway Bond Retirement Account
304	CB	CA	0100	A	1	9340	Ferry Bond Retirement Account
305	CB	CA	0100	A	1	9340	Transportation Improvement Board Bond Retirement Account
315	BE	BA	1950	A	1	9323	Dedicated Marijuana Account

Uniform Chart of Accounts

Account Code	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code	Account Title
319	BE	BA	3030	A	1	9323	Public Health Supplemental Account
320	BF	BA	4770	B	2	9324	Puget Sound Crab Pot Buoy Tag Account
328	BD	BA	2270	B	2	9321	Criminal Justice Training Commission Firing Range Maintenance Account
347	CA	CA	3650	B	1	9340	Washington State University Bond Retirement Account
348	CA	CA	3600	B	1	9340	University of Washington Bond Retirement Account
355	AC	AA	7000	A	1	9244	State Taxable Building Construction Account
357	DB	DA	7000	A	1	9230	Gardner-Evans Higher Education Construction Account
359	AC	AA	3500	A	1	9246	School Construction and Skill Centers Building Account
364	DA	DA	2450	A	1	9330	Military Department Capital Account
380	CA	CA	0100	A	1	9340	Debt-Limit General Fund Bond Retirement Account
381	CA	CA	0100	A	1	9340	Debt-Limit Reimbursable Bond Retirement Account
382	CA	CA	0100	A	1	9340	Nondebt-Limit General Fund Bond Retirement Account
383	CA	CA	0100	A	1	9340	Nondebt-Limit Reimbursable Bond Retirement Account
384	CA	CA	0100	A	1	9340	Nondebt-Limit Proprietary Appropriated Bond Retirement Account
385	CA	CA	0100	A	1	9340	Nondebt-Limit Proprietary Nonappropriated Bond Retirement Account
386	CA	CA	0100	A	1	9340	Nondebt-Limit Revenue Bond Retirement Account
387	BG	BA	3600	N	3	9310	University of Washington Facilities Bond Retirement Account
389	CD	CA	0100	A	1	9340	Toll Facility Bond Retirement Account
401	FE	FA	3100	N	1	9400	Correctional Industries Account

Uniform Chart of Accounts

Account Code	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code	Account Title
737	KC	HD	2400	N	2	N/A	High Occupancy Vehicle Account
738	JD	HA	3000	N	2	9400	DSHS Trust Account
739	GA	GA	0100	N	2	9400	Certificates of Participation and Other Financing Account - State
743	AC	AA	6990	N	2	9310	College Faculty Awards Trust Account
746	BH	BA	1030	B	2	9325	Hanford Area Economic Investment Account
747	AC	AA	3400	B	2	9310	Health Professionals Loan Repayment and Scholarship Program Account
748	AC	AA	3400	B	2	9310	Student Achievement Council Fund for Innovation and Quality Account
749	BD	BA	1050	N	2	9321	Governor's ICSEW Account
752	KA	HD	LCLO	N	3	N/A	Institutional Clearing and Transmittal Account
753	AC	AA	3000	N	3	9323	DSHS Child Support Services Account
755	BE	BA	3000	N	3	9323	Community Service Office and Division of Children and Family Services Administrators' Account
757	KA	HD	2400	N	2	N/A	Maritime Historic Restoration and Preservation Account
759	BD	BA	LCLO	M	3	9321	Miscellaneous Program Account
761	BE	BA	1070	B	2	9323	Basic Health Plan Subscription Account
763	BE	BA	3500	B	2	9323	Center for the Improvement of Student Learning Account
768	KC	HD	1400	N	1	N/A	Local Real Estate Excise Tax Account
773	BG	BA	3400	N	2	9310	Washington Interstate Commission on Higher Education Professional Student Exchange Program Trust Account
774	BG	BA	3600	N	2	9310	UW License Plate Account
775	KA	HD	1950	N	3	N/A	Seized Contraband Account
776	BG	BA	3650	N	2	9310	WSU License Plate Account
777	BE	BA	1030	A	1	9323	Prostitution Prevention and Intervention Account

Uniform Chart of Accounts

Account Code	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code	Account Title
778	BG	BA	3800	N	2	9310	WWU License Plate Account
779	BG	BA	3700	N	2	9310	EWU License Plate Account
780	BB	BA	2280	A	2	9320	School Zone Safety Account
781	AC	AA	4650	B	2	9324	Cross-State Trail Account
783	BG	BA	3750	N	2	9310	CWU License Plate Account
784	BB	BA	4050	N	2	9234	Miscellaneous Transportation Programs Account
785	BG	BA	3400	B	1	9310	State Educational Trust Fund Account
786	BG	BA	3760	N	2	9310	TESC License Plate Account
788	FK	FA	3400	M	2	9400	Advanced College Tuition Payment Program Account
789	BF	BA	4050	N	2	9324	Advanced Environmental Mitigation Revolving Account
790	KA	HD	LCLO	N	3	N/A	College Clearing Account
793	AZ	AA	1600	B	2	9321	Health Insurance Pool Account
795	KD	HD	1260	N	1	N/A	State Investment Board Commingled Monthly Bond Account
797	KC	HD	1400	N	2	N/A	Local Tourism Promotion Account
800	BE	BA	LCLO	N	3	9321	Institutional Welfare and Betterment Account
816	BD	BA	1050	B	2	9340	Stadium and Exhibition Center Account
817	AC	AA	1050	B	2	9238	Stadium and Exhibition Center Construction Account
818	BD	BA	4670	B	1	9325	Youth Athletic Facility Account
819	HI	HC	1240	N	1	960x	Washington Law Enforcement Officers' and Firefighters' System Plan 1 Retirement Account
821	BE	BA	3030	N	2	9323	Impaired Physician Account
823	BF	BA	4950	B	2	9324	Livestock Nutrient Management Account
825	BE	BA	7000	A	1	9323	Tobacco Settlement Account
828	AC	AA	3030	A	1	9323	Tobacco Prevention and Control Account
829	HJ	HC	1240	N	1	960x	Washington Law Enforcement Officers' and Firefighters' System Plan 2 Retirement Account



75.40 General Ledger Account Codes

75.40.10

January 1, 2014

Sequential by code number

GL CODE

GENERAL LEDGER CODE

0000 - BUDGETARY & FULL TIME EQUIVALENT (FTE)

0001	Estimated cash receipts
0002	Estimated cash disbursements
0003	Estimated 25 th month cash disbursements
0004	Estimated encumbrances
0005	Estimated unallotted FTEs
0006	Estimated accrued receipts
0064	Estimated contract expenditures
0110	Approved estimated FTEs
0111	Adjusted estimated FTEs
0120	Actual FTEs
0130	Accrued FTEs
0139	Receivable liquidations
0140	FTE liquidations
0159	Liability liquidations
0311	Adjusted estimated revenue
0611	Approved unallotted
0612	Adjusted unallotted
0613	Adjusted unallotted
0621	Approved allotments
0622	Adjusted allotments
0623	Adjusted allotments
0631	Approved reserve
0632	Adjusted reserve
0633	Adjusted reserve
0651	Federal cost allocation expenditures
0910	Budgetary control
0995	Expenditure control
0998	Statistical clearing

Uniform Chart of Accounts

GL CODE GENERAL LEDGER CODE

1000 - ASSETS OTHER THAN CAPITAL**1100 - CASH**

1110	Cash in Bank
1120	Undeposited Local Cash
1130	Petty Cash
1140	Restricted Cash and Investments – Current Operations
1150	Cash with Fiscal Agents

1200 - INVESTMENTS

1205	Temporary and/or Pooled Cash Investments
1206	Investments with Local Government Investment Pool
1209	Short-Term Portion of Long-Term Investments
1210	Investments
1215	Investments under Reverse Repurchase Agreements
1216	Collateral held under Securities Lending Agreements
1219	Investments in Commingled Trust Funds (SIB Only)
1220	Unamortized Premiums on Investments
1230	Unamortized Discounts on Investments
1240	Restricted Cash and Investments – Noncurrent
1271	Commingled Trust Funds Investments (SIB Only)
1272	Commingled Trust Funds Unamortized Premiums on Investments (SIB Only)
1273	Commingled Trust Funds Unamortized Discounts on Investments (SIB Only)
1278	Commingled Trust Funds Valuation Allowance - Investments (SIB Only)
1280	Valuation Allowance - Investments

1300 - SHORT-TERM RECEIVABLES**1310 and 1320 - SHORT-TERM RECEIVABLES**

1311	Taxes Receivable
1312	Accounts Receivable
1313	Notes Receivable
1314	Loans Receivable
1315	Commingled Trust Funds Interest Receivable (SIB Only)
1316	Interest and Dividends Receivable
1317	Other Interest Receivable
1318	Unbilled Receivables
1319	Other Receivables
1320	Donations/Pledges Receivable
1323	Investment Trades Pending Receivable
1324	Salaries and Fringe Benefits Receivable
1328	Tax Liens Receivable

Uniform Chart of Accounts

GL CODE GENERAL LEDGER CODE

1340 - ALLOWANCE FOR UNCOLLECTIBLE SHORT-TERM RECEIVABLES

1341	Allowance for Uncollectible Taxes Receivable
1342	Allowance for Uncollectible Accounts Receivable
1343	Allowance for Uncollectible Notes Receivable
1344	Allowance for Uncollectible Loans Receivable
1346	Allowance for Uncollectible Interest Receivable on Investments
1347	Allowance for Uncollectible Other Interest Receivable
1348	Allowance for Uncollectible Tax Liens Receivable
1349	Allowance for Uncollectible Other Receivables

1350 - SHORT-TERM INTERGOVERNMENTAL AND INTRAGOVERNMENTAL RECEIVABLES

1350	Due from Other Funds - Advances
1351	Due from Federal Government
1352	Due from Other Governments
1353	Due from Other Funds
1354	Due from Other Agencies
1355	Due from Other Funds – Pooled Cash and Investments
1359	Due from Component Units

1380 and 1390 - OTHER SHORT-TERM RECEIVABLES

1381	L & I Premium Estimated Receivables
1382	L & I Self Insurance Receivables
1383	Travel Advances

1400 - INVENTORIES

1410	Consumable Inventories
1415	Donated Inventories
1420	Merchandise Inventories
1430	Work-in-Process Inventories
1440	Raw Materials Inventories
1450	Livestock

1500 - PREPAID EXPENSES

1510	Prepaid Expenses
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1600 - LONG-TERM RECEIVABLES

1611	Taxes Receivable
1614	Loans Receivable
1615	Allowance for Forgivable Loans - Nonprofits
1619	Other Receivables
1620	Donations/Pledges Receivable

Uniform Chart of Accounts

GL CODE GENERAL LEDGER CODE

1640 - ALLOWANCE FOR UNCOLLECTIBLE LONG-TERM RECEIVABLES

1641	Allowance for Uncollectible Taxes Receivable
1644	Allowance for Uncollectible Loans Receivable
1649	Allowance for Uncollectible Other Receivables

1650 - LONG-TERM INTERGOVERNMENTAL AND INTRA-GOVERNMENTAL RECEIVABLES

1651	Due from Federal Government
1652	Due from Other Governments
1653	Due from Other Funds
1654	Due from Other Agencies
1655	Allowance for Forgivable Loans – Other Governments
1659	Due from Component Units
1667	Due from Other Funds – Internal Lending (UW Only)

1800 - GENERAL LONG-TERM OBLIGATIONS VALUATION

1810	Amount Available in Debt Service Funds
1820	Amount to be Provided for Retirement of Long-Term Obligations

1900 - OTHER ASSETS

1910	Unamortized Discounts on Bonds Sold
1911	Unamortized Discounts on Certificates of Participation
1919	Other Noncurrent Assets
1950	Investment in Joint Ventures
1960	Negative Net Pension Obligation

1970 - DEFERRED OUTFLOWS OF RESOURCES

1971	Deferred Outflows on COP Refundings
1972	Deferred Outflows on Bond Refundings
1973	Accumulated Decrease in Fair Value of Hedging Derivatives

2000 - CAPITAL ASSETS
2100 - NON-DEPRECIABLE CAPITAL ASSETS

2110	Land
2120	Transportation Infrastructure – Modified Approach
2130	Art Collections, Library Reserve Collections, and Museum and Historical Collections
2140	Intangible Assets with Indefinite Useful Lives

2200 - BUILDINGS

2210	Buildings and Building Improvements
2220	Allowance for Depreciation – Buildings

75.40.20
January 1, 2014

Sequential by code number with description

GL CODE

GENERAL LEDGER CODE DESCRIPTION

0000 - BUDGETARY & FULL TIME EQUIVALENT (FTE) ACCOUNTS

0001	<p>Estimated cash receipts</p> <p>Cash receipts are any moneys (e.g., checks, cash, warrants, credit or debit card amounts, or automated clearing house (ACH) transfers) received by the state during a period regardless of when the moneys are earned.</p>
0002	<p>Estimated cash disbursements</p> <p>Cash disbursements are any moneys (e.g., checks, cash, warrants, credit or debit card amounts, and ACH transfers paid by the state during a period regardless of when the related obligations are incurred.</p>
0003	<p>Estimated 25th month cash disbursements</p> <p>This GL code is used to record estimated cash disbursements at year-end.</p>
0004	<p>Estimated encumbrances</p> <p>This GL code is used to record estimated encumbrances.</p>
0005	<p>Estimated unallotted FTEs</p> <p>This GL code is used to record estimated unallotted FTEs.</p>
0006	<p>Estimated accrued receipts</p> <p>This GL code is used to record estimated accrued receipts.</p>
0064	<p>Estimated contract expenditures</p> <p>This GL code is used to record estimated contract expenditures.</p>
0110	<p>Approved estimated FTEs</p> <p>Equivalent of 2088 hours of work in a fiscal year. "Approved" indicates that OFM has reviewed and approved the allotment.</p>

Uniform Chart of Accounts

GL CODE	GENERAL LEDGER CODE DESCRIPTION
0111	Adjusted estimated FTEs Equivalent of 2088 hours of work in a fiscal year. "Adjusted" indicates that this is an allotment change made by the agency and is not reviewed and approved by OFM.
0120	Actual FTEs This GL code is used to record FTEs disbursed from July 1 to June 30.
0130	Accrued FTEs This GL code is used to record FTEs that have not yet been disbursed.
0139	Receivable liquidations This GL code is used to record receivable liquidations.
0140	FTE liquidations This GL code is used to record FTE liquidations (DSHS and HCA).
0159	Liability liquidations This GL code is used to record liability liquidations.
0311	Adjusted estimated revenue The balance of this GL code represents revenues estimated to be received during the biennium. Adjusted means OFM does not review and approve these estimates.
0611	Approved unallotted (Opt. #1 Object) Expenditure authority not specifically scheduled for expenditure. Approved means OFM has reviewed and approved these estimates.
0612	Adjusted unallotted (Opt. #1 Src. & Opt. #2) Expenditure authority not specifically scheduled for expenditure. Adjusted means OFM does not review and approve these estimates.

Uniform Chart of Accounts

GL CODE	GENERAL LEDGER CODE DESCRIPTION
0613	Adjusted unallotted (Opt. #1 Object) Expenditure authority not specifically scheduled for expenditure. Adjusted means OFM does not review and approve these estimates.
0621	Approved allotments (Opt. #1 Object) Monthly estimates by object and account, reviewed and approved by OFM.
0622	Adjusted allotments (Opt. #1 Src. & Opt. #2) Monthly estimates by object and account (Option 1) or by object (Option 2) adjusted by the agency and not approved by OFM.
0623	Adjusted allotments (Opt. #1 Object) Monthly estimates by object and account (Option 1) adjusted by the agency and not approved by OFM.
0631	Approved reserve (Opt. #1 Object) The balance of this GL code represents amounts transferred from allotted to reserve status for legislative appropriations. Approved indicates the allotment is approved by OFM.
0632	Adjusted reserve (Opt. #1 Src. & Opt. #2) The balance of this GL code represents amounts transferred from allotted to reserve status for legislative appropriations. Adjusted represents an allotment change not reviewed by OFM.
0633	Adjusted reserve (Opt. #1 Object) The balance of this GL code represents amounts transferred from allotted to reserve status for legislative appropriations. Adjusted represents an allotment change not reviewed by OFM.
0651	Federal cost allocation expenditures This GL code is used to record federal cost allocation expenditures.

Uniform Chart of Accounts

GL CODE	GENERAL LEDGER CODE DESCRIPTION
0910	<p>Budgetary control</p> <p>This GL code is used in AFRS as an offset for entering activity to general ledger accounts. The balance of this GL code should be zero.</p>
0995	<p>Expenditure control</p> <p>This GL code is used in AFRS as an offset for entering activity to general ledger accounts. The balance of this GL code should be zero.</p>
0998	<p>Statistical clearing</p> <p>This GL code is used in AFRS as an offset for entering activity to general ledger accounts.</p>
<u>1000 - ASSETS OTHER THAN CAPITAL</u>	
<u>1100 - CASH</u>	
1110	<p>Cash in Bank</p> <p>This GL code is used to record all cash in the bank. This includes demand accounts such as checking and savings accounts. For treasury and treasury trust funds, only the State Treasurer uses this GL code. For local funds, this GL code is used by the individual state agency.</p>
1120	<p>Undeposited Local Cash</p> <p>This GL code is used to record all cash received by an agency, but not deposited into a bank account outside the treasury.</p>
1130	<p>Petty Cash</p> <p>This GL code is used to record petty cash on hand or in bank accounts for the purpose of making change or paying small obligations.</p>
1140	<p>Restricted Cash and Investments - Current Operations</p> <p>This GL code is used to record restricted cash and investments held by escrow agents and trustees that will be used in current operations for the payment of current liabilities. Examples include amounts held pursuant to a third party agreement that will be expended for current operations and amounts held to liquidate a current liability such as the retained percentage of contracts payable.</p>

Uniform Chart of Accounts

GL CODE	GENERAL LEDGER CODE DESCRIPTION
1150	<p>Cash with Fiscal Agents</p> <p>This GL code is used to record cash deposited with fiscal agents for the payment of state obligations. Amounts held may be restricted.</p>
<u>1200 - INVESTMENTS</u>	
1205	<p>Temporary and/or Pooled Cash Investments</p> <p>This GL code is used to record the temporary and/or pooled investment of surplus cash balances or those investments that are readily convertible to known amounts of cash and so near their maturity when purchased that they present insignificant risk of changes in value because of changes in interest rates.</p>
1206	<p>Investments with Local Government Investment Pool</p> <p>This GL code is used to record the temporary investment of surplus funds with the Local Government Investment Pool. Statewide, all GL Codes 1206 and 5156 are to be in balance.</p>
1209	<p>Short-Term Portion of Long-Term Investments</p> <p>This GL code is used to record the portion of long-term investments that will mature within one year. This would include investments purchased in a current or prior period that are now within 12 months of maturity, except those in GL Code 1205.</p>
1210	<p>Investments</p> <p>This GL code is used to record the cost or par value of long-term securities or other assets held for the production of income. These are investments that do not qualify as “Temporary and/or Pooled Cash Investments” (GL Code 1205) or “Short-Term Portion of Long-Term Investments” (GL Code 1209).</p> <p>In certain circumstances in governmental funds, this amount should be reflected in “Nonspendable Investments” (GL Code 9123) offset by “the appropriate fund equity GL code. Changes in fair value are reported in GL Code 1280. Premiums are reported in GL Code 1220 and Discounts are reported in GL Code 1230.</p>

Uniform Chart of Accounts

GL CODE	GENERAL LEDGER CODE DESCRIPTION
1215	<p>Investments under Reverse Repurchase Agreements</p> <p>This GL code is used to record the carrying value of investments underlying reverse repurchase and similar agreements.</p>
1216	<p>Collateral held under Securities Lending Agreements</p> <p>This GL code is used to record the carrying value of the cash and securities received as collateral from the borrower under securities lending agreements where the state has the ability to pledge or sell the collateral. Corresponding liabilities are recorded in GL Code 5197.</p>
1219	<p>Investments in Commingled Trust Funds (SIB Only)</p> <p>This GL code is used to record cash contributions of nonagency type funds to commingled trust funds. At the end of a fiscal year, this GL code is to equal zero.</p>
1220	<p>Unamortized Premiums on Investments</p> <p>This GL code is used to record that portion of the excess of the amount paid for securities over their face value that has not yet been amortized.</p>
1230	<p>Unamortized Discounts on Investments</p> <p>This GL code is used to record that portion of the excess of the face value of securities over the amount paid for them that has not yet been amortized.</p>
1240	<p>Restricted Cash and Investments - Noncurrent</p> <p>This GL code is used to record cash and investments held by escrow agents and trustees that are restricted and will not be used in current operations. Examples include amounts held pursuant to an advance refunding agreement; amounts restricted by debt covenant for the acquisition or construction of noncurrent assets; or amounts held in trust pursuant to a third party agreement that will not be used in current operations.</p>
1271	<p>Commingled Trust Funds Investments (SIB Only)</p> <p>This GL code is used solely in commingled trust funds to record the value of long-term securities and real estate held for the production of income.</p>

Uniform Chart of Accounts

GL CODE	GENERAL LEDGER CODE DESCRIPTION
1351	<p>Due from Federal Government</p> <p>The balance of this GL code represents amounts due from federal agencies.</p>
1352	<p>Due from Other Governments</p> <p>The balance of this GL code represents amounts due from counties, municipalities, school districts, other local units of government, Indian tribes, and other states.</p>
1353	<p>Due from Other Funds</p> <p>The balance of this GL code represents amounts due from other funds within an agency. This GL code is to be accompanied by a valid fund code in the general ledger subsidiary. Within an agency, all GL Codes 1353 and 5153 are to equal each other.</p>
1354	<p>Due from Other Agencies</p> <p>The balance of this GL code represents amounts due from other state agencies. This GL code is to be accompanied by a valid state agency code in the general ledger subsidiary. Statewide, all GL Codes 1354 and 5154 are to be in balance; therefore, every effort should be made to communicate with the other state agencies involved.</p>
1355	<p>Due from Other Funds – Pooled Cash and Investments</p> <p>The balance of this GL code represents amounts due from a fund within an agency into which surplus cash balances from other funds have been pooled for the purpose of making investments. Within an agency, all GL Codes 1355 and 5155 are to equal each other.</p>
1359	<p>Due from Component Units</p> <p>The balance of this GL code represents amount due from the state's discrete component units, for example the state's financing authorities.</p>
<u>1380 and 1390 - OTHER SHORT-TERM RECEIVABLES</u>	
1381	<p>L & I Premium Estimated Receivables</p> <p>The balance of this GL code represents the current portion of the actuarial estimate of premiums due.</p>

Uniform Chart of Accounts

GL CODE	GENERAL LEDGER CODE DESCRIPTION
1382	L & I Self-Insurance Receivables The balance of this GL code represents the current portion of workers compensation amounts due from self-insured employers.
1383	Travel Advances The balance of this GL code represents the amount of outstanding travel advances.
<u>1400 - INVENTORIES</u>	
1410	Consumable Inventories The balance of this GL code represents the cost (or fair market value if donated) of inventories of consumable materials, supplies, and foodstuffs.
1415	Donated Inventories The balance of this GL code represents the value of inventoriable federally donated commodities and other donated inventoriable items.
1420	Merchandise Inventories The balance of this GL code represents the cost of goods held for resale rather than for use in operations.
1430	Work-in-Process Inventories The balance of this GL code represents the value of items of tangible personal property that are in process of production for sale in the ordinary course of business.
1440	Raw Materials Inventories The balance of this GL code represents the value of items of tangible personal property that are to be currently consumed either directly or indirectly in the production of goods or services to be available for sale.

Uniform Chart of Accounts

GL CODE	GENERAL LEDGER CODE DESCRIPTION
1653	<p data-bbox="483 323 773 354">Due from Other Funds</p> <p data-bbox="483 394 1430 527">The balance of this GL code represents long-term amounts due from other funds within an agency. This GL code is to be accompanied by a valid fund code in the general ledger subsidiary. Within an agency, all GL Codes 1653 and 5253 are to equal each other.</p>
1654	<p data-bbox="483 569 813 600">Due from Other Agencies</p> <p data-bbox="483 640 1430 814">The balance of this GL code represents long-term amounts due from other state agencies. This GL code is to be accompanied by a valid state agency code in the general ledger subsidiary. Statewide, all GL Codes 1654 and 5254 are to be in balance; therefore, every effort should be made to communicate with the other state agencies involved.</p>
1655	<p data-bbox="483 856 1182 888">Allowance for Forgivable Loans – Other Governments</p> <p data-bbox="483 928 1430 999">The balance in this GL code offsets the amount of forgivable loans to other governments.</p>
1659	<p data-bbox="483 1041 841 1073">Due from Component Units</p> <p data-bbox="483 1113 1430 1184">The balance of this GL code represents amounts due from the state's discrete component units, for example the state's financing authorities.</p>
1667	<p data-bbox="483 1226 1174 1257">Due from Other Funds - Internal Lending (UW Only)</p> <p data-bbox="483 1297 1430 1440">The balance of this GL code represents amounts due from the University of Washington (UW) internal lending program for central borrowing to the business unit/department/auxiliary activity. Within the UW, GL Codes 1667, 5167, and 5267 are to equal each other.</p>
<u>1800 - GENERAL LONG-TERM OBLIGATIONS VALUATION</u>	
1810	<p data-bbox="483 1556 1011 1587">Amount Available in Debt Service Funds</p> <p data-bbox="483 1627 1430 1766">The balance of this GL code represents the amount of fund balance available in debt service funds for the retirement of general long-term obligations. The balance is recorded in the General Long-Term Obligations Subsidiary Account.</p>

Uniform Chart of Accounts

GL CODE	GENERAL LEDGER CODE DESCRIPTION
1820	<p>Amount to be Provided for Retirement of Long-Term Obligations</p> <p>The balance of this GL code represents the amount to be provided from taxes or other general revenues to retire outstanding general long-term obligations. The balance is recorded in the General Long-Term Obligations Subsidiary Account.</p>
	<u>1900 - OTHER ASSETS</u>
1910	<p>Unamortized Discounts on Bonds Sold</p> <p>The balance of this GL code represents the original issue discount (OID) on the sale of bonds that remains to be amortized over the remaining life of the bonds. This GL code is used when OID is material in proprietary and trust funds as well as for government-wide reporting (which use the economic resources measurement focus and accrual basis of accounting). Governmental funds (which use the modified accrual basis of accounting and current financial resources measurement focus) record OID to GL Code 3210 Revenue Source Code 0862 "Original Issue Discount."</p>
1911	<p>Unamortized Discounts on Certificates of Participation</p> <p>The balance of this GL code represents the original issue discount (OID) on the sale of certificates of participation (COP) that remains to be amortized over the remaining life of the COP. This GL code is used when OID is material in proprietary and trust funds as well as for government-wide reporting (which use the economic resources measurement focus and accrual basis of accounting). Governmental funds (which use the modified accrual basis of accounting and current financial resources measurement focus) record OID to GL Code 3210 Revenue Source Code 0862 "Original Issue Discount."</p>
1919	<p>Other Noncurrent Assets</p> <p>This GL code is used to record other noncurrent assets such as unamortized bond insurance costs.</p>
1950	<p>Investment in Joint Ventures</p> <p>This GL code is used to record explicit, measurable equity interests in joint ventures.</p>

Uniform Chart of Accounts

GL CODE	GENERAL LEDGER CODE DESCRIPTION
1960	<p>Negative Net Pension Obligation</p> <p>The balance of this GL code represents the state's cumulative contributions for pension benefits that exceed the state's annual required contribution (ARC) for the current and prior fiscal years. Because this GL code does not represent available spendable resources, it is only to be used to facilitate full accrual basis financial reporting.</p>
<u>1970 - DEFERRED OUTFLOWS OF RESOURCES</u>	
<p>Deferred outflows of resources represent a consumption of net position by the state that is applicable to a future reporting period.</p>	
1971	<p>Deferred Outflows on Certificate of Participation (COP) Refundings</p> <p>The balance of this GL code represents the remaining difference (debit balance) between the proceeds of the refunding (new) COP and the net carrying value of the refunded (old) COP. The deferred charge is amortized using GL code 6512 in proprietary accounts and GL code 6593 in the General Long-Term Obligations Subsidiary Account with Subobject WB "Amortization."</p>
1972	<p>Deferred Outflows on Bond Refundings</p> <p>The balance of this GL code represents the remaining difference (debit balance) between the proceeds of the refunding (new) bonds and the net carrying value of the refunded (old) bonds. The deferred charge is amortized using GL code 6512 in proprietary accounts and GL code 6593 in the General Long-Term Obligations Subsidiary Account with Subobject WB "Amortization."</p>
1973	<p>Accumulated Decrease in Fair Value of Hedging Derivatives</p> <p>The balance of this GL code represents the decrease in fair value of hedging derivatives where the hedged items are neither assets nor liabilities reported at fair value.</p>
<u>2000 - CAPITAL ASSETS</u>	
<p>Capital assets are tangible or intangible assets held and used in state operations, which have a service life of more than one year and meet the state's capitalization policy.</p>	

Uniform Chart of Accounts

GL CODE	GENERAL LEDGER CODE DESCRIPTION
	<p>Capital assets of the state include land, infrastructure, improvements to land, buildings, leasehold improvements, vehicles, furnishings, equipment, collections, and all other tangible and intangible assets that are used in state operations.</p> <p>General Ledger accounts are assigned to the following types of capital assets that meet the state's capitalization policy:</p> <ul style="list-style-type: none"> • Non-Depreciable Capital Assets • Depreciable Capital Assets
	<p><u>2100 - NON-DEPRECIABLE CAPITAL ASSETS</u></p>
2110	<p>Land</p> <p>The balance of this GL code represents the original cost, or estimated value at time of donation, of land owned by the state. Land also includes land use rights with indefinite useful lives, such as easements, mineral, timber, and water rights, acquired with the purchase of the underlying land.</p>
2120	<p>Transportation Infrastructure – Modified Approach</p> <p>The balance of this GL code represents the cost of the state highway system operated by the Department of Transportation. These assets normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets, and include roads, bridges, tunnels, and drainage systems related to roads. Infrastructure included in this category use the modified approach to depreciation. (Depreciable transportation infrastructure and all other infrastructure assets are categorized under “Infrastructure” GL Code 2370).</p>
2130	<p>Art Collections, Library Reserve Collections, and Museum and Historical Collections</p> <p>The balance of this GL code represents the cost of individual works of art or a group of original art works, documents and books with historical or literary significance, and artifacts. The items in this category have useful lives that are not diminished over time and meet the criteria for a non-capitalizable collection (refer to Subsection 30.20.22.a), but are capitalized at the discretion of the agency.</p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
2140	<p>Intangible Assets with Indefinite Useful Lives</p> <p>The balance of this GL code represents the cost of purchased or constructed intangible assets for which there are no factors that limit the useful life of the asset such as permanent easements or water rights not acquired with a land purchase. Refer to GL Code 2470 "Intangible Assets with Definite Useful Lives" and GL 2110 "Land."</p>
<u>2200 - BUILDINGS</u>	
2210	<p>Buildings and Building Improvements</p> <p>The balance of this GL code represents the cost of permanent buildings and any capitalized improvements to such buildings. It does not include furniture, fixtures, or other equipment not an integral part of the building, or leasehold improvements that are separately categorized.</p>
2220	<p>Allowance for Depreciation – Buildings</p> <p>The balance of this GL code represents accumulated credits made to reflect the expiration of the estimated service life of buildings. Buildings may be depreciated either as a whole or by individual component.</p>
<u>2300 - IMPROVEMENTS OTHER THAN BUILDINGS, LEASEHOLD IMPROVEMENTS, AND INFRASTRUCTURE</u>	
2310	<p>Improvements other than Buildings</p> <p>The balance of this GL code represents the cost of permanent improvements which add value to land such as fences, retaining walls, etc.</p>
2320	<p>Allowance for Depreciation - Improvements other than Buildings</p> <p>The balance of this GL code represents accumulated credits made to reflect the expiration of the estimated service life of assets capitalized as improvements other than buildings.</p>
2350	<p>Leasehold Improvements</p> <p>The balance of this GL code represents the cost of buildings, structural alterations, and improvements added to leased property.</p>

Uniform Chart of Accounts

GL CODE	GENERAL LEDGER CODE DESCRIPTION
2360	<p>Allowance for Depreciation – Leasehold Improvements</p> <p>The balance of this GL code represents accumulated credits made to reflect the expiration of the estimated service life of the leasehold improvements, or the remaining term of the lease, whichever is shorter.</p>
2370	<p>Infrastructure</p> <p>The balance of this GL code represents the cost of <u>depreciable</u> long-lived capital assets that normally are stationary in nature and preserved for a significantly greater number of years than most capital assets. Examples include roads, bridges, sidewalks, lighting systems, and water and sewer systems. Infrastructure included in this category may not use the modified approach to depreciation. Refer to GL Code 2120 "Transportation Infrastructure – Modified Approach."</p>
2380	<p>Allowance for Depreciation – Infrastructure</p> <p>The balance of this GL code represents accumulated credits made to reflect the expiration of the estimated service life of infrastructure.</p>
<u>2400 - FURNISHINGS, EQUIPMENT, COLLECTIONS, AND INTANGIBLES</u>	
2410	<p>Furnishings and Equipment</p> <p>The balance of this GL code represents the acquisition cost of furnishings, equipment, and other tangible property not included elsewhere with a useful life of more than one year.</p>
2420	<p>Allowance for Depreciation – Furnishings and Equipment</p> <p>The balance of this GL code represents accumulated credits made to reflect the expiration of the estimated service life of assets capitalized as furnishings and equipment.</p>
2430	<p>Library Resources</p> <p>The balance of this GL code represents the cost of items that are loaned out, such as books, periodicals, and microfilm, that become unusable or dated and require replacement. These are items whose useful lives are diminished by display, educational or research applications, or use.</p>

Uniform Chart of Accounts

GL CODE	GENERAL LEDGER CODE DESCRIPTION
2440	<p>This does not include certain library reserve collections with historical or literary significance where specific criteria have been met and whose useful lives are not diminished over time. Refer to Subsection 30.20.22.a.</p> <p>Allowance for Depreciation – Library Resources</p> <p>The balance of this GL code represents accumulated credits made to reflect the expiration of the estimated service life of library resources.</p>
2450	<p>Art Collections, Library Reserve Collections, and Museum and Historical Collections</p> <p>The balance of this GL code represents the cost of individual works of art or a group of items of original art work, documents and books with historical or literary significance, and artifacts whose useful lives diminish over time by display or educational or research applications. This would include items subject to deterioration due to weather.</p> <p>This does not include certain art collections, library reserve collections, or museum and historical collections where specific criteria have been met and whose useful lives are not diminished over time. Refer to Subsection 30.20.22.a.</p>
2460	<p>Allowance for Depreciation – Art Collections, Library Reserve Collections, and Museum and Historical Collections</p> <p>The balance of this GL code represents accumulated credits made to reflect the expiration of the estimated service life of art collections, library reserve collections, and museum and historical collections.</p>
2470	<p>Intangible Assets with Definite Useful Lives</p> <p>The balance of this GL code represents the costs of purchased or internally developed intangible assets for which there are factors that limit the useful life of the asset. Factors that could limit the useful life of an intangible asset include legal, contractual, regulatory, technological, or impairment of use. Examples include software, patents, trademarks and copyrights. Refer to GL Code 2140 "Intangible Assets with Indefinite Useful Lives."</p>
2480	<p>Allowance for Amortization – Intangible Assets</p> <p>The balance of this GL code represents accumulated credits made to reflect the expiration of the estimated service life of intangible assets.</p>

Uniform Chart of Accounts

GL CODE	GENERAL LEDGER CODE DESCRIPTION
<u>2500 - CONSTRUCTION IN PROGRESS</u>	
2510	Construction in Progress The balance of this GL code represents the cost of construction work undertaken but not yet substantially completed, accepted, and placed into service.
<u>3000 - REVENUES AND OTHER FINANCING SOURCES</u>	
<u>3100 - ESTIMATED REVENUES</u>	
3110	Approved Estimated Revenues The balance of this GL code represents revenues estimated to be received during the biennium. Approved means OFM has reviewed and approved these estimates.
3198	Estimated Revenue – Original The balance of this GL code represents original budget revenues estimated to be received during the biennium.
<u>3200 - ACTUAL REVENUES</u>	
3205	Accrued Revenues This GL code is used to record accrued revenues when the GAAP revenue recognition criteria, pertinent to the fund type, is met. This GL code is to be used with an offsetting entry to the appropriate receivable or liability account.
3210	Cash Revenues This GL code is used to record all revenue receipts including undeposited receipts received from July 1 to June 30. This GL code may also be used by unique AFRS agencies to record accrued revenues during the year but is to be adjusted at year-end to reflect only revenues actually received.
3213	Gains and Losses on Sales of Capital Assets This GL code is used to record differences between the net book value of capital assets and the actual compensation received in disposing of the

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
	assets. Revenue source code 0418 "Gains and Losses on Sales of Capital Assets" is to be used with this GL code. (Used only in enterprise, internal service, and pension trust funds.)
3215	<p>Immaterial Adjustments to Prior Periods</p> <p>This GL code is used to record adjustments to beginning fund equity accounts that are less than the materiality criteria for the particular "GAAP Roll-Up Fund." The GL code is also used to record the liquidation of over-estimated accrued expenditures. Revenue source code 0485 "Immaterial Prior Period Adjustments," or revenue source code 0486 "Recoveries of Prior Expenditure Authority Expenditures," is to be used with this GL code, respectively.</p>
3220	<p>Noncash Revenues</p> <p>This GL code is used to record all noncash revenues (e.g., amortization of premiums and/or discounts on investments; changes in the fair value of investments). This code is not to be used for revenue that will be received in cash in a future period.</p>
3221	<p>Other Financing Sources</p> <p>This GL code is used to record all other financing sources, such as acquisitions of capital assets through lease-purchase agreements or certificates of participation (COPs). Generally, an offsetting entry to GL Code 6514 is to be made. This code is used only in governmental funds. In most cases, GL Code 3221 should equal GL Code 6514.</p>
3225	<p>Revenue Adjustments/Eliminations (GAAP)</p> <p>This GL code is used in allotted funds when a difference occurs in GAAP and budgetary recording of an accounting event. For example, when recording the sale of a capital asset in an allotted enterprise fund, it is necessary to debit cash and accumulated depreciation and credit the capital asset, then debit or credit, as appropriate, GL Code 3213. For budgetary reporting, it is also necessary to debit this GL code and credit GL Code 3210 for the cash received.</p>
3260	<p>Estimated Accrued Revenues</p> <p>This GL code is used at the end of the biennium to record accrued revenues when GAAP revenue criteria pertaining to the fund type is met but the exact amount is not known.</p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
<u>4300 - CASH IN CUSTODY OF STATE TREASURER</u>	
4310	<p>Current Treasury Cash Activity (OST Only)</p> <p>This GL code is used to record all treasury cash activity within a biennium that has been recorded by the State Treasurer. The in-process control accounts (GL Code series 7XXX) are to be used for cash activity that has occurred as of June 30, but has not been recorded by the State Treasurer.</p>
4315	<p>Warrants Outstanding (OST Only)</p> <p>This GL code is used to record warrants issued by agencies that have not been redeemed by the State Treasurer, canceled by the agency, or canceled by the Statute of Limitations.</p>
4320	<p>Beginning Treasury Cash Balance Administating Agency (OFM Only)</p> <p>This is a system generated GL code that represents the prior biennium's June 30 ending treasury cash balance for a fund as presented in the state's <i>Comprehensive Annual Financial Report</i>.</p>
4325	<p>Beginning Treasury Cash Balance - Agency</p> <p>This is a system-generated GL code that represents the portion of the prior biennium's June 30 ending treasury cash balance for an account that pertains to a particular reporting state agency. The balance of this GL code is included in GL Code 4320, "Beginning Treasury Cash Balance," on the administering agency's general ledger. A system generated offsetting credit to GL Code 4325 is also provided on the administering agency's general ledger to avoid overstating beginning cash in the fund. Therefore, at the fund level all amounts in GL Code 4325 are to net out to a zero balance. All corrections to GL Code 4325 are to be made by the fund's administering agency to adjust the cash balances of both the administering and/or other agencies. GL Code 4325 does not apply to local cash in agency funds outside the State Treasury.</p>
<u>5000 - LIABILITIES</u>	
<u>5100 - SHORT-TERM LIABILITIES</u>	
<p>Short-term liabilities generally are those that are expected to be paid within twelve months.</p>	

GL CODE	GENERAL LEDGER CODE DESCRIPTION
<u>5110 - SHORT-TERM PAYABLES</u>	
5111	Accounts Payable The balance of this GL code represents the amounts owing on open accounts for goods and services received by June 30.
5112	Interest Payable The balance of this GL code represents the amount of interest owed on accounts and contracts payable.
5113	Claims and Judgments Payable The balance of this GL code represents actual or estimated amounts owed as the result of court decisions or administrative actions.
5114	Annuities Payable (LOT Only) The balance of this GL code represents the short-term portion of lottery prize annuities payable.
5115	Contracts Payable The balance of this GL code represents the amount of obligations for contracts outstanding and payable.
5116	Retained Percentages Payable The balance of this GL code represents the percentage of the total contract price that is not paid pending final inspection or the lapse of a specified time period.
5117	Construction Contracts Payable The balance of this GL code represents amounts due on contracts for the construction of buildings and other improvements.
5118	Benefits Claims Payable (L&I Only) The balance of this GL code represents the current portion of the actuarial present value of the workers' compensation liability to pay future industrial insurance claims and similar benefits to qualifying individuals sustaining work-related injuries.

