



# **State Administrative and Accounting Manual**

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# State Administrative and Accounting Manual

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# **Chapter 1**

# **Introduction**



# State Administrative and Accounting Manual

## 1.10 About the Manual

Section	Title	Effective Date	Page Number
1.10.10	Policies in this manual are minimum standards	May 1, 1999	<a href="#">50</a>
1.10.20	Authority for these policies	May 1, 1999	<a href="#">50</a>
1.10.30	Applicability	Jan. 1, 2009	<a href="#">50</a>
1.10.40	How do I request a waiver to a policy?	July 1, 2005	<a href="#">51</a>
1.10.50	How do I request OFM approval for an alternative policy or procedure?	June 1, 2002	<a href="#">51</a>
1.10.60	How to contact us	June 1, 2002	<a href="#">52</a>

### 1.10.10 Policies in this manual are minimum standards

May 1, 1999

The purpose of this manual is: 1) to provide control and accountability over financial and administrative affairs of Washington State Government, and 2) to assist agencies in gathering and maintaining information needed for the preparation of financial statements.

The policies and procedures in this manual are the minimum requirements that state agencies must meet. An agency may adopt additional policies and procedures in greater detail, or use additional or alternative supporting documentation, as long as the agency meets the required minimum standards.

### 1.10.20 Authority for these policies

May 1, 1999

The Office of Financial Management is required by the Budget and Accounting Act ([RCW 43.88.160](#)) to establish a Generally Accepted Accounting Principles (GAAP)-based accounting system and procedures, as necessary, to provide for accountability of the state's assets and compliance to its laws and regulations.

### 1.10.30 Applicability

Jan. 1, 2009

All agencies of the state of Washington must comply with this manual, unless otherwise exempted by statute. [RCW 43.88.020](#) defines the term “Agency” to mean and include “every state office, officer, each



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institution, whether educational, correctional or other, and every department, division, board and commission, except as otherwise provided.”

These policies shall comply with federal requirements. However, if any part of these policies are in conflict with federal requirements, that part of the policy will be inoperative to the extent of such conflict with respect to the agencies directly affected, until such time the policies are updated.

Agencies may request a waiver from complying with specific requirements of this manual. For information on how to request a waiver, refer to [Subsection 1.10.40](#).

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### **1.10.40 How do I request a waiver to a policy?**

July 1, 2005

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Pursuant to [RCW 43.88.160\(1\)](#), agencies may submit a written request for a waiver from complying with specific requirements of a policy. The request must be approved in writing by the Office of Financial Management before the waiver takes effect. Waivers automatically expire at the end of the fiscal biennium for which they were granted and are to be reapproved in writing to remain in force for the ensuing biennium. A copy of the waiver granted is provided to the appropriate legislative fiscal committees.

It is recommended that agencies discuss any policy waiver requests in advance with their assigned agency accounting consultant.

Please submit written request to:

Office of Financial Management  
Statewide Accounting  
P.O. Box 43113  
Olympia, WA 98504-3113

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### **1.10.50 How do I request OFM approval for an alternative policy or procedure?**

June 1, 2002

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Some policies allow an agency, with approval by the Office of Financial Management, to adopt an alternative policy or procedure. This process is a one time approval process, as opposed to the biennial policy waiver procedure.

It is recommended that agencies discuss any alternative policy or procedure requests in advance with their assigned agency accounting consultant.

Please submit written request to:

Office of Financial Management  
Statewide Accounting



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P.O. Box 43127  
Olympia, WA 98504-3127

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## 1.10.60 How to contact us

June 1, 2002

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Please contact us if you have questions about the policy manual.

You can email us at: [OFMAccounting@ofm.wa.gov](mailto:OFMAccounting@ofm.wa.gov).

Or call: 360-725-0198

Or write:

Office of Financial Management  
Statewide Accounting  
P.O. Box 43127  
Olympia, WA 98504-3127



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## 1.20 How to Use This Manual

Section	Title	Effective Date	Page Number
1.20.10	How the manual is organized	Oct. 1, 2016	<a href="#">53</a>
1.20.20	How the manual is numbered	May 1, 1999	<a href="#">53</a>
1.20.40	Other tools within the manual	May 1, 1999	<a href="#">54</a>

### 1.20.10 How the manual is organized

October 1, 2016

The first half of this manual focuses on **administrative topics**. Users with a hard copy of the manual will find these chapters in Volume I.

Chapter 1	Introduction
Chapter 5	Data and System Access
Chapter 10	Travel
Chapter 20	Internal Control
Chapter 22	Internal Audit
Chapter 25	Payroll
Chapter 30	Capital Assets
Chapter 35	Inventories
Chapter 40	Disbursement of State Funds/Benefits
Chapter 50	Federal Compliance
Chapter 55	Audit Tracking
Chapter 60	Moving Expenses
Chapter 65	Financial Services Agreements
Chapter 70	Other Administrative Regulations

The second half of the manual focuses on **accounting topics**. Users with a hard copy of the manual will find these chapters in Volume II.

Chapter 75	Uniform Chart of Accounts
Chapter 80	Accounting Policies
Chapter 85	Accounting Procedures
Chapter 90	State Reporting
Chapter 95	Federal Assistance Reporting



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## 1.20.20 How the manual is numbered

May 1, 1999

The manual has three layers of organization:

- Chapters - The major subjects of the manual
- Sections - Define the major topics within a subject
- Subsections - The actual policies

The policies in this manual are numbered using a three part code which reflects these levels.

### 30.10.20

**30.xx.xx** The first number is the Chapter number.

**xx.10.xx** The second number is the Section number.

**xx.xx.20** The third number is the Subsection number.

## 1.20.40 Other tools within the manual

May 1, 1999

**Subject Index -** The on-line version of the manual provides direct links from the index to the referenced subsection. A complete index has been provided in the front of each volume of the hard-copy manual.

**Forms Index -** An index of all the forms found in the manual. A complete forms index has been provided in each volume of the hard-copy manual.

**Glossary -** The on-line version of the manual provides direct links from referenced words in the policies to the glossary. A complete glossary has been provided in each volume of the hard-copy manual.



# **Chapter 5**

## **Data and**

## **System Access**



## Chapter 5 Data and System Access

Section	Title	Effective Date	Page Number
5.10.10	Purpose of these policies	Sept. 5, 2014	<a href="#">56</a>
5.10.15	Authority for these policies	July 1, 2012	<a href="#">56</a>
5.10.20	Related policies	July 1, 2012	<a href="#">56</a>
5.10.25	Who must comply with these policies	July 1, 2012	<a href="#">57</a>
5.10.30	Statewide systems, applications, and data covered under this policy	Sept. 5, 2014	<a href="#">57</a>
5.10.35	Controls over systems, applications, and data covered under this policy	Sept. 5, 2014	<a href="#">57</a>
5.10.40	Specific requirements	Sept. 5, 2014	<a href="#">58</a>

### 5.10.10 Purpose of these policies

Sept. 5, 2014

The purpose of these policies is to define the conditions under which access to specific statewide systems, applications, and data will be granted.

### 5.10.15 Authority for these policies

July 1, 2012

[RCW 43.88.160 \(4\)](#) requires the Office of Financial Management (OFM) to develop and maintain a system of internal controls and internal audits comprising methods and procedures to be adopted by each agency that will safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies for accounting and financial controls.

The Public Records Act [42.56 RCW](#) prohibits disclosure of certain personal and other information.





### 5.10.20 Related policies

July 1, 2012

The Office of Chief Information Officer (OCIO) Policy No. 141, *Securing Information Technology Assets*, sets requirements for maintaining system and network security, data integrity and confidentiality.

### 5.10.25 Who must comply with these policies

July 1, 2012

All executive, legislative, or judicial branch agencies connecting to statewide systems must comply with the policies in this chapter.

### 5.10.30 Statewide systems, applications, and data covered under this policy

Sept. 5, 2014

This policy covers access to certain statewide systems, applications, and data that OFM manages and maintains to carry out the responsibilities described in the section “Authority for this policy.” Systems, applications, and data covered include:

- IRS Form 1099-MISC Reporting System
- Enterprise Reporting Standard Reports (ER)
- Enterprise Reporting Web Intelligence (Webi)

### 5.10.35 Controls over systems, applications, and data covered under this policy

Sept. 5, 2014

Agencies should have internal controls over granting and revoking access to systems, applications, and data that:

- Limit access to employees to only that necessary to perform the assigned duties.
- Consider how access will affect agency internal controls and apply compensating controls where necessary. Refer to [Chapter 20](#).
- Ensure proper employee training under OCIO policies.
- Employ a systematic employee exit process that revokes access within a reasonably short amount of time after the employee’s access is no longer required. This may happen when job duties change or when an employee leaves the agency.

Allow for periodic review of all employees’ statewide access.



## 5.10.40 Specific requirements

Sept. 5, 2014

### 5.10.40.a IRS form 1099-MISC Reporting System

Agencies accessing the 1099 download maintained by OFM are required to comply with [Subsection 50.10.65](#).

### 5.10.40.b Enterprise Reporting Standard Reports (ER) and Web Intelligence (Webi)

Agencies accessing the Enterprise Reporting Standard Reports (ER) or Web Intelligence (Webi) maintained by OFM must establish an effective system for management and control of sensitive information as appropriate. In addition, access to vendor payment related data belonging to other agencies is restricted to employees who need the data to perform their assigned duties, and before access is granted:

1. An employee must sign a Non-Disclosure Agreement (NDA) that includes the following statements:
  - I will not access or use vendor payment information for any commercial or personal use or gain, but only to the extent necessary and for the purpose of performing my assigned duties as an employee.
  - I will not directly or indirectly disclose, divulge, transfer (such as but not limited to, email, portable media, File Transfer Protocol (FTP), file location services), release, communicate, sell, or otherwise make known to unauthorized persons or any third party outside the scope of my position any vendor payment information during duty hours as well as non-duty hours or when not in use unless authorized by my supervisor, agency policy or applicable state law.
  - I will not duplicate or reproduce vendor payment information except for the purpose of performing my duties as an employee.
  - I will protect vendor payment information from unauthorized physical and electronic access in a manner which prevents unauthorized persons from retrieving the information by means of computer, remote terminal or other means.
  - I will dispose of vendor payment information, in electronic or paper form, in an appropriate manner.
  - I agree to abide by all federal and state laws, regulations, and policies regarding the safeguarding and disclosure of the information.
2. Agencies may use an alternate in-house NDA form provided written approval from OFM is obtained.
3. The agency security administrator must certify that that the employee has signed the non-disclosure agreement and needs access to other agency vendor payment related data to perform the employee's assigned job duties. In certain cases, OFM must approve the request before access can be granted.



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To get access to Enterprise Reporting vendor payment related data for other agencies, follow the instructions and fill out the forms at: <http://www.ofm.wa.gov/resources/dataaccess.asp>.

If an agency detects a breach in security related to vendor payment related data, the agency is responsible to follow the steps for breach as described in [RCW 42.56.590](#) and notify the Consolidated Technology Services (CTS) Chief Information Security Officer, CTS Security Operations Center and the Washington State Patrol Computer Crimes unit. Additionally, the agency is to notify OFM within one business day of discovering the breach and take corrective action as soon as practicable to eliminate the cause of the breach. OFM may request a full review of the agency's data security controls.



# **Chapter 10**

## **Travel**



## 10.10 Travel Management Requirements and Restrictions

Section	Title	Effective Date	Page Number
10.10.05	Who must comply with these policies?	June 7, 2012	<a href="#">61</a>
10.10.10	Agency responsibilities	Oct. 9, 2015	<a href="#">62</a>
10.10.15	Responsibilities of travelers	Oct. 9, 2015	<a href="#">63</a>
10.10.20	These criteria must be used for selecting and approving travel	Oct. 1, 2005	<a href="#">64</a>
10.10.25	Implement alternatives to travel	Jan. 1, 2004	<a href="#">64</a>
10.10.30	Considerations for placing an employee in travel status	May 1, 1999	<a href="#">65</a>
10.10.35	Ensure the health and safety of travelers	Jan. 1, 2015	<a href="#">65</a>
10.10.40	Comply with the Americans with Disabilities Act	July 1, 2000	<a href="#">66</a>
10.10.45	Use of the State Charge Card system, when required, to purchase travel	Oct. 1, 2018	<a href="#">66</a>
10.10.50	Prior authorization for travel may be required	July 1, 2011	<a href="#">67</a>
10.10.55	Scheduling meetings, conferences, conventions and training sessions	July 1, 2011	<a href="#">68</a>

### 10.10.05 Who must comply with these policies?

June 7, 2012

The following persons in the executive, legislative, or judicial branches of government must comply with the policies in this chapter:

1. All state officers, employees, and volunteers that agencies have legal authority to utilize, unless otherwise provided by law.

As provided in [RCW 28B.10.029](#), institutions of higher education may use all appropriate means for making and paying for travel arrangements to support student, faculty, staff and other participants travel in the most cost effective and efficient manner possible. Methods used must be based on standard industry practices and be compliant with federal accountable plan requirements. Accordingly, they are exempt from [Subsections 10.10.45](#), [10.30.60](#), [10.50.35](#), [10.50.40](#), [10.50.45](#), [10.50.50](#), [10.50.75](#), and [10.80.55](#).



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2. Persons other than state officers and employees, where travel expenses are authorized by statute but the statute is silent as to amount.
3. Members of the Senate or House of Representatives. When on official legislative business, these members are entitled to receive allowances as provided in [RCW 44.04.120](#) in lieu of [per diem](#) or [travel expenses](#) as stipulated in this chapter.
4. Contractors, unless there are specific contractual arrangements modifying travel reimbursement.

These rules may be used as a guideline for the payment of legally authorized travel expenses for students and other clients of the agency.

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### 10.10.10 Agency responsibilities

Oct. 9, 2015

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#### 10.10.10.a

[Agency](#) heads, and their designees for directing travel and approving reimbursement, are to:

1. Ensure that any travel costs incurred are:
  - Directly work related,
  - Obtained at the most economical price, and
  - Both critical and necessary for state business.
2. Exercise prudent judgment in approving travel-related costs.
3. Establish an effective system for management and control over travel related costs. This system should include:
  - Written internal policies and procedures which cover the items required in this chapter.
  - Authorization or approval of travel costs by the agency head or authorized designees.
  - Clearly defined roles and responsibilities to include the level(s) to which agency head responsibility has been delegated.
  - Periodic review of airline ticket purchases to ensure compliance with [Subsections 10.50.40](#) and [10.50.45](#).
  - The amount of time the agency requires for advance approval of meal costs at meetings, conferences, conventions, and training sessions.
  - A prohibition to pay parking tickets, citations, or infractions received by drivers authorized to operate vehicles on state business. Payment of fines or citations is solely the personal obligation and responsibility of the driver and NOT a qualified reimbursable obligation of the employing agency. Refer to [Subsections 10.10.15](#) and [10.20.20](#).
4. Ensure travelers are not treated differently under like travel circumstances.



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5. Ensure the agency uses the procurement methods required in this chapter and maintain an accountability record for all state travel charge card systems it or its travelers are issued.
6. The agency head or designee must authorize student drivers or [volunteer](#) drivers to use vehicles while on official state business. Agencies should consult with the Department of Labor and Industries for information about personal injury insurance coverage for students and volunteers operating vehicles on official state business, and age restrictions for operating vehicles for business purposes. Refer to [http://www.lni.wa.gov/WorkplaceRights/Teen Workers/](http://www.lni.wa.gov/WorkplaceRights/TeenWorkers/).

### 10.10.10.b

Agencies may adopt internal travel policies and reimbursement allowances that are more restrictive than those contained in this chapter.

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## 10.10.15 Responsibilities of travelers

Oct. 9, 2015

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A [traveler](#) on [official state business](#) is responsible for:

1. Being familiar with state and agency travel and transportation regulations before embarking on travel.
2. Exercising the same care in incurring expenses and accomplishing the purposes of the travel that a prudent person would exercise if traveling on personal business. Excess costs, circuitous routes, delays, or luxury accommodations unnecessary or unjustified in the performance of official state business travel are not acceptable.
3. Paying any excess costs and any additional expenses incurred for personal preference or convenience.
4. Returning as promptly as possible to either the official station or official residence when the state business is completed.
5. Securing prior authorization for travel when required. ([Subsection 10.10.50](#))
6. Preparing the [Travel Expense Voucher](#) and providing appropriate receipts and documentation as required in [Section 10.80](#) and other sections of this chapter.

Promptly pay fines to the appropriate jurisdiction for all parking tickets, citations or infractions received while operating a vehicle on state business. Payment of fines and citations under these circumstances is the **sole obligation and responsibility of the traveler** and is NOT to be reimbursed or paid by the state. Refer to [Subsection 10.20.20](#).



### 10.10.20 These criteria must be used for selecting and approving travel

Oct. 1, 2005

In addition to complying with state travel policies and procedures, an agency head or authorized designee must use the following criteria to determine whether to authorize a person to travel on official state business, and to determine what travel alternatives to authorize.

1. **Select the travel alternative that is most [economical](#) to the state.**

Agencies **must use this criteria** except in the situations noted in [Subsection 10.10.20 \(2\)](#).

All costs should be considered--travel, labor, etc.--in making the determination. For example: Is it less expensive to drive than fly out of Sea-Tac Airport? Is it cheaper to fly out of Sea-Tac than out of Port Angeles?

2. **Select the travel alternative that is most [advantageous](#) to the state.**

An agency may use this advantageous criterion only in the following situations:

- To ensure the health and safety of agency travelers ([Subsection 10.10.35](#))
- To comply with the Americans with Disabilities Act ([Subsection 10.10.40](#))
- Process and travel situations for meals with meetings ([Subsection 10.40.60](#))
- Use of privately owned motor vehicles ([Subsection 10.50.20](#))

The personal travel plans of the traveler shall not influence this criterion.

### 10.10.25 Implement alternatives to travel

Jan. 1, 2004

Agencies are to develop and implement alternatives to travel, as well as less expensive means of travel. These methods should include, but are not limited to:

- Teleconferencing and video conferencing;
- Video recordings and published reports;
- Car-pooling and greater use of public transportation;
- Reduced frequency of regularly scheduled out-of-town meetings;
- Restrictions on the number of staff traveling to the same destination; and

Coordinating between agencies for joint travel arrangements when more than one agency is involved.





### 10.10.30 Considerations for placing an employee in travel status

May 1, 1999

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#### 10.10.30.a

Plan the itinerary of the traveler to eliminate unnecessary travel in the performance of work assignments. Whenever it is feasible for two or more persons to travel on official state business in one vehicle, they are to do so.

#### 10.10.30.b

Before placing a traveler in travel status, the agency is to determine for each occurrence whether it is more economical or advantageous ([Subsection 10.10.20](#)) to reimburse the traveler for meals and/or lodging, or to require the traveler to return to the [official station](#) or [official residence](#) daily or on weekends.

#### 10.10.30.c

After 90 days, agencies should review assignments placing travelers in travel status at a [temporary duty station](#) to determine if the traveler's permanent official duty station should be changed. The agency should inform the traveler of the possible federal tax implications of official station assignments for an indefinite period of time or for longer than one year. Refer to Internal Revenue Service regulations contained in Publication 463 for further information.

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### 10.10.35 Ensure the health and safety of travelers

Jan. 1, 2015

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#### 10.10.35.a

The health and safety of travelers is a top priority in the conduct of travel related activities. It is advantageous to the state for agencies to establish and alter travel plans and itineraries with consideration of hazardous inclement weather and other situations that could threaten the health and safety of state personnel.

When establishing travel plans and itineraries, if additional expense is involved to address hazardous weather or other local conditions that could threaten the health and safety of the traveler, the reason for authorizing the additional expense should be included on or attached to the travel authorization form.

When travel itineraries are altered after travel begins to address health and safety issues, travelers should:

- Promptly notify the traveler's supervisor of the change in travel plans.
- Note the reason for any additional expense on the traveler's travel expense voucher.

#### 10.10.35.b



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Recognizing that the safety of passengers and flight crews is of paramount importance to the state, agencies are authorized to obtain commercial lodging for flight crews during standby periods in locations away from their official duty station. Agencies are to develop internal policies and procedures consistent with this regulation.

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### 10.10.40 Comply with the Americans with Disabilities Act

July 1, 2000

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#### 10.10.40.a

Compliance with the Americans with Disabilities Act (ADA) is considered to be advantageous. All state personnel are to be afforded equal opportunity to perform travel for official state business even if the travel costs for disabled travelers will exceed what would normally be most economical to the state. For example:

- When a traveler uses a wheelchair and it is necessary to pay more for an airline ticket so the traveler can fly on a larger airplane that can accommodate the wheelchair.
- When a traveler flies out of Sea-Tac because the traveler's disabilities cannot be accommodated at the local airport.
- When a traveler has hearing or vision impairments and there is a cost of providing auxiliary aids and services to enable the traveler to successfully accomplish the purpose of the travel.

#### 10.10.40.b

Travel authorizations and travel claims should be annotated that the extra costs were required to comply with the ADA. ADA supporting documentation should remain confidential and a statement added to the travel voucher indicating the agency file location.

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### 10.10.45 Use of the State Charge Card system, when required, to purchase travel

Oct. 1, 2018

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#### 10.10.45.a

The term “State Charge Card System” comprises the authorized state consolidated charge card program or other agency charge card program authorized by statute, which includes purchasing cards for non-travel expenses plus the following three components that can be used for travel purchases:

- **Corporate Travel Card.** Each agency head or authorized designee may authorize the use of or approve the issuance of the corporate travel card to those travelers whose work requires them to travel on official state business. When a state employee uses the corporate travel card they are billed directly, are responsible to pay all charges, and must apply for travel reimbursement through their agency.



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- **Central Travel Account (CTA).** The CTA is a ghost account. No actual card is issued. The agency is responsible for charges against the CTA.
- **One Card (Combination Purchase & Travel).** The one card can be used for travel related expenses. Because the one card is not assigned to a particular individual, it is generally not used by travelers. The agency is responsible for charges against the one card.

In accordance with [RCW 39.26.090](#), the Department of Enterprise Services (DES) develops policies and standards for the use of credit cards. In addition, general guidelines and requirements related to the use of the charge card program are presented here, in [Section 40.30](#), and [Subsection 85.36.20](#). To obtain specific information about the state charge card program, specific contract requirements, and to view the credit card policy contact the DES at (360) 407-2210.

The **use of the State Charge Card System is required** for the purchase of air travel arrangements. (For emergency situations, refer to [Subsection 10.50.75](#)).

The **use of the State Charge Card System is optional** for the purchase of other [common carrier](#) travel.

### 10.10.45.b

Each agency is to maintain an accountability record for all State Charge Card Systems it or its travelers are issued.

In cases where a State Charge Card System receipt is issued, the traveler is to attach the original receipts or agency policy may allow non-original receipts if the agency ensures adequate controls are in place to reduce the risk of duplicate or improper payments to the Travel Expense Voucher (form [A20-A](#) or [A20-2-A](#)) or reference its file location.

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## 10.10.50 Prior authorization for travel may be required

July 1, 2011

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### 10.10.50.a

Travelers must receive prior authorization for travel from the agency head or authorized designee:

- Whenever a travel advance is required by a traveler.
- For all [out-of-state](#) travel.

Use the [Travel Authorization \(form A40-A\)](#), or other equally effective written means for requesting and documenting prior authorization for travel.

### 10.10.50.b

Travel to **Hawaii and foreign countries except British Columbia, Canada** requires additional approval as follows:



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- **Agencies reporting to the Governor** must have prior written approval of the Office of the Governor.
- **Agencies not reporting to the Governor** must have prior written approval of the agency's governing body or its managerial designees.

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### 10.10.55 Scheduling meetings, conferences, conventions and training sessions

July 1, 2011

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#### 10.10.55.a

When meetings or conferences are necessary, agencies should consider cost to the state, accessibility to attendees, and other relevant factors in their selection. First priority is to be given to using state-owned or other public owned facilities in lieu of renting or leasing private facilities.

The location and facilities for **all** conferences, conventions, training sessions, or meetings held or sponsored by the state are to be barrier-free in accordance with [Section 50.50](#).

When a conference, convention, training session, or meeting held or sponsored by the state is conducted at a rented/leased non-state facility, the person responsible for the choice of location and facilities is to submit justification in advance in writing to the agency head or authorized designee for approval.

The justification is to include:

- The purpose and objective of the meeting;
- The name of the organizations or persons expected to attend and an estimate of the attendance;
- An estimate of the anticipated cost to the state to include travel costs of travelers; and
- An explanation why state-owned or other public owned barrier-free facilities cannot be used.

#### 10.10.55.b

Limit the number of persons from an agency attending a particular conference, convention, meeting, or training session to the minimum necessary to benefit from the event.



## 10.20 Travel Reimbursement Principles

Section	Title	Effective Date	Page Number
10.20.10	What types of travel costs are eligible for reimbursement?	Jan. 1, 2015	<a href="#">69</a>
10.20.20	What types of travel costs cannot be reimbursed?	Oct. 9, 2015	<a href="#">69</a>
10.20.30	Reimbursement for meals and lodging shall not exceed the maximum allowable per diem rate	July 1, 2000	<a href="#">71</a>
10.20.40	How travel for the convenience of the traveler affects reimbursement	May 1, 1999	<a href="#">71</a>
10.20.50	Leave of absence during travel	Oct. 1, 2002	<a href="#">72</a>
10.20.60	Agencies need to develop policies for non-state reimbursement of state travel	Oct. 1, 2001	<a href="#">73</a>

### 10.20.10 What types of travel costs are eligible for reimbursement?

Jan. 1, 2015

Travelers may be reimbursed for the following types of expenses incurred on official state business subject to the requirements and restrictions of this chapter.

**Lodging** - The actual cost of lodging up to a specified maximum. Original receipts are required or agency policy may allow non-original receipts if the agency ensures adequate controls are in place to reduce the risk of duplicate or improper payments. Refer to [Section 10.30](#) for a full discussion.

**Meals** - Allowable rate for meal reimbursement. Refer to [Subsection 10.40.30](#).

Lodging and meal rates comprise the two components of the maximum allowable [per diem](#) rate for the [Continental United States](#) (CONUS). The meals and incidental rate for travel outside CONUS includes an allowance for laundry, dry cleaning, and pressing of clothes expense.

[Transportation](#) - Costs of necessary official state business travel on railroads, airlines, ships, buses, private motor vehicles, and other means of conveyance. Refer to [Section 10.50](#) for a full discussion.

**Miscellaneous travel expenses** - Other expenses essential to the transaction of official state business are reimbursable to the traveler. Refer to [Section 10.60](#) for a full discussion.



### 10.20.20 What types of travel costs cannot be reimbursed?

Oct. 9, 2015

The following types of travel-related costs **shall not** be reimbursed.

1. Alcoholic beverage expenses.
2. The cost of the daily [commute](#) between the traveler's [official station](#) (or telecommuting site) and [official residence](#). For details on mileage that can be reimbursed, refer to [Subsections 10.50.20](#) and [10.50.25](#).
3. Certain travel expenses are considered as personal and not essential to the transaction of [official state business](#). Such non-reimbursable expenses include, but are not limited to:
  - Valet services, defined as the hiring of a personal attendant who takes care of the individual's clothes, or helps the individual in dressing, etc. The prohibition against valet services for general travelers is not to be considered as a prohibition against the use of a personal care attendant required by a disabled person under the provisions of [Section 10.60](#).
  - Entertainment expenses, radio or television rental and other items of a similar nature.
  - Taxi fares, motor vehicle rental, and other transportation costs to or from places of entertainment and other non-state business locations.
  - Costs of personal trip insurance (such as personal accident insurance, personal effects insurance, and extended liability insurance), and medical and hospital services.
  - Personal telephone calls. Agencies are to define business telephone calls as part of its system for management and control over travel as required in [Subsection 10.10.10](#).
  - Any tips or gratuities associated with personal expenses such as those listed here.
  - Out of pocket charges for vehicle service calls caused by the negligence of the traveler. Examples include service charges for the delivery of fuel, retrieval of keys from locked vehicles, jump starting vehicles when the lights have been left on, etc.
  - Tolls associated with the use of high occupancy toll (HOT) lanes.

Fines from appropriate jurisdictions for all parking tickets, citations or infractions received while operating a vehicle on state business (privately owned vehicle, rental vehicle or state owned vehicle). Payment of fines and citations under these circumstances is the **sole obligation and responsibility of the traveler** and is NOT to be reimbursed or paid by the state. Refer to [Subsection 10.10.15](#).



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### **10.20.30 Reimbursement for meals and lodging shall not exceed the maximum allowable per diem rate**

July 1, 2000

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Reimbursement for meals and lodging shall not exceed the maximum allowable per diem rate for that location, unless:

- An exception is specifically provided by statute, or
- Authorized by [Subsection 10.30.20](#), [Subsection 10.30.25](#), or [Subsection 10.40.20](#).

The maximum allowable per diem rates for the [Continental USA](#), [Non-Continental USA](#), and [Foreign travel](#) locations can be found in [Subsections 10.90.10](#) and [10.90.20](#).

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### **10.20.40 How travel for the convenience of the traveler affects reimbursement**

May 1, 1999

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#### **10.20.40.a**

**If the traveler elects to return to the official station or official residence after the close of a regularly scheduled working day when overnight travel would normally be required:**

Maximum reimbursement shall be the lesser of either:

- The travel expense incurred in returning to the [official station](#) or [official residence](#), whichever is closer; or
- The amount which would have been allowable had the traveler remained at the [temporary duty station](#).

The traveler is to return to the temporary duty station in time to observe the next day's regularly scheduled working hours.

#### **10.20.40.b**

**If travel to a destination for the traveler's own convenience is in advance of the necessary time for arrival:**

No reimbursement for additional meals or lodging costs shall be paid to the traveler for extra field time incurred.

#### **10.20.40.c**

**If a traveler remains at the destination following an official meeting or other work assignment for the traveler's own convenience:**



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No reimbursement for additional meals or lodging costs shall be paid to the traveler for extra field time incurred.

### 10.20.40.d

**If a traveler would like to couple a vacation or other personal use onto a legitimate business trip:**

It is allowed WHERE ALL OF THE FOLLOWING CONDITIONS EXIST:

- The primary purpose of the trip is official state business;
- The traveler uses, where necessary, his or her approved leave for the vacation or personal part of the trip; and
- The state agency does not incur any extra expenses beyond what it would normally incur had the trip occurred without any personal use coupled to the trip.

### 10.20.40.e

**If a traveler spends extra field time at the destination:**

Agencies may authorize per diem for extra field time at the destination if it can be demonstrated that a direct savings will accrue to the state. The calculation of the direct savings is to include a comparison of the commercial transportation costs; the per diem costs; and, when applicable, the salary and fringe benefit costs of the traveler(s) for whom the extra field time is being authorized. Such comparisons are to be documented and retained with the traveler's Travel Expense Voucher.

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## 10.20.50 Leave of absence during travel

Oct. 1, 2002

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### 10.20.50.a

When a traveler takes leave of absence of any kind because of being incapacitated due to illness or injury that is **not due** to the traveler's own misconduct:

- The authorized reimbursement for meals and lodging may be continued during the leave period.
- Providing the traveler is able to travel, reimbursement is not to exceed in total the cost authorized for motor vehicle car mileage or [common carrier](#) in returning the traveler to the official station or official residence, whichever is closer, and then back to the assignment.

### 10.20.50.b

When a traveler takes leave of absence of any kind as a result of illness or injury that is **due** to the traveler's own misconduct, the authorized reimbursement for meals, lodging, transportation, and all other travel expenditures may not be continued during the leave period.





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### 10.20.50.c

When leave of absence of any kind is taken while in a travel status, the exact hour of departure and return to the temporary duty station must be shown on the Travel Expense Voucher (form [A20-A](#), or [A20-2A](#) if applicable).

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### **10.20.60**    **Agencies need to develop policies for non-state reimbursement of state travel**

Oct. 1, 2001

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Agencies are to develop internal policies and procedures when employee travel expenses are to be reimbursed by a person or a non-state entity. State travelers are not to be reimbursed more than the actual expenses of travel except for meals which can be reimbursed on an allowance basis as listed in [Subsections 10.90.10](#) and [10.90.20](#). Ethical issues should also be considered when developing the internal policy for non-state reimbursement for travel. Further information on ethical issues may be obtained from the Executive Ethics Board.



## 10.30 Lodging

Section	Title	Effective Date	Page Number
10.30.10	What is the basis for reimbursing lodging costs?	June 1, 2018	<a href="#">74</a>
10.30.20	Exceptions to the maximum allowable lodging rates	Oct. 1, 2016	<a href="#">75</a>
10.30.25	Lodging for state employee meetings, conferences, conventions and training sessions	July 1, 2000	<a href="#">77</a>
10.30.30	What types of lodging costs are reimbursable?	Oct. 1, 2016	<a href="#">77</a>
10.30.40	Certain lodging costs cannot be reimbursed	July 1, 2000	<a href="#">78</a>
10.30.50	Lodging expenses for the normal return night may be reimbursed in certain situations	May 1, 1999	<a href="#">78</a>
10.30.60	How to purchase lodging accommodations	Jan. 1, 2015	<a href="#">79</a>
10.30.70	Using a travel trailer, camper, or vessel	Oct. 1, 2015	<a href="#">80</a>

### 10.30.10 What is the basis for reimbursing lodging costs?

June 1, 2018

#### 10.30.10.a

Reimburse lodging expenses at actual costs, **as evidenced by a receipt**, up to the specific daily maximum allowable lodging rate in effect at the time of travel for the specific area or locality, unless:

- An exception is specifically provided by statute, or
- Authorized by [Subsection 10.30.20](#).

Refer to [Subsection 10.30.20](#) for the maximum allowable lodging rates for the [Continental USA](#) (CONUS).

Travelers may be reimbursed taxes paid on lodging in addition to the Maximum Lodging Amounts contained in [Subsections 10.90.10](#) and [10.90.20](#). Code the payment of taxes on lodging as lodging expense, Subobject GA or GF, as applicable. Refer to [Subsection 10.90.10.d](#) for rules on lodging taxes for the [Non Continental USA](#) and [foreign travel](#) locations.



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### 10.30.10.b

Travelers requesting reimbursement for staying in [commercial lodging facilities](#) must obtain receipts and either attach them to their [Travel Expense Voucher](#) or reference their file location.

If an agency allows for multiple employees to stay in one facility, the agency must have a process in place to obtain proper documentation that breaks down the cost to each employee.

If an agency determines a need for employees to stay at [peer-to-peer property rentals](#) such as those marketed and paid for through AirBnB, VRBO, or similar marketplaces, the agency is required to assess the risks and have in place an internal travel policy to mitigate those risks. In addition, the agency must ensure all costs reimbursed are within the allowable lodging rate. See [Subsection 10.30.30.a](#).

Either original receipts are required or agency policy may allow non-original receipts if the agency ensures adequate controls are in place to reduce the risk of duplicate or improper payments.

### 10.30.10.c

For non-mandatory attendance at seminars or professional meetings, agencies may reimburse lodging expenses at less than the rates stated in [Subsections 10.90.10](#) and [10.90.20](#), provided that reimbursement at a lower rate is agreed to **in writing** by the traveler in advance of the travel.

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## 10.30.20 Exceptions to the maximum allowable lodging rates

Oct. 1, 2016

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### 10.30.20.a

**In the following situations**, the maximum allowable lodging amounts may not be adequate and the agency head or authorized designee may approve payment of lodging expenses not to exceed 150% of the applicable maximum [per diem](#) (lodging and meals) amounts listed in [Subsections 10.90.10](#) and [10.90.20 \(PDF\)](#). The agency head or authorized designee approval must be made in advance of the travel.

1. When a [traveler](#) is assigned to accompany an elected official, a foreign dignitary, or others as authorized by law, and is required to stay in the same lodging facility.
2. When costs in the area have escalated for a brief period of time either during special events or disasters.
3. When lodging accommodations in the area of the [temporary duty station](#) are not available at or below the maximum lodging amount, and the savings achieved from occupying less expensive lodging at a more distant site are consumed by an increase in transportation and other costs.
4. The traveler attends a meeting, conference, convention, or training session where the traveler is expected to have **business interaction** with other participants in addition to scheduled events. Further, it is anticipated that maximum benefit will be achieved by authorizing the traveler to stay at the lodging facilities where the meeting, conference, convention, or training session is held.



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5. To comply with provisions of the Americans with Disabilities Act (refer to [Subsection 10.10.40](#)), or when the health and safety of the traveler is at risk (refer to [Subsection 10.10.35](#)).
6. When meeting room facilities are necessary and it is more **economical** for the traveler to acquire special lodging accommodations such as a suite rather than to acquire a meeting room and a room for lodging.

### 10.30.20.b

**In the following situations**, the agency head or authorized designee may approve payment of lodging expenses in excess of 150% of the applicable maximum per diem amount for the location. The agency head or authorized designee approval must be made in advance of the travel.

- The traveler is required to attend a meeting, conference, convention, or training session where the traveler is expected to have **business interaction** with other participants in addition to scheduled events; AND
- It is anticipated that maximum benefit will be achieved by authorizing the traveler to stay at the lodging facilities where the meeting, conference, convention, or training session is held; AND
- The lowest available advertised lodging rate at the lodging facility exceeds 150% of the applicable maximum [per diem](#) amount for the location. Documentation supporting the lodging rates is to be attached to the travel voucher or its file location referenced. The form of documentation is defined by each agency.

### 10.30.20.c

When any exception to the Maximum Allowable Lodging Amount is used, the traveler is to select the most [economical](#) room available under the circumstances.

### 10.30.20.d

Include the agency head or authorized designee's approval for the exception as part of the payment document. Also provide an explanation describing why an exception was necessary.

### 10.30.20.e

Agencies may request in writing an exception to this regulation from the Director of OFM when special duties or conditions of an assignment result in unusually high expenses.

### 10.30.20.f

When utilizing any of these conditions, agencies are not to treat any employees differently under like travel circumstances.



### **10.30.25 Lodging for state employee meetings, conferences, conventions and training sessions**

July 1, 2000

Maximum allowable lodging amounts may not always be sufficient for state agencies to rent properties with the facilities needed to host a meeting, conference, convention, or training session for state employees. When this occurs, agencies may increase the lodging reimbursements up to 125% of the applicable maximum allowable lodging rates contained in [Subsections 10.90.10](#) and [10.90.20](#).

### **10.30.30 What types of lodging costs are reimbursable?**

Oct. 1, 2016

#### **10.30.30.a**

The maximum reimbursable lodging rate includes, but is not limited to, the basic commercial lodging cost, resort fees, cleaning fees, and service fees. The only additional lodging expenses that are reimbursable beyond the maximum lodging rate are any applicable sales taxes and/or hotel/motel taxes on those amounts.

Lodging costs in excess of the allowance and the associated taxes on the excess will be paid by the traveler. When this occurs, taxes are to be prorated between the allowable and unallowable costs.

#### **10.30.30.b 50-Mile Rule**

Reimbursement is allowed for lodging expenses when the temporary duty station is located more than fifty (50) miles (most direct route) of the closer of either the traveler's [official residence](#) or [official station](#).

Under one of the following conditions, reimbursement for lodging expenses is allowed when the [temporary duty station](#) is located within

fifty (50) miles (most direct route) of the closer of either the traveler's [official residence](#) or [official station](#):

1. An overnight stay in a commercial lodging facility to avoid having a traveler drive back and forth for back-to-back late night/early morning [official state business](#).
2. When the health and safety of travelers is of concern as provided for in [Subsection 10.10.35](#).
3. When an agency can demonstrate that staying overnight is more [economical](#) to the state.

Agencies may request an exception to this regulation for other conditions from the Director of OFM.

Written supervisory approval for the first and third conditions and cost analysis documentation for the third condition is to be attached to the traveler's [Travel Expense Voucher](#). Approval and documentation requirements for use of the second condition are contained in [Subsection 10.10.35](#).



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### 10.30.30.c

Agencies when making conference registrations may when required by the lodging facility make reimbursement for up to one night lodging costs, plus applicable taxes when a travel advance is not allowable under [Subsection 10.80.60](#). Prior authorization of the agency head or designee is required, and if conference registration is cancelled, the agency is to seek reimbursement of the costs from the lodging facility. To prevent abuse in this area agencies should strictly adhere to [Section 10.10](#) Travel Management Requirements and Restrictions and have written internal policies and procedures for when these transactions may be allowable.

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## 10.30.40 Certain lodging costs cannot be reimbursed

July 1, 2000

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### 10.30.40.a

Reimbursement of lodging expenses incurred at a lodging facility located at either the traveler's official station or official residence is prohibited except:

1. As an allowable moving cost as provided in [Subsection 60.20.10](#).
2. In emergency situations when the agency head determines that employees performing critical agency functions must remain at their workstations.
3. When an employee, acting in a custodial or leadership role must, as a part of their duties, lodge with students or other clients of the agency (i.e. higher education coaches lodging with student athletes).

### 10.30.40.b

Lodging expense incurred at a lodging facility or temporary duty location located within 50 miles of either the official residence or official station, except as provided in [Subsections 10.30.30.b](#), [10.30.40.a](#), and [60.20.10](#).

### 10.30.40.c

Reimbursement for lodging expenses is not to be authorized when an employee does not incur lodging expenses at a [commercial lodging facility](#).

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## 10.30.50 Lodging expenses for the normal return night may be reimbursed in certain situations

May 1, 1999

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### 10.30.50.a

The agency may reimburse a traveler for lodging expenses for the [normal return night](#) (as defined in the glossary) to allow the traveler to remain overnight away from the official station or official residence under one of the following three conditions:



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1. When the overnight stay is more [economical](#) to the state. Complete justification should be referenced or attached to the traveler's Travel Expense Voucher.
2. The health and safety of travelers (as defined in [Subsection 10.10.35](#)) is considered [advantageous](#) to the state and can be used to justify an overnight stay. Approval and documentation requirements are contained in [Subsection 10.10.35](#).
3. Compliance with the Americans with Disabilities Act (ADA) is considered advantageous to the state and can be used to justify an overnight stay (refer to [Subsection 10.10.40](#)). The Travel Expense Voucher should be annotated that the extra costs were incurred to comply with the ADA.

### 10.30.50.b

When the traveler does not return to his/her official residence or official station on the normal return night, the traveler is to promptly return the next day or as soon as possible thereafter.

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## 10.30.60 How to purchase lodging accommodations

Jan. 1, 2015

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### 10.30.60.a

Personal financial resources may be used to purchase lodging accommodations. With proper controls in place, agencies may opt to use the state charge card system or direct billing as defined in [Subsection 10.80.55](#). Travelers are to attach original lodging receipts or agency policy may allow non-original receipts if the agency ensures adequate controls are in place to reduce the risk of duplicate or improper payments to the Travel Expense Voucher (form [A20-A](#), or form [A20-2A](#) if applicable) for all lodging reimbursements or to reference the location where the receipt is filed.

### 10.30.60.b

Agencies are encouraged to apply for all tax exemptions offered by state or local governments to governmental travelers.

For a listing of possible tax-exempt locations, refer to the U.S. General Services Administration (GSA) website at: <http://www.gsa.gov/portal/content/104878>.

Also, agencies are encouraged to apply for various tax rebates offered for business travel to the provinces of Canada. Rebate forms and instructions can be obtained from the Canadian Consulate General in Seattle.



### 10.30.70 Using a travel trailer, camper, or vessel

Oct. 1, 2015

#### 10.30.70.a

When used for the employee's convenience, lodging reimbursement is limited to actual space rental costs (**as evidenced by a receipt**) not to exceed the daily maximum non-[high cost location](#) lodging rate displayed in [Subsection 10.90.20](#).

**The employee is not to be reimbursed for the rental or lease cost of the travel trailer, camper, or vessel.**

#### 10.30.70.b

The agency head or authorized designee, with the traveler's concurrence, may authorize the use of a privately-owned travel trailer or camper when all of the following conditions exist:

- Suitable commercial lodging is not available;
- State lodging is not provided; and
- There is a benefit to the state for the traveler to remain at the temporary work station.

In this situation, the traveler is to be reimbursed at the hourly, non-high cost per diem rate displayed in [Subsection 10.90.20](#).





## 10.40 Meals

Section	Title	Effective Date	Page Number
10.40.10	What is the basis for reimbursing meal costs?	Oct. 1, 2002	<a href="#">81</a>
10.40.20	Exceptions to the meal allowances	Oct. 1, 2020	<a href="#">82</a>
10.40.30	What types of costs are included in meal allowances?	Oct. 1, 2002	<a href="#">83</a>
10.40.40	Certain meal costs cannot be reimbursed	July 1, 2000	<a href="#">83</a>
10.40.50	When may a traveler be reimbursed for meal costs?	July 1, 2019	<a href="#">84</a>
10.40.55	Meal reimbursement rate	Oct. 1, 2005	<a href="#">85</a>
10.40.60	Taxation of meal payments	Oct. 1, 2004	<a href="#">85</a>

### 10.40.10 What is the basis for reimbursing meal costs?

Oct. 1, 2002

#### 10.40.10.a

Reimbursement for meal expenses is on an allowance basis not to exceed the amounts in effect at the time of travel, unless:

- An exception is specifically provided by statute, or
- As authorized by [Subsection 10.40.20](#).

The meal allowances for the [Continental USA](#) are stated in [Subsections 10.90.10](#) and [10.90.20 \(PDF file\)](#). The meal allowances for areas outside the continental USA are stated in [Subsection 10.90.20 \(PDF file\)](#).

#### 10.40.10.b

When an employee elects to use a travel trailer or camper in lieu of commercial lodging, reimbursement for meals is to be at the rates stated in [Subsection 10.90.20](#) under the heading “Non-High Cost Locations.” When an employee is requested by the agency to use their travel trailer or camper in lieu of commercial lodging, meals are reimbursed as part of the hourly per diem payment. (Refer to [Subsection 10.30.70.b](#).)



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### 10.40.10.c

When it becomes necessary to determine the amount to reimburse for individual meals (from the daily meals rate), use the following calculations rounded to the nearest dollar:

- The breakfast portion is 25% of the set daily meals entitlement.
- The lunch portion is 30% of the set daily meals entitlement.
- The dinner portion is 45% of the set daily meals entitlement.

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## 10.40.20 Exceptions to the meal allowances

Oct. 1, 2020

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### 10.40.20.a

Generally, travelers are to be reimbursed for meal expenses at the set per meal entitlement rates stated in [Subsections 10.90.10](#) and [10.90.20 \(PDF file\)](#). However, the agency head or authorized designee **may require** the agency's travelers to provide receipts for meal reimbursement. When receipts for meals are required, reimbursement will be based on an actual cost basis as evidenced by a receipt up to the applicable maximum per meal entitlement amount stated in [Subsections 10.90.10](#) and [10.90.20 \(PDF file\)](#). Agencies must formally adopt written policies and procedures under the provisions of [Subsection 10.10.20](#), if they opt to reimburse actual meal costs.

### 10.40.20.b

Whenever an agency statute permits meals to be reimbursed at actual cost and the actual cost exceeds schedule allowances, receipts are to be attached to the [Travel Expense Voucher \(form A20-A\)](#) or their file location referenced.

### 10.40.20.c

The **agency** head or authorized designee may approve reimbursement for the actual cost of a meal when the **agency** requires the employee to attend a meeting that is being held or sponsored by a **non-state** organization. The actual cost of the meal, as evidenced by a receipt, is eligible for reimbursement as long as the meal is an integral part of the meeting. (Refer to Meals With Meetings [Subsection 70.15.10](#))

### 10.40.20.d

Meal payments are not required to be reduced or eliminated due to meals served on airlines. Similarly, meal payments are not required to be reduced for [continental breakfasts](#), which may be included in the lodging rate or registration fee of a meeting, conference, convention, or formal training session. Agencies should review IRS tax regulations regarding the taxation of these payments.



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### 10.40.20.e

For non-mandatory attendance at seminars or professional meetings, reimbursement for meal expenses may be at less than the rates stated in [Subsections 10.90.10](#) and [10.90.20 \(PDF file\)](#), provided that in all instances reimbursement at a lower rate is agreed to **in writing** by the traveler in advance of the travel.

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### 10.40.30 What types of costs are included in meal allowances?

Oct. 1, 2002

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Meal allowances cover the following costs:

- The basic cost of a meal,
- Any [incidental expenses](#),
- Any applicable sales tax, and
- Any customary tip or gratuity.

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### 10.40.40 Certain meal costs cannot be reimbursed

July 1, 2000

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#### 10.40.40.a

Reimbursement for meal expenses incurred at the traveler's [official station](#) or [official residence](#) is prohibited, except:

1. As provided for under the provisions of [Subsection 70.15.10](#) and [Subsection 60.20.10](#).
2. In emergency situations when the agency head determines that employees performing critical agency functions must remain at their workstations.
3. When an employee, acting in a custodial or leadership role, must, as part of their duties, dine with students or other clients of the agency (i.e. higher education coaches dining with student athletes).

#### 10.40.40.b

Reimbursement for meal expenses is not to be authorized when a traveler does not incur expenses for meals because they are furnished.

#### 10.40.40.c

Where identifiable costs of meals are included in the lodging rate or registration fee of a meeting, conference, convention, or formal training session, the meal costs, not to exceed the designated meal allowances found in [Subsections 10.90.10](#) and [10.90.20 \(PDF file\)](#), are to be deducted from the traveler's



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allowable travel reimbursement amount. If the included meal costs are not specifically identified, agencies are not to pay the traveler the meal allowances.

### 10.40.40.d

Refer to [Subsection 70.15.20](#) for situations where meals with meetings cannot be reimbursed.

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## 10.40.50 When may a traveler be reimbursed for meal costs?

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July 1, 2019

### 10.40.50.a

For **overnight** travel assignments, travelers must be in travel status during the **entire** agency-determined meal period(s) in order to qualify for the meal allowance.

### 10.40.50.b

For **non-overnight** travel assignments, the following two criteria must be met to receive a meal allowance:

1. **Eleven Hour Rule** - A traveler may be reimbursed for meal expenses when the traveler has been in travel status for at least eleven hours.

Exceptions:

- **Volunteers** an agency has legal authority to utilize, traveling to perform official state business (not performing these duties as part of their state employment), may be reimbursed for meal expenses when the traveler has been in travel status for at least five hours.
- **[Board and Commission](#) members** authorized to receive meal reimbursement, traveling to perform official business of the board and commission (not performing these duties as part of their state employment), may be reimbursed for meal expenses when the traveler has been in travel status for at least five hours.

2. **In travel status during the entire meal period** - travelers must be in travel status during the **entire** agency-determined meal period(s) in order to qualify for the meal allowance. *The traveler may not stop for a meal just to meet the eleven-hour rule.*

The two requirements above are not applicable to:

- Meals with meetings payments (refer to [Subsection 70.15.10](#)).
- Board and commission members reimbursed a daily or hourly rate for travel (refer to option 1 of [Subsection 10.70.20](#) and [10.70.30.b](#)).



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### 10.40.55 Meal reimbursement rate

Oct. 1, 2005

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#### 10.40.55.a

For **overnight** travel assignments, IRS publication 463 requires all meals to be reimbursed at the rate in effect for the area where the traveler stops for sleep. The meal reimbursement rate for the last day of travel (return day) would continue to be the rate for the location where the traveler last stopped for sleep. Refer to [Section 10.90](#) for meal reimbursement rates.

#### 10.40.55.b

For **non-overnight** travel assignments, agencies may adopt internal policies to determine the rate of reimbursement, not to exceed the applicable rates in [Section 10.90](#).

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### 10.40.60 Taxation of meal payments

Oct. 1, 2004

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For **non-overnight** travel assignments and for payments above the federal rates, agencies may wish to consult IRS publication 463 regarding the taxation of these meal payments.



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### 10.50 Travel Arrangements and Reimbursements

Section	Title	Effective Date	Page Number
10.50.10	What types of transportation costs are reimbursable?	May 1, 1999	<a href="#">86</a>
10.50.20	Reimbursement for privately-owned motor vehicle use	Oct. 9, 2015	<a href="#">86</a>
10.50.23	Reimbursement for privately-owned aircraft use	Jan. 1, 2015	<a href="#">87</a>
10.50.25	Restrictions on reimbursement for privately-owned motor vehicle use	Oct. 1, 2016	<a href="#">88</a>
10.50.35	Restrictions and requirements on rental motor vehicle use	Oct. 9, 2015	<a href="#">90</a>
10.50.40	Agencies may purchase airline and other common carrier tickets in advance under certain conditions	Jan. 1, 2012	<a href="#">91</a>
10.50.45	How to make air travel arrangements	Jan. 1, 2012	<a href="#">91</a>
10.50.50	Airline contracts and limitations on reimbursement	Oct. 1, 2013	<a href="#">91</a>
10.50.55	Criteria and limitations for airport selection	May 1, 1999	<a href="#">92</a>
10.50.65	Limitations on reimbursement for non-air common carrier costs	Oct. 1, 2015	<a href="#">93</a>
10.50.70	How changes in itinerary affect reimbursement	Jan. 1, 2015	<a href="#">93</a>
10.50.75	May the traveler purchase airfare from personal financial resources?	Jan. 1, 2004	<a href="#">94</a>
10.50.80	Refunds for unused transportation services	Jan. 1, 2004	<a href="#">94</a>

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#### 10.50.10 What types of transportation costs are reimbursable?

May 1, 1999

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Reimbursable [transportation expenses](#) include the costs of all necessary [official state business](#) travel on railroads, airlines, ships, buses, private motor vehicles, and other usual means of conveyance.



### 10.50.20 Reimbursement for privately-owned motor vehicle use

Oct. 9, 2015

#### 10.50.20.a

The agency head, or authorized designee, may authorize the use of a privately-owned vehicle (POV) in the conduct of [official state business](#) when it is more [advantageous](#) or [economical](#) to the state that a [state driver](#) travel by a POV rather than a common carrier or a state-owned or leased motor vehicle. The state motor pool may provide cost comparison data to agencies as one guideline for assisting in making such a determination.

Agencies, as part of their required positive system of control over travel, may adopt and use other guidelines for satisfying the “more advantageous or economical” criteria contained in [RCW 43.03.060](#). Refer to [Subsection 10.10.20](#).

Reimbursement for the use of a privately-owned motor vehicle on official state business is to be at the private vehicle mileage reimbursement rate specified in [Subsection 10.90.20 \(PDF file\)](#) unless the [agency](#) chooses a lesser rate.

#### 10.50.20.b

Point-to-point mileage in the state is to be determined on the basis of the distances shown on the latest Department of Transportation Official State Highway Map or other standard highway mileage guide. [Out-of-state](#) mileage is to be determined on the basis of standard highway mileage guides.

"Vicinity" or local miles, as determined by odometer readings, may be shown on the Travel Expense Voucher (form [A20-A](#) or form [A20-2A](#)) as a separate figure. Agencies may elect to reimburse either in-state or out-of-state mileage, or both, on actual odometer readings. Agencies choosing to use actual odometer readings as the mileage reimbursement basis are not required to distinguish vicinity miles from point-to-point mileage.

### 10.50.23 Reimbursement for privately-owned aircraft use

Jan. 1, 2015

#### 10.50.23.a

Reimbursement for the use of a privately-owned aircraft on official state business is to be at the privately-owned aircraft reimbursement rate specified in [Subsection 10.90.20](#) unless the agency chooses a lesser rate.

