



## 90.20 Fiscal Year-End Cut-Off Procedures

### 90.20.05

June 1, 2020

### Introduction

This section provides policies and procedures for closing a fiscal year and for the preparation of the state of Washington's Comprehensive Annual Financial Report (CAFR). The cut-off policy provides guidance for all state agencies to review their financial data and make necessary adjustments. The agency review and subsequent adjustments give the State Auditor's Office (SAO) reliable financial data on which to form an opinion and enable timely financial reporting.

The closing calendar for fiscal year 2020 is as follows:

- The last regular working day of the fiscal year is **June 30, 2020**. Refer to the Office of the State Treasurer's (OST) closing schedule for cut-off dates for treasury activity.
- **Interagency invoices** must be mailed by **July 17, 2020**. Refer to Subsection 90.20.50.
- **Phase 1** is for agencies to record revenue and expenditure/expense accruals. Phase 1 closes **July 31, 2020**. Refer to Subsections 90.20.20 through 90.20.65.
- **Phase 2** is for agencies to record adjustments necessary to correct year-end totals. Phase 2 closes **August 31, 2020**. Refer to Subsection 90.20.70.

State disclosure forms must be completed by the due dates detailed in Subsection 90.40.10, unless alternate dates are approved by the agency's assigned Office of Financial Management (OFM) Accounting Consultant.

Following the close of Phase 2:

- OFM analyzes Agency Financial Reporting System (AFRS) data and disclosure form submissions and prepares the state's CAFR.
- SAO audits the accounting data and the state's CAFR.

State agencies are not allowed to make entries in AFRS after Phase 2 close, unless approved by OFM.

A schedule of phase cut-off dates is published annually by OFM as part of the directive implementing these policies. Refer to the AFRS/CAFR Closing Schedule and other year-end closing resources at: <http://www.ofm.wa.gov/resources/yearend.asp>.

## 90.20.10

June 1, 2016

### Cash cut-off date and policies

#### 90.20.10.a

Cash cut-off is the last working (business) day in June. Cash activity occurring **after** this date is recorded in the ensuing fiscal year.

#### 90.20.10.b

#### Treasury accounts

Treasury account cash receipts received by an agency **on or before June 30** are recorded in Fiscal Month 12 or 24 as “in-process” cash prior to the June monthly cut-off. If these amounts are not deposited in the State Treasury on or before the OST fiscal year cut-off date (usually June 30), the entry by OST to treasury cash activity will be made in the ensuing period. Refer to Subsection 90.30.20 for illustrative entries.

Treasury account cash disbursements **paid on or before OST's cut-off date** are recorded as "in-process" cash prior to the June fiscal month cut-off. Refer to Subsection 90.30.50.a for illustrative entries.

#### 90.20.10.c

#### Local accounts

Local account cash receipts deposited on or before June 30 are recorded with a debit to GL Code 1110 “Cash in Bank.” Local account cash receipts received on or before June 30, but not deposited until after June 30, are recorded as a debit to GL Code 1120 “Undeposited Local Cash.” Amounts recorded as GL Code 1120 are reclassified to GL Code 1110 “Cash in Bank” when deposited in the local bank account. Refer to Subsection 90.30.20 for illustrative entries.

Local account cash disbursements made on or before June 30 are recorded with a credit to GL Code 1110 “Cash in Bank.” Refer to Subsection 90.30.50.a for illustrative entries.

**90.20.15**  
June 1, 2016

**Prior period adjustments and corrections**

Prior period adjustments are corrections of errors discovered after a fiscal year has been closed. There are two types of prior period adjustments, material and immaterial.

OFM makes the final determination as to whether a prior period adjustment is material or immaterial based on materiality at the reporting unit level or fund statement code level.

At the agency level, prior period adjustments that equal or exceed the threshold level computed annually at the roll-up fund level as listed in Subsection 75.30.40 of this manual are to be brought to the attention of the agency's OFM Accounting Consultant. For purposes of Subsection 75.30.40, the threshold level is the lesser of (a) \$1 million or (b) the greater of the following two amounts: five percent of roll-up fund equity or one percent of roll-up fund gross activity (revenues plus expenditures/expenses). This threshold level is intended to identify adjustments for consideration of the cause and if there is a need to modify agency accounting processes so as to avoid similar adjustments in the future.

90.20.15.a

**Material prior period adjustments**

Material prior period adjustments are reported as adjustments to beginning fund equity. If a material prior period adjustment is required, the following source documents are prepared by the agency, and copies are forwarded to the OFM Accounting Consultant assigned to the agency.

- Journal Voucher - Forward a properly completed journal voucher or equivalent toolbox entry with supporting documentation referencing the attached footnote disclosure signed by the agency's fiscal officer indicating approval. Agencies assign the current document number and leave the reference document number blank.
- Footnote Disclosure - Include a description of the nature of the adjustment, and its impact on beginning balances.

90.20.15.b

Material prior period adjustments (except for agency fund type accounts and Subsidiary Accounts 997 and 999) are offset to GL Code 9720 "Prior Period Material Corrections (OFM Only)." Refer to Subsection 90.30.30.a for an illustrative entry.

90.20.15.c Material prior period adjustments to Subsidiary Accounts 997 and 999 are offset to GL Code 9910 “Current Period Clearing Account (Subsidiary Accounts Only).” Refer to Subsection 90.30.30.b for an illustrative entry.

90.20.15.d All material prior period adjustments (as reflected on the agency prepared journal voucher) are entered in AFRS by OFM after approval by the OFM Assistant Director, Accounting Division.

90.20.15.e **Immaterial prior period adjustments and corrections**

Except as noted below, immaterial prior period adjustments in governmental fund type accounts are offset by a credit to GL Code 3215 “Immaterial Adjustments to Prior Periods” with Revenue Source Code 0485 “Immaterial Prior Period Adjustments.”

In proprietary fund type accounts, if the immaterial prior period correction is related to a revenue, it should be adjusted through revenue and, if it is related to an expense, it should be adjusted through expense.

**Debits to Revenue Source Code 0485 “Immaterial Prior Period Adjustments” are generally not appropriate and require the approval of the agency’s OFM Accounting Consultant.**

Adjustments to clear overliquidated payables or to write down inventory balances should be recorded as expenditures against the applicable expenditure authority code. Refer to Subsection 90.30.35.b for an illustrative entry.

Write-offs of accounts receivable balances should be debited to the related allowance for doubtful accounts per Subsection 85.54.55. Absent an allowance account in a governmental fund type account, the adjustment should be debited to the revenue source code that was credited when the receivable was recorded. In a proprietary fund type account, if no allowance account exists, accounts receivable are written off to GL Code 6515 “Bad Debts Expense.”

If the write-off involves the receivable of federal or private/local revenues, agencies should contact their assigned OFM Accounting Consultant.

