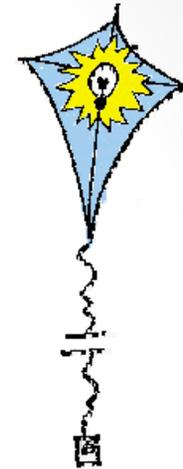


Quotes for the day

You may delay, but time will not.

Benjamin Franklin



The secret of getting ahead is getting started.

Mark Twain

State Fiscal Year-End Closing Update June 2016

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Today's Agenda

- Closing calendar for FY 16
- New GASB Standards
- To do's & reminders
- GL Reconciliations
- Disclosure form changes
- Certifications
- Training & Resources



Faster CAFR

- A SHOUT OUT to our state's fiscal staff at all state agencies and the SAO CAFR audit team - we met our goal for the FY15 CAFR – October 30!
- What's the goal for FY 16?



Key dates for FY16 closing

- June 30 – Cash cutoff
- July 15 – Disclosure forms open
- July 22 – Interagency billings mailed
- July 29 – Phase 1 cutoff – accruals
- August 19 – Phase 1B – early state disclosure forms, interagency receivables/payables, and pollution remediation site status report due
- September 2 – Phase 2 close – agency adjustments complete, remaining state and federal disclosure forms due
- September 14 – State certification form due
- *January 31, 2017* – Federal certification form due

After Phase 2 close

- OFM Statewide Accounting analyzes AFRS data and disclosure forms
 - These activities often result in questions to the agencies so someone needs to be available to answer them.
 - No agency entries unless requested and/or approved by OFM.
- SAO audits the accounting data and the state's CAFR.
 - If you (or your auditor) find a material adjustment or error after Phase 2 close, contact us immediately!

Just say “No”

Yes this is still our motto.....

Governmental Accounting Standards Board (GASB) Statements

Implementing GAAP

- New in FY16
 - GASB Stmt. 72 Fair Value Measurement and Application
 - GASB Stmt. 73 Amendments to certain provisions of GASB 67 & 68
 - GASB Stmt. 79 Certain External Investment Pools and Pool Participants

Implementing GAAP

- Major Projects - www.GASB.org
 - Other post-employment benefits
 - Leases
 - Fiduciary responsibilities
 - Asset retirement obligations
 - Tax abatements
 - Reporting model
 - Component Units

SAAM Update June 1

- Added GL 5298 – Other obligations – capital related
- No interagency & interfund receivables & payables at June 30 in fiduciary funds.

Administering Agency Responsibilities



- Administering agencies provide general oversight of financial accounting records at the Account level
- Monitoring cash
- Investigate unusual activity and/or GL balances
- Alert OFM Budget and SWA about fund balance or cash issues

To Do's & Reminders

To Do's & Reminders

- Watch your spending - no overspent appropriations
- Record revenues and expenditures in correct fiscal year
- Interagency billings
 - Mailed out by July 22nd
 - Estimates
 - Communicate, communicate, communicate

To Do's & Reminders

- Due to/Due from's
 - Most last year balances should be liquidated by now
 - Priority should be given to interagency receivables and payables – **DEADLINE Phase 1B 8/19/16**
- Liquidate over-accrued payables
 - Before Phase 2 close – adjust accrual
 - After Phase 2 close – immaterial prior period adjustment
 - If under-accrued payable – belated claim

To Do's & Reminders

- Pollution remediation site status report
DEADLINE Phase 1B – 8/19/16
- Adhere to the OST cash cutoff memo
- Receipt goods and services by 6/30
- Complete physical inventories

To Do's & Reminders

- Clear In-Process (71xx) and Error reports
- Clear GL 9920
- Clear revenue sources 09xx
- Clear Account 01P Suspense

To Do's & Reminders

- Run ER exception reports and clear all variances, such as:
 - Transfers
 - Assets with credit balances
 - Liabilities with debit balances
 - GLs with unchanged balances
 - Interfund/Interagency balances
- Record compensated absences

To Do's & Reminders

- Capital assets
 - Record depreciation/accumulated depreciation
 - Use the correct trans code
 - Reconcile capital asset GLs to capital asset system
 - Review GL 2510 Construction in progress, and if complete, reclassify to appropriate capital asset GL
 - Use capitalization thresholds in SAAM 30.20.20
 - Enter in CAMS or agency capital asset system