#### 10.50.23.b

Determine and report air mileage using the following rules:

1. Use miles shown on FAA approved aeronautical charts or [electronic flight bag](#). For reimbursement purposes, distance must be measured in statute miles.



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2. If a detour is necessary because of adverse weather, mechanical difficulty, or other unusual conditions, the additional air mileage may be included in the mileage reported on the reimbursement voucher and, if included, it must be explained.
3. When an official requirement of deviation from direct route travel is such that airway mileage charts are not adequate to determine mileage, the formula of flight time multiplied by cruising speed of the aircraft may be the basis for mileage determination.

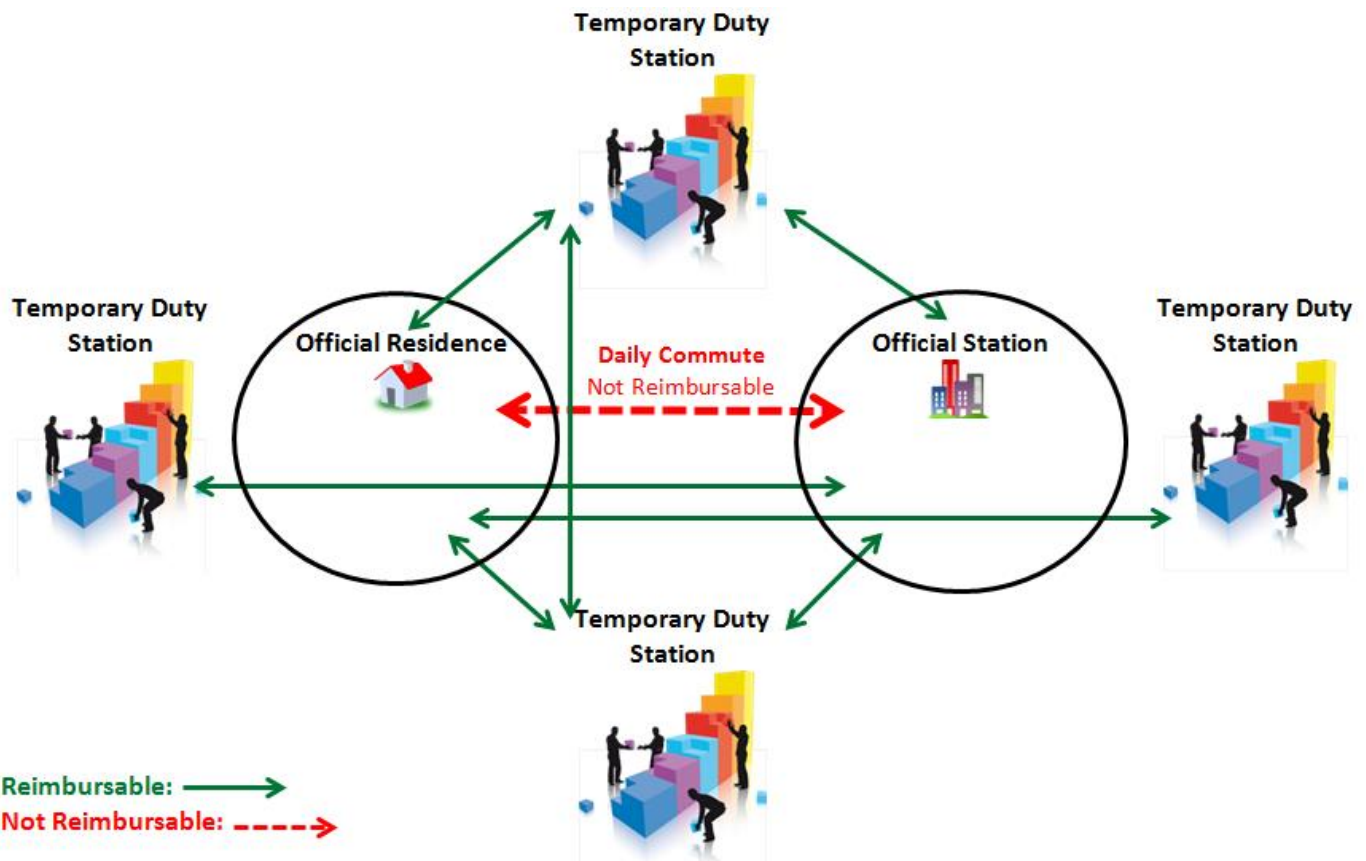
### 10.50.25 Restrictions on reimbursement for privately-owned motor vehicle use

Oct. 1, 2016

#### 10.50.25.a

Daily commute transportation expenses between the traveler's [official residence](#) and [official station](#) (or agency approved teleworking site) is a personal obligation of the traveler and is not reimbursable by the state. All other miles driven on official state business are reimbursable.

The following diagram depicts reimbursable and non-reimbursable privately owned vehicle (POV) mileage.







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Following are general guidelines and examples of POV mileage reimbursement:

- An employee may be eligible for mileage reimbursement between their official residence and official station **only** when the travel is in addition to their daily [commute](#), and the additional travel is required for business purposes and approved by the agency. Mileage would never be paid due to a call back, split shift, or on-call situations, as this would be considered the employee's normal commute.
- Mileage reimbursement may be given when an employee passes directly through their official residence or official station.

For example: Travelers **may** be reimbursed for miles driven between their official residence and a temporary duty station even when the traveler passes through the official station on the way to and from the temporary duty station.

- Working during hours or days that the employee is not normally scheduled to work **does not** entitle the employee to reimbursement for transportation mileage expenses incurred between their official residence and their official station.

**Example:** An employee works 10 hour days Monday through Thursday and has Fridays off. The employee is required to come into the office on Friday, to take care of an emergency. The employee leaves from home and travels to the office to take care of the emergency and returns home. The employee is not entitled to mileage reimbursement, since the trip is considered the employee's normal commute.

- When an employee is assigned to work at more than one location (building) within their official station, they may be reimbursed only for the miles driven between the work locations. The mileage from home to the additional work/training location is not reimbursable if it is in the same city as the official station.

**Example:** An employee's official residence is in Lakewood and official station is in Olympia. The employee travels from home directly to training in Olympia. After training the employee goes by the office in Olympia to do some work before returning home. The miles driven between Lakewood and the training center in Olympia are considered the normal commute and therefore not eligible for reimbursement. However, the miles driven between the work/training locations and work are reimbursable.

### 10.50.25.b

Because of the potential of misuse in this area, agencies are cautioned to strictly adhere to [Section 10.10](#), Travel Management Requirements and Restrictions. Agency written internal policies and procedures are to be established to ensure **all** claims for personal vehicle mileage are for travel that is **both critical and necessary** for state business.



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### 10.50.25.c

Reimbursement for the use of a privately-owned motor vehicle is payable to only one traveler when two or more travelers are traveling in the same motor vehicle on the same trip.

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## 10.50.35 Restrictions and requirements on rental motor vehicle use

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Oct. 9, 2015

### 10.50.35.a

Rent motor vehicles from rental firms approved by the Department of Enterprise Services (DES) using the state charge card system.

The state charge card system or the traveler's personal financial resources may be used to obtain the rental motor vehicle. For contract reporting purposes, agency management should notify DES with the details when personal resources are used.

### 10.50.35.b

When the traveler is billed individually and seeks reimbursement for purchase of rental car services, the traveler should attach the original receipts as required or agency policy may allow non-original receipts if the agency ensures adequate controls are in place to reduce the risk of duplicate or improper payments for the costs to the Travel Expense Voucher (form [A20-A](#), or form [A20-2A](#) if applicable) or reference the file location. Record the date and purpose of the trip on the Travel Expense Voucher. For contract reporting purposes, agency management should notify DES with the details related to individual reimbursement.

### 10.50.35.c

Passengers may be transported in rental motor vehicles if they are engaged in the conduct of official state business and/or specifically authorized by the agency head or authorized designee.

### 10.50.35.d

The state contract for rental of motor vehicles does not authorize vehicles to be used for other than official state business. Therefore, when a traveler couples a personal vacation with official state business, the traveler is expected to execute a personal contract to rent a motor vehicle for the vacation portion of the trip.

### 10.50.35.e

Since the use of rental motor vehicles makes it difficult to segregate charges between official use and occasional incidental personal use, the agency head or authorized designee is to establish written internal policies in accordance with [Subsection 10.10.10](#) to guard against abuse and require the traveler to pay for all personal miles driven.



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### 10.50.35.f

The state contract for rental of motor vehicles usually **includes** full insurance coverage. The state will not reimburse travelers for the cost of additional insurance coverage purchased on state contract vehicle rentals.

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### 10.50.40 Agencies may purchase airline and other common carrier tickets in advance under certain conditions

Jan. 1, 2012

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When an agency determines it can save money by taking advantage of discounts offered by a [common carrier](#) for advance bookings and payments, it is authorized to pay for airline or other common carrier tickets prior to a scheduled trip if the following conditions are met:

1. The ticket is purchased through the State Charge Card System administered by the Department of Enterprise Services (refer to [Subsection 10.10.45](#)), and
2. The agency retains control of the ticket or E-Ticket authorization numbers(s). If unused at the end of the fiscal year, the ticket cost is to be recorded in the concluding fiscal year as an asset rather than an expenditure. Tickets or E-Ticket authorization numbers should be provided to travelers in a timely manner in advance of travel to avoid last minute problems.

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### 10.50.45 How to make air travel arrangements

Jan. 1, 2012

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Absent agency specific purchasing requirements, state agencies **must use** a travel provider qualified through the Department of Enterprise Services (DES) when making air travel arrangements.

The only exceptions are for:

- Conditions stated in DES contract documents. Agencies are to contact DES if they have questions regarding the exception conditions.
- Emergency situations that have been approved by the agency designated travel coordinator.

For information on qualified travel providers, contact DES at (360) 902-7400.

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### 10.50.50 Airline contracts and limitations on reimbursement

Oct. 1, 2013

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In accordance with the Department of Enterprise Services (DES) negotiated contracts, where a city pair contract exists, such as between Seattle, Washington and Missoula, Montana, reimbursement may be made up to the contract air fare amount. An agency may make reimbursement above the contract airfare only:



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- For allowable conditions as stated within the contract documents, **AND**
- When the air carrier has sold all seats for the desired destination.

Except as noted below, reimbursement above the airfare contract is to be at the lowest applicable airfare **not to exceed** tourist class or its equivalent. This reimbursement limitation may be exceeded, if necessary, for the Health and Safety of the traveler ([Subsection 10.10.35](#)), and when disabled persons (and a personal care attendant, if necessary for the disabled person to travel) are required to travel.

For specific contract information, contact DES at (360) 902-7400.

**Business class air common carrier** accommodations may be approved when travel is direct between authorized origin and destination points, including connecting points, and either the origin or destination point is outside the continental United States, and the scheduled one-way flight time is in excess of 14 hours, provided all of the following conditions have been met:

- The agency head or authorized designee approves the business class airline accommodations in advance, and
- The traveler has exhausted all state business frequent flyer miles available for an upgrade.

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### 10.50.55 Criteria and limitations for airport selection

May 1, 1999

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#### 10.50.55.a

Use the criteria for selecting travel alternatives stated in [Subsection 10.10.20](#) for airport selection. In most cases, this means agencies must select the most economical alternative.

#### 10.50.55.b

Use of the local airport is assumed to result in travel expenses that are most [economical](#) to the state. Travelers are expected to use their [local airport](#) when traveling by regularly scheduled air service on state business, unless an alternative meets one of the criteria and conditions noted in [Subsection 10.10.20](#).

A "Local Airport" is the airport that offers regularly scheduled air service that is closest to the point from which travel begins. In most situations it would be the airport closest to the traveler's residence. For out-of-state destinations, the closest airport that provides direct out-of-state flights may be considered the local airport.

The traveler is to provide documentation to support a decision to use an airport other than the local airport.

If the traveler chooses another airport for reasons other than those specified in [Subsection 10.10.20](#), the traveler must bear any costs in excess of the most economical costs.



### 10.50.65 Limitations on reimbursement for non-air common carrier costs

Oct. 1, 2015

#### 10.50.65.a

Normally, the maximum reimbursement for transportation expenses via non-air common carriers is the lowest applicable fare not to exceed the lowest class fare.

**Business class non-air common carrier** travel may be approved by the agency head or designee when all the following conditions have been met:

- The higher class fare is necessary for having business interaction or for conducting state business while in route to the destination; and
- The higher class fare is less expensive than a coach class airfare or is the only mode of travel available to arrive at the destination.

This reimbursement limitation may be exceeded if necessary for the Health and Safety of the traveler ([Subsection 10.10.35](#)), and when disabled persons (and a personal care attendant, if necessary for the disabled person to travel) are required to travel. For specific contract information, contact the Department of Enterprise Services at (360) 902-7400.

#### 10.50.65.b

Agencies may adopt written internal policies that allow for use of privately-owned vessels when commercial non-air common carriers are not available or economical. Agency policy must require prior authorization and limit reimbursement to actual costs, such as fuel and moorage, as evidenced by receipts.

### 10.50.70 How changes in itinerary affect reimbursement

Jan. 1, 2015

If there is an authorized change in a traveler's itinerary while on travel status to conduct official state business, the traveler, whenever possible, is to pay the added cost through a State Charge Card System. If a state charge card receipt is issued, the traveler is to attach the receipt for the added cost to the Travel Expense Voucher (form [A20-A](#) or [A20-2A](#)) or reference the agency file location.

If the traveler does not have access to a State Charge Card System, the traveler may pay for the added cost from personal financial resources.

In all cases where a traveler is billed individually and is seeking reimbursement for purchase of air carrier services. Either original receipts are required or agency policy may allow non-original receipts if the agency ensures adequate controls are in place to reduce the risk of duplicate or improper payments are to be attached to the Travel Expense Voucher (form [A20-A](#) or [A20-2A](#)) by the traveler or the agency file location referenced.



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### **10.50.75 May the traveler purchase airfare from personal financial resources?**

Jan. 1, 2004

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Except as provided in [Subsection 10.50.70](#), a traveler may only use personal financial resources to purchase airfare in emergency situations when the State Charge Card System is not accessible. It will be up to the agency's management to authorize reimbursement of charges made with personal financial resources.

When a traveler is billed individually and seeks reimbursement for purchase of airfare, the traveler must attach receipts to the Travel Expense Voucher (form [A20-A](#) or [A20-2A](#)) or reference the agency file location.

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### **10.50.80 Refunds for unused transportation services**

Jan. 1, 2004

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The agency should receive a refund for unused contract tickets purchased through a State Charge Card System.

The agency is to treat such refunds as recoveries of expenditures.



## 10.60 Miscellaneous Travel Expenses

Section	Title	Effective Date	Page Number
10.60.10	What types of miscellaneous travel costs are reimbursable?	Jan. 1, 2018	<a href="#">95</a>
10.60.20	Bill expenses greater than \$50 to the agency whenever possible	May 1, 1999	<a href="#">96</a>
10.60.30	Costs for personal care attendant services may be reimbursed	May 1, 1999	<a href="#">96</a>
10.60.40	Charges by airlines on international flights	July 1, 2011	<a href="#">96</a>
10.60.50	State vehicle use of Good To Go! passes	Oct. 1, 2016	<a href="#">97</a>

### 10.60.10 What types of miscellaneous travel costs are reimbursable?

Jan. 1, 2018

Miscellaneous travel expenses essential to the transaction of [official state business](#) are reimbursable to the traveler. Reimbursable expenses include, but are not limited to:

- Transportation services including; taxi, shuttle, limousine fares, town car, Uber and Lyft, (including a customary tip or gratuity), motor vehicle rentals, parking fees, and ferry and bridge tolls. However, as noted in [Subsection 10.20.20](#), tolls associated with the use of high occupancy toll (HOT) lanes are considered a personal expense and **not** reimbursable.
- Registration fees required in connection with attendance at approved conventions, conferences, and official meetings.
- Rental of room in a hotel or other place that is used to transact official state business. The room rental is reimbursable as a separate item from lodging when authorized by the agency head or authorized designee.
- Charges for necessary facsimile (fax) services.
- Charges for necessary stenographic or typing services in connection with the preparation of reports and/or correspondence, when authorized by the agency head or authorized designee.
- The actual cost of laundry and/or dry cleaning expenses, **as evidenced by a receipt**, is authorized for travelers in continuous travel status for five (5) or more days in the continental U.S.A. Either original receipts are required or agency policy may allow non-original receipts if the agency ensures adequate controls are in place to reduce the risk of duplicate or improper payments. An allowance is already included in the meals and incidental rates for travel outside CONUS (refer to [Subsection 10.20.10](#)). Use of a coin-operated Laundromat is allowable. If a receipt for a coin-operated



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Laundromat is not available, the traveler may claim actual expenses up to \$50 on the "Detail of Other Expenses" portion of the [Travel Expense Voucher \(form A20-A\)](#) (refer to [Subsection 10.80.40](#)).

- **Mandatory** destination or resort fees charged by lodging facilities for items such as room safes, premium high speed internet access, long-distance phone calls, laundry credit, or food and beverage credit. (Note: total lodging reimbursement must comply with requirements detailed in [Section 10.30](#)).
- Fees charged for internet access required in connection with state business travel.
- Charges for checked baggage, if any, excluding overweight charges, for up to the first two bags on domestic flights.
- As part of their system for management and control of travel related costs, agencies shall define the circumstances under which charges for transportation of equipment and materials required to perform state business are reimbursable as a miscellaneous travel expense.
- Charges for GPS devices required in connection with state business travel to ensure timely arrival of the business destination.

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### **10.60.20 Bill expenses greater than \$50 to the agency whenever possible**

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May 1, 1999

Whenever possible, the traveler should not pay for motor vehicle rentals, registration fees, rental of rooms for official state business, and other miscellaneous travel expenses in excess of \$50. The traveler should request the vendor of the services to bill the agency in accordance with prescribed purchasing requirements (also refer to [Subsections 10.80.50](#) and [10.80.55](#)).

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### **10.60.30 Costs for personal care attendant services may be reimbursed**

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May 1, 1999

The cost of personal care attendant services required by disabled travelers in order for them to travel will be allowed as a miscellaneous travel expense. Such costs may include fees and travel expenses of the attendant. The agency head or authorized designee sets the maximum reimbursement for such costs as part of the agency's required system for management and control over travel (refer to [Subsection 10.10.10](#)).

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### **10.60.40 Charges by airlines on international flights**

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July 1, 2011

As part of their system for management and control of travel related costs (refer to [Subsection 10.10.10](#)), agencies are required to define the circumstances under which charges assessed by airlines on





international flights are reimbursable as miscellaneous travel expenses (examples include baggage fees or seat assignment fees).

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### 10.60.50 State vehicle use of Good To Go! passes

Oct. 1, 2016

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#### 10.60.50.a

Agencies should use *Good To Go!* passes on state vehicles when it makes good business sense to do so. Factors that should be considered include:

- Frequency of travel of a vehicle over tolled bridges;
- Costs associated with non use of passes including increased employee travel time and higher toll rates; and
- Costs/savings associated with use of passes including initial purchase costs, reduced employee travel time, and lower toll rates.

Agencies should actively manage/monitor their *Good To Go!* account. When replenishing the account, agencies should not exceed one month's estimated usage and may not auto-replenish accounts. To avoid higher toll rates and fees associated with toll billings, agencies should maintain a positive balance in their *Good To Go!* account.

For further information about *Good To Go!*, refer to the Washington State Department of Transportation's website at: <http://www.wsdot.wa.gov/GoodToGo/default.htm>.

#### 10.60.50.b

Use of High Occupancy Toll or Express Toll lanes in state vehicles.

Except as otherwise authorized in law or regulation, state owned vehicles shall utilize the High Occupancy Toll (HOT) or Express Toll lanes only when they meet the posted high occupancy vehicle (HOV) requirement. If the state vehicle is equipped with a *Good To Go!* pass, a pass disabling device must be used. The Washington State Department of Transportation (WSDOT) maintenance vehicles servicing the corridor are exempt from the posted HOV requirement.

For further information about tolling, refer to WSDOT's website at: <http://www.wsdot.wa.gov/Tolling/>.



## 10.70 Boards, Commissions, or Committees

Section	Title	Effective Date	Page Number
10.70.00	Travel restricted	July 28, 2019	<a href="#">98</a>
10.70.10	Types of boards, commissions, or committees	Jan. 1, 2000	<a href="#">99</a>
10.70.20	Meal and lodging reimbursement for members serving in an advisory, coordinating, or planning capacity	July 1, 2011	<a href="#">99</a>
10.70.30	Meal and lodging reimbursement for members serving in a rule-making capacity	July 1, 2011	<a href="#">101</a>
10.70.40	May lodging taxes be reimbursed?	July 1, 2011	<a href="#">102</a>
10.70.50	Exceptions to the meal reimbursement rates	July 1, 2011	<a href="#">103</a>
10.70.55	Who is authorized to be reimbursed for travel expenses?	July 1, 2011	<a href="#">103</a>
10.70.60	How should travel expenses other than meals and lodging be reimbursed?	July 1, 2011	<a href="#">103</a>
10.70.70	Coffee and light refreshments may be served at board, commission, or committee meetings	July 1, 2011	<a href="#">103</a>

### 10.70.00 Travel restricted

July 28, 2019

[RCW 43.03.220](#), [43.03.230](#), [43.03.240](#), [43.03.250](#), and [43.03.265](#) restrict travel costs for boards and commissions as follows:

All executive, legislative, or judicial branch boards and commissions must comply with the policies in this section.

#### 10.70.00.a

All boards and commissions, when feasible, shall use alternative means of conducting meetings which do not require travel, while still maximizing member and public participation. The board or commission may use a meeting format that requires members to be physically present at one location only if necessary or required by law.

#### 10.70.00.b

No member of a class one through class three or class five board, commission, council, committee of similar group may receive an allowance for subsistence (meals), lodging, or travel expenses when funded



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by the General Fund - State, unless needed for the critically necessary work of an agency pursuant to [RCW 43.03.049](#).

Pursuant to [RCW 43.03.049](#), exceptions may be granted for the critically necessary work of an agency as set forth below.

- For boards under the authority of executive branch agencies, the exceptions are subject to approval by the agency head or authorized designee;
- For judicial branch agencies, the exceptions are subject to approval by the Chief Justice of the Supreme Court;
- For legislative agencies, exceptions are subject to approval by both the Chief Clerk of the House of Representatives and the Secretary of the Senate;
- For boards under the authority of a separately elected official, the exceptions are subject to approval by the separately elected official;
- For boards under the authority of institutions of higher education, the exceptions are subject to approval by the president of the institution; and
- For all other boards, the exceptions are subject to approval by the chair or executive director.

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### **10.70.10 Types of boards, commissions, or committees**

Jan. 1, 2000

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There are two general categories of boards, commissions, or committees:

- Advisory, coordinating, or planning capacity.
- Rule making capacity.

Reimbursement for travel expenses is dependent upon the type of board, commission, or committee that members are assigned to and the payment option selected.

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### **10.70.20 Meal and lodging reimbursement for members serving in an advisory, coordinating, or planning capacity**

July 1, 2011

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Travel, meal and lodging reimbursements are restricted. Refer to [Subsection 10.70.00](#).



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### 10.70.20.a

This subsection addresses reimbursement for those persons appointed to serve on any state board, commission, or committee in an advisory, coordinating, or planning capacity. This encompasses individuals serving on:

- A **Class One board**, commission, or committee as established in [RCW 43.03.220](#).
- **Others** - Any part-time board, commission, council, committee, or other group of similar nature not covered by [RCW 43.03.220](#) but established by the executive, legislative, or judicial branch to participate in state government in primarily an advisory, coordinating, or planning capacity.

### 10.70.20.b

Except as otherwise provided by law, **all** members serving in an advisory, coordinating, or planning capacity (class one or others), if entitled to reimbursement for meals and lodging are to be reimbursed under one of the two options listed below. Payments to advisory board members should comply with IRS Annual U.S. Information Returns (1099's) requirements.

#### Option 1

For allowable meal and lodging expenses in non-high cost areas of the [Continental USA](#), reimburse at the hourly, non-high cost per diem rate displayed in [Subsection 10.90.20 \(PDF file\)](#) for each hour spent in going to a meeting, attendance at a meeting, and returning from the meeting.

For allowable meal and lodging expenses in [high cost](#) areas of the Continental USA and in all areas outside the Continental USA, reimburse members at an hourly rate equal to 1/24th of the maximum allowable per diem rate in effect at the time of travel for the specific area or locality, as displayed in [Subsection 10.90.10](#).

Under this option, members attending meetings and performing other official business are considered to be in travel status and the eleven-hour rule ([Subsection 10.40.50](#)) and official station rule ([Subsection 10.30.40](#)) do not apply. An internal travel policy is required for agencies that use this option.

Members should submit claims for reimbursement on a Travel Expense Voucher designed for members of boards and commissions (form [A20-2A](#)) after the travel has occurred.

[Subsection 10.30.20](#) (Exception to the Maximum Allowable Lodging Amounts) may not be used in cases where individuals paid under this option are attending board meetings.

#### Option 2

Under this option, members are reimbursed allowable meal and lodging expenses at the same rates as regular state officials and employees, unless otherwise provided in statute. Refer to [Subsection 10.30](#) and [10.40](#) for qualifications. These individuals should claim reimbursement on a [Travel Expense Voucher](#)



(form A20-A). Use of this option for reimbursement requires prior written approval from the agency head or authorized designee.

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### 10.70.30 Meal and lodging reimbursement for members serving in a rule-making capacity

July 1, 2011

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Travel, meal and lodging reimbursements are restricted. Refer to [Subsection 10.70.00](#).

This subsection addresses reimbursement for those persons appointed to serve on any state board, commission, or committee in a rule-making capacity. This encompasses individuals serving on:

- **A Class Two, Three, Four, or Five board**, commission, or committee established in [RCW 43.03.230](#), [43.03.240](#), [43.03.250](#), or [43.03.265](#) respectively.
- **Others** - Any part-time board, commission, council, or committee not covered by [RCW 43.03.230](#), [43.03.240](#), [43.03.250](#), or [43.03.265](#), but established by either the executive, legislative, or judicial branch to participate in state government. These members have rule-making authority, perform quasi-judicial functions, have responsibility for the administration or policy direction of a state agency or program, or perform regulatory or licensing functions with respect to a specific profession, occupation, business, or industry.

Except as otherwise provided by law, members who are entitled to reimbursement are to be reimbursed for meals and lodging as follows:

#### 10.70.30.a

##### Class Two, Three, Four and Five Boards

Individuals serving on either a Class Two, Three, Four, or Five board, commission, council, or committee are to be reimbursed allowable meal and lodging expenses at the same rates as regular state officials and employees, unless specifically provided otherwise in statute. Refer to [Subsection 10.30](#) and [10.40](#) for qualifications. These individuals should claim reimbursement on a [Travel Expense Voucher \(form A20-A\)](#).

#### 10.70.30.b

##### Others

Individuals serving on any part-time board, commission, council, committee, or other group of similar nature not covered by [RCW 43.03.230](#), [43.03.240](#), [43.03.250](#), or [43.03.265](#), are to be reimbursed under one of the following two options:



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## **Option 1**

For travel in non-high cost areas of the [Continental USA](#), reimburse members for meal and lodging expenses at the **daily**, non-high cost per diem rate displayed in [Subsection 10.90.20 \(PDF file\)](#) for each day or portion thereof spent to conduct board, commission, council, or committee business.

For travel in [high cost](#) areas of the Continental USA or in all areas outside the Continental USA, reimburse members for meal and lodging expenses at the **daily** maximum allowable per diem rate for the location for each day or portion thereof spent to conduct official business. Per diem rates for these locations are contained in [Subsections 10.90.10](#) and [10.90.20 \(PDF file\)](#).

Under this option, members attending meetings and performing other official business are considered to be in travel status and the eleven-hour rule ([Subsection 10.40.50](#)) and official station rule ([Subsection 10.30.40](#)) do not apply. An internal travel policy is required for agencies that use this option.

Individuals should submit claims for reimbursement on a Travel Expense Voucher designed for members of boards and commissions (form [A20-2A](#)) after the travel has occurred.

Meal and lodging expense reimbursement under Option 1 does not meet the requirements of an accountable plan as defined by the Internal Revenue Service and is subject to federal employment taxes.

[Subsection 10.30.20](#) (Exception to the Maximum Allowable Lodging Amounts) may not be used in cases where individuals paid under this option are attending board meetings.

## **Option 2**

Under this option, members are reimbursed allowable meal and lodging expenses at the same rates as regular state officials and employees, unless otherwise provided in statute. Refer to [Subsection 10.30](#) and [10.40](#) for qualifications. Claims for reimbursement should be submitted on a [Travel Expense Voucher \(form A20-A\)](#). Use of this option for reimbursement requires prior written approval from the agency head or authorized designee.

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## **10.70.40 May lodging taxes be reimbursed?**

July 1, 2011

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**Travel, meal and lodging reimbursement are restricted. Refer to [Subsection 10.70.00](#).**

In addition to the Maximum Lodging Amounts contained in [Subsections 10.90.10](#) and [10.90.20 \(PDF file\)](#), board members on overnight travel may be reimbursed taxes paid on lodging as evidenced by a receipt. Refer to Subsection 10.90.10.d for rules on lodging taxes for the [Non Continental USA](#) and [Foreign](#) locations.



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### 10.70.50 Exceptions to the meal reimbursement rates

July 1, 2011

Travel, meal and lodging reimbursements are restricted. Refer to [Subsection 10.70.00](#).

#### 10.70.50.a

Members of a board, commission, or committee who receive per diem (meals and lodging) reimbursement allowances are expected to pay the cost of any meals provided with meetings, etc. When the meal has been purchased by the agency, the cost can be deducted on form [A20-A](#) or form [A20-2A](#) as applicable, or the member may make payment to the agency.

#### 10.70.50.b

Some members of boards, commissions, or committees are specifically authorized by statute to be reimbursed the actual cost of meals. When the actual cost of meals exceeds the meal allowances contained in [Subsections 10.90.10](#) and [10.90.20 \(PDF file\)](#), receipts must be attached to the form [A20-A](#) or [A20-2A](#), or their agency file location referenced.

### 10.70.55 Who is authorized to be reimbursed for travel expenses?

July 1, 2011

Travel, meal and lodging reimbursements are restricted. Refer to [Subsection 10.70.00](#).

Eligibility for travel expense reimbursement is established in the law creating the board, commission or committee. Absent specific authorization, members of boards, commissions or committees are not eligible for travel expense reimbursement.

### 10.70.60 How should travel expenses other than meals and lodging be reimbursed?

July 1, 2011

Travel, meal and lodging reimbursements are restricted. Refer to [Subsection 10.70.00](#).

Unless the law provides a specific reimbursement process, those persons appointed to serve on any state board, commission, or committee (advisory or rule making) are to be reimbursed for transportation and other travel expenses in the same manner as state officials and state employees.

### 10.70.70 Coffee and light refreshments may be served at board, commission, or committee meetings

July 1, 2011



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Travel, meal and lodging reimbursement are restricted. Refer to [Subsection 10.70.00](#).

All legally authorized boards, commissions, or committees may provide [coffee and/or light refreshments](#) at their official public meetings (including executive sessions) under the provisions of [Subsection 70.10.20](#).





## 10.80 Travel Expense Claims, Payments, Reimbursements and Advances

Section	Title	Effective Date	Page Number
10.80.10	What is the purpose of the Travel Expense Voucher?	Jan. 1, 2000	<a href="#">105</a>
10.80.20	What are the traveler's responsibilities in completing the Travel Expense Voucher?	July 1, 2014	<a href="#">105</a>
10.80.30	What are the agency responsibilities in reviewing and paying the Travel Expense Voucher costs?	Oct. 1, 2001	<a href="#">106</a>
10.80.40	Receipts and documentation required in support of Travel Expense Vouchers	Jan. 1, 2015	<a href="#">106</a>
10.80.50	Miscellaneous supplies exceeding \$50 should not be included on the Travel Expense Voucher	Jan. 1, 2000	<a href="#">107</a>
10.80.55	Paying vendors directly for travel costs	July 1, 2000	<a href="#">107</a>
10.80.60	Travel expense advances	June 1, 2018	<a href="#">108</a>
10.80.70	Internal Revenue Service regulations affecting travel expenses and travel advances	Jan. 1, 2000	<a href="#">110</a>

### 10.80.10 What is the purpose of the Travel Expense Voucher?

Jan. 1, 2000

The Travel Expense Voucher (form [A20-A](#) or [A20-2A](#)) is used to:

- Document the authorization for travel within the state of Washington.
- Document the approval of travel related expenses for all travel.

### 10.80.20 What are the traveler's responsibilities in completing the Travel Expense Voucher?

July 1, 2014

The [traveler](#) has the following responsibilities for completing the Travel Expense Voucher and certifying travel expenses:

1. Prepare the Travel Expense Voucher, providing the level of detail requested on the form.
2. In the "PURPOSE OF TRIP" column, describe the purpose or accomplishments of the trip in enough detail to document that the travel was essential to carry out the necessary work of the agency.



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3. For manually prepared vouchers, attach receipts and documentation required by agency policy and this chapter. (Refer to [Subsection 10.80.40](#)). For electronically prepared and submitted vouchers, reference the agency file location for all receipts. Either original receipts are required or agency policy may allow non-original receipts if the agency ensures adequate controls are in place to reduce the risk of duplicate or improper payments.
4. Submit the travel voucher to the person authorized to approve travel in accordance with agency policy and the requirements of this section.

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### **10.80.30 What are the agency responsibilities in reviewing and paying the Travel Expense Voucher costs?**

Oct. 1, 2001

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#### **10.80.30.a Agency Head or Designee**

Reviews and approves the voucher.

#### **10.80.30.b Agency Fiscal Office**

Process the payment to the employee no later than ten (10) work days after receipt of the **properly completed** Travel Expense Voucher.

#### **10.80.30.c Agency's Chief Fiscal Officer Must Approve Travel of Agency Head**

An agency head is to be reimbursed for travel expenditures only after the agency head and the agency's chief fiscal officer have personally approved the agency head's Travel Expense Voucher certifying that the agency head's travel is in compliance with state travel policy. The chief fiscal officer's immediate assistant may approve the voucher in place of the chief fiscal officer in those emergency situations when the chief fiscal officer is not available. The chief fiscal officer's approval does not relieve any responsibility from the agency head for wrongdoing relating to travel reimbursement.

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### **10.80.40 Receipts and documentation required in support of Travel Expense Vouchers**

Jan. 1, 2015

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#### **10.80.40.a**

Original receipts or agency policy may allow non-original receipts if the agency ensures adequate controls are in place to reduce the risk of duplicate or improper payments, for the following items are required to accompany the Travel Expense Voucher or have the agency file location referenced:

1. Lodging at a commercial facility (except for daily per diem payments made to members of Boards, Commissions, or Committees). ([Section 10.70](#))
2. The actual cost of laundry and/or dry cleaning expenses for travelers in continuous travel status for five (5) or more days. Use of a coin operated Laundromat is allowable. If a receipt for a coin



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operated Laundromat is not available, the traveler may claim actual expenses up to \$50 on the "Detail of Other Expense" portion of the Travel Expense Voucher. (Refer to [Subsection 10.60.10](#))

3. Allowable miscellaneous expenditures (refer to [Section 10.60](#)) for amounts in excess of \$50, per item per day, plus any applicable tax. However, the following items do not require receipts, regardless of the amount:
  - Day parking fees.
  - Transit fares, ferry fares, bridge and road tolls.
  - Taxi, shuttle, and limousine fares when necessary and on official state business.
  - Telephone calls where it is necessary to use a coin box telephone or where the telephone call cannot be charged to the traveler's office telephone extension.
4. Meal receipts when required by agency policy.
5. Gas when purchased for rental cars and the actual expense is in excess of \$50.

### 10.80.40.b

The following documentation should be completed on the Travel Expense Voucher where applicable:

1. When lodging or meals are being reimbursed, the exact time, including **A.M. or P.M.** designation of departure and return.
2. When two or more travelers are traveling together in one motor vehicle, each traveler is to indicate this fact by identifying, on the expense voucher, the person(s) accompanying the traveler and the travel destination of each.

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### **10.80.50    Miscellaneous supplies exceeding \$50 should not be included on the Travel Expense Voucher**

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Jan. 1, 2000

The expense voucher is not to include expenses for supplies exceeding \$50, plus applicable tax. Such items are to be purchased in accordance with prescribed state purchasing requirements and taken along on the trip.

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### **10.80.55    Paying vendors directly for travel costs**

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July 1, 2000

Pursuant to [RCW 43.03.065](#):



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Written approval of the agency head or authorized designee must be obtained prior to authorizing direct billing of the traveler's meal and lodging expenses to the agency and direct payment to the vendor by the agency.

Any payments made in accordance with this subsection are to be supported, at a minimum, by documents consisting of:

- A copy of the agreement (e.g., a field order, etc.) entered into between the vendor and the agency setting forth the services to be rendered by the vendor and the charges thereof;
- A list of the state officials, state employees, and other attendees for whom such goods and services were provided and the dates they were provided, and
- A vendor billing in sufficient detail to ensure that payments are made in conformance with the written agreement between the parties.

Payments to vendors for travel expenses are not to result in a cost to the state in excess of what would be payable by way of reimbursement to the individuals involved.

Each agency is required to institute procedures that will ensure that any payments made under this subsection are reasonable, accurate, and necessary for the conduct of the agency's business.

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### 10.80.60 Travel expense advances

June 1, 2018

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#### 10.80.60.a Purpose

An agency may make a travel expense advance to defray some costs the traveler may incur while traveling on official state business away from the official station or residence.

#### 10.80.60.b Limitations and requirements:

1. [RCW 43.03.150](#) limits travel advances to elective or appointive officials and employees.
2. The advance is to cover a period not to exceed 90 days.
3. The traveler receives the advance no more than 30 days before the start of travel.
4. Travel advances are prohibited:
  - For use of privately owned vehicles. ([RCW 43.03.170](#))
  - For the purchase of commercial airfares. ([RCW 43.03.170](#) and [43.03.190](#) through [43.03.200](#)).
5. The elective or appointive official or employee must expend the travel advance only to defray necessary reimbursable costs while performing official duties.



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6. No travel advance shall be considered for any purpose as a loan to an elective or appointive official or employee, and any unauthorized disbursement of a travel advance is to be considered as a misappropriation of state monies by the officer or employee.
7. Agencies are to establish written policies prescribing a reasonable amount for which such advances may be written. ([RCW 43.03.150](#) and [43.03.170](#)).

### 10.80.60.c How to Obtain Travel Expense Advances

The traveler is to submit a [Travel Authorization form \(A40-A\)](#) or agency equivalent) to the supervisor. The supervisor is to review and approve the proposed travel, and forward the Travel Authorization form to the agency head or designee. Upon approval of the advance, the agency fiscal office is to process the document for payment and present the traveler with a check or warrant.

### 10.80.60.d Submitting and Accounting for Travel Advances

- The traveler shall submit a fully itemized Travel Expense Voucher on or before the tenth day following the month in which the authorized travel period ended. The traveler must fully justify the expenditure of any portion of the advance for legally reimbursable items on behalf of the state.
- The traveler shall return any portion of the travel advance not expended to the agency at the close of the authorized travel period. The traveler is to submit the payment with a properly completed Travel Expense Voucher and may make the payment by check, or similar instrument, payable to the agency. ([RCW 43.03.180](#)).
- If the travel advance is less than or equal to the travel expenses incurred, the traveler is to submit a properly completed Travel Expense Voucher on or before the tenth day following the month in which the authorized travel period ended. The expense voucher is to contain an itemization of expenditures and is to indicate the net amount, if any, due the traveler. The agency is to process the expense voucher in accordance with [Subsection 10.80.30](#) and reimburse the traveler for any additional amount due.

### 10.80.60.e Default on Repayment of the Advance by the Traveler

- When a traveler defaults in accounting for or repaying an advance, the full unpaid amount shall become immediately due and payable with interest of ten (10) percent per annum from date of default until paid.
- To protect the state from any losses on account of travel advances made, the state has a prior lien against and shall withhold any and all amounts payable or to become payable by the state to such officer or employee up to the amount of such travel advance and interest at a rate of ten percent per annum, until such time as repayment or justification has been made. ([RCW 43.03.180](#) through [43.03.190](#)).



### **10.80.70 Internal Revenue Service regulations affecting travel expenses and travel advances**

Jan. 1, 2000

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#### **10.80.70.a**

The federal Internal Revenue Service (IRS) has implemented tax rules affecting travel advances. The IRS requires travelers receiving travel advances to substantiate their travel expenses and to return to their employer any unspent portions of the travel advance within a reasonable time period. If the traveler does not substantiate the travel expenses or does not return any unspent portion of a travel advance within a reasonable time period, the traveler's employer is required to report the amount of the travel advance as income in Box 1 of Form W-2. This payment is subject to applicable payroll withholding taxes.

#### **10.80.70.b**

For purposes of state travel regulations, if a traveler substantiates a travel expense in accordance with state travel regulations on a state Travel Expense Voucher within sixty (60) days after it is incurred, the traveler will have met the reasonable time period requirement. Further, the travel expenses the traveler incurred will not be considered income. Likewise, if a traveler returns to the employer any unspent portion of a travel advance within 120 days after incurring a travel expense related to the travel advance, the traveler will have met the reasonable time period requirement. When this occurs, the unspent portion of the travel advance will not be considered income.

#### **10.80.70.c**

When a traveler fails to meet either of the timeliness criteria stated in item b above, the agency is required to consider the unsubstantiated travel expense and the unspent portion of the travel advance as income and deduct the applicable payroll withholding taxes from the traveler's next semi-monthly earnings. Consequently, agencies are required to establish tracking systems in order to comply with this IRS regulation.



## 10.90 Travel Rates

Section	Title	Effective Date	Page Number
10.90.10	Reimbursement rates	Jan. 1, 2015	<a href="#">111</a>
10.90.20	Reimbursement rates for lodging, meals, and privately owned vehicle mileage	Jan. 1, 2022	<a href="#">112</a>

### 10.90.10 Reimbursement rates

Jan. 1, 2015

#### 10.90.10.a

This section provides lodging, subsistence, and mileage rates for state officials and employees traveling on [official state business](#) (RCW 43.03.050). The Office of Financial Management (OFM) revises this section periodically based upon changes to source documents produced by three separate agencies of the federal government as well as changes required by the State Legislature.

#### 10.90.10.b Lodging, Meals, and Private Vehicle Mileage Rates for the Continental USA

Refer to [Subsection 10.90.20](#).

#### 10.90.10.c High Cost Lodging and Subsistence Rates for the Continental USA

Per Diem allowances for [High Cost Locations](#) in the Continental USA are periodically revised by the U.S. General Services Administration (GSA) and can be accessed online:

- For locations within Washington state, refer to the Per Diem Rates map on OFM's Administrative and Accounting Resources website at: <http://www.ofm.wa.gov/resources/travel.asp>.
- For locations outside of Washington state, refer to the GSA website at: [www.gsa.gov](http://www.gsa.gov). Select U.S. Per Diem Rates to view rates for the Continental USA. Taxes may be added to the lodging rates shown in these tables.

If the travel location is not listed (city or county), use [Subsection 10.90.20](#) lodging and subsistence rates for non high-cost areas.

For cities in the U.S. where the counties are not known, refer to the National Association of Counties website at: <http://explorer.naco.org/>.

#### 10.90.10.d Lodging and Subsistence Rates for the Non Continental USA and Foreign Locations

Per Diem allowances for [foreign travel](#) locations, Alaska, Hawaii, and US Possessions are revised monthly and can be accessed online:



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- Refer to the U.S. Department of State - Foreign Per Diem Rates website at: [http://aoprals.state.gov/content.asp?content\\_id=184&menu\\_id=78](http://aoprals.state.gov/content.asp?content_id=184&menu_id=78).
- Rates for Alaska, Hawaii, and U.S. possessions follow the foreign rates at: <http://www.defensetravel.dod.mil/site/perdiemCalc.cfm>.

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

### 10.90.10.e

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

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## 10.90.20 Reimbursement rates for lodging, meals, and Jan. 1, 2022 privately owned vehicle mileage

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

[Reimbursement rates for lodging, meals and privately owned vehicle mileage \(pdf\)](#)





# **Chapter 20**

## **Internal Control**



## 20.10 Internal Control Policies

Section	Title	Effective Date	Page Number
20.10.10	Purpose of these policies	July 1, 2017	<a href="#">114</a>
20.10.20	Authority for these policies	July 1, 2017	<a href="#">114</a>
20.10.30	Applicability of these policies	July 1, 2017	<a href="#">114</a>
20.10.40	Source of these policies	July 1, 2017	<a href="#">114</a>

### 20.10.10 Purpose of these policies

July 1, 2017

This chapter provides agency heads, managers, internal control officers, internal auditors, and all other employees, with a background in and approach to establishing and maintaining an effective system of internal control and internal audit so as to reasonably assure that they are meeting their respective objectives.

### 20.10.20 Authority for these policies

July 1, 2017

The authority for these policies is [RCW 43.88.160\(4\)\(a\)](#).

### 20.10.30 Applicability of these policies

July 1, 2017

This chapter is applicable to all agencies of the state of Washington, as defined in [RCW 43.88.020\(4\)](#), unless otherwise exempted by statute or rule.

### 20.10.40 Source of these policies

July 1, 2017

These policies are based on and incorporate information from *Standards for Internal Control in the Federal Government* (Green Book) and *COSO Internal Control - Integrated Framework*.

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## 20.15 Internal Control Basics

Section	Title	Effective Date	Page Number
20.15.10	Internal control definition	July 1, 2017	<a href="#">115</a>
20.15.20	Roles and responsibilities	July 1, 2017	<a href="#">116</a>
20.15.30	Annual requirements for agencies related to statewide reporting	July 1, 2017	<a href="#">117</a>
20.15.40	Internal control components and principles	July 1, 2017	<a href="#">119</a>
20.15.50	Limitations of internal control	July 1, 2017	<a href="#">121</a>
20.15.60	Other considerations	July 1, 2017	<a href="#">122</a>

### 20.15.10 Internal control definition

July 1, 2017

Internal control is a process, effected by those charged with governance, management, and other employees, designed to provide reasonable assurance regarding the achievement of the entity's objectives relating to operations, reporting, and compliance.

For purposes of Chapter 20, the state's internal control objectives are defined as the need for each agency to:

- Safeguard its assets.
- Check the accuracy and reliability of its accounting data.
- Promote operational efficiency.
- Encourage adherence to policies for accounting and financial controls.

The definition of internal control emphasizes that internal control is:

- Geared to the *achievement of objectives* in one or more separate but overlapping categories - operations, reporting, and compliance.
- *A process* consisting of ongoing tasks and activities - a means to an end, not an end in itself.
- *Effected by people* - not merely about policy and procedure manuals, systems, and forms, but about people and the actions they take at every level of an organization to effect internal control.
- Able to *provide reasonable assurance* - but not absolute assurance, to an entity's management.



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- *Adaptable to the entity structure or size* - flexible in application for the entire entity or for a subset of an entity.

This definition of internal control is intentionally broad. It incorporates concepts that are fundamental to how entities design, implement, and operate a system of internal control and assess its effectiveness.

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### 20.15.20 Roles and responsibilities

July 1, 2017

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Agency management is responsible for the agency's operations, compliance and financial reporting objectives. Therefore, the adequacy of internal control to provide reasonable assurance of achieving these objectives is also the responsibility of management. That said, every state employee has a role in effecting internal control. Roles vary in responsibility and level of involvement, as discussed below.

Given agency structure and size, individuals may assume multiple roles. However, care should be taken to address the increased risk that may result from the concentration of responsibilities.

- 20.15.20.a**     **Those charged with governance** are responsible for overseeing the strategic direction of the agency and obligations related to the agency's accountability. This includes overseeing the design, implementation, and operation of an effective internal control system. For most agencies, those charged with governance include the agency head and members of agency senior management. For agencies with a governing board, the board may appoint individuals to fulfill this function.
- 20.15.20.b**     The **agency head** is ultimately responsible for identifying risks and establishing, maintaining, and monitoring the agency's system of internal control. If the agency head delegates this responsibility, the designated person should have sufficient authority to carry out these responsibilities. The agency head together with those charged with governance and agency management set the tone at the top that affects the control environment in particular and all other components of internal control. The agency head signs the annual Financial Disclosure Certification and, if applicable, the Federal Assistance Certification.
- 20.15.20.c**     The **internal control officer (ICO)** is responsible for coordinating the agency-wide effort of evaluating internal control using the guidance in this chapter. The ICO coordinates the agency's required risk assessment and internal control monitoring activities and annually provides written assurance to the agency head as required in [Subsection 20.15.30](#). While each agency is required to have an ICO, the ICO may perform these duties on a full-time basis or on a part-time basis as long as other duties performed are not incompatible with the ICO duties.
- 20.15.20.d**     **Agency management** at all levels is responsible for internal control under their span of control. Management is responsible to communicate to agency employees their explicit or implicit control activity duties. In addition, agency management should provide channels outside normal reporting lines so agency employees can report noncompliance, problems in operations, and illegal acts.



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Management is also responsible to convey the importance of internal control to all employees both by what they say and what they do. If management is willing to override controls, then the message that internal control is not important will be conveyed to employees.

- 20.15.20.e** Each agency employee is responsible to be aware of and attentive to risk management and other internal control issues, to consider limitations and key risk areas, to document decisions. To be most effective, employees need to understand the agency's mission, objectives, responsibilities, and their own role in managing risk. Each employee is also responsible to report to management (and through channels outside normal reporting lines when necessary) noncompliance, problems in operations, and illegal acts.
- 20.15.20.f** Other professionals (internal or external to the agency) may provide assurance and advisory support to management in areas such as developing appropriate procedures to conduct risk assessments and internal reviews of control activities.
- 20.15.20.g** External auditors are **not** part of an agency's internal control system and cannot be a replacement for or supplement to an adequate system of internal control. The role of the external auditor is to provide independent accountability and assurance to the public and external stakeholders. However, this independent assurance is also valuable feedback to those charged with governance and agency management.

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### 20.15.30 Annual requirements for agencies related to statewide reporting

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July 1, 2017

The Office of Financial Management (OFM) prepares the state's Annual Comprehensive Financial Report (ACFR) annually. While OFM has final responsibility for the contents of the ACFR, the data in the financial statements and many of the notes to the financial statements are generated from Agency Financial Reporting System (AFRS) transactions input by agencies. Because agencies are in control of transactions entered into AFRS, OFM relies on agency internal control systems and the monitoring of those systems to assert in writing that the ACFR is correct and complete.

Additionally, OFM prepares the Statewide Single Audit Report annually. Because federal programs are administered at the agency level, OFM relies on agencies to establish and maintain effective systems of internal control over federal program compliance. OFM relies on agency internal control systems and the monitoring of those systems to assert in writing that the state has materially complied with the provisions of federal programs in order to comply with the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

#### 20.15.30.a Risk assessment and internal control monitoring

At a minimum, agencies are required to document risk assessment and internal control monitoring activities for objectives related to financial reporting and federal program compliance. These activities may be done agency-wide at one time or by sections of the agency over a period of time. The agency



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should consider significance when planning the focus of the risk assessment activities. Likewise, agencies should consider the results of the risk assessment when planning the focus of the monitoring activities. An overall agency plan for risk assessment and internal control monitoring should strive to address high risk areas at least once a biennium.

### **20.15.30.b Required written annual assurance by the internal control officer**

The risk assessment and associated internal control monitoring plan should be designed to provide management with reasonable assurance that controls are operating as expected. The plan should also be used to determine if internal control modifications are needed by considering events that have occurred, processes or procedures that have changed, new projects or programs that are being planned or implemented, and other changes within the agency that may have additional risks. If the plan uncovers internal control weaknesses or if prior weaknesses still exist, they should be documented and addressed in a timely manner.

The internal control officer is to communicate to the agency head the results of the agency's required risk assessment and associated internal control monitoring process. The communication is to include a summary of all known weaknesses in internal control that could have a material effect on financial reporting and federal program compliance along with the related corrective action or recommendations. This communication may be ongoing and informal, but at least once per year, this assurance must be made in writing to the agency head.

The internal control officer is responsible for ensuring that the plan is followed and that required documentation of the risk assessment and monitoring conclusions is maintained and available for review by agency management, the State Auditor's Office, and OFM.

### **20.15.30.c Required annual certifications signed by the agency head and CFO**

As evidence that OFM can rely on each agency's internal control systems for statewide reporting purposes, every agency head and chief financial officer (CFO) is required to annually sign and submit a Financial Disclosure Certification and, if applicable, a Federal Assistance Certification, to OFM's Accounting Division. By signing the certification(s), the agency head and CFO certify that:

- We are responsible for and have established and maintained an effective system of internal controls as prescribed by SAAM Chapter 20. Our agency's system of internal controls incorporates adequate procedures and controls to safeguard our assets, check the accuracy and reliability of our accounting data, promote operational efficiency, and encourage adherence to policies for accounting and financial controls. If there are significant deficiencies in internal control, a summary of the deficiencies and corrective action is **attached** to this state certification.
- We are responsible for the design and implementation of programs and controls to prevent and detect fraud. We have disclosed all known instances and allegations of fraud or suspected fraud involving management and employees who have significant roles in internal control. We have also disclosed on this state certification any known instances and allegations of fraud or suspected fraud involving others where the fraud could have a material effect on the financial statements.



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- If applicable, we are responsible for and have established and maintained an effective system of internal control over federal program compliance, providing reasonable assurance that federal awards are managed in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on those programs. If there are significant deficiencies in internal control, a summary of the deficiencies and corrective action is attached to this federal certification.

There can be a variety of evidence that an agency head and CFO use as support backup for signing the certifications referred to above, including the required annual assurance.

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### 20.15.40 Internal control components and principles

July 1, 2017

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The following five components and 17 principles together represent a comprehensive system of internal control. This subsection presents a summary of each of the five components and the principles relating to each component. For further details, refer to each component's section.

#### 20.15.40.a Control environment

The control environment is the set of standards, processes, and structures that provide the foundation for carrying out internal control across the agency. The agency head together with those charged with governance and agency management set the tone at the top regarding the importance of internal control and expected standards of conduct.

There are five principles relating to the control environment.

1. The agency head together with those charged with governance and agency management demonstrate commitment to integrity and ethical values.
2. Those charged with governance oversee the development and performance of internal control.
3. Management establishes structures, reporting lines, and appropriate authorities and responsibilities in pursuit of objectives.
4. Management demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
5. Management holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

#### 20.15.40.b Risk assessment

Risk assessment involves a dynamic and iterative process for identifying and analyzing risks to achieving the agency's objectives, analyzing the risks, and using that information to decide how to respond to the risks.



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There are four principles relating to risk assessment.

6. Management specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to its objectives.
7. Management identifies and analyzes risks to the achievement of its objectives and uses that as a basis for determining how the risks should be managed.
8. Management considers the potential for fraud in assessing risks to the achievement of its objectives.
9. Management identifies, analyzes, and responds to changes that could significantly impact its system of internal control.

### **20.15.40.c Control activities**

Control activities are policies, procedures, techniques, and mechanisms that help ensure that risks to the achievement of an agency's objectives are mitigated. Control activities are performed at all levels of the agency, at various stages within business processes, and over the technology environment.

There are three principles relating to control activities.