If the receivable originated through an offset to expenditures, then the adjustment to write down the receivable should be a reversal of the original entry. If the expenditure occurred in a prior expenditure authority period, and the account involved is appropriated, the expenditure may be a belated claim. Refer to Subsection 85.40.10.

If, in the second year of a biennium, a prior period adjustment relates to a biennial expenditure authority that has not lapsed, the prior period adjustment is to be recorded to/against the applicable expenditure authority.

Immaterial prior period adjustments resulting in the receipt of cash for the recovery of an expenditure charged against a prior expenditure authority are recorded with a credit to GL Code 3210 "Cash Revenues" using Revenue Source Code 0486 "Recoveries of Prior Expenditure Authority Expenditures." Refer to Subsection 90.30.35.c for an illustrative entry.

Revenue Source Code 0486 should only be debited in very limited circumstances and **only** with prior approval of the agency's assigned OFM Accounting Consultant.

Refer to Subsection 90.20.45 for guidance on immaterial prior period adjustments resulting from overestimating an accrual against a prior expenditure authority.

90.20.15.f

Record immaterial prior period adjustments to Subsidiary Accounts 997 and 999 as current period additions and/or deletions. Refer to Subsection 90.30.35.f - h for illustrative entries.

- An immaterial prior period adjustment to the asset cost (either increase or decrease) should be recorded using GL Code 6597 "Capital Asset Adjustment (General Capital Subsidiary Account only)" Subobject WF "Capital Asset Adjustment (General Capital Assets Subsidiary Account Only)."
- An immaterial prior period adjustment to Subsidiary Account 997 that involves an increase to the allowance for depreciation should be recorded to GL Code 6591 "Depreciation Expense (General Capital Subsidiary Account only)" Subobject WA "Depreciation/Amortization."
- An immaterial prior period adjustment to Subsidiary Account 997 that involves a decrease to the allowance for depreciation should be recorded to GL Code 6597 "Capital Asset Adjustment (General Capital Subsidiary Account only)" Subobject WF "Capital Asset Adjustment (General Capital Assets Subsidiary Account Only)."

90.20.15.g

Adjustments involving beginning cash balances in agency fund type accounts are to be prepared by the administering agency on a journal voucher or equivalent toolbox entry and submitted to their OFM Accounting Consultant for entry. All other prior period adjustments to agency fund type accounts are recorded as current period activity.

90.20.15.h OFM may make adjustments between material and immaterial adjustment classifications based upon review during preparation of the CAFR.

*Enterprise Reporting (ER) report to use: Accounting/Prior Period Adjustment Activity*

**90.20.20**

June 1, 2016

**Revenue recognition**

## 90.20.20.a

**Governmental fund type accounts**

Revenues in governmental fund type accounts are recognized in the period in which they become both **available** and **objectively measurable** as follows:

In general, the following revenues are deemed measurable and available at June 30 and are accrued in the concluding fiscal year:

- Taxes imposed on exchange transactions (gross receipts and fuel taxes,) pertaining to underlying exchange transactions that occur as of June 30, are accrued as revenue in the concluding fiscal year if expected to be collected within twelve months of fiscal year-end.
- Federal grant revenues are recognized according to the guidelines provided in Subsection 50.30.70. In general, federal grant revenues are recognized when the qualifying grant expenditures are made provided that the availability criteria are met.
- Revenues from licenses, permits, and fees related to prior services or activity (such as fees based on volume of activity) are accrued as revenue in the period in which the service or activity occurs. Revenues from licenses, permits, and fees related to a future time period (such as driver and motor vehicle licenses) are recognized as revenue in the fiscal year in which they are collected.
- Property taxes, which are due and expected to be collected within 60 days of the fiscal year-end, are accrued as revenues in the concluding fiscal year for Generally Accepted Accounting Principles (GAAP) reporting purposes. Property taxes which are due and expected to be collected after 60 days are accrued as unavailable revenue (GL codes 5192 or 5292).

- Private donation pledges are accrued when the eligibility requirements are met, provided that they are verifiable, unconditional, probable of collection, measurable and available.
- All other revenues are accounted for in accordance with GAAP for both budget and accounting reporting purposes.

90.20.20.b **Proprietary and trust fund type accounts**

Revenues for proprietary and trust fund type accounts are accounted for on a full accrual basis which means that they are recognized in the period when earned.

90.20.20.c **Revenue accrual**

When cash has not been received by June 30 for revenues meeting the appropriate recognition criteria, record the revenue as an accrual (revenue offset by receivable) in Fiscal Month 99 or 25. If the amount is not known but can be reasonably estimated, the estimated revenue should be accrued. Record the liquidation of these accruals (receivable offset by cash) in the ensuing fiscal year when the cash is received. Refer to Subsections 90.30.40.a and b for illustrative entries.

90.20.20.d **Revenue accrual estimate adjustments**

Record over and under accruals of estimated revenue from the prior fiscal year-end as adjustments to revenue in the current period:

- Record over accruals as a decrease to revenue in the current period.
- Record under accruals as an increase to revenue in the current period.

Refer to Subsection 90.30.35.d and e for illustrative entries.

90.20.20.e **Unavailable revenue – governmental fund type accounts**

If cash was received or a receivable recorded for revenue which **does not** meet the revenue recognition criteria for governmental fund type accounts, record the amount in GL Code 5192 “Unavailable Revenues - Short-Term” or GL Code 5292 “Unavailable Revenues - Long-Term” depending upon when the revenue is expected to be recognized. Generally in governmental funds, accrued revenue sources are deemed unavailable if not expected to be collectible within 12 months of fiscal year end. Accordingly, the use of GL Code 5192 is very limited. Refer to Subsection 85.70.40. Balances recorded to GL Code 5292 are recognized as revenue in a future period when they meet the availability recognition criteria. Refer to Subsection 90.30.40.c for an illustrative entry.

90.20.20.f      **Unearned revenue – all accounts**

If cash was received or a receivable was recorded for revenue for which the earning criteria has not been met in governmental or proprietary fund type accounts, record the amount in GL Code 5190 “Unearned Revenues – Short Term” or GL Code 5290 “Unearned Revenues – Long Term” depending upon when the revenue is expected to be realized. Refer to Subsection 85.70.45. These amounts are recognized as revenue in a future period when they meet the earning criteria. Refer to Subsection 90.30.40.d.

90.20.20.g      **Treasury deposit income**

The fiscal year-end accrual for treasury deposit income is recorded by OST as Agency 705 Treasurer’s Deposit Income in either Account 076 “Treasury Income Account” or Account 409 “Investment Income Account.”

