



STATE OF WASHINGTON

**OFFICE OF FINANCIAL MANAGEMENT**

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**OFM DIRECTIVE 01A-02**

**TO:** Agency Directors and Policy Manual Holders

**FROM:** Sadie Rodriguez-Hawkins, Assistant Director  
Accounting Division

**SUBJECT: REVISIONS TO CHAPTER 10 TRAVEL; CHAPTER 20 INTERNAL CONTROL & AUDITING; CHAPTER 30 CAPITAL ASSET POLICIES; CHAPTER 50 FEDERAL COMPLIANCE; CHAPTER 75 UNIFORM CHART OF ACCOUNTS; CHAPTER 80 ACCOUNTING POLICIES; CHAPTER 85 ACCOUNTING PROCEDURES**

We are revising several chapters of the state of Washington's *State Administrative and Accounting Manual* (SAAM), issued by the Office of Financial Management (OFM). The effective date of these revisions is July 1, 2001. These revisions:

- Implement the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management's discussion and Analysis – for State and Local Governments*,
- Update the state's chart of accounts for legislative action through the 2001 Legislative Regular Session, and
- Make miscellaneous OFM administrative changes.

Please replace the applicable sections in your manual with these revisions.

Major changes are as follows:

### **Chapter 10 Travel**

Subsection 10.90.10 **Reimbursement rates can be found on Schedules A, B, and C** (<http://www.ofm.wa.gov/policy/10.90.htm> - 10.90.10): Modified the link for Non Continental USA and Foreign Per Diem Rates to be consistent with the revised Internet address of the U.S. Secretary of State.

### **Chapter 20 Internal Control and Auditing**

Subsection 20.30.10 **Why loss procedures are important** (<http://www.ofm.wa.gov/policy/20.30.htm> - 20.30.10 ): Added language related to the requirement for agencies to involve the State Auditor's Office and the Attorney General's Office in loss settlements as required by RCW 43.09.330.

### **Chapter 30 Capital Assets**

All sections **Capital Assets Policies** (<http://www.ofm.wa.gov/policy/30.htm>): Revised to reflect provisions of GASB Statement 34 including:

- The requirement to capitalize infrastructure. State policy is revised to require that the state highway system and emergency airfields operated by the Department of Transportation (DOT) be capitalized and reported using the modified approach.
- the addition of a new category of infrastructure that includes all infrastructure other than the state highway system and emergency airfields operated by the DOT. This new category is to be capitalized where the infrastructure asset has a cost of \$100,000 or more.
- the elimination of the General Fixed Assets Account Group. The state will now use the General Capital Assets Subsidiary Account (Account 997) to track and record depreciation on general governmental capital assets for reporting purposes.
- the addition of the composite method of depreciation as an option for calculating depreciation of a group of assets such as library resources.
- the revision/addition of certain commodity codes to facilitate the implementation of GASB Statement 34 and the optional depreciation of buildings by components.

### **Chapter 50 Federal Compliance**

Subsection 50.40.30 **Federal assistance programs and state agencies subject to the CMIA** (<http://www.ofm.wa.gov/policy/50.40.htm> - 50.40.30): Updated the threshold for programs subject to the regulations of the Cash Management Improvement Act to \$21 million.

## **Chapter 75 Uniform Chart of Accounts**

Section 75.20 **Agency Codes** (<http://www.ofm.wa.gov/policy/75.20.htm>): Added based on legislation passed in the 2001 Regular session: 536 Forest Products Commission.

Section 75.30 **Fund/Account Codes** (<http://www.ofm.wa.gov/policy/75.30.htm>): Added based on legislation passed in the 2001 Regular session: 07R, 300, 309, 319, 320, 432, 506, and 784. Account Codes 156, 157, 233, and 452 were repealed.

GASB 34 fund type category reclassifications: 02H, 101, 119, 120, 129, 152, 170, 403, 416, 424, 503, 536, 606, 620, 622, 687, 688, 689, 727, 728, 732, 733, 744, 746, 749, 759, 764, 769, 774, 775, 776, 777, 778, 779, 780, 781, 783, 784, 785, 786, 789, 793, 816, 817, 818, 821, 825, 828, 830, 834, 835, 836, 856, 857, 858, 874, 880, 887, 888, and 893.