10. Management designs control activities to achieve its objectives and respond to risks.
11. Management designs its information systems and related control activities to achieve its objectives and respond to risks.
12. The agency implements control activities through policies and procedures.

### **20.15.40.d Information and communication**

Information and communication are necessary for an agency to carry out its internal control responsibilities to support the achievement of its objectives.

There are three principles relating to information and communication.

13. The agency obtains or generates and uses relevant, quality information to support the functioning of internal control.
14. The agency internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.
15. The agency communicates with external parties regarding matters affecting the functioning of internal control.

### **20.15.40.e Monitoring Activities**

Monitoring is the process of evaluating the quality of internal control performance over time and promptly addressing internal control deficiencies.





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There are two principles relating to monitoring activities.

16. Management establishes and performs activities to monitor the internal control system and evaluate the results.
17. The agency evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action.

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### 20.15.50 Limitations of internal control

July 1, 2017

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No matter how well designed, implemented, and conducted, internal control can provide only *reasonable assurance* that objectives will be achieved due to limitations inherent to any system. These limitations include the following:

#### 20.15.50.a Judgment

The effectiveness of controls is limited by the fact decisions must be made with human judgment based on the person's experience and qualifications, in the time available, the information available, and pressures to conduct business.

Clear written policies and instructions, redundant controls, and effective monitoring may address this limitation in some instances.

#### 20.15.50.b External events

Achieving operational objectives may be limited by factors outside the agency's control, such as federal regulations, responsiveness of customers or program partners, and natural disasters. However, internal control should at least allow the agency to be informed of progress, or lack thereof, toward achieving such objectives.

Effective risk assessment may address this limitation in some instances.

#### 20.15.50.c Breakdowns

A well-designed system of internal control can break down due to misunderstanding instructions, obsolete technology, faulty assumptions, mistakes due to carelessness, distraction, or being asked to focus on too many tasks.

Effective risk assessment and monitoring, automated controls and redundant controls may address this limitation in some instances.

#### 20.15.50.d Management override

Even in an agency with an effective system of internal control, high-level employees may be able to override prescribed policies or procedures for personal gain or advantage. This should not be confused



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with management intervention, which represents management actions to depart from prescribed policies or procedures for legitimate purposes.

An internal audit function reporting to those charged with governance or a communication channel to allow anonymous or confidential communication, such as the statewide whistleblower program, may address this limitation in some instances.

### **20.15.50.e Collusion**

Collusion between two or more individuals can result in control failures. Individuals acting collectively often can alter financial data or other management information in a manner that cannot be identified by the control system.

Effective monitoring and redundant controls may address this limitation in some instances. – Collusion between two or more individuals can result in control failures. Individuals acting collectively often can alter financial data or other management information in a manner that cannot be identified by the control system.

Effective monitoring and redundant controls may address this limitation in some instances.

### **20.15.50.f Resource limitations**

Every agency must prioritize efforts to implement or improve controls within resource limitations.

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## **20.15.60 Other considerations**

July 1, 2017

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There are many ways to achieve effective internal control. Management must use judgment in determining the specific combination of controls and how such controls are implemented, based on the agency's statutory purposes, regulations, programs, size, organizational structure, program structure, technology, staffing, and policies. Thus, while all agencies must have sufficient internal control, the specific controls in place will vary.

### **20.15.60.a Large versus small agencies**

All components and principles apply to both large and small agencies. However, smaller agencies may have different implementation approaches than larger agencies. Smaller agencies typically have unique advantages, which can contribute to an effective internal control system. These may include a higher level of involvement by management in operational processes and direct interaction with employees.

A smaller agency, however, may face 20.15.greater challenges in segregating duties because of its concentration of responsibilities and authorities in the organizational structure. Management, however, can respond to this increased risk through the design of the internal control system, such as by adding additional levels of review for key operational processes, reviewing randomly selected transactions and related supporting documentation, taking periodic asset counts, or checking supervisor reconciliations.



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### **20.15.60.b Benefits and costs of internal controls**

When designing internal controls, management should balance the cost of different control approaches with expected benefits. The allocation of resources should address the areas of greatest risk, complexity, or other factors relevant to achieving the agency's objectives.

### **20.15.60.c Service organizations**

Management may engage external third parties to perform certain operational processes for the agency, such as accounting and payroll processing, security services, or social service and health care claims processing. These external third parties are referred to as service organizations. Management, however, retains responsibility for the performance of processes assigned to service organizations. Internal control over contracted processes may be attained either with controls performed by the agency, reliance on controls performed by the service organization, or a combination of both. To the extent the agency relies on controls performed by the service organization, the agency needs to obtain appropriate written assurance from the service organization and to arrange for periodic independent review of these controls.

### **20.15.60.d Documentation**

Documentation is a necessary part of a system of internal control. Management must determine the level and nature of documentation that is needed to assess the effectiveness of internal control. Documentation should be sufficient to allow the agency to:

- Assess the overall soundness of the system of internal control.
- Be aware of the existence of internal control weaknesses, if any.
- Formulate the agency's plan of action for addressing internal control weaknesses and improving the internal control where necessary.



## 20.20 Control Environment

Section	Title	Effective Date	Page Number
20.20.10	Control environment overview	July 1, 2017	<a href="#">124</a>
20.20.20	Control environment principles	July 1, 2017	<a href="#">124</a>
20.20.30	Management's role in the control environment	July 1, 2017	<a href="#">125</a>
20.20.40	Principle 1 – Demonstrates commitment to integrity and ethical values	July 1, 2017	<a href="#">125</a>
20.20.50	Principle 2 – Exercises oversight responsibility	July 1, 2017	<a href="#">126</a>
20.20.60	Principle 3 – Establishes structures, reporting lines, authorities, and responsibilities	July 1, 2017	<a href="#">126</a>
20.20.70	Principle 4 – Demonstrates commitment to competence	July 1, 2017	<a href="#">127</a>
20.20.80	Principle 5 – Enforces accountability	July 1, 2017	<a href="#">127</a>

### 20.20.10 Control environment overview

July 1, 2017

The control environment is the set of standards, processes, and structures that provide the foundation for carrying out internal control across the agency. The agency head together with those charged with governance and agency management set the tone at the top regarding the importance of internal control and expected standards of conduct.

Management reinforces expectations at all levels of the agency. The control environment has a pervasive impact on the overall system of internal control.

### 20.20.20 Control environment principles

July 1, 2017

There are five principles relating to the control environment.

1. The agency head together with those charged with governance and agency management demonstrate commitment to integrity and ethical values.
2. Those charged with governance oversee the development and performance of internal control.



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3. Management establishes structures, reporting lines, and appropriate authorities and responsibilities in pursuit of objectives.
4. Management demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
5. Management holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

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### 20.20.30 Management's role in the control environment

July 1, 2017

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Management is very influential in determining the control environment and influencing the control consciousness of agency employees. A system of internal control is likely to function well if management believes that controls are important and communicates that view to employees at all levels. Conversely, a system of internal control is likely to be ineffective if management does not believe the controls are important or if management communicates a negative view of controls to employees.

Management influences the control environment through their integrity and ethical values, commitment to competence, philosophy and operating style, design of the organizational structure, assignment of authority and responsibilities, and human resource policies and practices.

Management also influences the control environment through communication of the agency's values and behavioral standards to employees. This can be done by setting a good example, showing a positive attitude toward internal control, displaying and following a formal code of conduct, communicating other agency policies and procedures, taking swift and appropriate disciplinary action in response to policy departure, and maintaining clear and updated job descriptions.

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### 20.20.40 Principle 1 – Demonstrates commitment to integrity and ethical values

July 1, 2017

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The agency head together with those charged with governance and agency management demonstrate commitment to integrity and ethical values. The following points of focus highlight important characteristics relating to this principle:

- **Set the tone at the top and throughout the agency** - The agency head together with those charged with governance and agency management at all levels of the agency demonstrate through their directives, actions, and behavior the importance of integrity and ethical values to support the functioning of the system of internal control.
- **Establish standards of conduct** - The expectations of the agency head together with those charged with governance and senior management concerning integrity and ethical values are defined in the agency's standards of conduct and understood at all levels of the agency.



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- **Evaluate adherence to standards of conduct** - Processes are in place to evaluate the performance of individuals and teams against the agency's expected standards of conduct.
- **Address deviations in a timely manner** - Deviations of the agency's expected standards of conduct are identified and remedied in a timely and consistent manner.

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### 20.20.50 Principle 2 – Exercises oversight responsibility

July 1, 2017

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Those charged with governance oversee the development and performance of internal control. The following points of focus highlight important characteristics relating to this principle:

- **Determine an oversight structure** - Those charged with governance determine an oversight structure to fulfill responsibilities set forth by applicable laws and regulations, relevant government guidance, and feedback from key stakeholders.
- **Provide oversight** - Those charged with governance oversee management's design, implementation, and operation of the agency's internal control system.
- **Provide input for remediation** - Those charged with governance give input to management's plans for remediation of deficiencies in the internal control system as appropriate.

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### 20.20.60 Principle 3 – Establishes structures, reporting lines, authorities, and responsibilities

July 1, 2017

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Management establishes structures, reporting lines, and appropriate authorities and responsibilities in pursuit of objectives. The following points of focus highlight important characteristics relating to this principle.

- **Establishes the organizational structure** - Management establishes the organizational structure that enables the agency to achieve its objectives and address related risks.
- **Establishes reporting lines** - Management designs and evaluates lines of reporting to enable execution of authorities and responsibilities and flow of information to manage the activities of the agency.
- **Assigns responsibility and delegates authority** - To achieve the agency's objectives, the agency head assigns responsibility and delegates authority to key roles throughout the agency. A key role is a position in the organizational structure that is assigned an overall responsibility of the agency. Generally, key roles relate to senior management positions within an agency.



### 20.20.70 Principle 4 – Demonstrates commitment to competence

July 1, 2017

Management demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives. The following points of focus highlight important characteristics relating to this principle:

- **Establishes policies and practices** - Management develops policies and practices that reflect expectations of competence necessary to support the achievement of objectives.
- **Evaluates competence and addresses shortcomings** - Management evaluates competence of agency employees and of outsourced service providers in relation to established policies and practices, and acts as necessary to address shortcomings. Those charged with governance evaluate competence of management.
- **Attracts, develops, and retains individuals** - Management provides the mentoring and training needed to attract, develop, and retain employees to support achievement of objectives.
- **Plans and prepares for succession** - Management develops contingency plans for assignments of responsibility important for internal control.

### 20.20.80 Principle 5 – Enforces accountability

July 1, 2017

Management holds individuals accountable for their internal control responsibilities in the pursuit of objectives. The following points of focus highlight important characteristics relating to this principle

- **Enforces accountability through structures, authorities, and responsibilities** - Management establishes the mechanisms to communicate and hold individuals accountable for performance of internal control responsibilities across the agency.
- **Establishes expectations and evaluates performance** - Management establishes expectations appropriate for and evaluates performance related to internal control responsibilities.
- **Considers excessive pressures** - Management evaluates and manages pressures associated with the achievement of objectives when assigning responsibilities, developing expectations, and evaluating performance.



## 20.22 Risk Assessment

Section	Title	Effective Date	Page Number
20.22.10	Risk assessment overview	July 1, 2017	<a href="#">128</a>
20.22.20	Risk assessment principles	July 1, 2017	<a href="#">128</a>
20.22.30	Principle 6 – Specifies objectives	July 1, 2017	<a href="#">129</a>
20.22.40	Principle 7 – Identifies and analyzes risks	July 1, 2017	<a href="#">129</a>
20.22.50	Principle 8 – Assesses fraud risk	July 1, 2017	<a href="#">130</a>
20.22.60	Principle 9 – Identifies, analyzes, and responds to changes	July 1, 2017	<a href="#">131</a>

### 20.22.10 Risk assessment overview

July 1, 2017

Risk is defined as the possibility that an event will occur and adversely affect the achievement of objectives. Therefore, a precondition to risk assessment is establishing objectives. Risk assessment involves a dynamic and iterative process for identifying risks to achieving agency objectives, analyzing the risks, and using that information to decide how to respond to risks.

In risk assessment, management considers the mix of potential events relevant to the agency and its activities in the context of the agency's public visibility, size, operational complexity, regulatory restraints, and other factors. Because of these variables, the same activity could have very different levels of risk for two different agencies.

### 20.22.20 Risk assessment principles

July 1, 2017

There are four principles relating to risk assessment.

6. Management specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to its objectives.
7. Management identifies and analyzes risks to the achievement of its objectives and uses that as a basis for determining how the risks should be managed.
8. Management considers the potential for fraud in assessing risks to the achievement of its objectives.





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9. Management identifies, analyzes, and responds to changes that could significantly impact its system of internal control.

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### 20.22.30 Principle 6 – Specifies objectives

July 1, 2017

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Management specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to its objectives. The following points of focus highlight important characteristics relating to this principle.

- **Defines specific and measurable objectives** - Management defines objectives at the agency and unit level in alignment with the agency's mission and strategic plan. Objectives:
  - Are fully and clearly set forth so they can be easily understood at all levels of the agency.
  - Can be broadly classified into one or more of three categories: operations, reporting, or compliance
  - Are stated in a quantitative or qualitative form that permits reasonably consistent measurement.
- **Considers external and internal factors** - Management considers external requirements and internal expectations when defining objectives to enable the design of internal control. Legislators, regulators, and standard-setting bodies set external requirements by establishing the laws, regulations, and standards with which the agency is required to comply. Management sets internal expectations and requirements by establishing standards of conduct, assigning responsibility, and delegating authority.
- **Considers risk tolerance** - Management considers risk tolerances for the defined objectives. Risk tolerance is the acceptable level of variation in performance relative to the achievement of objectives.

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### 20.22.40 Principle 7 – Identifies and analyzes risks

July 1, 2017

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Management identifies and analyzes risks to the achievement of its objectives and uses that as a basis for determining how the risks should be managed. The following points of focus highlight important characteristics relating to this principle.

- **Identifies risk** - Management identifies risks throughout the agency relevant to the achievement of its objectives, considering both internal and external factors. Management considers the types of risks that impact the agency which may include both inherent and residual risk. Management's lack of response to risk could cause deficiencies in the internal control system.

Management considers significant interactions within the agency and with external parties, changes within the agency's internal and external environment, and other internal and external factors to identify risks. Internal risk factors may include the complex nature of an agency's



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programs, its organizational structure, or the use of new technology in operational processes. External risk factors may include new or amended laws, regulations, or professional standards; economic instability; or potential natural disasters.

- **Analyzes risks** - Management analyzes identified risks to estimate their significance, which provides a basis for responding to the risks. Management estimates the significance of a risk by considering the magnitude of impact and likelihood of occurrence.

Magnitude of impact refers to the likely magnitude of deficiency that could result from the risk and is affected by factors such as the size, pace, and duration of the risk's impact. Likelihood of occurrence refers to the level of possibility that a risk will occur.

- **Manages risk** - Management considers how the risk should be managed. Management designs overall risk responses based on the significance of the risk and defined risk tolerance. Risk responses may include the following:
  - **Acceptance** - No action is taken to respond to the risk based on the magnitude of impact, likelihood of occurrence, and nature of the risk.
  - **Avoidance** - Action is taken to stop the operational process or the part of the operational process causing the risk.
  - **Reduction** - Action is taken to reduce the likelihood or magnitude of the risk.
  - **Sharing** - Action is taken to transfer or share risks across the agency or with external parties, such as insuring against losses.

Typically, no control activities are needed for acceptance and avoidance responses. When risk response actions do not enable the agency to operate within its risk tolerances, management may need to revise risk responses or reconsider risk tolerances. Periodic risk assessments allow management to evaluate the effectiveness of the risk response actions.

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### 20.22.50 Principle 8 – Assesses fraud risk

July 1, 2017

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Management considers the potential for fraud in assessing risks to the achievement of its objectives. The following points of focus highlight important characteristics relating to this principle.

- **Considers various types of fraud** - Management considers the types of fraud that can occur within the agency to provide a basis for identifying fraud risks, such as:
  - **Fraudulent financial reporting** - Intentional misstatements or omissions of amounts or disclosures in financial reporting to deceive users of the financial information. This could include intentional alteration of accounting records, misrepresentation of transactions, or intentional misapplication of accounting principles.
  - **Misappropriation of assets** - Theft or misuse of an agency's assets. This could include theft of property, misuse of data, embezzlement of receipts, or fraudulent payments.



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- **Corruption** - Bribery and other illegal acts, such as the misuse of authority or position for personal gain or for the benefit of another.
- **Considers fraud risk factors** - Fraud risk factors do not necessarily indicate that fraud exists but are often present when fraud occurs. Management considers fraud risk factors which include the following:
  - **Incentive/pressure** - Management or other personnel have an incentive or are under pressure, which provides a motive to commit fraud.
  - **Opportunity** - Circumstances exist, such as the absence of controls, ineffective controls, or the ability of management to override controls, that provide an opportunity to commit fraud.
  - **Attitude/rationalization** - Individuals involved are able to rationalize committing fraud. Some individuals possess an attitude, character, or ethical values that allow them to knowingly and intentionally commit a dishonest act.

While fraud risk may be greatest when all three risk factors are present, one or more of these factors may indicate a fraud risk. Other information provided by internal and external parties can also be used to identify fraud risks. This may include allegations of fraud or suspected fraud reported by an internal auditor, employees, or external parties that interact with the agency.

- **Responds to fraud risk** - Management analyzes and responds to fraud risks using the same process performed for all risks so they are effectively mitigated. Refer to Principle 7 in [Subsection 20.22.40](#).

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### 20.22.60 Principle 9 – Identifies, analyzes, and responds to changes

July 1, 2017

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Management identifies, analyzes, and responds to changes that could significantly impact its system of internal control. The following points of focus highlight important characteristics relating to this principle.

- **Identifies changes** - The risk identification process considers changes in:
  - **The external environment** which includes the regulatory, economic, technological, legal, and physical environment in which the agency operates.
  - **The business model** due to new technologies, rapid growth, legislation, and other factors.
  - **Leadership** which could lead to changes in management attitudes and philosophies on the system of internal control.
- **Analyzes and responds to changes** - Because changing conditions may prompt new risks or changes to existing risks, management analyzes and responds to identified changes that could significantly impact its system of internal control in order to maintain its effectiveness. Management analyzes and responds to changes using the same process performed for all risks so they are effectively mitigated. Refer to Principle 7 in [Subsection 20.22.40](#).



## 20.24 Control Activities

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20.24.10	Control activities overview	July 1, 2017	<a href="#">132</a>
20.24.20	Control activities principles	July 1, 2017	<a href="#">132</a>
20.24.30	Principle 10 – Designs control activities	July 1, 2017	<a href="#">132</a>
20.24.40	Principle 11 – Designs information systems and related control activities	July 1, 2017	<a href="#">133</a>
20.24.50	Principle 12 – Implements control activities through policies and procedures	July 1, 2017	<a href="#">134</a>

### 20.24.10 Control activities overview

July 1, 2017

Control activities are policies, procedures, techniques, and mechanisms that help ensure that risks to the achievement of an agency's objectives are mitigated. Control activities are performed at all levels of the agency, at various stages within business processes, and over the technology environment. They may be preventive or detective in nature. Preventive controls are designed to deter the occurrence of an undesirable event by implementing procedures to avoid them. Detective controls are designed to identify undesirable events that do occur and alert management about what has happened.

When designing and implementing control activities, management should consider cost versus benefit and the likelihood and impact of the associated risk. Building control activities into business processes and systems as they are being designed is generally more cost-effective than adding them later.

### 20.24.20 Control activities principles

July 1, 2017

There are three principles relating to control activities.

10. Management designs control activities to achieve its objectives and respond to risks.
11. Management designs its information systems and related control activities to achieve its objectives and respond to risks.
12. The agency implements control activities through policies and procedures.



### 20.24.30 Principle 10 – Designs control activities

July 1, 2017

Management designs control activities to achieve its objectives and respond to risks. The following points of focus highlight important characteristics relating to this principle.

- **Integrates with risk assessment** - Control activities help ensure that risk responses that address and mitigate risks are carried out.
- **Considers agency-specific factors** - Control activities address the environment, complexity, nature, and scope of operations, as well as the specific characteristics of the agency.
- **Evaluates a mix of control activity types** - Control activities include a range and variety of controls and may include a balance of approaches to mitigate risks, considering both manual and automated controls, and preventive and detective controls.
- **Considers at what level activities are applied** - Control activities are applied at various levels in the agency.
- **Addresses segregation of duties** - Where segregation of duties is not practical, appropriate alternate control activities are utilized.

### 20.24.40 Principle 11 – Designs information systems and related control activities

July 1, 2017

Management designs its information systems and related control activities to achieve its objectives and respond to risks, taking into consideration Office of the Chief Information Officer policies as applicable. The following points of focus highlight important characteristics relating to this principle.

- **Designs information systems and appropriate control activities** - Management designs (1) its information system to obtain, store, and process quality information and (2) appropriate control activities including defining responsibilities, assigning them to key roles, and delegating authority.
- **Establishes relevant technology infrastructure control activities** - Management selects and implements control activities over the technology infrastructure, which are designed to help ensure the completeness, accuracy, and availability of technology processing.
- **Establishes relevant security control activities** - Management selects and implements control activities that are designed to restrict technology access rights to authorized users commensurate with their job responsibilities and to prevent unauthorized use of and changes to the agency's information system.
- **Establishes relevant technology control activities** - Management selects and implements control activities over the acquisition, development, and maintenance of technology assets.



### 20.24.50 Principle 12 – Implements control activities through policies and procedures

July 1, 2017

The agency implements control activities through policies and procedures. The following points of focus highlight important characteristics relating to this principle.

- **Establishes policies and procedures to achieve its objectives and respond to risks** - The agency establishes policies and procedures that (1) assign responsibility for operational objectives and related risks and (2) incorporate control activities. Policies and procedures may address the timing of when a control activity occurs and any follow up corrective actions to be performed by competent employees if deficiencies are identified.
- **Reassesses policies and procedures** - The agency periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness, and refreshes them when necessary.



## 20.26 Information and Communication

Section	Title	Effective Date	Page Number
20.26.10	Information and communication overview	July 1, 2017	<a href="#">135</a>
20.26.20	Information and communication principles	July 1, 2017	<a href="#">135</a>
20.26.30	Principle 13 – Uses relevant information	July 1, 2017	<a href="#">135</a>
20.26.40	Principle 14 – Communicates internally	July 1, 2017	<a href="#">136</a>
20.26.50	Principle 15 – Communicates externally	July 1, 2017	<a href="#">137</a>

### 20.26.10 Information and communication overview

July 1, 2017

Information and communication are necessary for an agency to carry out its internal control responsibilities to support the achievement of its objectives. Management uses relevant and quality information from both internal and external sources to support the functioning of internal control.

Communication is the continual, iterative process of obtaining and sharing necessary information.

- **Internal communication** is the means by which information is disseminated throughout the agency, flowing up, down, and across the agency.
- **External communication** enables incoming communication of relevant external information and provides information to external parties in response to requirements and expectations.

### 20.26.20 Information and communication principles

July 1, 2017

There are three principles relating to information and communication.

13. The agency obtains or generates and uses relevant, quality information to support the functioning of internal control.
14. The agency internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.
15. The agency communicates with external parties regarding matters affecting the functioning of internal control.



### 20.26.30 Principle 13 – Uses relevant information

July 1, 2017

The agency obtains or generates and uses relevant, quality information to support the functioning of internal control. The following points of focus highlight important characteristics relating to this principle.

- **Identifies information requirements** - Management designs a process that uses the agency's objectives and related risks to identify the information requirements needed to achieve the objectives and address the risks. Information requirements consider the needs of both internal and external users. Management defines the information requirements and relevant level of specificity for all users.

Management identifies information requirements in an iterative and ongoing process that occurs throughout an effective internal control system. As change in the agency and its objectives and risks occurs, management changes information requirements as needed to meet these modified objectives and address these modified risks.

- **Captures relevant data from reliable sources** - Management obtains relevant data from reliable internal and external sources in a timely manner based on the identified information requirements. Relevant data have a logical connection with, or bearing upon, the identified information requirements. Reliable internal and external sources provide data that are reasonably free from error and bias and faithfully represent what they purport to represent.

Management evaluates both internal and external sources of data for reliability. Sources of data can be operational, financial, or compliance related. Management obtains data on a timely basis so that they can be used for effective monitoring.

- **Processes data into information** - Management processes the obtained data into quality information that supports the internal control system. Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis. Management uses the quality information to make informed decisions and evaluate the agency's performance in achieving key objectives and addressing risks.

### 20.26.40 Principle 14 – Communicates internally

July 1, 2017

The agency internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control. The following points of focus highlight important characteristics relating to this principle.

- **Communicates internal control information** - A process is in place to communicate required information to enable all employees to understand and carry out their internal control responsibilities.





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- **Communicates with those charged with governance** - Communication exists between management and those charged with governance so that both have information needed to fulfill their roles with respect to the agency's objectives.
- **Provides separate communication lines** - Separate communication channels are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication when normal channels are inoperative or ineffective. For example, management may have formal or informal channels in addition to the statewide whistleblower program.
- **Selects relevant methods of communication** - The methods of communication consider the timing, audience, and nature of the information.

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### 20.26.50 Principle 15 – Communicates externally

July 1, 2017

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The agency communicates with external parties regarding matters affecting the functioning of internal control. The following points of focus highlight important characteristics relating to this principle.

- **Communicates to external parties** - Processes are in place to communicate relevant and timely information to external parties. External parties include other agencies, regulators, customers and suppliers, financial analysts, external auditors, and the general public.
- **Enables incoming communications** - Open communication channels allow input from external parties, providing management and those charged with governance with relevant information.
- **Communicates with the oversight body** - Information resulting from assessments conducted by external parties is communicated to the oversight body.
- **Provides separate communication lines** - Separate communication channels are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication to supplement normal channels. For example, management may have formal or informal channels in addition to the statewide hotline program.
- **Selects relevant method of communication** - The method of communication considers the timing, audience, cost, nature of the communication and legal, regulatory, and fiduciary requirements and expectations.



## 20.28 Monitoring

Section	Title	Effective Date	Page Number
20.28.10	Monitoring overview	July 1, 2017	<a href="#">138</a>
20.28.20	Monitoring principles	July 1, 2017	<a href="#">138</a>
20.28.30	Monitoring versus control activities	July 1, 2017	<a href="#">138</a>
20.28.40	Principle 16 – Performs monitoring activities	July 1, 2017	<a href="#">139</a>
20.28.50	Principle 17 – Evaluates and communicates deficiencies	July 1, 2017	<a href="#">139</a>

### 20.28.10 Monitoring overview

July 1, 2017

Monitoring is the process of evaluating the quality of internal control performance over time and promptly addressing internal control deficiencies. Monitoring can take the form of ongoing evaluations, which are built into business processes at different levels of the agency, or separate evaluations, which are conducted periodically and vary in scope and frequency, depending on assessment of risks, effectiveness of ongoing evaluations, and other management considerations.

Monitoring of the internal control system is essential in helping internal control remain aligned with changing objectives, environment, laws, resources, and risks.

### 20.28.20 Monitoring principles

July 1, 2017

There are two principles relating to monitoring activities.

16. Management establishes and performs activities to monitor the internal control system and evaluate the results.
17. The agency evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action.



### 20.28.30 Monitoring versus control activities

July 1, 2017

It can be difficult to distinguish between a review that is a control activity and one that is a monitoring activity. Some judgment is involved but determining the intent of the activity can help. An activity designed to detect and correct errors is likely a control activity, while an activity designed to ask why there were errors in the first place and assign responsibility for fixing the process to prevent future errors is likely a monitoring activity. In other words, a control activity responds to a specific risk, while a monitoring activity assesses whether controls within each of the five components of internal control are operating as intended.

### 20.28.40 Principle 16 – Performs monitoring activities

July 1, 2017

Management establishes and performs activities to monitor the internal control system and evaluate the results. The following points of focus highlight important characteristics relating to this principle.

- **Establishes a baseline** - Management establishes a baseline to monitor the internal control system. The baseline represents the difference between the criteria of the design of the internal control system and condition of the internal control system at a specific point in time.
- **Monitors the internal control system** - Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations.
- **Evaluates the results** - Management evaluates and documents the results of ongoing monitoring and separate evaluations to identify internal control issues. Separate evaluations may take the form of self-assessments, which include cross operating unit or cross functional evaluations. Separate evaluations also include audits and other evaluations that may involve the review of control design and direct testing of internal control.

### 20.28.50 Principle 17 – Evaluates and communicates deficiencies

July 1, 2017

The agency evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including those charged with governance and agency management, as appropriate. The following points of focus highlight important characteristics relating to this principle.

- **Communicates deficiencies** - Deficiencies are communicated to parties responsible for taking corrective action, including those charged with governance and agency management, as appropriate. In certain circumstances, deficiencies are also communicated to the State Auditor's



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Office refer to [Subsection 70.75](#) and the Office of Financial Management on the Annual Financial Disclosure Certification. Refer to [Subsection 90.40.95](#).

- **Assesses deficiencies** - Management evaluates and documents internal control issues and, on a timely basis, determines appropriate corrective action for internal control deficiencies.
- **Documents and implements corrective action** - Management documents corrective action to remediate internal control deficiencies. Corrective action includes resolution of audit findings. Depending on the nature of a deficiency, either those charged with governance or agency management oversee its prompt remediation by communicating the corrective action to the appropriate level of the organizational structure and delegating authority for completing corrective action to appropriate employees.



# **Chapter 22**

# **Internal Audit**



## 22.10 Internal Audit Policies

Section	Title	Effective Date	Page Number
22.10.10	Purpose of these policies	July 1, 2017	<a href="#">142</a>
22.10.20	Authority for these policies	July 1, 2017	<a href="#">142</a>
22.10.30	Applicability of these policies	July 1, 2017	<a href="#">142</a>
22.10.40	Source of these policies	July 1, 2017	<a href="#">142</a>

### 22.10.10 Purpose of these policies

July 1, 2017

This chapter provides guidance to agency heads, managers, internal auditors, and all other employees, at agencies required or electing to establish and operate an office of internal audits.

### 22.10.20 Authority for these policies

July 1, 2017

The authority for these policies is [RCW 43.88.160\(4\)\(a\)](#).

### 22.10.30 Applicability of these policies

July 1, 2017

This chapter is applicable to all agencies of the state of Washington, as defined in [RCW 43.88.020\(4\)](#), unless otherwise exempted by statute or rule.

### 22.10.40 Source of these policies

July 1, 2017

These policies are based on and incorporate information from the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing and the Government Accountability Offices [Generally Accepted Government Auditing Standards](#).



## 22.20 Internal Audit Program Required and Elected

Section	Title	Effective Date	Page Number
22.20.10	Internal audit program standards	July 1, 2017	<a href="#">143</a>
22.20.20	Required internal audit program	July 1, 2017	<a href="#">143</a>
22.20.30	Outsourcing the internal audit program	July 1, 2017	<a href="#">143</a>

### 22.20.10 Internal audit program standards

July 1, 2017

1. For those agencies that the Office of Financial Management (OFM) director determines internal audit is required, the agency head or authorized designee has the responsibility and authority to establish and maintain an internal audit program.
2. For those agencies that the OFM director determines internal audit is not required, the agency head or authorized designee may elect to establish and maintain an internal audit program.
3. All internal audit programs, whether required or elected, must follow professional audit standards including generally accepted government auditing standards (GAGAS) or standards adopted by the Institute of Internal Auditors (IIA), or both.

### 22.20.20 Required internal audit program

July 1, 2017

OFM will periodically conduct a review to determine which agencies are required to establish and maintain an internal audit program.

OFM will consider a variety of factors in order to make the determination. These factors include, but are not limited to, size and complexity, FTE, cash and investments, revenue, and levels of risk related to financial activities.

The agencies required to establish and maintain an internal audit program are listed on the OFM Accounting resource site. <https://ofm.wa.gov/accounting/administrative-accounting-resources/internal-audit>.



### **22.20.30 Outsourcing the internal audit program**

July 1, 2017

The internal audit program may only be outsourced with OFM approval. When the internal audit program is outsourced, an appropriately positioned agency employee or board member must still function as the chief audit executive (defined in [Subsection 22.30.20.c](#)) and fulfill the responsibilities of this policy.





## 22.30 Internal Audit Basics

Section	Title	Effective Date	Page Number
22.30.10	Internal audit definition	July 1, 2017	<a href="#">145</a>
22.30.20	Roles and responsibilities	July 1, 2017	<a href="#">145</a>
22.30.30	Professional audit standards	July 1, 2017	<a href="#">146</a>
22.30.40	Organizational independence and objectivity	Jan. 1, 2018	<a href="#">147</a>
22.30.50	Proficiency and due professional care	July 1, 2017	<a href="#">148</a>
22.30.60	Quality assurance and improvement program	July 1, 2017	<a href="#">148</a>
22.30.70	Internal and external auditors	July 1, 2017	<a href="#">148</a>
22.30.80	Annual requirements for state agencies	July 1, 2017	<a href="#">149</a>

### 22.30.10 Internal audit definition

July 1, 2017

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The internal audit program provides assurance that internal controls in place are adequate to mitigate risks, governance processes are effective and efficient, and organizational goals and objectives are being met.

Internal auditing bridges the gap between management and the executive leadership or the board of an agency; assesses the ethical climate and the effectiveness and efficiency of operations; and serves as an organization's safety net for compliance with rules, regulations, and overall best business practices.

Internal audits are performed by professionals employed by the agency who have an in-depth understanding of the business culture, systems, and processes.

The internal audit function is an integral part of the agency and derives its authority from senior management. It serves to promote objective, comprehensive review coverage, and to assure the consideration of audit recommendations.



### 22.30.20 Roles and responsibilities

July 1, 2017

- 22.30.20.a** The **Office of Financial Management (OFM)** will determine for which agencies an internal audit program is required. OFM will periodically review the criteria to determine which agencies are required to establish and maintain an internal audit program.
- 22.30.20.b** The **agency head** will establish an internal audit program when required or elected for the agency. The agency head approves the internal audit charter which formally defines the organizational placement, program responsibilities, authority, and the nature of program activity consistent with the definition of internal auditing, the Code of Ethics and internal audit standards. The agency head establishes an environment supportive of the internal audit program.
- 22.30.20.c** The **chief audit executive (CAE)** is the person within an agency with overall responsibility for the internal audit program. The CAE is responsible for developing the internal audit charter, staffing, administering, and managing the internal audit program to ensure it operates in accordance with professional standards and adds value to the organization. The CAE reports to the agency director or board significant nonconformance of professional standards that impacts the overall scope or operation of the internal audit program.
- 22.30.20.d** Depending on an agency's governance structure, an **audit committee** may be used to help the agency review, monitor, and/or direct the agency's activities related to maintaining effective internal control. An agency audit committee could also improve financial practices and reporting, and enhance both the internal and external audit functions.
- 22.30.20.e** The **internal auditor or other professionals** (internal or external to the agency) may provide assurance and advisory support to management in areas such as developing appropriate procedures to conduct risk assessments and internal reviews of control activities.
- 22.30.20.f** **External auditors** are **not** part of an agency's internal audit program and cannot be a replacement for or supplement to an adequate internal audit program. The role of the external auditor is to provide independent accountability and assurance to the public and external stakeholders. However, this independent assurance is also valuable feedback to those charged with governance and agency management.

### 22.30.30 Professional audit standards

July 1, 2017

The internal audit program must conform to either the International Standards for the Professional Practice of Internal Auditing and Code of Ethics (IIA Red Book), Generally Accepted Government Auditing Standards (GAO Yellow Book), or both.



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Regardless of which set of standards are adopted, the internal auditing program should adhere to the following core principles and mandatory attributes of internal auditing.

### Core principles

- Demonstrates integrity
- Demonstrates quality and continuous improvement
- Demonstrates competence and due professional care
- Communicates effectively
- Is objective and free from undue influence
- Provides risk-based assurance
- Aligns with the strategies, objectives, and risks of the organization
- Is insightful, proactive, and future-focused
- Is appropriately positioned and adequately resourced
- Promotes organizational improvement

### Common mandatory attributes

- Organizational independence
- Individual objectivity
- Proficiency and due professional care
- Quality assurance and improvement program

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## 22.30.40 Organizational independence and objectivity

Jan. 1, 2018

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The internal audit program must be independent, and internal auditors must be objective in performing their work.

**Organizational independence** - Standards require the CAE to report to a level within the organization that allows internal audit to fulfill its responsibilities. Therefore, it is necessary to consider the organizational placement and supervisory oversight/reporting lines of internal audit to ensure organizational independence.

**Individual objectivity** - It is necessary for internal auditors to perform their professional responsibilities with an impartial, unbiased attitude and to avoid any conflict of interest.

Internal auditors are not authorized to:

- Provide assurance services for any area for which they perform operational duties, such as designing or implementing internal controls, developing procedures, installing systems, preparing records, directing employees, or engaging in any other activity that may impair their objectivity.
- Participate in collective bargaining ([RCW 41.80.005](#)).



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- Be designated as the agency Internal Control Officer

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### **22.30.50 Proficiency and due professional care**

July 1, 2017

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Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. In addition, the internal audit program collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.

Due professional care is acting responsibly when providing services and is the individual responsibility of every internal auditor.

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### **22.30.60 Quality assurance and improvement program**

July 1, 2017

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To help ensure the internal audit program is functioning as intended, professional auditing standards require a quality assurance and improvement program.

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### **22.30.70 Internal and external auditors**

July 1, 2017

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State agencies are subject to audit by external organizations, including the State Auditor's Office, the Joint Legislative Audit and Review Committee, federal regulators, and others. An effective internal audit program will coordinate with external auditors to leverage each audit organization's work and help improve overall agency governance.

As an integral part of the organization, internal auditors possess an in-depth understanding of the agency's culture, operations, strategies, and risks. External auditors gain an understanding of operations only as needed to inform their specific audit.

Some key differences between internal and external auditing to consider in coordinating efforts include:

#### **Internal audit**

- Staffed by employees or contractors of the agency.
- Mandated to provide assurance and advice to senior management (and board, if applicable) to improve the state of governance, risk management, and control within the agency.
- Focused on all functions and operations of the agency.
- Required to meet audit standards for organizational independence.
- Provide continuous services to management.



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## External audit

- Staffed by employees or contractors of the external audit organization.
- Mandated by authorizing law, rule, or other authority to provide assurance to external stakeholders (the public, legislature, federal regulators, etc.) on the accuracy of agency reports, compliance with laws and rules, and efficiency of operations.
- Focused on areas stipulated by statute, rule, or authority.
- Independent of the agency.
- Audits may be intermittent or routine such as the end of a fiscal period or grant period.

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## 22.30.80 Annual requirements for state agencies

July 1, 2017

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Annually, each agency director or board of an agency with an internal audit program is required to sign and submit an internal audit certification. By signing the certification, they certify that they are responsible for establishing and maintaining an internal audit program in accordance with [RCW 43.88.160\(4\)](#) and this chapter.

If applicable, a summary of any material nonconformance and a brief corrective action plan must be attached to the certification. “Material nonconformance” is defined as not meeting a core principle or common mandatory attribute to an extent that it impacts the internal audit program’s ability to fulfill its objectives.

The certification is to be submitted as an attachment to the Financial Disclosure Certification form. See [Chapter 90.40](#) for due dates.



# **Chapter 25**

## **Payroll**



## 25.10 About the Payroll Policies

Section	Title	Effective Date	Page Number
25.10.10	Purpose of these policies	May 1, 1999	<a href="#">151</a>
25.10.20	Authority for these policies	Jan. 1, 2012	<a href="#">151</a>
25.10.30	Applicability	Jan. 1, 2019	<a href="#">151</a>
25.10.40	Employee definitions	July 1, 2012	<a href="#">152</a>

### 25.10.10 Purpose of these policies

May 1, 1999

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

### 25.10.20 Authority for these policies

Jan. 1, 2012

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

### 25.10.30 Applicability

Jan. 1, 2019

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

#### 25.10.30.a

General government agencies use a centralized payroll system maintained by the Office of Financial Management.



### 25.10.30.b

The community and technical colleges use the Payroll Personnel Management System maintained by the State Board for Community and Technical Colleges, Information Technology Division.

### 25.10.30.c

Each of the remaining universities uses its own payroll system.

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## 25.10.40 Employee definitions

July 1, 2012

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### 25.10.40.a State Employee

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

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

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

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

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

- The Internal Revenue Service (Revenue Ruling 87-41 and Publication 15 (Circular E)).
- The Washington State Department of Labor and Industries (Chapter 296 WAC).
- The Washington State Department of Retirement Systems ([Chapter 41.47 RCW](#) and the federal/state 218 agreement).
- The Washington State Department of Revenue (Chapter 458 WAC).

If you have questions about whether a specific tax applies, contact the appropriate agency and/or your agency's assistant attorney general. Also refer to applicable state statutes.





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## 25.10.40.b Full Time Equivalent (FTE)

The term "[full time equivalent](#)" (FTE) is a budgeting term used to measure one full calendar year of paid employment, or the equivalent of 2,088 hours (the number of average available work hours in a year). A staff month is equivalent to 174 hours (the average available work hours in a month).

The hours used in FTE calculations are for hours worked by state employees. While the employing agency must always pay appropriate federal and state employment taxes, state statutes may exempt certain groups from the "state employee" definition for FTE computation purposes. The following displays the various types of payroll transactions and the related requirements for FTE reporting:

Payroll Transaction	Sub-object Coding	Required FTE Recognition	Additional Comments
Regular time worked	Object A series - AA - AR as appropriate	Yes	
Regular time worked pay cancellations	Object A series - AA - AR as appropriate	Yes, reduce FTEs by # of canceled pay hours	Record if same fiscal period still open where original pay was issued
Vacation leave buyout at termination	AT	Yes	Calculation on # of vacation leave hours bought out
Boards and Commissions compensation	AE	Yes	Each "day" of pay is considered = to 8 hours
Call-back (WAC 357-28-185 or CBAs)	AU	Yes	2 hours per incident per WAC 357-28-185 or as allowed by CBAs
Compensatory time payouts	AU	Yes	# of OT hours (actual time worked)
Overtime	AU	Yes	# of OT hours (actual time worked)
Sick leave buyouts	AS	Yes	# of hours bought out
Standby payments	HRMS Users: Code to Sub-object AA, Sub-subobject SW03 Non-HRMS Users: Code in Object A series where time worked	No	HRMS = Human Resources Management System AA SW03 = State Classified - Standby
State internship program* (Includes undergraduate and executive fellowship programs)	Code in Object A series where time worked	Yes, but not counted as budgeted FTEs	Use Program 690
State/federal work study program*	AL	Yes, but not counted as budgeted FTEs	Use Program 690
Special employment compensation situations	NW OFM approval required to use	No	Refer to <a href="#">Subsection 75.70.20</a> (NW) for approved programs



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**\*Note:** Program 690 is established for the purpose of recording FTEs related to the state internship and state/federal work study programs. Expenditures related to these programs (wages, employee benefits, and FTEs) are to be charged to Program 690, "Non Budgeted FTEs," in the proper objects of expenditure. State/federal work study payments from the Student Achievement Council are to be coded as interagency reimbursements to sub-object SA, by the receiving agency in Program 690. Payments for the state internship program as well as the agency's share of salaries and benefits related to the state/federal work study program are to be transferred from Program 690 to the agency's appropriate budgeted program(s) using intra-agency reimbursement sub-object TA. **Total expenditures for Program 690 should be zero.** FTEs are to remain in Program 690 as originally expended and are not counted towards an agency's budgeted FTEs in the state's financial system.



## 25.20 Payroll Accounting Requirements

Section	Title	Effective Date	Page Number
25.20.10	Payroll revolving account and other accounts used for payroll activities	Jan. 1, 2019	<a href="#">155</a>
25.20.20	Required payroll records and reports	June 1, 2006	<a href="#">157</a>
25.20.30	Agency required payroll certifications	June 1, 2006	<a href="#">159</a>
25.20.40	Payment and reconciliation of deductions and employer's costs	July 1, 2011	<a href="#">160</a>
25.20.50	Employee transfers between agencies	Jan. 1, 2012	<a href="#">160</a>

### 25.20.10 Payroll revolving account and other accounts used for payroll activities

Jan. 1, 2019

Agencies use various systems to process payroll activities.

#### 25.20.10.a Human Resource Management System

The State Payroll Revolving Account, Account 035, is used for payroll [disbursements](#) by agencies using the Human Resource Management System (HRMS) as maintained by the Office of Financial Management (OFM).

The following procedures are used for transfers and deposits of money to Account 035:

##### 1. Treasury/Treasury Trust Accounts

- Agencies authenticate payroll data in the HRMS system and certify payroll registers for dollar amounts.
- OFM provides journal vouchers and warrant registers indicating the accounts properly chargeable with the payroll expenditures/expenses. OFM then certifies these amounts to the Office of the State Treasurer (OST).
- OST transfers money from the appropriate agency treasury or treasury trust accounts to Account 035 for payroll disbursements chargeable to those accounts.

##### 2. Local Accounts

- Agencies paying employees chargeable to local accounts must use the local account expenditure coding in HRMS.



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- Agencies authenticate payroll data in the HRMS system and certify payroll registers for dollar amounts.
- OFM provides journal vouchers and warrant registers indicating the accounts properly chargeable with the payroll expenditures/expenses. OFM then certifies these amounts to the OST.
- OST transfers money from the Suspense Account 01P to Account 035 for the total amount of payroll disbursements to be made from local accounts.
- Agencies deposit sufficient money in Account 01P to cover for payroll disbursements chargeable to local accounts.
- All transfers or deposits to Account 01P are due at least one day before the scheduled payroll disbursements.
- If agencies fail to transfer or deposit money on time, they will be required to deposit money in advance of payroll preparation.

### 25.20.10.b Other Payroll Systems

Accounts used by other payroll systems vary:

#### 1. Payroll Personnel Management System

Users of the Payroll Personnel Management System maintained by the State Board of Community and Technical Colleges use Account 790 for payroll disbursements.

#### 2. Other Higher Education Agencies with Unique Payroll Systems

Higher education agencies with their own payroll systems may utilize other accounts as either allowed by law or with approval by the Office of Financial Management.

### 25.20.10.c

For treasury and treasury trust accounts, OST redeposits amounts for canceled warrants back to Account 035 where the original disbursements were made. Agencies must complete the disposition of these amounts. The returned amounts are either reissued from Account 035 or transferred back to the accounts originally charged with the payroll expenditures/expenses. Refer to [Subsection 85.38.50](#) for procedures regarding warrants canceled by OST after being outstanding 180 days.

For local accounts, payroll checks that are returned should either be reissued or canceled as appropriate. Payroll checks are normally valid 180 days after issuance and should be canceled when they remain outstanding beyond such time.

For federal work study students, federal requirements may differ. Refer to the Code of Federal Regulations (CFR), Title 34, Section 668.164(h) at: [www.ecfr.gov](http://www.ecfr.gov).

### 25.20.10.d Reconciliations

Agencies are to accurately record and reconcile all payroll activity, regardless of the account(s) used. Refer to [Subsection 85.34.10](#) for accounting entries and reconciliation requirements.



## 25.20.20 Required payroll records and reports

June 1, 2006

The following list shows the records required for payroll accounting. (Equivalent records by another name are acceptable alternatives.) Refer to state and internal agency policies for applicable record retention requirements. The general record retention schedule for state agencies can be found at: <https://www.sos.wa.gov/archives/recordsmanagement/state-agencies-records-retention-schedules.aspx>.

The IRS also has records and retention requirements. Refer to Publications 15 (Circular E, Employer's Tax Guide) and 15A (Employer's Supplemental Tax Guide) for the appropriate tax year on record keeping requirements.

NAME OR TYPE OF RECORD	PURPOSE OF RECORD	CONTENTS OF RECORD
<b>PAYROLL REGISTER</b>  (HRMS: Payroll Journal)	A record produced each pay period showing all employees paid.	<ul style="list-style-type: none"><li>• Warrant or ACH (automated clearing house) number</li><li>• Employee Names</li><li>• Detail of Earnings</li><li>• Deductions/Allowances/Reimbursements</li><li>• Net Pay</li></ul>
<b>WARRANT REGISTER</b>  (HRMS: Warrant/ACH Register Summary)	A listing of employees and other payroll costs paid by warrant.	<ul style="list-style-type: none"><li>• Warrant number</li><li>• Employee names</li><li>• Vendor names</li><li>• Net pay or vendor amount</li><li>• Account Charged</li></ul>
<b>DIRECT DEPOSIT RECORD (ACH REGISTER)</b>  (HRMS: Warrant/ACH Register & Summary)	A listing of employees and other payroll costs paid by direct deposit.	<ul style="list-style-type: none"><li>• ACH number/banking institution</li><li>• Employee names</li><li>• Vendor names</li><li>• Net pay or vendor amount</li><li>• Account Charged</li></ul>



# State Administrative and Accounting Manual

<b>REGISTERS INDICATING EMPLOYEE DEDUCTIONS AND EMPLOYER'S SHARE OF TAXES, INSURANCE, AND RETIREMENT</b>  <b>(HRMS: Accrued and Mandatory Payroll Deduction Report )</b>	<p>Detailed records produced for each pay period for each employee deduction and state share cost.</p>	<ul style="list-style-type: none"> <li>• Federal Income tax (FIT)</li> <li>• OASI, Medicare, and Industrial Insurance</li> <li>• Retirement</li> <li>• Garnishments and other legally required deductions</li> <li>• Other Deductions</li> <li>• Employer portion of taxes, insurance, and retirement</li> </ul>
<b>CALENDAR YEAR-TO-DATE WAGE AND EMPLOYMENT TAX RECORDS TO SUPPORT FEDERAL REPORTING</b>  <b>(HRMS: Employee Year to Date (YTD) Payroll Register)</b>	<p>Detailed record produced for each calendar year which includes:</p> <p>Current month, quarterly, and cumulative year-to-date data for filing quarterly Forms 941/941-X and annual Forms W-2/W-2c.</p>	<ul style="list-style-type: none"> <li>• Gross pay and reductions to gross pay</li> <li>• Gross pay subject to Federal Income Tax (FIT), OASI, and Medicare</li> <li>• Employee FIT, OASI, and Medicare taxes withheld</li> <li>• Employer OASI and Medicare taxes</li> <li>• Taxable Fringe Benefits</li> </ul>
<b>RETIREMENT WORKLISTS AND OTHER TRANSMITTAL ADVICES</b>  <b>(HRMS: Use DRS WBET System)</b>	<p>Listings and advices to report detailed information on eligible employees to retirement systems.</p>	<ul style="list-style-type: none"> <li>• Employees eligible for each retirement plan</li> <li>• Employee retirement deductions</li> <li>• Employer contributions</li> <li>• Other service credit detail</li> </ul>

NAME OR TYPE OF RECORD	PURPOSE OF RECORD	CONTENTS OF RECORD
<b>DISTRIBUTION OF PAYROLL AND RELATED COSTS</b>  <b>(HRMS: Distribution of Payroll and Related Costs)</b>	<p>A listing of each employee by funding source(s).</p>	<ul style="list-style-type: none"> <li>• Payroll and related costs distributed to one or more funding sources</li> </ul>
<b>DEDUCTION AUTHORIZATIONS</b>	<p><i>Employee authorized</i> documents authorizing deductions or reductions from gross pay.</p>	<ul style="list-style-type: none"> <li>• W-4 showing the number of an employee's deductions for FIT</li> <li>• All other voluntary deductions requiring the employee's signature</li> </ul>
<b>LEAVE RECORDS</b>  <b>(HRMS: Attendance System Change Report)</b>	<p>A record of employee leave earned, taken, and balances.</p>	<ul style="list-style-type: none"> <li>• By employee</li> <li>• By leave type</li> <li>• Cumulative leave balance data</li> </ul>



## 25.20.30 Agency required payroll certifications

June 1, 2006

### 25.20.30.a Certification Requirements

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

"I hereby certify that to the best of my knowledge amounts listed in this payroll are true and correct charges and that employees holding a position covered by Chapter 41.06 RCW or other applicable employment contract, have been employed in accordance with the rules, regulations, and orders issued thereunder."

BY \_\_\_\_\_  
(NAME) (TITLE) (DATE)

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

"I hereby certify that to the best of my knowledge amounts listed in this payroll, associated with my agency, are true and correct charges and that employees holding a position covered by Chapter 41.06 RCW or other applicable employment contract, have been employed in accordance with the rules, regulations, and orders issued thereunder."

BY \_\_\_\_\_  
(NAME) (TITLE) (DATE)

### 25.20.30.b Agency Required Records to Support Payroll Certification

1. Agency records include the certification signed by the agency head (or authorized designee):
  - Directly on the payroll register, or
  - On a separate document if the payroll register is on microfiche.
2. A copy of all documents that reflect personnel actions for:
  - Appointment, transfer, promotion, demotion, and salary changes.
  - Any other temporary or permanent changes in employee status.



### 25.20.40 Payment and reconciliation of deductions and employer's costs

July 1, 2011

- 25.20.40.a** Agencies are to design payroll procedures to produce accurate payment of payroll deductions and employer costs to vendors on a timely basis.
- 25.20.40.b** Pay other state agencies by journal voucher or interagency payment whenever possible.
- 25.20.40.c** Timely reconciliations are recommended for:
- **Year-to-date (YTD) data** to ensure information used for preparing federal employment tax payments and reports are correct. Avoid incurring IRS interest and penalty assessments by reconciling YTD wage and tax data to federal deposits, quarterly Forms 941/941-X, and annual Forms W-2/W-2c. Refer to IRS Publication 15 for information regarding resolution of discrepancies and suggestions to reduce errors.
  - **Health insurance data** to ensure that the premiums collected from employees and amounts calculated as employer contributions are proper.

### 25.20.50 Employee transfers between agencies

Jan. 1, 2012

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

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

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

**25.20.50.a Agency Termination Documentation**

The original document that terminates the employee from the transferring agency.

**25.20.50.b Employee Deduction Authorizations**

- Employee written requests authorizing both reductions from gross pay and other deductions.
- All original (past and current) medical, dental, life, long term disability, and any other insurance enrollment forms.

**25.20.50.c Leave Balances**

Employee leave records for vacation, personal holiday, sick, shared leave, and any other leave balances.





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### **25.20.50.d Interagency Transmittals**

Use the following OFM forms (or equivalent) to transmit employee records between state agencies:

- [12-011 Employee Payroll Records Transmittal](#)
- [12-048 Employee Personnel Records Transmittal](#)



## 25.30 Wage Computations

Section	Title	Effective Date	Page Number
25.30.10	Pay periods	Jan. 1, 2016	<a href="#">162</a>
25.30.20	Paydates	Jan. 1, 2016	<a href="#">162</a>
25.30.30	Pay period, workdays, and rate computations	Jan. 1, 2018	<a href="#">163</a>
25.30.40	Fringe benefits	July 1, 2019	<a href="#">167</a>
25.30.50	Compensatory time – Cash-out payments	July 1, 2012	<a href="#">168</a>
25.30.60	Other compensation	Jan. 1, 2018	<a href="#">169</a>
25.30.70	Settlement payments	Oct. 1, 2011	<a href="#">170</a>

### 25.30.10 Pay periods

Jan. 1, 2016

[RCW 42.16.010](#) establishes pay periods for paying all state officers and employees.