1.    **Treasury accounts (for governmental, proprietary, and trust fund type accounts)**

Treasury deposit income for treasury accounts is reported by OST as Agency 705 activity for the concluding fiscal year. OST records the interest as payable in Account 076 by a credit to GL Code 5153 “Due to Other Funds” with the appropriate subsidiary account code. In addition, OST records the interest in the various receiving accounts in Agency 705 by debiting GL Code 1353 “Due from Other Funds” with Subsidiary Account Code 076000, and crediting GL Code 3205 “Accrued Revenues” with Revenue Source Code 0401 “Investment Income.”

2.    **Treasury trust accounts (for governmental, proprietary, and trust fund type accounts)**

Treasury deposit income for treasury trust accounts is reported by OST in Agency 705. OST records the interest as payable in Account 409 by crediting GL Code 5153 “Due to Other Funds” with the appropriate subsidiary account code. In addition, OST records the activity in the various receiving accounts in Agency 705, by debiting GL Code 1353 “Due from Other Funds” with Subsidiary Account Code 409000 and crediting GL Code 3205 “Accrued Revenues” with Revenue Source Code 0401 “Investment Income.”



3. **Treasury and treasury trust accounts (for agency fund type accounts)**

Deposit income for agency fund type accounts is reported in either Agency 705 or the administering agency. When the activity is reported in Agency 705, OST records interest payable in Account 076 or 409 by crediting GL Code 5153 “Due to Other Funds” with the appropriate subsidiary account code. In addition, OST records the activity in the various receiving agency fund type accounts in Agency 705 by debiting a receivable and crediting a liability in the agency account.

When the activity is reported in the administering agency, OST records interest payable in Account 076 or 409 by crediting GL Code 5153 “Due to Other Funds” with the appropriate subsidiary account code. In addition, OST records the activity in the various receiving agency fund type accounts in Agency 705 by debiting a receivable and crediting a liability in the agency fund type account. OST notifies administering agencies of the various agency fund type accounts of the correct amount of deposit income after the June allocation is run, which is a day after the AFRS cut-off date.

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**90.20.25**

June 1, 2016

**Expenditure/expense recognition**

90.20.25.a

**Governmental fund type accounts**

Expenditures in governmental fund type accounts are recognized in the period in which the account liability is incurred; that is, the period in which the goods or services are received. Goods and services **must be received by June 30** to be included as an expenditure of the concluding fiscal year.

90.20.25.b

**Proprietary and trust fund type accounts**

In proprietary and trust fund type accounts, expenses are recognized when incurred, if measurable. All goods and services **received through June 30 must be recognized** in the concluding fiscal year.

90.20.25.c

**All accounts**

Record expenditures/expenses incurred in the concluding fiscal year but **paid after June 30**, as an accrual (expenditure/expense offset by payable) in Fiscal Month 99 or 25. Record liquidation of the accrual (payable offset by cash) in the ensuing fiscal year when paid. Refer to Subsection 90.30.50 for illustrative entries. If the ensuing year is the second fiscal year of a biennium and the expenditure is charged against a biennial expenditure authority code, then there is an additional entry to reverse the initial accrued expenditure and record cash expenditure.

**90.20.30**

June 1, 2016

**Expenditure/expense accruals for single year operating expenditure authority - mid-biennium**

## 90.20.30.a

**Expenditure/expense accruals**

Record all expenditure/expense accruals charged against single year operating expenditure authority by Phase 1 close of the ensuing year. If the amount of the accrual is known (i.e., the invoice has been received or the amount is otherwise known), record the entry to GL Code 6505 "Accrued Expenditures/Expenses."

## 90.20.30.b

**Estimates**

If the amount is not known, **but can be reasonably estimated**, record the estimate in GL Code 6560 "Estimated Accrued Expenditures/Expenses." Make estimates in accordance with the state's policy for developing accounting estimates. Refer to Subsection 90.20.55.

**Note:** If the actual amount becomes known prior to Phase 2 close, the estimate recorded in GL Code 6560 "Estimated Accrued Expenditures/Expenses" should be reversed and the actual amount should be recorded in GL Code 6505 "Accrued Expenditures/Expenses."

All expenditure/expense accruals (GL Codes 6505 and 6560) made during the first fiscal year of a biennium and charged against single year operating expenditure authority will be closed to fund equity during the biennium automated closing process in AFRS.

Agencies should monitor the liquidation of estimated accruals at the account/expenditure authority level. While a subsidiary worksheet is the recommended method, agencies may use any reasonable means of documenting the liquidations. Reconcile the unliquidated balances on a timely basis. Retain this subsidiary worksheet or other form of documentation for audit purposes.

## 90.20.30.c

**Encumbrances**

The balance in GL Code 6410 "Encumbrances" related to **single year** expenditure authority is to be **zero** at the end of the fiscal year. Goods and services ordered, but not received prior to close of business June 30, are accounted for as expenditures of the ensuing year or in the fiscal period received. Refer to Section 85.30.

*ER report to use: Accounting/Exceptions/Encumbrances - First Fiscal Year Operating (GL 6410)*

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**90.20.35**  
June 1, 2016

**Expenditure/expense accruals for biennial expenditure authority - mid-biennium**

90.20.35.a

**Expenditure/expense accruals**

Record all expenditure/expense accruals charged against biennial expenditure authority by Phase 1 close of the ensuing year. Both actual and estimated accruals are to be recorded in GL Code 6505 "Accrued Expenditures/Expenses." Actual accruals are based on an invoice or the amount is otherwise known.

90.20.35.b

**Estimates**

Estimates are made if an amount is not known, **but can be reasonably estimated**. Make estimates in accordance with the state's policy for developing accounting estimates (use GL Code 6505). Refer to Subsection 90.20.55.

Reverse accrued expenditures/expenses (GL Code 6505) recorded during the first fiscal year of the biennium at the beginning of the second fiscal year of the biennium. After the reversal, payments of the accruals are to be treated the same as other expenditures/expenses of the second fiscal year.

90.20.35.c

**Encumbrances**

Goods and services ordered, but not received prior to June 30 of the first fiscal year of the biennium, are recorded as encumbrances in the first fiscal year by debiting GL Code 6410 "Encumbrances" with an offsetting credit to GL Code 9510 "Reserved for Encumbrances." **For budgeted accounts, total allotment charges plus these encumbrances cannot exceed the approved spending authority (approved biennial budget).** Refer to Section 85.30.

*ER report to use: Accounting/Exceptions/Encumbrances by Account and Program*

Additionally, for encumbrances relating to capital appropriations, a sufficient available fund balance must exist or an appropriate budget explanation explaining the difference must be included with fiscal year-end disclosure forms as an attachment to the financial disclosure certification. Refer to Subsection 85.30.10 for further information about encumbrance accounting.

