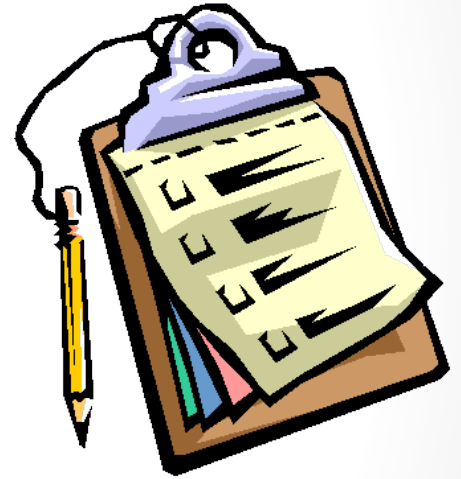


# State Fiscal Year-End Closing Update June 2017

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# Today's Agenda

- Closing calendar for FY 17
- New GASB Standards
- To do's & reminders
- GL Reconciliations
- Disclosure form changes
- Certifications
- Training & Resources



# FY 2016 CAFR

- Just a quick **SHOUT OUT** to our state's fiscal staff at all agencies and the SAO CAFR audit team - we continue to be one of the top five states issuing our CAFR!
- What's the goal for FY 17?

# Key dates for FY17 closing

- **June 30** – Cash cutoff
- **July 14** – Disclosure forms open
- **July 21** – Interagency billings mailed
- **July 31** – Phase 1 cutoff – accruals
- **August 18** –Phase 1B – early state disclosure forms, interagency receivables/payables, and pollution remediation site status report due
- **September 1** – Phase 2 close – agency adjustments complete, remaining state and federal disclosure forms due
- **September 13** – State certification form due
- ***January 31, 2018***– 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!

# **Governmental Accounting Standards Board (GASB) Statements**

# Implementing GAAP

- New in FY17
  - GASB Stmt. 77- Tax Abatements
  - GASB Stmt. 80 - Blending Requirements for Certain Component Units
  - GASB Stmt. 74 – Financial Reporting for OPEB Plans

# Implementing GAAP

- Major Projects - [www.GASB.org](http://www.GASB.org)
  - Leases
  - Fiduciary activities
  - Asset retirement obligations
  - Financial reporting model
  - Irrevocable Split-Interest Agreements



# SAAM Update June 1

- No significant changes to list for Chapter 75.

## Reminder:

- No interagency & interfund receivables & payables at June 30 in fiduciary funds.
- Revenue source 04 09 – Interest income vs. 04 01 – Investment income

# 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 21<sup>st</sup>
  - Estimates or actual
  - 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 8/18/17**
- 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 – 8/18/17**
- 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

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

	<b>Subobject Title</b>	<b>Pay to:</b>
<b>EK</b>	Facilities & Services	DES
<b>EL</b>	Data Processing Services	CTS
<b>EM</b>	Attorney General Services	ATG
<b>EN</b>	Personnel Services	DES, OFM
<b>ET</b>	Audit Services	SAO
<b>EV</b>	Admin Hearing Services	OAH
<b>EW</b>	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 1<sup>st</sup>!
- Disclosure forms complete by September 1<sup>st</sup>!





# **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 7/14 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 8/18/17 (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

- 3 forms are now **required** to be completed by all agencies
  - State Financial Disclosure Certification
  - Miscellaneous
  - Cash and Investments Restricted Disclosure
- Certain forms are specific only to certain agencies: OST, DRS and Higher Ed



# DF - New for FY17

- Liabilities by Major Class (90.40.45.b)
  - Added: GL 5116 - Retained Percentages Payable and GL 5117 - Construction Contracts Payable under **Other Obligations**.

**Reminder:** For proprietary accounts, use GL 5298 for other long-term obligations (other than bonds, leases, and COPs) that are related to the acquisition of capital assets (purchased or constructed).

# DF - New for FY17

- Revised Bond Debt by Major Class Form (90.40.55.B)
  - Added separate lines in Table 8 for General Revenue bond principal and General Revenue interest.

# DF - New for FY17

- Miscellaneous Disclosure (90.40.75.A)
  - New question – Internal Control Officer

# Financial Disclosure Certification

## SAAM 90.40.95

Certification form substantially revised:

- 28 statements

# State Financial Disclosure Certification form

- Read all 28 items listed
- Signed by Agency Director & CFO
- Include attachments, if applicable
- Email scanned signed copy with required attachments - **due 9/13/17**
  - Re-sign & re-submit if material changes are made after the original submission

# 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

# Federal update

- Correct federal revenue and expenditure coding before Phase 2 close
- 2017 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?