Except as otherwise provided in [RCW 42.16.010\(5\)](#), pay periods are semi-monthly. The first pay period is from the first to the fifteenth of the month and the second pay period is from the sixteenth through the last calendar day of the month.

In accordance with [RCW 42.16.010\(5\)](#), institutions of higher education as defined in [RCW 28B.10.016](#) may pay their employees biweekly, in pay periods consisting of two consecutive seven calendar-day weeks.

### 25.30.20 Paydates

Jan. 1, 2016

#### 25.30.20.a Semi-monthly paydates

Agencies shall pay the salaries of all state officers and employees on the semi-monthly paydates identified in WAC 82-50-021, except in instances where it would conflict with [RCW 42.16.010\(3\)](#), contractual rights or as otherwise approved by the Office of Financial Management (OFM).



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For information on specific paydates and other key dates, as well as information on the Department of Treasury “One Day” Deposit Rules for payrolls over \$100,000, refer to OFM’s Payroll Resources website at: <https://ofm.wa.gov/accounting/administrative-accounting-resources/payroll>.

### Exceptions

In accordance with [RCW 42.16.010\(3\)](#), when a national or state guard member is called to participate in state active duty, the paydate for military department state active duty pay shall be no more than seven days following completion of duty or the end of the pay period, whichever is first. When the seventh day falls on Sunday, the paydate shall not be later than the following Monday.

In accordance with WAC 82-50-031, OFM may grant exceptions to the paydates established in 82-50-021 upon written request of an agency. However, the semi-monthly pay periods established by [RCW 42.16.010\(1\)](#) must remain in effect. WAC 82-50-32 addresses terminations of exceptions granted under WAC 82-50-031.

### 25.30.20.b Bi-weekly paydates

In accordance with [RCW 42.16.010\(5\)](#), for institutions of higher education adopting bi-weekly pay periods, actual paydates are lagged seven calendar days after the end of the pay period, except when the paydate falls on a holiday. In this case, the paydate shall not be later than the following Monday.

Each institution adopting a biweekly pay schedule must establish, publish, and notify the director of OFM of the official paydates six months before the beginning of each subsequent calendar year.

**Note:** As no institution of higher education has adopted bi-weekly paydates, Chapter 25 is written in terms of semi-monthly paydates.

### 25.30.20.c RCW 42.16.010 permits agencies to pay overtime, penalty pay, and special pay on the next paydate if:

1. The employee fails to make an accurate and timely report of the information needed to determine the payment; or,
2. The employer lacks reasonable opportunity to verify the claim.

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## 25.30.30 Pay period, workdays, and rate computations

Jan. 1, 2018

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### 25.30.30.a Full-Time Employees

When employees work a full semi-monthly pay period ([RCW 42.16.010](#) and WAC 82-50-021), their pay rate shall be one-half of the actual monthly gross pay. Time worked, for gross pay computations, includes paid leave and holidays.

**Exceptions:** Gross pay computations for full-time employees change when they work less than a full semi-monthly pay period, are on a leave-without-pay status, or their pay rate changes during the pay period.



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## 25.30.30.a.(1) Compute gross pay by:

- Calculating the ratio of time worked in days or hours to the scheduled time available for work in days or hours for that pay period.
- Scheduled time available for work includes paid leave and holidays.
- In cases of promotion or demotion, two calculations are done--one for each salary level. Both calculations are based on the percentage of the days or hours worked to total days or hours available for the pay period at each salary level.
- In addition to basic salary, gross pay includes remuneration for all other compensable services and *available to employees on designated paydates* ([RCW 42.16.010](#)). Refer to [Subsection 25.30.20a](#) for a paydate exception provided by that statute. Other compensable services include overtime, assignment pay, call-back, standby, compensatory time, shift differential premium, performance pay, recognition payments, and other special pay provisions as provided for by law, civil service rules, agency policy or rule, or contract.

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

## 25.30.30.a.(2) Use the following formula to compute pay for fractional semi-monthly pay periods:

$$\frac{\text{Actual time (hours/days) worked in semi-monthly pay period}}{\text{Scheduled work time(hours/days) available in semi-monthly pay period}} \times \frac{\text{Monthly salary rate}}{2} = \text{Gross pay}$$

**Example:** If an employee with a monthly rate of \$2,400 works 24 hours in a pay period containing 88 scheduled working hours, the pay would be computed as follows:

$$\frac{24}{88} \times \frac{\$2,400}{2} = \$327.27$$

In the case of a promotion from \$2,400 to \$2,800 a month, effective on the third work day in the pay period, two calculations are required using the appropriate actual hours and pay rates:

### First Computation:

$$\frac{16}{88} \times \frac{\$2,400}{2} = \$218.18 \text{ (Payment for first two days of pay period)}$$

### Second Computation:



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$$\frac{72}{88} \times \frac{\$2,800}{2} = \$1,145.45 \text{ (Payment for remaining days in pay period)}$$

### **Total Gross:**

$$\$218.18 + \$1,145.45 = \$1,363.63 \text{ (Total payment for pay period)}$$

### **25.30.30.a.(3) Colleges and Universities**

With written approval by the Office of Financial Management (OFM), colleges and universities may use the employee's annualized straight time hourly pay rate for calculating leave-without-pay salary reductions. The annualized hourly rate is determined by dividing the monthly rate by 174, the average number of working hours during a month. If an institution of higher education historically has used an average number of monthly working hours rate other than 174, written OFM approval is required to continue using the other rate

### **25.30.30.a.(4) State Elected Officials**

Use calendar days, including all holidays or workdays, when computing a partial pay period for elected state officials.

$$\frac{\text{Calendar days to pay in semi-monthly pay period}}{\text{Calendar days in semi-monthly pay period}} \times \frac{\text{Monthly salary rate}}{2} = \text{Gross pay}$$

### **25.30.30.b Employees Paid on an Hourly Basis**

Compute hourly employees' gross pay by multiplying the hours worked in the semi-monthly pay period times their hourly pay rate. The hourly rate includes shift premium and assignment pay. The gross pay computation includes paid leave, if eligible. Time worked, for gross pay computations, includes paid leave and holidays.

$$\text{Actual hours worked} \times \text{Hourly rate} = \text{Gross pay}$$

#### **Example:**

$$25 \text{ hours worked} \times \$14.00 \text{ hourly rate} = \underline{\$350.00}$$

### **25.30.30.c Holiday Calculation for Part-Time Employees**

Holidays for part-time employees are paid proportionate to the amount of time in pay status during the month to that required for full-time employment, excluding all holiday hours, if eligible (WAC 357-31-015, 020, 025 or CBAs).

$$\frac{\text{Total month's actual hours worked*}}{\text{Total month's work hours available*}} \times 8 \times \text{Hourly rate} = \text{Gross holiday pay}$$

\*The calculation includes eligible paid leave, but excludes holidays. The calculation does not include overtime, standby, callback, or any other penalty pay.



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**Example:** During the month of May 20xx, a part-time employee worked 90 hours and took one day each of vacation and sick leave. There are 176 work hours available in May (including the Memorial Day holiday). The hourly rate is \$20.00.

90 actual hours worked + 8 hours vacation leave taken + 8 hours sick leave taken = 106.0 hours. Total month's work hours available: 176 hours – 8 hours (holiday) = 168 hours.

Regular pay	106.0 hours x \$20.00	\$ 2,120.00
Holiday pay	106.0/168 hours x 8 hours x \$20.00	+ 100.95
Total pay	(Regular pay + holiday pay)	= \$ 2,220.95

### 25.30.30.d Payments to Commissioners and Board Members

Commissioners and board members are classified in five groups.

#### 25.30.30.d.(1.)Members of a Class 1 Group

These members are generally volunteers and do not receive any compensation (refer to [RCW 43.03.220](#)). Contact the Department of Labor and Industries regarding the appropriateness of medical aid coverage for these volunteers. Refer to [RCW 51.12.035](#).

#### 25.30.30.d.(2) Members of a Class 2, 3, 4, or 5 Group

Consider members of a Class 2, 3, 4, or 5 groups as state employees and process their compensation through the payroll system. (Refer to [RCW 43.03.230 through 43.03.265](#) for group definitions). For purposes of FTE computation, *each day of pay is considered equal to eight hours*.

#### 25.30.30.d.(3) Compensation

Class 2, 3, 4, or 5 group members qualify for compensation for each calendar day they attend official group meetings and/or perform statutory duties approved by their chairperson. Maximum daily rates are defined in [RCW 43.03.230 through 43.03.265](#). A calendar day of compensation includes all meetings or work performed on that day, regardless of how many hours worked or meetings attended. Compensation may only be paid to a member if it is authorized under the law dealing with the specific group to which a member belongs or dealing in particular with members of the specific group.

#### 25.30.30.d.(4) Exception

If a member is employed full-time by the federal government, any Washington State agency, or local governments and receives any compensation from such government for working that day, the member is ineligible for compensation as a board or commission member.

Administering agencies of the Boards or Commissions are to require a written statement from the public employers that no compensation for work was paid for the same days a board or commission paid the member.

#### 25.30.30.d.(5) Expenditure Object Coding

These payments are coded to Subobject AE - State Special.

#### 25.30.30.d.(6) The following deductions apply to the compensation paid to Class 2, 3, 4, and 5 group members:



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- Federal Withholding Tax.
- Old Age and Survivors Insurance (OASI) and Medicare -- Deduct the employee's portion of OASI and Medicare contributions.
- Labor and Industries -- Labor and Industry programs cover all compensated members of Class 2, 3, 4, and 5 groups.

For information regarding the appropriateness of retirement contributions, contact the Department of Retirement Systems at (360) 664-7000 or toll free at 1-800-547-6657.

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### 25.30.40 Fringe benefits

July 1, 2019

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#### 25.30.40.a Mobile devices

Under certain conditions, agencies may authorize employees to use their personal mobile devices to conduct state business. Agencies may authorize a monthly stipend for employees who use a personal mobile device in lieu of a state-issued device. Authorization is allowed only when an employee is required to use a mobile device for the conduct of state business based on job requirements.

Payroll taxes will be withheld if required by law. However, the Office of Financial Management (OFM) has determined that payroll taxes will not need to be withheld on any stipend that complies with [OCIO Policy 191 - Mobile Device Usage](#).

The maximum amount of the monthly stipend varies depending on the type of access authorized.

- Voice access - \$10/month
- Data access - \$30/month
- Voice and data access - \$40/month

State agencies can elect to use the [Cellular Device Authorization and Agreement Form](#).

#### 25.30.40.b Taxable Fringe Benefits

Any property or service that an employee receives from an employer in place of or along with regular wages is a fringe benefit that may be subject to federal employment taxes. If taxable, these benefits are included in gross income and subject to federal income, OASI, and Medicare taxes.

Refer to IRS regulations for the appropriate calendar year regarding specific taxation, valuation, and reporting information. IRS Publication 15-B “Employer’s Guide to Taxable Fringe Benefits” provides detailed information on several types of benefits and is available at:

<http://www.irs.gov/pub/irs-pdf/p15b.pdf>.

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

- Gift certificates
- Awards and prizes
- Personal use of agency provided vehicles, such as commuting between official residence and official workstation



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- Clothing allowances
- Moving expenses
- Educational assistance
- Lodging
- Meals
- Unspent, unreturned travel advances

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

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### 25.30.50 Compensatory time – Cash-out payments

July 1, 2012

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#### 25.30.50.a General

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

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

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

#### 25.30.50.b Calculating rate for compensatory time cash-out payments

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

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

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

2. Upon termination of employment, compensatory time cash-out payments shall be paid at the higher of:





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

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

### 25.30.50.c Recording compensatory time payable

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

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## 25.30.60 Other compensation

Jan. 1, 2018

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### 25.30.60.a Relocation compensation and moving expenses

#### 25.30.60.a.(1) Relocation compensation

If the employee receiving relocation compensation terminates or causes termination with the state within one year of the date of the appointment or transfer, that employee may be required to pay back the lump sum payment.

If the termination is a result of layoff, disability separation, or other good cause as determined by the agency head, the employee will not have to pay back the relocation compensation.

Refer to [RCW 43.03.125](#), WAC 357-28-310 through 320, or individual CBAs.

Relocation compensation is subject to federal employment taxes and should be coded to sub-object BZ "Other Employee Benefits."

#### 25.30.60.a.(2) Moving expenses

An agency may pay the moving costs of qualified or transferred employees subject to requirements and restrictions in [Chapter 60](#).

*Tax code change effective January 1, 2018:*



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*All moving expenses, whether paid directly to the employee or to a vendor on behalf of the employee, are considered taxable income. Employees and agencies should consult Internal Revenue Service regulations for further guidance.*

### **25.30.60.b Recruitment and retention premiums**

An employer may adjust an employee's base salary within the salary range to address issues that are related to recruitment, retention or other business related reasons. Under certain conditions, an employer may authorize additional pay to support the recruitment or retention of the incumbent or candidate for a specific position. Refer to WAC 357-28-090 and 095.

Recruitment and retention premiums are coded to the sub-object used for the employee's normal salaries and wages.

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## **25.30.70 Settlement payments**

Oct. 1, 2011

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Sometimes an agency pays a settlement to a current or former employee that is attributable to wages. These settlements are negotiated through either the Department of Enterprise Services, Office of Risk Management or the Office of the Attorney General.

The person handling the settlement should conduct an analysis of the origin of the claim. If any portion is attributable to wages, that portion should be identified and processed through an agency's payroll system. Refer to [Subsection 25.10.30](#).

If applicable, once the agency has approved the settlement, a request for reimbursement from the self insurance Liability Account (Account 547) should be forwarded by the agency to the Office of Risk Management.

For more information, refer to OFM's Payroll Resources website at: <https://ofm.wa.gov/accounting/administrative-accounting-resources/payroll>.



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## 25.40 Leave

Section	Title	Effective Date	Page Number
25.40.10	Shared leave	Mar. 1, 2022	<a href="#">171</a>
25.40.12	Uniformed service shared leave pool	Dec. 28, 2020	<a href="#">180</a>
25.40.13	Veterans' in-state service shared leave pool	Dec. 28, 2020	<a href="#">181</a>
25.40.14	Foster parent shared leave pool	Dec. 28, 2020	<a href="#">182</a>
25.40.15	Sick leave pools	May 20, 2010	<a href="#">183</a>
25.40.20	Vacation leave buyout at termination	Mar. 1, 2022	<a href="#">183</a>
25.40.30	Accrued sick leave buyout	July. 1, 2013	<a href="#">184</a>
25.40.40	Workers' compensation time loss payments	Oct. 1, 2013	<a href="#">186</a>
25.40.50	Recognition leave	Jan. 1, 2009	<a href="#">190</a>

### 25.40.10 Shared leave

Mar. 1, 2022

#### 25.40.10.a General guidelines

Per [RCW 41.04.650 through 670](#), the state's shared leave program allows a state employee to come to the aid of another state employee who is likely to take leave without pay or terminate his or her employment because:

- The employee suffers from, or has a relative or household member suffering from, an illness, injury, impairment, or physical or mental condition which is of an extraordinary or severe nature;
- The employee has been called to service in the uniformed services;
- The employee is a current member of the uniformed services or is a veteran as defined under [RCW 41.04.005](#), and is attending medical appointments or treatments for a service connected injury or disability;
- The employee is a spouse of a current member of the uniformed services or a veteran as defined under [RCW 41.04.005](#), who is attending medical appointments or treatments for a service connected injury or disability and requires assistance while attending appointments or treatments;



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- A state of emergency has been declared anywhere within the United States by the Federal or any state government and the employee has needed skills to assist in responding to the emergency or its aftermath and is volunteering with a governmental agency or a nonprofit organization to provide humanitarian relief in the devastated area, and the governmental agency or nonprofit organization accepts the employee's offer of volunteer services;
- The employee is a victim of domestic violence, sexual assault or stalking;
- The employee needs the time for parental leave; or
- The employee is sick or temporarily disabled because of pregnancy disability.

When taken, this leave is classified as Shared Leave and tracked separately over the state career of the recipient employee (donee).

WAC 357-31-380 through 455, or collective bargaining agreements (CBAs), establishes the definition and eligibility requirements for the state leave sharing program.

*Until the expiration of [Proclamation 20-05](#), issued February 29, 2020, by the Governor and declaring a state of emergency in the state of Washington, or any amendment thereto, whichever is later, an agency head may permit an employee to receive shared leave under [RCW 41.04.665](#) if the employee, or a relative or household member, is isolated or quarantined as recommended, requested, or ordered by a public health official or health care provider as a result of suspected or confirmed infection with or exposure to the 2019 Novel Coronavirus (COVID-19). An agency head may permit use of shared leave under this subsection (1)(f) without considering the requirements of subsection (1)(a) through (1)(e) of [RCW 41.04.665](#). Refer to [WAC 357-31-390\(6\)](#).*

Within these rules, the head of each agency determines the agency's level of participation in the program

The agency head may not prevent an employee from using shared leave intermittently or on nonconsecutive days so long as the leave has not been returned.

Agencies are strongly encouraged to establish policies that encompass these rules and that set internal procedures for managing the program.

### 25.40.10.b Definitions

**Employee** – Any employee entitled to accrue sick, vacation, or personal holiday leave and for whom an agency has maintained leave records.

**Donor** – The employee making the donation of leave.

**Donee** – The employee receiving the donation of leave (recipient).

**Donated leave** – The dollar value of the leave hours a donor donates through the Shared Leave Program.

**Shared leave** – The donated leave converted to hours by the receiving agency at the donee's rate of pay. This may be more or less than the literal hours donated, depending on the relative salary rates of the respective employees.



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**Shortly deplete** – The employee will have 40 hours or less of the applicable leave types under Subsection (1)(d) of [RCW 41.04.665](#). Refer to [Subsection 25.40.10.c.4.b](#).

## **25.40.10.c Shared leave program requirements and restrictions**

### **1. Salaries and wages**

Employees on shared leave continue to receive the same salary, wage, and employee benefits that they normally receive when using accrued leave. Refer to [RCW 41.04.665\(7\)](#).

### **2. Shared leave requester**

- a. An agency shall require the employee requesting shared leave to submit a medical statement supporting the request. A licensed physician (or health care practitioner) should:
  - Verify the severity or extraordinary nature of the condition.
  - Determine the expected duration of the condition.

The requirement for a medical statement may be waived in unusual circumstances where such a statement may not be available, such as a pandemic emergency. In order for the requirement to be waived, an agency must establish a policy that, at a minimum, addresses the nature of the unusual circumstances under which a medical statement is not required; the limits, if any, imposed by the agency on the amount of shared leave that may be granted without a medical statement; and the agency official with authority to approve shared leave granted without a medical statement.

- b. An agency shall require an employee called to service in the uniformed services who is requesting shared leave to submit a copy of the military orders verifying the employee's required absence.
- c. An agency shall require an employee who is a victim of domestic violence, sexual assault or stalking to submit supporting documentation. WAC 357-31- 405 provides a listing of acceptable types of documentation.
- d. An agency shall require an employee volunteering his or her services to either a governmental agency or a nonprofit organization to assist in disaster relief efforts in response to a declared federal or state emergency or its aftermath to submit proof of acceptance of the employee's services by the government agency or nonprofit organization.

Refer to WAC 357-31-390 and 405, or CBAs for other acceptable uses and associated documentation requirements.

### **3. Types and limitations on leave donations**

#### **a. Vacation leave**

Employees may donate vacation leave if this does not cause their vacation leave balance to fall below eighty hours. For part-time employees, requirements for vacation leave balances are prorated.



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Additionally, certain CBAs specify that an employee may not donate excess vacation leave (hours in excess of 240) that the donor would not be able to take due to an approaching anniversary date. Prior to the donation, the donor's supervisor (or equivalent) determines how much of the excess leave the employee could use prior to the employee's anniversary date.

Because only approved usable excess leave can be donated, affected employees do not need a second approval to receive any remaining excess donated leave back should a reversion occur.

### b. Sick leave

Employees may donate any amount of sick leave provided the donation does not cause their sick leave balances to fall below 176 hours after the transfer.

**Note:** [RCW 41.04.665](#) allows employees of higher education institutions who do not accrue vacation leave but do accrue sick leave to donate sick leave. The donation cannot cause the employee's sick leave balance to fall below 22 days.

### c. Personal holiday

An employee may donate all or part of a personal holiday. Any portion of the personal holiday that is not used shall be returned to the donating employee, and may be used by the donor if the returned donation occurs and is then used in the same calendar year that it was donated. For represented employees, check CBA for returns that cross calendar years.

## 4. Limitations on receipt of shared leave

### a. Maximum shared leave per person

An employee may not receive more than 522 days of shared leave for the entire duration of state employment. For this purpose, eight hours shall constitute a day ([RCW 49.28.010](#)) unless otherwise required by statute, regulations, or employment contract.

An employer may authorize leave in excess of 522 days in extraordinary circumstances for an employee qualifying for shared leave because the employee is suffering from an illness, injury, impairment, or physical or mental condition which is of an extraordinary or severe nature.

### b. When shared leave can be used

WAC 357-31-435 or CBAs require employees to use all compensatory time, recognition leave, and personal holiday that they have accrued before using shared leave. Refer to these resources as well as [RCW 41.04.665](#) for further guidance.

Additionally, before using shared leave for:

- Medical purposes, parental leave, or pregnancy disability:
  - The employee is required to use all of their holiday credit before using shared leave.
  - The employee is not required to deplete all of their accrued vacation leave and sick leave and can maintain up to 40 hours of each in reserve.



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- Being called to service in the uniformed services:
  - The employee is required to use all of their holiday credit before using shared leave.
  - The employee is not required to deplete all of their accrued vacation leave and paid military leave and can maintain up to 40 hours of each in reserve.
- Current members of the uniformed services or veterans attending medical appointments or treatments and spouses assisting those individuals:
  - The employee is not required to deplete all of their accrued vacation leave and sick leave and can maintain up to 40 hours each in reserve.
- A state of emergency, victim of domestic violence, sexual assault, or stalking:
  - The employee is required to use all of their holiday credit before using shared leave.
  - The employee is not required to deplete all of their accrued vacation leave and can maintain up to 40 hours in reserve.

For work related illness or injury, an employee receiving industrial insurance wage replacement benefits may not receive greater than 25 percent of his or her base salary from the receipt of shared leave.

**Note:** Once an employee uses authorized shared leave, the employee shall not be required to repay to the agency the value of the leave used.

### 5. Transfer of shared leave

Shared leave can transfer:

- Within a state agency and account,
- Between accounts or agencies, or
- Between agencies, educational service districts, and school districts.

Transfer of leave requires approval from the head or designee of both the donor and donee agencies, educational service districts, or school districts. It is recommended that an agency's shared leave policies include approval procedures and identify authorized designees.

If a shared leave account is closed and an employee later has a need to use shared leave due to the same condition listed in the closed account, the agency head must approve a new shared leave request for the employee.

#### 25.40.10.d Computation of leave transferred

In transferring leave from the donor to the donee, it is the donor's dollar value of the leave that transfers and purchases shared leave for the donee at the donee's salary rate.

Calculate the **dollar value** of donated leave using the donor's total current salary rate times the hours donated.



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For the donee, divide the **dollar value** received by the donee's total current salary rate to determine the leave hours to record.

### Definition of Formula Elements for Calculating Shared Leave:

**Regular salary rate = Current hourly rate OR Monthly rate / 174 (or monthly hours)**

**\*Fringe benefits rate = 48% x Regular salary rate**

**Total salary rate = Regular salary rate + Fringe benefits rate**

**\*Formula for deriving the fringe benefit rate is in Subsection [25.40.10.j](#).**

### Donor Formula for Shared Leave Transfer Calculation:

**Dollar value of donated leave = Donated leave hours x Donor's total salary rate**

**Reduce the donor's leave balance by the number of hours donated.**

### Donee Formula for Shared Leave Received:

**Shared leave hours credited to donee = Dollar value of donated leave received / Donee's total salary rate**

**Record the donee's shared leave balance for the calculated shared leave hours received.**

### **25.40.10.e Recording donated leave transfer(s) in accounting and payroll systems:**

- Transfer the dollar value of donated leave using a [Journal Voucher \(A7\)](#) for transfers between treasury and/or treasury trust accounts.
- Use a warrant or a check for transfers between treasury/treasury trust accounts and local accounts, educational service districts, and school districts.
- Attach documentation to the JV or warrant or check, showing the name(s) of the employee(s) receiving the shared leave.
- Record the transfer in the appropriate accounting and payroll systems. *It is recommended agencies record the shared leave transactions, at a minimum, on a quarterly basis.* Refer to [Subsection 85.34.20](#) for related accounting entries.

### **25.40.10.f Shared leave records**

The agency head or designee must maintain the following shared leave information at a minimum:

- Number of leave requests received.





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- Number of leave requests granted.
- Nature of requests.
- Name and agency of donors.
- Amount of leave transferred in or out.
- Value of leave transferred in or out.
- Date leave was taken for each occurrence.

Record donated leave as shared leave in agency leave records and maintain it separately from all other leave balances.

### 25.40.10.g Unused shared leave

1. The value of any leave transferred under this section which remains unused shall be returned at its original value to the employee or employees who transferred the leave when the agency head finds that the leave is no longer needed or will not be needed at a future time in connection with the illness or injury for which the leave was transferred or for any other qualifying condition. Unused shared leave may not be returned until one of the following occurs:
  - The agency head receives from the affected employee a statement from the employee's doctor verifying that the illness or injury is resolved.
  - The employee is released to full-time employment, has not received additional medical treatment for his or her current condition or any other qualifying condition for at least six months, and the employee's doctor has declined, in writing, the employee's request for a statement indicating the employee's condition has been resolved.
2. Upon reversion, the **donee agency** completes the following steps:
  - Determine the donee's shared leave hours remaining.
  - Calculate the dollar value using the donee's original total salary rate and return the dollars to the appropriate donor agency or account (if applicable). Refer to [RCW 41.04.665\(9\)](#). Any reversion must use the same total salary rate basis that was used to provide the shared leave hours to the donee. Otherwise, the dollar value per reverted hour returned to the donor agency or account will be more or less than received, depending on how a donee's current total salary rate may have changed. Refer to [Subsection 85.34.20](#) for accounting entries, including the entries to return shared leave value within an account.
  - Reduce the donee's shared leave balance to zero. Also, restore the donor's applicable reverted leave hours if in the same agency.



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### Formula for calculating the return of shared leave to the donor:

**Dollar value of reverting shared leave to donor agency and/or account = Shared leave hours remaining x donee's original total salary rate**

**Reduce the donee's available shared leave balance to zero and prepare transfer of the remaining dollar value of the leave back to the donor agency and/or account.**

3. Upon reversion, the *donor agency* completes the following steps:
- Receive the returned cash from another agency and/or account. If the donor was within the same agency and same account, then receive the dollar value only. Refer to [Subsection 85.34.20](#).
  - Calculate the number of hours to restore to the donor using the donor's current total salary rate. In order to reflect the current cost of re-establishing leave hours, the donor's current salary rate is used.
  - Restore the calculated leave hours to the donor.

### Formula for converting the dollar value of returned leave to one donor:

**Converting the dollar value of returned shared leave into donor hours =  
Dollar value of returned shared leave / Donor's current total salary rate**

**Record the calculated hours returned to the donor's leave balance.**

#### 4. Calculating reverting shared leave hours from **multiple donors**

Where more than one employee donated leave to an individual, calculate reverting leave on a prorated basis using either the shared leave hours provided or dollars received by the donee. The following example uses dollars received.

This is a three-step process.

### Step 1: Calculate this percentage for each donor:

**Percentage of residual shared leave returned to donor =  
Shared leave dollars received from Employee 1 / Total dollar value of shared leave received**

### Step 2: Calculate the dollar value of shared leave reverting back to the donor:

**Dollar value of shared leave reverting back to donors =  
% calculated x Shared leave hours remaining x Donee's original total salary rate**



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### **Step 3: Calculate leave hours returned to the donor:**

**Converting the dollar value of returned shared leave into donor hours =**  
**Dollar value of reverting shared leave from Step 2 / Donor's current total salary rate**

**Note:** A special reversion situation occurs when a donee depletes the initial shared leave hours received, and then receives additional donations. In this case, should there be a reversion of the additional leave received, do not include in the reversion proration the **donor(s)** and the hours of the initial donation. In effect, batches of donated shared leave are used on a first-in, first-out basis and reversion is limited to the remaining batch. Each batch (pool) is considered closed at the time its available shared leave balance reaches zero.

To comply with the cost containment provisions of [RCW 41.04.670\(3\)](#), accounting batches may be restricted to record only the amount of shared leave actually needed by donees on a payroll period by payroll period basis from a list of potential donors maintained on a first-in, first-out basis.

Agencies should communicate to potential donors the agency's shared leave policy in regard to how shared leave donations will be applied.

#### **25.40.10.h Donation and reversion calculation examples**

For a sample donation and reversion case, refer to OFM's Payroll Resources website at: <https://ofm.wa.gov/accounting/administrative-accounting-resources/payroll>.

#### **25.40.10.i Direct questions on shared leave calculation to OFM**

Direct any questions arising due to the transfer of funds or the adjustment of appropriation authority with regard to the Shared Leave Program to the agency's assigned OFM financial consultant.



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## 25.40.10.j Formula for fringe benefit rate

<b>Formula for Deriving the Fringe Benefit Rate:</b>		
<b>Benefits (Object B) as a percentage of salaries and wages</b>		<b>33.93%</b>
<b>Accrued holidays, sick leave, and vacation leave</b>		<b>14.56% **</b>
		<b>Total 48.49% (Rounded to 48%)</b>
<b>**The additional 14.56% provides for holidays, sick leave, and vacation leave that an employee could potentially earn while on shared leave. The following formula is the method OFM has historically used to derive the percentage.</b>		
<b>Holidays</b>		<b>12 days a year</b>
<b>Sick Leave</b>		<b>12 days a year</b>
<b>Vacation Leave</b>		<b>14 days a year</b>
<b>Total</b>		<b>38 days a year</b>
	<b>X</b>	<b>8 hours per day</b>
<b>TOTAL</b>		<b>304 hours</b>
		<b>304 ÷ 2,088 = 14.56%</b>

## 25.40.12 Uniformed service shared leave pool

Dec. 28, 2020

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

The Military Department, in consultation with the Office of Financial Management (OFM), administers the USSLP. Procedures can be found on OFM's Payroll Resources website at: <https://www.ofm.wa.gov/accounting/administrative-accounting-resources/payroll>.

In order to participate in the USSLP, employers must develop a written policy which, at a minimum, addresses:

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

Higher education institutions shall adopt policies consistent with the needs of the employees under their respective jurisdictions.

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



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Leave that is donated or received is calculated consistent with the Washington State Leave Sharing Program. Refer to [Subsection 25.40.10](#). However, shared leave received under the USSLP is not included in the 522 day total specified in [RCW 41.04.665](#).

The employee is not required to deplete all of their accrued vacation leave and paid military leave and can maintain up to 40 hours of each in reserve.

Refer to [Subsections 85.42.50.f and g](#) for illustrative entries.

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### 25.40.13 Veterans' in-state service shared leave pool

Dec. 28, 2020

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Per [RCW 41.04.672](#), the veterans' in-state service shared leave pool (VISSLP) allows general government and higher education employees to voluntarily donate leave to be used by any eligible employee who meets the following criteria:

- The employee is a current member of the uniformed services or is a veteran as defined under [RCW 41.04.005](#), and is attending medical appointments or treatments for a service connected injury or disability; or
- The employee is a spouse of a current member of the uniformed services or a veteran as defined under [RCW 41.04.005](#), who is attending medical appointments or treatments for a service connected injury or disability and requires assistance while attending appointments or treatments.

WAC 357-31-750 through 830 establishes the rules for the VISSLP.

The Department of Veterans' Affairs, in consultation with the Office of Financial Management (OFM), administers the VISSLP. Procedures can be found on OFM's Payroll Resources website at: <https://www.ofm.wa.gov/accounting/administrative-accounting-resources/payroll>.

In order to participate in the VISSLP, employers must develop a written policy which, at a minimum, addresses:

1. Eligibility requirements for use of the VISSLP.
2. Donation of leave to the pool.
3. Use of veterans' in-state service shared leave.
4. Abuse of pool.

Higher education institutions shall adopt policies consistent with the needs of the employees under their respective jurisdictions.

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

Leave that is donated or received is calculated consistent with the Washington State Leave Sharing Program. Refer to [Subsection 25.40.10](#). However, shared leave received under the VISSLP is not included in the 522 day total specified in [RCW 41.04.665](#).



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The employee is not required to deplete all of their accrued vacation leave and sick leave and can maintain up to 40 hours of each in reserve.

Refer to Subsections [85.42.50.f and g](#) for illustrative entries.

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### 25.40.14 Foster parent shared leave pool

Dec. 28, 2020

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Per [RCW 41.04.674](#), the foster parent shared leave pool (FPSLP) allows employees as defined in [RCW 41.04.655](#) to voluntarily donate leave to be used by any eligible employee who is a licensed foster parent pursuant to [RCW 74.15.040](#) needing to care for or preparing to accept a foster child in their home.

WAC 357-31-835 through 920 establishes the rules for the FPSLP.

The Department of Children, Youth, and Families, in consultation with the Office of Financial Management (OFM), administers the FPSLP. Procedures can be found on OFM's Payroll Resources website at: <https://www.ofm.wa.gov/accounting/administrative-accounting-resources/payroll>.

In order to participate in the FPSLP, employers must develop a written policy which, at a minimum, addresses:

1. Amount of leave that may be withdrawn from the FPSLP.
2. Eligibility requirements for use of the FPSLP.
3. Donation of leave to the pool.
4. Use of foster parent shared leave.
5. Misuse of pool.

Higher education institutions shall adopt policies consistent with the needs of the employees under their respective jurisdictions.

An agency head or higher education president may limit the amount of leave an employee may donate to or receive from the pool.

Leave that is donated or received is calculated consistent with the Washington State Leave Sharing Program. Refer to [Subsection 25.40.10](#). Shared leave received under the FPSLP is separate from and not included in the 522 day total specified in [RCW 41.04.665](#). Refer to WAC 357-31-880.

- Refer to WAC 357-31-875 for the maximum number of hours the employee can receive from the FPSLP.
- Refer to WAC 357-31-895 for what types of leave must be used prior to using shared leave from the FPSLP.

The employee is not required to deplete all of their accrued vacation leave and sick leave and can maintain up to 40 hours of each in reserve.

Refer to Subsections [85.42.50.f and g](#) for illustrative entries.



### 25.40.15 Sick leave pools

May 20, 2010

Per [RCW 41.04.680](#), general government state employees may pool sick leave within an agency to be used by participating employees who have a personal illness, accident, or injury. WAC 357-31-570 through 635 establish the rules for creating and administering a sick leave pool. Prior to creating a sick leave pool, an agency must appoint an administrator and develop a written policy.

For purposes of calculating maximum sick leave that may be donated or received by any one employee, pooled sick leave is counted and converted in the same manner as sick leave under the Washington state Leave Sharing Program.

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

This provision is for non-represented employees only.

### 25.40.20 Vacation leave buyout at termination

Mar. 1, 2022

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

Compute termination leave payments by multiplying an average hourly rate times the number of vacation leave hours accumulated. Determine the average hourly rate by multiplying .0064\* times the monthly salary rate. The fraction of .0064 is based upon the number of work hours in an average month. Do not include premium pay such as standby, shift differential, and overtime in the monthly salary rate used as the basis for termination leave payment.

\*The formula for deriving the .0064 factor follows.

#### Formula for Deriving the Vacation Leave Buyout Termination Factor:

Step 1: 365 days - 104 Saturdays and Sundays - 12 Holidays - 14 days of vacation leave = 235 Days

Step 2: 235 Days \* 8 hours = 1,880 hours in a calendar year

Step 3: 1,880 hours / 12 months = 156.66 average hours per month

Step 4: 1 hour / 156.66 average hours per month = .0064



### 25.40.30 Accrued sick leave buyout

July 1, 2013

#### 25.40.30.a Authority

In order to provide eligible state employees an attendance incentive program, [RCW 41.04.340](#) establishes rules when monetary compensation may be paid for accrued sick leave. Compensation is permitted for only that portion of sick leave accumulated at a rate of one day (8 hours) per month.

WAC 357-31-150 or collective bargaining agreements (CBAs) provide additional rules and guidance.

#### 25.40.30.b Eligibility rules

##### 1. Continuing employees

- In January of the year following any year in which a minimum of sixty days (480 hours) of sick leave is accrued, and at no other time, an eligible employee may elect to receive compensation for the unused sick leave accumulated only in the previous year.
- Compensation is payable at 25% for any of the prior year's unused sick leave hours the employee elects to receive. However, no sick leave hours may be converted which would reduce the calendar year-end balance below 480 hours. Payment is based on the employee's current salary.
- Sick leave for which compensation has been received is deducted from accrued sick leave at the rate of 4 days for every 1 day paid.

##### 2. Terminating employees

Eligible employees (or their estates) who separate from state service due to retirement or death may elect to receive compensation for unused sick leave at the rate of 25% of accumulated accrued sick leave. The compensation is based on the employee's salary at the time of separation.

#### 25.40.30.c Medical expense plans

[RCW 41.04.340 \(7-9\)](#) authorizes retiring state employees to participate in medical expense plans, subject to conditions provided in statute, WAC 357-31-375, or CBAs. In lieu of remuneration for unused sick leave at retirement, agencies may, with equivalent funds, provide eligible employees with a benefit plan that provides for reimbursement for medical expenses.

#### 25.40.30.d Determination of the current hourly rate

The appropriate current hourly rate for sick leave buyout compensation depends on how an eligible employee is paid. Most situations are addressed in the following examples.

- For an employee paid a monthly salary based upon an official Washington State Human Resource System Salary Schedule, divide the monthly salary rate by 174 (average number of hours in a month). The salary schedules can be found online at: <https://ofm.wa.gov/state-human-resources/>





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[compensation-job-classes/compensation-administration/compensation-plan-components/salary-schedules](https://ofm.wa.gov/state-human-resources/compensation-job-classes/compensation-administration/compensation-plan-components/salary-schedules).

- For an employee paid a salary based on a contract stating the number of contract days, divide the contracted salary by the number of contracted days to obtain a daily rate. Then divide the daily rate by the appropriate number of hours per day established for that contract to derive the hourly rate.
- For an employee paid a salary based on a yearly contract, divide the yearly salary by 12. The hourly rate is then calculated by dividing the computed monthly salary by 174 hours.
- If an employee is paid an hourly rate in accordance with an agreement negotiated between an employee organization and the state or based on an hourly rate from an official Washington State Human Resource System Salary Schedule, that hourly rate is the official rate for computing sick leave compensation. The salary schedules can be found online at: <https://ofm.wa.gov/state-human-resources/compensation-job-classes/compensation-administration/compensation-plan-components/salary-schedules>.

### 25.40.30.e Exemption from retirement credit

Do not take retirement contributions on payments for sick leave buyouts. Compensation for unused sick leave is not used in computing retirement allowances.

### 25.40.30.f Buyout upon disability or death

Per [IRS Publication 15-A](#), sick leave buyouts made to employees who retire due to disability, or to deceased employees' survivors, are exempt from Old Age and Survivors Insurance (OASI) and Medicare taxes.

### 25.40.30.g Buyout calculation

#### Calculation for a Continuing Employee:

**Sick Leave Hours Unused in Previous Year in Excess of 480 Hours Elected for Buyout 25% x Employee's current hourly salary rate\* = Buyout**

#### Calculation for a Terminating Employee:

**All Unused Sick Leave Hours Remaining x 25% x Employee's Current Hourly Salary Rate\* = Buyout**

**\*Refer to [Subsection 25.40.30.d](#) for determination of the current hourly rate.**

**Example:** An eligible employee has 650 hours of unused sick leave as of January 1, 20xx. The employee has 48 hours of unused prior year sick leave.

Calculation for a **Continuing** Employee: (25% x 48 hours) Pay 12 hours

Calculation for a **Terminating** Employee: (25% x 650 hours) Pay 162.5 hours



### 25.40.40 Workers' compensation time loss payments

Oct. 1, 2013

#### 25.40.40.a Authority

Under [RCW 51.32.090](#), employees cannot receive time loss payments for any period in which they receive their regular salary or wages. For purposes of determining eligibility for time loss payments, regular salary or wages do not include holiday pay, vacation pay, sick leave, or similar paid leave.

However, a collective bargaining agreement (CBA), a rule, or an agency policy can require recovery of time loss payments under certain circumstances. **Be sure to consult these resources to determine whether time loss payments to an employee are subject to recovery.**

#### 25.40.40.b Agency procedures for time loss determinations

##### 1. Department of Labor and Industries notifications

The Department of Labor and Industries (L&I) notifies the agency of time loss payment amounts made to the agency's employees and the time periods covered.

##### 2. Agency receipt of notice

When an agency receives notice of time loss payments, the agency determines the nature of paid leave used by the employee, if any, during the disability period covered by workers' compensation.

##### 3. Employee options

Under WAC 357-31-235 or CBAs, employees can select from the following options:

- Time loss compensation exclusively,
- Accrued paid leave exclusively (excluding shared leave), or
- A combination of time loss compensation and accrued paid leave.

##### 4. Eligibility for time loss payment is not affected by the use of these leave types:

- Vacation pay
- Sick leave
- Compensatory time
- Exchange time
- Holiday pay

##### 5. Shared leave

An employee who qualifies for time loss compensation cannot use shared leave for the same time period. RCW 41.04.665(1)(f) requires an employee to have diligently pursued and been found to be ineligible for benefits under Chapter 51.32 for a work related illness or injury in order to be eligible for the shared leave program for medical purposes.



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**Note:** If an employee inadvertently receives shared leave and is subsequently approved for benefits under Chapter 51.32, the employee shall not be required to repay to the agency the value of the shared leave used.

### 6. Time loss recovery

CBAs, a rule or an agency policy may require an agency to recover time loss payments if an employee receives both sick leave and time loss payments during a disability period.

#### 25.40.40.c Time loss recovery procedures

When time loss recovery is required by a CBA, a rule or an agency policy, upon notification by the Department of Labor and Industries (L&I) that an employee has received time loss payments, the agency is to determine if the employee received paid sick leave during the temporary disability period. If the employee received paid sick leave for a period covered by time loss payments, the agency is to recover the dollar value of the sick leave by having the employee select one of the following:

##### 1. The employee keeps the time loss payment but has a comparable salary reduction.

- Compute the employee's gross salary less the amount of the applicable time loss payment.
- Compute federal income tax (FIT), OASI, and Medicare taxes on the employee's reduced gross salary. Time loss payments are not subject to these taxes.
- For retirement contribution calculation and service credit, refer to [Subsection 25.40.40.d](#).
- Restore sick leave using the employee's hourly rate effective during the time loss period. Refer to [Subsection 25.40.40.e](#).

##### 2. The employee reimburses the agency for the amount of the applicable time loss payment.

- Account for the reimbursement from the employee as a recovery of current period salary expenditures/expenses.
- **For payment purposes**, compute federal income tax withholding on the employee's gross salary without reduction for the time loss payment. However, OASI and Medicare taxes must be computed on the employee's gross salary after reduction for the time loss payment.
- For retirement contribution calculation and service credit, refer to [Subsection 25.40.40.d](#).
- The following **year-to-date adjustments** are required:
  - Reduce year-to-date earnings subject to federal income tax, OASI and Medicare by the amount of the time loss payment.
  - Adjust year-to-date OASI and Medicare taxes to reflect the OASI and Medicare adjustment made for reduction of the time loss payment.

**Note:** Year-to-date adjustments may be accomplished automatically or manually, depending on the payroll system used. Refer to the applicable system documentation.

- Restore sick leave using the employee's hourly rate effective during the time loss period. Refer to [Subsection 25.40.40.e](#).



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### 25.40.40.d Retirement service credit - employees on unpaid leave

Per the Department of Retirement Systems (DRS), **employees who are in unpaid status while receiving time loss may elect to purchase service credit** for up to a two year limit. Calculate retirement contributions based on one of the following two situations:

- a. The employee elects to have full service credit for the duration of the claim up to the two year limit and the **agency chooses to assume liability for the employee and employer contributions:**
  - The agency must have an agreement with the employee. Calculate and report to DRS the reportable compensation the member would have received if the disability had not occurred.
  - Remit to DRS both the employer and employee retirement contributions that would have been made if the disability had not occurred. The employee contribution is deferred from Federal Income Tax (FIT).
- b. The employee elects to have full service credit for the duration of the claim up to the two year limit and the **agency chooses not to assume liability for the employee contribution:**
  - At the end of the disability the employee has the option to purchase the lost service for each period of absence:
    - PERS, PSERS, TRS, and SERS: Up to 24 consecutive months for each duty disability.
    - LEOFF Plan 2:
      - On or after July 1, 2002: Up to 24 consecutive months for each duty disability.
      - Prior to July 1, 2002: Up to six consecutive months for each duty disability.
    - WSPRS: Up to six consecutive months for each duty disability.
    - **Note:** LEOFF Plan 1 administers temporary duty disabilities separately.
  - Upon returning to work, the employee contacts DRS in order to purchase the desired amount of service credit.
  - Upon receipt of payment for service credits by employee, DRS will invoice the employer for employer contributions, plus interest.



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### 25.40.40.e Formula to calculate sick leave to be restored

$$\frac{\text{Semi-monthly salary}}{\text{Hours available for pay period when time loss payment made}} = \text{Actual hourly rate}$$
  

$$\frac{\text{Time loss dollar value}}{\text{Actual hourly rate during payment period}} = \text{Amount of sick leave hours to be restored}$$

**Example:** Time loss payment of \$400 received or refunded to the agency. The employee's semi-monthly salary was \$850 and the number of available hours in the 11 day pay period when the time loss payment was calculated was 88 (8 x 11).\*

$$1. \quad \frac{\$850.00}{88} = \$9.66 \quad \text{Actual hourly rate}$$

$$2. \quad \frac{\$400.00}{\$9.66} = \$41.40 \quad \text{Sick leave hours to restore}$$

**\*Note:** Available hours are based on how many days are in a particular semi-monthly pay period and may vary depending on pay period.

### 25.40.40.f FTE adjustment for restored sick leave hours

When sick leave hours are restored in a sick leave recovery situation, a comparable FTE reduction is to be recorded when the sick leave is taken and recovered in the same fiscal period. The calculation for the monthly FTE adjustment, based on the example above is:

$$\frac{41.40 \text{ hours}}{174} = .24 \text{ FTEs}$$



### **25.40.50 Recognition leave**

Jan. 1, 2009

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WAC 357-31-565 and certain collective bargaining agreements authorize employers who have received performance management confirmation to grant employees up to five (5) days of paid leave within a twelve-month period to recognize outstanding accomplishments or the achievement of pre-defined work goals by individual employees or units.

Leave granted under this provision is not payable upon layoff, dismissal, separation, or resignation or transferable between employers. Accordingly, it need not be accrued at fiscal year end.



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### 25.45 Teleworking

Section	Title	Effective Date	Page Number
25.45.10	Commute Time	Jan. 1, 2022	<a href="#">191</a>

#### 25.45.10 Commute Time

Jan. 1, 2022

In general, an employee's regular commute time or "home to job site" travel is not compensable. If an employee is directed to report to an agency work site, the agency must notify the employee to report to their assigned agency work location no later than the end of the employee's previous work shift. If the notification is not provided within this timeframe, the employee's time to commute may be compensable.



## 25.50 Payroll Deductions and Reductions

Section	Title	Effective Date	Page Number
25.50.10	Introduction	May 1, 1999	<a href="#">192</a>
25.50.20	Mandatory (standard) deductions/reductions	Jan. 1, 2022	<a href="#">192</a>
25.50.30	Voluntary deductions/reductions	Jan. 1, 2018	<a href="#">194</a>

### 25.50.10 Introduction

May 1, 1999

Payroll deductions or reductions are amounts withheld from an employee's wages. Reductions affect gross income, deductions do not. Deductions are classified as mandatory or voluntary.

### 25.50.20 Mandatory (standard) deductions/reductions

Jan. 1, 2022

#### 25.50.20.a Mandatory Deductions from Gross Income

These must be deducted from employees' salaries and wages pursuant to federal or state law. Mandatory deductions include but are not limited to the following list:





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<b>MANDATORY DEDUCTIONS</b>	<b>DESCRIPTION AND REQUIREMENTS</b>
<b>Federal Income Tax</b>	<ul style="list-style-type: none"> <li>Determine amount of withholding from employee signed federal W-4 form (Employee's Withholding Allowance Certificate).</li> <li>Check IRS publication 15 (Circular E) for any additional rules.</li> </ul>
<b>Industrial Insurance (Medical Aid)</b>	<ul style="list-style-type: none"> <li>State tax for industrial insurance benefits program.</li> <li>Administered by the Department of Labor and Industries (L&amp;I).</li> <li>Premium for full-time employees is calculated using the standard monthly average of <b>160 hours</b> x L&amp;I rate.</li> <li>Premium for part-time employees is calculated using <b>actual hours</b>.</li> <li>The L&amp;I rate is based on the assigned risk classification(s).</li> <li>Refer to <a href="#">RCW 51.12.035</a> and L&amp;I regarding mandatory Medical Aid coverage for volunteers of state agencies who have registered and accepted the volunteer services.</li> <li>Refer to L&amp;I publications for coverage, employee/employer rates, and employer reporting requirements.</li> </ul>
<b>Old Age and Survivors Insurance (OASI) and Medicare</b>	<ul style="list-style-type: none"> <li>OASI is a federal employment tax for retirement, survivors, and disability benefits. Matching contributions are required from both employees and employers.</li> <li>The Medicare federal employment employee and employer matching tax supports federal health insurance.</li> <li>The Department of Retirement Systems (DRS) administers our state's Section 218 agreement with the federal Social Security Administration.</li> <li>Check with DRS for coverage requirements.</li> <li>Refer to IRS Publication 15 (Circular E) for rates, deposit, and reporting regulations.</li> </ul>
<b>Paid Family and Medical Leave</b>	<ul style="list-style-type: none"> <li>Premium for the paid family and medical leave insurance program.</li> <li>Administered by the Employment Security Department (ESD).</li> <li>Premium is based on gross wages.</li> <li>Refer to <a href="#">RCW 50A.04</a> and ESD publications for coverage, rates, and employer reporting requirements.</li> </ul>
<b>Long Term Services and Support</b>	<ul style="list-style-type: none"> <li>Premium for the long term services and support program, also called WA Cares.</li> <li>Administered by the Employment Security Department (ESD), the Department of Social and Health Services (DSHS), the Health Care Authority (HCA), and the Office of the State Actuary (OSA).</li> <li>Premium is based on gross wages.</li> <li>Refer to <a href="#">RCW 50B.04</a> and WA Cares publications for coverage, rates, and employer reporting requirements.</li> </ul>

## 25.50.20.b Mandatory Reductions to Gross Income

These reduce gross pay and are not subject to federal income tax. Deduct these amounts from gross income before calculating federal income tax for eligible employees.



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<b><i>REDUCTIONS TO GROSS INCOME</i></b>	<b><i>DESCRIPTION AND REQUIREMENTS</i></b>
<b>State Retirement Systems</b>	<ul style="list-style-type: none"><li>• This is the employee's paid share of the total retirement contribution.</li></ul>
<b>Higher Education Retirement Plans</b>	<ul style="list-style-type: none"><li>• This is the employee's paid share of the Higher Education Retirement Plans. Refer to <a href="#">RCW 28B.10</a> and rules developed by specific agency governing boards.</li></ul>

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### **25.50.30 Voluntary deductions/reductions**

Jan. 1, 2018

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These options are permitted by law but require an employee's written request to authorize the payroll deduction or salary reduction. Generally, agency heads have the discretion to approve or deny requests for these types of deductions. The maximum deductions or reductions per employee is limited to the number that payroll systems can accommodate.

#### **25.50.30.a Voluntary Reductions from Gross Income**

These amounts reduce gross pay and are not subject to income tax. Deduct these amounts from gross income before calculating federal income tax. Participation in this type of reduction is at the employee's written request.



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<b><i>VOLUNTARY REDUCTION</i></b>	<b><i>DESCRIPTION AND REQUIREMENTS</i></b>
<b>Deferred Compensation Plans and Tax Deferred Annuities</b>	<ul style="list-style-type: none"> <li>• These are salary reductions allowed under <a href="#">RCW 28B.10.480</a> and <a href="#">41.04.020</a>.</li> <li>• Either the agency head or the Department of Retirement Systems Deferred Compensation Program approves the employee's request for this type of deduction.</li> </ul>
<b>Dependent Care</b>	<ul style="list-style-type: none"> <li>• This program allows eligible employees to exclude dependent care costs (like child care) from their gross income. Reductions are not subject to OASI and Medicare.</li> <li>• Eligibility requirements are in <a href="#">WAC 182-12-116</a>, <a href="#">182-08-187</a>, <a href="#">197</a>, and <a href="#">199</a>.</li> <li>• For program details, refer to <a href="https://www.hca.wa.gov/employee-retiree-benefits/public-employees/dependent-care-assistance-program-">https://www.hca.wa.gov/employee-retiree-benefits/public-employees/dependent-care-assistance-program-</a></li> </ul>
<b>Flexible Spending Plan</b>	<ul style="list-style-type: none"> <li>• A medical flexible spending account arrangement allows employees to set aside pretax earnings to pay eligible medical expenses.</li> <li>• Not available to employees enrolled in a consumer-directed health plan.</li> <li>• Amounts contributed must be used each plan year.</li> <li>• For more information, refer to <a href="https://www.hca.wa.gov/employee-retiree-benefits/school-employees/medical-flexible-spending-">https://www.hca.wa.gov/employee-retiree-benefits/school-employees/medical-flexible-spending-</a></li> </ul>
<b>Health Savings Account</b>	<ul style="list-style-type: none"> <li>• A health savings account (HSA) is a tax-exempt account into which employees, employers, or anyone can deposit on the employees' behalf.</li> <li>• In order to be eligible for an HSA, employees must be enrolled in a consumer-directed health plan.</li> <li>• Amounts contributed must be used to pay for IRS qualified out-of-pocket medical expenses and can accumulate from year to year.</li> </ul>
<b>Medical Expense Plans (Voluntary Employee Benefit Associations - VEBAs)</b>	<ul style="list-style-type: none"> <li>• <a href="#">RCW 41.04.340</a> allows eligible retiring employees an option to use their accrued sick leave buyout at retirement to purchase a post-retirement medical expense reimbursement plan.</li> <li>• Also refer to WAC 357-31-375 or CBAs for program requirements.</li> </ul>

## 25.50.30.b Voluntary Miscellaneous Deductions

These deductions reduce net pay, but do not affect gross income. Participation in these types of deductions is at the employee's written request. These deductions may also require a minimum level of participation.

Acceptable forms for employee written request include:

- Paper (original documentation with employee original signature or mark).
- A PDF copy of the original document.
- Facsimile copy of the original document.
- Email for certain changes (such as deduction amount) or stopping a deduction.
- Electronic documents using electronic signatures as defined under RCW 1.80.010(10) as, "An electronic sound, symbol, or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record."



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Employee requests may be delivered in any manner reasonably available to the individual submitting the request including, but not limited to: personal delivery, US Mail, courier, electronic mail, facsimile or other reliable method.