A second option for mid-biennium reporting of encumbrances related to biennial expenditure authority is to record them at a summary level by debiting GL Code 9514 “Reserved for Encumbrances for Continuing Operating Expenditure Authority” with an offsetting credit to GL Code 9510 “Reserved for Encumbrances.” This entry is reversed at the beginning of the ensuing fiscal year by debiting GL Code 9510 and crediting GL Code 9514. At the time the summary level entry is reversed, the encumbrances need to be recorded in GL Code 6410 against an actual expenditure authority code. Prior to using GL Code 9514, agencies should check with their assigned OFM Accounting Consultant.

**90.20.40**

June 1, 2016

**Expenditure/expense accruals - end of biennium**

## 90.20.40.a

**Expenditure/expense accruals**

Record all expenditure/expense accruals for the concluding fiscal year by Phase 1 close of the ensuing year. If the amount of the accrual is known (i.e., the invoice has been received or the amount is otherwise known), record the entry to GL Code 6505 “Accrued Expenditures/Expenses.”

## 90.20.40.b

**Estimates**

If the amount is not known, **but can be reasonably estimated**, record the estimate in GL Code 6560 “Estimated Accrued Expenditures/Expenses.” Make estimates in accordance with the state's policy for developing accounting estimates. Refer to Subsection 90.20.55.

Note: If the actual amount becomes known prior to Phase 2 close, the estimate recorded in GL Code 6560 “Estimated Accrued Expenditures/Expenses” should be reversed and the actual amount should be recorded in GL Code 6505 “Accrued Expenditures/Expenses.”

All accrued expenditures/expenses (GL Codes 6505 and 6560) are closed to fund equity during the biennium automated closing process in AFRS.

Agencies should monitor the liquidation of estimated accruals at the account/expenditure authority level. While a subsidiary worksheet is the recommended method, agencies may use any reasonable means of documenting the liquidations. Reconcile the unliquidated balances on a timely basis. Retain this subsidiary worksheet or other form of documentation for audit purposes.

90.20.40.c      **Encumbrances - operating expenditure authority**

The balances of GL Codes 6410 “Encumbrances” and 9514 “Reserved for Encumbrances for Continuing Operating Expenditure Authority” are to be **zero** at the end of the biennium. Goods and services ordered, but not received prior to close of business June 30, are accounted for as expenditures of the ensuing year or in the fiscal period received. Refer to Section 85.30.

90.20.40.d      **Encumbrances - capital expenditure appropriations**

At biennium-end, encumbrances for capital appropriations that are **reappropriated** in the new biennium are closed to GL Code 9513 “Reserved for Encumbrances for Reappropriated Capital Appropriations” in the concluding biennium, **provided a sufficient available fund balance exists**. These amounts are offset by GL Code 9510 “Reserved for Encumbrances.” The entry to close GL Code 6410 “Encumbrances” is reversed at the beginning of the ensuing biennium with the encumbrance charged to the reappropriated appropriation. Refer to Subsection 90.30.60.c for an illustrative entry.

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**90.20.45**  
June 1, 2016

**Unliquidated estimated accrued expenditures/  
expenses – immaterial prior period adjustments**

Unliquidated estimated accrued expenditures/expenses from a prior expenditure authority period are adjusted using GL Code 3215 “Immaterial Adjustments to Prior Periods” with Revenue Source Code 0486 “Recoveries of Prior Expenditure Authority Expenditures.” The adjustment is made when it is expected that no further payments will be made, normally within 12 months of the end of an expenditure authority period, but no later than two years following the accrual. Refer to Subsection 90.30.35.a for an illustrative entry.

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**90.20.47**  
June 1, 2016

**Shortages in estimated accrued expenditures/  
expenses in appropriated accounts – belated claims**

Shortages in estimated accrued expenditures/expenses in **appropriated accounts** are to be treated as belated claims of the prior expenditure authority period. Belated claims are obligations for goods and services which were received on or before June 30 but were not accrued in the concluding expenditure authority period. Refer to Subsection 90.30.35.b for an illustrative entry. Refer to Subsection 85.40.10 for procedures relating to belated claims.

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**90.20.50**

June 1, 2019

**Interagency accruals**

## 90.20.50.a

Interagency receivables/payables are required to be in balance at fiscal year-end by Phase 1B close. Agency cooperation is essential to balance interagency receivables and payables at the statewide level. Agencies are to contact the other agencies involved to resolve any differences. If disagreements exist, the OFM Accounting Consultant assigned to each agency should be contacted to resolve the issues.

Interagency GL Codes include:

- 1354 Due from Other Agencies
- 1654 Due from Other Agencies - LT
- 5154 Due to Other Agencies
- 5254 Due to Other Agencies - LT

There are several exceptions to the GL codes listed above for recording interagency payables. Refer to Subsection 90.20.50.b for a list of these exceptions. Also, interagency receivable/payables with the State Board for Community and Technical Colleges (SBCTC) and the Community and Technical Colleges (CTCs) require a specific subsidiary GL code, refer to Subsection 90.20.50.c.

In establishing interagency receivables/payables, the accrual should be recorded as of the date goods and services are delivered. Refer to Subsection 90.20.25.

A reasonable estimated billing, in lieu of an actual amount, is an acceptable basis for recording the receivable/payable. However, payment should be made after receipt of the actual bill, not on an estimated billing.

The type of interagency payment used to liquidate an interagency accrual depends on the cash type of the accounts involved. Payments between treasury and treasury trust accounts are to be made using the most cost effective means available, for example an interagency payment (IAP). Refer to Subsection 85.36.20. Except as noted below, the accrual is deemed liquidated on the date the cash is credited to the receiving agency. If the payment is made by warrant or local fund check, the date recorded on the payment document is considered the date of liquidation.

Unless prior arrangements have been made between the billing agency and billed agency, interagency billings for services rendered as of June 30 are to be sent out by vendor agencies no later than the date listed in 90.20.05. If a vendor agency cannot produce actual billings by this date, the agency is to send out estimated billings and follow up with the actual bill as soon as possible. Estimated billings are to be clearly marked as estimates.

Actual billings received by customer agencies are to be accrued in GL Code 6505 “Accrued Expenditures/Expenses” by Phase 1 close in the concluding fiscal year, using Fiscal Month 99 or 25.

For a **biennial expenditure authority** at mid-biennium, expenditures related to estimated billings received by customer agencies are accrued in GL Code 6505 “Accrued Expenditures/Expenses” by Phase 1 close in the concluding fiscal year using Fiscal Month 99.

At the **end of an expenditure authority period**, expenditures related to estimated billings received by customer agencies are accrued in GL Code 6560 “Estimated Accrued Expenditures/Expenses” by Phase 1 close in the concluding fiscal year using Fiscal Month 99 or 25.

Disputed billings are treated as estimates whether based upon actual invoices or not. Disputed billings are to be paid when resolved.