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
5119	<p>Employee Insurance Benefits Payable</p> <p>The balance of this GL code represents the actuarial value of employee insurance claims payable by the Health Care Authority.</p>
<u>5120, 5130, and 5140 - SHORT-TERM ACCRUED LIABILITIES</u>	
5121	<p>Matured Bonds Payable</p> <p>The balance of this GL code represents amounts of unpaid bonds that have reached or passed maturity date.</p>
5122	<p>Matured Interest Payable</p> <p>The balance of this GL code represents amounts of payable but unpaid interest on bonds.</p>
5123	<p>Investment Trades Pending Payable</p> <p>This GL code is used to record the amount due for investment acquisitions between trade date and settlement date.</p>
5124	<p>Accrued Salaries and Fringe Benefits Payable</p> <p>The balance of this GL code represents salaries and fringe benefits earned but not paid.</p>
5125	<p>Accrued Vacation Leave Payable</p> <p>The balance of this GL code represents salaries and associated payroll related payments for the amount of vacation leave owed but not paid.</p>
5126	<p>Accrued Prizes Payable (LOT Only)</p> <p>The balance of this GL code represents amounts of potential lottery prizes payable for all outstanding tickets distributed.</p>
5127	<p>Accrued Sick Leave Payable</p> <p>The balance of this GL code represents salaries and associated payroll related payments for the estimated amount of accumulated sick leave that is probable the state will cash out.</p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
5128	<p>Accrued Compensatory Time Payable</p> <p>The balance of this GL code represents salaries and associated payroll related payments for the amount of compensatory time owed but not paid.</p>
5130	<p>Due to Fiscal Agents</p> <p>The balance of this GL code represents amounts due to fiscal agents.</p>
5140	<p>Due to Terminated Employees</p> <p>The balance of this GL code represents amounts due to members of a public employee's retirement system who have resigned, or who have been terminated for reasons other than death, prior to retirement.</p>
5145	<p>Due to Deceased Employees' Estates</p> <p>The balance of this GL code represents amounts due to estates of deceased employees.</p>
5148	<p>L & I Retrospective Program Estimated Premium Refund Payables</p> <p>The balance of this GL code represents the current portion of the actuarial estimate of premiums due back to employers participating in the program.</p>
5149	<p>L & I Claims Administration Expense Payable</p> <p>The balance of this GL code represents the current portion of the actuarial estimate of the workers' compensation liability to pay future administration expenses for operating the workers' compensation plan.</p>
<u>5150 - SHORT-TERM INTERGOVERNMENTAL AND INTRAGOVERNMENTAL PAYABLES</u>	
5150	<p>Due to Other Funds – Advances</p> <p>The balance of this GL code represents advances due to other funds within an agency. This GL code is to be accompanied by a valid fund code in the general ledger subsidiary. Within an agency, all GL Codes 1350 and 5150 are to equal each other.</p>
5151	<p>Due to Federal Government</p> <p>The balance of this GL code represents obligations due to federal agencies.</p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
5152	<p>Due to Other Governments</p> <p>The balance of this GL code represents obligations due to counties, municipalities, school districts, other local units of governments, Indian tribes, and other states.</p>
5153	<p>Due to Other Funds</p> <p>The balance of this GL code represents amounts due to other funds within an agency. This GL code is to be accompanied by a valid fund code in the general ledger subsidiary. Within an agency, all GL Codes 1353 and 5153 are to equal each other.</p>
5154	<p>Due to Other Agencies</p> <p>The balance of this GL code represents amounts due to other state agencies. This GL code is to be accompanied by a valid state agency code in the general ledger subsidiary. Statewide, all GL Codes 1354 and 5154 are to be in balance; therefore, every effort should be made to communicate with the other state agencies involved.</p>
5155	<p>Due to Other Funds - Pooled Cash and Investments</p> <p>The balance of this GL code represents amounts due to other funds within an agency that pooled their surplus cash balances into a single fund for the purpose of making investments. Within an agency, all GL Codes 1355 and 5155 are to equal each other.</p>
5156	<p>Due to Owner Funds - Local Government Investment Pool (OST Only)</p> <p>The balance of this GL code represents amounts on deposit with the Local Government Investment Pool that are due to owner funds. Statewide all GL Codes 1206 and 5156 are to be in balance.</p>
5157	<p>Due to Owner Funds - Commingled Trust Funds Investment Income (SIB Only)</p> <p>The balance of this GL code represents cash and noncash investment income recorded in commingled trust funds that are due to owner funds.</p>
5158	<p>Due to Department of Revenue - Taxes</p> <p>The balance of this GL code represents taxes collected but not reported to</p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
	the Department of Revenue. This GL code is to be used in lieu of GL Code 5154 and is not to be accompanied by an entry in the general ledger subsidiary.
5159	Due to Primary Government
	The balance of this GL code represents amounts due from the state's discrete component units to the primary government of the state.
	<u>5160 - SHORT-TERM BONDS PAYABLE</u>
5161	General Obligation Bonds Payable
	The balance of this GL code represents the principal portion of bonds maturing within one year that are secured by an unconditional pledge of the full faith and credit and taxing power of the state.
5162	Revenue Bonds Payable
	The balance of this GL code represents the principal portion of bonds maturing within one year that are secured by specific sources of revenue and do not involve a pledge of the full faith and credit of the state.
5163	Limited Obligation Bonds Payable
	The balance of this GL code represents the principal portion of bonds maturing within one year and payable from dedicated revenues.
5164	Zero-Coupon Bonds Payable
	The balance of this GL code represents the issue value plus the accreted interest on bonds maturing within one year.
5167	General Revenue Bonds Payable - Internal Lending (UW Only)
	The balance of this GL code represents the outstanding principal on bonds maturing with one year that are payable from University of Washington (UW) general revenues. These amounts are due to the internal lending program for central borrowing from the business unit/department/auxiliary activity. Within the UW, GL Codes 1667, 5167, and 5267 are to equal each other.

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
5169	<p>Other Bonds Payable</p> <p>The balance of this GL code represents the principal portion of bonds maturing within one year and not classifiable under any of the other bond payable general ledger accounts.</p>
<u>5170 - SHORT-TERM INSTALLMENTS AND LEASES PAYABLE</u>	
5171	<p>Installment-Purchase Contracts Payable</p> <p>The balance of this GL code represents the current portions of the present value of total future stipulated payments on installment-purchase contracts.</p>
5172	<p>Lease-Purchase Agreements Payable</p> <p>The balance of this GL code represents the current portions of the present value of total future stipulated payments on lease-purchase agreements.</p>
5173	<p>Certificates of Participation/Notes Payable</p> <p>The balance of this GL code represents the portion of the certificates of participation payable issued through the Office of State Treasurer for qualifying asset purchases under 39.94 RCW that are maturing within one year.</p>
<u>5180 and 5190 - OTHER SHORT-TERM LIABILITIES</u>	
5181	<p>Employee Insurance Deductions Payable</p> <p>The balance in this GL code represents amounts held for purchase of employee medical insurance. The money is derived from employee payroll deductions.</p>
5182	<p>EBT Authorized Benefits Payable</p> <p>The balance in this GL code represents EBT benefits that have been authorized but have not yet been paid.</p>
5183	<p>Liability for Expunged EBT Benefits</p> <p>The balance in this GL code represents liabilities arising from the expungement of EBT benefits.</p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
5184	<p>Tuition Benefits Payable</p> <p>The balance in this GL code represents the short-term portion of amounts held for the purchase of tuition units under the advanced college tuition payment program.</p>
5187	<p>Industrial Insurance and Medical Aid Deductions Payable</p> <p>The balance in this GL code represents amounts deducted from employees' pay for medical aid, and the employer share of the medical aid and industrial insurance.</p>
5188	<p>Savings Bond Deductions Payable</p> <p>The balance in this GL code represents amounts held for future purchases of U.S. Government Savings Bonds. The moneys are derived from miscellaneous deductions from employees' pay.</p>
5189	<p>Garnishment Deductions Payable</p> <p>The balance in this GL code represents amounts deducted from employees' pay for garnishments and levies and held for subsequent distribution as ordered by the courts</p>
5190	<p>Unearned Revenues</p> <p>The balance of this GL code represents amounts for which the asset recognition criteria have been met, but for which the earnings process is not complete.</p>
5191	<p>Deposits Payable</p> <p>The balance of this GL code represents amounts payable for deposits made by customers or contractors.</p>
5193	<p>Liability for Unclaimed Property Refunds</p> <p>The balance of this GL code represents the short-term portion of unclaimed property held by the state that is expected to be refunded to claimants.</p>
5194	<p>Liability for Canceled Warrants/Checks</p> <p>This GL code is used to record liabilities arising from the cancellation of warrants or checks.</p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
5195	<p>Deferred Expenditure Recoveries</p> <p>The balance of this GL code represents amounts for which the asset recognition criteria have been met, but for which the recognition criteria for the expenditure recoveries have not been met.</p>
5196	<p>Obligations under Reverse Repurchase Agreements</p> <p>This GL code is used to record liabilities arising from reverse repurchase and similar agreements.</p>
5197	<p>Obligations under Securities Lending Agreements</p> <p>This GL code is used to record the liabilities arising from securities lending agreements that require the recording of collateral cash and securities as assets.</p>
5198	<p>Loans Payable</p> <p>This GL code is used to reflect the balances of any other outstanding short-term loans payable authorized by statute to meet current obligations.</p>
5199	<p>Other Liabilities</p> <p>The balance of this GL code represents other current liabilities.</p>
<u>5200 - LONG-TERM OBLIGATIONS</u>	
<p>Long-Term Obligations generally are those that are not expected to be paid within the next twelve months. Long-term obligations resulting from activities in proprietary and fiduciary funds are accounted for in the funds themselves. Long-term obligations in governmental funds, that are not intended to be paid from expendable available financial resources, are generally accounted for in the General Long-Term Obligations Subsidiary Account.</p>	
<u>5210, 5220, and 5240 - LONG-TERM PAYABLES</u>	
5212	<p>Zero-Coupon Bonds – Accreted Interest Payable</p> <p>The balance of this GL code represents the amount of interest accreted but not due within the next year on zero-coupon bonds payable.</p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
5213	<p>Claims and Judgments Payable</p> <p>The balance of this GL code represents the long-term actual or estimated amounts owed as the result of court decisions or administrative actions.</p>
5216	<p>Retained Percentages Payable</p> <p>The balance of this GL code represents the long-term percentage of the total contract price that is not paid pending final inspection or the lapse of a specified time period.</p>
5225	<p>Accrued Vacation Leave Payable</p> <p>The balance of this GL code represents the noncurrent portion of salaries and associated payroll payments for the amount of vacation leave owed but not paid.</p>
5226	<p>Annuities Payable (LOT Only)</p> <p>The balance of this GL code represents the long-term portion of lottery prize annuities payable.</p>
5227	<p>Accrued Sick Leave Payable</p> <p>The balance of this GL code represents the noncurrent portion of salaries and associated payroll related payments for the estimated amount of accumulated sick leave that is probable the state will cash out.</p>
5228	<p>Accrued Compensatory Time Payable</p> <p>The balance of this GL code represents the noncurrent portion of salaries and associated payroll payments for the amount of compensatory time owed but not paid.</p>
5247	<p>Liability for Deferred Compensation</p> <p>The balance of this GL code represents the long-term amounts payable for employee deferred compensation.</p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
<u>5250 - LONG-TERM INTERGOVERNMENTAL AND INTRA- GOVERNMENTAL PAYABLES</u>	
5251	<p>Due to Federal Government</p> <p>The balance of this GL code represents long-term obligations due to federal agencies.</p>
5252	<p>Due to Other Governments</p> <p>The balance of this GL code represents long-term obligations due to counties, municipalities, school districts, other local units of government, Indian tribes and other states.</p>
5253	<p>Due to Other Funds</p> <p>The balance of this GL code represents long-term amounts due to other funds within an agency. This GL code is to be accompanied by a valid fund code in the general ledger subsidiary. Within an agency, all GL Codes 1653 and 5253 are to equal each other.</p>
5254	<p>Due to Other Agencies</p> <p>The balance of this GL code represents long-term amounts due to other state agencies. This GL code is to be accompanied by a valid state agency code in the general ledger subsidiary. Statewide, all GL Codes 1654 and 5254 are to be in balance; therefore, every effort should be made to communicate with the other state agencies involved.</p>
5259	<p>Due to Primary Government</p> <p>The balance in this GL code represents the long-term portion of the amounts due from the state's discrete component units to the primary government of the state.</p>
<u>5260 - LONG-TERM BONDS PAYABLE</u>	
5261	<p>General Obligation Bonds Payable</p> <p>The balance of this GL code represents the outstanding principal due on bonds maturing beyond one year that are secured by an unconditional pledge of the full faith and credit and taxing power of the state.</p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
5262	<p>Revenue Bonds Payable</p> <p>The balance of this GL code represents the outstanding principal due on bonds maturing beyond one year that are secured by specific sources of revenue and do not involve a pledge of the full faith and credit of the state.</p>
5263	<p>Limited Obligation Bonds Payable</p> <p>The balance of this GL code represents the outstanding principal on bonds due beyond one year that are payable from dedicated revenues.</p>
5264	<p>Zero-Coupon Bonds Payable</p> <p>The balance of this GL code represents the issue value of bonds issued with a deep bond discount and due beyond one year.</p>
5267	<p>General Revenue Bonds Payable - Internal Lending (UW Only)</p> <p>The balance of this GL code represents the outstanding principal on bonds due beyond one year that are payable from University of Washington (UW) general revenues. These amounts are due to the internal lending program for central borrowing from the business unit/department/auxiliary activity. Within the UW, GL Codes 1667, 5167, and 5267 are to equal each other.</p>
5269	<p>Other Bonds Payable</p> <p>The balance of this GL code represents the outstanding principal of bonds not classified under any of the other bond payable general ledger accounts due beyond one year.</p>
<u>5270 - LONG-TERM INSTALLMENTS AND LEASES PAYABLE</u>	
5271	<p>Installment-Purchase Contracts Payable</p> <p>The balance of this GL code represents the long-term portions of the present value of total future stipulated payments on installment-purchase contracts.</p>
5272	<p>Lease-Purchase Agreements Payable</p> <p>The balance of this GL code represents the long-term portions of the present value of total future stipulated payments on lease-purchase agreements.</p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
5273	<p>Certificates of Participation/Notes Payable</p> <p>The balance of this GL code represents the long-term portions of the certificates of participation payable issued through the Office of the State Treasurer for qualifying asset purchases under chapter 39.94 RCW.</p>
<u>5280 and 5290 - OTHER LONG-TERM OBLIGATIONS</u>	
5281	<p>Unfunded Pension Obligations</p> <p>The balance of this GL code represents the unfunded benefits attributable to retirees, beneficiaries, terminated employees and current covered employees entitled to benefits, as a result of their credited services to date. To the extent that such an amount has not been funded with expendable available financial resources, such unfunded amount is to be reported.</p>
5282	<p>Other Postemployment Benefits Obligation</p> <p>The balance of this GL code represents the difference (since the effective date of GASB Statement No. 45) between the annual actuarially determined OPEB cost and the state's contribution to the plan.</p>
5284	<p>Tuition Benefits Payable</p> <p>The balance in this GL code represents the long-term portion of amounts held for the purchase of tuition units under the advanced college tuition payment program.</p>
5285	<p>Benefits Claims Payable (L&I Only)</p> <p>The balance of this GL code represents the long-term portion of the actuarial present value of the workers' compensation liability to pay future medical aid claims, industrial insurance claims, and similar benefits to qualifying individuals sustaining work-related injuries.</p>
5286	<p>Claims Administration Expense Payable (L&I Only)</p> <p>The balance of this GL code represents the long-term portion of the actuarial estimate of the workers' compensation liability to pay future administration expenses for operating the workers' compensation plan.</p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
5287	<p>Pollution Remediation Obligation</p> <p>The balance of this GL code represents the state's liability for remediation activities to address the current or potential detrimental effects of existing pollution.</p>
5290	<p>Unearned Revenues</p> <p>The balance of this account represents the long-term portion of amounts for which the asset recognition criteria have been met, but for which the earnings process is not complete.</p>
5291	<p>Deposits Payable</p> <p>The balance of this GL code represents long-term amounts payable for deposits made by customers or contractors.</p>
5293	<p>Liability for Unclaimed Property Refunds</p> <p>The balance of this GL code represents the long-term portion of unclaimed property held by the state that is expected to be refunded to claimants.</p>
5297	<p>Fees Payable</p> <p>The balance of this GL code represents the long-term portion of fees payable by the state in transactions involving bond and COP sales.</p>
5299	<p>Other Obligations</p> <p>The balance of this GL code represents long-term portions of other long-term obligations.</p>
<u>5900 - OTHER CREDITS</u>	
5910	<p>Unamortized Premiums on Bonds Sold</p> <p>The balance of this GL code represents the original issue premium (OIP) on the sale of a bond that remains to be amortized over the remaining life of the bonds. This GL code is used when the OIP is material in proprietary and trust funds as well as for government-wide reporting (which use the economic resources measurement focus and accrual basis of accounting). Governmental funds (which use the modified accrual, current financial resources basis of accounting) record OIP to GL Code 3210 Revenue Source Code 0863 "Original Issue Premium."</p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
5920	<p>Unamortized Premiums on COPs Sold</p> <p>The balance of this GL code represents the original issue premium (OIP) on the sale of a COP that remains to be amortized over the remaining life of the COP. This GL code is used when the OIP is material in proprietary and trust funds as well as for government-wide reporting (which use the economic resources measurement focus and accrual basis of accounting). Governmental funds (which use the modified accrual, current financial resources basis of accounting) record OIP to GL Code 3210 Revenue Source Code 0863 "Original Issue Premium."</p> <p><u>5192, 5266, 5268, 5283, and 5292 - DEFERRED INFLOWS OF RESOURCES</u></p> <p>Deferred inflows of resources represent acquisition of net position by the state that is applicable to a future reporting period.</p>
5192	<p>Unavailable Revenues</p> <p>The balance of this GL code represents the short-term portion of amounts for which the asset recognition criteria have been met, but for which the availability criteria have not been met. The use of this GL code is restricted to governmental fund-type accounts.</p>
5266	<p>Deferred Inflows on Certificate of Participation (COP) Refundings</p> <p>The balance of this GL code represents the remaining difference (credit balance) between the proceeds of the refunding (new) COP and net carrying value of the refunded (old) COP. The deferred charge is amortized using GL code 6512 in proprietary accounts and GL code 6593 in the General Long-Term Obligations Subsidiary Account with Subobject WB "Amortization."</p>
5268	<p>Deferred Inflows on Bond Refundings</p> <p>The balance of this GL code represents the remaining difference (credit balance) between the proceeds of the refunding (new) bonds and the net carrying value of the refunded (old) bonds. The deferred charge is amortized using GL code 6512 in proprietary accounts and GL code 6593 in the General Long-Term Obligations Subsidiary Account with Subobject WB "Amortization."</p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
5283	<p>Accumulated Increase in Fair Value of Hedging Derivatives</p> <p>The balance of this GL code represents the increase in fair value of hedging derivatives where the hedged items are neither assets nor liabilities reported at fair value.</p>
5292	<p>Unavailable Revenues</p> <p>The balance of this GL code represents the long-term portion of amounts for which the asset recognition criteria have been met, but for which availability criteria have not been met. The use of this GL code is restricted to governmental fund-type accounts.</p>
<u>6000 - BUDGETARY AND EXPENDITURE/EXPENSE CONTROL</u>	
<u>6100 - EXPENDITURE AUTHORITY AND ESTIMATED EXPENDITURES</u>	
6110	<p>Approved Unallotted Expenditure Authority</p> <p>The balance of this GL code represents the unallotted portion of legislative appropriations or the estimate of nonappropriated expenditures/expenses not intended to be spent during the fiscal period.</p>
<u>6200 - ALLOTMENTS</u>	
6210	<p>Approved Allotments</p> <p>The balance of this GL code represents authorized allotments of appropriated funds for the biennium.</p>
6215	<p>Estimated Unallotted Expenses</p> <p>The balance of this GL code represents estimated nonbudgeted expenses that are not included in the agency allotment plan. (Used only in enterprise and internal service funds.)</p>
<u>6300 - RESERVES</u>	
6310	<p>Approved Reserves</p> <p>The balance of this GL code represents amounts transferred from allotted status to reserve status for legislative appropriations.</p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
<u>6400 - OTHER ALLOTMENT CHARGES</u>	
6410	<p>Encumbrances</p> <p>This GL code is used to record encumbrance activity from July 1 to June 30 each year. GL Code 9510, "Reserved for Encumbrances" is the offsetting entry to this GL code. At the end of a biennium, this GL code is to equal zero.</p>
<u>6500 - EXPENDITURES/EXPENSES</u>	
6505	<p>Accrued Expenditures/Expenses</p> <p>This GL code is used to record expenditures/expenses for goods and/or services that meet GAAP recognition criteria of the fund type, but remain unpaid.</p>
6510	<p>Cash Expenditures/Expenses</p> <p>This GL code is used to record all expenditures/expenses paid from July 1 to June 30. Accrued expenditures/expenses may also be recorded by unique AFRS agencies in this general ledger account.</p>
6511	<p>Depreciation/Amortization Expense</p> <p>This GL code is used to record the amount of depreciation and amortization computed on capital assets owned by proprietary and trust fund type accounts. This GL code is to be offset by an entry to the appropriate GL Code series 2XXX, "Allowance for Depreciation" or "Allowance for Amortization – Intangible Assets." Only used with Subobject WA "Depreciation/Amortization."</p>
6512	<p>Amortization Expense</p> <p>This GL code is used to recognize amortization of premiums and discounts on debt instruments as well as deferred outflows and inflows on debt refunding recorded in proprietary and trust funds. Only used with Subobject WB "Amortization."</p>
6514	<p>Capital Asset Acquisitions by Lease - Purchase Agreements or Certificates of Participation</p> <p>This GL code is used to record acquisitions of capital assets through lease-purchase agreements or certificates of participation (COPs). GL 6514</p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
	should be used only in governmental funds. In most cases, GL Code 6514 should equal GL Code 3221.
6515	<p>Bad Debts Expense</p> <p>This GL code is used to record the expense recognized in the process of valuing accounts receivable that had revenue as the offsetting entry. It indicates the portion of receivables that is estimated never to be collected. (Used only in proprietary and trust funds.)</p>
6516	<p>Cost of Goods Sold</p> <p>This GL code is used to record the inventory cost incurred upon sale of purchased or produced merchandise held for resale. (Used only with nonbudgeted sub-objects FA through FJ.)</p>
6525	<p>Expense Adjustments/Eliminations (GAAP)</p> <p>This GL code is used in allotted funds when a difference occurs in GAAP and budgetary recording of an accounting event. For example, when purchasing a capital asset in an allotted enterprise fund, it is necessary to debit the appropriate capital asset account and credit cash or accounts payable. For budgetary accounting, it is also necessary to debit GL Code 6505 or 6510 and credit this GL code.</p>
6560	<p>Estimated Accrued Expenditures/Expenses</p> <p>This GL code is used at the end of an expenditure authority period to record estimated expenditures/expenses for goods and/or services received by June 30 for which the exact amount is not known.</p>
6591	<p>Depreciation/Amortization Expense (General Capital Assets Subsidiary Account Only)</p> <p>This GL code is used to record depreciation and amortization computed on capital assets owned by governmental fund type accounts. GL Code 6591 is to be offset by an entry to the appropriate GL Code series 2XXX, "Allowance for Depreciation" or "Allowance for Amortization – Intangible Assets." Only used with Subobject WA "Depreciation/Amortization."</p>
6592	<p>Interest Expense (General Long-Term Obligations Subsidiary Account Only)</p> <p>This GL code is used to recognize accrued interest expense on bonds recorded in the General Long-Term Obligations Subsidiary Account.</p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
6593	<p>Amortization Expense (General Long-Term Obligations Subsidiary Account Only)</p> <p>This GL code is used to recognize amortization of premiums and discounts on debt instruments as well as deferred outflows and inflows on debt refundings recorded in the General Long-Term Obligations Subsidiary Account. Only used with Subobject WB "Amortization."</p>
6594	<p>Pollution Remediation Expense (General Long-Term Obligations Subsidiary Account Only)</p> <p>This GL code is used to recognize pollution remediation expenses related to governmental fund type accounts. GL Code 6594 is to be offset by an entry to GL Code 5287 "Pollution Remediation Obligation."</p>
6595	<p>Other Postemployment Benefits Expense (General Long-Term Obligations Subsidiary Account Only)</p> <p>This GL code is used to recognize expense for postemployment benefits for employees of governmental fund type accounts. GL Code 6595 is to be offset with an entry to GL Code 5282 "Other Postemployment Benefits Obligation."</p>
6596	<p>Excess Contributions for Pension Benefits (General Long-Term Obligations Subsidiary Account Only)</p> <p>This GL code is used to record the current year adjustment to the cumulative total of the state's contributions for pension benefits in excess of the annual required contributions (ARC). GL Code 6596 is to be offset with an entry to GL Code 1960 "Negative Net Pension Obligation."</p>
6597	<p>Capital Asset Adjustment (General Capital Assets Subsidiary Account Only)</p> <p>This GL code is used to record the difference between the cost of a capital asset and its accumulated depreciation when the asset is disposed of or written off. To be used in the General Capital Assets Subsidiary Account only.</p>
	<p><u>7000 - AFRS/TREASURY CLEARING</u></p>
	<p><u>7100 - IN-PROCESS CONTROL</u></p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
7110	<p>Receipts In-Process</p> <p>This GL code is used for all treasury funds to record all cash received and recorded by an agency, but not yet posted by the State Treasurer.</p>
7120	<p>Warrants In-Process/ACH (Automated Clearing House) Payments In-Process</p> <p>This GL code is used for all treasury funds to record the amount of all warrants prepared and recorded by an agency, but not yet signed and returned to the agency by the State Treasurer. This GL code is also used to record ACH payments.</p>
7130	<p>Warrant Cancellations In-Process</p> <p>This GL code is used for all treasury funds to record the amount of all warrant cancellations recorded by an agency, but not yet posted by the State Treasurer.</p>
7140	<p>Journal Vouchers In-Process</p> <p>This GL code is used for all treasury funds to record the amount of all interfund or interagency Journal Vouchers for cash transfers which have been recorded by or on behalf of an agency, but not yet posted by the State Treasurer, or posted by the State Treasurer but not yet posted by the agency. This GL code is also used to record IAPs (Inter-Agency Payments) and IFTs (Interfund Transactions) which are automated transactions.</p>
<u>9000 - FUND BALANCE AND NET POSITION</u>	
<u>9100 - BUDGETARY CONTROL</u>	
9100	<p>Budgetary Control Summary</p> <p>The balance of this GL code represents offsetting differences for budgetary account entries. This GL code is the contra-account for GL Code 3100 series, "Estimated Revenues," GL Code 6100 series "Expenditure Authority and Estimated Expenditures," GL Code 6200 "Allotments," and GL Code 6300 "Reserves."</p>
<u>9110, 9120, and 9130 - NONSPENDABLE FUND BALANCE</u>	

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
9110	<p>Nonspendable Permanent Fund Principal</p> <p>The balance of this GL code represents that portion of fund balance in permanent funds that is legally required to be maintained intact.</p>
9112	<p>Nonspendable Permanent Funds – Unrealized Gain/Loss</p> <p>The balance of this GL code represents temporary increases and decreases in the value of the corpus of a permanent fund due to market fluctuations.</p>
9120	<p>Nonspendable Consumable Inventories</p> <p>The balance of this GL code represents the portion of fund balance that cannot be spent because consumable inventories do not represent available spendable resources even though they are a component of fund balance. This GL code is the contra account for GL Code 1410, "Consumable Inventories."</p>
9122	<p>Nonspendable Petty Cash</p> <p>The balance of this GL code represents the portion of fund balance that cannot be spent because petty cash does not represent available spendable resources, even though petty cash is a component of net current assets.</p>
9123	<p>Nonspendable Investments</p> <p>The balance of this GL code represents the portion of fund balance that cannot be spent either because long-term investments do not represent available spendable resources or because of use restrictions imposed by external parties or by law through constitutional provision or enabling legislation.</p>
9130	<p>Nonspendable Student Loans Receivable</p> <p>The balance of this GL code represents the portion of fund balance that cannot be spent because student loans receivable do not represent available spendable resources even though they are a component of net current assets.</p>
9131	<p>Nonspendable Receivables – Long-Term</p> <p>The balance of this GL code represents the portion of fund balance that cannot be spent because net receivables long-term (GL Codes 1611, 1614,</p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
	1619, 1641, 1644, 1649, 1651, 1652, 1653, 1654, and 1657) do not represent available spendable resources even though they are a component of net current assets.
	<u>9200 - RESTRICTED FUND BALANCE</u>
9230	<p>Restricted for Higher Education</p> <p>The balance of this GL code represents that portion of fund balance that is restricted for expenditure for higher education purposes by the State Constitution, enabling legislation or parties external to the State (such as creditors, grantors, contributors, and other governments).</p>
9231	<p>Restricted for Permanent Funds – Realized Investment Losses</p> <p>The balance in this GL code represents the unamortized portion of realized investment losses that resulted in or would have resulted in a negative net change in fund balance exclusive of unrealized gains and losses. These realized investment losses are tracked separately and amortized against future beneficiary distributions.</p>
9232	<p>Restricted for Education</p> <p>The balance of this GL code represents that portion of fund balance that is restricted for expenditure for K-12 education purposes by the State Constitution, enabling legislation or parties external to the State (such as creditors, grantors, contributors, and other governments).</p>
9234	<p>Restricted for Transportation</p> <p>The balance of this GL code represents that portion of fund balance that is restricted for expenditure for transportation purposes by the State Constitution, enabling legislation or parties external to the State (such as creditors, grantors, contributors, and other governments).</p>
9235	<p>Restricted for Bond Covenants</p> <p>The balance of this GL code represents that portion of fund balance that is restricted by bond covenants.</p>
9238	<p>Restricted for Other Purposes</p> <p>The balance of this GL code represents that portion of fund balance that is</p>

Uniform Chart of Accounts

GL CODE	GENERAL LEDGER CODE DESCRIPTION
	restricted for expenditure for other purposes by the State Constitution, enabling legislation or parties external to the State (such as creditors, grantors, contributors, and other governments).
9240	Restricted for Human Services
	The balance of this GL code represents that portion of fund balance that is restricted for expenditure for human services purposes by the State Constitution, enabling legislation or parties external to the State (such as creditors, grantors, contributors, and other governments).
9242	Restricted for Wildlife and Natural Resources
	The balance of this GL code represents that portion of fund balance that is restricted for expenditure for wildlife and natural resources purposes by the State Constitution, enabling legislation or parties external to the State (such as creditors, grantors, contributors, and other governments).
9244	Restricted for Local Grants and Loans
	The balance of this GL code represents that portion of fund balance that is restricted for expenditure for local grant and loan purposes by enabling legislation or parties external to the State (such as creditors, grantors, contributors, and other governments).
9246	Restricted for School Construction
	The balance of this GL code represents that portion of fund balance that is restricted for expenditure for school construction purposes by the State Constitution, enabling legislation or parties external to the State (such as creditors, grantors, contributors, and other governments).
9248	Restricted for State Facilities
	The balance of this GL code represents that portion of fund balance that is restricted for expenditure for state facility purposes by the State Constitution, enabling legislation or parties external to the State (such as creditors, grantors, contributors, and other governments).
9250	Restricted for Budget Stabilization
	The balance of this GL code represents that portion of fund balance that is restricted for budget stabilization by the Article VII, section 12 of the State Constitution.

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
9252	<p>Restricted for Debt Service</p> <p>The balance of this GL code represents that portion of fund balance that is restricted for expenditure for debt service purposes by the parties external to the State (such as creditors).</p>
9255	<p>Restricted for Cash and Investments with Escrow Agents and Trustees</p> <p>The balance of this GL code represents that portion of fund balance that is restricted by escrow or trust agreements.</p>
9260	<p>Restricted for Pollution Remediation Liabilities</p> <p>The balance of this GL code represents that portion of fund balance that is restricted for expenditure for pollution remediation purposes by enabling legislation, court orders, legal settlements or parties external to the State (such as grantors, contributors, and other governments).</p>
9270	<p>Restricted for Unspent Bond Proceeds</p> <p>The balance of this GL code represents that portion of fund balance that is restricted for unspent bond proceeds by bond covenants.</p>
9271	<p>Restricted for Operations and Maintenance Reserve</p> <p>The balance of this GL code represents that portion of fund balance that is restricted for operations and maintenance expenditures by bond covenants.</p>
9272	<p>Restricted for Repair and Replacement Reserve</p> <p>The balance of this GL code represents that portion of fund balance that is restricted for repair and replacement expenditures by bond covenants.</p>
9273	<p>Restricted for Revenue Stabilization</p> <p>The balance of this GL code represents that portion of fund balance that is restricted for revenue stabilization by bond covenants.</p>
9274	<p>Restricted for Unspent GARVEE Bond Proceeds</p> <p>The balance of this GL code represents that portion of fund balance that is restricted for unspent GARVEE bond proceeds.</p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
9283	<p>Restricted for Third Tier Debt Service</p> <p>The balance of this GL code represents that portion of fund balance that is restricted by third tier debt service agreements.</p>
9285	<p>Restricted for GARVEE Bond Debt Service</p> <p>The balance of this GL code represents that portion of fund balance that is restricted by GARVEE bond debt service agreements.</p>
<u>9310, 9320, 9330, and 9340 - COMMITTED FUND BALANCE</u>	
9310	<p>Committed for Higher Education</p> <p>The balance of this GL code represents fund balance committed to higher education where resources are used only for the specific purposes determined by formal action of the state legislature.</p>
9311	<p>Committed for Education</p> <p>The balance of this GL code represents fund balance committed to K-12 education where resources are used only for the specific purposes determined by formal action of the state legislature.</p>
9320	<p>Committed for Transportation</p> <p>The balance of this GL code represents fund balance committed to transportation where resources are used only for the specific purposes determined by formal action of the state legislature.</p>
9321	<p>Committed for Other Purposes</p> <p>The balance of this GL code represents fund balances committed to other purposes where resources are used only for the specific purpose(s) determined by formal action of the state legislature.</p>
9323	<p>Committed for Human Services</p> <p>The balance of this GL code represents fund balance committed to human services where resources are used only for the specific purposes determined by formal action of the state legislature.</p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
9324	<p>Committed for Wildlife and Natural Resources</p> <p>The balance of this GL code represents fund balance committed to wildlife and natural resources where resources are used only for the specific purposes determined by formal action of the state legislature.</p>
9325	<p>Committed for Local Grants and Loans</p> <p>The balance of this GL code represents fund balances committed to local grants and loans where resources are used only for the specific purposes determined by formal action of state legislature.</p>
9330	<p>Committed for State Facilities</p> <p>The balance of this GL code represents fund balance committed for state facilities where resources are used only for the specific purposes determined by formal action of the state legislature.</p>
9340	<p>Committed for Debt Service</p> <p>The balance of this GL code represents fund balances committed to debt service where resources are used only for the specific purposes determined by formal action of the state legislature.</p>
	<u>9370 - ASSIGNED FUND BALANCE</u>
9370	<p>Assigned for Working Capital</p> <p>The balance of this GL code represents the portion of fund balance assigned by management for working capital purposes. Amounts assigned for working capital are not considered to represent available spendable resources.</p>
9372	<p>Assigned for Other Purposes</p> <p>The balance of this GL code represents management's intention to use a portion of fund balance for a specific purpose(s).</p>
	<u>9390 - UNASSIGNED FUND BALANCE</u>
9390	<p>Unassigned</p> <p>The balance of this GL code represents total fund balance in the General</p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
	<p>Fund in excess of nonspendable, restricted, committed and assigned fund balances. In governmental funds other than the General Fund, it represents excess of nonspendable, restricted and committed fund balances over total fund balance (i.e., deficit).</p> <p><u>9510, 9513 and 9514 - BUDGETARY RESERVES</u></p>
9510	<p>Reserved for Encumbrances</p> <p>This GL code represents the portion of fund balance legally reserved during the fiscal year for encumbrances accumulated in GL Code 6410, "Encumbrances" or GL Code 9513, "Reserved for Encumbrances for Reappropriated Capital Appropriations," or GL Code 9514, "Reserved for Encumbrances for Continuing Operating Expenditure Authority."</p>
9513	<p>Reserved for Encumbrances for Reappropriated Capital Appropriations</p> <p>The balance of this GL code represents encumbrances outstanding at June 30 of the second fiscal year of the biennium that relate to capital appropriations which are reappropriated in the new biennium.</p>
9514	<p>Reserved for Encumbrances for Continuing Operating Expenditure Authority</p> <p>The balance of this GL code is used to record at summary level the balance of encumbrances for biennial operating expenditure authority at the end of the first year of the biennium not recorded in detail in GL Code 6410 "Encumbrances." It is offset by an entry to GL Code 9510 "Reserved for Encumbrances." At the beginning of the second fiscal year of the biennium, this GL code is reversed and encumbrances are recorded at the detail level in GL Code 6410. This GL code is not used at the end of the biennium.</p>
	<p><u>9350, 9400 and 9545 - PROPRIETARY/GOVERNMENT-WIDE NET POSITION</u></p>
9350	<p>Net Investment in Capital Assets (OFM Only)</p> <p>The balance of this GL code is calculated as follows: capital assets, including restricted capital assets, net of accumulated depreciation (GL Code Series 2XXX) reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets (select GL Codes 51XX and 52XX).</p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
9400	Accumulated Earnings (Losses) The balance of this GL code represents accumulated earnings or losses.
9410	Restricted Net Position Assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Agencies having a balance in this GL code at year-end are required to disclose the purpose of the reserve.
9450	Unrestricted Net Position (OFM Only) The portion of net position that is neither restricted nor net investment in capital assets.
9545	Reserved for Unemployment Compensation The balance of this GL code represents the portion of net position restricted for future payments of unemployment compensation benefits.
<u>9550 and 9600 - NET POSITION FOR PENSIONS AND OTHER TRUSTS</u>	
9550	Reserved for Retirement Systems The balance of this GL code represents the portion of net position held in trust for future payments of retirement pensions.
9551	Reserved for Deferred Compensation The balance of this GL code represents the portion of net position held in trust for future payments of deferred compensation to plan participants.
9554	Reserved for Local Government Investment Pool Participants The balance of this GL code represents the portion of net position held in trust for future payments to participants of the Local Government Investment Pool.
9601	Reserved for Members (DRS Only) The balance of this GL code represents the portion of the net position held in trust for retirement system member defined benefit account balances.