The most common of these deductions follow:

Type of Deduction	Description and Explanation	25/100 Rule *	Agency Override on 25/100 Rule	Agency Approval Required
Banks, Savings Banks, or Saving and Loan Associations	<ul style="list-style-type: none"> <li>These institutions must be authorized to do business in this state.</li> </ul>	X	X	If < 25 in the agency X
Credit Unions		X	X	If < 25 in the agency X
Parking Fees and Transit Benefits	<ul style="list-style-type: none"> <li>Payments for parking furnished by the agency or by the Department of Enterprise Services. Deductions shall be pretax, to the extent possible, for qualified parking and transit benefits as allowed under the federal internal revenue code.</li> </ul>			
US Savings Bonds	<ul style="list-style-type: none"> <li>Deductions at certain institutions of higher education for participation in the US Savings Bond program.</li> </ul>			
Board, Lodging, Uniform Deductions	<ul style="list-style-type: none"> <li>Deductions for board, lodging, or uniforms furnished by the state.</li> </ul>			
Tuition, Fees, or Scholarship Contributions	<ul style="list-style-type: none"> <li>Deductions for academic tuition, fees, or scholarship contributions payable to the employing institutions.</li> </ul>			
Dues and Other Fees	<ul style="list-style-type: none"> <li>Membership dues for professional organizations formed primarily for public employees or college and university professors.</li> </ul>	X		
Labor or Employee Organization Dues	<ul style="list-style-type: none"> <li>Per <a href="#">RCW 41.04.230</a>, dues (including representation and other mandatory fees) authorized under a collective bargaining agreement if not already provided under the provisions of <a href="#">Chapters 41.76</a> or <a href="#">41.80</a> RCW or other statutory authority.</li> <li>Organizations of 500 or more may have payroll deduction for employee benefit programs.</li> </ul>	X		



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Type of Deduction	Description and Explanation	25/100 Rule *	Agency Override on 25/100 Rule	Agency Approval Required
Funds, Committees, or Subsidiary Organizations Maintained by Labor	<ul style="list-style-type: none"> <li>Per <a href="#">RCW 41.04.230(6)</a>, employees may voluntarily contribute.</li> <li>Effective January 1, 2007.</li> </ul>	X		
Health Care Authority Premiums	<ul style="list-style-type: none"> <li>Premiums for contracts authorized by the Washington State Health Care Authority (HCA) (<a href="#">Chapters 41.04</a> and <a href="#">41.05</a> RCW).</li> <li>Enrollment or assignment by the HCA to participate in a health care benefit plan, as required by <a href="#">RCW 41.05.065(8)</a>, shall authorize a payroll deduction of premium contributions without a written consent under the terms and conditions established by the public employees' benefits board. If an employee is overpaid due to an error related to payroll deduction of premium contributions, refer to salary overpayment recoveries in <a href="#">Section 25.80</a>.</li> <li>Premiums are treated as pretax unless the employee elects to have the premium taxed. This election must be made during open enrollment.</li> </ul>			
Charitable Contributions	<ul style="list-style-type: none"> <li>Contributions to the state employee combined fund drive (<a href="#">RCW 41.04.036</a>)</li> </ul>			
Other Deductions	<p>Per <a href="#">RCW 41.04.230</a>:</p> <ul style="list-style-type: none"> <li>Other deductions may be authorized by the director of OFM for purposes clearly related to state employment or goals and objectives of the agency and for plans authorized by the state health care authority.</li> </ul> <p>Per <a href="#">RCW 41.04.030</a>:</p> <ul style="list-style-type: none"> <li>Other Health, Accident, Disability, and Life Insurance - Deductions for employee chosen</li> </ul>	X		X

\* This means minimum participation of 25 or more employees in one agency or 100 employees statewide.



## 25.60 Garnishments and Wage Assignments

Section	Title	Effective Date	Page Number
25.60.10	Garnishments and levies	July 28, 2019	<a href="#">198</a>
25.60.20	Child support	June 7, 2012	<a href="#">204</a>
25.60.30	Wage assignments	Mar. 1, 2010	<a href="#">205</a>
25.60.40	Other debt collection procedures	June 7, 2018	<a href="#">206</a>
25.60.50	Worksheets for answers to writs of garnishment	Jan. 1, 2022	<a href="#">208</a>

### 25.60.10 Garnishments and levies

July 28, 2019

All agencies of the state of Washington must comply with this policy, unless otherwise exempted by statute. [RCW 43.88.020](#) defines the term “Agency” to mean and include “every state office, officer, each institution, whether educational, correctional or other, and every department division, board and commission, except as otherwise provided.” Refer to Chapter 1 of this manual for further guidance.

The term garnishment or levy is often used to describe a number of different documents. A garnishment or levy is used to capture all or a portion of earnings or personal property owed by a state agency to an employee, vendor, or third party. Personal property can include, but is not limited to, wages, leave buyout, vendor payments, commissions, bonuses, or prize money. The documents used to capture such amounts include, but are not limited to, writs of garnishment, mandatory wage assignments, mandatory payroll deductions, court orders, tax levies, and other administrative orders. Before proceeding, determine the type of legal document served upon the agency. The legal document will determine the procedure to follow.

#### 25.60.10.a Writs of garnishment - overview

The law provides for two types of writs. The first is titled a “writ of garnishment (continuing lien on earnings).” The second is titled a “writ of garnishment (non-continuing lien)” or a “writ of garnishment (debt other than earnings - after judgment).” A continuing lien writ captures a percentage of the employee’s wages for a 60 calendar day period. The non-continuing lien writ captures any non-exempt personal property owed to the employee/vendor (defendant) on the date the writ is served on the Office of the Attorney General. The non-continuing writ is most commonly used to capture contractual payments owed to a business.



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### **25.60.10.b Writ of garnishment - continuing lien on earnings**

A writ of garnishment (continuing lien on earnings) is served to capture an employee's earnings. Earnings include wages, salary, and other compensation. If the writ does not have the caption "continuing lien on earnings," it captures only the assets being held by the agency on the day the writ was received by the Office of the Attorney General.

Service of a writ on the Office of the Attorney General is required pursuant to [RCW 6.27.040](#) and [RCW 4.92.020](#). If an agency receives a writ directly, without prior service on the Office of the Attorney General, return the writ to the creditor (plaintiff) noting that it was improperly served.

Superior court writs of garnishment are issued by the clerk of the superior court, a court commissioner, or judge. A creditor's attorney may, however, issue district court writs of garnishment. Although an attorney may issue the initial district court writ of garnishment, any request or demand to turn over earnings or assets held by an agency must be by service on the agency of a court document titled "Judgment and Order to Pay." Either a court commissioner or a judge must sign this document.

Proper service of the writ (continuing lien on earnings) creates a lien on the employee's earnings for 60 calendar days. It captures all non-exempt earnings payable to the employee from the date of service on the Office of the Attorney General to the last payroll period ending on or before 60 calendar days after service of the writ.

Once the writ is served on the Office of the Attorney General, by law, an agency is prohibited from paying any non-exempt earnings to the employee. If the writ is served on the Office of the Attorney General on or near the date the employee is to be paid, an agency must take reasonable steps to stop a payment to the employee and withhold the non-exempt earnings.

The amount withheld each pay period will generally be 25 percent of the employee's disposable earnings or a lesser amount as stated in the writ. The remaining 75 percent is exempt from garnishment. The agency must pay the employee only the amount exempt from garnishment.

### **25.60.10.c First Answer**

Accompanying the writ should be an "Answer to Writ of Garnishment" form. This form is often called the "First Answer." The agency must complete the First Answer form and return it to the applicable court with a copy to the creditor (plaintiff) or the creditor's attorney, as well as a copy to the employee (defendant). The First Answer must be mailed to the court, the creditor, and the employee within 20 calendar days after receipt of the writ by the Office of the Attorney General. Failure to answer the writ timely can result in a judgment being taken against the agency for the entire amount of the writ as well as costs and attorney fees.

To complete the First Answer, the agency must answer the questions in Section I of the writ. Next, if the defendant is an employee of the agency, the agency must complete Section II related to gross earnings, deductions, disposable earnings, and exempt earnings. Use the garnishment worksheets to perform the applicable calculations. These also provide backup documentation for the actual garnishment amount. The first worksheet deals with the "First Answer" and the second worksheet deals with the "Second Answer"





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to the writ. The agency may attach a work sheet showing its calculations. Refer to [Subsection 25.60.50](#) for garnishment worksheets.

### 25.60.10.d Calculation of Exempt Earnings

To calculate exempt earnings, subtract federal withholding taxes, social security (OASI), Medicare, L&I (medical aid), and retirement, and any other amounts required by law to be withheld from gross earnings. Any amounts the employee may deduct by law, such as health insurance, are not deducted from gross earnings. After deduction of the “amounts required by law to be withheld,” the result is disposable earnings.

Exempt earnings are calculated differently based on the type of garnishment.

#### Consumer Debt

Eighty (80) percent of disposable earnings or thirty-five times the state minimum hourly wage, whichever is larger, is the exempt amount. This 80 percent (or thirty-five times) must be paid to the employee. The remaining 20 percent is subject to the writ of garnishment (continuing lien).

This garnishment is based on a judgement or order for consumer debt.

#### Child Support

If the writ of garnishment (continuing lien) is for child support, the only exemption is 50 percent of disposable earnings.

This garnishment is based on a judgement or order for child support.

#### Garnishments Not Labeled Consumer Debt or Child Support

Seventy-five (75) percent of disposable earnings or thirty-five times the federal minimum hourly wage, whichever is larger, is the exempt amount. This 75 percent (or thirty-five times) must be paid to the employee. The remaining 25 percent is subject to the writ of garnishment (continuing lien).

**Note:** Effective July 22, 2011, [RCW 26.60.090](#) authorizes a legal union of two persons of the same sex that was validly formed in another jurisdiction, and that is substantially equivalent to a domestic partnership under state law, to be recognized as a valid domestic partnership and treated the same as a domestic partnership registered in the state of Washington regardless of whether it bears the name domestic partnership. Whenever “domestic partner” is used in this section, refer to this note for clarification.

To calculate the 60 calendar day effective period and the payroll periods subject to the writ, the agency counts the day the writ was served on the Office of the Attorney General as well as counting another 60 calendar days, beginning the day after service of the writ. The day that the writ was served on the Office of the Attorney General to the end of the 60 calendar days is the “effective period.”

The writ captures earnings due during the effective period. The agency must first determine the pay periods affected by the writ and then calculate the percentage of non-exempt funds available to the creditor.





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Note that in determining affected pay periods, the agency cannot withhold money from a pay period that ends AFTER the end of the 60 calendar day effective period. The 60 calendar day effective period must encompass the WHOLE pay period affected (i.e., effective period ends March 14, the agency CANNOT hold money from the March 1-15 payroll period).

For illustrative examples, refer to OFM's Payroll Resources website at: <https://ofm.wa.gov/accounting/administrative-accounting-resources/payroll>.

Generally, a writ received between the 1st and 9th of the month as well as the 16th and 24th of the month will capture five pay periods. This rule only applies if the agency's pay period coincides with the state's general pay periods of the 1st to the 15th and the 16th to the end of the month.

### **25.60.10.e Deduction Codes**

Non-exempt earnings deducted on behalf of the creditor must be held in a payroll revolving or equivalent account in General Ledger code 5189 "Garnishments Payable" until a Judgment on the Answer is served on the agency. This accounting approach only requires one deduction code to deduct the non-exempt earnings and credit them to the General Ledger code 5189.

### **25.60.10.f Processing Fees**

The agency may deduct a fee of up to \$20 on the First Answer and \$10 for the Second Answer for a continuing writ on earnings. The fee may be deducted from the employee's non-exempt earnings only. If the creditor's garnishment amount takes all non-exempt earnings (the entire 25 percent), no fee may be deducted. The processing fee may not be taken from an employee's exempt earnings.

For example, if the employee's disposable earnings for a 60 calendar day period are \$5,000, a creditor may garnish up to 25 percent or \$1,250. If the creditor garnishes \$1,220, the agency should deduct the processing fee of \$20/\$10. If the amount garnished is \$1,230, the agency may deduct only a \$20 fee. If the amount garnished is \$1,250 or more, no fee may be deducted.

Deposit processing fees in the operating account that supports the administrative workload used to process garnishments. Code fee receipts to General Ledger code 3210 "Cash Revenues," Revenue Source code 0499 "Other Revenue."

### **25.60.10.g Second Answer**

Near the end of the 60 calendar day period, the creditor will send the agency a document titled Second Answer. The Second Answer tells the creditor what non-exempt earnings were captured during the 60 calendar days following the date of service of the writ on the Office of the Attorney General.

The agency must complete the Second Answer and mail it to the court, creditor, and employee within 20 calendar days of its receipt by the Office of the Attorney General in the envelopes provided by the creditor. Hold all non-exempt funds captured by the writ pending receipt of a document titled Judgment on Answer and Order to Pay (also called a Judgment on Answer).



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### 25.60.10.h Judgment on Answer and Order to Pay

A Judgment on Answer and Order to Pay is a court order that requires the agency to pay the withheld earnings over to a specified party. It further binds the employee to pay the creditor's costs. No earnings withheld from an employee should be paid to the court or a creditor absent receipt of a Judgment on Answer and Order to Pay.

A Judgment on Answer and Order to Pay must be signed by a court commissioner or a judge. Follow the directions in the Judgment when determining where to send the withheld earnings. Under a writ issued by a district court, the earnings may be sent directly to the creditor, the creditor's attorney, or the court. A superior court writ requires that the earnings be sent to the court clerk unless otherwise stated in the writ.

Carefully note the judgment amount that the agency must remit. The judgment amount must be equal or less than the amount stated in the Second Answer. If the amount in the judgment is more than the amount stated in the Second Answer, it must be returned to the creditor for re-issuance in the correct amount. If the amount in the judgment is less than the amount stated in the Second Answer, issue the warrant/check in that amount and refund the remaining earnings withheld to the employee. The agency must issue this warrant/check against the account where previously deposited in General Ledger code 5189.

If the writ is paid through other sources or the writ is dismissed, the court or the attorney will send a notice of the satisfaction, release, or dismissal of the garnishment to the agency. Rescind the accrued miscellaneous deduction "payable to the court" and return the earnings withheld to the employee. **In no event is an agency to issue the warrant/check for the earnings withheld to the employee until the agency receives a release of the writ signed by the appropriate court officer or attorney.**

### 25.60.10.i Stacking Writs

If the agency is withholding under one writ and the agency receives a second writ under a different court cause number, the second writ becomes effective upon expiration of the first writ. If the same creditor using the same court cause number as the first writ serves a second writ before the 60 calendar day period expires, refer the writ to the Office of the Attorney General. A creditor may not "stack" writs under the same court cause number.

For illustrative examples, refer to OFM's Payroll Resources website at: <https://ofm.wa.gov/accounting/administrative-accounting-resources/payroll>.

### 25.60.10.j Lien Priority

Lien priority is based on a number of factors. The time the document was served, the type of document, and the document's subject matter. As a general rule, non-child support garnishments and administrative orders (educational levy, notice to withhold and deliver, IRS tax levy) compete on a first-in-time, first-in-right basis.

A child support garnishment or administrative order takes precedence over all other types of garnishments, wage assignments and administrative orders except an IRS levy served on the employer prior to receipt of the child support order. Garnishments of any nature take precedence over a non-child support voluntary



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wage assignment. If the agency has questions regarding the priority of competing legal documents, contact the Assistant Attorney General assigned to garnishments.

For illustrative examples, refer to OFM's Payroll Resources website at: <https://ofm.wa.gov/accounting/administrative-accounting-resources/payroll>.

### **25.60.10.k Writ of Garnishment (Non-Continuing Lien)**

A writ of garnishment with the caption “non-continuing lien” captures payments, monies, or other assets (collectively referred to as payments) in the possession of the agency on the date the writ was received by the Office of the Attorney General. If the agency possesses any payment due on that date to the defendant, the agency is prohibited from transferring the payment. The agency must answer the writ within 20 days of service, identifying the payment amount in the agency’s possession on the date of service.

If the payment is exempt from garnishment by state or federal law, the agency should answer the writ and cite the exemption statute. If no payments are owed to the defendant at the time the writ is received by the Office of the Attorney General, indicate in the writ that no monies were owed to the defendant on the date of service. If the agency fails to answer the writ, it can be held liable for the amount stated in the writ.

If payment is owed to the defendant, the agency must hold the payment until it receives a Judgment and Order to Pay. The agency should follow the directions in the Judgment when determining where to send the payments held.

Payments that become payable to the defendant after the date the original writ was served are not subject to the writ. A second writ must be served to capture additional payments.

For illustrative examples, refer to OFM's Payroll Resources website at: <https://ofm.wa.gov/accounting/administrative-accounting-resources/payroll>.

### **25.60.10.l Failure to Answer or Failure to Remit Funds**

If the agency fails to answer the writ or remit funds after a Judgment on Answer and Order to pay is received, the agency can be held liable for the full amount claimed by the creditor as well as interest, costs, and attorney fees. The creditor (plaintiff) must give the agency 10-calendar days notice that it will request the entry of a default judgment against the agency or serve the agency with a motion to show cause. If an agency receives such notice, contact the Assistant Attorney General assigned to garnishments immediately.

### **25.60.10.m Release of Writ**

If the creditor receives payment on its debt while the agency is holding withheld amounts from a garnishment, the creditor must obtain an order dismissing the garnishment signed by a court. The creditor may also provide the agency with a Release of Garnishment or Satisfaction of Judgment signed by the creditor’s attorney. The release can be a partial release or full release. The agency should return amounts withheld that are released to the employee.



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### **25.60.10.n Failure of Creditor to Release Writ of Obtain Judgment**

If the creditor fails to serve the agency with a Release of Garnishment or Judgment and Order to Pay, the agency must hold the amounts withheld for one year after the first answer was filed with the court. After one year, contact the Assistant Attorney General assigned to garnishments to seek release of the amounts withheld.

### **25.60.10.o Direct Questions to the Office of the Attorney General**

Direct all questions regarding garnishment procedures in this policy to the Assistant Attorney General assigned to garnishments.

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## **25.60.20 Child support**

June 7, 2012

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### **25.60.20.a Child Support Debt Collection Overview**

Child support can be enforced through payroll deduction notices, administrative orders (notice and order to withhold and deliver child support), mandatory wage assignment orders, writs of garnishment for child support, and out-of-state child support orders or notices (collectively referred to as child support levies). Unless issued as a writ of garnishment, a deduction taken pursuant to a child support levy continues beyond the 60 calendar day period of a writ of garnishment. A child support levy has priority over non-child support writs of garnishment, assignments, attachments, or other legal processes except an IRS levy served prior to receipt of the child support order.

### **25.60.20.b Payroll Deduction Notice**

The Department of Social & Health Services (DSHS) may issue a payroll deduction notice to collect child support. The notice is effective immediately upon receipt by the agency. Service of the deduction notice on the Office of the Attorney General is not required.

An agency must answer the notice within 20 calendar days after receipt using the answer form provided. The agency must begin withholding funds immediately. The payroll deduction notice can capture up to 50 percent of the employee's disposable earnings. Any earnings withheld must be remitted to DSHS within 7 working days of the date the earnings are payable.

The agency may deduct a processing fee from the employee's wages. The processing fee is \$10 for the first disbursement and \$1 thereafter. The deduction notice remains in effect until released, until the employee is no longer employed, or until the agency no longer possesses any earnings.

### **25.60.20.c Notice and Order to Withhold and Deliver for Child Support**

A notice and order to withhold and deliver (order) is an administrative order to withhold earnings for child support. Similar to a payroll deduction notice, an order is effective immediately upon receipt by the agency. An agency must answer the notice within 20 calendar days after receipt using the answer form accompanying the order. The agency must begin withholding funds immediately.



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The order can capture up to 50 percent of the employee's disposable earnings. Any earnings withheld must be remitted to DSHS within 7 working days of the date the earnings are payable. Upon withholding from the employee's paycheck, the agency may deduct a processing fee. The processing fee is \$10 for the first disbursement and \$1 thereafter.

The order remains in effect until released, until the employee is no longer employed, or until the agency no longer possesses any earnings.

### **25.60.20.d Mandatory Child Support Wage Assignment Order**

A court of law may issue a wage assignment to collect child support. Wage assignment orders are effective immediately upon service on the agency. An answer to a child support wage assignment order must be mailed no later than 20 calendar days after the day the order was received by the agency.

Withholding under such an order may not exceed 50 percent of the employee's disposable earnings. An agency must remit any earnings withheld within five working days of the date such earnings are payable. A \$10 processing fee may be deducted by the agency for the first disbursement; and a \$1 fee may be deducted for each disbursement thereafter.

A wage assignment order continues until paid, released, or the agency is no longer holding any earnings. An agency must promptly notify the addressee specified in the assignment when the employee is no longer employed. Once employment is terminated, the agency must hold the wage assignment order for one year. The wage assignment order remains in effect for this one-year period. The one year period is calculated from the date of the employee's termination or the date the agency no longer possesses any earnings or other compensation, whichever is longer. The wage assignment order does not expire until one year has passed. If the former employee returns to service within the one-year period, the agency must immediately begin to withhold earnings as provided in the prior wage assignment order.

### **25.60.20.e Writ of garnishment for child Support**

Private parties may garnish wages for child support using a writ of garnishment under [RCW 6.27](#). If the garnishment is a continuing lien on wages, it is only effective for a period of 60 days from the date of service. Withholding under a garnishment cannot exceed 50 percent of disposable wages.

### **25.60.20.f Out-of-state child support orders or notices**

An agency must withhold earnings when it receives a document from an out-of-state entity requiring the withholding wages for child support. It may be served directly upon the agency and begins the day received. Follow the procedures provided in the notice. Contact DSHS, Division of Child Support, for assistance in processing out-of-state child support orders.

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## **25.60.30 Wage assignments**

Mar. 1, 2010

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## State Administrative and Accounting Manual

### 25.60.30.a Wage Assignments Overview

There are generally two types of wage assignments – voluntary wage assignments and mandatory wage assignments. A voluntary wage assignment is an employee's written consent to transfer future wages to a third party (assignee). Wage assignments are generally only for a part of the employee's wages. A mandatory wage assignment is a similar transfer of earnings required by law or court order. The amount deducted under the wage assignment can exceed the 25 percent limit of a writ of garnishment.

### 25.60.30.b Voluntary Wage Assignment

Agencies may accept or decline to honor a voluntary wage assignment. However, honoring a voluntary wage assignment may forestall a garnishment, which results in significantly more work for an agency. An agency accepting a wage assignment should notify the employee and the assignee that the agency's acceptance is conditioned on (1) the agency not being liable for mistakes or omissions in honoring the assignment and (2) that enforced wage collections (e.g., garnishments) will take precedence over the assignment.

Before honoring such an assignment, the agency should obtain a copy of the assignment signed by the employee. If the employee is married or has a [domestic partner](#) registered in the state of Washington, written consent to the assignment by the employee's spouse or domestic partner is also necessary for non-child support debts.

### 25.60.30.c Mandatory Wage Assignments

A mandatory wage assignment most often requires the transfer of earnings based upon a court order or agency directive. The legislature provided for the mandatory assignment of wages for child support, criminal financial obligations and public assistance overpayments. A mandatory wage assignment should be processed in accordance with the terms of the assignment or court order. Continue to withhold earnings until the debt is paid in full unless the assignment states otherwise.

### 25.60.30.d Priority of Wage Assignments

A mandatory wage assignment, garnishment, or other legally established involuntary debt collection mechanism ordinarily takes precedence over a voluntary wage assignment. An agency should consult with its assigned Assistant Attorney General to resolve questions that may arise concerning these wage transfers.

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## 25.60.40 Other debt collection procedures

June 7, 2018

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### 25.60.40.a Bankruptcy

When notified of a bankruptcy filing by an employee, the agency should request that the employee provide written confirmation of the bankruptcy filing. This could include a letter from the employee's attorney with the bankruptcy court case number, a copy of the first page of the bankruptcy petition, or a copy of a bankruptcy filing receipt with the court's case number.





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Once the agency has confirmation of the bankruptcy, the agency must stop deducting earnings under non-child support garnishment, administrative order, and/or wage assignment. However, child support withholding should continue unless instructed otherwise by the court. If the agency withheld earnings after the bankruptcy was filed, return the post-bankruptcy earnings to the employee. As to earnings withheld before the bankruptcy was filed, send a letter to the creditor seeking guidance on distribution of any withheld earnings. If the creditor objects to distribution of the funds to the employee, hold the funds for one year. If the agency does not receive a Judgment on the Answer within one year of the Second Answer, contact the Assistant Attorney General assigned to garnishments for advice.

If the employee files a Chapter 13 bankruptcy, the Chapter 13 Trustee will forward a court order requiring the withholding of earnings. The agency must withhold and forward the earnings as indicated in the Order. Withholding under such an order can exceed 25 percent of disposable earnings. The Chapter 13 Trustee Office can answer any general questions regarding the bankruptcy order. Direct legal questions to the Assistant Attorney General assigned to garnishments.

### **25.60.40.b Tax Collection**

The IRS and state taxing agencies use tax levies to capture the earnings of an employee. The IRS uses a "Notice of Tax Levy." The Departments of Revenue, Labor & Industries, and Employment Security use a Notice and Order to Withhold and Deliver (NOWD). Tax levies may be served directly on an agency. Unless provided in the tax levy or NOWD, no processing fee may be collected.

Begin immediately withholding earnings in accordance with the tax levy or NOWD. An IRS tax levy and an NOWD are not subject to the 25 percent limit on withholding provided for writs of garnishment. A tax levy and NOWD are also continuing liens on earnings. Withholding should continue until paid in full, released, or earnings are no longer available to garnish. Check with the revenue agent of the applicable taxing authority if questions arise. If competing tax levies/NOWDs are served upon the agency and issues of lien priority arise, contact the Assistant Attorney General assigned to garnishments.

### **25.60.40.c Educational Loans**

A student loan debt can be garnished in one of two ways:

Federal law allows for the collection of federally guaranteed student loans through an administrative order. State law allows for the collection of private student loans through a continuing lien writ of garnishment.

#### **Federally Guaranteed Student Loans**

A federal administrative order may be served directly on an agency by mail. An agency must honor the withholding order as if issued by a court of this state. It captures earnings payable after the date it is received by the agency. The amount withheld, however, is subject to limits set by federal law. An agency generally may withhold only 15 percent of an employee's disposable earnings. An employee may, however, consent to a greater withholding amount by providing written consent to the U.S. Department of Justice. The withholding order will instruct the agency on the amount to be withheld. No processing fee may be deducted.



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Disposable earnings are calculated similar to a writ of garnishment, except employee health insurance premiums are deducted from gross earnings when calculating disposable earnings. Withholding from disposable earnings continue until the amount is paid in full (including all interest), the order is released in writing, or the agency no longer holds any earnings payable to the individual. Amounts withheld must be forwarded to the student loan agency no less frequently than once a month. Amounts forwarded should identify the employee, the employee's social security number, and any student loan number.

Exempt earnings are calculated as eighty-five (85) percent of disposable earnings or thirty-five (35) times the federal minimum hourly wage, whichever is larger.

### Private Student Loans

A Washington state writ of garnishment for a private student loan must be served on the Office of the Attorney General. It captures earnings payable after the date it is received by the agency. The amount withheld is subject to limits set by state law. An agency generally may withhold 15 percent of an employee's disposable earnings. The writ of garnishment will instruct the agency on the amount to be withheld. If funds are available, a processing fee may be deducted.

Disposable earnings are calculated similar to a writ of garnishment. Withholding from disposable earnings continues until the 60-day period is up, the amount is paid in full, the writ is released in writing, or the agency no longer holds any earnings payable to the individual. Amounts withheld must be forwarded to the plaintiff upon receiving a Judgment and Order to Pay that has been signed by a judge or court commissioner.

Exempt earnings are calculated as eighty-five (85) percent of disposable earnings or fifty (50) times the current highest Washington state minimum wage law, whichever is higher.

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## 25.60.50 Worksheets for answers to writs of garnishment

Jan. 1, 2022

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Following are worksheets for the Calculations for First Answer to Writ of Garnishment, Continuing Lien, and Calculations for Second Answer to Writ of Garnishment, Continuing Lien.

Excel calculation worksheets for determining disposable earnings subject to garnishment, instructions for using the excel worksheets, and a sample First Answer worksheet is available on OFM's Payroll Resources website at: <https://ofm.wa.gov/accounting/administrative-accounting-resources/payroll/garnishments-overpayments>.





## 25.70 Payment Methods

Section	Title	Effective Date	Page Number
25.70.10	Employee payment options	June 7, 2012	<a href="#">209</a>
25.70.20	Direct deposit of employee's earnings	July 1, 2011	<a href="#">209</a>
25.70.25	Payroll cards for employee's earnings	July 1, 2011	<a href="#">210</a>
25.70.30	Amounts due to deceased employees	June 7, 2018	<a href="#">211</a>

### 25.70.10 Employee payment options

June 7, 2012

There are three ways to pay employees:

- Direct deposit;
- Payroll card, and
- Warrant (check).

Per [RCW 41.04.240](#), institutions of higher education as defined in [RCW 28B.10.016](#) are authorized to require the following payment methods:

- For employees who have an account in a financial institution, payment to any financial institution for either:
  - Credit to the employees' accounts in such financial institution, or
  - Immediate transfer there from to the employees' accounts in any other financial institution.
- For employees who do not have an account in a financial institution, payment by alternate methods such as payroll cards.

Direct [deposit](#) by Automated Clearing House (ACH) into an employee's account is the preferred method for paying employees. This method is generally the least expensive method for disbursing funds electronically.

### 25.70.20 Direct deposit of employee's earnings

July 1, 2011



## State Administrative and Accounting Manual

### **25.70.20.a Employee Requirements for Direct Deposit by ACH**

- The employee is paid through a payroll system participating in an approved program.
- The employee is paid on a regularly scheduled payroll.
- An [employee signed authorization for direct deposit](#) by ACH is on file at the agency. For a sample authorization form, refer to the Office of Financial Management's Payroll Resources website at: <https://ofm.wa.gov/accounting/administrative-accounting-resources/payroll>.
- The employee has an account in either a bank or credit union that has the ability to accept transfers of funds via electronic and other technological means.

### **25.70.20.b Agency Requirements for Direct Deposit of Employee's Net Pay by ACH**

Agencies are to establish procedures that incorporate internal controls to safeguard funds against loss.

An agency's internal controls are to include a positive system of validating the amounts transferred and verifying that the amounts to be transferred to an employee are actually due for work performed or benefits due.

### **25.70.20.c Payroll System Requirements for Direct Deposit of Employee's Net Pay by ACH**

Payroll systems must develop standard procedures that apply to agencies participating in the system. Standard procedures require that the employee receive a "Notice of Deposit" that contains the following information:

- The employee's name.
- The amount of the deposit.

### **25.70.20.d Requirements for Financial Institutions Used in Direct Deposit Programs by ACH**

The bank or credit union is responsible for adherence to federal and state statutes and regulations related to the transfer of funds via electronic and other technological means.

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## **25.70.25 Payroll cards for employee's earnings**

July 1, 2011

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### **25.70.25.a Employee Requirements for Deposit of Employee's Net Pay by Payroll Card**

- The employee is paid through a payroll system participating in an approved program.
- The employee is paid on a regularly scheduled payroll.
- The practice is voluntary on the employee's part. An [employee-signed authorization for deposit](#) by payroll card must be on file at the agency. The employee must agree to pay any fees associated with the use of the payroll card. For a sample authorization form, refer to the Office of Financial Management's (OFM) Payroll Resources website at: <https://ofm.wa.gov/accounting/administrative-accounting-resources/payroll>.



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- In the case of loss or theft of the payroll card, the employee should immediately contact the financial institution that issued the card.

### 25.70.25.b Agency Requirements for Deposit of Employee's Net Pay by a Payroll Card

- Unless specifically authorized by law, agencies wishing to disburse employee net pay via payroll cards **may require OFM approval prior to** implementation. If required, an Economic Feasibility Study must be submitted to OFM. Refer to [Chapter 40](#) of this manual. Contact OST's Cash Management Division regarding available pay card contracts.
- Agencies are to establish procedures that incorporate internal controls to safeguard funds against loss.
- An agency's internal controls are to include a positive system of validating the amounts transferred and verifying that the amounts to be transferred to an employee are actually due for work performed or benefits due.
- The agency must provide the employee written notification that he/she is allowed to cancel the payroll card arrangement at any time with reasonable notice.
- The agency must give written notification of the mechanics of the payroll card plan, including any costs and restrictions before they are enrolled in a payroll card program.

### 25.70.25.c Payroll System Requirements for Payment of Employee's Net Pay by Payroll Card

Payroll systems must develop standard procedures that apply to agencies participating in the system. Standard procedures require that the employee receive a "Notice of Deposit" that contains the following information:

- The employee's name.
- The amount deposited to the payroll card.

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## 25.70.30 Amounts due to deceased employees

June 7, 2018

When an employee dies, promptly record all amounts owed to the employee in GL Code 5145 "Due to Deceased Employees' Estates." All compensation due to a deceased employee, no matter when earned, is to be held until the surviving spouse, domestic partner registered in the state of Washington or estate has met certain legal requirements. Refer to [Subsection 85.34.30](#) for accounting procedures related to amounts due to deceased employees.

The term "amounts owed to the deceased" means amounts owed for labor or services performed by the deceased and/or expense reimbursements or allowances.

### 25.70.30.a Cases in which the Court has Appointed a Personal Representative

If the deceased employee's estate is in probate (a court action has been filed to distribute the deceased's estate), and the court has appointed a personal representative, then the entire amount owing to the



## State Administrative and Accounting Manual

deceased employee is to be paid to the personal representative (personal representatives may also be referred to as executors or administrators).

The agency is to require a copy of the court order appointing the personal representative before paying the amount due the deceased employee. Generally, orders appointing personal representatives will come from the state superior court. If a tribal court is involved in an inheritance case and an agency is presented with a tribal court order, contact your agency's OFM Accounting Consultant.

### **25.70.30.b Cases in which no Personal Representative has been Appointed**

If no personal representative has been appointed by a court on behalf of the deceased's estate, then certain relatives can claim the amount due to the deceased employee. The agency must require proof of the claimant's relationship to the deceased employee before distributing any of the amounts owed to the deceased to the claimant. This proof is accomplished when the claimant completes the [Claim for Indebtedness of the State of Washington to Deceased Employee form](#). Using the declaration form is easiest for most claimants, particularly those residing out of state, because it does not require the document to be signed in front of a notary public.

The specific relatives who can file a claim for indebtedness are set forth in [RCW 49.48.120](#). They are as follows in the order of priority: the surviving spouse or domestic partner registered in the state of Washington of the deceased; if there is no surviving spouse or [domestic partner](#) registered in the state of Washington of the deceased, then the deceased's surviving child or children; if the deceased had no surviving child or children, then the deceased's parent or parents.

Refer to [Subsection 25.70.30.c](#) for instructions involving surviving spouses or domestic partners registered in the state of Washington who have a community property agreement. If none of these relatives survives the deceased, then the state can release the amount owed to the deceased only to the personal representative of the deceased's estate unless the provisions of [Subsection 25.70.30.d](#) apply.

***Note:** Effective July 22, 2011, [RCW 26.60.090](#) authorizes a legal union of two persons of the same sex that was validly formed in another jurisdiction, and that is substantially equivalent to a domestic partnership under state law, to be recognized as a valid domestic partnership and treated the same as a domestic partnership registered in the state of Washington regardless of whether it bears the name domestic partnership. Whenever "domestic partner" is used in this section, refer to this note for clarification.*

*The state of Washington does not permit the creation of common law marriages. Couples must obtain a license and the ceremony must be solemnized in order for the marriage to be valid (refer to [RCW 26.04.050](#)). However, a common law marriage created in another state will be recognized as valid in the state of Washington if the common law marriage was recognized as a valid marriage in the state where created (refer to [RCW 26.04.020\(3\)](#)). The following jurisdictions recognize common law marriages: Alabama; Colorado; District of Columbia; Georgia (if created before 1/1/1997); Idaho (if created before 1/1/1996); Iowa; Kansas; Montana; New Hampshire; Ohio (if created before 10/10/1991); Oklahoma (if created before 11/1/1998); Pennsylvania (if created before 1/1/2005); Rhode Island; South Carolina; Texas; and Utah.*

If the deceased has multiple surviving children, then the agency can pay only the representative portion of the amount owed to the deceased to a child, absent an agreement signed by all of the deceased's children



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that the child signing the Claim Form may accept the amount owed to the deceased on behalf of all the deceased's surviving children. For example, if the deceased has three surviving children, and only one child filed a claim form, the agency could pay that child only one-third of the total amount the agency owed the deceased.

A child of the deceased employee who has been declared emancipated under [Chapter 13.64 RCW](#) may still file the claim form for the amounts due the deceased. While children who are minors (under 18) must have a guardian or other legal representative file the claim form on their behalf, an emancipated minor is considered an adult for these purposes.

If the deceased is survived by both parents who are divorced or the domestic partnership registered in the state of Washington has been dissolved – then each must file a claim form and the agency should pay each parent half of the total amount owed to the deceased. If the parents are still married or domestic partners registered in the state of Washington, then either may file the claim form and the agency should pay the entire amount.

### **25.70.30.c Cases Involving a Community Property Agreement (CPA)**

If the deceased and his or her surviving spouse or [domestic partner](#) registered in the state of Washington executed a community property agreement (CPA) and the agreement meets the requirements of [RCW 26.16.120](#), then the right to the amount owed to the deceased becomes the property of the surviving spouse or domestic partner registered in the state of Washington as follows:

1. The agency that employed the deceased must pay the surviving spouse or domestic partner registered in the state of Washington either the total of the amount the state owes the deceased or that portion governed by the CPA.
2. [RCW 49.48.120](#) requires the surviving spouse or domestic partner registered in the state of Washington to present a copy of the CPA along with a properly completed Claim Form (using either the [affidavit](#) or [declaration](#) form) when claiming the amount owed to the deceased. This claim form must state that the CPA was executed in good faith between the parties and had not been rescinded prior to the death of the deceased.

**Note:** The fact that Washington is a community property state is not sufficient. The spouse or domestic partner registered in the state of Washington must have a CPA to qualify for the above payment.

### **25.70.30.d Cases in which the Estate Consists Only of Personal Property and are Handled through the Affidavit Method Pursuant to Chapter 11.62 RCW**

The agency may also pay the amount owed to the deceased if the claimant, as a successor to the deceased, presents an affidavit as provided for in [RCW 11.62.010](#) and [RCW 11.62.020](#).

The agency must pay the claiming successor the total amount owed to the deceased if the claiming successor presents a copy of the deceased's death certificate **and** an affidavit containing **all** of the following information:



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- The name and address of the claiming successor, and that the claiming successor is a “successor” as defined in [RCW 11.62.005](#);
- That deceased was a resident of the state of Washington at the time of death;
- That the value of deceased’s property (NOT including the community property interest of the surviving spouse or domestic partner registered in the state of Washington) is not more than \$100,000 and includes only personal property;
- That 40 days have elapsed since the deceased’s death;
- That no application or petition for the appointment of a personal representative is pending or has been granted;
- That all debts of the deceased including funeral and burial expenses have been paid or provided for;
- A description of the personal property claimed (here it would be the amount owed to the deceased) together with a statement that such personal property is subject to probate;
- That the claiming successor has notified all other successors of the deceased of his or her claim to the amount owed to the deceased and that 10 days has elapsed since the notice was either personally given or mailed to other successors; and
- That the claiming successor is personally entitled to full payment of the amount owed to the deceased or is entitled to full payment on behalf of and with the written authority of all other successors who have an interest in the amount owed to the deceased.

### **25.70.30.e Missing Employees that are Presumed Dead**

If it has come to the attention of an agency that an employee to whom amounts are owed is missing, and one of the persons listed in [RCW 49.48.120](#) (spouse or [domestic partner](#) registered in the state of Washington, children, parent) is attempting to claim the amounts due to the employee, the agency cannot pay those amounts until it has a certified copy of a certificate of presumed death. Under [RCW 70.58.390](#), a county coroner, medical examiner or prosecuting attorney may issue a certificate of presumed death under certain circumstances.

### **25.70.30.f Processing and Releasing Payment to the Claimant or Successor**

Upon receipt of the documentation required in a, b, d or e above, a copy of the deceased employee’s certified death certificate, or certificate of presumed death as required in f above, and an Internal Revenue Service Form W-9 “Request for Taxpayer Identification Number and Certification,” the agency shall process the payment. The agency shall make the warrant or check payable to the appropriate claimant or successor who signed the claim form and presented the required documentation.

### **25.70.30.g Claimant Must Acknowledge Payment Receipt**

In all instances, the supporting documentation is to be retained by the agency as evidence for release of the warrant or check. In addition, agencies are to require claimants to [acknowledge receipt of payment](#) in writing. A sample receipt form can be found on OFM's Payroll Resources website at: <https://ofm.wa.gov/accounting/administrative-accounting-resources/payroll>.



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### 25.70.30.h Federal Employment Taxes Withholding and Reporting Requirements

The rules for withholding federal income, Old Age and Survivors Insurance (OASI), and Medicare employment taxes and reporting wages (including accumulated leave) paid after death depend on date of death, the type of compensation, and the payment date. Refer to the current Internal Revenue Service (IRS) Publications 15 and 15-A, as well as other regulations for withholding and Form W-2 reporting requirements regarding deceased employees' wages.

Also note, there are IRS Form 1099-MISC reporting requirements for payments to claimant estates or beneficiaries. Refer to the current IRS Publication Instructions for Forms 1099 at: <https://www.irs.gov/pub/irs-pdf/i1099misc.pdf>.

### 25.70.30.i Further Guidance is Available

For guidelines and procedures on how to process claims of indebtedness of state of Washington to deceased employees, refer to OFM's Payroll Resources website at: <https://ofm.wa.gov/accounting/administrative-accounting-resources/payroll>.

*Claim for Indebtedness of State of Washington to Deceased Employee forms:*

<https://ofm.wa.gov/sites/default/files/public/legacy/policy/affidavitdeceased.pdf>

<https://ofm.wa.gov/sites/default/files/public/legacy/policy/declarationdeceased.pdf>

<https://ofm.wa.gov/sites/default/files/public/legacy/policy/affidavitdeceasedmultiple.pdf>

<https://ofm.wa.gov/sites/default/files/public/legacy/policy/declarationdeceasedmultiple.pdf>





## 25.80 Salary Overpayment Recoveries

Section	Title	Effective Date	Page Number
25.80.10	Definitions	July 1, 2012	<a href="#">216</a>
25.80.15	Recovery methods	July 1, 2007	<a href="#">216</a>
25.80.20	Preliminary overpayment procedures – represented employees	July 1, 2007	<a href="#">217</a>
25.80.25	Recouping an overpayment through a payroll deduction – represented employees	July 1, 2007	<a href="#">217</a>
25.80.30	Preliminary overpayment procedures – non-represented employees	July 1, 2007	<a href="#">218</a>
25.80.40	Use of collection agencies to recoup a wage overpayment – non-represented employees	July 1, 2004	<a href="#">218</a>
25.80.50	Overpayment recoveries – involuntary deduction process – non-represented employees	July 1, 2007	<a href="#">219</a>
25.80.55	Recouping an overpayment through a payroll deduction – non-represented employees	July 1, 2007	<a href="#">221</a>
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25.80.70	Employee transfers between state agencies – represented and non-represented employees	July 1, 2007	<a href="#">221</a>
25.80.80	Employee termination from state with balance owing – represented and non-represented employees	July 1, 2007	<a href="#">222</a>
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### 25.80.10 Definitions

July 1, 2012

**Overpayment**, as used in [RCW 49.48.210](#), means a payment of wages for a pay period that is greater than the amount earned for a pay period.

**Net overpayment**, for the purposes of this section, means the amount of overpayment made to an employee, less the employee share of Social Security and Medicare payroll taxes.

**Involuntary wage deduction** means a wage deduction the agency imposes through the procedures detailed in [Subsection 25.80.50](#).





### 25.80.15 Recovery methods

July 1, 2007

Debts due the state for overpayment of wages may be recovered by the agency in several ways:

1. The employee can agree to pay back the overpayment through a voluntary wage deduction (or, by cash or personal check).
2. The agency can assign the debt to a collection agency.
3. The agency can engage in an involuntary wage action.
4. The agency can bring an action against the employee in court.

If the overpayment involves an employee covered by a collective bargaining agreement, the recovery methods in the collective bargaining agreement should be followed.

### 25.80.20 Preliminary overpayment procedures – represented employees

July 1, 2007

When an agency determines that an employee covered by a collective bargaining agreement has been overpaid wages, the agency is to provide written notice to the employee. The notice should include the amount of the overpayment, the basis for the claim, and the rights of the employee under the collective bargaining agreement.

For a sample notice, refer to the Office of Financial Management's Payroll Resources website at: <https://ofm.wa.gov/accounting/administrative-accounting-resources/payroll>.

Any dispute relating to the occurrence or amount of the overpayment shall be resolved using the procedures in the collective bargaining agreement.

### 25.80.25 Recouping an overpayment through a payroll deduction – represented employees

July 1, 2007

If the final result of an overpayment resolution process prescribed by a collective bargaining agreement is that an overpayment has occurred, the payroll deduction to repay the overpayment shall happen over the period prescribed in the collective bargaining agreement.

The agency and employee can agree to a term that is more or less than the term of the overpayment provided in the collective bargaining agreement; however, the agency cannot deduct more than the amount provided by the agreement in any pay period without prior consent of the employee. Deductions from wages shall continue until the entire overpayment debt is retired.



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### **25.80.30 Preliminary overpayment procedures – non-represented employees**

July 1, 2007

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When the agency believes that a wage overpayment has occurred involving an employee not covered by a collective bargaining agreement, it should collect information and have a preliminary discussion with the employee about the overpayment. During this preliminary discussion, the agency should inform the employee about the availability of the administrative hearing process should the agency and employee be unable to agree that an overpayment has occurred. If the agency and employee agree an overpayment has occurred, the agency should attempt to reach agreement with the employee as to the amount of the overpayment, and how the employee will pay it back.

An agency and employee may agree to terms that are acceptable to both parties. If the employee agrees to reimburse the agency by payroll deduction, a signed written authorization must be obtained before commencing deductions from the employee's payroll. Or, an ex-employee and agency could agree that the ex-employee will reimburse the state for the overpayment by making a specific number of payments over a certain amount of time. Any repayment agreement should be memorialized in writing and signed by both parties with a copy provided to each.

If the agency and employee fail to come to an agreement or the employee begins a repayment process but does not complete it, the agency may then use a collection agency or involuntary wage deduction following the due process requirements in [Subsections 25.80.40](#) or [25.80.50](#).

At this point, it is important that the agency consider the overpayment amount and estimated costs to obtain a recovery for each remedy option available. If the agency has any questions concerning legal rights and responsibilities, the questions should be directed to the agency's assigned Assistant Attorney General.

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### **25.80.40 Use of collection agencies to recoup a wage overpayment – non-represented employees**

July 1, 2004

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[RCW 19.16.500](#) allows state agencies to contract with licensed collection agencies to collect a public debt on behalf of the state. However, no wage overpayment recovery can be assigned to a collection agency except under the following circumstances:

- The agency was not successful in obtaining an agreement for the recovery of an overpayment during the preliminary actions described in [Subsection 25.80.30](#) and the employee has failed to ask for additional review of the agency's decision.
- The agency has followed the due process procedures listed below:
- The agency has attempted to notify the employee that a debt is owed. The best method by which an agency can do this is to personally hand the employee a letter detailing the overpayment that has occurred.



## State Administrative and Accounting Manual

- The agency has notified the employee that the debt may be turned over to a collection agency for collection if the debt is not paid and no request for review or administrative hearing is made by the employee. This statement should probably be included in a letter that the agency gives the employee.
- Thirty (30) days have elapsed since the employee was notified of the debt or decision, whichever is later.

Refer to [Subsection 85.54.50.d](#) regarding use of collection agencies.

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### **25.80.50 Overpayment recoveries – involuntary deduction process – non-represented employees**

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July 1, 2007

This process should only be utilized when the agency has not been successful in obtaining recovery of an overpayment during the preliminary actions described in [Subsection 25.80.30](#).

When an agency determines that an employee has been overpaid wages or salary, the agency must provide the employee with written notice that the overpayment occurred, the amount of the overpayment, and that the employee has twenty calendar days from the date he or she received the notice within which to repay the overpayment.

For a sample notice, refer to the Office of Financial Management's Payroll Resources website at: <https://ofm.wa.gov/accounting/administrative-accounting-resources/payroll>.

#### **25.80.50.a**

The notice can be served upon the employee in the manner in which a summons in a civil case is served (the notice is hand delivered to the employee) or it can be mailed to the employee by certified mail, return receipt requested, to his or her last known address.

Because the twenty calendar day time period does not start running until the employee "receives" the notice, even if the agency mails the notice, it is in the best interest of the agency to also hand deliver the notice to the employee. This would preclude the employee from not "receiving" the notice by not accepting delivery by mail. If the agency hands the notice to the employee, it should complete the Certificate of Service form and maintain it in the employee's file. If the matter goes to an adjudicative hearing (see later), the Certificate will be needed to prove the employee received proper notice.

#### **25.80.50.b**

Within the twenty calendar day period following receipt of the notice, the employee may request that the agency review its finding that an overpayment has occurred. The employee can do this in person or through the submission of written documentation.

If the employee does not make the review request within the twenty calendar day period, the agency may begin to recoup the overpayment through involuntary deductions from the employee's wages. Refer to [Subsection 25.80.55](#) for restrictions on amounts to be deducted.



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### 25.80.50.c

When the agency receives an employee's request for a review within the twenty calendar day period, it shall review the overpayment assessment as well as the reasons for the employee's challenge to the overpayment.

Once the agency has completed its review, it shall notify the employee in writing of the agency's decision. There is no time limit on the agency's review of the request, but the longer it takes the agency to conduct the review, the longer it will be before the issue is resolved. The review decision must be sent to the employee by certified mail, return receipt requested. The agency should also personally hand the review decision to the employee.

For a sample agency review decision, refer to the Office of Financial Management's Payroll Resources website at: <https://ofm.wa.gov/accounting/administrative-accounting-resources/payroll>.

### 25.80.50.d

If the employee is dissatisfied with the agency's review decision, the employee may, as described in WAC 82-04, apply for an adjudicative proceeding under [Chapter 34.05 RCW](#), the Administrative Procedures Act.

The application for the adjudicative proceeding must be served on and received by the agency within twenty-eight calendar days of the employee receiving the agency's review decision. The employee must serve the employer by certified mail, return receipt requested. If the employee does not apply for the adjudicative proceeding within the twenty-eight day period, the agency may begin involuntary deductions to recoup the overpayment.

If the agency determines that the cost to the agency of the adjudicative hearing exceeds the overpayment amount to be recouped, it can agree with the employee to "write off" the overpayment and, in so doing, extinguish the debt.

The agency should agree to do this only if the employee agrees to dismiss his or her request for an adjudicative hearing. If the agency reaches this agreement with the employee, it cannot then refer the debt to a collection agency.

**Note:** Once the adjudicatory process has begun, the agency cannot assign the debt to a collection agency unless the employee agrees. The agency cannot terminate the adjudicatory process short of "writing off" the debt.

### 25.80.50.e



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If the employee does request an adjudicative hearing after the agency review decision, the agency must wait for the ruling of the administrative law judge before proceeding with the recoupment process through involuntary deductions.

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### **25.80.55      Recouping an overpayment through a payroll deduction – non-represented employees**

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July 1, 2007

If an adjudicative hearing is conducted and the administrative law judge finds that an overpayment has occurred, the payroll deduction to repay the overpayment shall not exceed 5% of the employee's disposable earnings in a pay period.

The agency and employee can agree to an amount that is more or less than the 5%; however, the agency cannot deduct more than 5% of the employee's disposable earnings each pay period without prior consent of the employee. Deductions from wages shall continue until the entire overpayment debt is retired.

Note: Calculate disposable earnings by using the same formula that is used to determine disposable earnings for garnishments. Refer to [Subsection 25.60.50](#).

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### **25.80.60      Recouping an overpayment through a lawsuit – non-represented employees**

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July 1, 2007

If the agency is unable to recoup the overpayment using the other methods listed above, the agency can sue the employee to recover the overpayment. Consult the agency's assistant attorney general if this appears to be the only option.

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### **25.80.70      Employee transfers between state agencies – represented and non-represented employees**

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July 1, 2007

If an employee elects to leave employment with one state agency to accept employment with another state agency, the losing agency shall carry the balance of the overpayment receivable in the State Payroll Revolving Account, Account 035, Salaries and Fringe Benefits Receivable, General Ledger code 1324. The losing agency shall provide notification to the employee of the current net balance of the overpayment, as defined in [Subsection 25.80.10](#), and provide the employee the opportunity to renegotiate the repayment arrangement.

The gaining agency accepting a payroll deduction arrangement shall collect the overpayment as a net payroll deduction in accordance with the arrangement. There is no payroll tax effect in the gaining agency. The losing agency is responsible to file corrected payroll tax reports and recoup agency payroll tax costs.



### **25.80.80 Employee termination from state with balance owing – represented and non-represented employees**

July 1, 2007

Per [RCW 49.48.200](#), any overpayment amount still outstanding at termination shall be deducted from the earnings of the final pay period.

If the final earnings do not permit recovery of the total amount owed, the agency may follow the requirements of [Subsection 25.80.40](#) and turn the debt over to a collection agency.

If overpayment is discovered after the employee leaves the state's employ, the agency that overpaid the employee may, following the due process procedures in [Subsection 25.80.40](#), turn the debt over to a collection agency.

### **25.80.90 Interest on past due salary overpayment receivables – represented and non-represented employees**

July 1, 2007

#### **25.80.90.a**

For represented employees, a salary overpayment shall be considered past due on the later of:

- the date 30 calendar days after the end of the grievance period defined in the collective bargaining agreement which applies to the represented employee; or
- the date 30 calendar days after the employee fails to pay a scheduled payment as agreed by the employee and the agency in accordance with the collective bargaining agreement which applies to the represented employee,

provided that the overpayment shall not be considered past due while a grievance is being resolved.

#### **25.80.90.b**

For non-represented employees, a salary overpayment shall be considered past due on the later of:

- the date 30 calendar days after the employee fails to pay a scheduled payment as agreed in writing by the employee and the agency; or
- the date 30 calendar days after the end of the period allowed the employee in [Subsection 25.80.50.d](#) for adjudicative hearing request following an adverse agency review,

provided that the overpayment shall not be considered past due while an adjudicative hearing is pending resolution.



### 25.80.90.c

[RCW 43.17.240](#) requires that interest of one percent per month be charged on past due receivables including receivables originating from uncollected salary overpayments. Exceptions are provided when one of the following conditions are met:

- Charging interest conflicts with the provisions of a contract, or with any other law.
- The debit is to be paid by other governmental units.
- The debt became due prior to July 28, 1991.
- The debt falls within one of the waiver exemption categories in WAC 82-06-010.

For purposes of determining when a salary overpayment is due, the debt is considered due when the employee is notified of the overpayment, notified of the agency review determination in accordance with [RCW 49.48.210](#), or the determination by the administrative law judge in accordance with [RCW 49.48.210](#), whichever event is later.

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### **25.80.95**     **Agency internal control system to prevent overpayments – represented and non-represented employees**

July 1, 2007

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All agencies are to maintain an effective system of internal controls to prevent salary and wage overpayments as much as possible.