Refer to the list of interagency contacts on OFM’s website at:  
<http://www.ofm.wa.gov/resources/yearend.asp>.

*ER reports to use: Accounting/Interagency & Interfund/Interagency payables and Accounting/Interagency & Interfund/Interagency receivables*

90.20.50.b

The following interagency payables **should not** be recorded using GL Codes 5154 or 5254. Instead the following GL Codes should be used:

GL Codes	GL Title	Description
5152	Due to Other Governments	Department of Retirement Systems withholdings for retiree medical insurance premiums due to Health Care Authority (HCA). HCA records it as GL Code 1352 “Due from Other Governments.”
5152	Due to Other Governments	Health Care Authority for the flexible spending administrative charge

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<b>GL Codes</b>	<b>GL Title</b>	<b>Description</b>
5152	Due to Other Governments	Department of Retirement Systems special billings for retirement contributions
5152	Due to Other Governments	Department of Transportation for Good to Go! Accounts
5152	Due to Other Governments	Office of the Secretary of State for the Washington State Combined Fund Drive
5152/1352	Due to Other Governments/Due from Other Governments	Amounts due to or due from state Agriculture Commodity Commissions
5158	Due to Dept. of Revenue – Taxes	Department of Revenue for sales and use taxes
5159/1359	Due to Primary Government/Due from Component Units	Amounts due to or due from discrete component units (refer to the list below)
5173/5273	Certificates of Participation Payable	Office of the State Treasurer for a COP liability
5180	Paid Family and Medical Leave Deductions Payable	Amounts due to the Employment Security Department for the employer and employee premiums and surcharges.
5187	Industrial Insurance and Medical Aid Deductions Payable	Department of Labor & Industries for worker's compensation

Amounts due to or from the following discrete component units are recorded as GL Code 5159 "Due to Primary Government" or GL Code 1359 "Due from Component Units," as follows:

<b><u>Component Units</u></b>	<b><u>Agency Code</u></b>
Washington Economic Development Finance Authority	1060
Washington State Housing Finance Commission	1480
Tobacco Settlement Authority	3040
Washington Higher Education Facilities Authority	3460



Washington Health Care Facilities Authority	5990
Washington Public Stadium Authority	7270

90.20.50.c When recording interagency receivables/payables with the State Board for Community and Technical Colleges (SBCTC) and the Community and Technical Colleges (CTCs), use the following subsidiary GL codes:

Agency Name	Agency Code	Use Subsidiary GL Code
Community and Technical Colleges	6050 to 6960	6990xx*
State Board for Community and Technical Colleges	3520	699000

\* Where xx is the second and third numbers of the 4 digit agency code for the specific community or technical college. Refer to Subsection 75.20.10.

## 90.20.55 Accounting estimates

June 1, 2016

90.20.55.a An accounting estimate is an approximation of an expenditure/expense, revenue, or other financial statement element. Accounting estimates are included in the state's accounting records because of the following:

1. The measurement of some amounts or the valuation of some financial statement element may be uncertain, pending the outcome of future events.
2. Relevant data concerning events that have already occurred cannot be accumulated on a timely, cost-effective basis.

90.20.55.b Agencies are responsible for making the accounting estimates to be included in their accounting records. Estimates are based on subjective as well as objective factors. These decisions are normally based on knowledge and experience of past and current events, assumptions about conditions expected to exist, and courses of action expected to be taken.

90.20.55.c Agencies are responsible for establishing a process for preparing accounting estimates. The process normally consists of the following:

1. Identifying situations for which accounting estimates are required.
2. Identifying the relevant factors that may affect the accounting estimate.
3. Accumulating relevant, sufficient, and reliable data on which to base the estimate.

4. Developing assumptions that represent management's judgment of the most likely circumstances and events with respect to the relevant factors.
5. Determining the estimated amount based on the assumptions and other relevant factors.

Once an agency has determined the accounting estimate amount, they must record the accounting estimate in accordance with state accounting policies.

*ER report to use: Accounting/Estimated Accrued Expenditures/Expenses (GL 6560) Review*

**Note:** If the actual amount becomes known prior to Phase 2 close, the expenditure estimate recorded in GL Code 6560 "Estimated Accrued Expenditures/Expenses" should be reversed and the actual amount should be recorded in GL Code 6505 "Accrued Expenditures/Expenses."

## 90.20.60

June 1, 2016

### Interfund accruals

Interfund receivables and payables, GL Codes 1353 and 5153, 1653 and 5253, 1355 and 5155, and 1350 and 5150, are required to be in balance at the agency level at fiscal year-end. For the University of Washington only, GL Codes 1667, 5167, and 5267 are also required to be in balance at the agency level at fiscal year-end.

Interfund accruals should be established when goods and/or services are delivered. When payment of an interfund payable is made by interfund transfer (IFT) or journal voucher (JV), the accrual is considered liquidated on the date that the cash is credited to the receiving fund. If payment is made by warrant or local check, the date recorded on the payment document is considered the date of liquidation.

*ER reports to use: Accounting/Interagency & Interfund/Interfund Receivables/Payables and Accounting/Interagency & Interfund/Pooled Cash and Investments Due to/Due from Other Funds (GLs 1355 and 5155)*

## 90.20.62

June 1, 2016

### Fund balance

Agencies are responsible for reviewing the fund balance general ledger (GL) codes in AFRS of the governmental fund type accounts to which they post activity and reclassifying as appropriate. Each account is designated a

closing GL code within the classifications of: nonspendable, restricted, committed, assigned or unassigned. Refer to Subsection 75.40.20 for a description of these GL codes. A portion of the residual activity balance may be more appropriately reported in a fund balance GL code in a classification other than that of the designated closing code. Refer to Subsection 75.30.50 for the closing GL code for each account. If questions exist regarding fund balance classification, contact your assigned OFM Accounting Consultant.

Refer to Subsection 90.30.90 for an illustrative entry.

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**90.20.65**

June 1, 2016

**Agency fund type accounts**

Agency fund type accounts are custodial in nature and do not report operations or fund balance. At fiscal year-end, these accounts only report assets and liabilities existing as of June 30.

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**90.20.70**

June 1, 2016

**Adjustment and reconciliation activity**

90.20.70.a

Phase 2 is the final opportunity for state agencies to enter adjustments for the concluding fiscal year before the data is provided to the SAO for final audit and released as the unaudited fiscal year activity.

Agencies are to review their data to ensure that assets and liabilities are properly and completely stated, and that revenues and expenditures/expenses are accurately reflected and recorded in the proper period using the correct coding. GL codes with subsidiary accounts must be reconciled to the subsidiary records.

90.20.70.b

Journal vouchers are used for adjusting entries posted during Phase 2 for Fiscal Month 99 or 25. Journal vouchers must include the biennium and fiscal month to which they pertain.