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
9603	<p>Reserved for Benefits (DRS Only)</p> <p>The balance of this GL code represents the portion of the net position held in trust for future retirement system pension benefit payments.</p>
9604	<p>Reserved for Benefits – Medical (DRS Only)</p> <p>The balance of this GL code represents the portion of the net position held in trust for future retirement system medical benefit payments in LEOFF 2, WSPRS 1, and WSPRS 2.</p>
9607	<p>Reserved for Higher Education Retirement Plan Supplemental Benefits (DRS only)</p> <p>The balance of this GL code represents the portion of net position held in trust for future higher education retirement plan supplemental benefit payments.</p>
9608	<p>Reserved for Members Defined Contributions - SIB (DRS Only)</p> <p>The balance of this GL code represents the portion of the net position held in trust for retirement system member defined contribution account balances invested with the State Investment Board.</p>
9609	<p>Reserved for Members Defined Contributions - Self-Directed (DRS Only)</p> <p>The balance of this GL code represents the portion of the net position held in trust for retirement system member defined contribution account balances invested in self-directed options.</p>
<u>9700 - FUND BALANCE/NET POSITION CHANGES and CORRECTIONS</u>	
9720	<p>Prior Period Material Corrections (OFM Only)</p> <p>The balance of this GL code represents prior period material corrections made to beginning balances in fund equity accounts approved by OFM.</p>
9721	<p>Fund Type Reclassification Changes (OFM Only)</p> <p>The balance of this GL code represents a fund reclassification from one fund type to another fund type, approved by OFM.</p>

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GL CODE	GENERAL LEDGER CODE DESCRIPTION
9722	Accounting Policy Changes (OFM Only) The balance of this GL code represents prior period adjustments resulting from a change in accounting policy, approved by OFM.
9723	Capital Asset Policy Change The balance of this GL code represents prior period adjustments resulting from a change in the threshold for capitalization of assets, approved by OFM.
<u>9800 - GENERAL CAPITAL ASSETS VALUATION</u>	
9850	Investment in General Capital Assets The balance of this GL code represents the net equity in general capital assets constructed or purchased with governmental fund type account monies. (Used only in the General Capital Assets Subsidiary Account.)
<u>9900 - AFRS CLEARING</u>	
9910	Current Period Clearing This GL code is used in AFRS as an offset for entering activity to general ledger accounts. The balance of this GL code should be zero.
9920	Current Period Clearing (All Fund Types Except Subsidiary Accounts) This GL code is used in AFRS as an offset for entering activity to general ledger accounts. The balance of this GL code should be zero.
9940	Reserve Clearing (DRS Only) This GL code is used in AFRS as an offset to clear direct transfers between reserve accounts in pension trust funds. The balance of this GL code should be zero.
9998	Beginning Balance Clearing (OFM Only) This GL code is used in AFRS for entries to beginning general ledger account balances. The balance of this GL code should be zero.



75.50

Expenditure Authority Codes

75.50.10

June 1, 2009

Expenditure authority type and expenditure character codes with descriptions

Expenditure Authority

Type Code

Expenditure Authority Type Description

1	State	Denotes appropriations funded by revenues generated by the state's authority to tax, license, or collect fees from the public.
2	Federal	Denotes appropriations funded by grants and contracts with federal government agencies. Does not include grants and contracts under the American Recovery and Reinvestment Act (ARRA) of 2009.
3	Federal - Unanticipated	Denotes expenditure authority funded by grants and contracts with federal government agencies that were not included in the biennial budget request. Does not include grants and contracts under the ARRA.
4	Governor's Emergency Allocation	Denotes the appropriation assigned to the funding identified as "Governor's Emergency" in the Appropriation Act.
6	Nonappropriated	Denotes activity associated with nonappropriated/allotted and nonbudgeted accounts.
7	Private/Local	Denotes appropriations funded by grants, contracts, etc., with private parties or local government agencies.

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Uniform Chart of Accounts

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Code	Title and Description
0600	Transfers Amounts transferred by state agencies to other accounts and/or agencies; including treasurer's transfers of resources collected by one state agency/account to the agency/account that expends the resources.
0800	Other Revenues and Financing Sources Other revenues and financing sources not recorded elsewhere including those associated with debt financing activities, resources supporting trust activities, and certain noncash activities, such as receipt of donated commodities.
0900	Non-Revenue Activities Amounts related to various suspense codes that must be adjusted to zero at year-end.

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75.80.30

January 1, 2014

Sequential by code number

Code	Title
	0100 - Taxes
0101	Retail Sales Tax
0102	Tax Credit – Sales Tax
0105	Business and Occupation Tax
0106	Tax Credits - B & O
0108	Brokered Natural Gas
0109	Tax Credits - Brokered Natural Gas
0110	Compensating Tax
0111	Tax Credits - Compensating Tax
0112	Hazardous Substance Tax
0113	Tax Credits - Hazardous Substance
0115	Motor Vehicle Fuel Tax
0116	Use Fuel Tax (Other Than Motor Vehicle Fuel)
0117	Excise Telephone Taxes
0118	Liter Tax - Liquor
0119	Liquor Sales Tax - Surcharge
0120	Liquor Sales Tax
0121	Beer Tax
0122	Wine Tax
0123	Marijuana Excise Tax
0124	Tribal Cigarette Tax
0125	Cigarette Tax
0126	Other Tobacco Products Tax
0127	I-773 Cigarette Tax
0128	Solid Waste Collection Tax
0129	I-773 Other Tobacco Tax
0130	Insurance Premium Tax
0131	Carbonated Beverage Tax
0134	Tax Credits - Public Utilities
0135	Public Utilities Tax
0136	Public Utilities District Privilege Tax
0137	Syrup (Soda) Tax
0140	Pari-mutuels Tax

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Code	Title
0820	Capital Contributions
0825	Pool Participant Contributions
0850	Payments to Escrow Agents for Refunded COPs
0851	Original Issue Discount – Refunding COPs
0852	Underwriters Discount / Costs of Issuance – Refunding COPs
0853	Original Issue Premium – Refunding COPs
0854	Proceeds of Refunding COPs
0855	Payments to Escrow Agents for Refunded Bonds
0856	Original Issue Discount - Refunding Bonds
0857	Underwriters Discount / Costs of Issuance – Refunding Bonds
0858	Original Issue Premium - Refunding Bonds
0859	Proceeds of Refunding Bonds
0860	Bonds Issued
0862	Original Issue Discount
0863	Original Issue Premium
0864	Taxable Bonds Issued
0865	Note Proceeds
0866	Loan Principal Repayment
0871	Special Items
0872	Extraordinary Items
	0900 - Non-Revenue Activities*
0901	Interagency Reimbursements
0902	Recoveries of Current Expenditure Authority Expenditures
0920	Items Placed in Suspense
0921	Rental Excise Tax Suspense
0925	Undistributed Receipts
0940	Deposit Adjustments and Returned Checks

* At fiscal year end, amounts in 0900 – Non-Revenue Activities source codes are to be reclassified to the appropriate asset, liability, revenue, or expenditure/expense coding.

Uniform Chart of Accounts

75.80.40

January 1, 2014

Sequential by code number with description**Code****Title****0100 – Taxes**

Amounts levied on individuals, organizations, and businesses by the State Legislature for the purpose of funding state services. Some taxes are based on or derived from an underlying exchange transaction between a merchant and a customer upon which the state imposes a tax, such as sales and fuel taxes. Other taxes imposed on non-governmental entities are nonexchange in nature. Property taxes, imposed on the value of property owned, are an example of nonexchange tax revenue.

0101

Retail Sales Tax

Tax levied on the selling price of tangible personal property and certain services purchased at retail. (chapter 82.08 RCW)

0102

Tax Credits – Sales Tax

Credits allowed to offset sales tax liability. (chapter 82.12 RCW)

0105

Business and Occupation Tax

Tax levied on gross receipts of all businesses operating in Washington. (chapter 82.04 RCW)

0106

Tax Credits - B & O

Credits allowed to offset business and occupation tax liability. (chapter 82.04 RCW)

0108

Brokered Natural Gas

Tax levied on natural or manufactured gas that is consumed in Washington that has not been subject to the public utility tax. (RCWs 82.12.022 and 82.14.230)

0109

Tax Credits - Brokered Natural Gas

Credits allowed to offset the brokered natural gas tax liability. (RCWs 82.12.022 and 82.14.230)

Code	Title
0809	<p>Capital Leases</p> <p>Resources provided through a capital lease agreement used to finance capital acquisitions.</p>
0820	<p>Capital Contributions</p> <p>Intra-state contributions of capital assets received by a proprietary fund type account.</p>
0825	<p>Pool Participant Contributions</p> <p>Contributions received from participant members of the Deferred Compensation Plan and the Local Government Investment Pool (LGIP). (DRS and OST use only)</p>
0850	<p>Payments to Escrow Agents for Refunded COPs</p> <p>Amounts sent to an Escrow Agent to refund (defease) a COP issue.</p>
0851	<p>Original Issue Discount – Refunding COPs</p> <p>Discount associated with the issuance of refunding COPs. Refunding COPs are sold at a discount when the stated interest rate on the COPs is less than the market rate of interest for similar securities when the COPs are sold.</p>
0852	<p>Underwriters Discount / Costs of Issuance – Refunding COPs</p> <p>COP sale expenses associated with the issuance of refunding COPs, specifically, the underwriters discount and cost of issuance expenses.</p>
0853	<p>Original Issue Premium – Refunding COPs</p> <p>Premium associated with the issuance of refunding COPs. Refunding COPs are sold at a premium when the stated interest rate on the COPs is more than the market rate of interest for similar securities when the COPs are sold.</p>
0854	<p>Refunding COPs Issued</p> <p>Amount of the total par or face value of refunding COPs.</p>
0855	<p>Payments to Escrow Agents for Refunded Bonds</p> <p>Amounts sent to an Escrow Agent to refund (defease) a bond issue.</p>

Uniform Chart of Accounts

Code	Title
0856	Original Issue Discount - Refunding Bonds Discount associated with the issuance of refunding bonds. Refunding bonds are sold at a discount when the stated interest rate on the bonds is less than the market rate of interest for similar securities when the bonds are sold.
0857	Underwriters Discount/Costs of Issuance – Refunding Bonds Bond sale expenses associated with the issuance of refunding bonds, specifically, the underwriters discount and cost of issuance expenses.
0858	Original Issue Premium - Refunding Bonds Premium associated with the issuance of refunding bonds. Refunding bonds are sold at a premium when the stated interest rate on the bonds is more than the market rate of interest for similar securities when the bonds are sold.
0859	Refunding Bonds Issued Amount of the total par or face value of refunding bonds.
0860	Bonds Issued Amount of the total par or face value of all tax-exempt bonds, except refunding bonds.
0862	Original Issue Discount Discount associated with the issuance of all bonds and COPs, except refunding bonds and COPs. Bonds and COPs are sold at a discount when the stated interest rate is less than the market rate of interest for similar securities when the debt is sold.
0863	Original Issue Premium Premium associated with the issuance of all bonds and COPs except refunding bonds and COPs. Bonds and COPs are sold at a premium when the stated interest rate is more than the market rate of interest for similar securities when the debt is sold.
0864	Taxable Bonds Issued Amount of the total par or face value of taxable bonds issued.

Investments in open-end mutual funds are reported at fair value, which is determined by the fund's current share price. All other investments are reported at fair value. Fair value is determined using quoted market prices for marketable securities and other reasonable methods for investments where market values are not readily available.

For reporting purposes, pooled cash that is invested in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940 is reported at fair value or amortized cost (determined by the pool's share price). Investments in the state's Local Government Investment Pool (LGIP), which is an external 2a-7-like investment pool, is reported at amortized cost. Refer to Section 85.52 for further information on investment accounting procedures.

80.30.35

June 1, 2005

Receivables policy

Receivables in the state's governmental fund type accounts consist primarily of taxes and federal revenues. Receivables in all other accounts arise in the ordinary course of business. Receivables are recorded when either the asset or revenue recognition criteria have been met. Estimates of uncollectible receivables are made and recorded to an allowance for uncollectible receivables. Receivables are reported net of the allowance for uncollectible accounts.

For government-wide reporting purposes, amounts reported in the funds as interfund/interagency receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual balances due between the governmental and business-type activities, which are presented as internal balances. Amounts recorded in governmental and business-type activities as due to or from fiduciary funds are reported as due to or from other governments. Refer to Section 85.54.

80.30.40

January 1, 2012

Inventories policy

Consumable inventories, consisting of expendable materials and supplies held for consumption, are valued and reported for financial statement purposes if the fiscal year-end balance on hand at an inventory control point exceeds \$25,000. Consumable inventories are generally valued at cost using the first-in, first-out method. Donated consumable inventories are recorded at fair market value.

All **merchandise inventories** are considered reportable for financial statement purposes. Merchandise inventories are generally valued at cost using the first-in, first-out method.

Inventories of governmental fund type accounts are valued at cost and are recorded using the consumption method. Proprietary fund type accounts expense inventories when used or sold.

For governmental fund financial reporting, inventory balances are recorded as nonspendable fund balance indicating that they do not constitute “available spendable resources,” except for certain federally donated consumable inventories which are offset by unearned revenue because they are not earned until they are distributed to clients. Refer to Section 85.56.

80.30.45

July 1, 2012

Capital assets policy

80.30.45.a

Capitalization. For the state’s capitalization policy, refer to Subsection 30.20.20. Except when noted, it is the state’s policy to capitalize:

- All land, including land use rights with indefinite lives acquired with the purchase of the underlying land, and ancillary costs;
- The state highway system operated by the Department of Transportation;
- Infrastructure, other than the state highway system, with a cost of \$100,000 or greater;
- Buildings, building improvements, improvements other than buildings, and leasehold improvements with a cost of \$100,000 or greater;
- Intangible assets, either purchased or internally developed, such as land rights not acquired with the purchase of land, software, patents, and trademarks, with a cost of \$1,000,000 or more that are “identifiable” by meeting one of the following conditions:
 - The asset is capable of being separated or divided and sold, transferred, licensed, rented, exchanged, or
 - The asset arises from contractual or other legal rights, regardless of whether those rights are transferable or separable.



Chapter 85 - Accounting Procedures

85.10 Budgetary Accounting Procedures

85.10.10	These procedures apply to budgeted accounts	June 1, 2004
85.10.20	Budgetary accounting requirements	July 1, 2009

85.15 Budgetary Accounting - Illustrative Entries

85.15.05	These entries are for illustrative purposes	July 1, 2008
85.15.10	Establish expenditure authority for budgeted accounts	July 1, 2008
85.15.15	Allotments for budgeted accounts	July 1, 2008
85.15.16	FTEs for budgeted accounts	July 1, 2008
85.15.17	Decrease FTEs for budgeted accounts	July 1, 2008
85.15.20	Estimated revenues for budgeted accounts	May 1, 1999
85.15.25	Decrease estimated revenues for budgeted accounts	May 1, 1999
85.15.30	Transfer unobligated allotments to reserve for budgeted accounts	May 1, 1999
85.15.35	Re-allotment of amounts placed in reserve for budgeted accounts	May 1, 1999
85.15.40	Revert unobligated allotments to unallotted status for budgeted accounts	May 1, 1999
85.15.45	Transfer unallotted legislative appropriations to reserve for appropriated accounts	May 1, 1999
85.15.50	Transfer legislative appropriations placed in reserve to unallotted status for appropriated accounts	May 1, 1999
85.15.55	Abolish or decrease legislative appropriations for appropriated accounts	May 1, 1999
85.15.60	Close of accounting period for budgeted accounts	May 1, 1999

85
Accounting Procedures

85.20 Revenue and Cash Receipts

85.20.10	Collection and deposit of receipts	July 1, 2009
85.20.20	Prudent collection processes	July 1, 2001
85.20.30	Non-revenue receipts	July 1, 2003
85.20.40	Proceeds from sale of property	Jan. 1, 2012
85.20.50	Undistributed receipts	May 1, 1999
85.20.60	Receipts placed in suspense	July 1, 2009
85.20.70	Refunds of revenue	May 1, 1999
85.20.80	Subsidiary records	May 1, 1999
85.20.90	Deposit interest distribution by OST	June 1, 2005

85.22 Deposit Adjustments and Returned Payments

85.22.10	About these procedures	May 1, 1999
85.22.20	Documentation for deposit adjustments	July 1, 2008
85.22.30	Deposit adjustments - treasury and trust accounts	July 1, 2009
85.22.40	Deposit adjustments - local accounts	July 1, 2009
85.22.50	Returns and reversals of AFRS ACH payments	July 1, 2012

85.24 Revenue and Cash Receipts - Illustrative Entries

85.24.10	These entries are for illustrative purposes	May 1, 1999
85.24.20	Estimated revenue	May 1, 1999
85.24.30	Deposit of cash revenues	May 1, 1999
85.24.40	Cash over or short	May 1, 1999
85.24.50	Recording adjustment for non-sufficient funds (NSF) check	July 1, 2008
85.24.60	Subsequent collections of non-sufficient funds (NSF) check	July 1, 2009
85.24.65	Recording receipt of returned AFRS ACH payment	July 1, 2009
85.24.70	Undistributed receipts - account and/or revenue source not identified	May 1, 1999
85.24.80	Receipts placed in suspense	July 1, 2009

85
Accounting Procedures

85.30 Encumbrances

85.30.10 Encumbrance accounting July 1, 2013

85.32 Goods and Services Expenditures

85.32.10 Agency responsibilities July 1, 2008

85.32.15 Special definitions Jan. 1, 2012

85.32.20 Expenditure authorization Jan. 1, 2012

85.32.25 Priority of expenditures June 7, 2012

85.32.30 Payment processing documents July 1, 2013

85.32.40 Payment processing July 1, 2008

85.32.50 Timing of payment June 7, 2012

85.32.60 Rapid invoice processing June 1, 2002

85.32.70 Purchase card Jan. 1, 2013

85.32.80 Waste recycling procedures Jan. 1, 2012

85.34 Payroll and Other Related Activities

85.34.10 Payroll July 1, 2011

85.34.20 Shared leave July 1, 2011

85.34.30 Amounts due deceased employees May 1, 1999

85.34.40 Salary overpayment recoveries June 1, 2004

85.36 Disbursement Processing

85.36.10 Agency disbursement processes July 1, 2000

85.36.20 Disbursement mechanisms July 1, 2013

85.36.30 Treasury account requirements Jan. 1, 2012

85.36.40 Local account requirements July 1, 2010

85.36.50 Recording July 1, 2010

85
Accounting Procedures

85.38 Other Warrant Procedures

85.38.10	Agency-initiated warrant cancellations	July 1, 2013
85.38.15	Non-deliverable warrant	July 1, 2012
85.38.20	Lost or destroyed warrants	July 1, 2013
85.38.30	Redeemed warrants reported as lost or destroyed	July 1, 2013
85.38.40	Statutorily canceled warrants	July 1, 2012
85.38.50	Liability for canceled warrants/checks	May 1, 1999
85.38.60	"X" warrants	Jan. 1, 2012
85.38.70	"X" and blank state warrant stock control procedures	Jan. 1, 2012
85.38.80	Warrant voiding and destruction procedures	Jan. 1, 2012
85.38.90	Local check control procedures	May 1, 1999

85.40 Belated and Sundry Claims

85.40.10	Belated claims	July 1, 2010
85.40.20	Sundry claims	Jan. 1, 2012

85.42 Expenditures, Expenses, and Cash Disbursements - Illustrative Entries

85.42.10	These entries are for illustrative purposes	May 1, 1999
85.42.20	Encumbrances	June 1, 2011
85.42.30	Expenditure/expense disbursements	May 1, 1999
85.42.40	Recording payroll	July 1, 2011
85.42.50	Recording shared leave	May 1, 1999
85.42.60	Amounts due deceased employees	May 1, 1999
85.42.70	Salary overpayment recoveries	May 1, 1999
85.42.80	Cancellations of non-deliverable, SOL, and lost or destroyed warrants	July 1, 2012
85.42.85	Cancellation of warrants issued in error	July 1, 2012
85.42.90	Reissuance of canceled warrants	July 1, 2012
85.42.95	Forged endorsement	May 1, 1999

85
Accounting Procedures

85.50 Cash

85.50.10	Deposit of treasury or treasury trust receipts	July 1, 2011
85.50.20	Deposit of local receipts	July 1, 2008
85.50.30	Undeposited receipts	May 1, 1999
85.50.40	Reconciliation of cash receipts and deposits	July 1, 2011
85.50.50	Petty cash - general information	July 1, 2011
85.50.60	Accounting for petty cash in treasury accounts	Jan. 1, 2012
85.50.70	Accounting for petty cash in local accounts (including treasury trust accounts)	June 1, 2011

85.52 Investments

85.52.10	About investments	July 1, 2003
85.52.20	Short-term investments	June 1, 2003
85.52.30	Non-current investments	Jan. 1, 2014
85.52.40	Investment pools	July 1, 2010
85.52.50	Permanent funds	July 1, 2013
85.52.60	Deferred compensation plans (IRC Section 457)	July 1, 2001
85.52.70	Securities lending	May 1, 1999
85.52.80	Reverse purchase agreements	May 1, 1999
85.52.90	Subsidiary ledgers are required for certain investments	May 1, 1999

85.54 Receivables

85.54.10	About receivables	July 1, 2012
85.54.15	Taxes receivables	July 1, 2009
85.54.20	Due from federal government	June 1, 2013
85.54.25	Due from other governments	June 1, 2013
85.54.30	Due from other accounts	July 1, 2009
85.54.35	Due from other agencies	July 1, 2009
85.54.40	Notes and loans receivable	June 1, 2011

85
Accounting Procedures

85.54.42	Private donation pledges	July 1, 2004
85.54.44	Travel advances receivable	July 1, 2010
85.54.45	Other receivables	July 1, 2004
85.54.50	Receivable collection procedures	Jan. 1, 2012
85.54.52	Collecting NSF checks	Jan. 1, 2012
85.54.55	Uncollectible receivables	July 1, 2008
85.54.60	Documentation	May 1, 1999
85.54.65	Subsidiary ledgers	July 1, 2012

85.56 Inventories

85.56.10	Inventory management and control procedures are in Chapter 35	May 1, 1999
85.56.20	Consumable inventories	June 1, 2011
85.56.30	Merchandise inventories in proprietary fund type accounts	May 1, 1999
85.56.40	Donations of consumable inventories	Jan. 1, 2014

85.58 Prepaid Expenses

85.58.10	Prepaid expenses	July 1, 2008
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85.60 Capital Assets

85.60.10	About capital assets	July 1, 2009
85.60.20	Asset valuation	July 1, 2001
85.60.30	Acquisition of capital assets	Jan. 1, 2014
85.60.40	Depreciation/amortization of capital assets	June 1, 2013
85.60.45	Impairment of capital assets and related insurance recoveries	July 1, 2009
85.60.50	Disposal of capital assets	Jan. 1, 2014
85.60.60	Reconciliation of capital assets	July 1, 2012
85.60.70	Capital assets acquired through capital lease	July 1, 2008

85
Accounting Procedures

85.60.80	Capital assets acquired through Certificates of Participation (COP)	July 1, 2012
85.60.90	Accounting for the construction of capital assets	July 1, 2008
85.60.95	Accounting for the transfer of vehicles to the State Motor Pool	Jan. 1, 2012
85.60.97	Accounting for Interagency/Interfund Capital Asset Transfers	Jan. 1, 2014

85.65 Assets - Illustrative Entries

85.65.10	These entries are for illustrative purposes	May 1, 1999
85.65.12	Deposit of cash revenues	May 1, 1999
85.65.14	Petty cash - treasury and treasury trust accounts	June 1, 2011
85.65.16	Petty cash - local accounts	June 1, 2011
85.65.18	Accounting for the acquisition of non-current investments	Jan. 1, 2014
85.65.20	Accounting for earnings and costs associated with non-current investments	July 1, 2003
85.65.22	Accounting for fair value adjustment to non-current investments	July 1, 2013
85.65.24	Accounting for the sale of non-current investments	July 1, 2013
85.65.28	Accounting for deferred compensation (IRC Section 457)	June 1, 2011
85.65.30	Taxes receivable	May 1, 1999
85.65.32	Receivables	July 1, 2001
85.65.33	Travel advances receivable	July 1, 2010
85.65.34	Due from federal government	May 1, 1999
85.65.36	Long-term loans	June 1, 2011
85.65.38	Consumable inventories - periodic inventory method	June 1, 2011
85.65.40	Consumable inventories - perpetual inventory method	May 1, 1999
85.65.42	Merchandise inventories in proprietary fund type accounts - periodic inventory method	May 1, 1999
85.65.44	Merchandise inventories in proprietary fund type accounts - perpetual inventory method	May 1, 1999
85.65.46	Donations of consumable inventories	Jan. 1, 2014
85.65.50	Prepaid expenses	May 1, 1999
85.65.52	Acquisition of capital assets	June 1, 2013

85
Accounting Procedures

85.65.54	Assets that do not meet the state's capitalization policy	July 1, 2009
85.65.56	Depreciation/amortization	July 1, 2009
85.65.58	Disposal of capital assets	July 1, 2012
85.65.60	Trade-in of capital assets	July 1, 2008
85.65.62	Capital assets acquired through capital lease	July 1, 2006
85.65.64	Accounting for the construction of capital assets	July 1, 2009
85.65.66	Interagency/Interfund Capital Asset Transfers	Jan. 1, 2014

85.70 Short-Term Liabilities

85.70.10	About short-term liabilities	May 1, 1999
85.70.20	Establishing short-term liabilities	July 1, 2009
85.70.30	Accounts payable	May 1, 1999
85.70.40	Unavailable revenues	June 1, 2013
85.70.45	Unearned revenues	July 1, 2012
85.70.50	Short-term portion of long-term obligations	June 1, 2004

85.72 Long-Term Obligations

85.72.10	About long-term obligations	June 1, 2013
85.72.15	State Finance Committee approval	July 1, 2008
85.72.20	Bonds payable	June 1, 2013
85.72.30	Lease-purchase agreements payable	Mar. 17, 2010
85.72.40	Certificates of Participation (COP)	June 1, 2013
85.72.50	Vacation leave payable	July 1, 2009
85.72.60	Sick leave payable	June 1, 2004
85.72.65	Compensatory time payable	July 1, 2009
85.72.70	Termination benefits	July 1, 2006

85
Accounting Procedures

85.74 Special Liabilities

85.74.10	Vendor payment advance	May 1, 1999
85.74.20	Public works contracts - retention of payments	July 1, 2012
85.74.30	Unclaimed property	July 1, 2008
85.74.40	Claims and judgments	Oct. 1, 2011
85.74.50	Pollution remediation obligations	July 1, 2009
85.74.55	Other post employment benefit (OPEB) obligations	July 1, 2008

85.80 Fund Equity

85.80.10	Fund equity	June 1, 2013
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85.85 Liabilities and Equity - Illustrative Entries

85.85.10	General	July 1, 2003
85.85.15	Establishment of short-term liabilities	May 1, 1999
85.85.20	Payment of short-term liabilities	May 1, 1999
85.85.24	Unavailable revenues	June 1, 2013
85.85.25	Unearned revenues	Jan. 1, 2012
85.85.30	Fund bond debt issuance and servicing	June 1, 2013
85.85.35	General obligation bond debt issuance and servicing	Jan. 1, 2011
85.85.40	Lease-purchase agreements	Mar. 17, 2010
85.85.45	Equipment Certificates of Participation (COP)	June 1, 2013
85.85.50	Real Estate Certificates of Participation (COP)	June 1, 2013
85.85.52	Real Estate Certificates of Participation (COP) refunding	June 1, 2013
85.85.55	Vendor payment advances	July 1, 2003
85.85.60	Retention of payments	July 1, 2012
85.85.65	Claims and judgments	July 1, 2001
85.85.70	Nonspendable fund balance	June 1, 2011

85
Accounting Procedures

85.90 Interfund/Interagency Activities

85.90.10	Interfund/interagency activities	July 1, 2008
85.90.20	Interfund loans	July 1, 2001
85.90.30	Interfund/interagency services provided and used	Jan. 1, 2012
85.90.40	Payment procedures for selected central services agency charges	July 1, 2013
85.90.50	Transfers	July 1, 2008
85.90.60	Reimbursements (Objects S & T)	July 1, 2009
85.90.70	Agency vendor payment revolving account charges	July 1, 2001

85.95 Interfund/Interagency Activities - Illustrative Entries

85.95.10	These entries are for illustrative purposes	July 1, 2001
85.95.20	Transfers of equity	July 1, 2003
85.95.30	Operating transfers	July 1, 2003
85.95.35	Special budgeted allocation transfers	July 1, 2008
85.95.40	Interfund/interagency services provided and used	July 1, 2008
85.95.50	Intra-agency reimbursements (Object T)	July 1, 2008
85.95.60	Interagency reimbursements (Object S)	July 1, 2008
85.95.70	Agency vendor payment revolving account	July 1, 2001

85.50.60

June 1, 2011

Accounting for petty cash in treasury accounts

85.50.60.a

Establishing Treasury Petty Cash Accounts

1. Requests for petty cash, or increases to petty cash, are made using the “Application and Authorization for Petty Cash Advance, Treasury Accounts” form that is available at the end of this subsection or through the Accounting Division of OFM. The completed form is submitted to the Accounting Division of OFM (the Director’s official designee) for approval. **Distribution of the total amount of approved petty cash within an agency is determined by the agency.**

Agencies requesting approval for petty cash accounts that will utilize stored value cards should reference the EFS approval letter in the ‘Justification’ section of the application form.

2. After approval, OFM will return the signed original “Application and Authorization for Petty Cash Advance, Treasury Accounts” form to the agency. When the petty cash increase is approved, the agency is to produce a warrant to reclassify Treasury cash to GL Code 1130 “Petty Cash.” Refer to Subsection 85.65.14.a for an illustrative entry. The warrant is to be endorsed and cashed or deposited by the assigned custodian. OFM will send a copy of the signed form to the Office of State Treasurer.

If the agency is reclassifying cash in a governmental fund type account, an additional entry is required to adjust the nonspendable portion of fund balance to indicate that the petty cash is not available for appropriation. This is accomplished by debiting the appropriate fund equity GL code and crediting GL Code 9122 “Nonspendable Petty Cash.”

Refer to Subsection 85.65.14.a for an illustrative entry. The balance in GL Code 9122 “Nonspendable Petty Cash” is equal to the balance in GL Code 1130 “Petty Cash.”

3. Written accounting and control procedures for petty cash are to be developed and followed.
4. A petty cash account is not to be established for less than:
 - \$25; or
 - An amount that requires reimbursement more frequently than biweekly.

85.50.60.b

Authorized Uses of Treasury Petty Cash Accounts – With the exception of stored value cards, the following are the authorized uses of Treasury petty cash:

1. Local market purchases of supplies and materials. These purchases may include: minor miscellaneous materials; supplies; fresh fruit and vegetables; and minor repairs and replacement parts for machinery and equipment not under state contract. Such payments may be made provided that:
 - The purchase is within the limitations prescribed by the Department of Enterprise Services, and
 - The items purchased cannot be expediently paid through regular payment procedures.
2. Rail, air, common carrier, and bus express charges where carriers require payment at time of delivery.
3. Postage due on mail. Postage due may be paid when it appears that it will be of benefit to the state to accept delivery of the mail.
4. Salaries and wages due employees. Payment of salaries and wages may be made **only** when there has been an undue delay in processing the amount due an employee through normal payroll procedures. The employee must complete a supporting document requesting a miscellaneous payroll deduction for the full amount of the petty cash payment prior to the release of the check to the employee. The completed document is to be used to support the deduction of the amount due the petty cash account from the employee's pay.

The following information, at a minimum, is to be maintained on the supporting document:

- Typed authorization by employee for miscellaneous payroll deduction
- Name of the employee
- Amount due from the employee
- Date of the request
- Reason for the request
- Signature of the employee
- Signature of the petty cash custodian
- Signature of the person authorizing the disbursement

Accounting Procedures

2. To replenish a petty cash account for disbursements made, a Voucher Distribution Form (A19-2) is to be prepared. The A19-2 is to show the name of the agency and custodian as trustee of the account in place of the vendor name. All documents substantiating the disbursements are to be attached. The GL coding distribution is summarized and entered in the account code block of the form. The voucher is checked and approved for payment by someone other than the custodian. The amount of this voucher and the cash remaining in the petty cash account are to equal the authorized amount.
3. The accounting entries to record petty cash disbursements are the same as for other vendor payments.
4. Petty cash accounts are to be reimbursed monthly, unless the reimbursable amount is less than \$100. If the reimbursable amount is less than \$100, the agency can reimburse on a less frequent basis.

85.50.60.f

Reduction or Abolishment of Treasury Petty Cash Accounts

1. When a petty cash account is reduced or abolished, the agency is to prepare and submit to the OST a Cash Receipts Journal Summary (A8) along with the petty cash remittance. The petty cash is returned to the Treasury account from which it was advanced. This transaction reclassifies the existing debit in GL Code 1130 "Petty Cash" to Treasury cash for the reduction in the amount of petty cash account. Refer to Subsection 85.65.14.b for an illustrative entry.
2. If the agency is reducing or abolishing a petty cash account in a governmental fund type account, an additional entry is required to reverse the nonspendable portion of fund balance. This is accomplished by debiting GL Code 9122 "Nonspendable Petty Cash" and crediting the appropriate fund equity GL code. Refer to Subsection 85.65.14.b for an illustrative entry.
3. The agency is to notify the Accounting Division of OFM (the Director's official designee) of all abolishments or reductions in Treasury petty cash accounts. OFM will distribute a copy of the notification to OST.

Form A-37
STATE OF WASHINGTON
APPLICATION AND AUTHORIZATION FOR PETTY CASH ADVANCE
TREASURY ACCOUNTS



AGENCY _____
(NAME) (NUMBER)

ACCOUNT TO BE CHARGED _____
(TITLE) (ACCOUNT)

Current Petty Cash Balance (GL Code 1130) (Treasury Accounts) \$ _____

Requested Petty Cash Increase (SAAM 85.50.60.a) \$ _____*

Revised Petty Cash Balance \$ _____

JUSTIFICATION-OF PETTY CASH INCREASE

(Attach additional statements as needed) _____

REQUESTED BY: _____
Agency, Chief Financial Officer Date

APPROVED BY: _____
OFM, State Financial Consultant Accounting Division Date

A37 (07/08)
Distribution upon approval: Signed original to the Agency; copy to OFM Cash Control.

85.50.70
June 1, 2011

Accounting for petty cash in local accounts (including treasury trust accounts)

85.50.70.a

Establishing Local Petty Cash Accounts

1. The agency head (or authorized designee), unless otherwise provided by law, has the authority to establish and control a petty cash account in a local account established pursuant to RCW 43.88.195 or other statutory provision. The petty cash account is not to be excessive.
2. Written accounting and control procedures for petty cash are to be developed and followed.
3. The agency head (or authorized designee) is to issue and maintain on file a letter designating the individual assigned as trustee, the amount of the petty cash account, and the purpose of the account.
4. For local accounts, the agency is to produce a check to reclassify GL Code 1110 "Cash in Bank" to GL Code 1130 "Petty Cash." For treasury trust accounts, the agency is to produce a warrant to reclassify Treasury cash to GL Code 1130 "Petty Cash." Refer to Subsection 85.65.14.a for an illustrative entry. The check or warrant is to be endorsed and cashed or deposited by the assigned custodian.

If the agency is making a petty cash advance from a governmental fund type account, an additional entry is required to adjust the nonspendable portion of fund balance to indicate that the petty cash is not available for appropriation. This is accomplished by debiting the appropriate fund equity GL code and crediting GL Code 9122 "Nonspendable Petty Cash." Refer to Subsection 85.65.16.a for an illustrative entry.

85.50.70.b

Authorized Uses, Disbursement, and Reconciliation Procedures of Local Petty Cash Accounts

The authorized uses of petty cash accounts that are prescribed for Treasury petty cash accounts at Subsection 85.50.60.b items 1 through 6 are to be followed for local petty cash accounts. If the planned use of the petty cash account is not one of those listed under Subsection 85.50.60.b items 1 through 6, agencies may request, in writing, special authorization from the administering agency of the account for purposes as listed under Subsection 85.50.60.b.7.

The disbursement and reconciliation procedures that are prescribed for Treasury petty cash accounts are to be followed for local petty cash accounts. Refer to Subsection 85.50.60.d.

85.50.70.c **Reimbursement of Local Petty Cash Accounts**

The reimbursement procedures prescribed for Treasury petty cash accounts are followed for local petty cash accounts. However, the use of Voucher Distribution (A19-2A) form is optional. Refer to Subsection 85.50.60.e.

85.50.70.d **Reduction or Abolishment of Local Petty Cash Accounts**

The agency head (or authorized designee) has the authority to reduce or abolish a local petty cash account.

When a local petty cash account is reduced or abolished, the money is returned to the local account from which it was advanced. This transaction is recorded by reclassifying the existing debit in GL Code 1130 "Petty Cash" to GL Code 1110 "Cash in Bank" for the amount of the reduction in petty cash.

When a treasury trust petty cash account is reduced or abolished, the agency is to prepare and submit to OST a Cash Receipts Journal Summary (A8) along with the petty cash remittance. The petty cash is returned to the treasury trust account from which it was advanced. Refer to Subsection 85.65.14.b for an illustrative entry.

If the agency is abolishing a local petty cash account in a governmental fund type account, an additional entry is required to reverse the nonspendable portion of fund balance for the amount of the petty cash account. This is accomplished by debiting GL Code 9122 "Nonspendable Petty Cash" and crediting the appropriate fund equity GL code. Refer to Subsection 85.65.16.b for an illustrative entry.