Unearned and unavailable revenues

- Unearned revenue GL Codes 5190/5290
 - Liability
 - Cash has been received, but the revenue has not yet been earned
 - Governmental & Proprietary fund type accounts
- Unavailable revenue GL Codes 5192/5292
 - Deferred inflow of resources
 - Applies to a future period so revenue will not be recognized until that time.
 - Governmental fund type accounts only

Subobject J Codes 75.70.20

JA	Non-capitalized Assets	JJ	Grounds Development
JB	Non-capitalized Software	JK	Architectural & Engineering Services
JC	Furnishings and Equipment	JL	Capital Planning
JD	Library Resources	JM	Art, Library & Museum Collections
JE	Land	JN	Relocation Costs
JF	Buildings	JQ	Software
JG	Highway Construction	JR	Intangible Assets
JH	Improv Other than Buildings	JZ	Other Capital Outlays

Review your subobject codes

- Certain subobject codes are only to be used for interagency payments
- Do not use these codes for payments to outside vendors

	Subobject Title	Pay to:
EK	Facilities & Services	DES
EL	Data Processing Services	CTS
EM	Attorney General Services	ATG
EN	Personnel Services	DES, OFM
ET	Audit Services	SAO
EV	Admin Hearing Services	OAH
EW	Archives & Records Mgt Services	Sec of State

Transfers

- Be sure to use the correct Trans Code so that transfer amounts show up correctly as debits or credits in AFRS
- Transfers from one Account to another Account within the same agency must be in balance

To Do's & Reminders

- Analytical review
 - In terms of the \$ amount change or the % change, is the current year-end balance reasonable?
- Review your Trial Balance
 - Have prior year short-term receivables & payables been liquidated?
 - Do I have all GL activity reported and in the correct GL?
 - Do the balances agree with supporting documentation or internal system?

To Do's & Reminders

- All agency entries should be completed by September 2nd!
- Disclosure forms complete by September 2nd!



Question:

What's most important at FY-end?

- a) All GLs (including subsidiary GLs) are reconciled.
- b) Appropriations are not overspent.
- c) Closing calendar dates are adhered to.
- d) All of the above.
- e) None of the above.

General Ledger Reconciliations

GL Reconciliations

GL reconciliation means you know what makes up the balance in each GL and you have a plan for any action that is needed. This includes prior year or prior biennium GL balances that need to be corrected.

GL reconciliations

- General ledger (GL) reconciliations should be up-to-date
 - All GLs should be reconciled
 - Agree with subsidiary records
 - An error in one GL may mean an error in another GL

Example: A receipt was credited to GL 1312 A/R, when it should have been credited to GL 1319 Other Receivables. Now both GL balances are wrong.

- Agency director and CFO certification

Disclosure Forms

State Disclosure Form Security

- Each agency has a security administrator (form required). They can add new users with View or Edit access.
- Log in after 7/15 to verify that your username & password are working.

State Disclosure Forms

SAAM Section 90.40

- 21 state disclosure forms
- Not every form will apply to your agency
- Some of the forms are questionnaires
- Some of the forms prefill with AFRS beg/ending GL balances and require you to fill in the actual increase and decrease activity for the FY.

Phase 1B - Certain disclosure forms due 8/19/16 (90.40.10)

- Early disclosure for:
 - 4 Cash & Investment forms
 - 3 Bond forms
 - 2 COP forms
- Request an extension in writing from SWA if the early date can't be met

State Disclosure Forms

- 2 forms are required to be completed by all agencies
 - State Financial Disclosure Certification
 - Miscellaneous
- Certain forms are specific only to certain agencies: OST, DRS and Higher Ed

DF - New for FY16

- Cash & Investments (90.40.20)
 - Prefilled with accounts that contain data in applicable GLs.
 - If there is data, the Lead Sheet will show form as “Required”.