These changes to the account codes in Section 75.30 are reflected in the *Fund Reference Manual* found at <http://www.ofm.wa.gov/fund/maintoc.htm>.

Section 75.40 **General Ledger Account Codes** (<http://www.ofm.wa.gov/policy/75.40.htm>): The following GL Codes were added or redefined as a result of GASB 34: 1350, 2120, 2130, 2350, 2360, 2370, 2380, 2410, 2420, 2430, 2440, 2450, 2460, 5150, 9300, 9350, 9400, 9410, 9420, 9450, 9530, 9531, 9532, 9840, 9910, and 9920. General Ledger Account Code deleted: 9210.

Section 75.50 **Appropriation Codes** (<http://www.ofm.wa.gov/policy/75.50.htm>): Included budget preparation codes, updated appropriation code descriptions, and added a schedule of summarizing appropriation number ranges for appropriation types and codes not included on the appropriation schedule.

Section 75.70 **Object and Subobject Codes** (<http://www.ofm.wa.gov/policy/75.70.htm>): Subobjects added or redefined: JG, JH, JM, MC, MD, and MP.

Section 75.80 **Revenue Source Codes** (<http://www.ofm.wa.gov/policy/75.80.htm>): Revenue source codes added or redefined: 0190, 0191, 0192, 0193, 0194, 0195, 0196, 0197, 0198, 0297, 0448, 0463, 0464, 0492, 0493, 0494, 0549, 0720, 0778, and 0779. Revenue source codes deleted: 0301, 0570, 0571, 0572, 0573, 0574, 0575, 0576, 0577, 0578, 0579, 0598, and 0599.

## **Chapter 80 Accounting Policies**

Sections 80.20 and 80.30 **Generally Accepted Accounting Principles and State Accounting and Reporting Policies** (<http://www.ofm.wa.gov/policy/80.htm>): Updated and revised to reflect provisions of GASB Statement 34 with respect to fund structure; measurement focus and basis of accounting; financial reporting requirements; and accounting for capital assets, long-term obligations, equity and interfund activities.

## **Chapter 85 Accounting Procedures**

Majority of sections **Accounting Procedures** (<http://www.ofm.wa.gov/policy/85.htm>): Revised to reflect provisions of GASB Statement 34 including:

- the modification to accounting procedures related to capital assets to reflect changes in Chapter 30 as noted previously.
- the elimination of the General Long-Term Obligations Account Group. The state will now use the General Long-Term Obligations Subsidiary Account (Account 999) to track general long-term obligations for reporting purposes.
- within the General Long-Term Obligations Subsidiary Account (Account 999), the requirement to separately record the portion of the obligation due within one year from the portion due beyond one year.
- the requirement to report “debt issued,” as opposed to “debt proceeds,” as an other financing source in governmental funds.
- the requirement to record capital contributions and equity transfers through revenue source codes rather than directly to General Ledger equity accounts.
- a change in the terminology and presentation of proprietary fund equity.
- a significant change in the terminology related to interfund/interagency activities. However, with the exception of capital contributions and equity transfers, the accounting procedures remain consistent.

Other revisions include:

- a more streamlined process for requesting increases or decreases to petty cash funds in treasury accounts <http://www.ofm.wa.gov/policy/85.50.htm> - [85.50.60](http://www.ofm.wa.gov/policy/85.50.60).
- revised illustrative entries for accounting for Certificate of Participation obligations <http://www.ofm.wa.gov/policy/85.85.htm> - [85.85.45](http://www.ofm.wa.gov/policy/85.85.45) and <http://www.ofm.wa.gov/policy/85.85.htm> - [85.85.50](http://www.ofm.wa.gov/policy/85.85.50).

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

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

Questions regarding manual content and proper interpretation should be directed to the OFM Accounting Consultant assigned to your agency.

Attachments