85.52 Investments

85.52.10

July 1, 2003

About investments

Investments are made as authorized by law and/or contractual agreement. Investment purchase and sale transactions are to be reported for GAAP reporting purposes on a trade date basis.

For purchases, at trade date the investment is recorded in the appropriate investment accounts and the amount due on settlement is recorded as a credit to GL Code 5123 "Investment Trades Pending Payable."

For sales, at trade date the investment is removed from the accounting records and the amount of the proceeds due at settlement are recorded in GL Code 1323 "Investment Trades Pending Receivable."

Recognition of earnings on investments is to follow the revenue recognition criteria pertinent to the fund type in which the investment is recorded.

Costs associated with investing activities that are readily separable from investment income are to be recorded to Revenue Source Code 0473 "Costs of Investment Activities." Refer to Subsection 85.65.20.

85.52.20

June 1, 2003

Short-term investments

Short-term investments are recorded in GL Code 1205 "Temporary and/or Pooled Cash Investments," GL Code 1206 "Investment with Local Government Investment Pool," and/or GL Code 1209 "Short-Term Portion of Long-Term Investments." Short-term investments include:

- Investments of surplus cash balances, including the cash float, in short-term securities and other investments where funds can be disbursed at any time without prior notice or penalty; investments that are both readily convertible to known amounts of cash and so near their maturity dates that they present insignificant risk of changes in value because of changes in interest rates;

- Investment of surplus funds with the Local Government Investment Pool; and
- The portion of long-term investment that will mature within one year.

Valuation - Investments classified as short-term are valued at fair value, *except* for the following instances:

- a. Time deposits, such as *non-negotiable certificates of deposit with redemption terms that do not consider market rates*, are recorded using a cost-based measure, if the fair value is not significantly affected by the impairment of the credit standing of the issuer or other factors.
- b. Money market investments and participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity *at time of purchase* of one year or less are to be recorded at amortized cost, if the fair value is not significantly affected by the impairment of the credit standing of the issuer or other factors. Money market investments are short-term, highly liquid debt instruments including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations. Asset-backed securities, derivatives, and structured notes are not included in this term. Amortized cost includes the acquisition cost of the investment as adjusted for amortization of premium or accretion of discount (17CFR 270.2a-7). Participating contracts are investments whose value is affected by market (interest rate) changes. If these contracts are negotiable or transferable, or their redemption value considers market rates, they should be considered participating.

85.52.30

January 1, 2014

Non-current investments

In situations where external restrictions exist, non-current investments held in governmental fund type accounts, not offset by unearned revenue or a liability, should be offset with the appropriate restricted fund balance GL Code.

Except as noted below at Subsections 85.52.40, 85.52.50 and 85.52.60, the acquisition, valuation, and sale or liquidation of non-current investments are to be accounted for as follows:

Accounting Procedures

85.54.40.c For governmental fund type accounts, fund balance is deemed nonspendable for net long-term receivables other than student loans. GL Code 9131 “Nonspendable Loans Receivable - Long-Term” is adjusted through the appropriate fund equity GL code to equal net long-term non-student loans receivable. Refer to Subsection 85.65.36 for illustrative entries for both budgeted and non-budgeted long-term receivables.

For higher education agencies, an entry is required to adjust the nonspendable portion of fund balance to indicate that net long-term student loan receivables (GL Codes 1614 and 1644) do not represent available spendable resources. GL Code 9130 “Nonspendable Student Loans Receivable” is adjusted through the appropriate fund equity GL code so that the balance of GL Code 9130 equals net long-term student loans receivable.

85.54.42

July 1, 2004

Private donation pledges

85.54.42.a By fiscal year-end, all balances involving donation pledges due within one year are recorded as debits to GL Code 1320 “Donations/Pledges Receivable.” They are recorded in the period when all applicable eligibility requirements are met to the extent that they are measurable, unconditional, and probable of collection.

85.54.42.b Pledges that are not due within twelve months are to be recorded as debits to the long-term GL Code 1620 “Donations/Pledges Receivable.” In governmental fund type accounts, revenues associated with long-term receivables are deferred because they are not considered available.

85.54.44

July 1, 2010

Travel advances receivable

85.54.44.a Travel advances are recorded to GL Code 1383 “Travel Advances” in the account for which the applicable travel will be incurred. Refer to Subsection 10.80.60 for policies related to the administration of travel advances. Refer to Subsection 85.65.33 for illustrative entries.

85.54.44.b Agencies are to maintain detailed documentation by employee for travel advances and reconcile it monthly to GL Code 1383.

85.54.45

July 1, 2004

Other receivables

85.54.45.a

By fiscal year-end, all balances involving receivables other than those outlined above, which are due within twelve months, are recorded as debits to GL Code 1312 "Accounts Receivable" (refer to Subsection 85.65.32.a for an illustrative entry); GL Code 1316 "Interest and Dividends Receivable" (refer to Subsections 85.65.18 and 85.65.20 for illustrative entries); or under the general category of GL Code 1319 "Other Receivables."

Other Receivables include such items as:

- Overpayments by an agency subject to refund (does not include overpayments to other governmental units).
- Miscellaneous receivables which may arise during an agency's course of operation.

85.54.45.b

Other long-term receivables, which are measurable but are not due within twelve months, are recorded to the long-term GL Code 1619 "Other Receivables" and the related amount estimated to be uncollectible in GL Code 1649 "Allowance for Uncollectible Other Receivables."

85.54.50

January 1, 2012

Receivable collection procedures

85.54.50.a

Agencies with more than \$50,000 in past due receivables are to prepare **aging reports** at least monthly. Aging reports are required to be reviewed by management and such review documented on the report.

85.54.50.b

Written procedures are to be developed and followed to ensure that past due receivables are followed up promptly and in a manner that is cost effective for the overall collection program.

These procedures are to provide for the full range of collection procedures to be used as appropriate, including issuance of statements and dunning letters, phone and personal interviews, filing of suits and liens, referral to private collection agencies or letter services, etc. Agencies that do not have special statutory collection authority or specialized collection operations are encouraged to use collection agencies after receivables become 90 days past due. Accounts receivable records may contain personal information about citizens.



85.56 Inventories

85.56.10
May 1, 1999

Inventory management and control procedures are in Chapter 35

Agencies are to comply with the OFM prescribed inventory policies and procedures in Chapter 35 of this manual.

85.56.20
June 1, 2011

Consumable inventories

For consumable inventories estimated to exceed \$25,000 in value, agencies are to select, and consistently apply, one of the following two accounting alternatives.

85.56.20.a

Periodic Inventory Method

1. Purchases of consumable inventories during the year are recorded by debiting GL Code 6510 "Cash Expenditures/Expenses" using Object E and crediting cash. Refer to Subsection 85.65.38.a for an illustrative entry.
2. No entry is required to record the use of consumable inventories during the year.
3. An annual adjustment is recorded to reflect the actual inventory balance as determined by a physical inventory count. Refer to Subsection 85.65.38.c for an illustrative entry.
4. In governmental fund type accounts, an additional entry is required at year-end to adjust the nonspendable portion of fund balance to indicate that the amount of consumable inventories is not available for appropriation.
 - If consumable inventories increased during the year, the additional adjusting entry is recorded by debiting the appropriate fund equity GL code and crediting GL Code 9120 "Nonspendable Consumable Inventories" for the amount of the increase. Refer to Subsection 85.65.38.c for an illustrative entry.

85
Accounting Procedures

- This entry is reversed if consumable inventories decreased during the year.
- The balance in GL Code 9120 "Nonspendable Consumable Inventories" at year end is to equal the balance in GL Code 1410 "Consumable Inventories."

85.56.20.b

Perpetual Inventory Method

1. Purchases of consumable inventories during the year are recorded as assets by debiting GL Code 1410 "Consumable Inventories" and crediting the appropriate cash or payable GL code. Refer to Subsection 85.65.40.a for an illustrative entry.
2. To record the use of consumable inventories during the year, GL Code 6510 "Cash Expenditures/Expenses" is debited and GL Code 1410 "Consumable Inventories" is credited. Refer to Subsection 85.65.40.b for an illustrative entry.
3. An adjustment may be required to reflect the actual ending inventory balance as determined by performing a physical inventory count.
4. In governmental fund type accounts, an additional adjusting entry is required at year-end to adjust the nonspendable portion of fund balance to indicate that the amount of consumable inventories is not available for appropriation.
 - If GL Code 1410 "Consumable Inventories" increased, the adjusting entry is recorded by debiting the appropriate fund equity GL code and crediting GL Code 9120 "Nonspendable Consumable Inventories" for the amount of the increase.
 - This entry is reversed if GL Code 1410 "Consumable Inventories" decreased.
 - The balance in GL Code 9120 "Nonspendable Consumable Inventories" at year end equals the balance in GL Code 1410 "Consumable Inventories."

Accounting Procedures

85.56.30

May 1, 1999

Merchandise inventories in proprietary fund type accounts

Agencies are to select, and consistently apply, one of the following alternatives to account for merchandise inventories in proprietary fund type accounts.

85.56.30.a

Periodic Inventory Method

1. Purchases of merchandise during the year are recorded as expenses by debiting GL Code 6516 "Cost of Goods Sold" using Object F and crediting the appropriate cash or payable GL code. Refer to Subsection 85.65.42.a for an illustrative entry.
2. Sales of merchandise are recorded by debiting the appropriate receivable or cash GL code and crediting GL Code 3205 "Accrued Revenues" or GL Code 3210 "Cash Revenues" as appropriate with either Revenue Source Code 0450 or 0455. Refer to Subsection 85.65.42.b for an illustrative entry.
3. An annual adjustment is required to reflect the actual ending inventory balance as determined by performing a physical inventory count. If merchandise inventories increased during the year, this adjustment is accomplished by debiting GL Code 1420 "Merchandise Inventories" and crediting GL Code 6516 "Cost of Goods Sold" using the same object codes that were used in (1) above to purchase the merchandise. If merchandise inventories decreased during the year, this entry would be reversed. Refer to Subsection 85.65.42.c for an illustrative entry.

85.56.30.b

Perpetual Inventory Method

1. Purchases of merchandise during the year are recorded as assets by debiting GL Code 1420 "Merchandise Inventories" and crediting the appropriate cash or payable GL code. Refer to Subsection 85.65.44.a for an illustrative entry.
2. Sales of merchandise are recorded by debiting the appropriate receivable or cash GL code and crediting GL Code 3205 "Accrued Revenues" or GL Code 3210 "Cash Revenues" as appropriate with either Revenue Source Code 0450 or 0455.

An additional entry is required to reflect the change in inventory. This entry debits GL Code 6516 "Cost of Goods Sold" using Object F and credits GL Code 1420 "Merchandise Inventories" for the cost of the merchandise sold. Refer to Subsection 85.65.44.b for illustrative entries.

Accounting Procedures

3. An adjustment is also usually required to reflect the actual inventory balance as determined by performing a physical inventory count. If the merchandise inventories count discloses an increase over the Merchandise Inventory amount (in GL Code 1420), an adjustment is necessary and is accomplished by debiting GL Code 1420 "Merchandise Inventories" and crediting GL Code 6516 "Cost of Goods Sold" using the same object code used in (2) above upon sale of the merchandise. If the merchandise inventories count discloses an amount less than the balance in GL Code 1420, the preceding entry would be reversed. Refer to Subsection 85.65.42.c for an illustrative entry.

85.56.40

January 1, 2014

Donations of consumable inventories

85.56.40.a

Record the receipt of donated consumable inventories, **other than federally donated consumable inventories**, in GL Code 1415 "Donated Inventories" and recognize revenue in GL Code 3220 "Noncash revenue" with Revenue Source Code 0441 "Contributions and Grants."

In governmental fund type accounts, an additional entry is required to adjust the nonspendable portion of fund balance to indicate that the donated consumable inventories on hand are no longer available for appropriation. This entry is recorded by debiting the appropriate fund equity GL code and crediting GL Code 9120 "Nonspendable Consumable Inventories."

To record the use or distribution of donated consumable inventories during the year, debit GL Code 6525 "Expenditure Adjustments/Eliminations (GAAP)," or if non-appropriated GL Code 6510 "Cash Expenditures/Expenses," with an appropriate subobject and credit GL Code 1410 "Consumable Inventories." An additional entry in governmental funds is required to adjust the nonspendable portion of fund balance.

85.56.40.b

The following revenue and expenditure/expense examples illustrate the perpetual method approach for recording the receipt and use of **federally donated consumable inventories**. The end result of the entries is that the balance in GL Code 1415 "Donated Inventories," which represents the value of donated inventories on hand, is exactly offset by GL Code 5190 "Unearned Revenues." Also, the amount of donated inventory revenue recognized during the year, GL Code 3225 "Revenue Adjustment/Elimination (GAAP)," is exactly offset by GL Code 6525 "Expenditure/Expense Adjustment/Elimination (GAAP)," the amount of donated inventory used or distributed during the year.

Accounting Procedures

Revenue. The fair market value of federally donated consumable inventories is recorded by debiting GL Code 1415 "Donated Inventories" and crediting GL Code 5190 "Unearned Revenue." If shipping costs were incurred by the state, they are to be recorded by debiting GL Code 1410 "Consumable Inventories," offset by a credit to the appropriate cash or payable GL code. Refer to Subsection 85.65.46.a for an illustrative entry.

Expenditures/expenses. To record the use or distribution of federally donated consumable inventories during the year, GL Code 6525 "Expenditure Adjustments/Eliminations (GAAP)" with an appropriate subobject is debited and GL Code 3225 "Revenue Adjustments/Eliminations (GAAP)" with an appropriate revenue source code is credited for the previously recorded fair market value of the donated consumable inventories used or distributed.

The amount of shipping costs, if any, applicable to the used or distributed donated consumable inventories is to be removed (credited) from GL Code 1410 "Consumable Inventories" and GL Code 6510 "Cash Expenditures/Expenses" is to be debited. Refer to Subsection 85.65.46.b for an illustrative entry.

Year-end adjustment. At year-end, an entry to GL Code 1415 is required to adjust its balance to the federally donated inventory on hand. The offsetting entry is recorded to GL Code 5190 "Unearned Revenues."

Shipping costs (if applicable) of donated consumable inventories on hand at fiscal year-end is to be included in the ending balances of GL Code 1410 "Consumable Inventories."

In governmental fund type accounts, an additional entry is required to adjust the nonspendable portion of fund balance to indicate that the shipping costs expended on donated consumable inventories on hand are no longer available for appropriation.

This entry is recorded by debiting the appropriate fund equity GL code and crediting GL Code 9120 "Nonspendable Consumable Inventories" for the amount of the increase in shipping costs in GL Code 1410. This entry would be reversed for a decrease in shipping costs in GL Code 1410. Refer to Subsection 85.65.46.c for an illustrative entry.

85.56.40.c

Transfers between agencies. If donated inventory is transferred between agencies, the sending agency records the transfer by reversing the entry made when the inventory was received. Because the sending agency is not consuming the inventory, it does not record expenditure for inventory transferred to other agencies. The receiving agency is to record the receipt and use of the donated inventory.



85.58

Prepaid Expenses

85.58.10

July 1, 2008

Prepaid expenses

85.58.10.a

Prepaid expenses are those certain types of supplies and/or services (not inventory) that are acquired or purchased during an accounting period but not used or consumed during that accounting period. In Washington, because goods and services generally must be received prior to payment, prepaid expenses will be limited.

Examples of prepaid expenses that may be acquired include insurance, maintenance services contracts, and postage, books and periodicals. Refer to Subsection 85.32.50.b and .c.

85.58.10.b

In governmental fund type accounts, prepaid expenses are generally accounted for using the purchases method. Under the purchases method, prepaid expenses are treated as expenditures when purchased rather than accounted for as an asset.

85.58.10.c

Prepaid expenses are recorded as assets in proprietary and trust fund type accounts. Refer to Subsection 85.65.50.a for an illustrative entry.

The portion of supplies or services consumed or used during a period is recorded as an expense. Refer to Subsection 85.65.50.b for an illustrative entry. The balance that remains is reported as an asset in GL Code 1510 "Prepaid Expenses" until consumed or used.



85.60 Capital Assets

85.60.10

July 1, 2009

About capital assets

Capital assets are tangible or intangible assets held and used in state operations, which have a service life of more than one year and meet the state's capitalization policy. Refer to Chapter 30 of this manual.

Capital assets are classified for general ledger purposes as land; transportation infrastructure-modified approach; art collections, library reserve collections, and museum and historical collections (both exhaustible and inexhaustible); buildings; improvements other than buildings; infrastructure; furnishings and equipment; intangible assets; library resources; and construction in progress.

Subsection 75.40.20 of this manual describes the various capital asset general ledger codes.

85.60.20

July 1, 2001

Asset valuation

Valuation requirements for capital assets are listed in Chapter 30 of this manual.

85.60.30

January 1, 2014

Acquisitions of capital assets

85.60.30.a

Governmental Fund Type Accounts - In governmental fund type accounts, acquisitions of capital assets are recorded by debiting GL Code 6510 "Cash Expenditures/Expenses" using appropriate subobjects such as those within Object J "Capital Outlays."

For accountability purposes, the asset is also recorded in Account 997 "General Capital Assets Subsidiary Account" by debiting GL Code Series 2XXX "Capital Assets" and crediting GL Code 9850 "Investment in General Capital Assets." Refer to Subsection 85.65.52.a for illustrative entries.

Accounting Procedures

When capital assets are donated to a governmental fund type account, no entry is made in the operating account because governmental funds use the current financial resources measurement focus. However, the capital assets are recorded in Account 997 “General Capital Assets Subsidiary Account” at their estimated fair market value at the date of donation plus all appropriate ancillary costs. Refer to subsection 85.65.52.a for an illustrative entry.

85.60.30.b

Proprietary and Trust Fund Type Accounts - In proprietary and trust fund type accounts, acquisitions of capital assets are recorded by debiting GL Code Series 2XXX “Capital Assets.” Budgeted proprietary and trust fund type accounts require an additional entry to record the budgeted expense. This entry debits GL Code 6510 “Cash Expenditures/Expenses” using appropriate subobjects such as those within Object J “Capital Outlays” and credits GL Code 6525 “Expense Adjustments/ Eliminations (GAAP)” with the same subobject code. Refer to Subsection 85.65.52.b for illustrative entries.

Donations of capital assets to proprietary and trust fund type accounts are recorded in the acquiring account by debiting GL Code Series 2XXX “Capital Assets” and crediting GL Code 3220 “Noncash Revenues” with Revenue Source Code 0820 “Capital Contributions” or other appropriate revenue source code. Refer to Subsection 85.65.52.b for an illustrative entry.

85.60.30.c

Assets that do not meet the state’s capitalization policy - Purchases of assets that do not meet the state’s capitalization policy (for example, equipment or software with a unit cost under \$5,000) are to be recorded by debiting GL Code 6510 “Cash Expenditures/Expenses” with the appropriate Subobject JA “Noncapitalized Assets” or JB “Noncapitalized Software.” Refer to Subsection 85.65.54 for an illustrative entry.

85.60.50

January 1, 2014

Disposal of capital assets

Entries are to be made during the year to record the disposition of capital assets.

85.60.50.a

Governmental Fund Type Accounts - Dispositions of capital assets that were originally acquired by governmental fund type accounts, are to be recorded in Account 997 "General Capital Assets Subsidiary Account." Such assets disposed of during the year are recorded by debiting GL Code Series 2XXX "Allowance for Depreciation" for the accumulated depreciation to date, debiting GL Code 6597 "Capital Asset Adjustment (General Capital Assets Subsidiary Account Only)" for the asset's undepreciated (net book) value, if any, and crediting GL Code Series 2XXX "Capital Assets" for the original cost of the asset. Refer to Subsection 85.65.58.a for an illustrative entry.

Net proceeds received from the disposition of capital assets are generally recorded in the account that originally acquired the asset. If an estimate of the net proceeds from disposition was included in the budget for replacement of capital asset acquisitions and the expenditure for the acquisition of the new capital assets has already been recorded at gross, then the net proceeds are to be recorded by debiting GL Code Series 71XX "In-Process," or GL Code 1110 "Cash in Bank" and crediting to GL Code 6510 "Cash Expenditures/Expenses" with the same appropriation and Object J coding used to record the acquisition of the replacement asset.

This entry reduces the expenditure to net. Refer to Subsection 85.65.58.a for an illustrative entry.

If the net proceeds from disposition were not included in the budget for new capital asset acquisitions, the net proceeds received are to be recorded by debiting GL Code Series 71XX "In-Process" or GL Code 1110 "Cash in Bank" and crediting GL Code 3210 "Cash Revenue" with Revenue Source Code 0416 "Sale of Property – Other." Refer to Subsection 85.65.58.a for an illustrative entry.

If a capital asset originally acquired by a governmental fund type account is used as a trade-in for a new capital asset, the asset traded in is removed from Account 997 "General Capital Assets Subsidiary Account" similar to a sale above. The new capital asset is recorded at its cost net of the trade-in as an expenditure in the operating account. In Account 997 "General Capital Assets Subsidiary Account," the value of the new asset recorded is the sum of the expenditure reported in the operating account and the net book value of the asset traded in. Refer to Subsection 85.65.60.a for an illustrative entry.

Proprietary and Trust Fund Type Accounts - In proprietary and trust fund type accounts, dispositions of capital assets are accounted for in the account where the asset is recorded. Disposals of capital assets are recorded by debiting GL Code Series 2XXX "Allowance for Depreciation" for the accumulated depreciation to date, debiting GL Code Series 71XX "In-Process," or GL Code 1110 "Cash in Bank" for the net proceeds received (if any), crediting the appropriate GL Code Series 2XXX "Capital Assets" for the original cost of the asset, and a balancing entry to GL Code 3213 "Gain and Loss on Sale of Capital Assets" with Revenue Source Code 0418 "Gain or Loss on Sale of Capital Assets." Refer to Subsection 85.65.58.b for illustrative entries.

85.60.50.b

Recording proceeds in budgeted accounts - In budgeted proprietary and trust fund type accounts, an additional entry is required to record the net proceeds received upon disposition.

If the estimated net proceeds from disposition were included in the budget for replacement capital asset acquisitions and the purchase of the new capital asset has been recorded at gross, then the following entry is to be made. The agency is to debit GL code 6525 "Expense Adjustments/ Eliminations (GAAP)" with an appropriate subobject within Object J "Capital Outlays" and credit GL Code 6510 "Cash Expenditures/ Expenses" with the same appropriation and subobject for the net proceeds received from disposition. This entry reduces the budgeted expense to net. Refer to Subsection 85.65.58.b for illustrative entries.

If the estimated net proceeds from disposition were budgeted as revenue (and not included in the budget for new capital asset acquisition(s)), then the entry is to debit GL Code 3225 "Revenue Adjustments/Eliminations (GAAP)" with Revenue Source Code 0416 "Sale of Property - Other" and credit GL Code 3210 "Cash Revenues" with the same revenue source code. Refer to Subsection 85.65.58.b for illustrative entries.

85.60.50.c

Trade-ins - In proprietary and trust fund type accounts, no gain is recognized on a trade-in. The capital asset traded in and its associated accumulated depreciation are removed from the accounting records and the balancing entry is added to the cost of the new capital asset. Refer to Subsection 85.65.60.b for an illustrative entry.

85.60.97

January 1, 2014

Accounting for Interagency/Interfund Capital Asset Transfers

85.60.97.a

Assets transferred between state agencies

When a capital asset is transferred from (sold by) one agency to another, the receiving agency is to record the asset at the carrying value of the transferring agency. The transferring agency is to provide the receiving agency with the carrying value of the asset transferred. The recording of the transfer (sale) is dependent upon the fund types of the accounts involved. Refer to Subsection 85.60.97.b and c.

85.60.97.b

Assets transferred between fund type accounts

When a capital asset that was used to support a function reported in a governmental fund type account is later transferred to a proprietary or fiduciary fund type account (or vice versa), only the proprietary or fiduciary fund type account reports the activity. The proprietary or fiduciary fund type account reports the book value of the capital asset offset by a capital contribution (transfer in) or a gain or loss on disposition (transfer out). No entry is made in the governmental fund type operating account because governmental funds use the current financial resources measurement focus. However, the capital asset would be recorded in Account 997 "General Capital Assets Subsidiary Account."

Refer to Subsection 85.65.66 for illustrative entries.

85.60.97.c

Assets transferred between proprietary fund type accounts

When a capital asset is transferred from one proprietary fund type account to another, both the donor account and the recipient account offset the book value of the capital asset with a transfer.



85.65

Assets - Illustrative Entries

85.65.10
May 1, 1999

These entries are for illustrative purposes

The following entries illustrate transactions affecting assets. 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, generally from the Office of the State Treasurer (OST) as illustrated below, to clear the In-Process GL Codes.

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

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

85.65.12
May 1, 1999

Deposit of cash revenues

To record the deposit of cash revenue received. Refer to Subsections 85.50.10 and 85.50.20.

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

85.65.14
June 1, 2011

Petty cash - treasury and treasury trust accounts

85.65.14.a

To record the establishment of or an increase in a treasury or treasury trust petty cash account. Refer to Subsections 85.50.60.a or 85.50.70.a, respectively.

Note: The second entry to adjust the nonspendable portion of fund balance for petty cash is to be made in governmental fund type accounts only. This entry is not applicable in proprietary or trust fund type accounts.

	Dr.	Cr.
Petty Cash (1130)	xxx	
Warrants/ACH Payments In-Process (7120)		xxx
Appropriate fund equity GL code (9XXX)	xxx	
Nonspendable Petty Cash (9122)		xxx

85
Accounting Procedures

85.65.16

85.65.14.b To record the abolishment of, or a reduction in, a treasury or treasury trust petty cash account. Refer to Subsection 85.50.60.f or 85.50.70.d, respectively.

Note: The second entry to reverse the nonspendable portion of fund balance for petty cash is for governmental fund type accounts only.

	Dr.	Cr.
Receipts In-Process (7110)	xxx	
Petty Cash (1130)		xxx
Nonspendable Petty Cash (9122)	xxx	
Appropriate fund equity GL code (9XXX)		xxx

85.65.16

June 1, 2011

Petty cash - local accounts

85.65.16.a To record the establishment of, or an increase in, a local petty cash account. Refer to Subsection 85.50.70.a.

Note: The second entry to adjust the nonspendable portion of fund balance for petty cash is to be made in governmental fund type accounts only. This entry is not applicable in proprietary or trust fund type accounts.

	Dr.	Cr.
Petty Cash (1130)	xxx	
Cash in Bank (1110)		xxx
Appropriate fund equity GL code (9XXX)	xxx	
Nonspendable Petty Cash (9122)		xxx

85.65.16.b To record the abolishment of, or a reduction in, a local petty cash account. Refer to Subsection 85.50.70.d.

Note: The second entry to reverse the nonspendable portion of fund balance for petty cash is for governmental fund type accounts only.

	Dr.	Cr.
Cash in Bank (1110)	xxx	
Petty Cash (1130)		xxx
Nonspendable Petty Cash (9122)	xxx	
Appropriate fund equity GL code (9XXX)		xxx

85.65.18

January 1, 2014

Accounting for the acquisition of non-current investments

85.65.18.a To record the acquisition of non-current equity investments at trade date. Refer to Subsection 85.52.30.a.

	Dr.	Cr.
Investments (1210)	xxx	
Investment Trades Pending Payable (5123)		xxx

85.65.18.b To record the settlement of the trade for acquisition of non-current equity investments. Refer to Subsection 85.52.30.a.

	Dr.	Cr.
Investment Trades Pending Payable (5123)	xxx	
In-Process (71XX)		xxx

85.65.18.c To record the acquisition of non-current fixed income investments at trade date including purchased accrued interest. Refer to Subsection 85.52.30.a.

	Dr.	Cr.
Investments (1210)	xxx	
Interest Receivable on Investments (1316)	xxx	
Investment Trades Pending Payable (5123)		xxx

85.65.18.d To record the settlement of the trade for acquisition of non-current fixed income investments. Refer to Subsection 85.52.30.a.

	Dr.	Cr.
Investment Trades Pending Payable (5123)	xxx	
In-Process (71XX)		xxx

85.65.20

July 1, 2003

Accounting for earnings and costs associated with non-current investments

85.65.20.a To record interest or dividend income on non-current investments received in cash including purchased accrued interest. Refer to Subsection 85.52.10.

	Dr.	Cr.
Receipts In-Process (7110) or Cash in Bank (1110)	xxx	
Interest and Dividends Receivable (1316)		xxx
Cash Revenues (3210) Revenue Source Code (0401) Treasury Investment Income, (0409) Interest Income, or (0411) Dividend Income		xxx

85.65.20.b To record interest or dividend income on non-current investments which was reinvested.

	Dr.	Cr.
Investments (1210)	xxx	
Cash Revenues (3210) Revenue Source Code (0401) Treasury Investment Income, (0409) Interest Income, or (0411) Dividend Income		xxx

85.65.20.c To record the payment of investment related costs (e.g., advisor fees, consulting fees, manager fees) not associated with an investment sale transaction

	Dr.	Cr.
Cash Revenues (3210) Revenue Source Code (0473) Costs of Investment Activities	xxx	
Warrants/ACH Payments In-Process (7120)		xxx

85.65.22
July 1, 2013

Accounting for fair value adjustment to non-current investments

To record the adjustment to reflect an increase to the fair value of non-current investments. To record a decrease in fair value, the revenue entry is reversed. Refer to Subsection 85.52.30.b.

	Dr.	Cr.
Valuation Allowance - Investments (1280)	xxx	
Noncash Revenues (3220) Revenue Source Code (0413) Capital Gains and Losses		xxx

85.65.24
July 1, 2013

Accounting for the sale of non-current investments

85.65.24.a To record the sale at trade date of non-current investments and the resulting gain on investments. For a loss, the entry would be reversed. Refer to Subsection 85.52.30.c.

	Dr.	Cr.
Investment Trade Pending Receivable (1323)	xxx	
Accrued Revenues (3205) Revenue Source Code (0473)	xxx	
Cost of Investment Activities		
Investments (1210)		xxx
Accrued Revenues (3205) Revenue Source Code (0413) Capital Gains and Losses		xxx

85.65.24.b To record the settlement of the trade for the sale of non-current investments. For a loss, the entry would be reversed. Refer to Subsection 85.52.30.c.

	Dr.	Cr.
In-Process (71XX)	xxx	
Cash Revenues (3210) Revenue Source (0473) Costs of Investment Activities	xxx	
Accrued Revenues (3205) Revenue Source (0413) Capital Gains and Losses	xxx	
Cash Revenues (3210) Revenue Source (0413)		xxx
Capital Gains and Losses		xxx
Accrued Revenues (3205) Revenue Source (0473)		xxx
Costs of Investment Activities		
Investment Trades Pending Receivable (1323)		xxx

85.65.24.c To reverse the non-cash revenue recognized in posting adjustments to increase fair value. Entry would be reversed if fair value adjustments recorded a loss. Refer to Subsection 85.52.30.c.

	Dr.	Cr.
Noncash Revenues (3220) Revenue Source Code (0413)	xxx	
Capital Gains and Losses		
Valuation Allowance – Investments (1280)		xxx

85.65.24.d To reverse the nonspendable portion of fund balance in governmental funds for non-current investments not offset by unearned revenue or a liability.

	Dr.	Cr.
Nonspendable Investments (9123)	xxx	
Appropriate fund equity GL code (9XXX)		xxx

85.65.28

June 1, 2011

**Accounting for deferred compensation
(IRC Section 457)**

In accordance with Statement No. 34 of the Governmental Accounting Standards Board, the state's deferred compensation plan is accounted for and reported as a pension trust fund. Acquisitions and sales of deferred compensation plan investments are to follow the entries in Subsections 85.65.18 and 85.65.24, respectively, except that no entry is to be made to GL 9123 "Nonspendable Investments."

85.65.30
May 1, 1999

Taxes receivable

To record long-term taxes receivable which are measurable but not due within twelve months. Refer to Subsection 85.54.15.c.

	Dr.	Cr.
Taxes Receivable (1611)	xxx	
Allowance for Uncollectible Taxes Receivable (1641)		xxx
Unavailable Revenues (5292)		xxx

85.65.32
July 1, 2001

Receivables

85.65.32.a To record a receivable at time of billing. Refer to Subsection 85.54.45.a.

	Dr.	Cr.
Accounts Receivable (1312)	xxx	
Accrued Revenues (3205) (appropriate revenue source codes)		xxx

85.65.32.b To value receivables and adjust the allowance for uncollectible accounts to reflect the amount estimated to be uncollectible at the end of the period in a **governmental fund type account**. Refer to Subsection 85.54.55.b.

	Dr.	Cr.
Accrued Revenues (3205) (with revenue source code originally credited)	xxx	
Allowance for Uncollectible Accounts Receivable (1342)		xxx

85.65.32.c To value receivables and adjust the allowance for uncollectible accounts to reflect the amount estimated to be uncollectible at the end of the period in a **proprietary or trust fund type account**. Refer to Subsection 85.54.55.b. Example assumes a reduction in collectability. If collectability appears improved, the entry would be reversed.

	Dr.	Cr.
Bad Debt Expense 6515 (Subobject WC)	xxx	
Allowance for Uncollectible Accounts Receivable (1342)		xxx

85.65.32.d To write off receivables determined to be uncollectible by the state. Refer to Subsection 85.54.55.c.

	Dr.	Cr.
Allowance for Uncollectible Accounts Receivable (1342)	xxx	
Accounts Receivable (1312)		xxx

85.65.33 Travel advances receivable

July 1, 2010

85.65.33.a To record the issuance of a travel advance. In this example, the amount advanced is \$500. Refer to Subsection 85.54.44.

	Dr.	Cr.
Travel Advance (1383)	500	
Accounts Payable (5111)		500
Accounts Payable (5111)	500	
Cash in Bank (1110) or In-Process (71XX)		500

85.65.33.b To record travel expenditures when the travel advance issued is equal to the amount of travel costs.

	Dr.	Cr.
Cash Expenditure (6510) Object G	500	
Travel Advance (1383)		500

85.65.33.c To record travel expenditures when the travel advance issued is less than the amount of travel costs. In this example, travel costs are \$700.

	Dr.	Cr.
Cash Expenditure (6510) Object G	500	
Travel Advance (1383)		500
Accrued Expenditure (6505) Object G	200	
Accounts Payable (5111)		200
Cash Expenditure (6510) Object G	200	
Accrued Expenditure (6505) Object G		200
Accounts Payable (5111)	200	
Cash in Bank (1110) or In-Process (71XX)		200

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Accounting Procedures

85.65.34

85.65.33.d To record travel expenditures when the travel advance issued is greater than the amount of the travel costs. In this example, travel costs are \$400. The traveler must reimburse the agency for the excess advanced.

	Dr.	Cr.
Cash Expenditure (6510) Object G	400	
Travel Advance (1383)		400
Cash Receipts In-Process (7110)	100	
Travel Advance (1383)		100

85.65.34 Due from federal government

June 1, 2013

85.65.34.a To record amounts receivable for the reimbursement of federal expenditures. Refer to Subsection 85.54.20

	Dr.	Cr.
Due from Federal Government (1351)	xxx	
Accrued Revenues (3205) Revenue Source Code (03XX)		xxx

85.65.34.b To record the receipt of monies due from the federal government. Refer to Subsection 85.54.20.

	Dr.	Cr.
Cash in Bank (1110) or	xxx	
Receipts In-Process (7110)		
Cash Revenues (3210) Revenue Source Code (03XX)		xxx
Accrued Revenues (3205) Revenue Source Code (03XX)	xxx	
Due from Federal Government (1351)		xxx

85.65.34.c To record federal receivables which are in dispute at the end of the accounting period in a governmental fund type account. Refer to Subsection 85.54.20.

	Dr.	Cr.
Accrued Revenues (3205) Revenue Source (03XX)	xxx	
Unearned Revenues (5190)		xxx

85.65.36 Long-term loans

June 1, 2011

The following entries illustrate disbursement and repayment for both budgeted and non-budgeted long-term loans. Since the loan in this illustration is made to a private entity, long-term GL Code 1614 "Loans Receivable" is used.

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Accounting Procedures

However, this example may be applied to other types of long-term loans using other receivable general ledger codes, such as GL Code 1652 “Due from Other Governments.” Refer to Subsection 85.54.40.

- 85.65.36.a.(1) **To record disbursement of a budgeted long-term loan** from a governmental fund type account. Budgeted loans present a unique situation where loan disbursements and repayments are expenditures and revenues for budgetary purposes, but not for GAAP financial accounting purposes.

Note: In AFRS, Subobject NR is reported as Fund Balance on the GAAP operating statement. On the Budget to Actual statement, however, it is reported as an expenditure.

	Dr.	Cr.
Loans Receivable (1614)	xxx	
In-Process (71XX)		xxx
Cash Expenditures/Expenses (6510) (Subobject NR)	xxx	
Nonspendable Receivables – Long-Term (9131)		xxx

- 85.65.36.a.(2) **To record repayment of the budgeted long-term loan**, shown in (a) above, after an interim process occurs reclassifying the expected payment from long-term to short-term. The amount recognized and recorded at fiscal year-end is based on the subsequent year’s scheduled payments.

Note: In AFRS, Revenue Source Code 0866 “Loan Principal Repayment” is reported as Fund Balance on the GAAP operating statement. On the Budget to Actual statement, however, it is reported as revenue.

	Dr.	Cr.
Loans Receivable (1314) or	xxx	
Due from Other Governments (1352)		
Loans Receivable (1614) or		xxx
Due from Other Governments (1652)		
Nonspendable Receivables – Long-Term (9131)	xxx	
Accrued Revenue (3205) Revenue Source Code (0866) Loan Principal Repayment		xxx

Then repayment is recorded as received:

	Dr.	Cr.
Receipts In-Process (7110)	xxx	
Loans Receivable (1314) or		
Due from Other Governments (1352)		xxx

For loans whose payments are uncertain, the receivable is reclassified from long-term to short-term upon receipt of the loan payment.

	Dr.	Cr.
Loans Receivable (1314) or Due from Other Governments (1352)	xxx	
Loans Receivable (1614) or Due from Other Governments (1652)		xxx
Nonspendable Receivables – Long-Term (9131)	xxx	
Accrued Revenue (3205) Revenue Source Code (0866) Loan Principal Repayment		xxx

Then payment receipt is recorded:

	Dr.	Cr.
Receipts In-Process (7110)	xxx	
Loans Receivable (1314) or Due from Other Governments (1352)		xxx
Accrued Revenue (3205) Revenue Source Code (0866)	xxx	
Loan Principal Repayment		
Cash Revenue (3210) Revenue Source Code (0866)		xxx
Loan Principal Repayment		

85.65.36.b.(1) **To record disbursements of a long-term loan which are not budgeted.**

Note: The entry to adjust the nonspendable portion of fund balance for receivables is made in governmental fund type accounts only. This entry is not applicable in proprietary and trust fund type accounts.

	Dr.	Cr.
Loans Receivable (1614)	xxx	
In-Process (71XX) or Cash in Bank (1110)		xxx
Appropriate fund equity GL code (9XXX)	xxx	
Nonspendable Receivables – Long-Term (9131)		xxx

85.65.36.b.(2) **To record repayment of the non-budgeted long-term loan**, shown in (b) above, after an interim process occurs reclassifying receivables from long-term to short-term.