All employees and all agency staff who affect the pay process in an agency including those who approve payroll, enter time, work with personnel actions, calculate payroll, produce payroll, or distribute payroll are responsible to assist in achieving an overall effective system of control to produce accurate timely payrolls.



# **Chapter 30**

## **Capital Asset Policies**





## 30.10 About the Capital Asset Policies

Section	Title	Effective Date	Page Number
30.10.10	Purpose of these policies	July 1, 2001	<a href="#">225</a>
30.10.20	Authority for these policies	June 1, 2016	<a href="#">225</a>
30.10.30	Applicability of these policies	June 1, 2016	<a href="#">225</a>
30.10.40	Responsibilities of the State Agency	June 1, 2016	<a href="#">225</a>
30.10.50	Policies differ in cases of absolute title and residual title	July 1, 2021	<a href="#">226</a>
30.10.60	Assets in use by subtenant agencies	July 1, 2001	<a href="#">226</a>

### 30.10.10 Purpose of these policies

July 1, 2001

The purpose of these policies is to establish the minimum requirements for a [capital assets](#) inventory system.

### 30.10.20 Authority for these policies

June 1, 2016

The authority for these policies is [RCW 43.88.160 \(1\)](#), [RCW 43.19.1917](#), and [RCW 43.41.150](#).

### 30.10.30 Applicability of these policies

June 1, 2016

This chapter is applicable to all agencies of the state of Washington as defined in [RCW 43.88.020 \(4\)](#), unless otherwise exempted by statute or rule.

### 30.10.40 Responsibilities of the State Agency

June 1, 2016

- Establish a capital asset inventory system (refer to [Subsection 30.40.30](#)) that:
  - Provides control and accountability over [capital assets](#), and
  - Gathers and maintains information needed for the preparation of financial statements.



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- The agency head must designate, in writing, one or more Agency Inventory Officers to be responsible for maintaining and safeguarding the agency's capital assets. Agencies are responsible for developing internal policies and procedures to protect and control the use of all capital assets.

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### 30.10.50 Policies differ in cases of absolute title and residual title

July 1, 2021

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- When the agency has [absolute title](#) to a capital asset: 1) include the value of the capital asset in the annual financial statements, and 2) include the capital asset in the capital asset inventory system or the Facilities Portfolio Management Tool (FPMT), if inventoriable.
- When an external entity, such as the federal government, retains [residual title](#) to a capital asset: 1) include the capital asset in the capital asset inventory system or the Facilities Portfolio Management Tool (FPMT), if inventoriable. This includes capital assets on lease or long-term loan.
- Temporary custodial responsibility or title shall not be considered absolute for the purposes of this chapter.

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### 30.10.60 Assets in use by subtenant agencies

July 1, 2001

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- The purchasing agency is the owner of and has responsibility for the proper accounting and reporting of capital assets acquired through a capital project. If the authorizing legislation for a capital project provides capital assets for more than one agency or for agencies other than the purchasing agency, the purchasing agency may, by agreement, condition the use of such capital assets by the subtenant agency. This agreement could include making the subtenant agency responsible for all reporting requirements for those capital assets. Upon vacation of the agreement, all ownership rights and responsibilities revert to the purchasing agency.



## 30.20 Valuing, Capitalizing, Depreciating and Reconciling Capital Assets

Section	Title	Effective Date	Page Number
30.20.10	How to value capital assets	July 1, 2021	<a href="#">227</a>
30.20.20	When to capitalize assets	July 1, 2021	<a href="#">231</a>
30.20.22	Assets not capitalized	July 1, 2001	<a href="#">233</a>
30.20.30	Definition of a lease	July 1, 2021	<a href="#">233</a>
30.20.40	Accounting for lease-to-own agreements	July 1, 2021	<a href="#">236</a>
30.20.50	Capital assets acquired through Certificates of Participation (COP)	July 1, 2009	<a href="#">237</a>
30.20.60	Accounting for infrastructure	June 1, 2012	<a href="#">237</a>
30.20.70	Depreciation and amortization policy	July 1, 2021	<a href="#">238</a>
30.20.80	Non-depreciable transportation-related infrastructure assets reported using the modified approach	June 1, 2002	<a href="#">239</a>
30.20.90	Impairment of capital assets and related insurance recoveries	July 1, 2005	<a href="#">240</a>
30.20.95	Reconciliation of capital assets	July 1, 2021	<a href="#">240</a>

### 30.20.10 How to value capital assets

July 1, 2021

[Capital assets](#) should be valued at cost including all ancillary charges necessary to place the asset in its intended location and condition for use.

Determine the value of capital assets in the following manner:

#### 30.10.20.a Purchased Assets.

Use historical costs including all nonrefundable purchase taxes (e.g., sales taxes), and all appropriate [ancillary costs](#) less any trade discounts or rebates. If the historical cost is not practicably determinable, use the estimated cost.



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If land is purchased, the capitalized value is to include the purchase price plus costs such as legal fees, filing, and excavation costs incurred to put the land in condition for its intended use. The cost of the land also includes indefinite land use rights, such as easements, mineral, timber, and water rights, acquired with the purchase of the underlying land. Land use rights acquired separately from a land purchase and those with definite useful lives are classified as intangible assets.

Building costs include both acquisition and capital improvement costs, including, in enterprise and trust funds, net construction period interest. Capital improvements include structures (e.g., office buildings, storage quarters, and other facilities) and all other property permanently attached to, or an integral part of, the structure (e.g., loading docks, heating and air-conditioning equipment, and refrigeration equipment). Agencies have the option of capitalizing buildings by components when the useful lives of the components vary.

Furniture, fixtures, or other equipment not an integral part of a building are not considered capital improvements and should be classified as equipment. The cost for this asset type reflects the actual or estimated cost of the asset.

Software, licenses of commercially available software, patents, and other purchased intangible assets that do not meet the definition of an investment are valued at historical cost, including all appropriate ancillary costs.

### **30.20.10.b Self-constructed assets, including internally developed computer software.**

Capitalize all direct costs and agency project management costs associated with a construction/development project. Agency project management costs may be capitalized in one of two ways:

1. Use actual project management costs when they are practicably discernible and directly associated with the project; or
2. Apply a percentage of total budgeted project costs. The application rate may or may not be designed to recover total agency project management costs. Exclude indirect costs unless they are increased by the construction. Refer to the OFM Capital Plan instructions for discussion of maximum percentage limitations.

Once identifiable as defined in [Subsection 30.20.20](#), costs incurred for the development of internally generated intangible assets are capitalized only upon the occurrence of all of the following criteria; costs incurred prior to meeting these criteria are not capitalized:

1. Determination of the specific objective of the project and the nature of the service capacity that is expected to be provided by the intangible asset upon the completion of the project.
2. Demonstration of the technical or technological feasibility for completing the project so that the intangible asset will provide its expected service capacity. For example, technical feasibility can be demonstrated by the selection of a commercially available software package or by the selection of a development path to meet service capacity requirements.
3. Demonstration of the current intention, ability, and presence of effort to complete or, in the case of a multiyear project, continue development of the intangible asset.



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Specifically with respect to [internally developed computer software](#), there are three stages involved in the development and installation:

1. Preliminary project stage, which includes conceptual formulation and evaluation of alternatives, determination of the existence of needed technology, and the final selection of alternatives for the development of software. Costs associated with this stage are not capitalized.
2. Application development stage, which includes design, configuration and interfaces, coding, installation of hardware, installation and licensing of commercially available software, and testing, including parallel processing. This includes data conversion only to the extent it is necessary to make the software operational. Costs associated with this phase are capitalized when both of the following occur:
  - Activities of the preliminary project stage are completed.
  - Management implicitly or explicitly authorizes and commits to funding the software project.

Capitalization of costs should cease when the computer software is substantially complete and operational.

3. Post-implementation/operation stage, which includes application training and software maintenance. This includes other data conversion costs. Costs associated with this stage are not capitalized.

Computer software should be considered “internally developed” if developed in-house or by a third party contractor on behalf of the government. Commercially available software that is purchased or licensed and modified using more than minimal incremental effort before being put into operation is considered internally generated.

For accounting for the construction of capital assets, refer to [Subsection 85.60.90](#).

### 30.20.10.c

**Ancillary costs.** Normally, ancillary costs should be included in the cost of a capital asset. [Ancillary costs](#) are normal or necessary costs required to place the asset in its intended location and condition for use. However, minor ancillary costs, not measurable at the time a capital asset is recorded in an authorized property inventory system, are not required to be capitalized but may be capitalized if the information becomes readily available. Ancillary costs include such items as:

For land:

- Legal and title fees
- Professional fees of engineers, attorneys, appraisers, financial advisors, etc.
- Surveying fees
- [Appraisal](#) and negotiation fees
- Damage payments
- Site preparation costs



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- Costs related to demolition of unwanted structures

For infrastructure:

- Professional fees of engineers, attorneys, appraisers, financial advisors, etc
- Survey fees
- [Appraisal](#) and negotiation fees
- Damage payments
- Site preparation costs
- Costs related to demolition of unwanted structures

For buildings and improvements other than buildings:

- Professional fees of architects, engineers, attorneys, appraisers, financial advisors, etc.
- Damage payments
- Costs of fixtures permanently attached to a building or structure
- Insurance premiums, interest in certain situations (refer to [Subsection 30.20.10.a](#)), and related costs incurred during construction
- Any other costs necessary to place a building or structure into its intended location and condition for use

For furnishings, equipment, intangibles, collections, and other capital assets:

- Transportation charges
- Sales tax
- Installation costs
- Warranties
- Any other normal or necessary costs required to place the asset in its intended location and condition for use

### **30.20.10.d Donated capital assets, works of art and historical treasures.**

Donated capital assets, works of art and historical treasures are valued at their estimated acquisition value on the date of donation, plus all appropriate ancillary costs.

### **30.20.10.e Capital assets for income purposes.**

Capital assets acquired or created primarily for the purpose of obtaining income or profit should be valued pursuant to the investment policy in [Section 85.52](#).



## 30.20.20 When to capitalize assets

July 1, 2021

The state's capitalization policy is as follows:

- All land, including land use rights with indefinite lives acquired with the purchase of the underlying land, and ancillary costs.
- The state highway system operated by the Department of Transportation.
- Infrastructure, other than the state highway system, with a cost of \$100,000 or greater;
- Buildings, building improvements, improvements other than buildings, and leasehold improvements with a cost of \$100,000 or greater.
- Intangible assets other than lease assets, such as internally developed software, patents, and trademarks, with a cost of \$1,000,000 or more that are "identifiable" by meeting either of the following conditions:
  - The asset is capable of being separated or divided and sold, transferred, licensed, rented, or exchanged; or
  - The asset arises from contractual or other legal rights, regardless of whether those rights are transferable or separable;
- Lease assets with total payments over the lease term of \$500,000 or greater.
- All other capital assets with a unit cost (including [ancillary costs](#)) of \$5,000 or greater, or collections with a total cost of \$5,000 or greater, unless otherwise noted.
- All capital assets acquired with Certificates of Participation (COP).

For capital assets acquired by and used in the operations of **governmental fund type accounts**, record the value of the assets in the General Capital Assets Subsidiary Account (Account 997). Refer to [Subsection 85.60.30.a](#).

For capital assets acquired by and used in **proprietary and trust fund type accounts**, record the value of the assets in the account itself. Refer to [Subsection 85.60.30.b](#).

Although [small and attractive assets](#) do not meet the state's capitalization policy above, they are considered capital assets for purposes of marking and identifying capital assets (refer to [Section 30.30](#)), inventory records requirements (refer to [Section 30.40](#)), and physical inventory counts (refer to [Section 30.45](#)).

Close out the construction in progress and capitalize the costs into the appropriate asset classification when a project is substantially complete, accepted, and placed into service. Refer to [Subsection 85.65.64](#).

### 30.20.20.a New acquisitions.

Capitalize new acquisitions that meet the state's capitalization policy as stated above. Additions, improvements, repairs, or replacements to existing capital assets are not considered new acquisitions and are discussed below.



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### 30.20.20.b Additions.

Capitalize expansions of or extensions to an existing capital asset when the cost of the addition meets the state's capitalization policy above.

### 30.20.20.c Extraordinary repairs, [betterments](#), or [improvements](#).

Capitalize outlays that increase future benefits from an existing capital asset beyond its previously assessed standard of performance if the outlays meet the state's capitalization policy as stated above. Increased future benefits typically include:

- An extension in the estimated useful life of the asset.
- An increase in the capacity or efficiency of an existing capital asset.
- A substantial improvement in the quality of output or a reduction in previously assessed operating costs.

Leasehold improvements that meet the state's capitalization policy are recorded to General Ledger Code 2350 "Leasehold Improvements."

### 30.20.20.d Replacements.

For building and improvements other than buildings, capitalize the cost of outlays that replace a part of another capital asset when the cost of the replacement is \$100,000 or more and at least 10 percent of replacement value of the asset.

**Example:** A \$120,000 replacement of a heating system in a building having a replacement value of \$1.5 million would not be capitalized. In this case \$120,000 is not at least 10 percent of the building's replacement value. Had the building's replacement value been less than \$1.2 million, the \$120,000 heating system replacement would have been capitalized.

#### Exceptions to this policy are:

- Replacement roof coverings are not capitalized (whether or not the replacement is with superior materials) unless the replacement extends the useful life of the building.
- Replacement floor coverings and window coverings are not capitalized.
- Costs to remodel (convert) a building to a different use are not capitalized, where the remodeling does not extend the useful life of the structure itself, unless the conversion increases the capacity or efficiency of the existing asset.

Remove the capitalized value and the associated accumulated depreciation of the replaced capital asset or original building component from the accounting records if the amounts are determinable and capitalize the cost of the replacement. Refer to [Subsection 85.60.50](#).

### 30.20.20.e Bulk purchase.

For proprietary fund type accounts, bulk purchases of like capital assets with unit costs of less than \$5,000 may be capitalized as a group where the allocation of costs for the bulk assets over time is matched to the





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corresponding revenue generated by the bulk assets. For other fund type accounts, bulk purchases are capitalized when the purchase is made using the Office of the State Treasurer's (OST) Certificate of Participation (COP) program. Refer to [Subsection 30.20.50](#).

### 30.20.20.f Collection.

Capitalize art collections, library reserve collections, and museum and historical collections when the conditions described in [Subsection 30.20.22](#) are not met. Agencies meeting these conditions have the option of capitalizing their collections. Library resources are capitalized and may be carried on the agency's property records as a single item.

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## 30.20.22 Assets not capitalized

July 1, 2001

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### 30.20.22.a

[Art collections](#), [library reserve collections](#), and [museum and historical collections](#) that are considered inexhaustible, in that their value does not diminish over time, are not required to be capitalized if all of the following conditions are met:

- The collection is held for public exhibition, education, or research in furtherance of public service, rather than financial gain.
- The collection is protected, kept unencumbered, cared for, and preserved.
- The collection is subject to an agency policy that requires the proceeds from sales of collection items to be used to acquire other items for the collections.

Agencies must be able to provide descriptions of the collections and the reasons the collections are not capitalized.

### 30.20.22.b

While these collections are not required to be capitalized, they are to be cataloged per [Subsection 30.40.10](#).

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## 30.20.30 Definition of a lease

July 1, 2021

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### 30.20.30.a

**Right-to-use Lease Agreements.** A lease is a contract that conveys control of the right to use another entity's capital asset for a specific period of time in an exchange or exchange-like transaction.

A contract conveys control of the right to use the asset if the lessee has both of the following:



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- The right to obtain the present service capacity from use of the asset.
- The right to determine the nature and manner of use of the asset.

Extraordinary repairs, [betterments](#), or [improvements](#) to a leased asset are considered leasehold improvements. Refer to [Subsection 30.20.20.c](#).

### 30.20.30.b

**Lease-to-own Agreements.** A contract that transfers ownership of the underlying asset to the lessee by the end of the contract and does not contain termination options, should be reported as a financed purchase of the underlying asset by the lessee and a sale of the asset by the lessor. Refer to [Subsection 30.20.40](#).

### 30.20.30.c

**Short-term Leases.** Any item with a maximum possible lease term of less than 12 months cannot be capitalized. Record these lease payments as a current period expenditure/expense when the state is the lessee or revenue when the state is the lessor.

Rolling month-to-month leases and leases that continue into a holdover period until a new lease contract is signed should be treated as short-term leases.

### 30.20.30.d

**Lease Term.** The lease term is the period during which a lessee has a noncancelable right to use an underlying asset, including any periods covered by:

- The option to extend the lease if it is reasonably certain that option will be exercised.
- The option to terminate the lease if it is reasonably certain that option will not be exercised.

Periods for which both the lessee and the lessor have an option to terminate the lease without permission from the other party (or if both parties have to agree to extend) are cancelable periods and are excluded from the lease term, regardless of whether it is reasonably certain that option will be exercised. For example, if the lease contains a clause that allows both the lessee or the lessor to cancel with 60 days notice, then the maximum term is 60 days and the lease should be accounted for as a short-term lease.

Fiscal funding or cancellation clauses should be ignored. These clauses allow lessees to cancel a lease, typically on an annual basis, if the government does not appropriate funds for the lease payments.

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## 30.20.35 Accounting for right-to-use lease agreements

July 1, 2021

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### 30.20.35.a

Leased assets that meet the state's capitalization policy (refer to [Subsection 30.20.20](#)) that are leased from (state is lessee) or to (state is lessor) individuals or organizations external to the state must be capitalized (refer to [Subsections 30.20.35.b](#) for lessee accounting and [30.20.35.c](#) for lessor accounting).

Leases between state agencies and leases that do not meet the capitalization threshold should be recognized as a current period expenditure/expense by the lessee and/or revenue by the lessor.



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### 30.20.35.b

**Lessees** should account for a lease as an acquisition of a lease and the incurrence of a liability.

At lease inception, the lease liability should be recorded at the present value of payments expected to be made during the lease term, including the following:

- Fixed payments
- Variable payments that depend on an index or a rate (such as the Consumer Price Index or a market rate), measured using the index or rate as of the commencement of the lease term
- Variable payments that are fixed in substance
- Amounts that are reasonably certain to be paid under [residual value guarantees](#)
- The exercise price of a purchase option if reasonably certain that the option will be exercised
- Payments for termination penalties if it is reasonably certain that option will be exercised
- Any lease incentives receivable from the lessor
- Any other payments that are reasonably certain of being required

The future lease payments should be discounted using the interest rate the lessor charges the lessee. If the rate is not readily determinable, the lessee's incremental borrowing rate should be used, that is the interest rate the state would be charged to finance a similar asset.

Variable payments based on future performance of the lessee or usage of the underlying asset, such as charges based on hours equipment was used, should not be included in the measurement of the lease liability. Rather, those variable payments should be recognized as an expenditure/expense in the period in which the obligation for those payments is incurred.

The intangible right-to-use lease asset should be recorded at the sum of the lease liability, any ancillary charges, and lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term.

Refer to [Subsections 85.60.70](#) and [85.72.30](#) for more details on how to account for leases and illustrative entries.

### 30.20.35.c

**Lessors** should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term. The lessor should continue to recognize the capital asset.

At lease inception, the lease receivable should be recorded at the present value of payments expected to be received during the lease term, including the following:

- Fixed payments
- Variable payments that depend on an index or a rate (such as the Consumer Price Index or a market rate), measured using the index or rate as of the commencement of the lease term
- Variable payments that are fixed in substance
- Residual value guarantee payments that are fixed in substance
- Less any lease incentives payable to the lessee



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The future lease payments should be discounted using the interest rate the lessor charges the lessee, which may be the interest rate implicit in the lease. If the rate is not readily determinable, the lessee's incremental borrowing rate should be used, that is the interest rate the state would be charged to finance a similar asset.

Variable payments based on future performance of the lessee or usage of the underlying asset should not be included in the measurement of the lease receivable. Rather, those variable payments should be recognized as revenue in the period to which those payments relate.

The deferred inflow of resources is equal to the sum of the lease receivable, lease payments received from the lessee at or before the commencement of the lease term that relate to future periods (for example, the final month's rent), less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term.

The lease receivable and deferred inflow of resources should be reduced by any provision for estimated uncollectible amounts.

Refer to [Subsections 85.54.41](#) and [85.65.37](#) for more details on how to account for leases and illustrative entries.

### 30.20.35.d

**Contracts with Multiple Assets or Components and Multiple Contracts.** In general, the capitalization threshold should be applied to each lease contract (rather than each asset within the contract). Lease contracts entered into under a master vendor agreement are separate contracts. However, if multiple contracts are negotiated as a package with a single objective, then the contracts should be combined and considered a single contract.

If a contract contains both a lease component (such as the right to use a building) and a nonlease component (such as maintenance services for the building), the lease and nonlease components should be treated as separate contracts. The lease component is subject to all SAAM requirements for leases. Whereas, the nonlease component should be recognized as a current period expenditure/expense by the lessee and/or revenue by the lessor.

If a lease involves multiple underlying assets with different lease terms, each asset or group of assets with a different lease term should be treated as a separate contract. If a lease involves multiple underlying assets that are in different major classes (i.e., building and land), each asset class should be treated as a separate lease contract.

If a contract does not include prices for individual components or assets, an estimate should be used to allocate the contract price to those components. However, if a reasonable estimate cannot be determined, then the contract should be treated as a single lease contract.

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## 30.20.40 Accounting for lease-to-own agreements

July 1, 2021

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### 30.20.40.a

A contract that transfers ownership of the underlying asset to the state by the end of the contract and does not contain termination options should be recorded as a financed purchase.



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When the state's capitalization policy (refer to [Subsection 30.20.20](#)) is met, account for a lease that transfers ownership as an acquisition of a capital asset and the incurrence of a liability. If a lease involves the acquisition of more than one asset, each asset is capitalizable if its fair value meets the state's capitalization threshold. Refer to [Subsections 85.60.70](#) and [85.72.30](#).

### 30.20.40.b

Record a lease-to-own agreement between state agencies as follows:

- The lessor agency is to treat the lease as a sales type lease (record a sale on account and remove the asset from inventory).
- The lessee agency is to treat the lease as a lease-to-own agreement (record the acquisition of a capital asset and the incurrence of a liability).

### 30.20.40.c

Lease-to-own agreements are to be used only to acquire capital assets. Refer to [Subsection 30.20.20](#).

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## 30.20.50 Capital assets acquired through Certificates of Participation (COP)

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July 1, 2009

Capital assets acquired through OST's Certificate of Participation (COP) program are to be capitalized. Refer to [Subsections 30.20.20.e](#), [85.60.80](#), and [85.72.40](#).

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## 30.20.60 Accounting for infrastructure

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June 1, 2012

### 30.20.60.a

In accordance with the Governmental Accounting Standards Board Statement Number 34, acquisitions of capital assets defined as [infrastructure](#), which meet the state's capitalization policy, are to be capitalized.

### 30.20.60.b

The state highway system operated by the Department of Transportation is classified by the state as Transportation Infrastructure-Modified Approach. Refer to [Subsection 30.20.80](#).

### 30.20.60.c

All transportation-related infrastructure not included in [Subsection 30.20.60.b](#) and all non-transportation infrastructure assets are required to be depreciated. Refer to [Subsection 30.20.70](#).



## 30.20.70 Depreciation and amortization policy

July 1, 2021

### 30.20.70.a

Calculate and record depreciation or amortization for all depreciable capital assets refer to [Subsection 85.60.40](#).

Non-depreciable capital assets include:

- Land
- The state highway system operated by the Department of Transportation, which is classified as Transportation Infrastructure-Modified Approach (refer to [Subsection 30.20.80](#))
- Art collections, library reserve collections, and museum and historical collections that are inexhaustible (refer to [Subsection 30.20.22](#))
- Construction in progress
- Intangible assets with indefinite useful lives

### 30.20.70.b

**Depreciation** normally begins when an asset is purchased or completed and accepted. However, if it is not placed into service immediately, depreciation should begin when the asset begins to lose value. Either option should be applied consistently and should be reasonable in the circumstance. Depreciation may be calculated using either the straight-line or composite method.

- To calculate depreciation using the **straight-line method**:

$$\text{Annual Depreciation} = \frac{\text{Cost} - \text{Salvage Value}}{\text{Asset Useful Life}}$$

Salvage value is an estimate of the amount that will be realized at the end of the useful life of a depreciable asset.

- Calculate the **composite method** based on weighted average estimated lives or an estimate of the useful life of the grouping of assets; such as library resources. The assessment could be based on condition assessments or experience with the useful lives of the groupings of assets. A consistent composite depreciation rate should generally be used throughout the life of the grouping of assets, but the rate should be recalculated if the composition of the assets or estimate of the useful lives changes significantly.

For example, if the average useful life of library resources, or portion thereof, was estimated to be 25 years, an annual depreciation rate of 4 percent would be used. The annual depreciation expense would be calculated by multiplying the annual depreciation rate by the cost of the collection.



### 30.20.70.c

**Amortization** on right-to-use lease assets begins on the lease start date. Amortization must be calculated using the straight-line method, by dividing the value of the lease asset by the lesser of the lease term or the asset's useful life. If it is reasonably certain that a purchase option will be exercised, the asset's useful life must be used.

### 30.20.70.d

**Useful life for capital assets** – Agencies are required to use the useful life shown in Schedule A, Capital Asset Class Code List and Useful Life Schedule ([Subsection 30.50.10.a](#)) for capital assets acquired in new condition. For energy efficiency equipment and products, refer to the Addendum to Schedule A ([Subsection 30.50.10.b](#)).

However, a shorter or longer estimated life may be used depending on factual circumstances, replacement policies, or industry practices. Proposed deviation in useful life from Schedule A requires prior written approval from the OFM Accounting Division.

When establishing an asset's useful life:

- Agencies are responsible for establishing and utilizing an appropriate useful life for assets acquired in less than new condition.
- The useful life for leasehold improvements is the estimated service life of the leasehold improvements, or the remaining term of the lease, whichever is shorter.
- The useful life for intangible assets acquired by contract generally should not exceed the period of the contract.

For depreciation purposes, the useful life of assets should be reviewed to ensure it has remained the same. Impairment of assets or changes in contractual provisions may impact the useful life and remaining depreciation.

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## 30.20.80 Non-depreciable transportation-related infrastructure assets reported using the modified approach

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June 1, 2002

The state capitalizes the state highway system as a class of infrastructure assets and reports these assets using the "modified approach" to depreciation. Under the modified approach, these infrastructure assets are not depreciated as long as two requirements are met:

- The assets are managed in an asset management system, which includes keeping an up-to-date inventory of assets, performing condition assessments of the assets and summarizing the results, and estimating the annual amount to maintain and preserve the assets.



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- The state documents that the assets are being preserved approximately at or above the condition level established and disclosed previously by the state.

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### **30.20.90    Impairment of capital assets and related insurance recoveries**

July 1, 2005

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#### **30.20.90.a**

A capital asset is considered to be impaired if the asset experiences a significant and unexpected decline in its service utility. The service utility of a capital asset is the expected usable capacity at acquisition. A capital asset may be impaired due to events or changes in circumstances, such as physical damage, obsolescence or changes in technology, enactment or approval of laws or regulations or other changes in environmental factors, a change in manner or duration of use, or a construction stoppage.

A capital asset that becomes impaired is to be revalued to reflect its decline in service utility. Refer to [Subsection 85.60.45](#).

#### **30.20.90.b**

Insurance recoveries related to impaired assets are reported net of the related loss when the recovery is realized or realizable in the same fiscal year as the loss. Otherwise, restoration or replacement costs of an impaired capital asset are reported as a separate transaction from the related insurance recovery. Contact your assigned OFM Accounting Consultant when you have a material impairment.

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### **30.20.95    Reconciliation of capital assets**

July 1, 2021

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Agencies are to reconcile the balance in GL Code Series 2XXX "Capital Assets" to the balance of the detail listing of capital assets in the agency's authorized capital asset management system and the leases in the Facilities Portfolio Management Tool (FPMT), as applicable. Agencies using the state's Capital Asset Management System (CAMS) have available capital asset reports for both cost and depreciation showing beginning balances, additions, deletions, and ending balances. Agencies not using CAMS are to develop similar capital asset reports. Refer to [Subsection 85.60.60](#).

*ER reports to use: Financial Reports/Accounting/Capital Asset Management.*





## 30.30 Marking and Identifying Capital Assets

Section	Title	Effective Date	Page Number
30.30.10	Mark all inventoriable capital assets	July 1, 2001	<a href="#">241</a>
30.30.20	How capital assets should be marked	July 1, 2001	<a href="#">241</a>
30.30.30	When it is OK not to mark a capital asset	July 1, 2009	<a href="#">242</a>
30.30.40	Capital asset inventory tags	July 1, 2015	<a href="#">242</a>
30.30.50	Capital asset inventory tags and control numbers need to be controlled	July 1, 2001	<a href="#">242</a>

### 30.30.10 Mark all inventoriable capital assets

July 1, 2001

Mark all inventoriable capital assets upon receipt and acceptance to identify that the property belongs to the state of Washington, except as noted in [Subsection 30.30.30](#) below.

This identification should:

- Facilitate accounting for the asset;
- Aid in its identification if the asset is lost or stolen;
- Discourage theft; and ultimately,
- Reduce the magnitude of the state's property losses.

### 30.30.20 How capital assets should be marked

July 1, 2001

#### 30.30.20.a

Permanently affix the identification information to the asset by using a standardized adhesive tag or inscribing the asset according to the following format:

- WASHINGTON STATE (or state seal insignia),
- AGENCY NAME (or authorized abbreviation or agency number),
- OPTIONAL BAR CODE, and
- ASSIGNED CONTROL NUMBER

If an existing capital asset displays only a state control number, which has been assigned properly affixed, and recorded on an authorized inventory system pursuant to [Subsection 30.40.10](#), it does not need to be retagged.



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### 30.30.20.b

Agencies may determine where to place the "Washington State" identification and control number on the capital asset. However, the identification and control number should be located on the principal body of the asset, rather than a removable part.

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### 30.30.30 When it is OK not to mark a capital asset

July 1, 2009

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Occasionally, an agency will find it is impractical or impossible to mark some of its inventoriable capital assets according to these standards. For example, where a capital asset:

- Would lose significant historical or resale value (such as art collections or museum and historical collections);
- Would have its warranty or lease contract negatively impacted by being permanently marked;
- Is stationary in nature and not susceptible to theft (such as land, infrastructure, buildings, improvements other than buildings, and leasehold improvements);
- Has a unique permanent serial number that can be used for identification, security and inventory control (such as vehicles); or
- Is an intangible asset that lacks physical substance.

In these cases, the identification "Washington State" or state seal insignia is not required, and the agency is to apply alternative procedures to inventory and identify such assets as "Washington State."

Leased assets (capital or operating) should only be permanently marked with the identification upon formal transfer of ownership to the state.

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### 30.30.40 Capital asset inventory tags

July 1, 2015

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Agencies are required to use tags that include the format detailed in [Subsection 30.30.20.a](#). For ease of inventory control, agencies may use tags bearing a bar code.

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### 30.30.50 Capital asset inventory tags and control numbers need to be controlled

July 1, 2001

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Responsibility for controlling capital asset control numbers rests with the agency's inventory officer.

Agencies are to ensure that adequate controls for safeguarding unissued, mutilated, and voided capital asset inventory tags are established.



## 30.40 Capital Asset Inventory Records Policy

Section	Title	Effective Date	Page Number
30.40.10	Which assets need to be inventoried or cataloged?	July 1, 2001	<a href="#">243</a>
30.40.20	Small and attractive assets	July 1, 2014	<a href="#">243</a>
30.40.30	Capital asset inventory system requirements	July 1, 2021	<a href="#">244</a>
30.40.40	Adding capital assets to the inventory	July 1, 2021	<a href="#">246</a>
30.40.45	Removing capital assets from the inventory	July 1, 2021	<a href="#">246</a>
30.40.50	Department of Enterprise Services requires information about surplus property	Jan. 1, 2012	<a href="#">247</a>
30.40.80	Lost or stolen property	July 1, 2008	<a href="#">247</a>

### 30.40.10 Which assets need to be inventoried or cataloged?

July 1, 2001

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

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

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

### 30.40.20 Small and attractive assets

July 1, 2014

Each agency should perform a risk assessment (both financial and operational) on the agency's assets to identify those assets that are particularly at risk or vulnerable to loss. Operational risks include risks associated with data security on mobile or portable computing devices that store or have access to state



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data. Assets so identified that fall below the state's capitalization policy are considered small and attractive assets. Each agency should develop written internal policies for managing small and attractive assets. Internal policies should take into consideration the Office of the Chief Information Officer (OCIO) IT Security Standard 141 Section 5.8 Mobile Computing and Section 8.3 Media Handling and Disposal Disposal at <https://ocio.wa.gov/policies>.

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

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

- 7013 Laptops and Notebook Computers
- 7014 Tablets and Smart Phones

Agencies must also include the following assets with unit costs of \$1,000 or more:

- 6551 Optical Devices, Binoculars, Telescopes, Infrared Viewers and Rangefinders
- 6710-6730 Cameras and Photographic Projection Equipment
- 7012 Desktop Computers (PCs)
- 7730 Television Sets, DVD Players, Blu-ray Players, and Video Cameras (home type)

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### 30.40.30 Capital asset inventory system requirements

July 1, 2021

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

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

For all right-to-use lease agreements that meet the state's capitalization policy, agencies are to use the Facilities Portfolio Management Tool (FPMT). This includes leases where the agency is the lessee or the lessor. In addition, agencies must record all state-owned and leased facilities in FPMT regardless of whether they meet the capitalization policy, to comply with [RCW 43.82.150](#).

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

The following are required to be included in the inventory records:



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- **Agency Name and Code Number** - The agency name and three digit agency code number.
- **Account** - For proprietary and trust fund type accounts, this is the account in which the asset is being used. This may or may not be the original purchasing account.

For governmental fund type accounts, this is the account that originally purchased the asset.

For those assets acquired prior to July 1, 1982, for which an account cannot be identified or is no longer in existence, such assets are to be identified as assets of the General Fund.

- **Acquisition Date** - The date the agency takes title to, or assumes responsibility for, an asset.
- **Class Code** - The code assigned to a capital asset that correlates to a descriptive title. Refer to [Subsection 30.50.10](#) for Schedule A-Capital Asset Class Codes and Useful Life Schedule.
- **Cost** - The total cost (value) assigned to the asset. Refer to [Subsection 30.20.10](#) for clarification.
- **Depreciation** - The portion of the cost of a capital asset representing the expiration in the service life of the asset attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and/or obsolescence which is charged systematically over the useful life of the capital asset. Refer to [Subsection 30.20.70](#). This element is not applicable to small and attractive assets.
- **Description** - Name of the asset.
- **Disposal Authorization** - When required, either the number assigned by the Office of the Chief Information Officer/Technology Services Board (for information technology related equipment and proprietary software) or the Department of Enterprise Services (for all other capital assets), granting an agency the authority to dispose of an asset or as provided by specific statutory authority. Refer to [Subsection 30.40.45](#).
- **Disposal Date** - With proper authorization, the date that the agency officially relinquishes responsibility for the asset.
- **Inventory Control Number** - The control number inscribed on, or contained on the inventory tag attached or referring to, an asset.
- **Location Code** - The identification code of the county in which the asset is located. Refer to [Subsection 30.50.20](#) for Schedule B for Location (County) Codes.
- **Manufacturer** - The name of either the manufacturer or the commonly accepted trade name; if none, then vendor name.
- **Order Number** - The number of the purchasing document used for the acquisition of the asset.
- **Ownership Status** - An indication as to possible claims against the asset by outside parties (e.g., federal government).
- **Parcel Location Identifier (For Land Only)** - The county assessor's parcel number of the land, or other code used by the agency to specifically identify the location of the land. If a county where



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the state land is located does not use a parcel numbering system for exempt land, use an alternative numbering system. This element not applicable to small and attractive assets.

- **Quantity** - The physical count of the inventoriable items. For equipment, this number is to be expressed as whole units; for buildings, as square feet; for land, in acres to the nearest tenth, except for tidelands and shorelands which are to be expressed in front footage; and for construction in progress, as number of capital projects under construction.
- **Salvage Value** - The estimated portion of a capital asset's cost that is recovered at the end of its service life less any disposal costs. This element is not applicable to small and attractive assets.
- **Serial Number** - The sequential identification number assigned by the manufacturer. Do not confuse this number with the model number.
- **Useful Life** - The estimated useful life of the capital asset in years or months. Refer to [Subsection 30.50.10](#) for Schedule A - Capital Asset Class Codes and Useful Life Schedule. This element is not applicable to small and attractive assets.

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### 30.40.40 Adding capital assets to the inventory

July 1, 2021

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Upon receipt and acceptance of an inventoriable asset, the agency inventory officer is responsible for supervising the addition of the asset to the inventory system. This includes assigning tagging responsibilities to specific individuals as well as developing and implementing procedures to ensure that the necessary information is entered into the agency's capital asset inventory system or the Facilities Portfolio Management Tool (FPMT), as applicable.

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### 30.40.45 Removing capital assets from the inventory

July 1, 2021

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Agencies are to adopt internal policies and procedures regarding the timely removal of capital assets from inventory, including procedures for the proper approval of disposal requests.

Capital assets are to be removed from active inventory based on the completion and submission of a Property Disposal Request using the Property Disposal Request System available online at: <http://des.wa.gov/services/surplus>.

Right-to-use lease agreements should be inactivated once the lease term has ended and the asset has been returned to the lessor.

Agencies are responsible to cleanse assets of any sensitive information prior to surplus, disposal, or returning the asset to the lessor.

Agencies are to maintain records of capital asset dispositions in accordance with approved agency records retention schedules.



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When disposing of and removing capital assets from inventory, agencies are to follow policies and guidelines, as appropriate, that are issued by:

- The Department of Enterprise Services, Surplus Programs for all capital assets, except those listed below (refer to [RCW 43.19.1919](#).)
- The Office of the Chief Information Officer (OCIO)/Technology Services Board for information technology related equipment and proprietary software (refer to [Chapter 43.105 RCW](#)). OCIO policies identify the threshold at which these assets are required to be reported to OCIO. Refer to the State Technology Manual, Policy No. 121, available online at: <https://ocio.wa.gov/policies>.

Although agencies are not required to report assets under the OCIO threshold to Surplus Program as public agencies, they are encouraged to make these assets available to other state agencies, school districts, and nonprofit organizations prior to being offered to the general public. To accomplish this, agencies are urged to use the services of Surplus Programs for disposing of these assets.

- Other specific statutory authority.

The cost and related accumulated depreciation/amortization of capital assets disposed of are also removed from the applicable general ledger codes.

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### **30.40.50 Department of Enterprise Services requires information about surplus property**

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Jan. 1, 2012

Agencies must report all capital assets classified as surplus (excluding information technology related equipment and proprietary software) to Surplus Programs at the Department of Enterprise Services (DES) in the format and manner specified by DES. Refer to [Subsection 30.40.45](#) and [RCW 43.19.1917](#).

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### **30.40.80 Lost or stolen property**

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July 1, 2008

When suspected or known losses of inventoriable assets occur, agencies should conduct a search for the missing property. The search should include transfers to other divisions or agencies, storage, scrapping, conversion to another asset, etc. If the missing property is not found:

- Follow the loss procedures in [Section 70.75](#).
- Remove the lost or stolen property from the agency's inventory and accounting records where applicable (refer to [Subsection 85.60.50](#)).
- Maintain records for losses of inventoriable assets in accordance with approved agency records retention schedules.



## 30.45 Capital Asset Physical Inventory Policy

Section	Title	Effective Date	Page Number
30.45.10	Physical inventory frequency	July 1, 2009	<a href="#">248</a>
30.45.20	Who should conduct and verify the physical inventory?	July 1, 2001	<a href="#">249</a>
30.45.30	Physical inventory instructions	July 1, 2001	<a href="#">249</a>
30.45.40	Physical inventory reconciliations	July 1, 2001	<a href="#">249</a>
30.45.50	Retaining physical inventory records	July 1, 2001	<a href="#">250</a>

### 30.45.10 Physical inventory frequency

July 1, 2009

Conduct physical inventories at least once every other fiscal year for all inventoriable assets except as noted below.

Due to the stationary nature of certain assets (such as land, infrastructure, buildings, improvements other than buildings, and leasehold improvements), performing a physical inventory every other fiscal year is not required. However, consideration must be given to the requirements of [Subsection 85.60.45](#), which requires adjusting the carrying value of assets that have been impaired.

Agencies may conduct their capital assets inventory on a revolving basis if the following conditions are met:

- Every item is subject to a physical count or verification at least once every other fiscal year.
- The inventory program is documented and active

As an alternative to conducting a physical inventory of every inventoriable asset at least once every other year, an agency may, pursuant to [Subsection 1.10.50](#), request OFM approval for a risk based sampling approach to a physical inventory. Requests for approval and the agency's capital asset risk assessment are to be sent to the OFM Accounting Division.

Documents submitted to OFM for approval should include:

- A capital asset risk assessment that identifies the objectives and risks of the capital asset cycle;
- Analysis of the control policies and procedures surrounding agency capital asset purchases, dispositions, impairments, inventorying and financial reporting; and
- The impact of the risk assessment on the sampling approach (i.e. which assets are high risk and therefore should be tested).





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For art collections, library reserve collections, library resources, and museum and historical collections (which are safeguarded and maintained through a perpetual or cataloging system), agencies are to perform a physical inventory of these assets at least once every other fiscal year if practical. If not, they are to be periodically sampled on a revolving basis or physically inventoried via accepted industry standards.

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### **30.45.20 Who should conduct and verify the physical inventory?**

July 1, 2001

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In order to ensure objective reporting of inventory items, a physical inventory should be performed by personnel having no direct responsibility (custody and receipt/issue authority) for assets subject to the inventory count. If it is not feasible to use such personnel for any part of the inventory, then those portions are, at least, to be tested and verified by a person with neither direct responsibility for that portion of the inventory nor supervised by the person directly responsible.

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### **30.45.30 Physical inventory instructions**

July 1, 2001

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Written physical inventory instructions must be documented and distributed to each person participating in the inventory process. The instructions should describe:

- How and where to record each item,
- What information to record,
- What to do when they have a question,
- What procedures to follow when they finish their assignments,
- What procedures to follow when equipment is located but not listed,
- The procedure by which the person counting the assets attests to the accuracy of the count, such as by signing his or her name at the bottom of each inventory page, or signing a cover page for a group of pages sorted by another method (batches, location, equipment type, etc.), and
- How to record assets not being used or in an obviously unserviceable condition. Such information is to be used to schedule repair or disposition of such assets. (Also refer to [Subsection 30.40.45](#)).

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### **30.45.40 Physical inventory reconciliations**

July 1, 2001

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After the physical inventory count is completed, the agency inventory officer is to conduct the reconciliation process. When all differences have been identified and explained, the inventory is considered reconciled. Refer to [Subsection 85.60.60](#).

Agencies should conduct the following steps during the reconciliation process:



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- Search the inventory lists to determine whether inventory noted during the count as unrecorded is, in fact, listed on another portion of the inventory.
- Enter unrecorded assets into the inventory system as soon as possible after discovery.
- If a significant number of unrecorded assets are located, indicating a major problem with the asset recording procedures, the agency inventory officer is to determine why the problem is occurring and correct it.
- Conduct a search in an effort to locate missing assets. For those assets not located, inventory officers are to follow procedures outlined in [Subsection 30.40.80](#).

After the inventory is reconciled, the agency inventory officer is to certify the reconciliation with a statement and signature that it is correct and report this to the supervisor. If the certification cannot be made, the inventory officer is to disclose that fact and the supervisor is to determine the appropriate course of action.

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### **30.45.50 Retaining physical inventory records**

July 1, 2001

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The certification, together with the reconciliation and the inventory listing, serves as the support for the inventory balance and for accounting adjustments, if any, and must be retained by the agency. The agency should retain this documentation in accordance with the approved agency records retention schedules.



# State Administrative and Accounting Manual

## 30.50 Capital Asset Class and Location Code Tables

Section	Title	Effective Date	Page Number
30.50.10	Schedule A - Capital asset class codes and useful life schedule	July 1, 2021	<a href="#">251</a>
30.50.20	Schedule B - Location (county) codes	July 1, 2001	<a href="#">271</a>

### 30.50.10 Schedule A - Capital asset class codes and useful life schedule

July 1, 2021

#### 30.50.10.a Schedule A

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

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



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Major Group	Class Code	Descriptive Title	Useful Life
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<b>04</b>		<b>Infrastructure (Depreciable)</b>	
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0420	Having a Useful Life of:	20 Years
0425	Having a Useful Life of:	25 Years
0430	Having a Useful Life of:	30 Years
0435	Having a Useful Life of:	35 Years
0440	Having a Useful Life of:	40 Years
0445	Having a Useful Life of:	45 Years
0450	Having a Useful Life of:	50 Years

<b>05</b>		<b>Buildings/Components</b>	
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0505	Having a Useful Life of:	5 Years
0510	Having a Useful Life of:	10 Years
0515	Having a Useful Life of:	15 Years
0520	Having a Useful Life of:	20 Years
0524	Having a Useful Life of:	24 Years
0525	Having a Useful Life of:	25 Years
0527	Having a Useful Life of:	27 Years
0530	Having a Useful Life of:	30 Years
0535	Having a Useful Life of:	35 Years
0540	Having a Useful Life of:	40 Years
0545	Having a Useful Life of:	45 Years
0550	Having a Useful Life of:	50 Years

<b>06</b>		<b>Improvements - Other Than Buildings (Includes Leasehold Improvements)</b>	
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0610	Having a Useful Life of:	3 Years
0620	Having a Useful Life of:	5 Years
0625	Having a Useful Life of:	8 Years
0630	Having a Useful Life of:	10 Years
0640	Having a Useful Life of:	15 Years
0650	Having a Useful Life of:	20 Years
0655	Having a Useful Life of:	25 Years
0660	Having a Useful Life of:	30 Years
0665	Having a Useful Life of:	35 Years
0670	Having a Useful Life of:	40 Years
0675	Having a Useful Life of:	45 Years



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Major Group	Class Code	Descriptive Title	Useful Life
	0680	Having a Useful Life of:	50 Years
07		<b>Art Collections, Library Reserve Collections, and Museum and Historical Collections (Exhaustible) and Library Resources</b>	
	0703	Having a Useful Life of:	3 Years
	0705	Having a Useful Life of:	5 Years
	0708	Having a Useful Life of:	8 Years
	0710	Having a Useful Life of:	10 Years
	0715	Having a Useful Life of:	15 Years
	0720	Having a Useful Life of:	20 Years
	0725	Having a Useful Life of:	25 Years
	0730	Having a Useful Life of:	30 Years
	0735	Having a Useful Life of:	35 Years
	0740	Having a Useful Life of:	40 Years
	0745	Having a Useful Life of:	45 Years
	0750	Having a Useful Life of:	50 Years
10		<b>Weapons, Firearms, Signal Guns, and Accessories</b>	<b>5 Years</b>
	1005	Firearms and Accessories	
	1040	Chemical Weapons and Equipment	
	1095	Weapons, Miscellaneous (Signal Guns, Line-Throwing Equipment, Animal Control Devices, etc.)	
13		<b>Ammunition and Explosives Equipment</b>	<b>5 Years</b>
	1305	Ammunition, Reloading, and Gunsmithing Equipment	
	1350	Bomb Handling and Cryogenic Equipment	
	1375	Detonating Equipment	
15		<b>Aircraft, Fixed and Rotary Winged</b>	<b>6 Years</b>
	1510	Aircraft, Fixed Wing	
	1520	Aircraft, Rotary Winged	
16		<b>Aircraft Components and Accessories</b>	<b>5 Years</b>
	1680	Miscellaneous Aircraft Accessories and Components	



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Major Group	Class Code	Descriptive Title	Useful Life
17		<b>Aircraft Support Equipment</b>	<b>5 Years</b>
	1730	Aircraft Ground Servicing Equipment	
	1740	Airfield Specialized Trucks, Trailers, and Lighting Equipment	
18		<b>Unmanned Aerial Vehicles (UAV), Drones</b>	
	1810	Unmanned Aerial Vehicles (UAV), Drones	5 Years
19		<b>Marine Vessels, Barges, and Docks (All, except otherwise indicated)</b>	
	1901	Passenger Only Vessels (Ferry Boats)	25 Years
		<u>Passenger Vessel Components:</u>	
	1902	Having a Useful Life of:	20 Years
	1903	Having a Useful Life of:	15 Years
	1904	Having a Useful Life of:	10 Years
	1905	Having a Useful Life of:	5 Years
	1906	Having a Useful Life of:	3 Years
	1910	Vehicle/Passenger Vessels (Ferry Boats)	60 Years
		<u>Vehicle/Passenger Vessel Components:</u>	
	1911	Having a Useful Life of:	30 Years
	1912	Having a Useful Life of:	25 Years
	1913	Having a Useful Life of:	20 Years
	1914	Having a Useful Life of:	15 Years
	1915	Having a Useful Life of:	12 Years
	1916	Having a Useful Life of:	10 Years
	1917	Having a Useful Life of:	5 Years
	1920	Fishing Vessels	40 Years
	1925	Vessels, Special Service (Tugs, Fire Boats, Tenders)	40 Years
	1930	Barges, Cargo	40 Years
	1935	Barges and Lighters, Special Purpose	40 Years
	1940	Small Craft, Powered and Unpowered	6 Years
	1945	Pontoons and Floating Docks	40 Years
	1950	Floating Dry Docks	40 Years



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Major Group	Class Code	Descriptive Title	Useful Life
	1990	Miscellaneous Vessels	40 Years
<b>20</b>		<b>Marine and Ship Equipment</b>	<b>5 Years</b>
	2010	Ship and Boat Propulsion Equipment	
	2030	Deck Winches, Hoists, etc.	
	2050	Buoys	
	2060	Commercial Fishing Equipment	
	2090	Marine and Ship Furnishings, Equipment, and Miscellaneous	
<b>22</b>		<b>Railroad Equipment</b>	<b>40 Years</b>
	2240	Railroad Boxcars - Grain	
	2245	Railroad Passenger and Power Cars	
<b>23</b>		<b>Motor Vehicles, Trailers, Cycles and Combat Vehicles (All, except otherwise indicated)</b>	
		<u>Vehicles (Autos, Vans, and Light Trucks) up to 10,000 lbs. GVW. Life is a function of the type of vehicle and the nature of vehicle use:</u>	
	2308	Having a Useful Life of:	3 Years
	2309	Having a Useful Life of:	4 Years
	2310	Having a Useful Life of:	5 Years
	2311	Having a Useful Life of:	6 Years
	2312	Having a Useful Life of:	7 Years
	2313	Having a Useful Life of:	8 Years
	2314	Having a Useful Life of:	9 Years
	2315	Having a Useful Life of:	10 Years
		<u>Vehicles, Medium and Heavy Duty (Trucks, Buses, and Special Purpose Vehicles) 10,000 lbs. GVW and over. Life is a function of the type of vehicle and the nature of the vehicle use:</u>	
	2320	Having a Useful Life of:	10 Years
	2321	Having a Useful Life of:	11 Years
	2322	Having a Useful Life of:	12 Years
	2323	Having a Useful Life of:	13 Years
	2324	Having a Useful Life of:	14 Years
	2325	Having a Useful Life of:	15 Years
	2326	Having a Useful Life of:	20 Years



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Major Group	Class Code	Descriptive Title	Useful Life
		<u>Trailers, Cycles and Combat Vehicles</u>	5 Years
	2330	Trailers, Cargo and Utility Including Semitrailers	
	2331	Trailers, Boat	
	2332	Trailers, Camp, Office, Mobile Home, etc.	
	2340	Motorcycles and Scooters	
	2350	Combat Vehicles, Tracked	
<b>24</b>		<b>Tractors: Crawler, Wheeled, and Track-Laying</b>	<b>10 Years</b>
	2410	Tractors, Crawler	
	2420	Tractors, Wheeled, Industrial	
	2421	Tractors, Wheeled, Farm-Type	
	2430	Tractors, Track-Laying (Snowcat, Snowmobile, Weasel, etc.)	
<b>25</b>		<b>Vehicular Equipment and Components</b>	<b>10 Years</b>
	2510	Cab, Body, and Frame Components	
	2530	Brake, Steering, Axle, and Wheel Assemblies	
	2540	Accessories (Canopies, Tool Boxes, Light Bars, etc.)	
	2590	Modifications (Cranes, Lifts, etc.)	
<b>28</b>		<b>Engines, Turbines, and Components</b>	<b>5 Years</b>
	2805	Engines, Gas, Automotive	
	2806	Engines, Gas, Marine	
	2807	Engines, Gas, Small Implement	
	2810	Engines, Aircraft	
	2815	Engines, Diesel, Automotive	
	2816	Engines, Diesel, Marine	
	2817	Engines, Diesel, Industrial	
	2830	Water Turbines/Water Wheels and Components	
	2835	Turbines, Jet Engines, Nonaircraft	
	2840	Turbines, Jet Engines, Aircraft	
	2850	Engines, Rotary, Gas and Components	
	2895	Engines, Miscellaneous and Components	
<b>29</b>		<b>Engine Components and Accessories</b>	<b>5 Years</b>





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Major Group	Class Code	Descriptive Title	Useful Life
	2910	Fuel System Components, Gas	
	2940	Cleaners, Filters, and Strainers	
	2960	Engine Accessories, Diesel Heavy Equipment	
	2990	Engine Accessories, Nonaircraft Miscellaneous	
	2995	Engine Accessories, Aircraft Miscellaneous	
<b>30</b>		<b>Mechanically Powered Transmission Equipment</b>	<b>5 Years</b>
	3010	Torque Converters	
	3020	Gears, Pulleys, and Sprockets	
	3040	Power Transmission Equipment	
	3050	Hydraulic System Components	
<b>32</b>		<b>Woodworking Machinery and Equipment</b>	<b>5 Years</b>
	3210	Sawmill and Planing Mill Equipment	
	3320	Woodworking Machines	
	3230	Tools and Attachments for Woodworking Machinery	
<b>34</b>		<b>Metalworking Machinery and Welding Equipment</b>	<b>10 Years</b>
	3405	Saw and Filing Machines	
	3408	Machining Centers and Way-Type Machines	
	3410	Electrical and Ultrasonic Erosion Machines	
	3411	Boring and Broaching Machines	
	3413	Drilling and Tapping Machines	
	3414	Gear Cutting and Finishing Machines	
	3415	Grinding and Finishing Machines	
	3416	Lathes, Metalworking	
	3417	Milling Machines	
	3418	Planers and Shapers	
	3419	Miscellaneous Machine Tools and Accessories	
	3422	Rolling Mills and Drawing Machines	
	3424	Metal Heat Treating and Nonthermal Treating Equipment	
	3426	Metal Finishing Equipment	
	3431	Electric Welding Equipment and Accessories	
	3432	Welding Equipment, Engine Driven	
	3433	Gas Welding, Heat Cutting, and Metalizing Equipment	
	3438	Miscellaneous Welding Equipment and Accessories	