Examples of types of activities to perform and adjustments to make are as follows:

1. **Amortization of a deferred inflow or outflow (gain/loss) on debt refunding – proprietary fund type accounts.** In proprietary fund type accounts only, amortize the deferred inflows and outflows on a bond refunding recorded in GL Code 5268 “Deferred Inflow on Bond Refunding” or GL Code 1972 “Deferred Outflow on Bond Refunding.” For COP (Certificate of Participation) refundings, GL Code 5266 “Deferred Inflow on COP Refundings” or GL Code 1971

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“Deferred Outflow on COP Refundings” are used if material. Record the amortization in GL Code 6512 “Amortization Expense” using Subobject WB “Amortization.” Refer to Subsection 85.72.20.d for bonds, and 85.72.40.f and 85.85.52.b for COPs.

2. **Capital asset/accumulated depreciation reconciliation.** Reconcile the balances in GL Code series 2XXX “Capital Assets” in AFRS with the balances for capital assets in the Capital Asset Management System (CAMS) or other authorized capital asset subsidiary system. An adjusting entry is required when the balance in AFRS does not agree with the reconciled balance. Refer to Subsections 30.20.95, and 90.20.15.f.

**Separately record additions, deletions, and adjustments to capital assets and accumulated depreciation occurring during the year. Adjusting entries to capital assets and accumulated depreciation are not to be netted.** Subsection 85.60.60 contains the procedures for adjusting capital assets.

3. **Certificates of Participation (COP) payable review.** Review and adjust GL Codes 5173 and 5273 “Certificates of Participation Payable” to ensure that year-end balances are correct and agree with balances maintained by OST. **Transactions to record increases to the COP liability accounts are to be recorded separately from decreases, not netted.** Record in GL Code 5173 the COP principal amount payable in the next fiscal year.

For governmental fund type accounts, ensure that the amount of all new Certificates of Participation (COPs) recorded in Subsidiary Account 999 agrees to amounts reported in the governmental fund type accounts in GL Code 3221 “Other Financing Sources” and Revenue Source Code 0807 “Certificates of Participation” and GL 3210 “Cash Revenues” and Revenue Source Code 0854 “Refunding COPs Issued.” Refer to Subsections 85.85.45 and 85.85.50.

For proprietary fund type accounts, increases in GL Codes 5173 and 5273 should equal the par amount of the new COP.

*ER report to use: Accounting/Exceptions/COPs and Capital Leases – Governmental Accounts*

4. **Depreciation adjustment.** Record depreciation using the procedures contained in Subsection 85.60.40.

*ER report to use: Accounting/Depreciation Expense and Increase in Allowance for Depreciation Review*

5. **Expenditures within appropriations review.** Review expenditures to ensure that appropriations have not been overspent.

*ER report to use: Accounting/Budget/Appropriations Overspent*

6. **Fund balance review.** Review the balances in fund balance GL codes in governmental fund type accounts to ensure appropriate classification and compliance with order of spending policies. Refer to Subsections 80.30.65 and 90.20.62.

Additionally, the balances in the following sets of GL codes are to net to zero:

**Governmental fund type accounts only:**

**Inventory:**

- 1410 Consumable Inventories, and
- 9120 Nonspendable Consumable Inventories

*ER report to use: Accounting/Exceptions/Consumable Inventory for Governmental Accounts*

**All accounts – encumbrances – biennial expenditure authority – mid-biennium:**

- 6410 Encumbrances, or
- 9514 Reserved for Encumbrances for Continuing Operating Expenditure Authority, and
- 9510 Reserved for Encumbrances

(Refer to Subsection 90.20.35.c)

*ER report to use: Accounting/Exceptions/Encumbrances by Account and Program*

**All accounts – encumbrances – capital appropriations at end of biennium:**

- 9513 Reserved for Encumbrances for Reappropriated Capital Appropriations, and
- 9510 Reserved for Encumbrances

(Refer to Subsection 90.20.40.d)

**Exception situations:**

**Inventories** - In governmental fund type accounts, donated commodities, such as immunization supplies, are recorded in GL Code 1415 “Donated Inventories” and are offset by GL Code 5190 “Unearned Revenues.” Refer to Subsection 85.56.40 Accounting for Donations of Consumable Inventories.

**Receivables** - In governmental fund type accounts, GL Codes 9131 “Nonspendable Receivables – Long-Term” and the long-term 16XX “Receivables” are to agree, with one exception: there is to be no reserve if the long term receivable is offset by GL Code 5292 “Unavailable Revenues – Long-Term” or other 52XX long term liability GL codes.

*ER report to use: Accounting/Exceptions/Long-Term Receivables/  
Payable for Governmental Accounts*

**7. General ledger balance review.**

**Agencies** are to review and reconcile asset, liability and equity general ledger accounts.

*AFRS reports to use: daily in process report, daily error report*

*ER reports to use:*

*Agencies:*

*Accounting/Agency Trial Balance*

*Accounting/Exceptions/General Ledger Accounts with Unchanged Balances*

*Accounting/Exceptions/Questionable Balance – Assets and Deferred Outflows of Resources*

*Accounting/Exceptions/Questionable Balance – Liabilities and Deferred Inflows of Resources*

**Administering agencies** are to review asset, deferred outflows of resources, liability, deferred inflows of resources, and equity balances for the accounts they administer for reasonableness. If adjustments are required, administering agencies are to contact the other agencies involved. Agencies contacted are to make the requested adjustments in AFRS, or if necessary, have the agency's assigned OFM Accounting Consultant assist with making the adjustment in AFRS. Refer to Subsection 80.10.90.

*Administering Agencies:*

*Above reports plus Administering Agency/Administering Agency Trial Balance.*

- 8. In-process review.** Review the AFRS daily unbalanced in-process and error reports. Agency documents listed on those reports for the concluding fiscal year should be researched and cleared as soon as possible.

*ER report to use: Accounting/Exceptions/Clearing Accounts Review (GL 9910 and 9920)*

**9. Interagency reimbursements (Object S) elimination.**

**Budgeted proprietary fund type accounts** - Normally, payments received by proprietary fund type accounts for goods and services are recorded as revenue with appropriate revenue source codes (refer to Subsection 90.30.70.b for an illustrative entry). However, in the case of budgeted proprietary fund type accounts, interagency reimbursements are recorded for budgetary purposes as credits to expense using Object S. These cases require additional entries to record revenue and to eliminate expenditure reductions for GAAP reporting. Record revenue by crediting GL Code 3225 “Revenue Adjustments/Eliminations (GAAP)” with appropriate revenue source codes and record the expenditure recovery elimination by debiting GL Code 6525 “Expense Adjustments/Eliminations (GAAP),” with appropriate subobjects within Object S. The GAAP adjustment accounts, GL Codes 3225 and 6525, are not recognized for budgetary reporting. For GAAP reporting purposes, interagency reimbursements are reflected as revenues since the two expense GL Codes, 6510 and 6525, offset each other. Refer to Subsection 85.90.60.b for further information and to Subsection 90.30.70.a for illustrative entries.