	Dr.	Cr.
Loans Receivable (1314) or Due from Other Governments (1352)	xxx	
Loans Receivable (1614) or Due from Other Governments (1652)		xxx

Nonspendable Receivables – Long-Term (9131)	xxx	
Appropriate fund equity GL code (9XXX)		xxx

Then the loan payment receipt is recorded:

	Dr.	Cr.
Cash in Bank (1110) or	xxx	
Receipts In-Process (7110)		
Loans Receivable (1314) or		xxx
Due from Other Governments (1352)		

85.65.38

June 1, 2011

Consumable inventories - periodic inventory method

85.65.38.a

To record the acquisition of consumable inventories. Refer to Subsection 85.56.20.a.(1).

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Object E	xxx	
Cash in Bank (1110) or		
In-Process (71XX)		xxx

85.65.38.b

To record the use of consumable inventories during the year.

No entry is required.

85.65.38.c

At year-end, to record an increase in consumable inventories during the year. Refer to Subsection 85.56.20.a.(3) and (4). These entries would be reversed to record a decrease in consumable inventories during the year.

Note: The second entry is to adjust the nonspendable portion of fund balance in governmental fund type accounts only.

	Dr.	Cr.
Consumable Inventories (1410)	xxx	
Cash Expenditures/Expenses (6510) Object E		xxx
Appropriate fund equity GL code (9XXX)	xxx	
Nonspendable Consumable Inventories (9120)		xxx

85.65.40

May 1, 1999

Consumable inventories - perpetual inventory method

85.65.40.a

To record the acquisition of consumable inventories. Refer to Subsection 85.56.20.b.(1).

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85.65.42

		Dr.	Cr.
	Consumable Inventories (1410)	xxx	
	Cash in Bank (1110) or In-Process (71XX)		xxx
85.65.40.b	To record the use of consumable inventories during the year. Refer to Subsection 85.56.20.b.(2).		
		Dr.	Cr.
	Cash Expenditures/Expenses (6510) Object E	xxx	
	Consumable Inventories (1410)		xxx

85.65.42
May 1, 1999

Merchandise inventories in proprietary fund type accounts - periodic inventory method

85.65.42.a	To record the acquisition of merchandise inventories as an expense. Refer to Subsection 85.56.30.a.(1).		
		Dr.	Cr.
	Cost of Goods Sold (6516) Object F	xxx	
	Cash in Bank (1110) or In-Process (71XX) or Payables (51XX)		xxx
85.65.42.b	To record the sale of merchandise inventories when the merchandise inventory purchase is recorded as an expense. Refer to Subsection 85.56.30.a.(2).		
		Dr.	Cr.
	Cash in Bank (1110) or In-Process (71XX) or Receivables (13XX)	xxx	
	Cash Revenue (3210) or Accrued Revenues (3205) Revenue Source Code (0450 or 0455) Sales		xxx
85.65.42.c	To record the adjustment for merchandise inventory when the physical count shows the inventory value greater than the amount in the general ledger control account GL Code 1420 "Merchandise Inventories." This entry is reversed when the physical count shows the inventory value less than the recorded amount. Refer to Subsections 85.56.30.a.(3) and b.(3).		
		Dr.	Cr.
	Merchandise Inventories (1420)	xxx	
	Cost of Goods Sold (6516) Object F		xxx

85.65.44
May 1, 1999**Merchandise inventories in proprietary fund type accounts - perpetual inventory method**

85.65.44.a

To record the acquisition of merchandise inventories as an asset. Refer to Subsection 85.56.30.b.(1).

	Dr.	Cr.
Merchandise Inventories (1420)	xxx	
Cash in Bank (1110) or In-Process (71XX) or Payables (51XX)		xxx

85.65.44.b

To record the sale of merchandise inventories when the merchandise inventory purchase is recorded as an asset. Refer to Subsection 85.56.30.b.(2).

The second entry is to adjust the merchandise inventory account and record the cost of goods sold:

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX) or Receivables (13XX)	xxx	
Cash Revenue (3210) or Accrued Revenues (3205) Revenue Source Code (0450 or 0455) Sales		xxx
Cost of Goods Sold (6516) Object F Merchandise Inventories (1420)	xxx	xxx

85.65.46
January 1, 2014**Donations of consumable inventories**

A common example of donated consumable inventory is federal surplus food commodities provided to the state for use in a variety of programs. This example assumes that commodities with a fair market value of \$5,000 are donated to the state for use in a governmental fund type account. The state pays \$500 shipping costs for delivery of the commodities.

85.65.46.a

To record the acquisition of federally donated consumable inventories. Refer to Subsection 85.56.40.b.

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Accounting Procedures

85.65.50

		Dr.	Cr.
	Consumable Inventories (1410)	500	
	Donated Inventories (1415)	5,000	
	Cash in Bank (1110) or In-Process (71XX)		500
	Unearned Revenues (5190)		5,000
85.65.46.b	To record the use of donated consumable inventories with a fair market value of \$4,000. Use of donated consumable inventories is treated as a nonbudgeted activity. The cash outlay for shipping costs is a budgeted expenditure. Refer to Subsection 85.56.40.b.		

		Dr.	Cr.
	Expense Adjustments/Eliminations (GAAP) (6525)	4,000	
	Object E	400	
	Cash Expenditures/Expenses (6510) Object E		
	Consumable Inventories (1410)		400
	Revenue Adjustments/Eliminations (GAAP) (3225)		
	Revenue Source Code (0310) Dept. of Agriculture		4,000
85.65.46.c	To record year-end adjustment. Refer to Subsection 85.56.40.b.		

Note: The second entry (for the shipping costs) is required in governmental fund type accounts only.

	Dr.	Cr.
Unearned Revenues (5190)	4,000	
Donated Inventories (1415)		4,000
Appropriate fund equity GL code (9XXX)	100	
Nonspendable Consumable Inventories (9120)		100

85.65.50 Prepaid expenses

May 1, 1999

85.65.50.a To record the prepayment of goods and services, other than inventory, in proprietary and trust fund type accounts. Refer to Subsection 85.58.10.c.

	Dr.	Cr.
Prepaid Expenses (1510)	xxx	
Cash in Bank (1110) or In-Process (71XX)		xxx

85.65.50.b To record the portion of prepaid goods and services used during the period. Refer to Subsection 85.58.10.c.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) (with appropriate subobject)	xxx	
Prepaid Expenses (1510)		xxx

85.65.52

June 1, 2103

Acquisition of capital assets

85.65.52.a

Governmental Fund Type Accounts

The entry for the purchase of a capital asset records the expenditure in the account acquiring the asset with a corresponding entry in Account 997 “General Capital Assets Subsidiary Account.” Refer to Subsection 85.60.30.a.

Operating Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Object J	xxx	
Cash in Bank (1110) or In-Process (71XX)		xxx

General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Capital Asset (2XXX)	xxx	
Investment in General Capital Assets (9850)		xxx

The following entry records the donation of a capital asset to a governmental fund type account. Because governmental fund type accounts focus on current financial resources, no entry is made in the operating account. However, an entry is made in Account 997 “General Capital Assets Subsidiary Account” to record the fair market value of the asset. Refer to Subsection 85.60.30.a.

General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Capital Asset (2XXX)	xxx	
Investment in General Capital Assets (9850)		xxx

85.65.52.b

Proprietary and Trust Fund Type Accounts

The entry to record the purchase of a capital asset is made in the appropriate capital asset GL code in the account acquiring the asset. Refer to Subsection 85.60.30.b.

Operating Account:

	Dr.	Cr.
Capital Asset (2XXX)	xxx	
Cash in Bank (1110) or In-Process (71XX)		xxx

The following additional entry is required for budgeted proprietary and trust fund type accounts for capital asset acquisitions.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Object J	xxx	
Expense Adjustments/Eliminations (GAAP) (6525) Object J		xxx

The following entry records the donation of a capital asset to a proprietary or trust fund type account.

	Dr.	Cr.
Capital Asset (2XXX)	xxx	
Noncash Revenues (3220) Revenue Source Code 0820 Capital Contributions or other appropriate revenue source code		xxx

85.65.54
July 1, 2009

Assets that do not meet the state's capitalization policy

The entry for the acquisition of an asset that does not meet the state's capitalization policy records the expenditure/expense in the account acquiring the asset. Refer to Subsection 85.60.30.d.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject JA or JB	xxx	
Cash in Bank (1110) or In-Process (71XX)		xxx

85.65.56
July 1, 2009

Depreciation/amortization

85.65.56.a

Governmental Fund Type Accounts

The following entry records the depreciation on general capital assets in Account 997 "General Capital Assets Subsidiary Account." Refer to Subsection 85.60.40.a.

General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Depreciation/Amortization Expense (6591) (Subobject WA)	xxx	
Allowance for Depreciation – Capital Asset (2XXX) or		xxx
Allowance for Amortization – Intangible Assets (2480)		xxx

85.65.56.b

Proprietary and Trust Fund Type Accounts

The following entry records the depreciation of capital assets in proprietary and trust fund type accounts. Refer to Subsection 85.60.40.b.

	Dr.	Cr.
Depreciation/Amortization Expense (6511) (Subobject WA)	xxx	
Allowance for Depreciation – Capital Asset (2XXX) or		xxx
Allowance for Amortization – Intangible Assets (2480)		xxx

85.65.58

July 1, 2012

Disposal of capital assets

85.65.58.a

Governmental Fund Type Accounts

The net proceeds received from the sale of general capital assets are generally recorded in the account that originally acquired the asset. Refer to Subsection 85.60.50.a. If the estimated net proceeds from disposition were included in the budget for the acquisition of the replacement capital assets and the expenditure for the acquisition of new capital assets has already been recorded at gross, the following entry is made:

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX)	xxx	
Cash Expenditures/Expenses (6510) Object J		xxx

If the net proceeds from disposition were not included in the budget for a replacement capital asset, the following entry is to be made instead:

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Accounting Procedures

85.65.58

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX)	xxx	
Cash Revenues (3210) Revenue Source Code (0416) Sale of Property - Other		xxx

In addition, an entry in Account 997 "General Capital Assets Subsidiary Account" is made to record the removal of the capital asset. In this example, the capital asset was not fully depreciated (i.e. the cost is greater than the accumulated depreciation). If the capital asset was fully depreciated (i.e. the cost and the accumulated depreciation are an equal amount), then in GL Code 6597 "Capital Asset Adjustment (General Capital Assets Subsidiary Only)" would net to zero.

General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Capital Asset Adjustment (General Capital Assets Subsidiary Account Only) (6597) Subobject WF	xxx	
Allowance for Depreciation – Capital Assets (2XXX) Capital Assets (2XXX)	xxx	xxx

85.65.58.b

Proprietary and Trust Fund Type Accounts

The disposal of capital assets of proprietary and trust fund type accounts are accounted for in the account that recorded the asset. Refer to Subsection 85.60.50.b.

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX)	xxx	
Allowance for Depreciation – Capital Assets (2XXX) Capital Assets (2XXX)	xxx	xxx
Gain and Loss on Sale of Capital Assets (3213) Revenue Source Code (0418) Gain or Loss on Sale of Capital Assets		xxx

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Accounting Procedures

The following additional entry is needed to record the net proceeds received upon disposition of a capital asset in budgeted proprietary and trust fund type accounts.

If the net proceeds from disposition were included in the budget for the acquisition of the replacement capital asset and the purchase for the new capital assets has already been recorded at gross, the following entry is made:

	Dr.	Cr.
Expense Adjustments/Eliminations (GAAP) (6525) Object J	xxx	
Cash Expenditures/Expenses (6510) Object J		xxx

If the net proceeds from disposition were included in the budget as estimated revenues, the following entry is made:

	Dr.	Cr.
Revenue Adjustments/Eliminations (GAAP) (3225) Revenue Source Code (0416) Sale of Property - Other	xxx	
Cash Revenues (3210) Revenue Source Code (0416) Sale of Property - Other		xxx

85.65.60

July 1, 2008

Trade-in of capital assets

These illustrative entries assume the following: a vehicle is purchased for \$12,000 cash. (It has a market value of \$14,000 less a trade-in allowance of \$2,000.) The trade-in vehicle originally cost \$9,000 and has a current book value of \$1,500.

85.65.60.a

Governmental Fund Type Accounts

These entries reflect the trade-in transaction in the operating account acquiring the vehicle and the corresponding entries in Account 997 "General Capital Assets Subsidiary Account." Refer to Subsection 85.60.50.a.

Operating Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) (Subobject J)	12,000	
Cash in Bank (1110) or In-Process (71XX)		12,000

General Capital Assets Subsidiary Account (Account 997):

The first entry removes the vehicle traded in. The second entry records the new vehicle.

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85.65.62

	Dr.	Cr.
Investment in General Capital Assets (9850)	1,500	
Accumulated Depreciation – Furnishings and Equipment (2420)	7,500	
Furnishings and Equipment (2410)		9,000
Furnishings and Equipment (2410)	13,500	
Investment in General Capital Assets (9850)		13,500

85.65.60.b

Proprietary and Trust Fund Type Accounts

This entry reflects a trade-in transaction in non-budgeted proprietary and trust fund type accounts. Refer to Subsection 85.60.50.c.

	Dr.	Cr.
Furnishings and Equipment (2410)	13,500	
Accumulated Depreciation – Furnishings and Equipment (2420)	7,500	
Furnishings and Equipment (2410)		9,000
Cash in Bank (1110) or In-Process (71XX)		12,000

85.65.62

June 1, 2004

Capital assets acquired through capital lease

85.65.62.a

Governmental Fund Type Accounts

The entry for the acquisition of capitalized leased assets records the expenditure in the account acquiring the leased assets with a corresponding entry in Account 997 “General Capital Assets Subsidiary Account.” Refer to Subsection 85.60.70.a.

Operating Account:

	Dr.	Cr.
Capital Asset Acquisitions by Lease-Purchase Agreements or Certificates of Participation (6514) Object J (Capital Outlays)	xxx	
Other Financing Sources (3221) Revenue Source Code (0809) Capital Lease Acquisitions		xxx

General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Furnishings and Equipment (2410)	xxx	
Investment in General Capital Assets (9850)		xxx

85
Accounting Procedures

The entry to record lease payments, for acquisitions that do not meet the capital lease requirements in Subsection 30.20.30, is shown below. For such acquisitions, no entry is made in Account 997 “General Capital Assets Subsidiary Account” until title transfers to the state and the fair market value of the asset meets the state’s capitalization policy.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) (Subobject ED or other subobject as appropriate)	xxx	
Cash in Bank (1110) or In-Process (71XX)		xxx

To record subsequent acquisition of non-capitalized leased assets in Account 997 “General Capital Assets Subsidiary Account” upon transfer of the title. The asset is recorded at the fair market value at the time title transfers.

General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Furnishings and Equipment (2410)	xxx	
Investment in General Capital Assets (9850)		xxx

85.65.62.b

Proprietary and Trust Fund Type Accounts

To record capitalized leased equipment acquired by proprietary and trust fund type accounts in the account acquiring the leased assets. Refer to Subsection 85.60.70.b.

	Dr.	Cr.
Furnishings and Equipment (2410)	xxx	
Lease Purchase Agreements Payable (5172)		xxx
Lease Purchase Agreements Payable (5272)		xxx

The entry to record lease payments, for acquisitions that do not meet the capital lease requirements in Subsection 30.20.30, is as follows:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) (Subobject ED or other subobject as appropriate)	xxx	
Cash in Bank (1110) or In-Process (71XX)		xxx

85
Accounting Procedures

85.65.64

To record the fair market value of the subsequent acquisition of non-capitalized leased assets upon transfer of title.

	Dr.	Cr.
Furnishings and Equipment (2410)	xxx	
Cash Revenues (3210) Revenue Source Code (0486) Recoveries of Prior Appropriation Expenditures		xxx

85.65.64

July 1, 2009

Accounting for the construction of capital assets

85.65.64.a

Governmental Fund Type Accounts

Costs incurred for the construction of capital assets are to be recorded in the account incurring the expenditure. Refer to Subsection 85.60.90.b.

Operating Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Object J or other subobject as appropriate	xxx	
Cash in Bank (1110) or In-Process (71XX) or Construction Contracts Payable (5117)		xxx

Construction projects not completed at the end of the accounting period require an entry in Account 997 "General Capital Assets Subsidiary Account."

General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Construction In Progress (2510)	xxx	
Investment in General Capital Assets (9850)		xxx

Upon completion of the project, the construction in progress is reclassified to the appropriate capital asset GL code(s) in Account 997 "General Capital Assets Subsidiary Account."

General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Capital Assets (2XXX)	xxx	
Construction In Progress (2510)		xxx

85.65.64.b

Proprietary and Trust Fund Type Accounts

In proprietary and trust fund type accounts, costs incurred for the construction of capital assets are to be recorded in the account incurring the expense. Refer to Subsection 85.60.90.c.

	Dr.	Cr.
Construction In Progress (2510)	xxx	
Cash in Bank (1110) or		xxx
In-Process (71XX) or		
Construction Contracts Payable (5117)		

The following additional entry is required for budgeted proprietary or trust fund type accounts where construction costs are appropriated.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Object J	xxx	
Expense Adjustments/Eliminations (GAAP) (6525)		xxx
Object J		

Upon completion of the construction project, the construction in progress is reclassified to the appropriate capital asset GL code(s) for the total costs capitalized to date.

	Dr.	Cr.
Capital Assets (2XXX)	xxx	
Construction In Progress (2510)		xxx

85.65.66
January 1, 2014

Interagency/Interfund Capital Asset Transfers

85.65.66.a The following entries illustrate how to record the transfer of a capital asset based on the fund type of the accounts involved in the transfer. Refer to Subsection 85.60.97.b and c.

85.65.66.b **Transfer capital asset from Governmental Fund Type Account to a Proprietary or Trust Fund Type Account**

The following entry records the transfer of a capital asset from a governmental fund type account. Because governmental fund type accounts focus on current financial resources, no entry is made in the operating account. However, an entry in Account 997 “General Capital Assets Subsidiary Account” is made to record the removal of the capital asset. In this example, the capital asset was not fully depreciated (i.e. the cost is greater than the accumulated depreciation). If the capital asset was fully depreciated (i.e. the cost and the accumulated depreciation are an equal amount), the entries to GL Code 6597 "Capital Asset Adjustment (General Capital Assets Subsidiary Only)" would net to zero, and there would be no capital contribution recorded in the proprietary fund type account.

General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Capital Asset Adjustment (General Capital Assets Subsidiary Account Only) (6597) Subobject WF	xxx	
Allowance for Depreciation – Capital Assets (2XXX)	xxx	
Capital Asset (2XXX)		xxx

Proprietary or Trust Fund Type Account:

	Dr.	Cr.
Capital Asset (2XXX)	xxx	
Allowance for Depreciation – Capital Assets (2XXX)		xxx
Noncash Revenues (3220) Revenue Source Code 0820 Capital Contributions		xxx

Note: If a cash payment is made in conjunction with the transfer of the capital asset, it is receipted into the governmental operating account that initially purchased the capital asset using GL Code 3210 “Cash Revenues” with Revenue Source Code 0416 “ Sale of Property – Other.”

85
Accounting Procedures

85.65.66.c

Transfer capital asset from Proprietary or Trust Fund Type Account to a Governmental Fund Type Account

The following entry records the transfer of a capital asset to a governmental fund type account. Because governmental fund type accounts focus on current financial resources, no entry is made in the operating account. However, an entry in Account 997 “General Capital Assets Subsidiary Account” is made to record the addition of the capital asset. In this example, the capital asset was not fully depreciated (i.e. the cost is greater than the accumulated depreciation). If the capital asset was fully depreciated (i.e. the cost and the accumulated depreciation are an equal amount), the entries to GL Code 9850 "Investment in General Capital Assets" would net to zero, and there would be no gain or loss on the sale of the capital asset recorded in the proprietary or trust fund type account.

General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Capital Assets (2XXX)	xxx	
Allowance for Depreciation – Capital Assets (2XXX)		xxx
Investment in General Capital Assets (9850)		xxx

Proprietary or Trust Fund Type Account:

	Dr.	Cr.
Allowance for Depreciation – Capital Assets (2XXX)	xxx	
Gain and Loss on Sale of Capital Assets (3213) Revenue	xxx	
Source Code (0418) Gain or Loss on Sale of Capital Assets		
Capital Asset (2XXX)		xxx

Note: If a cash payment is made in conjunction with the transfer of the capital asset, it is paid by the governmental operating account associated with the activity that will be using the capital asset using GL Code 6510 “Cash Expenditures” with the appropriate J subobject and by the proprietary or trust fund type account using GL Code 3213 “Gains and Losses on Sales of Capital Assets” with Revenue Source Code 0418 “Gain or Loss On Sale of Capital Assets.”



85.70

Short-Term Liabilities

85.70.10

May 1, 1999

About short-term liabilities

Short-term liabilities are legal obligations which arise upon the receipt of goods or services. In governmental fund type accounts, short-term liabilities are payable from current, available resources. In proprietary fund type accounts, short-term liabilities are obligations payable within one year. Short-term liabilities are accounted for in the GL Code Series 51XX. Refer to Subsection 75.40.20 of this manual for a description of the various short-term liability general ledger codes.

85.70.20

July 1, 2009

Establishing short-term liabilities

85.70.20.a

The accrual method is used in accounting for the expenditures or expenses of all accounts.

85.70.20.b

Agencies establish liabilities at the end of each accounting period for the following items by account, appropriation, program, object, and sub-object:

- **Utilities** - Actual based on vendor invoices, or estimate based on past experience.
- **Rentals** - Actual based on lease agreements.
- **Travel Expenses** - Actual based on travel vouchers, or estimate based on past experience or prior approval of travel.
- **Payroll Taxes** - Actual based on actual payrolls, or estimate based upon prior pay period.
- **Salaries and Wages** - Actual based on time records, or estimate based upon prior pay period. When accruing salaries and wages, agencies are to also accrue the associated number of Full-Time Equivalent (FTE) staff months.
- All other obligations that have been incurred but not paid, and that are due and payable with current available resources, generally within one year.

- 85.70.20.c A Journal Voucher (A7-A) or other authorized source document is to be prepared to record liabilities. Refer to Subsection 85.85.15 for an illustrative entry.
- 85.70.20.d Liabilities are to be recorded based on the best available information. If the amount of the accrual is known (i.e., the invoice has been received or the amount is otherwise known), the entry is to be made to GL Code 6505 "Accrued Expenditures/Expenses." With prior written approval from the OFM Statewide Accounting (refer to SAAM 1.10.50), non-AFRS warrant producing agencies can use alternate coding for recording Expenditures/Expenses.
- At the end of the expenditure authority period, if the amount is not known, but can be reasonably estimated following the procedures for determining accounting estimates at Subsection 90.20.55, the entry is to be made to GL Code 6560 "Estimated Accrued Expenditures/Expenses." Refer to Subsection 90.30.50.b and d for illustrative entries.
- The payment of liabilities is to be recorded separately from the accrual (or establishment) of liabilities to allow for proper financial reporting, as required by GASB Statement 34.
- 85.70.20.e Each accrual transaction is to be supported by complete documentation. The use of "dummy" or projected accruals as a method to avoid transfers to reserve or circumvent the allotment process is an improper application of accrual accounting and is not to be practiced.

85.70.30

May 1, 1999

Accounts payable

Amounts owed on open account for the purchase of goods or services are recorded in GL Code 5111 "Accounts Payable." The recording of an account payable represents an acknowledgment on the part of the agency that the goods or services have been received and that an actual liability which must be liquidated at a future date exists. Amounts due to other accounts, other agencies or other governments are not reported in this GL code. Such amounts are reported separately in the GL Code 515X Series.

85.70.40

June 1, 2013

Unavailable revenues

Governmental funds use the modified accrual basis of accounting which recognizes revenues in the period in which they become measurable and available. Generally, revenues are deemed available if they will be collected either within the current period or soon enough after the end of the period to pay current year liabilities. Revenues deemed unavailable are recorded to unavailable revenue (GL Codes 5192 and 5292).

Examples of revenues not available include:

- Revenues associated with receivables that will not be collected within the next 12 months, and
- Contracts for the harvest of timber that extend beyond 12 months.

Refer to Subsection 85.85.24 for an illustrative entry.

85.70.45

July 1, 2012

Unearned revenues

Under both the modified accrual and accrual basis of accounting, revenue may only be recognized when earned. If the asset recognition criteria is met before the earnings process is complete, the asset must be offset by a corresponding liability for unearned revenue (GL Codes 5190 and 5290).

Examples of revenues not yet earned include:

- Advance payments,
- Prepayments made pursuant to agreements,
- Federal loan program advances,
- Insurance premiums billed in advance,
- Prepaid tuition and fees (summer school), and
- Prepaid tolls.

Refer to Subsection 85.85.25 for an illustrative entry.

85.70.50

June 1, 2004

Short-term portion of long-term obligations

Amounts due within the next year on long-term obligations are classified as short-term liabilities. Refer to Subsection 85.85.22 for an illustrative entry.



85.72 Long-Term Obligations

85.72.10

June 1, 2013

About long-term obligations

Depending on the nature of the obligation, long-term obligations of the state are accounted for in one of two ways. Long-term obligations related to, and expected to be paid from, proprietary and trust fund type accounts are accounted for in those accounts (fund long-term obligations). All other long-term obligations (general long-term obligations) are accounted for in the General Long-term Obligations Subsidiary Account (Account 999). Subsection 75.40.20 of this manual describes the various long-term obligation general ledger codes.

85.72.10.a

Fund Long-Term Obligations - Fund long-term obligations are directly related to and payable from **proprietary and trust fund type accounts**. They generally are not expected to be paid in the next year.

Enterprise fund long-term obligations are reported in the proprietary fund statement of net position as well as in the business-type activities column of the government-wide statement of net position.

Internal service fund long-term obligations are reported in the internal service funds column in the proprietary fund statement of net position as well as in the governmental activities column in the government-wide statement of net position.

Trust fund long-term obligations are reported in the statement of fiduciary net position.

85.72.10.b

General Long-Term Obligations - All long-term indebtedness of the state which is not classified as a fund obligation should be accounted for as a general long-term obligation. General long-term obligations are liabilities that will not be paid by expending available resources as of the end of the current fiscal year.

General long-term obligations are not reported in governmental funds, but are reported in the governmental activities column in the government-wide statement of net position.

85.72.15

July 1, 2008

State Finance Committee approval

The State Finance Committee (established under chapter 43.33 RCW) is composed of the Governor, Lieutenant Governor and State Treasurer, the latter being designated by law as chairman. The Office of the State Treasurer provides administrative support to the State Finance Committee.

Bonds. By law, the State Finance Committee is delegated authority to supervise and control the issuance of all state bonds. Bonds are authorized by the legislature for the purpose of providing funds to finance the projects described and authorized by the legislature in the capital, transportation, and/or operating appropriations bills. By statutory provisions, certain higher education institutions have authority to issue revenue bonds.

Financing Contracts. RCW 39.94.010 requires that all financing contracts of the state for the acquisition of real and personal property, which provide for payments over a term of more than one year, be subject to approval by the State Finance Committee.

RCW 28B.10.022 requires that similar financing contracts of the regional universities, the Evergreen State college and the state board for community and technical colleges, as well as some of the financing contracts of state colleges, be subject to approval by the State Finance Committee. RCW 28B.10.022 also allows the board of regents of a state university to enter into certain financing contracts on their own.

However, except for financing contracts for research facilities or equipment described under chapter 28B.140 RCW, the board of regents must notify the State Finance Committee at least sixty days prior to entering into such contracts.

85.72.20

June 1, 2013

Bonds payable

85.72.20.a

Amounts owed from the issuance of long-term debt under a formal legal procedure and secured either by the pledge of specific revenues or by the full faith and credit of the state are recorded as Bonds Payable. Bond issues for the state of Washington include:

- **General Obligation Bonds** - Statewide bond issues that are secured by an unconditional pledge of the full faith and credit and taxing power of the state.

Accounting Procedures

- **Zero-Coupon General Obligation Bonds** – These bonds are also secured by an unconditional pledge of the full faith and credit and taxing power of the state. They are sold at a deep discount without coupons and accrete to full value at maturity.
- **Revenue Bonds** – These bond issues do not involve a pledge of the full faith and credit of the state. The University of Washington issues general revenue bonds that are payable from general revenues, including student tuition and fees, grant indirect cost recovery, sales and services revenue, and investment income. Other revenue bonds, including those issued by other colleges and universities, are payable from identified sources of revenue which are generally derived from the assets acquired or constructed with the bond proceeds.
- **Refunding Bonds** – When advantageous and permitted by statute and bond covenants, the State Finance Committee can authorize current or advance refundings of outstanding general obligation bonds. Refunding bonds are issued to retire bonds already outstanding. Colleges and universities may also issue refunding bonds to refund their outstanding revenue bonds.

85.72.20.b When issued, the bonds discussed above specify principal repayments as:

- **Term Bonds** – Bonds for which the entire principal matures on one date.
- **Serial Bonds** – Bonds for which the principal is repaid in periodic installments over the life of the issue.

85.72.20.c **Bond Accounting** – Bonds are accounted for in one of two ways depending on whether they are classified as fund obligations or general long-term obligations.

- **Fund Bond Debt** – Bond obligations related to and intended to be paid from proprietary and trust fund type accounts are recorded in such accounts. Refer to Subsection 85.85.30 of this manual for illustrative entries for issuance and servicing of fund bond debt. If deemed material, original issue discounts (OID) and original issue premiums (OIP) are recorded using GL Codes 1910 “Unamortized Discount on Bonds Sold,” and 5910 “Unamortized Premiums on Bonds Sold” respectively and amortized over the life of the bonds using GL Code 6512 “Amortization Expense” Subobject WB “Amortization.” Issuance costs, including underwriters’ discounts, are recorded as expenses using GL Code 6510 “Cash Expenditures/Expenses” and appropriate object codes such as C or E

Accounting Procedures

or Subobject PC “Other Debt Costs.” If the OIP or OID is deemed immaterial, they should be recorded in the same manner as the other issuance costs.

- **General Bond Debt** - When bonds are issued that are not fund obligations, the liability for the par amount of the bonds issued is recorded in Account 999 “General Long-Term Obligations Subsidiary Account.” In addition, the account receiving the proceeds records the par amount of the bonds using Revenue Source Code 0860 “Bonds Issued” or 0864 “Taxable Bonds Issued.” Original issue premiums and discounts are recorded to Revenue Source Code 0863 “Original Issue Premium” or 0862 “Original Issue Discount.” Issuance costs, including underwriters’ discounts, are recorded as expenditures using appropriate object codes such as C or E or Subobject PC “Other Debt Costs.” The debt service activity, which includes redeeming the bonds and making interest payments, is recorded in a debt service fund type account. Refer to Subsection 85.85.35 of this manual for illustrative entries for issuance and servicing of general bonded debt.

85.72.20.d

Refunding Bonds - When advantageous and permitted by statute or bond covenants, the state refunds outstanding bonds. Refunding occurs when new debt is issued to provide resources to satisfy the debt service requirements of an outstanding bond issue.

An economic gain or loss arises because of a refunding. The economic gain or loss is computed by determining the difference between the present value of cash flow requirements of the refunded debt and the present value of cash flow requirements of the refunding debt. The economic gain or loss is disclosed in the notes to the financial statements in the state’s Comprehensive Annual Financial Report (CAFR).

There are two types of refunding:

- **Current Refunding** - To qualify as a current refunding, the refunded debt must all mature or be redeemed within 90 days from the date of issuance of the refunding debt.
- **Advance Refunding** - In an advance refunding, the net proceeds of the refunding issue are used to purchase U.S. Government securities, which are placed in irrevocable trusts with escrow agents to provide for all future debt service payments on the refunded bonds until the bonds are called or mature. The refunded bonds are considered to be defeased. Neither the liability for the refunded bonds nor the securities held in the irrevocable trusts are reflected in the state’s financial accounting records.

Accounting Procedures

In **governmental funds**, bonded debt is refunded using a debt service fund type account but the accounting varies depending on whether it is a current refunding or an advance refunding.

In a current bond refunding, the refunding (new bond) proceeds are recorded with Revenue Source Code 0859 "Proceeds of Refunding Bonds". The payment to the escrow agent is recorded as an expenditure, subobject PA "Principal" and/or PB "Interest." Original issue premiums are recorded to Revenue Source Code 0858 "Original Issue Premium–Refunding Bonds." Original issue discounts are recorded to Revenue Source Code 0856 "Original Issue Discount – Refunding Bonds." Issuance costs, including underwriter's discount, are recorded to Revenue Source Code 0857 "Underwriters Discount/Costs of Issuance – Refunding Bonds."

In an advance refunding, the refunding (new bond) proceeds are recorded with Revenue Source Code 0859 "Proceeds of Refunding Bonds." The payment to the escrow agent is recorded with Revenue Source Code 0855 "Payments to Refunded Bond Escrow Agents." Original issue premiums are recorded to Revenue Source Code 0858 "Original Issue Premium–Refunding Bonds." Original issue discounts are recorded to Revenue Source Code 0856 "Original Issue Discount – Refunding Bonds." Issuance costs, including underwriter's discount, are recorded to Revenue Source Code 0857 "Underwriters Discount/Costs of Issuance – Refunding Bonds."

The refunded debt (old bond) is removed from and the refunding debt (new bond) is recorded in Account 999 "General Long-Term Obligations Subsidiary Account."

In a **proprietary or trust fund type account**, when bonded debt is refunded (either a current or advance refunding), the refunded debt (old bond) is removed from, and the refunding debt (new bond) is recorded in, the applicable account. If material, the difference between (1) the book value of the refunded (old) debt and (2) the amount required to retire the debt is deferred. The deferred amount is recorded in GL Code 5268 "Deferred Inflow on Bond Refundings" (credit amount) or GL 1972 "Deferred Outflow on Bond Refunding" (debit amount). The deferred amount is amortized as an adjustment to interest expense over the remaining life of the refunded bonds or the life of the refunding bonds, whichever is shorter.

The book value of the refunded debt includes its maturity value, and any related unamortized premium or discount (GL Codes 5910 "Unamortized Premiums on Bonds Sold," and 1910 "Unamortized Discounts on Bonds Sold").

85.72.30

March 17, 2010

Lease-purchase agreements payable

85.72.30.a

A lease may be classified as an **operating lease** or a **capital lease**.

An **operating lease** is defined as a 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 the property to the state.

A capital lease must meet one or more of the following criteria:

- By the end of the lease term, ownership of the leased property is transferred to the state.
- The lease contains a bargain purchase option.
- The lease term is equal to 75 percent or more of the estimated useful life of the leased property.
- The lease qualifies as a capital lease if, at the inception of the lease, the present value of the minimum lease payments, excluding executory costs (usually insurance, maintenance, and taxes paid in connection with the leased property, including any profit thereof) is 90 percent or more of the fair value of the leased property.

State lease agreements typically contain a fiscal funding clause, or cancellation clause, which permits the state to terminate the agreement on a biennial basis if funds are not appropriated to continue the next biennium's lease payments. Generally, the likelihood of cancellation is remote.

Leases which contain a cancellation clause must be evaluated to determine if the possibility of cancellation is remote, and if so, and if they also meet at least one of the criteria of a capital lease, then the leases should be classified as capital leases.

Refer also to Subsections 30.20.40 and 85.72.40.

85.72.30.b

Lease Accounting

1. **Operating Lease** - Accounting for an operating lease consists of recording rental payments as a normal operating expenditure/expense to Subobject ED "Rentals and Leases - Land and Buildings" or Subobject EH "Rentals and Leases - Furnishings and Equipment" on a periodic basis.
2. **Capital Lease** - Accounting for a capital lease consists of:
 - Recording the capital lease at its inception,
 - Updating the capital asset inventory system,
 - Separating periodic payments into principal and interest portions, and
 - Applying payments to the correct object of expenditure.

When a capital lease represents the acquisition or construction of a general capital asset, the acquisition or construction of the general capital asset is recorded as an expenditure in GL Code 6514 "Capital Asset Acquisitions by Lease-Purchase Agreements or Certificates of Participation" and the lease proceeds are recorded in GL Code 3221 "Other Financing Sources," Revenue Source Code 0809 "Capital Lease Acquisitions," consistent with the provisions of NCGA Statement 5. In addition, the capital asset acquired should be recorded in Account 997 "General Capital Assets Subsidiary Account" and the lease obligation should be recorded in Account 999 "General Long-Term Obligations Subsidiary Account." Refer to Subsections 85.60.70 and 30.20.30 for further information on capital leases.

Periodic lease payments represent debt service expenditures in governmental fund type accounts. Subobject PA is charged for the annual amount paid that is applicable to the principal portion of the lease liability and Subobject PB is charged for the interest portion of the payment. The lease liability recorded in the General Long-Term Obligations Subsidiary Account (Account 999) is reduced by the amount of principal payments. Agencies should review the balance in GL 5272 at the end of each fiscal year and reclassify to short-term (GL 5172 "Lease-Purchase Agreements Payable") that portion of the lease liability that is due to be paid in the next year.

Periodic payments represent a combination of debt service and a reduction of a liability in proprietary and trust fund type accounts. If the capital lease liability was recorded in GL 5172/5272, then GL Code 5172 is debited for the amount paid that is applicable to the principal portion of the lease-purchase liability and Subobject PB is debited for the interest portion of the payment.

Accounting Procedures

Normally the monthly billing will separate the interest portion from principal, but if not separately stated, interest must be computed by the agency using the current market interest rate the lessee would be charged at the inception of the lease to borrow the funds necessary to purchase the asset.

Payment is normally made from an operating account unless specific requirements dictate use of a debt service fund type account. Refer to Subsection 85.85.40 for illustrative entries.

85.72.40

June 1, 2013

Certificates of Participation (COP)

85.72.40.a

In order to increase the efficiency and cost effectiveness of lease-purchase activity, the State established a master lease/purchase program administered through the Office of the State Treasurer (OST). This program uses Certificates of Participation (COP) as a financing mechanism. Contact the Office of State Treasurer for further information on the COP program. Refer to Subsections 85.60.80, 85.85.45 and 85.85.50 for information on COP accounting.

There are two types of COPs as follows:

- **Equipment Acquisition Program** - Under this program, a capital asset (equipment) is generally acquired with a single transaction.
- **Real Estate Program** - Under this program, an asset (real estate) is purchased, constructed or renovated. The purchase, construction, or renovation activity may take place over a period of time and may involve multiple transactions. If the purchase/construction/renovation period is lengthy and debt service on the COP is required during the construction/renovation phase, interest may be capitalized in enterprise and trust funds.

85.72.40.b

Generally, COPs are payable from annual appropriations by the Legislature. If the possibility that the Legislature will fail to appropriate repayment is deemed remote, then a liability for the COP is recorded.

85.72.40.c

When governmental fund type accounts purchase equipment or real estate through COPs, the transaction is not an expenditure authority charge. It is the payment of the COP principal that is charged against expenditure authority.

85.72.40.d

When COP financed capital assets are acquired in governmental fund type accounts, the acquisition or construction is recorded as an expenditure using GL Code 6514 "Capital Asset Acquisitions by Lease-Purchase

Agreements or Certificates of Participation” and the proceeds are recorded in the acquiring account using GL Code 3221 “Other Financing Sources” Revenue Source Code 0807 “Certificates of Participation.” The COP liability is recorded in Account 999 “General Long-Term Obligations Subsidiary Account” and the capital assets acquired in Account 997 “General Capital Assets Subsidiary Account.”