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Major Group	Class Code	Descriptive Title	Useful Life
		Miscellaneous Welding, Soldering, and Brazing Equipment	
	3439		
	3441	Bending and Forming Machines	
		Hydraulic, Pneumatic, and Mechanical Presses – Power and Manual	
	3442		
	3445	Punching and Shearing Machines	
	3446	Forging Machinery and Hammers	
	3447	Wire and Metal Ribbon Forming Machines	
	3448	Riveting Machines, Power Operated	
	3450	Machine Tools, Portable and Secondary	
	3455	Cutting Tools, for Machine Tools	
	3460	Machine Tool Accessories	
	3465	Production Jigs, Fixtures, and Templates	
	3470	Machine Shop Sets, Kits and Outfits	
<b>35</b>		<b>Services and Trade Equipment – Laundry, Shoe, Sewing, Packaging, etc</b>	<b>5 Years</b>
	3510	Laundry and Dry Cleaning Equipment	
	3520	Shoe Repair Equipment	
	3530	Industrial Sewing Machine	
	3540	Wrapping and Packaging Machinery	
	3550	Vending Machines	
	3551	Parking Meters, Turnstiles, and Fare Recording Devices	
	3590	Beauty and Barber Shop Equipment	
	3591	Plastic Laminating Presses	
	3595	Specialized Plastic Working Machines	
<b>36</b>		<b>Special Industrial Machinery – Food, Printing, Logging, Textile, etc.</b>	<b>6 Years</b>
	3605	Food Cannery Machinery and Equipment	
	3610	Printing Equipment	
	3611	Duplicating Equipment/Copy Equipment	
	3612	Binding Equipment	
	3625	Textile Industries Machinery	
		Gas Generating Aero Dispensing Systems, Fixed or Mobile	
	3655		
	3680	Foundry Machinery and Related Equipment	
	3694	Clean Work Station, Controlled Environment Equipment	
	3695	Specialized Logging Equipment	



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Major Group	Class Code	Descriptive Title	Useful Life
37		<b>Agricultural Machinery and Equipment – Farm, Fishery, Pest Control, Garden, Irrigation, etc.</b>	<b>12 Years</b>
	3710	Soil Preparation Equipment	
	3720	Harvesting Equipment	
	3730	Dairy and Livestock Equipment	
	3731	Poultry Equipment	
	3732	Fish Hatchery Equipment	
	3740	Pest, Disease, and Frost Control Equipment	
	3750	Garden Implements (Mowers, Hedgers, etc.	
	3751	Gardening Tools	
	3752	Irrigation Equipment – Sprinklers, Pipe, and Accessories	
	3755	Forestry Planting Tools	
	3770	Animal Furnishings and Equipment – Saddles, etc.	
38		<b>Construction, Mining, and Highway Maintenance Equipment</b>	<b>6 Years</b>
	3805	Earth Moving and Excavating Equipment	
	3810	Cranes and Crane Shovels	
	3815	Crane and Crane Shovel Attachments	
	3820	Mining, Quarrying, and Rock Drilling Equipment	
	3821	Rock Crushing Equipment	
	3825	Road Clearing and Cleaning Equipment	
	3826	Traffic Safety Devices	
	3827	Pavement Marking Equipment and Accessories	
	3828	Weed Burners and Brush Control Equipment	
	3830	Construction and Maintenance Equipment Attachments	
	3895	Miscellaneous Construction Equipment	
39		<b>Materials Handling Equipment</b>	<b>5 Years</b>
	3910	Conveyors	
	3920	Materials Handling Equipment, Not self-propelled	
	3930	Materials Handling Equipment, Warehouse Type, Self-Propelled	
	3940	Blocks, Tackle, Rigging, and Slings	
	3950	Winches, Hoists, Cranes, and Derricks	
	3960	Elevators and Escalators	
	3990	Miscellaneous Materials Handling Equipment	



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Major Group	Class Code	Descriptive Title	Useful Life
41		<b>Refrigeration and Air Conditioning Equipment, Components and Accessories</b>	<b>13 Years</b>
	4110	Refrigeration Units and Accessories, Commercial	
	4111	Refrigeration Units and Accessories, Scientific	
	4112	Refrigeration Units and Accessories, Household	
	4119	Air Conditioning, Heating, and Ventilation Systems, Commercial	
	4120	Air Conditioning Units and Accessories, Commercial and Industrial	
	4121	Air Conditioning Units and Accessories, Household	
	4123	Air Conditioning Units and Accessories, Marine	
	4130	Refrigeration and Air Conditioning Plants and Components	
	4140	Fans and Air Circulators, Nonindustrial	
	4141	Industrial Fan and Blower Equipment	
42		<b>Fire Fighting Tools and Equipment</b>	<b>5 Years</b>
	4210	Fire Fighting Tools and Equipment	
	4211	Fire Extinguishers and Accessories	
	4220	Marine Life Saving Equipment	
	4221	Marine Diving and Salvage Apparatus and Equipment	
	4240	Safety and Rescue Equipment (Excluding Eye and Face Protection and Clothing)	
	4241	Safety and Rescue Equipment – Breathing Apparatus	
	4242	Safety and Rescue Equipment, Eye and Face Protectors	
43		<b>Pumps and Compressors</b>	<b>5 Years</b>
	4310	Compressors, Mounted and Unmounted	
	4320	Power and Hand Pumps	
	4330	Centrifugals, Separators, and Pressure and Vacuum Filters (Non-laboratory)	
44		<b>Furnaces, Steam Plants, Driers, and Air Purification Equipment</b>	<b>13 Years</b>
	4410	Industrial Boilers	
	4420	Heat Exchangers and Steam Condensers	
	4430	Industrial Furnaces, Kilns, Lehrs, and Ovens	



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Major Group	Class Code	Descriptive Title	Useful Life
	4440	Driers, Dehydrators, and Anhydrators	
	4460	Air Purification Equipment	
	4465	Industrial Controls	
<b>45</b>		<b>Plumbing, Heating, and Sanitation Equipment</b>	<b>5 Years</b>
	4510	Plumbing Fixtures and Accessories	
	4515	Dispensers, All Types	
	4520	Space Heaters, Nonportable	
	4521	Space Heaters, Portable	
	4525	Water Heaters	
	4530	Fuel Burning Units and Accessories	
	4540	Miscellaneous Plumbing, Heating, and Sanitation Equipment	
<b>46</b>		<b>Water Purification and Sewage Treatment Equipment</b>	<b>5 Years</b>
	4610	Water Purification Equipment	
	4620	Water Distillation Equipment	
	4630	Sewage Treatment Equipment	
<b>49</b>		<b>Specialized Maintenance and Repair Shop Equipment</b>	<b>5 Years</b>
	4910	Motor Vehicle Maintenance and Repair Shop Equipment	
	4920	Aircraft Maintenance and Repair Shop Equipment	
	4925	Marine Maintenance and Repair Shop Specialized Equip.	
	4930	Lubrication Equipment and Accessories	
	4931	Fuel Dispensing Equipment and Accessories	
	4940	Miscellaneous Maintenance and Repair Shop Equipment	
<b>51</b>		<b>Hand Tools, Powered and Nonpowered</b>	<b>5 Years</b>
	5110	Hand Tools, Edged, Nonpowered	
	5120	Hand Tools, Nonedged, Nonpowered	
	5130	Hand Tools, Power Driven, Attachments	
	5136	Taps, Dies, and Collets – Hand and Machine	
	5140	Tool and Hardware Boxes	
	5180	Sets, Kits, and Outfits of Hand Tools	



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Major Group	Class Code	Descriptive Title	Useful Life
52		<b>Measuring Tools and Gauges</b>	<b>5 Years</b>
	5210	Measuring Tools, Craftsmen's	
	5220	Inspection Gauges and Precision Layout Tools	
53		<b>Hardware, Abrasives, Locks and Packing</b>	<b>5 Years</b>
	5335	Screening	
	5340	Key-Duplicating Machines	
54		<b>Prefabricated, Portable Structures, Buildings and Scaffolding</b>	<b>50 Years</b>
	5410	Prefabricated, Portable Structures, and Buildings	
	5420	Bridges, Fixed and Floating	
	5430	Storage Tanks	
	5440	Scaffolding Equipment and Ladders	
	5445	Prefabricated Tower Structures	
	5450	Miscellaneous Prefabricated Structures	
58		<b>Communication, Recording, Reproducing, and Detection Equipment</b>	<b>7 Years</b>
	5805	Telephone and Telegraph Equipment, and Cell Phones	
	5810	Communications Security Equipment and Components	
	5815	Teletype and Facsimile Equipment	
	5820	Communications Equipment, Industrial and Commercial	
	5821	Radio and Television Communications Equipment, Airborne	
	5822	Communications Equipment, Public Safety: Audio and Video	
	5825	Radio Navigation Equipment, Nonairborne	
	5826	Radio Navigation Equipment, Airborne	
	5827	Global Navigation Satellite Systems (GPS – Global Positioning Systems)	
	5830	Intercommunications and Public Address Systems, Nonairborne	
	5831	Intercommunications and Public Address Systems, Airborne	
	5835	Sound Recording and Reproduction Equipment, Industrial and Professional (includes BETA, VHS, DVD, and Blu-ray Recorders; Video Cameras)	



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Major Group	Class Code	Descriptive Title	Useful Life
	5840	Radar Equipment	
	5845	Underwater Sound Equipment and Accessories	
	5850	Audio Tape, Industrial and Professional	
	5851	Video Tape, Industrial and Professional	
	5855	Night Vision Equipment	
	5860	Stimulated Coherent Radiation Devices (Laser and Taser)	
	5865	Headsets, Handsets, Microphones, Speakers, etc.	
<b>59</b>		<b>Electrical and Electronic Components</b>	<b>5 Years</b>
	5940	Lugs, Terminals, and Terminal Strips, Electrical	
	5941	Boards, Terminal, Multi-application, Electronic	
<b>60</b>		<b>Fiber Optics Materials, Components, Assemblies, and Accessories</b>	<b>5 Years</b>
	6010	Fiber Optic Conductors	
	6030	Fiber Optic Devices	
	6070	Fiber Optic Accessories	
<b>61</b>		<b>Electric Wire, Power, and Distribution Equipment, Batteries, and Generators</b>	<b>5 Years</b>
	6105	Motors, Electrical	
	6110	Electrical Control Equipment Switchgear, Servomechanisms, etc	
	6115	Generators and Generator Sets, Electrical	
	6118	Solar, Thermal, and Nuclear Power Equipment	
	6120	Transformers, Distribution and Power Station	
	6125	Converters, Electrical, Rotating	
	6130	Converters, Electrical, Nonrotating	
	6135	Batteries, Dry Cell	
	6141	Batteries, Wet Cell, Industrial and Electric Vehicles	
	6150	Miscellaneous Electric Power and Distribution Equipment	
<b>62</b>		<b>Lighting Fixtures and Lamps</b>	<b>5 Years</b>
	6210	Lighting Fixtures, Indoor	
	6211	Lighting Fixtures, Outdoor	
	6230	Portable Electric Lighting Equipment	



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Major Group	Class Code	Descriptive Title	Useful Life
	6290	Portable Electric Lighting Equipment	
<b>63</b>		<b>Alarm and Signal Systems</b>	<b>10 Years</b>
	6310	Traffic and Transit Signal Systems	
	6350	Alarm and Signal Systems, Commercial	
<b>65</b>		<b>Medical, Dental, and Veterinary Equipment</b>	<b>12 Years</b>
	6515	Medical and Surgical Instruments and Equipment	
	6516	Orthopedic Equipment	
	6517	Ophthalmological, Refraction, and Audiometry Equipment	
	6518	Veterinary Equipment	
	6520	Dental Instruments and Equipment	
	6525	X-ray Equipment, Medical, Dental, and Veterinary	
	6530	Hospital Equipment	
	6533	Patient Mobilization Aids	
	6534	Stretchers and Litters	
	6535	Sterilizing Equipment and Accessories	
	6540	Opticians Instruments and Equipment	
	6545	Medical Sets, Kits, and Outfits	
<b>66</b>		<b>Instruments and Laboratory Equipment</b>	<b>5 Years</b>
	6605	Navigational Instruments	
	6610	Flight Instruments	
		Automatic Pilot Mechanisms and Airborne Gyro	
	6615	Components	
	6620	Engine Instruments	
		Electrical Measuring and Testing Instruments	
	6625	(Ammeters, Voltmeters, etc.)	
	6626	Electronic Measuring and Testing Instruments	
	6630	Equipment, Instruments, and Devices, Laboratory	
	6635	Physical Properties Testing Equipment	
	6636	Environmental Chambers and Related Equipment	
	6640	Laboratory Supplies	
	6641	Laboratory Furniture	
	6643	Agriculture Laboratory and Field Testing Equipment	
		Time Measuring Instruments (Clocks, Watches, and	
	6645	Movements)	
	6650	Optical Instruments, Laboratory	





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Major Group	Class Code	Descriptive Title	Useful Life
	6651	Optical Devices, Binoculars, Telescopes, Infrared Viewers, and Rangefinders	
	6655	Geophysical and Astronomical Instruments	
	6660	Meteorological Instruments and Apparatus	
	6665	Hazard Detecting Instruments and Apparatus	
	6670	Scales and Balances, Commercial and Household	
	6671	Scales, Postal	
	6672	Scales and Balances, Laboratory	
	6675	Drafting, Surveying, and Mapping Instruments	
	6680	Liquid and Gas Flow, Liquid Level, and Mechanical Motion Measuring Instruments	
	6681	Speedometers and Tachometers	
	6682	Regulators and Gauges, Medical	
	6685	Pressure, Temperature, and Humidity Measuring and Controlling Instruments	
	6695	Combination and Miscellaneous Instruments	
<b>67</b>		<b>Photographic, Projecting, and Microfilm Equipment</b>	<b>6 Years</b>
	6710	Cameras, Motion Picture	
	6720	Cameras, Still Picture	
	6730	Photographic Projection Equipment	
	6740	Photographic Developing and Finishing Equipment	
	6750	Photographic Supplies	
	6760	Photographic Equipment and Accessories	
	6770	Films Processed for Commercial and Industrial Use	
	6780	Film Processing	
	6790	Micrographic Equipment	
	6791	Micrographic Supplies	
	6793	Micrographic Unitizing Equipment and Accessories	
<b>69</b>		<b>Training Aids and Devices</b>	<b>5 Years</b>
	6905	Multimedia Systems	
	6910	Training Aids, Medical	
	6911	Audiotape, Training	
	6914	Slides, Training	
	6918	Flight Training Aids and Devices	
	6920	Overhead Transparencies, Training	
	6921	Videotapes, DVDs, Blu-rays, Training	
	6925	Targets	



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Major Group	Class Code	Descriptive Title	Useful Life
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	6930	Vehicle Training Aids and Devices	
	6935	Robots for Training	
	6940	Communications Training Devices, For The Handicapped	
	6950	Miscellaneous Training Aids and Devices	

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## Information Technology (IT) Equipment

	7010	Main Frame Computer Systems	5 Years
	7011	Servers	5 Years
	7012	Desktop Computers (PCs)	4 Years
	7013	Laptops and Notebook Computers	4 Years
	7014	Tablets and Smart Phones	2 Years
	7015	Front End Communications Processors	7 Years
	7016	Data Processing Terminals	6 Years
	7017	Data Communications Equipment (Multiplexers, Modems, Routers, Hubs, and Switches)	6 Years
	7025	Input/Output and Storage Devices - Tape	6 Years
	7026	Input/Output and Storage Devices - Disk (Laser and Magnetic)	6 Years
	7027	Input/Output and Storage Devices - Other	5 Years
	7033	Multifunction Devices (Copier, Fax, Scanner, Printer)	5 Years
	7034	Plotters	5 Years
	7035	Other IT Accessorial Equipment and Components (Scanners, Data Displays, etc.)	5 Years
	7037	Monitors	5 Years
	7038	Laser Printers	6 Years
	7039	Impact and Other Printers	6 Years
	7042	Mini/Microcomputer Systems (Used primarily to control larger systems such as heating, A/C, etc.)	5 Years
	7060	Test and Monitor Equipment	5 Years

**71**

## Furniture, Fixtures, and Accessories

**10 Years**

	7105	Household Furniture
	7110	Office Furniture, Desk, Chairs, etc.
	7111	Mail Room Furniture and Equipment
	7112	School Furniture
	7115	Hospital Furniture
	7116	Furniture, Critical Environment (Prisons, etc.)
	7120	Furniture Fabrication and Repair Supplies



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Major Group	Class Code	Descriptive Title	Useful Life
	7125	Cabinets, Lockers, Bins, and Shelving	
	7126	Auditorium and Theater Furniture	
	7127	Library Furniture	
	7195	Miscellaneous Furniture and Fixtures	
<b>72</b>		<b>Household and Commercial Furnishings and Appliances</b>	<b>7 Years</b>
	7231	Awnings	
	7240	Containers, Utility, Commercial	
	7241	Containers, Utility, Household	
		Miscellaneous Household and Commercial Furnishings and Appliances (Fireplace Sets, Hair Dryers, Washers, Dryers, Compactors, Sewing Machines, Irons, etc.)	
	7290		
<b>73</b>		<b>Food Preparation and Serving Equipment</b>	<b>5 Years</b>
		Food Cooking, Baking, and Warming Equipment, Commercial	
	7310		
		Food Cooking, Baking, and Warming Equipment, Household	
	7311		
	7320	Kitchen Equipment and Appliances, Commercial	
	7321	Kitchen Equipment and Appliances, Household	
	7330	Kitchen Utensils	
	7352	Vacuum Containers and Chests	
<b>74</b>		<b>Office, Visible Record, and Word Processing Equipment</b>	<b>5 Years</b>
	7420	Accounting and Calculating Machines	
	7430	Typewriters and Office Type Composing Machines	
		Word Processing Equipment and Accessories (Includes mini and micro computers specifically designed for Word Processing purposes)	
	7435		
		Office Type Sound Recording and Reproducing Machines	
	7450		
	7460	Visible Records Equipment	
		Miscellaneous Office Machines (Coin Counters, Collators, Cash Registers, etc.)	
	7490		
<b>77</b>		<b>Musical Instruments, Televisions, and Household Recordings</b>	<b>5 Years</b>



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Major Group	Class Code	Descriptive Title	Useful Life
	7710	Musical Instruments	
	7720	Musical Instrument Parts and Accessories	
	7730	Television Sets, DVD Players, Blu-ray Players, and Video Cameras, (home type)	
	7740	Recordings, Entertainment	
	7742	Video Tapes, DVDs, Blu-rays, Entertainment	
<b>78</b>		<b>Recreational and Athletic Equipment and Toys</b>	<b>5 Years</b>
	7810	Athletic and Sporting Equipment	
	7820	Games, Toys, and Wheeled Goods	
	7830	Gymnastic Equipment	
	7831	Playground Equipment	
	7832	Game Room Equipment, Pool and Billiard Tables, and Bowling Equipment	
<b>79</b>		<b>Cleaning Equipment</b>	<b>5 Years</b>
	7910	Floor Polishers, Scrubbers, and Accessories	
	7912	Vacuum Cleaners, Carpet Sweepers, and Accessories	
<b>80</b>		<b>Computer Software, Land Use Rights, Patents, Trademarks, Copyrights, and Other Intangible Assets with Definite Useful Lives</b>	
		<b><u>Computer Software</u></b>	
	8010	Having a Useful Life of:	3 Years
	8011	Having a Useful Life of:	5 Years
	8012	Having a Useful Life of:	12 Years
	8013	Having a Useful Life of:	15 Years
		<b><u>Land Use Rights</u></b>	
	8020	Having a Useful Life of:	3 Years
	8021	Having a Useful Life of:	5 Years
	8022	Having a Useful Life of:	12 Years
		<b><u>Patents, Trademarks, Copyrights</u></b>	
	8030	Having a Useful Life of:	3 Years
	8031	Having a Useful Life of:	5 Years
	8032	Having a Useful Life of:	20 Years
	8033	Having a Useful Life of:	25 Years



# State Administrative and Accounting Manual

Major Group	Class Code	Descriptive Title	Useful Life
	8034	Having a Useful Life of:	50 Years
		<u>Other Intangible Assets with Definite Useful Lives</u>	
	8040	Having a Useful Life of:	3 Years
	8041	Having a Useful Life of:	5 Years
	8042	Having a Useful Life of:	12 Years
<b>83</b>		<b>Textile, Leather, Tents, and Flags</b>	<b>10 Years</b>
	8340	Tents, Tarpaulins, and Canvases	
	8345	Flags and Pennants	
<b>99</b>		<b>Signs, Arts and Crafts, and Church Equipment</b>	<b>5 Years</b>
	9905	Advertising Signs and Identification Plates	
	9906	Highway Signs	
	9909	Sign Making Machines and Accessories	
	9910	Arts and Crafts Supplies	
	9915	Collectors' Items	
	9925	Ecclesiastical Equipment	
	9930	Cemetery Equipment	

## 30.50.10.b Addendum to Schedule A – Energy Efficiency Equipment and Products

The following schedule is based on the American Society of Heating, Refrigeration and Air-Conditioning Engineers (ASHRAE) and Northwest Power and Conservation Council standards. This separate useful life schedule is for energy efficiency equipment and products only.

Major Group	Class Code	Descriptive Title	Useful Life
<b>41</b>		<b>Refrigeration and Air Conditioning Equipment, Components and Accessories</b>	
	4110	<u>Refrigeration Units and Accessories, Commercial</u>	
		Chiller: reciprocating	20 Years
		Chiller: centrifugal or absorption	23 Years
		Condensers: air-cooled or evaporative	20 Years
	4119	<u>Air Conditioning, Heating, and Ventilation Systems, Commercial</u>	
		Coils: DX, water, steam	20 Years



# State Administrative and Accounting Manual

Major Group	Class Code	Descriptive Title	Useful Life
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		Coils: electric	15 Years
		Cooling tower: wood or galvanized metal	22 Years
		Cooling tower: ceramic	34 Years
		Window unit air conditioner	10 Years
		Residential packaged or split	15 Years
		PTAC	15 Years
		Water cooled air conditioning	15 Years
		Residential air to air heat pump	15 Years
		Commercial air to air heat pump	15 Years
		Commercial water to air heat pump	19 Years
		Roof-top single-zone air conditioners	15 Years
		Roof-top multi-zone air conditioners	15 Years
		Gas or oil furnaces	18 Years
		Unit heaters: gas or electric	13 Years
		Unit heaters: hot water or steam	20 Years
		Radiant heaters: electric	13 Years
		Radiant heaters: hot water or steam	25 Years
		Induction and fan coil units	27 Years
		VAV and double-duct boxes	20 Years
		Ductwork	30 Years

4140 Fans and Air Circulators, Nonindustrial

	Fans: centrifugal	25 Years
	Fans: axial	20 Years
	Fans: propeller	15 Years
	Ventilating: roof mounted	20 Years

**43 Pumps and Compressors**

4320 Power and Hand Pumps

	Pumps: base mounted	20 Years
	Pumps: in-line or sump	15 Years

**44 Furnaces, Steam Plants, Driers, and Air Purification Equipment**

4410 Industrial Boilers

	Steel water-tube boiler	24 Years
	Steel fire-tube boiler	25 Years
	Cast iron boiler	35 Years



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Major Group	Class Code	Descriptive Title	Useful Life
		Electric boiler	15 Years
		Burners	21 Years
	4420	<u>Heat Exchangers and Steam Condensers</u>	
		HX shell and tube	24 Years
<b>61</b>		<b>Electric Wire, Power, and Distribution Equipment, Batteries, and Generators</b>	
	6105	<u>Motors, Electrical</u>	
		Motors, electrical	18 Years
		Motor starters	17 Years
		Controls: pneumatic	20 Years
		Controls: electric	16 Years
		Controls: electronic	15 Years
		Valve actuators	10 Years
<b>62</b>		<b>Lighting Fixtures and Lamps</b>	
	6210	<u>Lighting Fixtures, Indoor</u>	
		Lighting fixtures, indoor	12 Years
		Lighting indoor controls	12 Years
	6211	<u>Lighting Fixtures, Outdoor</u>	
		Lighting fixtures, outdoor	12 Years
		Lighting outdoor controls	12 Years

## 30.50.20 Schedule B - Location (county) codes

July 1, 2001

County	Code
Adams	01
Asotin	02
Benton	03
Chelan	04
Clallam	05
Clark	06
Columbia	07



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<b>County</b>	<b>Code</b>
Cowlitz	08
Douglas	09
Ferry	10
Franklin	11
Garfield	12
Grant	13
Grays Harbor	14
Island	15
Jefferson	16
King	17
Kitsap	18
Kittitas	19
Klickitat	20
Lewis	21
Lincoln	22
Mason	23
Okanogan	24
Pacific	25
Pend Oreille	26
Pierce	27
San Juan	28
Skagit	29
Skamania	30
Snohomish	31
Spokane	32
Stevens	33
Thurston	34
Wahkiakum	35
Walla Walla	36
Whatcom	37
Whitman	38
Yakima	39
Out-of-State	40





# **Chapter 35**

## **Inventories**



## 35.10 Inventories

Section	Title	Effective Date	Page Number
35.10.10	Policies in this chapter are minimum standards	May 1, 1999	<a href="#">274</a>
35.10.15	Authority for these policies	May 1, 1999	<a href="#">274</a>
35.10.20	Applicability	May 1, 1999	<a href="#">275</a>
35.10.25	Agency responsibilities	June 1, 2014	<a href="#">275</a>
35.10.35	Agencies may select among inventory alternatives	May 1, 1999	<a href="#">276</a>
35.10.40	Reporting requirements for inventories	June 1, 2014	<a href="#">276</a>
35.10.45	Inventory valuation methods	June 1, 2005	<a href="#">276</a>
35.10.50	Inventory systems	May 1, 1999	<a href="#">277</a>
35.10.55	Who should conduct the physical inventory?	May 1, 1999	<a href="#">278</a>
35.10.60	Physical inventory instructions	May 1, 1999	<a href="#">278</a>
35.10.65	Physical inventory reconciliation and documentation	May 1, 1999	<a href="#">278</a>
35.10.70	Retaining inventory records	May 1, 1999	<a href="#">278</a>
35.10.75	Lost or stolen property	May 1, 1999	<a href="#">279</a>

### 35.10.10 Policies in this chapter are minimum standards

May 1, 1999

The purpose of an inventory system is: 1) to provide control and accountability over inventories, and 2) to gather and maintain information needed for the preparation of financial statements.

The policies and procedures in this chapter are the minimum requirements for inventories that state agencies must meet. An agency may maintain its inventory system in greater detail, or use additional supporting documentation, as long as the agency meets the required minimum standards.



### 35.10.15 Authority for these policies

May 1, 1999

The Office of Financial Management (OFM) is required by the Budget and Accounting Act ([RCW 43.88.160\(1\)](#)) to establish a Generally Accepted Accounting Principles (GAAP)-based accounting system and procedures to ensure the state's assets, including inventories, are properly accounted for.

### 35.10.20 Applicability

May 1, 1999

All agencies of the state of Washington must comply with this chapter, unless otherwise exempted by statute. [RCW 43.88.020](#) defines the term "Agency" to mean and include "every state office, officer, each institution, whether educational, correctional or other, and every department, division, board and commission, except as otherwise provided."

Agencies may request a waiver from complying with specific requirements of this chapter. Refer to [Subsection 1.10.40](#) for information on how to request a waiver.

### 35.10.25 Agency responsibilities

June 1, 2014

The agency head must designate, in writing, one or more Agency Inventory Officers to be responsible for maintaining and safeguarding the agency's inventories. These responsibilities include:

- Selecting appropriate inventory accounting methods and systems from acceptable alternatives (refer to [Subsection 35.10.35](#) and [Section 85.56](#));
- Developing and implementing policies and procedures to safeguard, control, and account for inventories;
- Defining inventory control point in the agency's written internal policies;
- Planning, conducting, and reconciling the physical inventory with inventory records;
- Documenting selected inventory valuation methods;
- Documenting physical inventory procedures; and
- Performing other duties necessary to account for and report inventories.



## 35.10.35 Agencies may select among inventory alternatives

May 1, 1999

This chapter, in conjunction with [Section 85.56](#), offers alternatives for the accounting and reporting of inventories. Agencies may:

1. Adopt an inventory valuation method from the methods defined in [Subsection 35.10.45](#),
2. Use either the periodic or perpetual inventory system as defined in [Subsection 35.10.50](#), and
3. Use either manual or automated inventory systems.

Refer to [Section 85.56](#) for instructions on accounting for inventories by fund type.

## 35.10.40 Reporting requirements for inventories

June 1, 2014

### 35.10.40.a

All [merchandise](#), livestock, and [donated inventories](#) must be physically counted, valued, and recorded in the general ledger.

### 35.10.40.b

[Consumable inventories](#) must be physically counted, valued, and recorded in the general ledger when the fiscal year-end balance on-hand at an [inventory control point](#) exceeds \$50,000. In calculating the balance on-hand, agencies may exclude those items sometimes referred to as bench stock items-- (characterized by high turnover rate and extremely low unit cost) such as nuts, bolts, screws, washers, etc.--as defined in writing by the agency inventory officer.

## 35.10.45 Inventory valuation methods

June 1, 2005

### 35.10.45.a

Donated consumable inventories are to be recorded at fair value. Except as noted above, an agency may select different inventory valuation methods for different inventories. The selected methods must be applied consistently to the inventories for which they are chosen. Agencies must document the method(s) selected for accounting and reporting for inventories to help ensure it is consistently applied.

### 35.10.45.b

Agencies must include changes in inventory valuation methods, and the financial effects of those changes on an agency's financial statements, in fiscal year end financial disclosures reported to OFM.



## State Administrative and Accounting Manual

Acceptable inventory valuation methods include:

### 35.10.45.c

[First-in, First-out \(FIFO\)](#) - This method allocates costs on the assumption that goods are consumed/sold in the order in which they were acquired. In other words, the first goods purchased are assumed to be the first used or sold. Thus, inventory on-hand is assumed to represent the most recent acquisitions.

### 35.10.45.d

[Last-in, First-out \(LIFO\)](#) - This method allocates costs on the assumption that the last units acquired are the first units consumed/sold. Thus, inventory on-hand is assumed to come from earlier acquisitions.

### 35.10.45.e

[Weighted Average \(W.A.\)](#) - In general, this method values ending inventory based on the average cost per unit for the period.

### 35.10.45.f

**Other** - An agency may use an inventory valuation method other than those described above as defined in writing by the agency inventory officer.

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## 35.10.50 Inventory systems

May 1, 1999

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### 35.10.50.a Perpetual Inventory System

A [perpetual inventory](#) system is one in which the inventory quantities and values for all purchases and issues are recorded directly in the inventory system as they occur. Perpetual inventory system balances are verified by means of periodic physical counts. A revolving physical count, where segments of inventories are counted at different times, may be used, provided all inventories are counted at least every other fiscal year.

The agency inventory officer is responsible for developing and implementing procedures for recording inventory additions as received and reductions as used.

### 35.10.50.b Periodic Inventory System

A [periodic inventory](#) system avoids the necessity of accounting for each addition to and deletion from inventory. Instead, the agency performs a physical count of its inventory at least annually at fiscal year end. It then costs the inventory according to generally accepted accounting principles, and adjusts the accounting records to reflect this cost. When this system is used, the agency must maintain a system for documenting the inventory unit costs used in determining the cost.



### 35.10.55 Who should conduct the physical inventory?

May 1, 1999

The physical inventory, or inventory count, should be performed by persons with no direct responsibility (custody and receipt/issue authority) for the inventory. If it is not feasible to use such personnel for any part of the inventory, those parts are, at least, to be tested and verified by a person with no direct responsibility for the stock.

### 35.10.60 Physical inventory instructions

May 1, 1999

Physical inventory instructions must be documented and distributed to those personnel involved in the physical count. They should be specific and anticipate as many questions as possible considering the circumstances of the inventory.

### 35.10.65 Physical inventory reconciliation and documentation

May 1, 1999

#### 35.10.65.a

**Perpetual inventory** records must be reconciled with the physical count. The agency must investigate and explain differences, take corrective action when necessary, and adjust the accounting records per [Section 85.56](#). When the reconciliation is complete, the agency inventory officer must certify in writing that the inventory was verified by counting and reconciliation.

#### 35.10.65.b

Under the **periodic inventory** system, the physical inventory listing resulting from the physical count constitutes adequate documentation of the inventory. After the count is complete, the process is one of calculation rather than reconciliation. The inventory units are to be assigned a cost according to the method selected, the total cost of the inventory is to be calculated, and the appropriate accounting adjustments are to be made as per [Section 85.56](#). The agency inventory officer must certify in writing that the inventory was verified by an actual count.

### 35.10.70 Retaining inventory records

May 1, 1999

The inventory reconciliation and certification must be retained by the agency as documentary support for its inventory. The agency should retain this documentation in accordance with agency-approved records-retention schedules.



### **35.10.75 Lost or stolen property**

May 1, 1999

When suspected or known losses of inventories occur, agencies should conduct a reasonable search for the missing inventory. If the missing items are not found:

- Follow the loss procedures identified in [Section 70.75](#), and
- Remove the lost or stolen items from the inventory and accounting records.



# **Chapter 40**

## **E-Commerce: Electronic Acceptance and Disbursements of State Funds/Benefits**





## 40.10 General Provisions

Section	Title	Effective Date	Page Number
40.10.10	Policies in this chapter are minimum standards	July 1, 2010	<a href="#">281</a>
40.10.20	Authority for these policies	Oct. 1, 2016	<a href="#">281</a>
40.10.30	Applicability	July 1, 2010	<a href="#">282</a>
40.10.40	Responsibilities of the Office of Financial Management	July 1, 2010	<a href="#">283</a>
40.10.50	Responsibilities of the Office of State Treasurer	July 1, 2010	<a href="#">283</a>

### 40.10.10 Policies in this chapter are minimum standards

July 1, 2010

This chapter contains policies and requirements for the acceptance and/or disbursement by state agencies of state funds/benefits via electronic means, also referred to as [electronic commerce \(e-commerce\)](#). This includes, but is not limited to, [credit cards](#) and [debit cards](#), [purchase cards](#), [automated clearing house \(ACH\)](#) transfers, and [electronic benefit transfers \(EBTs\)](#).

The policies and procedures in this chapter are the minimum requirements that all state agencies must meet. An agency may establish additional policies and requirements, as long as the agency meets the required minimum standards.

### 40.10.20 Authority for these policies

Oct. 1, 2016

#### 40.10.20.a

Pursuant to [RCW 43.41.110\(13\)](#) the Office of Financial Management (OFM) is the official state agency to estimate and manage the cash flow of all public funds and shall adopt such rules as are necessary to manage the cash flow of public funds.

#### 40.10.20.b

[RCW 43.41.180](#) authorizes the Office of Financial Management to approve the electronic transfer of funds.

No state agency may use electronic or other technological means, including credit cards, without specific continuing authorization from the Office of Financial Management.



## State Administrative and Accounting Manual

### 40.10.20.c

As defined in [RCW 43.08.015](#) the state treasurer shall take such actions as are necessary to ensure the effective cash management of public funds. This cash management shall include the authority to represent the state in all contractual relationships with financial institutions. The state treasurer may delegate cash management responsibilities to the affected agencies with the concurrence of the Office of Financial Management.

### 40.10.20.d

Under [RCW 43.88.160\(5d\)](#) the Office of the State Treasurer (OST) shall coordinate agencies' acceptance and use of credit cards and other payment methods, if the agencies have received authorization under [RCW 43.41.180](#).

### 40.10.20.e

Under [RCW 39.26.090](#) the Department of Enterprise Services (DES) is to establish overall state policies, standards, and procedures regarding the procurement of goods and services by all state agencies, and develop policies and standards for the use of credit cards or similar methods to make purchases.

### 40.10.20.f

[RCW 28B.10.029](#) authorizes institutions of higher education to independently exercise certain powers otherwise granted to the director of DES.

### 40.10.20.g

The Budget and Accounting Act, [RCW 43.88.160\(4\)\(a\)](#) requires that the director of the Office of Financial Management (OFM), as an agent of the governor, develop and maintain a system of internal controls. Refer to [Chapter 20](#).

### 40.10.20.h

Additionally, refer to [Chapter 65](#) for information related to banking services, and [RCW 39.58.080](#) for deposit of public funds.

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## 40.10.30 Applicability

July 1, 2010

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This chapter is applicable to all agencies of the state of Washington, unless otherwise exempted by statute or rule. The Budget and Accounting Act ([RCW 43.88.020](#)) defines the term "Agency" to mean and include "...every state office, officer, each institution, whether educational, correctional or other, and every department, division, board and commission, except as otherwise provided..."



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Agencies may request a waiver from complying with specific requirements of this chapter. Refer to [Subsection 1.10.40](#) for information on how to request a waiver.

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### 40.10.40 Responsibilities of the Office of Financial Management

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July 1, 2010

The Office of Financial Management (OFM) has the following responsibilities related to [e-commerce](#) activities by state agencies:

1. Develop administrative and accounting policies and procedures for acceptance and/or disbursement of state funds/benefits via electronic means.
2. Approve, prior to implementation, the project and its expansions, if appropriate, for acceptance and/or disbursement of state funds/benefits via electronic means when [economically feasible](#). Approval is required for both pilot and permanent projects.
3. Provide assistance to agencies in preparing an [economic feasibility study \(EFS\)](#) for e-commerce activities. Agencies are encouraged to work closely with their assigned OFM Accounting Consultant and the OFM E-Government Accounting Consultant. Additional resources are available on OFM's E-Commerce Resources website at: <http://www.ofm.wa.gov/resources/ecommerce.asp>.
4. Work with OST to respond to requests for fiscal information, as needed, on the electronic receipt and/or disbursement of funds/benefits by state agencies.

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### 40.10.50 Responsibilities of the Office of State Treasurer

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July 1, 2010

The Office of the State Treasurer (OST) has the following responsibilities related to the electronic receipt and/or disbursement of funds/benefits by state agencies.

1. Negotiate master contracts or other contracts for receipts and disbursements by [credit cards](#), [debit cards](#), [ACH](#) transfers, or other electronic or technological means. Master contracts negotiated include, but are not limited to, depository and banking services, credit card and debit card acceptance, [lockbox services](#), and [ACH](#) file processing. This responsibility may be delegated to agencies with OFM's concurrence. An agency delegated this responsibility should use its best efforts to minimize the financial impact of electronic transfers on the state agency, taxpayers, and the public who use its services. Refer to [Chapter 65](#).

Work with OFM and state agencies in implementing new technologies for acceptance and/or disbursement of state funds/benefits via electronic means which include, but are not limited, to the following:

- ACH transfers for both acceptance and disbursement of funds.
- Credit cards and/or debit cards for acceptance of funds.



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- [Remote deposit services](#) for the deposit of checks to the state treasury or local bank accounts.
  - [Prepaid debit cards](#) for disbursement of funds.
2. Advise agencies of new cash management techniques, practices, procedures, and other efficient methods of collecting and disbursing state money to ensure maximum return on state investments.



## 40.20 Acceptance of Electronic Funds by State Agencies

Section	Title	Effective Date	Page Number
40.20.10	Methods of electronic funds acceptance	July 1, 2010	<a href="#">285</a>
40.20.15	Automated clearing house transfers	July 1, 2011	<a href="#">285</a>
40.20.20	Credit cards and debit cards	July 1, 2019	<a href="#">286</a>
40.20.30	Wire transfers, lockbox services, remote deposit services, and other electronic technologies	Oct. 1, 2011	<a href="#">287</a>

### 40.20.10 Methods of electronic funds acceptance

July 1, 2010

The acceptance of electronic funds includes all forms of receiving monies and/or payment information through electronic means.

These vehicles include, but are not limited to:

- [Automated clearing house](#) transfers
- [Credit cards](#)
- [Debit cards](#)
- [Wire transfers](#)
- [Lockbox services](#)
- [Remote deposit services](#)

### 40.20.15 Automated clearing house transfers

July 1, 2011

The preferred method for agencies accepting funds electronically is [automated clearing house \(ACH\)](#) transfers. This method is generally the least expensive method for accepting funds electronically, and works well for internet applications, recurring transactions, and one-time transactions.

Agencies are **required** to evaluate ACH as the primary option for accepting funds electronically.

ACH transfers through the Office of the State Treasurer (OST) **do not require** an [economic feasibility study \(EFS\)](#) to be submitted to the Office of Financial Management (OFM) for approval.

**However**, agencies are required to contact OST prior to implementing acceptance of ACH transfers:

- Prior approval from OST is required for any ACH deposited to the state treasury.



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- If an entity (government or private) wishes to make payment to a state agency by ACH, the agency must provide its bank account information to the entity. Usually, the entity has a form that must be completed and returned before ACH payments can begin.

For deposits to the state treasury, the agency should complete the agency-related information on the form and forward it to OST's Cash Management Section to complete the banking information.

The form will then be returned to the agency to forward to the paying entity. This is necessary to ensure the funds are identified properly upon receipt and that the volume of receipts can be managed appropriately.

- Agencies planning to collect funds via ACH from a large number of customers (i.e., tax payments, license fees, etc.) must work with OST to determine the most appropriate and cost effective method for collection. This may include outsourcing the ACH file creation process to a third party vendor or assisting the agencies in developing systems to create their own ACH file and processing it through the state treasury, and if so, an **EFS is required**. Refer to [Section 40.40](#) for information related to preparing an EFS. This process requires coordination and testing between the agency and OST.
- Acceptance of ACH into [local accounts](#) must be on the list of services in the master contract that has been negotiated by OST with the local bank. If it is not, contact OST to amend the contract. Refer to [Chapter 65](#) for information related to banking services.

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### 40.20.20 Credit cards and debit cards

July 1, 2019

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Unless specifically authorized by law, all new projects to accept [credit cards](#) and/or [debit cards](#) **must be approved** by the Office of Financial Management (OFM) **prior to** implementation. This **requires** an [economic feasibility study \(EFS\)](#) to be submitted to OFM. Refer to [Section 40.40](#) for information related to preparing an EFS.

If a project is limited to the acceptance of credit cards and/or debit cards, and does not include automated clearing house (ACH) transfers, the Business Case of the EFS is **required** to explain why ACH would not be a viable option for the agency's project.

Credit cards and/or debit cards may be processed either by retail methods or over the internet. Retail methods are also called [point of sale](#) and include transactions over the counter, through an interactive voice response system, over the phone, by fax, or by mail.

Expansions of existing processes may require approval by OFM as well. Agencies planning an expansion should contact their assigned OFM Accounting Consultant to determine if an EFS is needed.

State agencies accepting credit cards and/or debit cards must comply with Payment Card Industry – Data Security Standards (PCI-DSS) to safeguard cardholder data. Additional guidance is available on OFM's E-Commerce Resources website at: <http://www.ofm.wa.gov/resources/ecommerce.asp>.



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Each agency accepting credit cards and/or debit cards must reconcile its card activity daily.

Generally agencies may not accept credit cards, commonly referred to as [purchase cards](#). **Exceptions** to this are as follows:

- When prior written approval is received from OFM based on the requirements in [Subsection 40.40.10](#).
- When the paying and/or receiving account is a local account, and the receiving agency has agreed to accept the inter-agency purchase card payments.
- The Department of Transportation's Good To Go! prepaid and pay-as-you go toll accounts.
- The Department of Labor and Industries electrical permits.
- Individual transactions less than \$50.00.

Refer to [Subsection 85.36.20](#) for further information on methods of payment available for inter-agency payments.

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### 40.20.30 Wire transfers, lockbox services, remote deposit services, and other electronic technologies

Oct. 1, 2011

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#### 40.20.30.a

In general, in addition to [credit cards](#) and/or [debit cards](#), unless specifically authorized by law, all other forms of acceptance or electronic transfer of funds and/or payment information by state agencies must be approved by the Office of Financial Management (OFM) **prior to** implementation. This **requires** an EFS to be submitted to OFM. Refer to [Section 40.40](#) for information related to preparing an EFS.

Expansions of existing processes may also require approval by OFM. Agencies planning an expansion should contact their assigned OFM Accounting Consultant to determine if an EFS is needed.

If a project is limited to these other electronic technologies, and does not include [automated clearing house \(ACH\)](#), the Business Case of the EFS is required to explain why ACH would not be a viable option for their project.

#### 40.20.30.b

Electronic payment types where an EFS is required include, but are not limited to:

- **ACH transfers not performed directly through the Office of the State Treasurer (OST).** Any ACH transfer where the processing and settlement occur outside the state treasury.
- [Lockbox services](#). Contact OST's Cash Management Section for information on services available through the Master Lockbox and Automated Remittance Advice Services Contract. A contract amendment is required to add a new agency or to change existing agency specific requirements.



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Lockboxes often have an electronic component. Contact OST and OFM to determine if an EFS approval is needed for the specific project.

- **Remote deposit services.** The use of imaging software to capture and transfer an image of a paper check to the bank for deposit. May also be referred to as Check 21 deposits. Contact OST's Cash Management Section regarding available contracts.

### 40.20.30.c

Electronic payment types where an EFS is **NOT required** include, but are not limited to:

- **Wire transfers:**
  - Acceptance of wire transfers can be expensive and therefore should not be used routinely. Wire transfers can be processed into [treasury](#) and [treasury trust accounts](#) under special circumstances. Wires which are needed immediately and singular in nature do not require an EFS.  
  
**However**, agencies considering a recurring or routine wire transfer **must complete** an EFS, and the agency must work with OST to ensure that there is not a less expensive alternative available.
  - Acceptance of wire transfers into [local accounts](#) must be on the list of services in the master contract that has been negotiated by OST with the local bank. If it is not, contact OST to amend the contract. Refer to [Chapter 65](#) for information related to banking services.
- **Inter-agency payments (IAP).** IAP is the preferred method to pay other state agencies or to allocate or transfer costs between accounts, programs, etc., within an agency when both the paying and receiving accounts are either treasury or treasury trust accounts.
- **Interfund transfers (IFT).** IFT is the preferred method in AFRS for transferring cash between treasury and/or treasury trust accounts within the same agency. IFT transactions are used during the fiscal year to allocate or transfer costs between accounts, within an agency when both the paying and receiving accounts are either treasury or treasury trust accounts. IFT transactions are not valid in the adjustment months of 99 and 25.





## 40.30

## Disbursement of Electronic Funds/Benefits by State Agencies

Section	Title	Effective Date	Page Number
40.30.10	Methods of electronic funds disbursement	Oct. 1, 2016	<a href="#">289</a>
40.30.15	Automated clearing house transfers	July 1, 2011	<a href="#">289</a>
40.30.20	Wire transfers	July 1, 2010	<a href="#">290</a>
40.30.30	Electronic benefit transfers, payroll cards, stored value cards, and other electronic technologies	Oct. 1, 2016	<a href="#">290</a>
40.30.40	Purchase cards	Oct. 1, 2016	<a href="#">292</a>
40.30.50	State travel cards	Jan. 1, 2012	<a href="#">293</a>
40.30.60	Fuel cards	Jan. 1, 2012	<a href="#">293</a>

### 40.30.10 Methods of electronic funds disbursement

Oct. 1, 2016

The disbursement of electronic funds includes all forms of disbursing monies and/or payment information through electronic means.

These vehicles include, but are not limited to:

- [Automated clearing house](#) transfers
- [Wire transfers](#)
- [Electronic benefit transfers](#)
- [Payroll cards](#)
- [Prepaid debit cards](#)
- State [Purchase Card](#)
- State Travel Card
- Fuel Cards

### 40.30.15 Automated clearing house transfers

July 1, 2011

The preferred method for agencies disbursing funds electronically is [automated clearing house \(ACH\)](#) transfers. This method is generally the least expensive method for disbursing funds electronically.



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Agencies are **required** to evaluate ACH as the primary option for disbursing funds electronically.

An [economic feasibility study \(EFS\)](#) is **not required** to be submitted to the Office of Financial Management for approval for the following:

- Disbursement of funds by ACH through the Office of the State Treasurer (OST).
- Direct deposit (ACH) of employee's earnings. Refer to [Subsection 25.70.20](#).

**However**, agencies are required to contact OST prior to implementing disbursement of ACH transfers:

- Agencies must coordinate with OST to ensure compliance with National Automated Clearing House Association (NACHA) rules.
- Agencies must ensure that all contract amendments needed on the Agreement for Concentration Account Services for treasury and treasury trust accounts have been made, or, if a local account is being utilized, ensure that disbursement by ACH is included in the list of services on the master contract negotiated by OST with the local bank.
- Coordination with OST for testing of the ACH file and other necessary procedures must also be undertaken.

Refer to [Subsection 85.36.20](#) for additional information related to ACH disbursements. Refer to [Chapter 65](#) for further information related to banking services.

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### 40.30.20 Wire transfers

July 1, 2010

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Disbursement by [wire transfer](#) can be expensive and therefore should not be used routinely. Wire transfers can be processed from [treasury](#) and [treasury trust accounts](#) under special circumstances. Wires which are needed immediately and singular in nature do not require an [EFS](#).

**However**, agencies considering a recurring or routine wire transfer **must complete** an EFS, and the agency must work with OST to ensure that there is not a less expensive alternative available.

Disbursement by wire transfers out of [local accounts](#) must be on the list of services on the master contract negotiated by OST with the local bank. If it is not, contact OST to amend the contract. Refer to [Chapter 65](#).

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### 40.30.30 Electronic benefit transfers, payroll cards, stored value cards, and other electronic technologies

Oct. 1, 2016

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#### 40.30.30.a

In general, unless specifically authorized by law, agencies wishing to disburse funds/benefits via [electronic benefit transfers \(EBTs\)](#), [stored value cards](#), or any other electronic technology **must receive approval** by the Office of Financial Management (OFM) **prior to** implementation.



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Payroll cards and expansions of existing processes **may also require** approval by OFM.

### 40.30.30.b

Electronic payment types where an economic feasibility study (EFS) is **required** include, but are not limited to:

- **Electronic benefit transfers (EBTs)**. EBTs are a method for making disbursements to benefit recipients. EBT is similar in nature to a debit card. The recipient's benefits are encoded on a magnetic stripe card.
- **Prepaid debit cards**. A card for which the prefunded value is associated with a bank account, which must be accessed for payment authorization. These cards can be reloadable or disposable, and include cards such as flexible spending account cards, government benefit cards, etc. Contact OST's Cash Management Section regarding available contracts.

### 40.30.30.c

Electronic payment types where an **EFS may be required** include, but are not limited to:

- **Payroll cards**. A card for which employee's net pay is loaded and made accessible to an employee. Payroll cards are a form of a prepaid debit card. Contact OST's Cash Management Section regarding available contracts. Refer to [Section 25.70](#) for more information regarding employee payment options.
- **Expansions of existing processes**. Agencies planning an expansion should contact their assigned OFM Accounting Consultant to determine if an EFS is needed. Contact OST's Cash Management Section regarding available master contracts.

### 40.30.30.d

Electronic payment types where an EFS is **NOT required** include, but are not limited to:

- **Inter-agency payments (IAP)**. IAP is the preferred method to pay other state agencies or to allocate or transfer costs between accounts, programs, etc., within an agency or when both the paying and receiving accounts are either treasury or treasury trust accounts.
- **Interfund transfers (IFT)**. IFT is the preferred method in AFRS for transferring cash between treasury and/or treasury trust accounts within the same agency. IFT transactions are used during the fiscal year to allocate or transfer costs between accounts, within an agency when both the paying and receiving accounts are either treasury or treasury trust accounts. IFT transactions are not valid in the adjustment months of 99 and 25.
- **Gift cards**. Gift cards may be used by agencies as a convenient means for incentives. An agency may also use gift cards for administering special programs as long as there are no fees attached. The agency must ensure adequate internal controls are in place to safeguard the assets. Refer to [Chapter 20](#) for more information on internal controls.



## 40.30.40 Purchase cards

Oct. 1, 2016

### 40.30.40.a Requirements

Agencies may only use [credit](#) and/or [debit cards](#) issued through the state charge card system and the fuel card program authorized by the Department of Enterprise Services (DES), unless there is specific authority which authorized an agency to independently contract for purchase card services.

Agencies must follow the DES policies and procedures on the use of purchase cards.

Purchase cards are to be used within the same statutes, rules, policies, and procedures as purchases by any other means of payment.

Agencies must develop internal policies and procedures in line with the purchase card policies and procedures set by DES. Internal policy should include, but not limited to:

- Internal control requirements in line with SAAM [Chapter 20](#) and DES's policies and procedures.
- The agency established purchase card reporting structure/hierarchy for the agency and ensuring proper separation of duties. For example, a card user may not be the reviewer or [approving official](#) for their own transactions.
- Consideration of the State ethics laws.
- Disciplinary procedures related to unauthorized use of cards and card renewal procedures.

### 40.30.40.b Restrictions

Agencies may not use the purchase card to pay other state agencies or to make payments between internal departments within an agency.

**Exceptions** to this are as follows:

- When prior written approval is received from the Office of Financial Management based on the requirements in [Subsection 40.40.10](#), or
- When the paying and/or receiving account is a local account, and the receiving agency has agreed to accept the inter-agency purchase card payments, or
- The Department of Transportation's *Good To Go!* prepaid and pay-as-you-go toll accounts. Agencies should actively manage/monitor their *Good To Go!* account. Agencies may not auto-replenish accounts. When replenishing the account, agencies should not exceed one month's estimated usage.

### 40.30.40.c Rebate/incentive programs

Each agency should establish a policy for accounting for any rebates/incentives received from any merchants or the issuing bank. The policy should address the individual business needs of the agency and



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should cover how the rebates are to be recorded. Note that all merchant losses on agency accounts may be deducted by the issuing bank when determining agency rebate amounts. Therefore an agency should make a reasonable effort to ensure that unauthorized or disputed transactions are promptly reported.

Rebates should be recorded as either a recovery of expenditures or miscellaneous revenue depending on the timing of the receipt of the rebate and/or the source of funds expended for the purchase card transactions.

For further information on the state charge card system, refer to [Subsection 10.10.45](#) or contact DES at (360) 902-7400.

For additional information related to disbursement mechanisms, refer to [Subsection 85.36.20](#).

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### 40.30.50 State travel cards

Jan. 1, 2012

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Agencies must follow the policies and procedures in [Subsections 10.10.45](#), [10.30.60](#), and [10.50.40](#) on the use of state travel cards. No type of [credit card](#) and/or [debit card](#) other than the state charge card system and the fuel card program authorized by the Department of Enterprise Services (DES) may be used by agencies.

For further information on state travel cards, contact DES at (360) 902-7400.

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### 40.30.60 Fuel cards

Jan. 1, 2012

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Agencies must follow the policies and procedures in [Subsection 85.36.20](#) on the use of fuel cards. No type of [credit card](#) and/or [debit card](#) (including specific gas station credit cards) other than the state charge card system and the fuel card program authorized by the Department of Enterprise Services (DES) may be used by agencies.

For further information on the fuel card program, contact DES at (360) 902-7400.



## 40.40 Economic Feasibility Study

Section	Title	Effective Date	Page Number
40.40.10	Purpose and components of an economic feasibility study	Oct. 1, 2011	<a href="#">294</a>
40.40.20	Economic feasibility elements	Oct. 1, 2011	<a href="#">295</a>
40.40.30	Business Case	Oct. 1, 2011	<a href="#">295</a>
40.40.40	Cost Benefit Analysis	Oct. 1, 2011	<a href="#">296</a>
40.40.50	Supporting documentation	Oct. 1, 2011	<a href="#">296</a>
40.40.60	Steps to request approval from the Office of Financial Management	Jan. 1, 2012	<a href="#">296</a>
40.40.70	Steps after approval is obtained	July 1, 2010	<a href="#">297</a>

### 40.40.10 Purpose and components of an economic feasibility study

Oct. 1, 2011

The purpose of an [economic feasibility study \(EFS\)](#) is to demonstrate the net benefit of a proposed project for accepting or disbursing electronic funds/benefits, taking into consideration the benefits and costs to the agency, other state agencies, and the general public as a whole.