*ER report to use: Accounting/Exceptions/Expense Elimination for Proprietary Accounts*

**Other accounts** - Record Object S “Interagency Reimbursements” received by accounts other than budgeted proprietary fund type accounts as normal reimbursements of expenditures by crediting GL Code 6510 “Cash Expenditures/Expenses” using Object S with appropriate subobjects. Refer to Subsection 90.30.70.c for an illustrative entry.

*ER report to use: Accounting/Exceptions/Object S Debit Exceptions*

**10. Interagency and intra-agency reimbursements reallocation (Unidentified Subobjects SZ & TZ).** Allocate balances in Interagency and Intra-agency Reimbursements - Unidentified (Subobjects SZ and TZ) to the appropriate subobject level under Objects S and T.

*ER report to use: CAFR/Exceptions/Objects SZ and TZ Not Redistributed*

11. **Interagency and interfund receivables and payables in fiduciary funds.** Fiduciary funds may not report assets or liabilities that belong to the state itself. Accordingly, interagency and interfund receivables and payables in fiduciary fund type accounts (e.g. Account 035) must be eliminated for financial reporting purposes and the related asset or liability reported in the appropriate account. Interagency and interfund receivable and payable balances in fiduciary fund type accounts should be zero at June 30.
12. **Inventory adjustments.** If the inventory balances (GL Code series 14XX) in AFRS do not agree with the physical count at June 30, an adjusting entry is necessary to reflect the proper balances. Section 85.56 lists the procedures to make inventory adjustments.

*ER reports to use: Accounting/Agency Trial Balance or Accounting/General Ledger Account Analysis Flexible*

13. **Investment review.** Review investments (GL Code series 12XX) for compliance with the investment valuation policies presented in Section 85.52. Generally, non-participating interest earning investments (e.g., non-negotiable certificates of deposit with redemption terms that do not consider market rates) are to be recorded at cost; all other short-term investments are to be recorded at amortized cost; and non-current investments are to be recorded at fair value.
14. **Leave payable adjustments.** Review and adjust leave payables as necessary to ensure correct year-end balances in compliance with Governmental Accounting Standards Board (GASB) Statements 16 and 34. Transactions to record increases and decreases are to be recorded separately, not netted. Refer to Subsections 85.72.50 through 85.72.65.
  - GL Codes 5125 and 5225 Accrued Vacation Leave Payable
  - GL Codes 5127 and 5227 Accrued Sick Leave Payable
  - GL Codes 5128 and 5228 Accrued Compensatory Time Payable

Vacation leave payable is to include both the dollar value of the vacation leave due employees *and* the employer's share of the associated payroll related payments; e.g., Social Security and Medicare taxes.

A liability for sick leave is to be accrued for the estimated amount that will be paid to employees as sick leave buy-out upon retirement. No liability is accrued for the estimated dollar value of allowed time off.



The sick leave accrual is to include the dollar value of the estimated amount that will be paid in cash and the employer's share of the associated payroll related payments; e.g., Social Security and Medicare taxes (pension is not paid on sick leave buy-out).

Using the assumption that employees are currently taking the leave that they most recently earned (last in, first out), and given that accrued vacation and sick leave generally increase year to year, the long-term designation (GL Codes 5225 and 5227) is generally appropriate. Under this assumption, vacation and sick leave liabilities would be classified short term only when special circumstances exist, such as a significant number of retirements or terminations (resulting in unusually high vacation and sick leave buy-out) are expected in the next year.

Compensatory time payable is to include both the dollar value of the compensatory time due employees and the employer's share of the associated payroll related payments; e.g., pension and Social Security and Medicare taxes.

Additionally, review shared leave activity to ensure that it is recorded in both the accounting and payroll systems in such a way as to allow for statewide reporting of shared leave activity. Refer to Subsection 85.34.20 for procedures for making accounting entries.

*ER reports to use: Accounting/Agency Trial Balance or Accounting/General Ledger Account Analysis Flexible*

15. **Long-term obligations review.** Record “Long-Term Obligations” for governmental fund type accounts (GL Code series 52XX) in Account 999 “General Long-Term Obligations Subsidiary Account.” In proprietary and trust fund type accounts, long-term obligations are recorded directly in the accounts. For all long-term obligations, ensure that the amount due in the next year is recorded in the short-term GL Code series 51XX. Refer to Section 85.72.

**Transactions to record increases to individual liability accounts are to be recorded separately from decreases, not netted.**

For governmental fund type accounts, ensure that the amount of all new capital leases recorded in the Subsidiary Account 999 agrees to amounts reported in the governmental fund type accounts in GL Code 3221 “Other Financing Sources” with Revenue Source Code 0809 “Capital Leases.” Refer to Subsection 85.72.30.b.

*ER report to use: Accounting/Exceptions/COPs and Capital Leases – Governmental Accounts*

Long-term obligations other than bonds, leases, and COPs related to the acquisition of capital assets (purchased or constructed) should be reported in GL 5298 “Other Obligations – Capital Related”.

16. **Pollution remediation obligations.** Record pollution remediation obligations (GL Code 5287) for governmental fund type accounts in Account 999 “General Long-Term Obligations Subsidiary Account.” In proprietary and trust fund type accounts, pollution remediation obligations are always fund liabilities. They are separated into short-term liabilities (e.g., accounts payable, claims and judgments payable, or accrued salaries) using appropriate general ledger codes and long-term liabilities using GL Code 5287 “Pollution Remediation Obligation.” Refer to Subsection 85.74.50.

**Transactions to record increases are to be recorded separately from decreases, not netted.**

The balance recorded in GL Code 5287 in Account 999 “General Long-Term Obligations Subsidiary Account” must match the total amount shown as “reportable” on the Site Status Report. In proprietary and trust fund type accounts, the total amount shown as “reportable” on the Site Status Report must equal the pollution remediation obligation amounts recorded in GL Code 5287 plus the appropriate short-term GL code(s).

If applicable, the Site Status Report is due on Phase 1B close, and a copy is required to be submitted with the Financial Disclosure Certificate. Refer to Subsections 90.40.75 question 6 and 90.40.95.

17. **Merchandising activity review for proprietary accounts.** Review inventory, sales revenue and cost of goods sold GL codes for reasonableness. Expenses coded to Object F “Cost of Goods Sold,” must be accompanied by an equal or greater amount coded to Revenue Source Code 0450 “Sales of Goods and Supplies – Proprietary Funds.” Refer to Subsection 85.56.30.