For real estate acquisition/construction/renovation projects financed through COPs (excluding higher education), the COP proceeds are deposited into and expended out of a construction account.

For acquisition of equipment or real estate through COPs in proprietary and trust fund type accounts, the COP liability and the corresponding asset are recorded in the acquiring account.

All assets acquired with COPs are capitalized. Refer to Subsection 30.20.20.

OST accounts for COP sale and repayment activity in Account 739 “Certificate of Participation and Other Financing Account - State.”

Refer to Subsection 85.85.45 and 85.85.50 for illustrative entries.

85.72.40.e Typically, COPs have semi-annual debt service payments. In governmental fund type accounts, Subobject PD is charged for the amount paid that is applicable to the principal and Subobject PE is charged for the interest portion of the payment. In proprietary and trust fund type accounts, GL Code 5173 “Certificates of Participation Payable” is charged for the amount paid that is applicable to the principal portion of the COPs and Subobject PE is to be charged for the interest portion of the payment.

Budgeted proprietary fund type accounts require an additional entry to record an expenditure authority charge for the portion of the payment applicable to the principal. This additional entry involves a debit to GL Code 6510 “Cash Expenditures/Expense” Subobject PD “Principal COP Lease-Purchase Agreements,” and a credit to GL Code 6525 “Expense Adjustments/ Eliminations (GAAP)” Subobject PD.

Refer to Subsections 85.85.45 and 85.85.50 for illustrative entries.

85.72.40.f **Refunding COPs** - When advantageous and permitted by statute or COP covenants, the state refunds outstanding COPs. Refunding occurs when new COPs are issued to provide resources to satisfy the debt service requirements of an outstanding COP issue.

An economic gain or loss arises because of a refunding. The economic gain or loss is computed by determining the difference between the present

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value of cash flow requirements of the refunded debt and the present value of cash flow requirements of the refunding debt. The economic gain or loss is disclosed in the notes to the financial statements in the state's Comprehensive Annual Financial Report (CAFR).

There are two types of refunding:

- **Current Refunding** - To qualify as a current refunding, the refunded debt must all mature or be redeemed within 90 days from the date of issuance of the refunding debt.
- **Advance Refunding** - In an advance refunding, the net proceeds of the refunding issue are used to purchase U.S. Government securities, which are placed in irrevocable trusts with escrow agents to provide for all future debt service payments on the refunded COPs until the COPs are called or mature. The refunded COPs are considered to be defeased. Neither the liability for the refunded COPs nor the securities held in the irrevocable trusts are reflected in the state's financial accounting records.

In **governmental funds**, COP debt is refunded using a governmental fund type account but the accounting varies depending on whether it is a current refunding or an advance refunding.

In a current COP refunding, the refunding (new COP) proceeds are recorded with Revenue Source Code 0854 "Proceeds of Refunding COPs." The payment to the escrow agent is recorded as an expenditure, subobject PA "Principal" and/or PB "Interest." Original issue premiums are recorded to Revenue Source Code 0853 "Original Issue Premium – Refunding COPs." Original issue discounts are recorded to Revenue Source Code 0851 "Original Issue Discount – Refunding COPs." Issuance costs, including underwriter's discount, are recorded to Revenue Source Code 0852 "Underwriters Discount/Costs of Issuance – Refunding COPs."

In an advance COP refunding, the refunding (new COP) proceeds are recorded with Revenue Source Code 0854 "Proceeds of Refunding COPs." The payment to the escrow agent is recorded with Revenue Source Code 0850 "Payments to Refunded COP Escrow Agents." Original issue premiums are recorded to Revenue Source Code 0853 "Original Issue Premium – Refunding COPs." Original issue discounts are recorded to Revenue Source Code 0851 "Original Issue Discount – Refunding COPs." Issuance costs, including underwriter's discount, are recorded to Revenue Source Code 0852 "Underwriters Discount/Costs of Issuance – Refunding COPs."

The refunded debt (old COP) is removed from and the refunding debt (new COP) is recorded in Account 999 "General Long-Term Obligations Subsidiary Account."

Accounting Procedures

In a **proprietary or trust fund** type account, when COP debt is refunded (either a current or advance refunding), the refunded (old) COP is removed from, and the refunding (new) COP is recorded in the applicable account. If material, the difference between (1) the book value of the refunded (old) COP and (2) the amount required to retire the old COP is deferred. The deferred amount is recorded in GL Code 5266 “Deferred Inflow on COP Refundings” (credit amount) or 1971 “Deferred Outflow on COP Refunding” (debit amount). The deferred amount is amortized as an adjustment to interest expense over the remaining life of the refunded COP or the life of the refunding COP, whichever is shorter. Refer to Subsection 85.85.52 for illustrative entries.

The book value of the refunded COP includes its maturity value, any related unamortized premium or discount (GL Codes 5920 “Unamortized Premiums on COPs Sold” and 1911 “Unamortized Discounts on COPs Sold”).

85.72.50

July 1, 2009

Vacation leave payable

85.72.50.a

General

A liability accrues as employees accumulate vacation leave in that, at termination, employees become entitled to a cash payment for all eligible accumulated vacation leave. Additionally, a liability accrues to the state for certain payroll related costs (e.g., the employer's portion of social security and Medicare taxes). Governmental fund type accounts accumulate this liability in Account 999 “General Long-Term Obligations Subsidiary Account.” Proprietary and trust fund type accounts record vacation leave payable as a fund liability.

85.72.50.b

Establishing the Liability

85.72.50.b.(1)

As a part of the year-end closing process, a determination is made of the dollar value of accumulated vacation leave due employees on June 30 using current salary levels. One of two methods is to be employed in this computation:

- Determine the accumulated vacation leave liability on an employee-by-employee basis by multiplying the hours accumulated by the respective employee's current hourly rate; or
- Multiply the total accumulated vacation leave hours by the average hourly rate of all employees. (This option is to be used only by those agencies not having an automated system capable of making the calculation on an individual employee basis.)

Accounting Procedures

85.72.50.b.(2) Once the dollar value of the vacation leave due employees is determined the employer portion of associated payroll related costs (i.e., social security and Medicare taxes) is calculated. The sum of the amount payable to employees and the employer share of the related payroll taxes represents Accrued Vacation Leave Payable.

85.72.50.c **Recording Vacation Leave Expense/Liability**

85.72.50.c.(1) Adjustments are made at the close of the fiscal year to record the increases (vacation leave earned) and decreases (vacation leave used) in the vacation leave liability. **Increases are to be recorded separately from decreases** to allow for proper financial reporting, as required by GASB Statement 34.

Agencies with multiple proprietary accounts or a combination of governmental and proprietary accounts need to allocate the vacation leave liability to **each** proprietary account and a single total for **all** governmental fund type accounts. This allocation may be estimated when leave records are not maintained by account.

85.72.50.c.(2) In proprietary and trust fund type accounts, increases in vacation leave liability are recorded as a fund liability through a debit to GL Code 6525 "Expense Adjustments/Eliminations (GAAP)" (using expenditure authority and program codes as appropriate) and a credit to GL Code 5125 and/or 5225 "Accrued Vacation Leave Payable," as deemed appropriate.

Decreases in vacation leave liability are recorded by a debit to GL Code 5125 and/or 5225 and a credit to GL Code 6525 with applicable expenditure authority and program codes.

85.72.50.c.(3) For governmental fund type accounts, increases in vacation leave liability are recorded in Account 999 "General Long-Term Obligations Subsidiary Account" as a debit to GL Code 1820 "Amount to be Provided for Retirement of Long-Term Obligations" and a credit to the GL Code 5125 and/or 5225, as deemed appropriate.

Decreases in the vacation leave liability are recorded as a debit to GL Code 5125 and/or 5225 and a credit to GL Code 1820.

85.72.60

June 1, 2004

Sick leave payable

85.72.60.a

General

A liability for sick leave accrues as the benefits are earned to the extent that it is probable that the employer will compensate the employee for the leave conditioned on the employee's retirement. Paid time off for sick leave which is contingent on an illness is not subject to accrual because it is dependent on a future event that is beyond the control of the employer. To the extent that sick leave will be paid upon retirement, agencies are to estimate and record this liability.

The liability for sick leave includes the dollar value of the estimated amount to be paid in cash to employees upon retirement, and the employer portion of the associated payroll related costs (i.e., social security and Medicare taxes). Pension is not paid on sick leave buy-out.

85.72.60.b

Establishing the Liability

85.72.60.b.(1)

The dollar value of sick leave that will be paid to employees upon retirement is calculated using current salary levels and an estimate of the likelihood that employees with accumulated sick leave balances, as of year end, will remain in state service until they are eligible for retirement at which time they will be able to cash out their sick leave.

One of the following two methods is to be used in this computation. Once a method is selected, it is to be applied consistently.

- **Method 1** - This method employs an actuarially determined factor of the probability that current employees will remain in state service until they are eligible for retirement. This method is an option where the dollar value of sick leave is readily available or can be calculated by multiplying the total sick leave hours accumulated by the average hourly pay rate of the employees. The dollar value of sick leave accumulated as of year-end is divided by four (since the state's buy-out policy is one day for every four accumulated) and then multiplied by the actuarially determined factor representing the probability that leave will be cashed out. This factor will be available annually from OFM Statewide Accounting.

Accounting Procedures

- **Method 2** - This method is based on the assumption that future sick leave buy-out will be consistent with recent years, that the average employee who will eventually cash out sick leave will work 30 years, and that there is a bell-shaped distribution of the employee population such that the mean time to retirement is 15 years. This method would be an option where the dollar value of accumulated sick leave hours is not readily available.

Compute an average of the sick leave buy-out (Subobject AS) for the most recent three years. Multiply the average by 15 years.

85.72.60.b.(2) Multiply the estimated sick leave that will be paid to by the employer's share of Social Security and Medicare taxes. The sum of the amount to be paid to employees and the employer payroll taxes represents Accrued Sick Leave Payable.

85.72.60.c **Recording Sick Leave Expense/Liability**

85.72.60.c.(1) Once the estimate of sick leave payable as of year-end has been calculated, it is compared with the current balance in GL Codes 5127 and/or 5227 "Accrued Sick Leave Payable," as appropriate. Adjustments are made to record the increases (sick leave earned) and decreases (sick leave used) in the sick leave liability. **Increases are to be recorded separately from decreases** to allow for proper financial reporting, as required by GASB Statement 34. Agencies with multiple proprietary accounts or a combination of governmental and proprietary accounts need to allocate the sick leave liability to **each** proprietary account and a single total for **all** governmental accounts. This allocation may be estimated when leave records are not kept by account.

85.72.60.c.(2) In proprietary and trust fund type accounts, increases in sick leave payable are recorded as a fund liability through a debit to GL Code 6525 "Expense Adjustments/Eliminations (GAAP)" (using expenditure authority and program codes as appropriate) and a credit to GL Code 5127 and/or 5227 "Accrued Sick Leave Payable," as deemed appropriate. Decreases in sick leave liability are recorded as a debit to GL Code 5127 and/or 5227 with an offsetting credit to GL Code 6525 with applicable expenditure authority and program codes.

85.72.60.c.(3) For governmental fund type accounts, increases in sick leave liability are recorded in Account 999 "General Long-Term Obligations Subsidiary Account" as a debit to GL Code 1820 "Amount to be Provided for Retirement of Long-Term Obligations" and a credit to GL Code 5127 and/or 5227, as deemed appropriate. Decreases in the sick leave liability are recorded as a debit to GL Code 5127 and/or 5227 and a credit to GL Code 1820.

85.72.65

July 1, 2009

Compensatory time payable

85.72.65.a

General

A liability accrues as certain employees accumulate compensatory time in that employees become entitled to a cash payment for all eligible accumulated compensatory time at intervals prescribed by regulation, collective bargaining agreement, or agency policy, as applicable. Additionally, a liability accrues to the state for certain payroll related payments (e.g., the employer's portion of pension benefit and social security and Medicare taxes). Governmental fund type accounts accumulate this liability in Account 999 "General Long-Term Obligations Subsidiary Account." Proprietary and trust fund type accounts record vacation leave payable as a fund liability.

85.72.65.b

Establishing the Liability

85.72.65.b.(1)

As a part of the year-end closing process, a determination is made of the dollar value of accumulated compensatory time due employees on June 30 using current salary levels. One of two methods is to be employed in this computation:

- Determine the accumulated compensatory time liability on an employee-by-employee basis by multiplying the hours worked at time-and-one-half by the respective employee's current hourly rate; or
- Multiply the total accumulated compensatory time hours worked at time-and-one-half by an average hourly rate. (This option is to be used only by those agencies not having an automated system capable of making the calculation on an individual employee basis.)

85.72.65.b.(2)

Once the dollar value of the compensatory time due employees is determined the employer portion of associated payroll related costs (i.e., pension and social security and Medicare taxes) is calculated. The sum of the amount payable to employees and the employer share of the related payroll taxes and benefits represents Accrued Compensatory Time Payable.

85.72.65.c

Recording Compensatory Time Expense/Liability

85.72.65.c.(1)

Adjustments are made at the close of the fiscal year to record the increases (compensatory time earned) and decreases (compensatory time used) in the compensatory time liability. **Increases are to be recorded separately from decreases** to allow for proper financial reporting, as required by GASB Statement 34.

Accounting Procedures

Agencies with multiple proprietary accounts or a combination of governmental and proprietary accounts need to allocate the compensatory time liability to **each** proprietary account and a single total for **all** governmental accounts. This allocation may be estimated when compensatory time records are not kept by account.

85.72.65.c.(2) In proprietary and trust fund type accounts, increases in compensatory time liability are recorded as a fund liability through a debit to GL Code 6525 "Expense Adjustments/Eliminations (GAAP)" (using expenditure authority and program codes as appropriate) and a credit to GL Code 5128 and/or 5228 "Accrued Compensatory Time Payable," as deemed appropriate. Decreases in compensatory time liability are recorded by a debit to GL Code 5128 and/or 5228 and a credit to GL Code 6525 with applicable expenditure authority and program codes.

85.72.65.c.(3) For governmental fund type accounts, changes in the compensatory time liability are to be reflected in the governmental account if the liability is to be liquidated within 12 months, or in Account 999 "General Long-Term Obligations Subsidiary Account" if the intent is to liquidate it after one year. Increases in compensatory time liability are recorded as a credit to GL Code 5128 and/or 5228, and a debit to expenditures in the governmental account or a debit to GL Code 1820 "Amount to be Provided for Retirement of Long-Term Obligations" in Account 999, as appropriate. Decreases in the compensatory time liability are recorded as a debit to GL Code 5128 and/or 5228 and a credit to expenditures in the governmental account or a credit to GL Code 1820 in Account 999, as appropriate.

85.72.70

July 1, 2006

Termination benefits

A liability accrues for termination benefits provided to state employees. Additionally, a liability accrues to the state for certain payroll related costs (e.g., the employer's portion of pension benefit and social security and Medicare taxes). Unemployment compensation or effects of a termination benefit on the agency's obligations for pension or other postemployment benefits are not considered termination benefits.

In governmental fund type accounts, termination benefits are recorded as an expenditure and fund liability. In proprietary and trust fund type accounts, termination benefits are recorded as an expense and fund liability. Contact your OFM Accounting Consultant for further guidance on recording termination benefits.



85.74 Special Liabilities

85.74.10

July 1, 2003

Vendor payment advance

85.74.10.a

General

85.74.10.a.(1)

As prescribed in RCW 28B.50.090 and in RCW 28B.50.143, the State Board for Community and Technical Colleges (SBCTC) and each community and technical college district may request and receive an advance from the Office of the State Treasurer (OST) for local vendor payments. Vendor payment advances are considered liabilities of the agencies receiving the monies.

85.74.10.a.(2)

The SBCTC and each individual college are responsible for establishing proper accounting procedures and controls to ensure accountability and obtain maximum benefit from the authorized advance.

85.74.10.b

Initial Advance

85.74.10.b.(1)

The SBCTC is to submit to the Office of Financial Management (OFM) a request for approval of the amount calculated as the initial advance for the SBCTC and each individual college. In arriving at the amounts, the following criteria is to be used:

- The base to be used in the calculation of the advance is to equal total budgeted expenditures of the General Fund for the biennium.
- The amount of the advance to each individual college is to be limited to 17 percent of its average monthly allotment for General Fund expenditures, and the amount advanced to the SBCTC is to be limited to 24 percent of its average monthly allotment for General Fund expenditures.
- Approval is not to be granted if the allotment for the community and technical college system has not been received by OFM.

85.74.10.b.(2)

Upon approval by OFM, the SBCTC is to notify each individual college of its approved amount. Thereafter, the SBCTC and each individual college are to prepare a Journal Voucher (A7-A) for the amount of the advance and request an ACH.

Accounting Procedures

In all cases, the payee is to be the institution and is not to include the name of an individual. The entry required in the general ledger for Account 001 "General Fund" is a debit to GL Code 1350 "Due From Other Funds - Advances" and a credit to GL Code 7120 "Warrants/ACH Payments In-Process." Refer to Subsection 85.85.55.a.(1) for an illustrative entry.

85.74.10.b.(3) Upon receipt of the ACH, the SBCTC and each individual college are to record the amount received in Account 840 "Institutions of Higher Education - Agency Account." The entry required in the general ledger for Account 840 is a debit to GL Code 1110 "Cash in Bank" and a credit to GL Code 5150 "Due To Other Funds - Advances." Refer to Subsection 85.85.55.a.(2) for an illustrative entry.

85.74.10.c **Payments for Goods and Services**

85.74.10.c.(1) The SBCTC and each individual college are to process vendor payments for those items chargeable to the General Fund in the same manner as local account expenditures with the following exceptions:

- Checks are to be drawn on the local bank account against the cash advance deposited in Account 840, but no expenditure data is to be recorded against this account. Instead, the entry required in the general ledger for Account 840 is a debit to GL Code 1350 "Due from Other Funds - Advances" and a credit to GL Code 1110 "Cash in Bank." Refer to Subsection 85.85.55.b.(1) for an illustrative entry.
- To support the debit entry to the clearing account, the SBCTC and each individual college are to maintain a file detailing the expenditure/expense coding which is to be charged when reimbursement is requested.

85.74.10.c.(2) The SBCTC and each individual college are to record expenditure data to Account 001 "General Fund." This entry is to be made simultaneously with the general ledger entry to Account 840. The general ledger entry required in Account 001 is a debit to GL Code 6505 "Accrued Expenditures/Expenses" and a credit to GL Code 5150 "Due To Other Funds - Advances." Refer to Subsection 85.85.55.b.(2) for an illustrative entry.

85.74.10.d **Reimbursements**

85.74.10.d.(1) At the end of each month, the SBCTC and each individual college are to process a Journal Voucher (A7-A) requesting reimbursement for the amount of money actually disbursed from the advance.

Accounting Procedures

The amount requested should be supported by the detailed listing as noted in 85.74.10.c.(1) above. When reimbursement is requested, cash expenditures are to be recorded in Account 001 "General Fund." The entry is a debit to GL Code 5150 "Due To Other Funds - Advances" and a credit to GL Code 6505 "Accrued Expenditures/Expenses" and a debit to GL Code 6510 "Cash Expenditures/Expenses" and a credit to GL Code 7120 "Warrants/ACH Payments In-Process." Upon receipt of the ACH, the SBCTC and each individual college are to record the deposit in Account 840. The entry is a debit to GL Code 1110 "Cash in Bank" and a credit to GL Code 1350 "Due From Other Funds - Advances." Refer to Subsection 85.85.55.c for illustrative entries.

85.74.10.d.(2) The SBCTC and each individual college are limited to one reimbursement per month. At no time is the SBCTC or any individual college to request an amount of reimbursement in excess of actual cash outlays.

85.74.10.d.(3) Accruals, together with encumbrances, are to be posted to the General Fund at the end of each month.

85.74.10.e **Biennial Close out of Vendor Payment Advance** - Early in each new biennium the advance for the preceding biennium is to be closed out. To close out the vendor payment advance, the SBCTC and each individual college are to follow these procedures:

85.74.10.e.(1) **Institutions of Higher Education - Agency Account 840**

The amount reimbursed for expenditures incurred in June will be reduced by the amount initially advanced. This amount should equal the difference between the amount of the original advance as recorded in GL Code 5150 "Due To Other Funds - Advances" and the amount of June expenditures in GL Code 1350 "Due From Other Funds - Advances." If June expenditures are greater than the amount initially advanced, the difference is to be requested as reimbursement. If June expenditures are less than the amount initially advanced, the difference must be remitted to the General Fund 001. To record the amount to be reimbursed or remitted, the following entries are required: The first entry required is a debit to GL Code 5150 and a credit to GL Code 1350 for the amount of the initial advance. After this entry has been made, the balance in GL Code 1350 will indicate whether funds are to be requested or remitted to the General Fund 001.

If the balance in GL Code 1350 is a debit, request reimbursement of this amount by processing a Journal Voucher (A7-A) requesting an ACH. Upon receipt of the ACH, the entry required is a debit to GL Code 1110 and a credit to GL Code 1350.

Accounting Procedures

If the balance in GL Code 1350 is a credit, ACH the balance to the General Fund 001 and process a Cash Receipts Journal Summary (A8-A). The entry required is a debit to GL Code 1350 and a credit to GL Code 1110. Refer to Subsection 85.85.55.d for an illustrative entry.

The SBCTC and each individual college are to use the listing from the payment file detailing the expenditure/expense GL coding to be charged for advance payments.

85.74.10.e.(2)

General Fund – Account 001

The SBCTC and each individual college are to record the reimbursement or remittance in the General Fund. If the final amount is a reimbursement from Account 001, the entry is a debit to GL Code 5150 “Due To Other Funds - Advances” and a credit to GL Code 7120 “Warrants/ACH Payments In-Process” for the amount reimbursed. If the final amount is a remittance to Account 001, the entry is a debit to GL Code 7110 “Receipts In-Process” and a credit to GL Code 1350 “Due From Other Funds - Advances.” Refer to Subsection 85.85.55.d.(2) for an illustrative entry.

At this point the balances in GL Code 1350 “Due From Other Funds - Advances” and GL Code 5150 “Due To Other Funds - Advances” should be zero.

85.74.20

July 1, 2012

Public works contracts - retention of payments

85.74.20.a

General

85.74.20.a.(1)

RCW 60.28.011 requires, in part, that all contracts for public improvements or work, other than for professional services, by a public body must provide for retention from the amounts earned by the contractor those amounts provided by law. Such monies are to be retained in accordance with the provision of the law for the protection and payment of the claims of any person arising under the contract and the state for taxes due from the contractor.

Highway, street or road public improvement contracts funded in whole or in part by federal transportation funds are to rely upon the contract bond as referred to in Chapter 39.08 RCW for protection of payment and taxes, as described in the preceding paragraph.

Accounting Procedures

85.74.20.a.(2) The monies withheld from amounts due a contractor under the provisions of a public works contract, at the option of the contractor, shall be:

- Retained in an account by the agency, or
- Deposited by the agency in an interest bearing account in a qualified public depository, or
- Placed in escrow with a bank or trust company by the agency.

Alternatively, a contractor may submit a bond for all or any portion of the contract retainage in a form acceptable to the agency and from a bonding company meeting standards established by the agency.

85.74.20.a.(3) Following the award of a contract for public improvements or work for which retained percentages are required to be withheld under the provisions of RCW 60.28.011, agencies are to require the contractor to exercise an option in writing as to whether monies withheld from amounts due to the contractor are to be retained by the agency, deposited in an interest bearing account, placed in escrow, and/or whether the contractor will submit a bond for all or a portion of the contract retainage. Agencies are to develop procedures for informing the contractor of the options and method for exercising the option selected.

An option must be exercised prior to or at the time of submission of the invoices for the first progress payment to be made under the contract. No progress payment is to be made until the contractor has exercised an option in writing.

85.74.20.a.(4) Payments on contracts for public improvements or work should be made in accordance with Chapter 60.28 RCW.

85.74.20.a.(5) Refer to Subsection 85.85.60 of this manual for illustrative entries related to retained percentages.

85.74.20.b **Retainage Held by the Agency**

When an election is made for the agency to hold the retainage in a state account, the agency records the amount retained in GL Code 5116 "Retained Percentages Payable." The agency should maintain a subsidiary record of the retainage held by contract number and contractor name.

Accounting Procedures85.74.20.c **Retainage Deposited in Interest Bearing Accounts**

- 85.74.20.c.(1) When an election is made to deposit amounts withheld in an interest bearing account in a public depository, the contractor and agency are to select an institution agreeable to both. The financial institution selected must be a qualified public depository under Chapter 39.58 RCW.
- 85.74.20.c.(2) Deposits in an interest bearing account are to be in the name of the agency and are not allowed to be withdrawn without the agency's written authorization.
- 85.74.20.c.(3) Interest earned on deposits is to be paid to the contractor as said interest becomes payable under the terms of the deposit. The agency is to notify the institutions to withhold all further payments of interest in the event claims are filed against the contractor. After such notice, all unpaid interest is to be subject to the conditions of Chapter 60.28 RCW. The account is to be appropriately noted by the public depository to enable that institution to report interest payments made to the contractor to the Internal Revenue Service in the proper format.

85.74.20.d **Retainage Placed in Escrow**

- 85.74.20.d.(1) When the contractor elects to place amounts withheld in escrow, the contractor selects a bank or trust company as the escrow agent. The agency, contractor, and escrow agent are to then jointly execute an Escrow Agreement approved as to form by the Attorney General. The Escrow Agreement, in addition to other requirements, is to provide for payment of all escrow services and brokerage fees by the contractor and is to stipulate that the contractor agrees to assume all risks in connection with the investment of the retained percentages. A copy of the completed Escrow Agreement is to be provided to the escrow agent, contractor, and agency prior to the time the first progress payment is made.
- 85.74.20.d.(2) When the moneys withheld are placed in escrow, the warrant or check representing the sum of the monies withheld is to be made payable to the bank or trust company and the contractor jointly. Such monies are to be converted into bonds and securities and held in escrow. The bonds and securities are to be chosen by the contractor and approved by the agency. Interest on the bonds and securities shall be paid to the contractor as said interest becomes payable under the terms of the Escrow Agreement.

Accounting Procedures

In approving securities, the agency is to consider the probable safety of the securities and their liquidity in relation to completion of the project and the timing of retention payments per statute. The agency may approve investments in bonds or securities eligible for investment by public entities, pursuant to RCW 43.84.080 and Chapters 39.58, 39.59 and 43.250 RCW.

- 85.74.20.d.(3) The agency is to retain in its files all documents, supporting data, and records which reflect all actions taken relating to the escrow account and the investment of escrow monies.

85.74.30

July 1, 2008

Unclaimed property

In accordance with state law, unclaimed personal property reverts to the state in the absence of legal claimants or heirs. The state accounts for abandoned property in Account 196 “Unclaimed Personal Property Account.” Amounts in excess of a statutory limit are transferred to the General Fund. The state establishes a liability in Account 196 to reflect an estimate of the amount that will eventually be claimed using short-term GL Code 5193 “Liability for Unclaimed Property Refunds” and long-term GL Code 5293 “Liability for Unclaimed Property Refunds.”

The state uses Account 527 “Administrator for Intestate Estates Account” for escheat property. Property escheats to the state from the estates of persons who die intestate without any known or discoverable heirs. Account 527 is used to account for the escheat property pending identification of rightful heirs. Refer to RCW 63.29.130 for unclaimed property held by courts and public agencies, and RCW 63.29.150 for unclaimed wages.

85.74.40

October 1, 2011

Claims and judgments

- 85.74.40.a Agencies are to record a liability for claims and judgments when all four of the following criteria are met:
- The event giving rise to the claim occurred prior to the end of the fiscal year,
 - It is probable that a claim will be asserted,
 - It is probable that the claim will prevail, and
 - The amount of the loss is measurable or estimable.

Accounting Procedures

- 85.74.40.b In governmental fund type accounts, a claim or judgment is recognized as an expenditure and a liability as of the date that payment became due pursuant to the terms of a settlement agreement or court judgment (assuming there is no appeal) regardless of whether or not there are sufficient available spendable resources to liquidate them. The remaining portion of the liability is recorded in Account 999 “General Long-Term Obligation Subsidiary Account.”
- 85.74.40.c In proprietary and trust fund type accounts, claims and judgments are always fund liabilities. They are separated into short-term GL Code 5113 “Claims and Judgments Payable” and long-term GL Code 5213 “Claims and Judgments Payable.”
- 85.74.40.d An example of a claims liability involves disallowed costs on federal programs. At the point that the agency determines that it is probable that a repayment will be made to the federal government and the amount is measurable, a claims liability is to be recorded. Additionally, an adjustment for the amount of the repayment is to be recorded to reduce both the federal revenue and expenditure/expense initially charged. Refer to Subsection 85.85.65 for an illustrative entry.
- 85.74.40.e In instances where it is reasonably possible that a loss has occurred or an asset has been impaired, or a loss is probable but not measurable, a liability should not be recorded. These contingent obligations are reported by means of the year-end disclosure form process and disclosed in the notes to the state’s financial statements.

85.74.50

July 1, 2009

Pollution remediation obligations

- 85.74.50.a Pollution remediation obligations are liabilities related to the State’s responsibility to clean up pollution or contamination. They do not include obligations for pollution prevention or control activities.
- 85.74.50.b When *one* of the following five events or circumstances occurs, agencies must attempt to estimate the expected pollution remediation outlays:
- Pollution poses an imminent danger to the public or environment and the agency has little choice but to take action.
 - The agency violates a pollution prevention-related permit or license.

Accounting Procedures

- A regulator identifies the agency as responsible or potentially responsible for cleaning up pollution.
- The agency is named (or evidence indicates that it will be named) in a lawsuit to compel it to address pollution.
- The agency begins or legally obligates itself to begin cleanup or post-cleanup activities.

85.74.50.c Pollution remediation efforts should be broken down into components, such as legal services, site investigation, and post remediation monitoring. On an on-going basis, the efforts should be analyzed by component to determine if costs are reasonably estimable. A liability should be recognized as the ranges within a component become reasonably estimable.

85.74.50.d The liability for the pollution remediation should be measured at current value (not present value) using the expected cash flow technique. The expected cash flow technique is the sum of probability-weighted amounts in a range of possible estimated amounts.

85.74.50.e In governmental fund type accounts, goods and services that are used for pollution remediation activities should be recognized as liabilities of the operating accounts only to the extent that the goods and services have been received and the liabilities are expected to be liquidated with current available spendable resources. An entry is required to reserve a portion of fund balance to indicate that the liability is not available for appropriation.

This is accomplished by debiting the appropriate Fund Equity GL Code and crediting GL Code 9260 "Restricted for Pollution Remediation Liabilities." The remaining portion of the liability is recorded in Account 999 "General Long-Term Obligation Subsidiary Account."

85.74.50.f In proprietary and trust fund type accounts, pollution remediation obligations are always fund liabilities. They are separated into short-term liabilities using appropriate general ledger codes (for example, accounts payable, claims and judgments payable, or accrued salaries) and long-term liabilities using GL Code 5287 "Pollution Remediation Obligation."

85.74.50.g Agencies that have or believe they may have pollution remediation obligations should contact their OFM Accounting Consultant for assistance. Refer to Subsection 90.40.75 for fiscal year-end disclosure requirements related to pollution remediation obligations.

85.74.55

July 1, 2008

Other post employment benefit (OPEB) obligations

- 85.74.55.a Obligations for other post employment benefits (OPEB), such as retiree medical and dental insurance subsidies, are recognized as the benefits are being earned. Even though Washington's OPEB are not formalized in a contract or plan document, GAAP require that the actuarially determined value of the annual required contribution be recognized on an annual basis. To the extent that the annual required contribution is not funded, an OPEB obligation accrues.
- 85.74.55.b In governmental fund type accounts, the OPEB obligation is recorded in Account 999 "General Long-Term Obligation Subsidiary Account."
- 85.74.55.c In proprietary and trust fund type accounts, the OPEB obligation is recorded as a fund liability.



85.80 Fund Equity

85.80.10

June 1, 2013

Fund Equity

- 85.80.10.a Fund equity represents the difference between fund assets and fund liabilities. Fund equity is reported differently for governmental and proprietary fund types.
- 85.80.10.b In governmental fund type accounts, fund equity is called fund balance. Fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. These classifications reflect the extent to which the state is bound to honor constraints on the purposes for which the amounts can be spent. Adjustments to fund balance are made at the account level to identify the degree of constraint. Refer to Subsection 85.85.70 for an illustrative entry.
- 85.80.10.c In proprietary fund type accounts, fund equity is called net position. Net position is comprised of three components – net investment in capital assets; restricted; and unrestricted.
- 85.80.10.d For reporting at the government-wide level, fund equity is presented in the net position format consistent with proprietary funds.
- 85.80.10.e Except under specific circumstances, direct entries to fund equity, other than adjustments to record amounts that are nonspendable, restricted, committed or assigned, are not allowed. Examples of circumstances where direct entries to fund equity are allowed include implementation of new accounting standards and correction of material prior period errors. Refer to Subsection 90.20.15.
- 85.80.10.f Refer to Subsection 75.40.20 of this manual for a description of the various net asset general ledger codes.



85.85 Liabilities and Equity - Illustrative Entries

85.85.10

July 1, 2003

General

The entries in this section illustrate the recording of liabilities and equity in the accounting records. The 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) as illustrated below to clear the In-Process GL Codes.

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

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

85.85.15

May 1, 1999

Establishment of short-term liabilities

To record the accrual of expenditures/expenses for goods and services from a vendor invoice. Refer to Subsection 85.70.20.c.

	Dr.	Cr.
Accrued Expenditures/Expenses (6505)	xxx	
Appropriate Short-term Payable GL Code (51XX)		xxx

85.85.20

May 1, 1999

Payment of short-term liabilities

To record payment of a short-term liability.

	Dr.	Cr.
Appropriate Short-term Payable GL Code (51XX)	xxx	
Cash in Bank (1110) or In-Process (71XX)		xxx
Cash Expenditures/Expenses (6510)	xxx	
Accrued Expenditures/Expenses (6505)		xxx

85.85.22

June 1, 2004

Long-term to short-term reclassification

To record the reclassification at fiscal year-end of the portion of long-term liabilities that is considered short-term (due and payable within the next fiscal year). Refer to Subsection 85.70.50.

	Dr.	Cr.
Long-term Liability Account (52XX)	xxx	
Short-term Payable Account (51XX)		xxx

85.85.24

June 1, 2013

Unavailable revenues

85.85.24.a

To record unavailable revenue. For example, taxes due are accrued but will not be collected within the next 12 months. Refer to Subsection 85.70.40. May be used only in governmental fund type accounts.

	Dr.	Cr.
Taxes Receivable (1611)	xxx	
Unavailable Revenues (5292)		xxx

85.85.24.b

To record recognition of revenue once applicable recognition criteria have been met, i.e., taxes are collectible within the current period or soon enough after the end of the period to pay current liabilities.

	Dr.	Cr.
Unavailable Revenues (5292)	xxx	
Accrued revenue (3205) Revenue Source Code (01XX) appropriate tax revenue code		xxx

85.85.25

January 1, 2012

Unearned revenues

85.85.25.a

To record unearned revenue. For example, cash received from students for tuition and fees paid in advance of providing services. Refer to Subsection 85.70.45.

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX)	xxx	
Unearned Revenues (5190)		xxx

85.85.25.b

To record recognition of revenue once earning process is complete.

	Dr.	Cr.
Unearned Revenues (5190)	xxx	
Cash Revenue (3210) Revenue Source Code (0424) Tuition and Fees		xxx

85.85.30

June 1, 2013

Fund bond debt issuance and servicing

The following example is used to illustrate entries for recording the issuance and servicing of fund bond debt in a non-appropriated proprietary account. Generally, these bonds are revenue bonds. Refer to Subsection 85.72.20.c.

An agency issues revenue bonds with:

- Par amount of \$5,000,
- Original issue discount (OID) of \$200,
- Underwriter’s discount (UD) of \$60, and
- Costs of issuance (COI) of \$20.

Details of the bond debt service are:

- 1st year \$500 principal, \$300 interest, and
- 2nd year \$600 principal.

Note: Original issue discount (OID) results when the par of the bond exceeds its purchase price. Original issue premium (OIP) results when the par of the bond is less than the purchase price. If deemed material, OID and OIP are deferred (using GL Codes 1910 “Unamortized Discount on Bonds Sold,” and 5910 “Unamortized Premiums on Bonds Sold” respectively) and amortized over the life of the bonds using GL Code 6512 “Amortization Expense” Subobject WB “Amortization.” Issuance costs, including underwriters’ discounts, are recorded as expenses using GL Code 6510 “Cash Expenditures/Expenses” and appropriate object codes such as C or E or Subobject PC “Other Debt Costs.” If the OIP or OID is deemed immaterial, it should be recorded in the same manner as the other issuance costs. Refer to Subsection 85.72.20.c.

85.85.30.a

To record the issuance of the revenue bonds and payment of the costs of issuance.

	Dr.	Cr.
Cash in Bank (1110)	4,740	
Cash Expenditures/Expenses (6510) Subobject PC (UD)	60	
Unamortized Discount on Bonds Sold (1910) (OID)*	200	
Revenue Bonds Payable (5262) (Par)		5,000
Cash Expenditures/Expenses (6510) Subobject PC (COI)	20	
Cash in Bank (1110)		20

*If the bond had an OIP instead of an OID, GL Code 5910 "Unamortized Premiums on Bonds Sold" would be credited and amortized over the life of the bond.

85.85.30.b	To record as short term that portion of principal due within the next fiscal year.		
		Dr.	Cr.
	Revenue Bonds Payable (5262)	500	
	Revenue Bonds Payable (5162)		500
85.85.30.c	To record the payment of the first year's debt service.		
		Dr.	Cr.
	Revenue Bonds Payable (5162) (principal)	500	
	Cash Expenditures/Expenses (6510) Subobject PB – Interest	300	
	Cash in Bank (1110)		800
85.85.30.d	To record annual amortization of original issue discount (OID) on a straight-line basis.		
		Dr.	Cr.
	Amortization Expense (6512) Subobject WB	20	
	Unamortized Discount on Bonds Sold (1910)		20
85.85.30.e	At fiscal year-end for reporting purposes, to reclassify as short-term that portion of principal due within the next fiscal year. At fiscal year-end, the amount in GL Code 5162 should agree with the next year's principal payment on the bond amortization schedule.		
		Dr.	Cr.
	Revenue Bonds Payable (5262)	600	
	Revenue Bonds Payable (5162)		600

Note: If this were a **budgeted proprietary account**, bond proceeds would be recorded as revenue by a credit to GL Code 3210 "Cash Revenues," Revenue Source Code 0860 "Bonds Issued," and then adjusted for GAAP reporting purposes through GL Code 3225 "Revenue Adjustments/ Eliminations (GAAP)," Revenue Source Code 0860 to GL Code 5162 "Revenue Bonds Payable." Likewise, payments on bond principal would be initially recorded as expenditure by a debit to GL Code 6510 Subobject PA "Principal," and then adjusted for GAAP reporting purposes through GL Code 6525 "Expense Adjustments/Eliminations (GAAP)," Subobject PA to GL Code 5162.