DF - New for FY16

- Taxes Receivables (Subsection 90.40.30)
 - Revised Receivables form to remove other receivables and only include taxes receivables.
 - Retitled form to Taxes Receivable

DF - New for FY16

- Revised Bond Debt by Major Class Form (90.40.55.B)
 - Added 2 new questions about general revenue bonds
- Removed Bond Debt Refunding Activity Form (90.40.55.C)
- Added Bond Sales Disclosure (90.40.55.C)
 - Includes information about current year bond sales, defeased bonds outstanding at year-end, and bonds issued subsequent to year-end.

DF - New for FY16

- Unavailable and Unearned Revenue (90.40.50)
 - Removed GL 5195 – Deferred expenditures recoveries
 - Changed choices available for “Type of Revenue”
- Liabilities by Major Class (90.40.45.B)
 - Added column for adjustments and comments.

DF - New for FY16

- Pension Disclosure (90.40.70)
 - Reinstated Pension Form for DRS (90.40.70.A)
 - Removed Pension Form for Administrative Office of the Courts (90.40.70.B)
 - Revised Pension Form for Higher Education Institutions (90.40.70.C)

State Financial Disclosure Certification form

- Read all 27 items listed
- Signed by Agency Director & CFO
- Include attachments, if applicable
- Email scanned signed copy with required attachments - **due 9/14/16**
 - Re-sign & re-submit if material changes are made after the original submission

Financial Disclosure Certification

SAAM 90.40.95

New and revised certifications:

- No. 2 – Outstanding litigation;
- No. 17 – Service organizations;
- No. 24 – Information requested by SAO

Financial Disclosure Certification

SAAM 90.40.95

No. 24 (New) :

- We have provided all information requested by the State Auditor's Office (SAO) and have notified the SAO whenever records or data containing information subject to any confidentiality requirements were made available.

Financial Disclosure Certification

SAAM 90.40.95

Attachments may include:

- Narrative disclosing deficiencies in internal control
- Pollution remediation site status report
- Narrative related to a Service Organization Control (SOC) report
- Certification related to the use of a specialist
- Narrative disclosing changes to methods of measurement, assumptions, or interpretations related to federal expenditures
- Narrative related to certification exceptions detailing variances and proposed or completed corrective action

Service Organizations & SOC reports

A Service Organization is a 3rd party that processes or stores information or handles business transactions on behalf of its customers (in your case, a state agency).

Examples:

Software as a Service (Provider 1 - HCA)

3rd party Toll Collection business - DOT

Service Organizations & SOC reports

If your agency uses a service organization and

- 1) The dollar value of the transactions processed by the service organization is **material** to the CAFR, or
- 2) A SOC report is required by federal regulation

Then obtain a SOC report and attach a narrative to the state certification detailing:

Period covered, Nature of service provided, Summary of the report (don't send the report), any follow-up actions taken to address weaknesses noted in the SOC report.

For questions about materiality contact your SWA accounting consultant.

SOC reports

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

Common disclosure form problems

- User can't get into the application
- Changes are made in AFRS, but the related disclosure form isn't updated
- Variances aren't explained
- Certification forms aren't submitted timely

Data should not be netted on which disclosure forms?

- a) Capital Assets
- b) Liabilities
- c) Bonds
- d) All of the above
- e) None of the above

Federal update

- Correct federal revenue and expenditure coding before Phase 2 close
- 2016 Compliance Supplement
- SAAM Chapter 95 update

Training & Resources

Year-end training classes

Update classes

- State Fiscal Year-end Closing
- Federal Fiscal Year-end Closing

Workshops

- Expenditures & Payables
- Revenues, Reconciliation, & Phase 2 Adjustments
- State Disclosure Forms

Other Recommended Training Classes

- General Ledger Review
- General Ledger Reconciliation: Basics
- GL 5111 Accounts Payable Reconciliation
- In-Process Report Training
- Administering Agency
- Intro to GAAP
- Internal Control: Basics
- Payroll Revolving Account Reconciliation
- Health Insurance Reconciliation
- Accounting for Capital Assets

Resources

SAAM

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

Year-End Resources

- <http://www.ofm.wa.gov/resources/yearend.asp>

Enterprise Reporting

- <http://reporting.ofm.wa.gov/businessobjects/enterprise10/eportfolio/en/logonform.csp>

Questions?