*ER report to use: Accounting/Merchandising Activity - Proprietary Accounts*

18. **Object T adjustments.** Total Object T “Intra-Agency Reimbursements” are to be reviewed to ensure that they are in balance (net to zero) at the subobject level for all accounts within the following GL Codes:
- 6505 Accrued Expenditures/Expenses
  - 6510 Cash Expenditures/Expenses

- 6560 Estimated Accrued Expenditures/Expenses

**Budgeted proprietary fund type accounts** - In the case of budgeted proprietary fund type accounts, intra-agency reimbursements are recorded as a credit to expense using Object T.

Therefore, an adjustment is required to record revenue by crediting GL Code 3225 “Revenue Adjustments/Eliminations (GAAP)” with an appropriate revenue source code and debiting GL Code 6525 “Expense Adjustments/Eliminations (GAAP)” Object T. Only in the case of GL Code 6525 transfers is there no corresponding Object T offset. Refer to Subsection 85.90.60.a for further information and to Subsections 85.95.50 and 90.30.80.a for illustrative entries.

*ER report to use: Accounting/Exceptions/Object T for Proprietary Accounts*

**Other accounts** - Record Object T “Intra-Agency Reimbursements” received by accounts other than budgeted proprietary fund type accounts as a reduction of expenditures. Refer to Subsection 90.30.80.c for an illustrative entry.

*ER report to use: Accounting/Exceptions/Object T Elimination*

19. **Prior period adjustments review.** Review Prior Period Adjustments to ensure that they are in compliance with Subsection 90.20.15. Debits to Revenue Source Code 0485 “Immaterial Prior Period Adjustments” are generally not appropriate and require the approval of the agency’s assigned OFM Accounting Consultant.

*ER report to use: Accounting/Prior Period Adjustment Activity*

20. **Private/local revenue/expenditure balancing.** Private/local revenues and expenditures should balance at the account level for budgeted accounts, Expenditure Authority types 7 “Private/Local” and 9 “Private/Local – Unanticipated” and Revenue Source Code series 05XX. Refer to Subsection 75.80.10.

*ER report to use: Accounting/Exceptions/Private/Local Revenue/Expenditures*

21. **Receivable adjustments and reconciliation.** Report receivables as the net amount expected to be collected. An adjusting entry to the related GL Code series 134X “Allowance for Uncollectible Receivables” accounts may be required to properly reflect the net estimated realizable value of the receivables. Subsection 85.54.55 describes the

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**State Reporting**

procedures to be followed in making the adjustments and Subsection 85.65.32 shows an illustrative entry.

Receivables should be reconciled to subsidiary systems and/or records if applicable. Refer to Subsection 85.54.65.

22. **Revenue Source Code series 09XX reclassification.** Reclassify Revenue Source Code series 09XX to the appropriate asset, liability, revenue, or expenditure/expense account. Refer to Subsections 75.80.20 and 85.20.30.

*ER report to use: Accounting/Exceptions/Major Source 09 (Non-Revenues) to be Redistributed*

23. **Revenue source code elimination for debt transactions in budgeted proprietary fund type accounts.** In budgeted proprietary fund type accounts only, eliminate Revenue Source Codes 0611 and 0612 as well as 0850 through 0865 adjusting them through GL Code 3225 “Revenue Adjustments/Eliminations (GAAP)” to the appropriate liability account. Refer to Subsection 85.85.30.e.

24. **Suspense Account (Account 01P) review.** At fiscal year-end all GL codes in Account 01P must be reviewed and cleared out if appropriate. Refer to Subsection 85.20.60.

*ER report to use: Accounting/Agency Trial Balance*

25. **Transfer balancing.** Transfers (Revenue Source Codes 0484 and 06XX, and Object M) are to be in balance (i.e., net to zero) at the agency level. Refer to Subsection 85.90.50.

*ER report to use: Accounting/Transfers*

26. **Travel advances outstanding reclassification.** Travel advances recorded in GL Code 1383 “Travel Advances” should agree to the agency’s underlying documentation by employee. Refer to Subsections 85.54.44 and 10.80.60.

27. **Unavailable and unearned revenue review.** Review unavailable revenues recorded in governmental fund type accounts (GL Codes 5192 and 5292) and unearned revenues recorded in both governmental and proprietary fund type accounts (GL Codes 5190 and 5290). Refer to Subsections 85.70.40, 85.70.45, and 90.20.20.

*ER reports to use: Accounting/Agency Trial Balance or Accounting/General Ledger Account Analysis Flexible*

## 90.20.70.c

**Federal revenue/expenditure balancing**

Federal assistance financial information required to be reported on the Schedule of Expenditure of Federal Awards (SEFA) should be reconciled

and adjusted, as needed, and posted to AFRS during Phase 2. For further information, refer to Chapter 95.

90.20.70.d      **Disclosure form information should be accurately recorded in AFRS**

State disclosure forms must be completed by the due dates detailed in Subsection 90.40.10.

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**90.20.80**      **Office of Financial Management analysis and CAFR preparation**  
June 1, 2016

90.20.80.a      Following the close of Phase 2, OFM analyzes the balances in AFRS and the information collected through the disclosure form application for reasonableness. State agencies are not allowed to make entries into AFRS after Phase 2 close unless approved by OFM.

90.20.80.b      OFM prepares the CAFR in accordance with generally accepted accounting principles and works with the State Auditor's Office (SAO) throughout the CAFR audit.

90.20.80.c      Once the SAO issues their opinion on the state's CAFR, AFRS data is considered final and will be used by the state for all subsequent fiscal year reports. This includes budgetary control reporting and preparation of biennial budget requests.

90.20.80.d      Agencies preparing and/or publishing agency financial statements are to use the final audited AFRS data. Refer to Subsection 90.10.60.

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**90.20.90**      **State Auditor's Office audit**  
June 1, 2016

90.20.90.a      During the fiscal year end cut-off process, SAO may recommend **material** adjustments to agencies' balances. Agencies are to review these recommended adjustments and notify their assigned OFM Accounting Consultant of the adjustments promptly.

90.20.90.b      All audit adjustments are recorded on a journal voucher form or equivalent toolbox entry, assigned a current document number by the audited agency, indicating the applicable biennium and fiscal month, and signed by the audited agency's fiscal officer indicating agreement or disagreement. Agencies are to cooperate with and assist the auditor, to ensure the audit adjustment journal voucher is complete and accurately prepared.

90.20.90.c      Agencies are to submit SAO audit adjustments to OFM promptly. SAO audit adjustments are to be reviewed by the agency's assigned OFM Accounting Consultant. If appropriate, OFM will post the recommended adjustments in AFRS.