85.85.35
January 1, 2011

General bond debt issuance and servicing

The following example is used to illustrate entries for recording the issuance and servicing of general bond debt:

- Par amount of \$5,000,
- Original issue premium (OIP) of \$200,
- Underwriter's discount (UD) of \$60, and
- Costs of issuance (COI) of \$20.

Details of the bond debt service are:

- 1st year \$500 principal, \$300 interest, and
- 2nd year \$600 principal.

Note: Discounts that are related to underwriters' fees are handled consistent with other issue costs. Original issue discount (OID) results when the par of the bond exceeds its purchase price. Original issue premium (OIP) results when the par of the bond is less than the purchase price. Costs of issuance (COI) are generally included in the proceeds and paid separately. Refer to Subsection 85.72.20.c.

For purposes of this example, proceeds of the debt issue will be used to build a facility to house a general governmental agency. The COI for general obligation bond debt sold by the Office of the State Treasurer (OST) are always included in the proceeds and paid separately by OST.

85.85.35.a To record the issuance of the bonds and payment of the costs of issuance.

Office of the State Treasurer (agency 010):

State Building Construction Account (Account 057):

	Dr.	Cr.
Receipts In-Process (7110)	5,140	
Cash Expenditures/Expenses (6510) Subobject ER – Other Purchased Services (<i>UD</i>)	60	
Cash Revenues (3210) Revenue Source Code (0863) Original Issue Premium (<i>OIP</i>)		200
Cash Revenues (3210) Revenue Source Code (0860) Bonds Issued or (0864) Taxable Bonds Issued (<i>Par</i>)		5,000

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Accounting Procedures

Cash Expenditures/Expenses (6510) with appropriate subobject for COI	20	
In-Process (71XX)		20

General Long-Term Obligations Subsidiary Account (Account 999):

	Dr.	Cr.
Amount to be Provided for Retirement of Long-Term Obligations (1820) (<i>Par</i>)	5,000	
General Obligation Bonds Payable (5161)		500
General Obligation Bonds Payable (5261)		4,500

Note: If bond proceeds are being distributed to accounts other than Account 057, the costs of issuance (COI) will be prorated to those accounts based on the portion of the par amount that they receive.

85.85.35.b

To record a debt service transfer from an operating (reimbursing) account, through the General Fund, and then to a debt service fund type account for a reimbursable bond.

**Office of the State Treasurer (agency 010):
Operating (Reimbursing) Account:**

	Dr.	Cr.
Cash Revenues (3210) Revenue Source Code (0694)	800	
Operating Transfers – Debt Service Reimbursements		
Journal Vouchers In-Process (7140)		800

General Fund (Account 001):

	Dr.	Cr.
Journal Vouchers In-Process (7140)	800	
Cash Revenues (3210) Revenue Source Code (0694) Operating Transfers – Debt Service Reimbursements		800

Cash Revenues (3210) Revenue Source Code (0694) Operating Transfers – Debt Service Reimbursements	800	
Journal Vouchers In-Process (7140)		800

Debt Service Account (Account 381 or Account 383):

	Dr.	Cr.
Journal Vouchers In-Process (7140)	800	
Cash Revenues (3210) Revenue Source Code (0694) Operating Transfers – Debt Service Reimbursements		800

General Long-Term Obligations Subsidiary Account (Account 999):

	Dr.	Cr.
Amount Available in Debt Service Funds (1810)	800	
Amount to be Provided for Retirement of Long-Term Obligations (1820)		800

85.85.35.c If the bond payment does not relate to a reimbursable bond, then the debt service transfer is made directly from the General Fund to a debt service fund type account as follows:

**Office of the State Treasurer (Agency 010):
General Fund (Account 001):**

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject MP	500	
Interfund Transfers Out – Principal		
Cash Expenditures/Expenses (6510) Subobject MI	300	
Interfund Transfers Out- Interest		
Journal Vouchers In-Process (7140)		800

Debt Service Account (Account 3XX):

	Dr.	Cr.
Journal Vouchers In-Process (7140)	800	
Cash Expenditures/Expenses (6510) Subobject		500
MC Interfund Transfers In – Principal		
Cash Expenditures/Expenses (6510) Subobject		300
MD Interfund Transfers In – Interest		

General Long-Term Obligations Subsidiary Account (Account 999):

	Dr.	Cr.
Amount Available in Debt Service Funds (1810)	800	
Amount to be Provided for Retirement of Long-Term Obligations (1820)		800

85.85.35.d To record the first debt service payment.

Debt Service Account (Account 3XX):

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject PA	500	
Principal		
Cash Expenditures/Expenses (6510) Subobject PB	300	
Interest		
Journal Vouchers In-Process (7140)		800

General Long-Term Obligations Subsidiary Account (Account 999):

	Dr.	Cr.
General Obligations Bonds Payable (5161)	500	
Amount to be Provided for Retirement of Long-Term Obligations (1820)		500
Amount to be Provided for Retirement of Long-Term Obligations (1820)	800	
Amount Available in Debt Service Funds (1810)		800

85.85.35.e At fiscal year-end for reporting purposes, to reclassify as short-term that portion of principal due within the next fiscal year. At fiscal year-end, the amount in GL Code 5161 should agree with the next year's principal payment on the general obligation bonds amortization schedule.

General Long-Term Obligations Subsidiary Account (Account 999):

	Dr.	Cr.
General Obligations Bonds Payable (5261)	600	
General Obligations Bonds Payable (5161)		600

85.85.40

March 17, 2010

Lease-purchase agreements (Capital leases)

85.85.40.a

GOVERNMENTAL FUND TYPE ACCOUNTS (AGENCY ENTRIES)

The following example is used to illustrate the lease purchase entries for capital leases in a governmental fund type account. Refer to Subsection 85.72.30.

An agency operating from the General Fund (governmental fund type account) entered into an agreement to lease a copying machine with a fair value of \$15,000 for 60 months at the rate of \$300 per month. The current interest rate is 12 percent and the present value of the minimum lease payments is \$13,621 (annuity due). Since the value of the asset meets the state's capitalization threshold, this lease-purchase meets the state's criteria for a capital lease (refer to Subsection 30.20.30 for further information on capitalization criteria for capital leases). The amount to be capitalized is \$13,621, which is the lesser of the fair value and net present value. Therefore, the entries to be recorded for a capital lease are as follows:

85.85.40.a.(1) To record the capital lease purchase of a capital asset and the lease liability.

Operating Account:

	Dr.	Cr.
Capital Assets Acquisition by Lease-Purchase Agreements or Certificates of Participation (6514) Subobject JC – Furnishings and Equipment or other appropriate subobject	13,621	
Other Financing Sources (3221) Revenue Source Code (0809) Capital Lease Acquisition		13,621

General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Furnishings and Equipment (2410)	13,621	
Investment in General Capital Assets (9850)		13,621

General Long-Term Obligations Subsidiary Account (Account 999):

	Dr.	Cr.
Amount to be Provided for Retirement of Long-Term Obligations (1820)	13,621	
Lease-Purchase Agreements Payable (5172)		2,229
Lease-Purchase Agreements Payable (5272)		11,392

Note: Contact the Office of the State Treasurer for the current rate of interest, for computing present value. Capital leases are computed as annuities due because the payments are made at the first of the month; other capital purchases may be computed as ordinary annuities.

85.85.40.a.(2) To record the first periodic payment of lease-purchase liability.

Note: No interest is accrued because the first lease payment is made at the beginning of the first month of the lease.

Operating Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject PA – Principal	300	
Cash in Bank (1110) or In-Process (71XX)		300

General Long-Term Obligations Subsidiary Account (Account 999):

To reduce the lease-purchase liability by the amount of periodic payment on the principal due.

	Dr.	Cr.
Lease-Purchase Agreements Payable (5172)	300	
Amount to be Provided for Retirement of Long-Term Obligations (1820)		300

- 85.85.40.a.(3) To record the second periodic payment on a capital lease-purchase agreement.

Operating Account:

The interest computation: \$13,621 less the first month's payment \$300, times one percent, the monthly interest rate.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject PA – Principal	167	
Cash Expenditures/Expenses (6510) Subobject PB – Interest	133	
Cash in Bank (1110) or In-Process (71XX)		300

General Long-Term Obligations Subsidiary Account (Account 999):

To reduce the lease-purchase liability by the amount of periodic payment on the principal due.

	Dr.	Cr.
Lease-Purchase Agreements Payable (5172)	167	
Amount to be Provided for Retirement of Long-Term Obligations (1820)		167

- 85.85.40.a.(4) To reclassify as short term that portion of the liability due within the next fiscal year. At fiscal year-end, the amount in GL Code 5172 should be the same as the next year's principal payment on the agency's lease agreement amortization schedule.

General Long-Term Obligations Subsidiary Account (Account 999):

	Dr.	Cr.
Lease Purchase Agreements Payable (5272)	167	
Lease Purchase Agreements Payable (5172)		167

Accounting Procedures

85.85.40.b **Proprietary and Trust Fund Type Accounts**

The following example is used to illustrate the lease purchase entries for capital leases in proprietary and trust fund type accounts. Refer to Subsection 85.72.30.

An agency operating from a proprietary fund type account entered into an agreement to lease a copying machine with a fair value of \$15,000 for 60 months at the rate of \$300 per month. The current interest rate is 12 percent and the present value of the minimum lease payments is \$13,621 (annuity due). Since the value of the asset meets the state's capitalization threshold, this lease-purchase meets the state's criteria for a capital lease.

Refer to Subsection 30.20.30 for further information on capitalization criteria for capital leases. The amount to be capitalized is \$13,621, which is the lesser of the fair value and net present value. Therefore, the entries to be recorded in the proprietary fund for the capital lease are as follows:

- 85.85.40.b.(1) To record the capital lease-purchase of a capital asset and the lease liability. The asset is recorded at cost, excluding interest, of the asset financed. The current lease liability represents that portion of the lease obligations due within one year and the long-term liability represents lease obligations maturing thereafter.

	Dr.	Cr.
Furnishings and Equipment (2410)	13,621	
Lease-Purchase Agreements Payable (5172)		2,229
Lease-Purchase Agreements Payable (5272)		11,392

- 85.85.40.b.(2) To record the first periodic payment of a lease-purchase liability. The entire payment of the principal due is charged to the current lease-purchase agreements payable. No interest is accrued because the payment is made at the beginning of the first month of the lease.

	Dr.	Cr.
Lease-Purchase Agreements Payable (5172)	300	
Cash in Bank (1110) or In-Process (71XX)		300

Budgeted proprietary and trust fund type accounts require an additional entry to record an appropriated disbursement for the portion of the payment applicable to the principal.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject PA – Principal	300	
Expense Adjustments/Eliminations (GAAP) (6525) Subobject PA - Principal		300

85.85.40.b.(3) To record the second periodic payment of a capital lease-purchase liability paid from a budgeted account. Payment of the principal due is charged to the current lease-purchase agreements payable.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject PB - Interest	133	
Lease-Purchase Agreements Payable (5172)	167	
Cash in Bank (1110) or In-Process (71XX)		300

Budgeted proprietary and trust fund type accounts require an additional entry to record the appropriated disbursement. The amount to be recorded is the portion of the payment applicable to the principal.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject PA – Principal	167	
Expense Adjustments/Eliminations (GAAP) (6525) Subobject PA - Principal		167

85.85.40.b.(4) At fiscal year end, to reclassify from long-term to short-term the principal portion of the lease-purchase liability due within the next fiscal year. At fiscal year-end, the amount in GL Code 5172 should be the same as the next year's principal payment on the agency's lease agreement amortization schedule.

	Dr.	Cr.
Lease-Purchase Agreements Payable (5272)	167	
Lease-Purchase Agreements Payable (5172)		167

85.85.40.c **Computation of Present Value Annuities**

Any annuity is a series of equal payments made at regular intervals of time. The time intervals between payments are called payment periods. An annuity is a compound interest situation with periodic payments. When the payments are made at the end of the payment periods, the annuity is called an ordinary annuity. When the payments are made at the beginning of the payment periods, the annuity is called an annuity due. Computation of present value may be achieved by use of the following formulas:

Where: **Pv = present value factor**
 I = interest rate
 n = number of periods

Accounting Procedures

Ordinary Annuity/Present Value Formula - A loan is a prime example of this annuity situation in which a sum of money is to be repaid with interest by certain payments for a fixed number of periods. The present value of the loan can be computed by multiplying the periodic loan payments by the present value factor. The present value factor is calculated by using the following formula:

$$Pv = \frac{1}{i} \frac{1 - (1+i)^n}{i}$$

Annuity Due/Present Value Formula - Rent or lease situations are common examples of this type of annuity. The present value of the rent or lease can be computed by multiplying the periodic rent/lease payments by the present value factor. The present value factor is calculated by using the following formula. (However, the formula need not be used, since tables showing present values computed with the formula at various interest rates are readily available.)

$$Pv = \frac{1}{i} \frac{1 - (1+i)^{n-1}}{i} \quad \text{and adding 1 to the computed amount}$$

85.85.45

June 1, 2013

Equipment Certificates of Participation (COP)

85.85.45.a

GOVERNMENTAL FUND TYPE ACCOUNTS (AGENCY ENTRIES)

The following example is used to illustrate entries for **equipment certificates of participation** (COP) in a **governmental** fund type account. Refer to Subsection 85.72.40.c.

An agency operating in a governmental fund type account purchases a piece of equipment for \$10,000, and finances it with a COP.

Details of the COP issue are:

- Par amount of \$10,115,
- Original issue premium (OIP) of \$10,
- Underwriter's discount (UD) of \$50, and
- Costs of issuance (COI) of \$75.

Details of the COP debt service are:

- 1st year \$2,000 principal, \$600 interest, and
- 2nd year \$2,200 principal.

Note: The actual par value of the COP is slightly higher than the proceeds required by the agency to cover issue costs, such as costs of issuance (COI) and the original issue discount (OID) and underwriter's discount (UD). The OID, results when the par of the COP is more than the purchase price. Original issue premium (OIP) results when the par of the COP is less than the purchase price. Discounts that are related to underwriters' fees are handled consistent with other issue costs. COI are generally included in the proceeds and paid separately by OST. OST provides agencies with a statement detailing this information. The agency is to include the financing costs as part of the cost of the asset that is capitalized and depreciated.

85.85.45.a.(1)

To record the COP liability, original issue discount, underwriter's discount, and the expense of the costs of issuance (paid by OST). When the COP is sold by OST, it becomes an obligation of the agency even if the cash proceeds have not yet been received by the agency. The time period between the COP sale date and closing date is generally two weeks or less.

Operating Account:

	Dr.	Cr.
Due from Other Agency – OST (1354)	10,000	
Capital Asset Acquisitions by Lease-Purchase Agreements or Certificates of Participation (6514)	125	
Subobject PC – Other Debt Costs (<i>UD + COI</i>)		
Other Financing Sources (3221) Revenue Source Code (0863) Original Issue Premium (<i>OIP</i>)*		10
Other Financing Sources (3221) Revenue Source Code (0807) Certificates of Participation (<i>Par</i>)		10,115

*If the COP had an OID instead of an OIP Revenue Source Code 0862 "Original Issue Discount" would be debited.

Accounting Procedures

General Long-Term Obligations Subsidiary Account (Account 999):

	Dr.	Cr.
Amount to be Provided for Retirement of Long-Term Obligations (1820)	10,115	
Certificates of Participation Payable (5173)		2,000
Certificates of Participation Payable (5273)		8,115

85.85.45.a.(2) To record the agency's purchase of equipment, the subsequent reimbursement with COP proceeds from OST, and the capitalization of the equipment in Account 997. The purchase of the equipment and the reimbursement from OST may be several months apart.

Operating Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Object J – Capital Outlays*	10,000	
Cash in Bank (1110) or In-Process (71XX)*		10,000
Capital Asset Acquisitions by Lease-Purchase Agreements or Certificates of Participation (6514) Subobject JC – Furnishings and Equipment	10,000	
Cash Expenditures/Expenses (6510) Object J – Capital Outlays*		10,000
Cash in Bank (1110) or In Process (71XX)*	10,000	
Due from Other Agency – OST (1354)		10,000

General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Furnishings and Equipment (2410)	10,115	
Investment in General Capital Assets (9850)		10,115

*If OST pays the vendor directly for the equipment, then the agency would not record the cash receipt or the cash disbursement entries (since there is no reimbursement to the agency). However, the agency would still record the capital acquisition in GL 6514 Subobject JC with the credit offset in GL Code 1354 "Due from Other Agency – OST."

Note: If a COP has been authorized and equipment costs are incurred in one fiscal year but the COP is not issued until the subsequent year, agencies should debit a receivable, such as GL Code 1352 “Due from Other Governments,” and credit expenditures to GL Code 6510 in the year the equipment costs are initially incurred. When the COP is issued in the subsequent year, the agency should credit the GL Code 1352 and debit cash when the COP proceeds are received, along with a debit to GL Code 6514 Subobject JC with the offsetting credit to GL Code 3221 Revenue Source Code 0807.

85.85.45.a.(3) To record the first year COP debt service payment (principal and interest).

Operating Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject PD - Principal COP Lease/Purchase Agreements	2,000	
Cash Expenditures/Expenses (6510) Subobject PE - Interest COP Lease/Purchase Agreements	600	
Cash in Bank (1110) or In-Process (71XX)		2,600

General Long-Term Obligations Subsidiary Account (Account 999):

	Dr.	Cr.
Certificates of Participation (5173)	2,000	
Amount to be Provided for Retirement of Long- Term Obligations (1820)		2,000

85.85.45.a.(4) At fiscal year-end for reporting purposes, to reclassify as short-term that portion of principal due within the next fiscal year. At fiscal year-end, the amount in GL Code 5173 should agree with the next year’s principal payment on the agency’s COP amortization schedule.

General Long-Term Obligations Subsidiary Account (Account 999):

	Dr.	Cr.
Certificates of Participation Payable (5273)	2,200	
Certificates of Participation Payable (5173)		2,200

Accounting Procedures

85.85.45.b

PROPRIETARY FUND TYPE ACCOUNTS (AGENCY ENTRIES)

The following example is used to illustrate entries for **equipment certificates of participation (COP)** in a **budgeted proprietary** fund type account. Refer to Subsection 85.72.40.c.

An agency operating in a proprietary fund type account purchases a piece of equipment for \$10,000, and finances it with a COP.

Details of the COP issue are:

- Par amount of \$10,115,
- Original issue premium (OIP) of \$10,
- Underwriter's discount (UD) of \$50, and
- Costs of issuance (COI) of \$75.

Details of the COP debt service are:

- 1st year \$2,000 principal, \$600 interest, and
- 2nd year \$2,200 principal.

Note: The actual par value of the COP is slightly higher than the proceeds required by the agency to cover issue costs, such as costs of issuance (COI) and original issue discount (OID). OID results when the par of the COP is more than the purchase price. Original issue premium (OIP) results when the par of the COP is less than the purchase price. Discounts that are related to underwriters' fees are handled consistent with other issue costs. COI are generally included in the proceeds and paid separately by OST. OST provides agencies with a statement detailing this information. The agency is to include the financing costs as part of the cost of the asset that is capitalized and depreciated.

In proprietary fund type accounts, COP issue costs, such as COI and UD are expensed using GL Code 6510 "Cash Expenditures/Expenses" Subobject PC "Other Debt Costs."

If the OID or OIP is deemed material, it should be deferred using GL Code 1911 "Unamortized Discounts on Certificates of Participation" or GL Code 5920 "Unamortized Premiums on Certificates of Participation" respectively. The amount deferred should be amortized over the life of the COP using GL 6512 "Amortization Expense" Subobject WB "Amortization." If the OIP or OID is deemed immaterial, it should be recorded in the same manner as the other issuance costs.

All of these entries are made in the agency's **Operating Account**:

85.85.45.b.(1) To record the agency's purchase of equipment; the COP liability; the subsequent receipt of COP proceeds from OST; the elimination of the budgeted disbursement; and the capitalization of the equipment. When the COP is sold by OST, it becomes an obligation (liability) of the agency, even if the cash proceeds have not yet been received by the agency. The time period between the COP sale date and closing date is generally two weeks or less.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject JC Furnishings and Equipment	10,000	
Cash in Bank (1110) or In-Process (71XX)		10,000
Due from Other Agency – OST (1354)	10,000	
Cash Expenditures/Expenses (6510) Subobject PC - Other Debt Costs (<i>UD + COI – OIP</i>)*	115	
Certificates of Participation Payable (5173)		2,000
Certificates of Participation Payable (5273)		8,115

*If the COP had an OID instead of an OIP, the OID amount would be added to the UD and COI.

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX)	10,000	
Due from Other Agency – OST (1354)		10,000
Furnishings and Equipment (2410)	10,115	
Expense Adjustment/Eliminations (GAAP) (6525) Subobject JC - Furnishings and Equipment		10,000
Expense Adjustment/Elimination (6525) Subobject PC – Other Debt Costs (<i>UD + COI – OIP</i>)		115

Accounting Procedures

85.85.45.b.(2) To record the first year COP debt service payment (principal and interest) and the elimination of the budgeted principal expenditure.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject PE – Interest COP Lease/Purchase Agreements	600	
Cash Expenditures/Expenses (6510) Subobject PD – Principal COP Lease/Purchase Agreements	2,000	
Cash in Bank (1110) or In-Process (71XX)		2,600
Dr. Cr.		
Certificates of Participation Payable (5173)	2,000	
Expense Adjustment/Eliminations (GAAP) (6525) Subobject PD –Principal COP Lease/Purchase Agreements		2,000

85.85.45.b.(3) At fiscal year-end for reporting purposes, to reclassify as short-term that portion of principal due within the next fiscal year. At fiscal year-end, the amount in GL Code 5173 should agree with the next year’s principal payment on the agency’s COP amortization schedule.

	Dr.	Cr.
Certificates of Participation Payable (5273)	2,200	
Certificates of Participation Payable (5173)		2,200

85.85.45.c **OFFICE OF THE STATE TREASURER (AGENCY 010) ENTRIES**

Using the same example as in Subsection 85.85.45 above, an agency purchases a piece of equipment for \$10,000, and finances it with a COP.

Details of the COP issue are:

- Par amount of \$10,115,
- Original issue premium (OIP) of \$10,
- Underwriter’s discount (UD) of \$50, and
- Costs of issuance (COI) of \$75.

Details of the COP debt service are:

- 1st year \$2,000 principal, \$600 interest, and
- 2nd year \$2,200 principal.

Note: The actual par value of the COP is slightly higher than the proceeds required by the agency to cover issue costs, such as the original issue discount (OID), the underwriter's discount (UD), and costs of issuance (COI). The COI is included in the proceeds but not the OID or the UD. While agency entries differ if the equipment is acquired by a governmental or proprietary fund type account, the OST entries are the same.

85.85.45.c.(1) To record the closing of the COP sale with the underwriter.

**Certificates of Participation and Other Financing – State
(Account 739):**

	Dr.	Cr.
Receipts-In-Process (7110) (<i>Par + OIP - UD</i>)	10,075	
Cash Revenues (3210) Revenue Source Code (0499) Other Revenues (<i>COI</i>)		75
Due to Other Agency (5154)		10,000

85.85.45.c.(2) To distribute the COP proceeds to the state agency and pay the costs of issuance.

**Certificates of Participation and Other Financing – State
(Account 739):**

	Dr.	Cr.
Due to Other Agency (5154)	10,000	
In-Process (71XX)		10,000
Accrued Expenditures/Expenses (6505) with appropriate subobject (<i>COI</i>)	75	
Accounts Payable (5111) (<i>COI</i>)		75
Cash Expenditures/Expenses (6510) (appropriate subobject) (<i>COI</i>)	75	
Accrued Expenditures/Expenses (6505) with appropriate subobject (<i>COI</i>)		75
Accounts Payable (5111) (<i>COI</i>)	75	
In-Process (71XX) (<i>COI</i>)		75

85.85.45.c.(3) To record the receipt of the first debt service payment from an agency.

**Certificates of Participation and Other Financing – State
(Account 739):**

	Dr.	Cr.
In-Process (71XX)	2,600	
Due to Fiscal Agents (5130) (<i>principal and interest</i>)		2,600

Note: OST temporarily invests the payments received from agencies for 30 days until the debt service payment is due to the fiscal agent. This activity is recorded by transferring In-Process (71XX) in and out of the Local Government Investment Pool (1206).

85.85.45.c.(4) To record payment to the fiscal agent.

**Certificates of Participation and Other Financing – State
(Account 739):**

	Dr.	Cr.
Due to Fiscal Agents (5130)	2,600	
In-Process (71XX)		2,600

85.85.50

June 1, 2013

Real Estate Certificates of Participation (COP)

85.85.50.a

GOVERNMENTAL FUND TYPE ACCOUNTS (AGENCY ENTRIES)

The following example is used to illustrate entries for **real estate certificates of participation (COP)** in a **governmental** fund type account. Refer to Subsection 85.72.40.d.

An agency operating in a governmental fund type account obtains proper legislative approval for construction of a new state office building and applies to the Office of the State Treasurer (OST) for COP financing. OST sells a COP. Proceeds of the COP are used to pay for construction costs and interest incurred during the construction period.

Details of the COP issue are:

- Par amount of \$73.6 million,
- Original issue premium (OIP) of \$.7 million,
- Underwriter’s discount (UD) of \$.2 million,
- Costs of issuance (COI) of \$.1 million,
- COP proceeds for construction \$60 million,
- COP proceeds for interest costs \$14 million, and
- Net COP proceeds held by OST for the agency \$74 million (\$60 million for construction costs and \$14 million for construction period interest).

Note: Original issue discount (OID) results when the par of the COP is more than the purchase price. An OIP results when the par of the COP is less than the purchase price. Discounts that are related to underwriters’ fees are handled consistent with other issue costs. COI are generally included in the proceeds and paid separately. OST receives cash proceeds for the COI, but not for the UD and the OID.

Details of the first year:

- \$10 million is expended on construction,
- Debt service is \$4 million, interest only, and
- Unspent construction funds earn \$.8 million in interest revenue.

Unspent proceeds are held by OST and invested in the Local Government Investment Pool (LGIP) or with a trustee.

Note: Construction period interest is not capitalized in governmental fund type accounts.

85.85.50.a.(1)

To record the liability for the real estate COP, and the original issue premium, underwriter's discount, and the expense of the costs of issuance (paid by OST). When the COP is sold by OST, it becomes an obligation (liability) of the agency, even if the cash proceeds have not yet been received by the agency. The time period between the COP sale date and the closing date is generally two weeks or less.

Construction Account:

	Dr.	Cr.
Due from Other Agency-OST (1354)	74 mil	
Capital Asset Acquisitions by Lease-Purchase Agreements or Certificates of Participation (6514)	.3 mil	
Subobject PC – Other Debt Costs (<i>UD + COI</i>)		
Other Financing Sources (3221) Revenue Source Code (0807) Certificates of Participation (<i>Par</i>)		73.6 mil
Other Financing Sources (3221) Revenue Source Code (0863) Original Issue Premium		.7 mil

General Long-Term Obligations Subsidiary Account (Account 999):

	Dr.	Cr.
Amount to be Provided for Retirement of Long-Term Obligations (1820)	73.6 mil	
Certificates of Participation Payable (5273)		73.6 mil

Note: Because interest only is due during the construction period, the entire obligation is initially coded long-term.

85.85.50.a.(2) To record construction expenditures and reimbursement from OST.

Construction Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Object J – Capital Outlays	10 mil	
Cash in Bank (1110) or In-Process (71XX)		10 mil
Capital Asset Acquisitions by Lease -Purchase Agreements or Certificates of Participation (6514) Subobject JF -Buildings	10 mil	
Cash Expenditures/Expenses (6510) Object J – Capital Outlays		10 mil
Cash in Bank (1110) or In-Process (71XX)	10 mil	
Due from Other Agency-OST (1354)		10 mil

Note: If a COP has been authorized and construction project costs are incurred in one fiscal year but the COP is not issued until the subsequent year, agencies should debit a receivable, such as GL Code 1352 Due from Other Governments, and credit expenditures to GL Code 6510 in the year the project costs are initially incurred. When the COP is issued in the subsequent year, the agency should credit the GL Code 1352 and establish the GL Code 1354 from the OST.

85.85.50.a.(3) To record first year interest-only debt service payment. This payment is made by OST from the COP proceeds held by OST to cover interest expense during the construction period.

Construction Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject PE – Interest COP Lease-Purchase Agreements	4 mil	
Due from Other Agency-OST (1354)		4 mil

85.85.50.a.(4) To recognize interest earned on unspent COP proceeds held by OST and reported to the agency monthly.

Construction Account:

	Dr.	Cr.
Due from Other Agency-OST (1354)	.8 mil	
Cash Revenues (3210) Revenue Source Code (0401) Investment Income		.8 mil

- 85.85.50.a.(5) To record an adjusting entry for construction in progress. At a minimum, this entry should be made at fiscal year-end. Construction in progress is equal to the sum of construction expenditures (\$10 million) and COI and UD (\$.3 million) less OIP (\$.7 million).

General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Construction in Progress (2510)	9.6 mil	
Investment in General Capital Assets (9850)		9.6 mil

- 85.85.50.a.(6) At fiscal year-end for reporting purposes, to reclassify as short-term that portion of principal due within the next fiscal year. At fiscal year-end (based on the assumptions in 85.85.50.a.(7)), the amount in GL Code 5173 Certificates of Participation Payable should agree with the next year's principal payment on the agency's COP amortization schedule.

General Long-Term Obligations Subsidiary Account (Account 999):

	Dr.	Cr.
Certificates of Participation Payable (5273)	2 mil	
Certificates of Participation Payable (5173)		2 mil

- 85.85.50.a.(7) In a subsequent period, assume that a debt service payment is scheduled:

- Principal \$2 million,
- Interest expense \$3.5 million, and
- Total COP debt service payment \$5.5 million.

Payment components:

- \$2 million is paid by OST from the remaining COP proceeds held by OST to cover interest incurred during the construction period,
- \$1.1 million is paid by OST from interest earned on COP proceeds held by OST during the construction period,
- \$2.4 million is paid in cash by the agency to OST, and
- OST makes the full COP debt service payment of \$5.5 million to the fiscal agent.

Refer to Subsection 85.85.50.c.(6).

Construction Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject PD - Principal COP Lease-Purchase Agreements	2 mil	
Cash Expenditures/Expenses (6510) Subobject PE - Interest COP Lease-Purchase Agreements	3.5 mil	
Cash in Bank (1110) or In-Process (71XX)		2.4 mil
Due from Other Agency-OST (1354)		3.1 mil

General Long-Term Obligations Subsidiary Account (Account 999):

	Dr.	Cr.
Certificates of Participation Payable (5173)	2 mil	
Amount to be Provided for Retirement of Long-Term Obligations (1820)		2 mil

85.85.50.b

PROPRIETARY FUND TYPE ACCOUNTS (AGENCY ENTRIES)

The following example is used to illustrate entries for **real estate** certificates of participation (COP) in a **budgeted proprietary** fund type account. Refer to Subsection 85.72.40.c.

An agency operating in a budgeted proprietary fund type account obtains proper legislative approval for construction of a new state office building and applies to the Office of the State Treasurer (OST) for COP financing. OST sells a COP. Proceeds of the COP are used for to pay for construction costs and interest incurred during the construction period.

Details of the issue are:

- Par amount of \$73.6 million,
- Original issue premium (OIP) of \$.7 million,
- Underwriter's discount (UD) of \$.2 million,
- Costs of issuance (COI) of \$.1 million,
- COP proceeds for construction \$60 million,
- COP proceeds for interest costs \$14 million, and
- Net COP proceeds held by OST for the agency \$74 million (\$60 million for construction costs and \$14 million for construction period interest.

Note: Original issue discount (OID) results when the par of the COP is more than the purchase price. An OIP results when the par of the COP is less than the purchase price. Discounts that are related to underwriters' fees are handled consistent with other issue costs. COI are generally included in the proceeds and paid separately. OST receives cash proceeds for the COI, but not for the UD and the OID.

Details of the first year:

- \$10 million is expended on construction,
- Debt service is \$4 million, interest only, and
- Unspent COP proceeds earn \$.8 million in interest revenue.

This example assumes that net construction period interest is material and is therefore capitalized, and that the OIP is immaterial, and therefore expensed. UD and COI are always expensed as issuance costs. (If the OIP had been deemed material, it would be deferred in GL Code 5920 “Unamortized Premiums on Certificates of Participation” and amortized over the life of the COP using GL 6512 “Amortization Expense” Subobject WB “Amortization”).

Unspent proceeds are held by OST and invested in the Local Government Investment Pool (LGIP) or with a trustee.

Note: Construction period interest is not capitalized in internal service funds.

85.85.50.b.(1)

To record the liability for the real estate COP, and the original issue premium, underwriter’s discount, and the expense of the costs of issuance (paid by OST). When the COP is sold by OST, it becomes an obligation (liability) of the agency, even if the cash proceeds have not yet been received by the agency. The time period between the COP sale date and the closing date is generally two weeks or less.

Agency Operating/Construction Account:

	Dr.	Cr.
Due from Other Agency-OST (1354)	74 mil	
Cash Expenditures/Expenses (6510)		.4 mil
Subobject PC – Other Debt Costs (<i>UD + COI</i> – <i>OIP</i>)*		
Certificates of Participation Payable (5273) (<i>Par</i>)		73.6 mil

*If the COP had an OID instead of an OIP, the OID amount would be added to the UD and COI.

Note: Because interest only is due during the construction period, the entire obligation is initially coded long-term.

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Accounting Procedures

85.85.50

85.85.50.b.(2) To record construction expenditures, reimbursement by OST, and elimination of budgeted expenditures.

Agency Operating/Construction Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Object J - Capital Outlays	10 mil	
Cash in Bank (1110) or In-Process (71XX)		10 mil
Cash in Bank (1110) or In-Process (71XX)	10 mil	
Due from Other Agency-OST (1354)		10 mil
Construction in Progress (2510)	9.6 mil	
Expense Adjustment/Elimination (6525) Subobject PC – Other Debt Costs (<i>UD + COI - OIP</i>)	.4 mil	
Expense Adjustment/Elimination (6525) Object J – Capital Outlays		10 mil

85.85.50.b.(3) To record interest earned on unspent COP proceeds held by OST and reported to the agency monthly.

Agency Operating/Construction Account:

	Dr.	Cr.
Due from Other Agency-OST (1354)	.8 mil	
Construction in Progress (2510)		.8 mil

85.85.50.b.(4) To record first year interest expense only debt service payment – this payment is made by OST from the proceeds held by OST to cover interest expense during the construction period.

Agency Operating/Construction Account:

	Dr.	Cr.
Construction in Progress (2510)	4 mil	
Due from Other Agency-OST (1354)		4 mil

Once the COP proceeds held by OST to cover interest expense during the construction period are expended, the interest payments will be paid by the agency to OST.

Additionally, once construction is completed the interest payment is no longer capitalized. The interest payment is charged to interest expense in GL Code 6510 Cash Expenditures, Subobject PE - Interest COP Lease-Purchase Agreements. Refer to Subsection 85.85.50.b.(5).

85.85.50.b.(5) At fiscal year-end for reporting purposes, to reclassify as short-term that portion of principal due within the next fiscal year. At fiscal year-end (based on the assumptions in 85.85.50.b.(6)), the amount in GL Code 5173 should agree with the next year's principal payment on the agency's COP amortization schedule.

Agency Operating/Construction Account:

	Dr.	Cr.
Certificates of Participation Payable (5273)	2 mil	
Certificates of Participation Payable (5173)		2 mil

85.85.50.b.(6) In a subsequent period, assume that a debt service payment is scheduled:

- Principal \$2 million,
- Interest expense \$3.5 million, and
- Total COP debt service payment \$5.5 million.

Payment components:

- \$2 million is paid by OST from the remaining COP proceeds held by OST to cover interest incurred during the construction period,
- \$1.1 million is paid by OST from interest earned on the COP proceeds held by OST during the construction period,
- \$2.4 million is paid in cash by the agency to OST,
- OST makes the full COP debt service payment of \$5.5 million to the fiscal agent.

Refer to Subsection 85.85.50.c.(6).

Agency Operating/Construction Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject PD – Principal COP Lease-Purchase Agreements	2 mil	
Cash Expenditures/Expenses (6510) Subobject PE - Interest COP Lease-Purchase Agreements	3.5 mil	
Cash in Bank (1110) or In-Process (71XX)		2.4 mil
Due from Other Agency – OST (1354)		3.1 mil
Certificates of Participation Payable (5173) Principal Expense Adjustments/Elimination (6525) Subobject PD- Principal COP Lease-Purchase Agreements	2 mil	2 mil

Accounting Procedures

85.85.50.c

OFFICE OF THE STATE TREASURER (AGENCY 010) ENTRIES

Using the same example as in Subsection 85.85.50 a and b above, an agency obtains proper legislative approval for the construction of a new state office building and applies to the Office of the State Treasurer (OST) for COP financing. OST sells a COP. Proceeds of the COP are used to pay for construction costs and interest incurred during the construction period.

Details of the issue are:

- Par amount of \$73.6 million,
- Original issue premium (OIP) of \$.7 million,
- Underwriter's discount (UD) of \$.2 million,
- Costs of issuance (COI) of \$.1 million,
- COP proceeds for construction \$60 million, and
- COP proceeds for interest costs \$14 million.

Note: Original issue discount (OID) results when the par of the COP is more than the purchase price. OIP results when the par of the COP is less than the purchase price. Discounts that are related to underwriters' fees are handled consistent with other issue costs. COI are generally included in the proceeds and paid separately. OST receives cash proceeds for the COI, but not for the UD and the OID.

Details of the first year:

- \$10 million is expended on construction,
- Debt service is \$4 million, interest expense only, and
- Unspent COP proceeds earn \$.8 million in interest revenue.

The entries for OST are as follows:

All entries are made to Account 739 (Certificates of Participation and Other Financing Account - State):

85.85.50.c.(1)	To record the closing of the COP sale with the underwriter, and investment of the proceeds in the LGIP. OST receives cash for the construction proceeds, the interest expense due during construction, and the costs of issuance.		
		Dr.	Cr.
	Receipts-In-Process (7110) (<i>Par + OIP – UD</i>)	74.1 mil	
	Due to Other Agency (5154)		74 mil
	Cash Revenue (3210) Revenue Source Code (0499) Other Revenues (<i>COI</i>)		.1 mil
	Investments with Local Government Investment Pool (1206) or Cash and Investments with Escrow Agents and Trustees (1140)	74 mil	
	In-Process (71XX)		74 mil
85.85.50.c.(2)	To record payment of costs of issuance.		
		Dr.	Cr.
	Cash Expenditures/Expenses (6510) with the appropriate Subobject	.1 mil	
	In-Process (71XX)		.1 mil
85.85.50.c.(3)	To record withdrawal from the LGIP (or trustee), and payment to the agency for construction costs incurred.		
		Dr.	Cr.
	Receipts-In-Process (7110)	10 mil	
	Investments with Local Government Investment Pool (1206) or Cash and Investments with Escrow Agents and Trustees (1140)		10 mil
	Due to Other Agency (5154)	10 mil	
	In-Process (71XX)		10 mil
85.85.50.c.(4)	To record interest earnings of \$.8 million on unspent COP proceeds.		
		Dr.	Cr.
	Investments with LGIP (1206)	.8 mil	
	Due to Other Agency (5154)		.8 mil

Accounting Procedures

85.85.50.c.(5) To record the first debt service payment made to the fiscal agent by the OST on behalf of the agency. This first payment is made from the amount held by OST to cover interest expense during the construction period.

	Dr.	Cr.
In-Process (71XX)	4 mil	
Investments with Local Government Investment Pool (1206) or Cash and Investments with Escrow Agents and Trustees (1140)		4 mil
Due to Other Agency (5154)	4 mil	
Due to Fiscal Agent (5130)		4 mil
Due to Fiscal Agent (5130)	4 mil	
In-Process (71XX)		4 mil

85.85.50.c.(6) To record debt service in a subsequent period. OST receives a cash payment from an agency of \$2.4 million and uses the remaining COP proceeds held to cover interest expense during the construction period of \$2 million and the accumulated interest earned on the COP proceeds held on deposit of \$1.1 to pay the total debt service of \$5.5 million.

	Dr.	Cr.
In-Process (71XX)	2.4 mil	
Due to Fiscal Agent (5130)		2.4 mil
In-Process (71XX)	3.1 mil	
Investments with LGIP (1206)		3.1 mil
Due to Other Agency (5154)	3.1 mil	
Due to Fiscal Agent (5130)		3.1 mil
Due to Fiscal Agent (5130)	5.5 mil	
In-Process (71XX)		5.5 mil

85.85.52

June 1, 2013

**Real Estate Certificates of Participation (COP)
refunding**

85.85.52.a

GOVERNMENTAL FUND TYPE ACCOUNTS (AGENCY ENTRIES)

The following example is used to illustrate entries for an **advance refunding** of a real estate certificate of participation (COP) in a governmental fund type account. Refer to Section 85.72.40.f.

Details of the old (refunded) COP are:

- Principal balance \$250,000, and
- Interest due \$1,400.

Details of the new (refunding) COP are:

- Principal balance \$239,000,
- Original issue premium (OIP) \$15,000,
- Underwriter's discount (UD) \$1,600,
- Costs of issuance (COI) \$1,000, and
- Total reacquisition price \$251,400 ($\$239,000 + 15,000 - 1,600 - 1,000$).

85.85.52.a.(1)

To record the liability for the new (refunding) COP, the original issue premium, underwriter's discount, and the expense of the costs of issuance (paid by OST), and the payment to the escrow agent bank. When the new COP is sold by OST, it becomes an obligation of the agency. An amount equal to the principal balance of the old (refunded) COP plus any interest due is sent to the escrow agent bank to refund the old COPs. When the old COP is refunded, it is no longer an obligation of the agency and it is removed from Account 999.

Operating Account:

	Dr.	Cr.
Cash Revenue (3210) Revenue Source Code (0850)	251,400	
Payments to Refunded COP Escrow Agents (par of old COPs and interest due on the old COPs)**		
Cash Revenue (3210) Revenue Source Code (0852)	2,600	
Underwriter's Discount/Costs of Issuance – Refunding COPs		
Cash Revenue (3210) Revenue Source Code (0854) Proceeds of Refunding COPs		239,000
Cash Revenue (3210) Revenue Source Code (0853) Original Issue Premium – Refunding COPs*		15,000

*If the COP had an Original Issue Discount (OID) instead of an OIP, Revenue Source Code 0851 “Original Issue Discount – Refunding COPs” would be debited.

If this was a **current refunding of a COP (instead of an advance refunding), the amount to be paid to the escrow agent would be recorded as an expenditure to subobject PA “Principal” and/or PB “Interest.”

General Long-Term Obligations Subsidiary Account (Account 999):

	Dr.	Cr.
Certificates of Participation (5173/5273)	250,000	
Amount to be Provided for Retirement of Long-Term Obligations (1820)		250,000
Amount to be Provided for Retirement of Long-Term Obligations (1820)	239,000	
Certificates of Participation (5173/5273)		239,000

85.85.52.b

PROPRIETARY FUND TYPE ACCOUNTS (AGENCY ENTRIES)

The following example is used to illustrate entries for an **advance refunding** of a real estate certificate of participation (COP) in a proprietary fund type account. Refer to Section 85.72.40.f.

Details of the old (refunded) COP issue are:

- Principal balance \$251,000 (5 years remaining).

Details of the new (refunding) COP are:

- Principal balance \$250,000 (10 years),
- Original issue premium (OIP) \$10,000 (assume material),
- Underwriter's discount (UD) \$2,600,
- Costs of issuance (COI) \$2,400, and
- Total reacquisition price \$255,000 (\$250,000 +10,000 -2,600 – 2,400).

85.85.52.b.(1) To record the new (refunding) COP, the removal of the old (refunded) COP, and the deferred amount on the COP refunding.

Operating/Construction Account:

	Dr.	Cr.
COP (old) Payable (5173/5273)	251,000	
Cash Expenditures/Expenses (6510) Subobject PC - Other Debt Costs (UD + COI)	5,000	
Deferred Outflow on COP Refunding (1971)*	4,000	
COP (new) payable (5173/5273)		250,000
Unamortized Premiums on COPs Sold (5920)		10,000

*If the deferred amount was a credit, it would be recorded to GL Code 5266 "Deferred Inflow on COP Refunding."

85.85.52.b.(2) To record the annual amortization of the Deferred Outflow on the COP Refunding on a straight-line basis over 5 years (the remaining life of the old COP).

	Dr.	Cr.
Amortization Expense (6512) Subobject WB	800	
Deferred Outflow on COP Refunding (1971)		800

85.85.52.b.(3) To record the annual amortization of the original issue premium (OIP) on a straight-line basis over 10 years (the life of the new COP).

	Dr.	Cr.
Unamortized Premiums on COPs sold (5920)	1,000	
Amortization Expense (6512) Subobject WB		1,000

85.85.55

July 1, 2003

Vendor payment advances

To record vendor payment advance transactions. Refer to Subsection 85.74.10.

85.85.55.a

Initial Advance

85.85.55.a.(1)

To record the issuance of a vendor payment advance to the State Board for Community and Technical Colleges (SBCTC) or an individual college.

General Fund (Account 001):

	Dr.	Cr.
Due from Other Funds - Advances (1350) (with appropriate subsidiary)	xxx	
In-Process (71XX)		xxx

85.85.55.a.(2)

To record the deposit of the vendor payment advance by the SBCTC or an individual college.

Institutions of Higher Education - Agency Account (Account 840):

	Dr.	Cr.
Cash in Bank (1110)	xxx	
Due to Other Funds - Advances (5150) (with appropriate subsidiary)		xxx

85.85.55.b

Payment for Goods and Services and the Expenditure Recognition

85.85.55.b.(1)

To record the payment to a vendor by the SBCTC or an individual college with the advance.

Institutions of Higher Education - Agency Account (Account 840):

	Dr.	Cr.
Due from Other Funds - Advances (1350) (with appropriate subsidiary)	xxx	
Cash in Bank (1110)		xxx

85.85.55.b.(2)

To charge the General Fund for disbursements made from the vendor payment advance.

General Fund (Account 001):

	Dr.	Cr.
Accrued Expenditures/Expenses (6505)	xxx	
Due to Other Funds – Advances (5150) (with appropriate subsidiary)		xxx

85.85.55.c

Reimbursement of Advance Account

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85.85.55.c.(1) To record the reimbursement of the vendor payment advance.

General Fund (Account 001):

	Dr.	Cr.
Due to Other Funds – Advances (5150)	xxx	
Accrued Expenditures/Expenses (6505)		xxx
Cash Expenditures/Expenses (6510)	xxx	
In-Process (71XX)		xxx

85.85.55.c.(2) To record the deposit of reimbursement received by an individual college.

Institutions of Higher Education – Agency Account (Account 840):

	Dr.	Cr.
Cash in Bank (1110)	xxx	
Due from Other Funds – Advances (1350)		xxx

85.85.55.d Close of Advance Account and Return Outstanding Balance – Early in New Biennium

85.85.55.d.(1) To close the vendor payment advance at the close of the biennium. Example assumes June expenditures against the advance were less the initial advance.

Institutions of Higher Education – Agency Account (Account 840):

	Dr.	Cr.
Due to Other Funds – Advances (5150)	xxx*	
Due from Other Funds – Advances (1350)		xxx*
Due to Other Funds – Advances (1350)	xxx	
Cash in Bank (1110)		xxx

*Amount of the initial advance.

85.85.55.d.(2) To record the transmittal to the Office of the State Treasurer of the outstanding cash balance in the vendor payment advance.

General Fund (Account 001):

	Dr.	Cr.
Receipts In-Process (7110)	xxx	
Due from Other Funds – Advances (1350)		xxx

85.85.60

July 1, 2012

Retention of payments

To record entries related to payments on public works contracts including retained percentages. Refer to Subsection 85.74.20.

85.85.60.a

Payment to Contractor

To record the amount paid to the contractor on a progress billing.

	Dr.	Cr.
Cash Expenditures/Expenses (6510)	xxx	
In-Process (71XX) or		
Cash in Bank (1110)		xxx

85.85.60.b

Retained in State Account

To record the amount retained by the state, in a treasury/treasury trust or local account, from a progress billing.

	Dr.	Cr.
Cash Expenditures/Expenses (6510)	xxx	
Retained Percentages Payable (5116)		xxx

85.85.60.c

Payment of Amounts Retained in State Account

To record the payment of amounts retained by the state in a treasury/treasury trust or local account.

	Dr.	Cr.
Retained Percentages Payable (5116)	xxx	
In-Process (71XX) or		
Cash in Bank (1110)		xxx

85.85.60.d

Retained in Escrow or Interest Bearing Account

To record the amount of retained percentages placed in escrow or in an interest bearing account from a progress billing.

	Dr.	Cr.
Cash Expenditures/Expenses (6510)	xxx	
In-Process (71XX) or		
Cash in Bank (1110)		xxx
Cash and Investments with Escrow Agents and Trustees (1140)	xxx	
Retained Percentages Payable (5116)		xxx

85.85.60.e **Payment of Amounts Retained in Escrow or an Interest Bearing Account**

To record the payment of amounts retained in escrow or in an interest bearing account.

	Dr.	Cr.
Retained Percentages Payable (5116)	xxx	
Cash and Investments with Escrow Agents and Trustees (1140)		xxx

85.85.65

July 1, 2001

Claims and judgments

This illustrative entry of a claims liability displays the accrual of a dispute with the federal government over questioned program costs when it is probable that the state will be required to refund federal revenue. Refer to Subsection 85.74.40.

Note: The second entry is made to reverse activity previously coded as federal, which is now supported by state funds.

	Dr.	Cr.
Cash Revenues (3210) Federal Source Code (03XX)	xxx	
Claims and Judgments Payable (5113)		xxx
Cash Expenditures/Expenses (6510) Subobject (XX) (using a state appropriation)	xxx	
Cash Expenditures/Expenses (6510) Subobject (XX) (using a federal appropriation)		xxx

85.85.70

June 1, 2011

Nonspendable fund balance

To record an increase in nonspendable petty cash corresponding to an increase in petty cash so as to indicate that amounts used for petty cash do not represent available spendable resources. Refer to Subsection 85.80.10.

Note: To record a decrease, the entry below is reversed.

	Dr.	Cr.
Appropriate fund equity GL code (9XXX)	xxx	
Nonspendable Petty Cash (9122)		xxx



85.90 Interfund/Interagency Activities

85.90.10

July 1, 2008

Interfund/interagency activities

There are two major categories of interfund/interagency activities: reciprocal and nonreciprocal.

Reciprocal interfund/interagency activity is the internal counterpart to exchange and exchange-like transactions. It includes interfund loans (refer to Subsection 85.90.20), and interfund services provided and used (refer to Subsection 85.90.30).

Nonreciprocal interfund/interagency activity is nonexchange in nature. It includes interfund transfers (refer to Subsection 85.90.50), and reimbursements (refer to Subsection 85.90.60).

For information on paying interfund/interagency billings, refer to Subsection 85.36.20.

85.90.20

July 1, 2001

Interfund loans

Interfund loans are reciprocal in nature. They are amounts provided with a requirement for repayment within a reasonable time. Interfund loans are reported as interfund receivables (“due from”) in lending funds and interfund payables (“due to”) in borrowing funds. Loans due within one year should be classified as short-term and loans due beyond a year should be classified as long-term. Refer to Subsection 85.54.30.

85.90.30

January 1, 2012

Interfund/interagency services provided and used

Interfund/interagency services provided and used are also reciprocal in nature. They were previously termed “quasi-external transactions.” Interfund/interagency services provided and used are transactions within the state that are similar to and reported as though they had occurred with organizations external to the state. Interfund/interagency services provided and used are to be accounted for consistently by the accounts involved.

At the end of each fiscal period, any unpaid or unsettled amounts are reported as either interagency or interfund receivables and payables. Refer to Subsection 85.95.40 for illustrative entries.

To record interfund/interagency services provided and used, the paying agency records an expenditure/expense using an appropriate object of expenditure. The receiving agency records revenue using either Revenue Source Code 0420 "Charges for Services," 0450 "Sales of Goods and Supplies - Proprietary Funds," or another appropriate revenue source code. Interfund/interagency services provided and used are budgeted and accounted for in this manner.

The following are examples of interfund/interagency services provided and used:

- Internal service fund billings for goods or services, such as mail services from the Department of Enterprise Services and legal services provided by the Office of the Attorney General. Refer to Subsection 85.90.40.
- Routine employer contributions from operating accounts to a pension trust fund.
- Routine service charges for inspection, engineering, utilities, or similar services provided by one account/agency to another.

85.90.40

July 1, 2013

Payment procedures for selected central services agency charges

85.90.40.a

The following are selected central services agencies which require the use of unique object codes by the paying agency. A listing of services provided is as follows:

- **Office of the Secretary of State** - Archives, records storage, and microfilm services.
- **Office of the State Auditor** - Auditing services.
- **Office of the Attorney General** - Legal services.

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- **Department of Enterprise Services** - Statewide financial and payroll systems, office space, janitorial services, utilities, buildings and grounds maintenance, campus delivery and mail service, parking, motor pool, procurement, mainframe print services, web services, secure file services, risk management, printing, small agency budgeting/accounting/human resources/payroll services, and personnel services for general government classified employees.
- **Office of Administrative Hearings** - Administrative hearings examiner services.
- **Office of Financial Management** - Personnel services for higher education classified employees.
- **Office of Minority and Women's Business Enterprises (OMWBE)** - Certification of minority business enterprises, socially and economically disadvantaged business enterprises, and women's business enterprises statewide.
- **Consolidated Technology Services** - Computer and telecommunication services.

85.90.40.b

The following object codes and payment schedules are to be used by the paying agency for transactions with selected central services agencies:

CENTRAL SERVICE AGENCY			PAYING AGENCY		
Agency No. and Name	Account	Revenue Source Code	Object Code	Billing/Payment Schedule	
(085) Office of the Secretary of State	Archives and Records Management	006	0420	EW	Billed quarterly in advance (July, October, January, and April). Monthly actuals billed after month end.
	Microfilm Services	006	0428	EW	
(095) Office of the State Auditor	483	0420	ET	Monthly actual time and expenses billed after month end for accountability and whistleblower audits. CAFR and statewide single audits billed quarterly for actual time and expense.	
(100) Office of the Attorney General	405	0420	EM	Monthly actuals for billable staff time and direct litigation costs are billed by the end of the following month.	

CENTRAL SERVICE AGENCY			PAYING AGENCY	
Agency No. and Name	Account	Revenue Source Code	Object Code	Billing/Payment Schedule
(105) Office of Financial Management -				
Personnel Services – State agencies other than higher education	415	0420	EN	July, October, January and April (Quarterly billings in advance based on classified salaries.
OCIO	419	0420	EL	Billed monthly based on FTEs in IT job classifications.
Labor Relations	436	0420	EN	July, October, January and April (Quarterly billings in advance) based on .1% of salaries of employees covered by a bargaining unit.
Personnel Services - Higher Education	455	0420	EN	July, October, January and April (Quarterly billings in advance) based on classified salaries.
(110) Office of Administrative Hearings	484	0420	EV	Some agencies are billed July, October, January, and April. (Quarterly estimates billed in advance, adjusted to actuals the following quarter.) Other agencies are billed monthly.
(147) OMWBE	453	n/a	n/a	Covered by vendor-paid contract management fee assessed on all contracts managed within DES Contracts and Legal Division.
(163) Consolidated Technology Services				
Computer Services	419	0420	EL	Monthly actuals billed after month end.
State Data Center Allocation	419	0420	EL	Billed quarterly based on budgeted IT expenses.
Telecommunications Services	419	0420	EB	Monthly actuals billed after month end.
(179) Dept. of Enterprise Services -				
Parking Services	045	0402	EK	Prepaid, and billed monthly, quarterly and annually.
Engineering and Architectural Services	057	n/a	JK	Varies by agency.
Access Washington	419	0420	EL	Monthly billing based on budgeted FTEs.
Enterprise Systems Rates	419	0420	EL	Billed monthly based on budgeted FTEs.

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85.90.40

CENTRAL SERVICE AGENCY			PAYING AGENCY	
Agency No. and Name	Account	Revenue Source Code	Object Code	Billing/Payment Schedule
Geospatial Portal	419	0420	EL	Weighted Factor 4-part index (portal downloads, number of GIS staff, agency FTEs, annual ESRI maintenance costs).
HRMS – Production Support	419	0420	EL	Monthly actuals billed after month end and annual invoice for Production Support.
Capital Campus Maintenance and Operations	422	0420	EK	Billed monthly following services performed.
Capital Campus Utilities and Fixed Priced Contracts	422	0420	EK	Billed monthly following services performed.
Consolidated Mail Services	422	0420	EK	Outgoing mail monthly actuals billed after month end; Incoming/Campus mail billed according to agencies' agreements.
Facilities & Services (Seat of Government)	422	0420	EK	Billed monthly based on budgeted FTEs located in Thurston County.
Facilities Engineering Services	422	0420	EK	Invoiced upon completion of service.
Federal and State Surplus	422	0420	JA/JC	Invoiced upon purchase.
Motor Pool	422	0402	GN	Monthly actuals billed after month end
Personnel Services - State agencies other than higher education	422	0420	EN	Billed monthly based on budgeted FTEs. Separate training fees continue to apply.
Printing Services	422	0450	EF	Billed following services performed.
Production Services	422	0420	EL	Monthly actuals billed after month end
Property Management	422	0402	ED	Rent billed monthly at month end.
Purchasing Administration Fee	422	n/a	n/a	Covered by vendor-paid contract management fee assessed on all contracts managed within DES Contracts and Legal Division.
Small Agency Financial Services	422	0420	ER	Billed monthly based on budgeted formula.
Small Agency Human Resource Services	422	0420	ER	Billed monthly based on budgeted FTEs.
Risk Management Administration	546	0420	EP	Administration costs billed monthly based on formula. Commercial insurance costs billed as purchased.
Self Insurance Liability Premiums	547	0496	EP	Billed annually at the beginning of the fiscal year.

- 85.90.40.c Unless otherwise provided above, central service agencies are to present invoices for payment to receiving agencies within 15 calendar days after the end of each billing period. However, at fiscal year-end, all bills (actual and estimates) are to be invoiced per the current fiscal year closing calendar in Subsection 90.20.05.
- 85.90.40.d When problems arise with the collection of interagency receivables, the following steps are to be taken:
1. The interagency receivables/payables personnel are to contact each other to resolve the problems.
 2. If (1) fails, the accounting chiefs are to contact each other to find a resolution.
 3. If (2) fails, the agencies are to contact their assigned OFM Accounting Consultants.

85.90.50

July 1, 2008

Transfers

85.90.50.a Transfers are nonreciprocal in nature. Transfers of equity, formerly known as residual equity transfers, are non-recurring, non-routine transfers of equity between accounts. Two examples of equity transfers are contributions to or return of contributions from proprietary fund type accounts and transfer of residual equity balances from discontinued accounts.

Transfers of equity are generally infrequent. The key to identifying equity transfers is their non-recurring or non-routine nature. If transactions are recurring or routine, particularly if they involve a subsidy relationship, they are reported as operating transfers. Refer to Subsection 85.90.50.b.

Equity transfers are recorded in governmental fund type accounts using Revenue Source Codes 0678 "Equity Transfers In" or 0679 "Equity Transfers Out." Equity transfers in proprietary fund type accounts are recorded to Revenue Source Code 0820 "Capital Contributions." Refer to Subsection 85.95.20 for illustrative entries.

All equity transfers are to be in balance at the agency level, except for the following:

- Transfers to/from subsidiary accounts, and
- Transfers between state agencies.

Accounting Procedures

85.90.50.b

Operating transfers include the following:

- Transfers from accounts required by statute to collect resources to accounts legally authorized to expend them,
- Transfers of resources designated for debt service from the accounts collecting the receipts to the debt service accounts that will make the debt service payments,
- Transfers of unrestricted revenues collected in the General Fund to finance various programs accounted for in other accounts in accordance with budgetary authorization,
- Operating and equity transfers as required by law, and
- Transfers of profits from certain enterprise activities (Liquor and Lottery) to other accounts as required by law.

Operating transfers are recorded as expenditures using Object M or as revenues using the 06XX revenue source codes. Refer to Section 75.80 for a listing and description of all transfer revenue source codes. Refer to Subsection 85.95.30 for illustrative entries.

Operating transfers net to zero at the agency level.

85.90.50.c

Special budgeted allocations generally give agencies additional spending authority, but no additional cash is provided for federal, private/local or dedicated operating accounts. Two examples of these budgeted, noncash allocations are the Salary and Insurance Contribution Increase Allocation and the Special Retirement Contribution Increase Allocation. An expenditure transfer is required for the General Fund – State account allocation. Two transfer transactions – one for the expenditure transfer and one for the revenue transfer – out of the operating account and into the allocation account are required for the federal, private/local and dedicated operating account allocations. Refer to Subsection 85.95.35 for an illustrative entry.

85.90.50.d

In governmental fund type accounts, transfers are reported as other financing uses in the funds making the transfers and as other financing sources in the funds receiving the transfers. In proprietary funds, transfers are reported in a separate section below nonoperating revenues and expenses.

In instances where transfers are appropriated as expenditures, GAAP and budgetary accounting treatments will differ. For budgetary reporting, appropriated operating transfers are considered "expenditures," while for GAAP reporting purposes, as noted above, they are considered other financing uses.

85.90.60

July 1, 2009

Reimbursements (Objects S & T)

Reimbursements are recorded when one agency and/or account initially charges an expenditure/expense that is subsequently charged to another. Generally, the reimbursement is recorded as an expenditure/expense in the reimbursing account and as a reduction of a corresponding expenditure/expense in the reimbursed account. Accounting for reimbursements in this manner results in the expenditure/expense being reported only once and in the proper account. Reimbursements are to be appropriately documented and approved.

Reimbursement reporting is to be used only in circumstances as described above. It is not to be used for interfund loans, interfund transfers, or other interfund activities. Additionally, payments received by proprietary funds for goods and services are normally recorded as revenue with appropriate revenue source codes rather than as reimbursements.

As described below, reimbursements are coded with Object S or Object T. The subobject coding should reflect the object of expenditure being offset with the reimbursement, except Subobject JA "Noncapitalized Assets" and Subobject JB "Noncapitalized Software" which are coded to Subobjects SE and TE. Although Subobjects SZ and TZ "Unidentified" are available for use, it is preferable that an agency allocates charges to the appropriate subobject of expenditure within Objects S and T on a monthly basis.

Reimbursements are classified into two types:

85.90.60.a

Intra-agency reimbursements (Object T) - Intra-agency reimbursements are used to charge for services or supplies provided by one account to another and to distribute administrative overhead charges. In accounting for intra-agency reimbursement transactions, the reimbursed account other than a non-budgeted proprietary type account is to credit expenditures using Object T. The reimbursing account is to account for intra-agency materials supplied or services rendered as Object T and the appropriate subobject.

Accounting Procedures

Intra-agency reimbursements are to be used to record special budgeted allocations involving Accounts 239 "Tort Defense Service Revolving Account," 406 "Salary and Insurance Increase Revolving Account," 426 "Digital Government Revolving Account," and 427 "Special Account Retirement Contribution Increase Revolving Account." Refer to Subsection 85.90.50.c.

Agencies may request a waiver from complying with specific requirements of this section. The request is to be in writing and be approved in writing by OFM before the waiver takes effect. Waivers automatically expire at the end of the fiscal biennium for which they were granted and are to be re-approved in writing to remain in force.

85.90.60.a.(1)

Accounts other than non-budgeted proprietary fund type accounts

All accounts other than non-budgeted proprietary fund type accounts are to use Object T transfers to record intra-agency transfers between said accounts. Reimbursements to accounts for expenditures/expenses initially made from it which are properly applicable to another account are to be recorded as a credit to expenditures/expenses using Object T. The reimbursing account other than a non-budgeted proprietary fund type account is to debit expenditures/expenses using Object T.

When transfers of salaries are made with Subobject TA, the FTEs are to remain with the original Object A expenditure.

The total for Object T transfers at the subobject level is to equal zero for all accounts within a fiscal year except as noted below for GL Code 6525 transfers and for non-budgeted proprietary fund type accounts. Refer to Subsection 85.95.50.a and b for illustrative entries.

Intra-agency reimbursements received by **budgeted** proprietary fund type accounts are recorded as credits to expense using Object T. Therefore, an additional entry is necessary to adjust to proper GAAP accounting. The GAAP adjustment debits GL Code 6525 "Expense Adjustments/Eliminations (GAAP)," using Object T with the appropriate subobject, and credits GL Code 3225 "Revenue Adjustments/Eliminations (GAAP)" with the appropriate revenue source code. Only in the case of GL Code 6525 transfers is there no corresponding Object T offset. Refer to Subsection 85.95.50.c for an illustrative entry.

85.90.60.a.(2) **Non-budgeted proprietary fund type accounts**

For non-budgeted proprietary fund type accounts (excluding Accounts 443 and 505 which are subject to (1) above), reimbursements are not coded as credits to expenses using Object T. They are coded directly to revenue with appropriate revenue source codes. Refer to Subsection 85.95.50.d for an illustrative entry.

85.90.60.b **Interagency reimbursements (Object S) - All transactions between state agencies are to be properly accounted for as prescribed in Chapter 39.34 RCW.**

The following procedures are to be followed in those instances where a **budgeted account** or **certain account used by higher education agencies** – Accounts 143, 145, 147, 148, 149, 443, and 505 which are included with budgeted accounts for purposes of this section – provides goods or services to another agency:

85.90.60.b.(1) In accounting for interagency reimbursement transactions, the reimbursed agency is to credit expenditures/expenses using Object S – Interagency Reimbursements. The reimbursing agency is to account for expenditures for interagency materials supplied or services rendered as though they were purchased from an outside vendor. Refer to Subsection 85.95.60.a and b of this manual for illustrative entries.

Note: In **budgeted** accounts, interagency reimbursements are **not** to be recorded as revenue or as recovery of current appropriation expenditures using Revenue Source Code 0902 “Recoveries of Current Expenditure Authority Expenditures.” Refer to Subsection 85.95.60.a and b for illustrative entries.

85.90.60.b.(2) The amounts billed to other agencies and uncollected at the end of the month and work in process costs not billed at the end of the month are to be recorded as a credit to the appropriate GL Code Series 65XX “Expenditures/Expenses” with Object S and a debit to GL Code 1354 “Due from Other Agencies.”

85.90.60.b.(3) For GAAP reporting purposes, payments to **budgeted** proprietary fund type accounts should be recorded as revenues with appropriate revenue source codes. However, as discussed above, interagency reimbursements to budgeted proprietary fund type accounts are recorded as credits to expense (Object S). Therefore, an additional entry is necessary to adjust to proper GAAP accounting.

Accounting Procedures

The GAAP adjustment debits GL Code 6525 “Expense Adjustments/ Eliminations (GAAP),” using Object S with the appropriate subobject and credits GL Code 3225 “Revenue Adjustments/Eliminations (GAAP)” with the appropriate revenue source code. Refer to Subsection 85.95.60.c for an illustrative entry.

For **non-budgeted** proprietary fund type accounts (excluding Accounts 443 and 505 which are subject to (1) above), interagency reimbursements are not coded as credits to expenses (Object S). They are coded directly to revenue with appropriate revenue source codes. Refer to Subsection 85.95.60.d for an illustrative entry.

85.90.60.c

Agencies are to establish procedures to ensure timely, accurate, and cost effective payment of obligations to agencies. Refer to Subsection 85.36 for information on payment methods.

Special attention by all agencies is to be given to the following:

Due Dates - Dates for payments are established by the terms of contracts between the state agencies. If the contract is silent concerning terms or there is no written contract, the terms are net 30 days. The 30 days, or other terms, begin upon receipt of the goods or services or a properly completed invoice, **whichever is later**. Agency payments are to be made by the due date.

Combined Payments - The number of payments to an agency are to be kept to a minimum by processing the maximum number of invoices with a single payment.

Partial Payments - When agencies accept partial delivery of goods or services without reservation, prompt payment is to be made for the goods or services received upon receipt from the agency of a properly completed invoice or in accordance with contract terms covering the partial delivery.

Disputes - Prompt and proper notification to an agency of receipt of unsatisfactory goods or services or an incorrect invoice defers the due date. The due date is recalculated from the date the problem is corrected. Proper authorization is required when material changes are made.

Records - Billings are to reflect the cost of labor, material, and overhead. Records are to be maintained by the vendor agency that provides complete cost billing information and also an audit trail for post auditing. Source documentation should be made available, upon request, for review by the billed agency.

When problems arise with the collection of interagency receivables, agencies are to follow the steps in Subsection 85.90.40.d.

Vendor agencies are not to request or require advances from receiving agencies unless the advance was approved in writing by the OFM Director or authorized designee (RCW 39.34.150).

Refer to Section 90.20 for additional requirements applicable to fiscal year end cutoff.

Refer to Subsection 85.90.30 for discussion of interfund services provided and used and Subsection 85.90.50 for transfers.

85.90.70

July 1, 2001

Agency vendor payment revolving account charges

- 85.90.70.a Account 720 "Agency Vendor Payment Revolving Account" may be used by agencies (RCW 42.26), with the approval of OFM, for the payment of goods or services which are payable from monies other than those maintained in the Office of the State Treasurer.
- 85.90.70.b Use of Account 720 by agencies is to be authorized in writing by the Director of OFM or authorized designee.
- 85.90.70.c Amounts disbursed from Account 720 must be from amounts previously deposited by the agency using the account. These deposits must be from **local accounts** which are properly chargeable with the disbursement. **Amounts to cover disbursements must be deposited prior to actual disbursement.** Refer to Subsection 85.95.70 for illustrative entries.
- 85.90.70.d All amounts accruing to Account 720 as a result of the cancellation of warrants are to be re-deposited in the agency's appropriate local account.
- 85.90.70.e Only the following accounts are to be maintained in the general ledger of Account 720: GL Codes 4310 "Current Treasury Cash Activity (OST Only)," 4325 "Beginning Treasury Cash Balance - Agency Funds," 5199 "Other Liabilities," and the 71XX "In-Process" Series. Subsidiary ledgers are not required. Refer to Subsection 85.95.70 for illustrative entries.



85.95 Interfund/Interagency Activities - Illustrative Entries

85.95.10

July 1, 2001

These entries are for illustrative purposes

The situations in this section illustrate the accounting treatment of some typical interfund/interagency activities. 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 as illustrated below to clear the GL In-Process codes.

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

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

85.95.20

July 1, 2003

Transfers of equity

To record the transfer of a fund balance from a discontinued local account to the General Fund. For purposes of this example, assume there is cash as well as outstanding receivables and payables in the discontinued account and that the discontinued account is a governmental fund type account. Refer to Subsection 85.90.50.a.

Discontinued Account:

	Dr.	Cr.
Payables - Short-Term (51XX)	xxx	
Cash Revenue (3210) or Noncash Revenue (3220)	xxx	
Revenue Source Code (0679) Equity Transfers Out		
Cash In Bank (1110)		xxx
Receivables - Short-Term (13XX)		xxx

General Fund (001):

	Dr.	Cr.
In-Process (71XX)	xxx	
Receivables - Short-Term (13XX)	xxx	
Payables - Short-Term (51XX)		xxx
Cash Revenue (3210) or Noncash Revenue (3220) Revenue Source Code (0678) Equity Transfers In		xxx

85.95.30 Operating transfers

July 1, 2003

85.95.30.a To record an operating transfer in. Refer to Subsection 85.90.50.b.

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX))	xxx	
Cash Revenue (3210) Revenue Source Code (0621) Operating Transfers In		xxx

85.95.30.b To record an operating transfer out. Refer to Subsection 85.90.50.b.

	Dr.	Cr.
Cash Revenue (3210) Revenue Source Code (0622) Operating Transfers Out	xxx	
Cash in Bank (1110) or In-Process (71XX)		xxx

85.95.35 Special budgeted allocation transfers

July 1, 2008

85.95.35.a To record a special budgeted allocation transfer for an increase allocation to either the Salary and Insurance Increase Revolving Account (Account 406) or the Special Account Retirement Contribution Increase Revolving Account (Account 427). In this entry, the original disbursement was recorded as a cash expenditure to Object A or B in the agency's operating account. Refer to Subsection 85.90.50.c.

85
Accounting Procedures

85.95.35

Allocation Account:

	Dr.	Cr.
Cash Expenditure (6510) Subobjects TA and/or TB	xxx	
Current Period Clearing Account (9920)		xxx
Current Period Clearing Account (9920)	xxx	
Cash Revenues (3210) Revenue Source Code (0626*)		xxx

Operating Account (other than General Fund):

	Dr.	Cr.
Current Period Clearing Account (9920)	xxx	
Cash Expenditure (6510) Subobjects TA and/or TB		xxx
Cash Revenues (3210) Revenue Source Code (0626*)	xxx	
Current Period Clearing Account (9920)		xxx

*The Revenue Source Code would be 03XX for federal or 05XX for private/local when non-state expenditure authority is involved.

Note: This is an in-house noncash journal voucher entry only. Do not send it to the Office of the State Treasurer. Entries are reversed for a negative allocation.

85.95.35.b

Special allocation accounts are not used for allocations in the General Fund. Instead, the allocation is made through an allocation expenditure authority.

General Fund:

	Dr.	Cr.
Current Period Clearing Account (9920)	xxx	
Cash Expenditure (6510 Operating Expenditure Authority) Subobjects TA and TB		xxx
Cash Expenditure (6510 Allocation Expenditure Authority) Subobjects TA and TB	xxx	
Current Period Clearing Account (9920)		xxx

85.95.40 Interfund/interagency services provided and used

July 1, 2008

85.95.40.a	To record amounts billed for goods and services delivered to another agency or account. Refer to Subsection 85.90.30.		
		Dr.	Cr.
	Due From Other Agencies (1354) or Due From Other Funds (1353)	xxx	
	Revenue (32XX) (with appropriate revenue source code)		xxx
85.95.40.b	To record receipt of amount previously billed for goods and services delivered to another agency or account. Refer to Subsection 85.90.30.		
		Dr.	Cr.
	Cash in Bank (1110) or In-Process (71XX)	xxx	
	Due From Other Agencies (1354) or Due From Other Funds (1353)		xxx
85.95.40.c	To record liability for goods and services rendered by another agency or account. Refer to Subsection 85.90.30.		
		Dr.	Cr.
	Expenditures/Expense (65XX) (with appropriate sub-object)	xxx	
	Due To Other Agencies (5154) or Due To Other Funds (5153)		xxx
85.95.40.d	To record disbursement of amount previously booked as liability for goods and services rendered by another agency or account. Refer to Subsection 85.90.30.		
		Dr.	Cr.
	Due To Other Agencies (5154) or Due To Other Funds (5153)	xxx	
	Cash in Bank (1110) or In-Process (71XX)		xxx

85.95.50

July 1, 2008

Intra-agency reimbursements (Object T)

85.95.50.a To record amounts **received** by an account **other than a non-budgeted proprietary fund type account** from another account to reimburse for goods and services rendered on behalf of the reimbursing account. Refer to Subsection 85.90.60.a.(1).

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX)	xxx	
Expenditures/Expenses (65XX) Object T		xxx

85.95.50.b To record amounts **paid** by one account to another account to reimburse for goods and services rendered on behalf of the reimbursing account. Refer to Subsection 85.90.60.a.(1).

	Dr.	Cr.
Expenditures/Expenses (65XX) Object T	xxx	
Cash in Bank (1110) or In-Process (71XX)		xxx

85.95.50.c The additional entry needed for an Object T reimbursements **received** by a **budgeted proprietary fund type account** to meet GAAP reporting requirements. Refer to Subsection 85.90.60.a.(1).

	Dr.	Cr.
Expense Adjustment/Eliminations (GAAP) (6525) Object T	xxx	
Revenue Adjustments/Eliminations (GAAP) (3225) Revenue Source Code (as appropriate)		xxx

85.95.50.d To record an intra-agency reimbursement **received** by a **non-budgeted proprietary fund type account**. Refer to Subsection 85.90.60.a.(2).

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX)	xxx	
Cash Revenues (3210) Revenue Source Code (0420) Charges for Services		xxx

85.95.60

July 1, 2008

Interagency reimbursements (Object S)

85.95.60.a

To record amounts **received** by an account **other than a non-budgeted proprietary fund type account** in one agency from another agency to reimburse for goods and services rendered on behalf of the reimbursing agency. Refer to Subsection 85.90.60.b.(1).

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX)	xxx	
Expenditures/Expenses (65XX) Object S		xxx

85.95.60.b

To record amounts **paid** by one agency to another agency to reimburse for goods and services rendered on behalf of the reimbursing agency. Refer to Subsection 85.90.60.b.(1).

	Dr.	Cr.
Expenditures/Expenses (65XX) Object E	xxx	
Cash in Bank (1110) or In-Process (71XX)		xxx

85.95.60.c

The additional entry needed for Object S reimbursements to a **budgeted proprietary fund type account** to meet GAAP reporting requirements. Refer to Subsection 85.90.60.b.(3).

	Dr.	Cr.
Expense Adjustments/Eliminations (GAAP) (6525) Object S	xxx	
Revenue Adjustments/Eliminations (GAAP) (3225) Revenue Source Code (as appropriate)		xxx

85.95.60.d

To record an interagency reimbursement **received** by a **non-budgeted proprietary fund type account**. Refer to Subsection 85.90.60.b.(3).

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX)	xxx	
Cash Revenues (3210) Revenue Source Code (0420) Charges for Services		xxx

85.95.70

July 1, 2001

Agency vendor payment revolving account

85.95.70.a To record deposits of monies in the Agency Vendor Payment Revolving Account. Refer to Subsection 85.90.70.

Operating Account:

	Dr.	Cr.
Expenditures/Expenses (65XX) (with appropriate sub-object)	xxx	
Cash in Bank (1110)		xxx

Agency Vendor Payment Revolving Account (720):

	Dr.	Cr.
Receipts In-Process (7110)	xxx	
Other Liabilities (5199)		xxx

85.95.70.b To record disbursements from the Agency Vendor Payment Revolving Account. Refer to Subsection 85.90.70.

Agency Vendor Payment Revolving Account (720):

	Dr.	Cr.
Other Liabilities (5199)	xxx	
In-Process (71XX)		xxx

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