The EFS is composed of **two required forms**:

- [Business Case](#)
- [Cost Benefit Analysis](#)

These forms are available on the Office of Financial Management's (OFM) E-Commerce Resources website at: <http://www.ofm.wa.gov/resources/ecommerce.asp>.

The agency **must submit** its EFS and request for approval to OFM **prior to** accepting or disbursing electronic funds/benefits, except where noted in [Sections 40.20](#) and [40.30](#). Approval from OFM is required for pilot and permanent projects, and both internet and retail projects. When completing the EFS, the agency should consider only those portions of the proposed project that are related to electronic payment processing.

If the project includes acceptance of [credit cards](#) and/or [debit cards](#), the EFS must specify how funds/benefits will be accepted (such as, over the counter, via the internet, etc.). The EFS must also specify which card brands will be accepted (such as, VISA, MasterCard, Discover, American Express, etc.).



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In addition, supporting documentation can provide additional detail on the elements and may be submitted with the EFS if necessary.

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### 40.40.20 Economic feasibility elements

Oct. 1, 2011

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Economic feasibility elements include, but are not limited to:

- Increased agency revenue,
- Decreased agency revenue,
- Increased agency costs,
- Decreased agency costs,
- Increased revenue to other agencies and/or the general public,
- Decreased revenue to other agencies and/or the general public,
- Increased costs to other agencies and/or the general public,
- Decreased costs to other agencies and/or the general public, and,
- Other public benefits.

These items are to be described in detail in the Business Case, and the associated dollar amounts for these items included in the Cost Benefit Analysis. The elements for the agency should be separated from those of other state agencies and the general public so that the potential funding requirements can be discerned.

Additional guidance on economic feasibility elements is available on the Office of Financial Management's E-Commerce Resources website at: <http://www.ofm.wa.gov/resources/ecommerce.asp>.

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### 40.40.30 Business Case

Oct. 1, 2011

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The Business Case is to be submitted on the Business Case form. The [Business Case form](#) is available on the Office of Financial Management's E-Commerce Resources website at: <http://www.ofm.wa.gov/resources/ecommerce.asp>.

The Business Case provides an analysis of the business environment including, but not limited to, a description of who the expected customers are, the nature of the business, how the payment is currently being processed, if applicable, and the current and expected volume and timing of transactions. The Business Case also presents the benefits of the proposed project.

The Business Case includes a description of the assumptions made in the economic feasibility analysis and the reasoning behind those assumptions. If a project includes electronic payment methods other than ACH, the Business Case is **required** to explain why ACH would not be a viable option for the agency's



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project. Other alternative processes considered should be noted and the consequences of not implementing the proposed project are to be explained.

A summary of the agency's [economic feasibility](#) elements and the potential need for funding are to be included in the Business Case. A summary of the economic impact on other state agencies and the general public is also presented in the Business Case.

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### 40.40.40 Cost Benefit Analysis

Oct. 1, 2011

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The Cost Benefit Analysis is presented on the [Cost Benefit Analysis form](#). The Cost Benefit Analysis form is available on the Office of Financial Management's E-Commerce Resources website at: <http://www.ofm.wa.gov/resources/ecommerce.asp>.

The Cost Benefit Analysis summarizes the revenues and costs involved with the proposed project. The amounts in the Cost Benefit Analysis should reflect the amounts and assumptions in the Business Case. An analysis summarizing the impact to the agency, other state agencies, and the general public is also included, as applicable.

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### 40.40.50 Supporting documentation

Oct. 1, 2011

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If necessary, additional supporting documentation may be included with the EFS to support the Business Case and Cost Benefit Analysis.

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### 40.40.60 Steps to request approval from the Office of Financial Management

Jan. 1, 2012

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1. Ensure that any project is authorized under [RCW 43.88.160\(5\)](#). Refer to [Subsection 40.10.20.d](#).
2. It is strongly recommended that the agency work together with its internal information services, program and accounting/fiscal staff, as well as the agency's assigned Office of Financial Management (OFM) Accounting Consultant and Budget Analyst to define the project, analyze its viability, and receive assistance in preparing an EFS. Additional guidance is available on OFM's E-Commerce Resources website at: <http://www.ofm.wa.gov/resources/ecommerce.asp>.
3. Consider conducting a survey or some other form of evaluation to help determine the needs and usage of the project by potential customers.
4. For new endeavors, consider undertaking a pilot project with limited scope, location and complexity to help determine its overall feasibility. Approval from OFM is required for both pilot and permanent projects.





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5. If the electronic payment feature of the project can be separated from the entire project, the EFS should be prepared on the payment piece only.
6. Contact the OST Cash Management Section to discuss contracts, merchant IDs, equipment, software, and banking fees. Other banking agreements and applicable cash management laws should also be addressed. Refer to [Chapter 65](#) for further information related to banking services.
7. Contact the Public Deposit Protection Commission to discuss any potential out of state banking issues and any other depository concerns. Refer to [Subsection 65.10.10.c](#).
8. In addition to the EFS approval, agencies whose projects include investments in information technology may require additional approvals:
  - If an agency is proposing to invest in an agency financial or administrative system, a separate Systems Approval may be required. Refer to [Subsection 80.30.88](#).
  - An additional approval from the Office of the Chief Information Officer (OCIO) and/or the Technology Services Board may also be required. Agencies should contact their assigned OCIO Senior Technology Consultant to determine if this additional approval is required.
9. Consult with the agency's Assistant Attorney General on any legal issues.
10. Prepare an EFS in conjunction with the agency's assigned OFM Accounting Consultant, the OFM E-Government Consultant, the OFM Budget Analyst, and OST. It is strongly recommended that agencies prepare and submit a draft EFS to OFM and OST for review and comment prior to submitting the final EFS for approval. Additional guidance is available on OFM's E-Commerce Resources website at: <http://www.ofm.wa.gov/resources/ecommerce.asp>.

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### 40.40.70 Steps after approval is obtained

July 1, 2010

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1. For all projects, contact the Office of the State Treasurer, Cash Management Section.
2. Set up procedures to account for the processing fees and other banking costs associated with the electronic receipt and/or disbursement of funds. Unless otherwise provided by law, electronic payment processing and/or transaction fees may not be netted from revenues. Agencies operating in appropriated accounts are to record costs associated with the electronic receipt and/or disbursement of funds as expenditures. Such information should be readily available when requested.
3. Set up procedures to reconcile receipts with the amounts reported by outside entities.
4. If the project involves the internet, create an application design and test it prior to implementation.
5. Train personnel and market the project as appropriate.
6. Collect data on the actual usage, revenue, cost, etc., of the project. Such information is useful for determining ongoing economic feasibility.



## 40.50 Privacy Issues

Section	Title	Effective Date	Page Number
40.50.10	General provisions	June 1, 2014	<a href="#">298</a>

### 40.50.10 General provisions

June 1, 2014

Agencies should develop policies and procedures to implement state and federal laws governing privacy protections. These laws pertain to both internet and non-internet electronic applications.

**Privacy Notice: Safeguarding and disposition of personal information must be consistent with Executive Order 00-03, April 25, 2000; [OCIO Policy 141](#); and [RCW 42.56.210](#).**

State agencies accepting [credit cards](#) and/or [debit cards](#) must comply with Payment Card Industry – Data Security Standards (PCI-DSS) to safeguard cardholder data. Additional guidance is available on OFM’s E-Commerce Resources website at: <http://www.ofm.wa.gov/resources/default.asp>.



# **Chapter 50**

# **Federal Compliance**



## 50.10 Annual U.S. Information Returns

Section	Title	Effective Date	Page Number
50.10.10	What are annual U.S. information returns?	July 1, 2012	<a href="#">300</a>
50.10.20	The purpose of these guidelines	June 1, 2012	<a href="#">300</a>
50.10.30	Key timeframes and publications	June 1, 2016	<a href="#">301</a>
50.10.40	Taxpayer Information Numbers (TINs) are required	Jan. 1, 2019	<a href="#">302</a>
50.10.50	Common U.S. information returns	July 1, 2012	<a href="#">304</a>
50.10.60	Federal training opportunities	June 1, 2016	<a href="#">306</a>
50.10.65	1099 download application	Jan. 1, 2019	<a href="#">307</a>

### 50.10.10 What are annual U.S. information returns?

July 1, 2012

In the course of state business activities, agencies make payments to others that must be reported to the federal government. Copies of information returns must be furnished to recipients for payments reported.

For payroll related payments, Internal Revenue Service (IRS) Forms W-2 are required to be transmitted to the Social Security Administration (SSA) accompanied by a Form W-3, Transmittal of Wage and Tax Statements. Payroll systems that send W-2 information to the SSA electronically use IRS Form 6559, Transmitter Report and Summary of Magnetic Media.

For non-payroll related payments, the most common annual information returns include Forms 1098 (1098, 1098-E, and 1098-T), Forms 1099 (1099-G, 1099-INT, 1099-MISC, 1099-Q, 1099-R, and 1099-S) and Form W-2G. These forms are transmitted to IRS with Form 1096, Annual Summary and Transmittal of U.S. Information Returns.

Non-payroll U.S. source income paid to foreign persons must be reported to the payee and IRS on IRS Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding.



### 50.10.20 The purpose of these guidelines

June 1, 2012

To ensure federal reporting compliance, agencies are to obtain current publications and advice from the IRS and the SSA as needed. Section 50.10 is provided for general informational purposes only, to alert agencies about compliance issues related to various reporting requirements of the IRS and SSA for annual U.S. Information Returns.

The Office of Financial Management does not provide tax advice. Agencies can obtain tax advice from the IRS, SSA, Office of the Attorney General, and/or outside tax counsel (paid for by the agency seeking tax advice).

### 50.10.30 Key timeframes and publications

June 1, 2016

#### 50.10.30.a

Annual information returns report payments for the calendar year and are generally to be mailed to recipients on or before January 31 of the ensuing year (except for Form 1042-S, due to recipients on or before March 15).

Due dates for filing with the federal government vary:

- Forms W-2 are due to the SSA on or before January 31.
- Forms 1099-MISC are due to the IRS on or before January 31, when nonemployee compensation is reported in Box 7. Otherwise, paper forms are due to the IRS by February 28 or, if filed electronically, by March 31.
- Forms 1042 are due to the IRS by March 15.

When 250 or more information returns are prepared by an agency, the IRS requires electronic filing. This requirement applies separately for each type of form.

#### 50.10.30.b

The IRS publication, General Instructions for Certain Information Returns, provides specific instructions on the filing requirements of these returns. This publication contains a Guide to Information Returns. This guide is a helpful quick reference for form numbers, titles, what to report, amounts to report, and due dates to the IRS and the recipient. The instructions are available on the IRS website at: <http://www.irs.gov/instructions/>.

Additional publications are available on the IRS website at: <https://apps.irs.gov/app/picklist/list/formsPublications.html>

Key publications include:



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- Publication 15 (Circular E), Employer's Tax Guide
- Publication 15-A, Employer's Supplemental Tax Guide
- Publication 15-B, Employer's Tax Guide to Fringe Benefits
- Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities
- Publication 519, U.S. Tax Guide for Aliens
- Publication 901, U.S. Tax Treaties
- Publication 1141, General Rules and Specifications for Substitute Forms W-2 and W-3
- Publication 1179, General Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498, and Certain Other Information Returns

### 50.10.30.c

SSA Publication EFW2 provides specifications for Form W-2. IRS Publication 1220 provides specifications for electronically or magnetically filing Forms 1098, 1099, and W-2G.

For information on all SSA Form W-2 filing methods, forms, publications and other information, refer to the SSA website at: <http://www.socialsecurity.gov/employer/pub.htm>.

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## 50.10.40 Taxpayer Information Numbers (TINs) are required

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Jan. 1, 2019

### 50.10.40.a Required reporting

The Taxpayer Information Number (TIN), name, and address of the recipient are required to be entered on the annual information forms for identification of U.S. payees. TINs include the Social Security Number (SSN) issued by the Social Security Administration (SSA), the Individual Taxpayer Identification Number (ITIN) issued by the Internal Revenue Service (IRS), or an Employer Identification Number (EIN) issued by the IRS.

For payroll reporting, the SSN is required. A Form W-4, Employee's Withholding Allowance Certificate is required to be completed and signed by an employee to obtain SSN information.

For non-payroll reporting for a U.S. individual or business, the TIN may be a SSN, ITIN, or EIN. The payee's TIN and business information can be documented using a properly completed IRS Form W-9, Request for Taxpayer Identification Number and Certification (or an acceptable substitute).

For non-payroll reporting for a foreign individual or business, the appropriate IRS forms include:

- Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding
- Form W-8ECI, Certificate of Foreign Person's Claim That Income Is Effectively Connected With the Conduct of a Trade or Business in the United States



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- Form W-8EXP, Certificate of Foreign Government of Other Foreign Organization for United State Tax Withholding
- Form W-8IMY, Certificate of Foreign Intermediary, Foreign Flow-Through Entity, or Certain U.S. Branches for United States Tax Withholding
- Form W-8CE, Notice of Expatriation and Waiver of Treaty Benefits
- Form 8233, Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual

### 50.10.40.b IRS penalties

Failure to report a TIN or correct TIN may result in penalties assessed by IRS. Refer to the IRS General Instructions for Forms W-2 and W-3 regarding Form W-2 penalties.

For incorrect or missing TIN reporting penalties for other information returns, refer to the IRS General Instructions for Certain Information Returns.

### 50.10.40.c SSA SSN verification and IRS TIN matching programs

The Social Security Number Verification Service (SSNVS) is to be used only for verifying social security numbers (SSNs) related to payroll transactions. Payroll systems routinely use this service. The Social Security Administration (SSA) website includes an overview and the steps to register for the SSNVS at: <http://www.ssa.gov/employer/ssnv.htm>.

IRS Taxpayer Identification Number (TIN) matching is to be used for verifying TINs, including SSNs, related to non-payroll transactions. An overview of TIN matching is available on the IRS website at: <https://www.irs.gov/government-entities/indian-tribal-governments/taxpayer-identification-number-tin-on-line-matching>. To register for TIN matching, go to the IRS website at: <https://www.irs.gov/e-services>

In addition to verifying TINs when setting up statewide vendors, the Office of Financial Management (OFM) conducts bulk verifications at certain times of the year. Agencies that process non-payroll payments outside of AFRS should conduct IRS TIN matching.

### 50.10.40.d When backup withholding is required

Backup withholding is a type of federal income tax *required* to be deducted from certain non-employee transactions under various circumstances, including when the payee fails to furnish a TIN number or provides an incorrect TIN number and will not correct it on a timely basis.

IRS Publication 1281, Backup Withholding For Missing and Incorrect Name/TIN(s) explains the requirements, IRS TIN match/mismatch process, and penalties that can be assessed.

If an agency encounters a situation where deduction of backup withholding is required, timely deposit to IRS of the federal income tax and annual reporting on IRS Form 945 are also required. These tax deposits may not be co-mingled with payroll tax deposits reported on quarterly Forms 941. For information on how to deposit taxes via the Electronic Funds Tax Payments System, refer to the Office of the State Treasurer's website at: <https://www.tre.wa.gov/partners/for-state-agencies/cash-management/eftps-instructions/>



### 50.10.50 Common U.S. information returns

July 1, 2012

The following are commonly required U.S. information returns. Refer to current calendar year IRS instructions for each form to obtain full reporting requirements. All IRS forms and instructions can be found at: <https://apps.irs.gov/app/picklist/list/formsPublications.html>.

#### 50.10.50.a

**Form W-2, Wage and Tax Statement** is issued to report wages and taxable fringe benefits subject to federal income tax withholding, OASI, and/or Medicare employment taxes and all taxes actually withheld for a calendar year. Non-taxable moving expense reimbursements made directly to employees and the value of employer provided health insurance are also reportable.

**Form W-2c, Corrected Wage and Tax Statement**, is issued to correct errors on Forms W-2 and W-2c filed with the SSA. Agencies are encouraged to file Forms W-2c electronically. More information can be found on the SSA's website at: <http://ssa.gov/employer>.

#### 50.10.50.b

**Form 941, Employer's Quarterly Federal Tax Return**, is used to report the following to the IRS:

- Wages paid,
- Federal income tax withheld, and
- Employer and employee share of social security and Medicare taxes

**Note:** Certain employers must file **Form 941 (Schedule B)** along with Form 941. Refer to IRS Publication 15 (Circular E) for details.

**Form 941-X, Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund**, is used to correct errors on previously filed Forms 941.

#### 50.10.50.c

**Form W-2G, Certain Gambling Winnings**, is used by the State Lottery Commission to report payments for lottery winnings of \$600 or more to a winner and any required federal regular gambling withholding tax withheld from winnings

#### 50.10.50.d

**Form 1098, Mortgage Interest Statement**, is required to be issued when an agency receives \$600 or more in certain types of mortgage interest during the calendar year.

**Form 1098-E, Student Loan Interest Statement**, is required to be issued if an agency receives student loan interest of \$600 or more from an individual during the calendar year.





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**Form 1098-T, Tuition Statement**, is required to be issued by an eligible education institution to report qualified tuition and related expenses for each student. Exceptions apply.

### 50.10.50.e

**Form 1099-G, Certain Government Payments**, is used to report certain government payments including:

- Unemployment compensation payments by the Employment Security Department.
- Certain federal taxable grants of \$600 or more which are administered by the state.
- Amounts of federal income tax withheld under the backup withholding rules.

### 50.10.50.f

**Form 1099-INT, Interest Income**, is generally *not* applicable to state governments because of the tax-exempt status for interest on obligations of a state or municipal government. However, if an agency has custody of or administers certain trust funds, there may be reporting requirements.

### 50.10.50.g

**Form 1099-MISC, Miscellaneous Income**, is used to report a variety of miscellaneous transactions *generally* when the amount of the payment in a calendar year is \$600 or more. If backup withholding has been taken, Form 1099-MISC must be filed, regardless of the payment amount. The most frequently encountered ones are noted below.

- Payments to estates or beneficiaries for deceased employees' wages, whether the payment to the recipient is made in the year of death or a subsequent year.
- Payments for rents.
- Payments for fees, services, commissions, or other forms of compensation to *persons* not treated as employees for services rendered. Examples are payments for professional service contracts and payments to witnesses or experts in legal adjudication.
- Payments to attorneys or gross payments to attorneys.
- Payments to physicians or other suppliers or providers of medical or health care services in connection with medical assistance programs, or health, accident, and sickness insurance programs.

Payments to corporations are generally *not* required to be reported except for medical payments and payments for legal services. Generally, payments made to tax-exempt organizations, such as other governmental agencies, social service agencies, and hospitals, are exempt from informational reporting requirements.

Reporting is required for most payments to individuals and partnerships. It is important to know whether the recipient of the payment is doing business as an individual, partnership, corporation, its specific business structure if it is a limited liability entity, and whether it is tax-exempt so that correct reporting can be completed.



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### 50.10.50.h

**Form 1099-Q, Payments from Qualified Education Programs**, is used by the Student Achievement Council to report distributions made from the Guaranteed Education Tuition (GET) Program.

### 50.10.50.i

**Form 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.**, is used to report pension and retirement plan distributions of \$10 or more, whether or not federal income tax is withheld. It is also used to report Internal Revenue Code Section 457 plan (deferred compensation) distributions and any income tax withheld.

### 50.10.50.j

**Form 1099-S, Proceeds from Real Estate Transactions**, is used to report the sale or exchange of real estate.

### 50.10.50.k

**Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding**, is used to report amounts paid during a calendar year to foreign persons who are subject to withholding even if no withholding amount is withheld due to a treaty or Code exception or if any amount withheld was repaid to the payee. Refer to the form instructions for which payments must be reported.

If required to file Forms 1042-S, **Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons**, must also be filed on an annual basis.

Agencies that report Forms 1042-S on paper must also file IRS **Form 1042-T, Annual Summary and Transmittal of Forms 1042-S**. Use of Form 1042-T does not affect the obligation to file Form 1042.

### 50.10.50.l

**IRS Form 945, Annual Return of Withheld Federal Income Tax**, is used to report federal income tax withheld from non-payroll payments such as pensions and backup withholding. Refer to separate tax deposit requirements for Form 945 in the form instructions and IRS Publication 15 (Circular E).

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## 50.10.60 Federal training opportunities

June 1, 2016

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The reporting and backup withholding requirements of U.S. annual information returns are extensive and failure to comply with them can result in costly penalties.

Questions can be directed to IRS either by telephone or email per contact information provided in IRS publications. It is important that documentation of IRS advice be retained. If the response is by telephone, document the name and badge number of the person providing the advice in case questions arise at a later date.



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The following resources may prove helpful:

- IRS tax information for federal, state, and local governments: <https://www.irs.gov/government-entities/federal-state-local-governments>
- IRS webinars for government employers: <http://www.irsvideos.gov/Governments/Employers>

There are also training classes available from various companies that focus on specific tax issues, such as international taxation, that may be beneficial to those agencies that encounter such types of issues.

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## 50.10.65 1099 download application

Jan. 1, 2019

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Agencies accessing the 1099 download maintained by the Office of Financial Management (OFM) must establish an effective system for management and control to secure the information. In addition, agencies are to restrict access to employees who need the download to perform their assigned duties. Before access is granted, an employee must sign a Non-Disclosure Agreement (NDA) that includes the following elements:

- As an employee of [agency], I have access to confidential data contained in the download, and I understand that I am responsible for maintaining its confidentiality.
- I have been informed and understand that data extracted from the download includes confidential data and may not be disclosed to unauthorized persons. I agree not to divulge, transfer (such as but not limited to, email, portable media, File Transfer Protocol (FTP), file location services), sell, or otherwise make known to unauthorized persons any data contained in this download.
- I also understand that I am not to access or use this data for my own personal information but only to the extent necessary and for the purpose of performing my assigned duties as an employee of [agency]. I understand that a breach of this confidentiality will be grounds for disciplinary action which may include termination of my employment and other legal action.
- I agree to abide by all federal and state laws, regulations, and policies regarding confidentiality and disclosure of the information in the download.

To get access to the download, follow the instructions at: <https://ofm.wa.gov/it-systems/accounting-systems/1099-nec-1099-misc-reporting/access-1099-download>.

If an agency detects a breach in security related to download data, the agency is responsible to follow the steps for breach as described in [RCW 42.56.590](#) and notify the Consolidated Technology Services (CTS) Chief Information Security Officer, CTS Security Operations Center and the Washington State Patrol Computer Crimes unit. Additionally, the agency is to notify the CTS Solutions Center within one business day of discovering the breach and to take corrective action as soon as practicable to eliminate the cause of the breach. CTS may request a full review of the agency's data security controls.



# State Administrative and Accounting Manual

## 50.20 Cost Allocation and Indirect Cost Recoveries

Section	Title	Effective Date	Page Number
50.20.10	The purpose of these policies	Jan. 1, 2015	<a href="#">308</a>
50.20.20	Authority for these policies	Jan. 1, 2015	<a href="#">308</a>
50.20.30	Applicability	Jan. 1, 2015	<a href="#">308</a>
50.20.50	About federal costs and cost allocation principles	Jan. 1, 2015	<a href="#">309</a>
50.20.60	Washington's Statewide Central Services Cost Allocation Plan (SWCAP) is used to identify and assign central service costs	Jan. 1, 2015	<a href="#">310</a>
50.20.62	Responsibilities of the Office of Financial Management	Jan. 1, 2015	<a href="#">310</a>
50.20.65	Responsibilities of central, billed internal service activities	Jan. 1, 2015	<a href="#">310</a>
50.20.70	Responsibilities of central, self-insurance fund activities	Jan. 1, 2015	<a href="#">311</a>
50.20.75	Responsibilities of central, fringe benefits activities	Jan. 1, 2015	<a href="#">312</a>
50.20.80	Responsibilities of agencies administering or expending federal awards	Jan. 1, 2015	<a href="#">312</a>
50.20.85	Indirect costs in interagency situations	June 1, 2022	<a href="#">312</a>

### 50.20.10 The purpose of these policies

Jan. 1, 2015

This section addresses billed and allocated central service cost recoveries related to federal assistance awards administered by state agencies. It also establishes state accounting and reporting policies regarding indirect cost recoveries in interagency situations.

### 50.20.20 Authority for these policies

Jan. 1, 2015

This section is issued, as revised, pursuant to the authority granted to the Director of Financial Management to "... adopt and periodically update an accounting procedures manual" [[RCW 43.88.160 \(1\)](#)]



## 50.20.30 Applicability

Jan. 1, 2015

This part is applicable and binding on all agencies of the state of Washington administering or expending [federal assistance](#), unless otherwise exempted by federal law or appropriate federal authority, and on all agencies involved in interagency situations. The Budget and Accounting Act ([RCW 43.88.020](#)) defines the term “Agency” to mean “Every state office, officer, each institution, whether educational, correctional, or other, and every department, division, board, and commission, except as otherwise provided...”

Agencies may request a waiver from complying with specific requirements of this chapter. Refer to [Subsection 1.10.40](#) for information on how to request a waiver.

## 50.20.50 About federal costs and cost allocation principles

Jan. 1, 2015

The United States Office of Management and Budget (OMB) has established uniform principles for determining the allowability of costs incurred by nonfederal entities expending federal awards. In addition, these principles provide requirements for the development and submission of cost allocation plans and indirect rate cost proposals. Many state agencies perform functions and activities that are associated with federal assistance programs or provide central service support to federal assistance programs. As such, they are subject to provisions of the cost principles applicable to their activities.

Over the years, the federal OMB issued several circulars related to cost allocation for different types of federal assistance recipients. In 2013, the OMB issued the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards ([Uniform Guidance](#)) to clarify and streamline all existing federal guidance. Effective December 26, 2014, the Uniform Guidance became the authoritative set of rules and requirements for Federal awards that consolidates and supersedes guidance from earlier OMB circulars.

The Uniform Guidance establishes principles and standards related to cost allocation and indirect costs:

1. Indirect (F&A) cost identification and assignment, and rate determination for institutions of higher education;
2. Indirect (F&A) cost identification and assignment, and rate determination for nonprofit organizations;
3. State/local government and Indian tribe-wide central service cost allocation plans;
4. Public assistance cost allocation plans; and
5. State and local government and Indian tribe indirect cost proposals.



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### **50.20.60 Washington's Statewide Central Services Cost Allocation Plan (SWCAP) is used to identify and assign central service costs**

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Jan. 1, 2015

Most governmental units provide certain services such as legal services, information technology services, and motor transportation to operating agencies on a centralized basis. Since federally supported awards are performed within the individual operating agencies, a process is necessary to identify these central service costs and assign them to benefited activities on a reasonable and consistent basis. The federally reviewed and approved, statewide central service cost allocation plan provides that process.

Two basic methods are used in the plan to assign appropriate costs of centralized services to operating agencies or their programs:

- **Billed Central Services** where allowable costs are billed to benefited agencies and/or programs on an individual fee for service or similar basis. Self-insurance and fringe benefit activities that bill customers for services or benefits provided are also considered central service activities.
- **Allocated Central Services** where services that benefit operating agencies and/or programs are not billed on a fee for service or similar basis but allowable costs are allocated to benefited agencies on some reasonable basis.

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### **50.20.62 Responsibilities of the Office of Financial Management**

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Jan. 1, 2015

The Accounting Division of OFM is responsible to prepare, submit, and negotiate the annual statewide central services cost allocation plan (SWCAP). One part of the SWCAP justifies and reconciles the activities of the billed state central services (internal service, self-insurance and fringe benefit). A second part allocates the allowable costs of other state central services benefiting agencies expending federal awards.

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### **50.20.65 Responsibilities of central, billed internal service activities**

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Jan. 1, 2015

State of Washington central, billed internal service activities have the following responsibilities:

1. Understand and adhere to the requirements of the Uniform Guidance.
2. Ensure that the following information is made available for inclusion in the state plan:
  - A current narrative description of the service;
  - A balance sheet;



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- A statement of revenue and expense with revenues broken out by source, e.g., regular billings, interest earned, etc.;
- A listing of all non-operating transfers into and out of the account;
- A description of the procedures (methodology) used to charge service costs to users including how billing rates are determined;
- A schedule of current rates; and
- A schedule comparing total revenues (including imputed revenues) generated by the service to the allowable costs of the service with an explanation of how variances will be handled. Revenues must include all revenues generated. If some users were not billed or not billed the full rate for the service, a schedule showing the full imputed revenues associated with these users must be provided. Expenses must be broken out by object categories.

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### **50.20.70 Responsibilities of central, self-insurance fund activities**

Jan. 1, 2015

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State of Washington central, self-insurance fund activities have the following responsibilities:

1. Understand and adhere to the requirements of the Uniform Guidance.
2. Ensure that the following information is made available for inclusion in the state central services plan:
  - A balance sheet;
  - A statement of revenue and expense including a summary of summary of billings and claims paid by;
  - A listing of all non-operating transfers into and out of the account;
  - A narrative description of the types of risks covered;
  - An explanation of how the level of contributions are determined, including a copy of the actuarial report (with the assumptions used) if the contributions are determined on an actuarial basis;
  - A description of the procedures used to charge or allocate contributions to benefited activities; and
  - An identification and explanation of reserve levels maintained in excess of claims [1] submitted and adjudicated but not paid, [2] submitted but not adjudicated, and [3] incurred but not submitted.



### 50.20.75 Responsibilities of central, fringe benefits activities

Jan. 1, 2015

State of Washington central, fringe benefits activities, including pension and post-retirement health insurance plans, have the following responsibilities:

1. Understand and adhere to the requirements of the Uniform Guidance.
2. Ensure that the following information is made available for inclusion in the state central services plan:
  - Description of fringe benefits provided to covered employees and the overall annual cost of each type of benefit;
  - Current fringe benefit policies;
  - Procedures used to charge or allocate the costs of benefits to benefited activities; and
  - For pension or post-retirement health insurance plans [1] the government's unit funding policies, e.g., legislative bills, trust agreements, or state-mandated contribution rules, if different from actuarially determined rates; [2] the pension plan's costs accrued for the year; [3] the amount funded and dates of funding; [4] a copy of the current actuarial report (including the actuarial assumptions); [5] the plan trustee's report; and [6] a schedule showing the value of interest costs associated with late funding.

### 50.20.80 Responsibilities of agencies administering or expending federal awards

Jan. 1, 2015

State of Washington agencies that administer or expend federal awards are responsible to:

1. Comply with the applicable Uniform Guidance related to charging or allocating agency indirect costs.
2. Unless prohibited by federal or state laws or regulations or formal funding limitations, include the fixed cost allocation from the approved SWCAP in their agency indirect cost/cost allocation pool.
3. Any indirect costs or cost allocation amounts recovered, as a result of a SWCAP cost allocation amount being included in an agency's indirect rate or cost allocation plan, are to be deposited as a recovery in the state General Fund (Account 001) utilizing Revenue Source code 0448.

### 50.20.85 Indirect costs in interagency situations

June 1, 2022

[RCW 39.34.130](#) states that: "...the full costs of a state agency incurred in providing services or furnishing materials to or for another agency under [Chapter 39.34](#) RCW or any other statute shall be charged to the





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agency contracting for such services or materials and shall be repaid and credited to the fund or appropriation against which the expenditure originally was charged.” For these purposes, full costs generally include direct and indirect costs.

The nature of interagency activity varies greatly ranging from providing a service or product with established indirect costs components to the simple sharing of usage, and/or rental, costs for a common piece of equipment. As such, parties to interagency agreements should include specific language in the text of their agreements to determine and define allowable indirect costs.



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## 50.30 Federal Single Audit Act

Section	Title	Effective Date	Page Number
50.30.10	The purpose of these policies	Jan. 1, 2015	<a href="#">314</a>
50.30.15	Authority for these policies	Jan. 1, 2015	<a href="#">314</a>
50.30.20	Applicability	Jan. 1, 2015	<a href="#">315</a>
50.30.25	About the Single Audit Act requirements	June 1, 2022	<a href="#">315</a>
50.30.35	Responsibilities of the Office of Financial Management	Jan. 1, 2015	<a href="#">316</a>
50.30.40	Responsibilities of the Office of the State Auditor	June 1, 2022	<a href="#">316</a>
50.30.45	Responsibilities of state agencies administering or expending federal awards	Jan. 1, 2015	<a href="#">317</a>
50.30.50	Basis of accounting to use with federal assistance transactions	Jan. 1, 2015	<a href="#">317</a>
50.30.60	When to recognize federal assistance revenue	Jan. 1, 2015	<a href="#">318</a>
50.30.70	Use the Assistance Listing Number to record federal activity	June 1, 2022	<a href="#">318</a>
50.30.80	Accounting for federal expenditures	June 1, 2022	<a href="#">319</a>
50.30.85	Accounting for federal assistance activity between state agencies	Jan. 1, 2015	<a href="#">320</a>
50.30.90	Accounting for federal assistance received from another nonfederal entity, other than another Washington State agency/institution (pass-through)	Jan. 1, 2015	<a href="#">321</a>

### 50.30.10 The purpose of these policies

Jan. 1, 2015

This section addresses the administrative requirements, cost principles and audit requirements related to federal assistance awards administered or expended by state agencies. It also contains state accounting and reporting policies related to administration and expenditure of federal assistance awards.

### 50.30.15 Authority for these policies

Jan. 1, 2015



# State Administrative and Accounting Manual

This section is issued pursuant to the authority granted to the Director of Financial Management to “...adopt and periodically update an accounting procedures manual” [\[RCW 43.88.160\(1\)\]](#)

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## 50.30.20 Applicability

Jan. 1, 2015

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This part is applicable and binding on all agencies of the state of Washington administering or expending [federal assistance](#), unless otherwise exempted by federal law or appropriate federal authority. The Budget and Accounting Act [\(RCW 43.88.020\)](#) defines the term “Agency” to mean “Every state office, officer, each institution, whether educational, correctional, or other, and every department, division, board, and commission, except as otherwise provided...”

Agencies may request a waiver from complying with the state accounting or reporting requirements of this chapter. Refer to [Subsection 1.10.40](#) for information on how to request a waiver.

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## 50.30.25 About the Single Audit Act requirements

June 1, 2022

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In 1984, Congress passed the Single Audit Act, which required most governmental recipients of federal assistance (e.g., state and local governments) to have organization-wide [financial](#) and [compliance audits](#) on an annual basis.

Under the provisions of the Single Audit Act, as amended, the state of Washington has opted to obtain a statewide Single Audit to meet the basic federal audit requirements for all federal assistance awards administered or expended by [agencies](#) of the State.

Over the years, the federal Office of Management and Budget (OMB) issued several circulars to clarify administrative and audit requirements for various types of federal assistance recipients.

In 2013, the OMB issued the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards [\(Uniform Guidance\)](#) to clarify and streamline all existing federal guidance. **Effective December 26, 2014**, the Uniform Guidance became the authoritative set of rules and requirements for Federal awards that consolidates and supersedes guidance from earlier OMB circulars.

The Uniform Guidance contains major audit policy changes and audit requirements that target the risk of waste, fraud and abuse. The dollar threshold for the requirement of a Single Audit was increased to \$750,000 or more in expenditures in an entity’s fiscal year.



### **50.30.35 Responsibilities of the Office of Financial Management**

Jan. 1, 2015

1. Prescribe statewide policies and procedures for accounting for and reporting federal assistance that meet the federal requirements.
2. Act as the auditee for the statewide Single Audit of Washington.
3. Collect the necessary information and prepare the annual Schedule of Expenditures of Federal Awards.
4. Work with the Office of the State Auditor to prepare the statewide Data Collection Form and submit it and the statewide reporting package to the federal audit clearinghouse.
5. Work with the Office of State Auditor to ensure that Single Audit requirements are met, particularly the inclusion of the Auditor's reports in the Reporting Package.
6. Prepare and publish the annual State of Washington Single Audit Report.
7. Maintain a system for tracking findings to provide information on the resolution of all findings contained in audits of state agencies and institutions.
8. Follow-up on audit findings, including compiling the Corrective Action Plan and Summary Schedule of Prior Audit Findings sections.

### **50.30.40 Responsibilities of the Office of the State Auditor**

June 1, 2022

1. Conduct an annual statewide Single Audit in accordance with *Generally Accepted Governmental Auditing Standards*.
2. Ensure that audit satisfies Single Audit Act, as amended, and the OMB Uniform Guidance requirements regarding:
  - Financial statements;
  - Internal control;
  - Compliance with laws, regulations and provisions of contract and grant agreements; and
  - Audit follow-up on prior audit findings.
3. Identify major federal programs by establishing dollar thresholds to distinguish between Type A and Type B federal programs per section 200.518 of the Uniform Guidance and performing risk assessment of federal programs as required.
4. Complete and sign applicable sections of Data Collection Form.
5. Prepare and submit the auditor's reports.



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### **50.30.45 Responsibilities of state agencies administering or expending federal awards**

Jan. 1, 2015

1. Develop internal policies in accordance with federal requirements.
2. Establish and maintain effective internal controls over federal awards in accordance with guidance in "Standards for Internal Controls in the Federal Government" issued by the Comptroller General of the United States and the "internal control integrated framework" issued by Committee of Sponsoring Organizations of the Treadway Commission (COSO). Refer to [Chapter 20](#) for additional information on internal controls.
3. Evaluate and monitor compliance with federal statutes, regulations, and the terms and conditions of the federal awards.
4. Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
5. Take reasonable measures to safeguard protected personally identifiable information and other sensitive information consistent with applicable federal and state laws regarding privacy and obligations of confidentiality.
6. Identify, account for, and report all expenditures of federal awards in accordance with laws, regulations, contract and grant agreements, and requirements included in this and other sections of the *State Administrative and Accounting Manual*.
7. Provide year-end, certified, federal financial data per requirements included in [Chapter 95](#).
8. Prepare a corrective plan, in the format specified in [Subsection 55.10.35](#), to address each agency audit finding and forward such plan(s) to OFM within 30 days following the issue date of the agency audit. Further, upon request, provide information on the current status of audit resolution in accordance with [Subsection 55.10.20 \(b\)](#).
9. Take corrective action on audit findings.
10. If acting as a pass-through entity, maintain a system of internal controls to monitor subrecipients.
11. Develop and submit cost allocation plans and indirect rate cost proposals in accordance with [Section 50.20](#).

### **50.30.50 Basis of accounting to use with federal assistance transactions**

Jan. 1, 2015

The fund type of the account in which the federal assistance transactions are recorded determines the basis of accounting. Transactions for governmental fund type accounts are recorded using the modified accrual basis. Proprietary and trust fund type accounts use the accrual basis. Refer to [Subsection 80.30.20](#).



### 50.30.60 When to recognize federal assistance revenue

Jan. 1, 2015

Federal financial assistance revenue should be recorded using appropriate revenue source codes. Refer to [Subsection 95.10.30](#).

#### 50.30.60.a Governmental Fund Type Accounts

Federal financial assistance is recognized as revenue in governmental fund type accounts in the accounting period when all eligibility requirements are met and it becomes susceptible to accrual, that is, both measurable and available (modified accrual basis). In applying this definition, carefully review legal, contractual, and accounting policy requirements for guidance.

- Entitlements are recorded as revenue at the time of receipt or earlier if the accrual criteria are met. Entitlements are restricted more in form than in substance. Generally, only a failure on the part of the recipient to comply with prescribed regulations will cause a forfeiture of the resources.
- Generally, revenue associated with expenditure driven assistance programs is recognized when the related expenditure is made. If cost sharing or matching requirements exist, revenue recognition depends upon compliance with these requirements.

Revenue associated with federal assistance awards for which the eligibility requirements are met but which is not available, should be recorded as Unavailable Revenue, GL codes 5192 or 5292, and, subsequently, recorded as revenue when the availability criteria is met.

#### 50.30.60.b Proprietary and Trust Fund Type Accounts

Proprietary and Trust Fund Type Accounts. Federal assistance revenue received in proprietary and trust fund type accounts is recognized as revenue in the accounting period in which it is earned and becomes measurable (accrual basis).

#### 50.30.60.c Unearned Revenue

Receipts from federal assistance awards received before the applicable revenue recognition criteria is met are to be recorded as Unearned Revenue, GL codes 5190 or 5290, and, subsequently, recorded as revenue when the revenue recognition criteria is met.

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### 50.30.70 Use the Assistance Listing Number to record federal activity

June 1, 2022

#### 50.30.70.a

Record federal assistance program revenues and expenditures by the unique [assistance listing number \(ALN\)](#) assigned to each federal financial assistance program. Agencies can utilize the ALN field (currently labeled CFDA) in AFRS to track expenditures by ALN. This may also be accomplished by maintaining a crosswalk of federal programs to ALNs.



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## 50.30.70.b

When assistance listing numbers are not provided in the federal grant contract and cannot reasonably be determined by other means, agencies should:

- In the absence of an ALN where the agency has a federal award number, the last three digits of the ALN should be zeros preceded by the federal agency code (i.e. XX.000), and the federal award number must be provided.
- In the absence of both an ALN and a federal award number, the last three digits of the ALN should be nines preceded by the federal agency code (i.e. XX.999).

Note: The XX.000 and XX.999 ALNs are temporary numbers which will be assigned a different number (i.e. XX.UXX or XX.RD) after Phase 2 close. If these numbers are used, an OFM accounting consultant will contact you with further instructions. Refer to general disclosure form instructions in [Section 95.20.10.b](#).

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## 50.30.80 Accounting for federal expenditures

June 1, 2022

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### 50.30.80.a Federal Expenditure

In appropriated accounts, federal expenditures should be recorded using federal expenditure authority codes. Each agency is responsible for maintaining a system for tracking federal expenditures by the unique assistance listing number assigned to each federal financial assistance program, as listed in [SAM.gov](#).

### 50.30.80.b Cost of Administering Nonfinancial Programs

When allowable by the federal assistance program, administration costs for nonfinancial federal programs are recorded as federal revenues and expenditures under the applicable assistance listing number and reported at year-end on the Federal Financial Assistance - Direct form in OFM's electronic disclosure form reporting system.

### 50.30.80.c Donated Inventory Programs

Agencies of the state of Washington receive federal nonfinancial assistance in the form of [donated inventories](#) (primarily food commodities and immunization supplies). Such assistance may be received directly from a federal agency or indirectly from another state agency.

Donated inventories are recorded as [consumable inventories](#) offset by unearned revenue in accordance with [Subsection 85.56.40](#). Except as noted below, as donated inventories are consumed/distributed, revenues and expenditures should be recognized using GL Codes 3225 "Revenue Adjustment/Elimination (GAAP)" and 6525 "Expenditure/Expense Adjustment/Elimination (GAAP)." State agencies must report the fair value of inventory consumed/distributed during the year on the Nonfinancial Assistance form in OFM's electronic disclosure form reporting system.



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Agencies distributing donated inventories to other governments, such as school districts, local health districts, and food banks, are to report the amount distributed in the pass through column on the Nonfinancial Assistance disclosure form.

Consistent with [Subsection 50.30.85](#), state agencies transferring federally provided inventories to other agencies are to report the revenue and expenditure. The agency actually using/distributing the commodities is to report the receipt of nonfinancial assistance as an expenditure recovery offsetting the associated nonfinancial expenditure/expense in its accounting records.

For food commodities, use the commodity list prepared by the Food and Nutrition Service of the U.S. Department of Agriculture to determine the fair value of the nonfinancial assistance.

### **50.30.80.d Federal Surplus Property**

Do not record the value of federal surplus property received by a state agency or institution as revenue in the official state financial accounting records. Maintain the property in appropriate subsidiary ledgers for proper control of the assets. Report federal surplus property on the Nonfinancial Assistance form in OFM's electronic disclosure form reporting system under the applicable assistance listing number. It is to be valued at acquisition value if it is capitalized. If it is not capitalized, it is to be valued at its fair value at the time of receipt or the assessed value provided by the federal agency donating the property. As part of the year-end reporting process, the Surplus Property Program within the Department of Enterprise Services will provide each agency with a summary report of the value of federal surplus property received by that agency during the reporting year.

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## **50.30.85 Accounting for federal assistance activity between state agencies**

Jan. 1, 2015

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Unless directed otherwise by federal law, regulation or federal awarding agency directive, record federal revenue and expenditure/expense activity between state agencies or institutions such that the activity is not duplicated either for accounting or reporting purposes.

State agencies involved in inter-agency federal assistance activity should use the following accounting procedures:

1. The originating state agency records and reports the federal revenue and a corresponding expenditure/expense using Object N “Grants, Benefits, and Client Services” for the amount paid to the subrecipient agency.
2. The subrecipient state agency records program expenditures offset by an interagency reimbursement (Object S) for the moneys received from the original agency. This results in no net revenue or expenditure/expense to the subrecipient agency.





### **50.30.90    Accounting for federal assistance received from another nonfederal entity, other than another Washington State agency/institution (pass-through)**

Jan. 1, 2015

Record federal assistance received indirectly from another state (e.g. Oregon), local government, or private entity as federal pass-through revenue (Revenue Source Code 0546). There are additional year-end financial reporting requirements specific to federal pass-through revenue and expenditures found in [Subsection 95.20.70](#).



## 50.40 Cash Management Improvement Act

Section	Title	Effective Date	Page Number
50.40.10	Purpose of the Cash Management Improvement Act	July 1, 2005	<a href="#">322</a>
50.40.20	The Treasury-State Agreement defines the drawdown methods to be used by agencies	Nov. 15, 2000	<a href="#">322</a>
50.40.30	Federal assistance programs and state agencies subject to the CMIA	July 1, 2016	<a href="#">323</a>
50.40.40	Responsibilities of the Office of Financial Management	July 1, 2005	<a href="#">323</a>
50.40.50	Responsibilities of agencies that administer CMIA programs	July 1, 2002	<a href="#">324</a>
50.40.60	How to calculate interest owed or due	July 1, 2005	<a href="#">324</a>
50.40.70	Interest calculation costs of implementing the TSA are reimbursable	July 1, 2003	<a href="#">325</a>
50.40.80	Responsibilities of agencies receiving federal funds, but not designated as CMIA programs	Nov. 15, 2000	<a href="#">325</a>

### 50.40.10 Purpose of the Cash Management Improvement Act

July 1, 2005

The Cash Management Improvement Act of 1990 (CMIA) provides rules and procedures for the efficient transfer of federal financial assistance between the federal agencies and the state. The implementing regulations are in [31 CFR Part 205](#). The general provisions of the Act are as follows:

1. Federal agencies must make timely fund transfers and grant awards to state agencies.
2. State agencies must minimize the time between the deposit of federal funds in the state's account and the disbursement of funds for program purposes.
3. With some exceptions, the state is entitled to interest from the federal government from the day the state pays out its own funds for federal assistance program purposes to the day federal funds are credited to the state bank account.
4. With some exceptions, the federal government is entitled to interest from the state from the day federal funds are credited to the state's account to the day the state pays out the federal funds for federal assistance program purposes.
5. The state must enter into a Treasury-State Agreement (TSA) with the U.S. Department of the Treasury, Financial Management Service (FMS) to set forth terms and conditions for implementing CMIA.



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### **50.40.20    The Treasury-State Agreement defines the drawdown methods to be used by agencies**

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Nov. 15, 2000

The Office of Financial Management (OFM), with the assistance of all affected state agencies, negotiates the TSA with FMS. The TSA outlines by program, the [funding technique](#) and the [clearance pattern](#) the state will use to draw down funds from the federal government.

Generally, conformance with the TSA assures that the state does not owe the federal government, or is not due from the federal government, interest liability on its [drawdown](#).

Amendments to the TSA may be proposed by either the state or the federal government at any time during the duration of the contract.

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### **50.40.30    Federal assistance programs and state agencies subject to the CMIA**

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July 1, 2016

The programs listed in the Assistance Listings are subject to CMIA regulations. Currently, programs with \$75 million or more in federal expenditures, as determined from the state's most recent Single Audit Report, are required to be covered under the TSA (CMIA agreement). The list of federal assistance programs impacted by CMIA may be revised annually, depending on the total amount of federal expenditures as reported in the state's Single Audit Report. State agencies that administer CMIA programs are subject to CMIA regulations.

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### **50.40.40    Responsibilities of the Office of Financial Management**

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July 1, 2005

The responsibilities of the Office of Financial Management are to:

1. Annually identify the state agencies and federal assistance programs that will be considered as CMIA programs and notify affected state agencies.
2. Negotiate with FMS new agreements and amendments to the existing TSA (Refer to [Subsection 50.40.20](#)).
3. With the assistance of the Office of State Treasurer (OST) and affected state agencies, develop clearance patterns.
4. Prepare annual interest reports and direct cost claims for submittal to FMS (submitted in December each year for the previous state fiscal year).
5. Direct OST as to the payment of state interest liability and/or receipt of federal interest liability.
6. Certify, with affected agencies' concurrence, every five years that clearance patterns correspond to a program's clearance activities.



### 50.40.50 Responsibilities of agencies that administer CMIA programs

July 1, 2002

The responsibilities of the state agencies that administer CMIA programs are:

1. Request federal funds in accordance with the approved funding technique described in the TSA and in amounts needed for immediate payments.
2. Document the amount of federal funds requested and when federal funds are deposited in the state's account.

If federal funds are not available when required per the TSA, process the request which will document federal funds were properly requested by the state in accordance with the TSA.

- For the federal draw systems that reject requests when federal funds are not available in the system, make the request and print the rejection notice as evidence of the state's conformance with the TSA. If necessary, make appropriate phone calls to federal agencies to notify them that federal funds are not available per the TSA. Document efforts made to request federal funds per the TSA.
- When federal funds are not available per the TSA, maintain documentation of the amount of state funds expended, the dates of these expenditures, the date federal funds were requested, and the date federal funds were received. Maintain this documentation for use in calculating federal interest liability on late federal funds.

**Note:** In most cases, the state cannot calculate a federal interest liability unless the state has made a request through a federal draw system and had it rejected, or has notified the applicable federal agency that federal funds are not available per the TSA.

3. Calculate the state and federal interest liabilities (Refer to [Subsection 50.40.60](#)) by program and any associated direct costs (Refer to [Subsection 50.40.70](#)).
4. Notify OFM, Accounting Division, of changes to the funding techniques and clearance patterns. A state agency shall not make a change until it is reviewed and approved by OFM and FMS.
5. Certify to OFM that CMIA programs conform to the drawdown methods described in the TSA (Refer to [Subsection 50.40.20](#)). OFM requests this certification in December of each year.

### 50.40.60 How to calculate interest owed or due

July 1, 2005

In cases where interest is owed to the federal government or due from the federal government, under the TSA, agencies should calculate and document the interest owed or due. The interest rate to be used is the annualized rate equal to the average equivalent yield of 13-week Treasury Bills auctioned during the state's fiscal year. The interest rate is provided to the state by FMS. Agencies should ensure that interest calculations are auditable.



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### **50.40.70 Interest calculation costs of implementing the TSA are reimbursable**

July 1, 2003

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Interest calculation costs related to implementing the TSA are reimbursable by the federal government and are claimed on the Annual Report of interest liabilities that is submitted by OFM to FMS in December each year. Interest calculation costs are those costs an agency incurs in performing the actual calculation of interest liabilities, including those costs an agency incurs in developing and maintaining clearance patterns in support of interest calculations. Costs associated with expenses for normal disbursing services, such as processing checks or maintaining records for accounting and reconciliation of cash accounts, or expenses for upgrading or modernizing accounting systems are not reimbursable. Agencies must maintain documentation to substantiate claims for interest calculation costs. Interest calculation costs in excess of \$50,000 are not eligible for reimbursement, unless the agency can justify that without incurring such costs, it would not be able to develop clearance patterns or calculate interest.

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### **50.40.80 Responsibilities of agencies receiving federal funds, but not designated as CMIA programs**

Nov. 15, 2000

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The principal responsibilities of other state agencies receiving federal funds not designated as CMIA programs are:

1. Draw federal funds as close as possible to when the underlying disbursement is made by OST or the local bank.
2. Draw federal funds at the earliest date allowed by the federal program or regulations.



# **Chapter 55**

# **Audit Tracking**



## 55.10 Audit Tracking

Section	Title	Effective Date	Page Number
55.10.10	Purpose of these policies	July 23, 2017	<a href="#">327</a>
55.10.20	Authority for these policies	June 1, 2022	<a href="#">327</a>
55.10.30	Applicability of these policies	July 23, 2017	<a href="#">328</a>
55.10.40	Responsibility of the Office of Financial Management	July 23, 2017	<a href="#">328</a>
55.10.50	Responsibility of the state agency	July 23, 2017	<a href="#">329</a>
55.10.60	Corrective action plan templates	June 1, 2022	<a href="#">329</a>
55.10.70	Certification of completion of corrective action	June 1, 2022	<a href="#">329</a>

### 55.10.10 Purpose of these policies

July 23, 2017

This section establishes statewide policies and procedures for audit tracking.

### 55.10.20 Authority for these policies

June 1, 2022

[RCW 43.88.160\(6\)\(d\)](#) states that:

1. “It shall be the duty of the director of financial management to cause corrective action to be taken within six months, such action to include, as appropriate, the withholding of funds as provided in [RCW 43.88.110](#).”
2. “The director of financial management shall annually report by December 31st the status of audit resolution to the appropriate committees of the legislature, the state auditor, and the attorney general. The director of financial management shall include in the audit resolution report actions taken as a result of an audit including, but not limited to, types of personnel actions, costs and types of litigation, and value of recouped goods or services.”

[RCW 43.09.312](#) states:



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1. "Within thirty days of receipt of an audit under [RCW 43.09.310](#) containing findings of noncompliance with state law, the subject state agency shall submit a response and a plan for remediation to the office of financial management."
2. "Within sixty days of receipt of an audit under [RCW 43.09.310](#) containing findings of noncompliance with state law, the office of financial management shall submit the subject state agency's response and the plan for the remediation to the governor, the state auditor, the joint legislative audit and review committee and the relevant fiscal and policy committees of the senate and house of representatives."

Acting as the auditee for the statewide single audit, the Office of Financial Management (OFM) is responsible for maintaining a system for tracking findings, following up on findings, and compiling corrective action plans. Refer to [Subsection 50.30.35](#).

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### 55.10.30 Applicability of these policies

July 23, 2017

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This chapter is applicable to all agencies of the state of Washington, unless otherwise exempted by statute or rule. The Budget and Accounting Act ([RCW 43.88.020](#)) defines the term "Agency" to mean and include "...every state office, officer, each institution, whether educational, correctional or other, and every department, division, board and commission, except as otherwise provided..."

Agencies may request a waiver from complying with specific requirements of this chapter. Refer to [Subsection 1.10.40](#) for information on how to request a waiver.

For purposes of this section, auditor exceptions include questioned costs and audit findings reported in an accountability audit, statewide single audit, and special (i.e. fraud) audit reports.

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### 55.10.40 Responsibility of the Office of Financial Management

July 23, 2017

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1. Maintain a system for tracking findings to provide information on the resolution of all findings contained in audits of state agencies and institutions.
2. Submit agency responses and plan for remediation for findings of noncompliance with state law to the governor, the state auditor, the Joint Legislative Audit and Review Committee, and the relevant fiscal and policy committees of the Senate and House of Representatives within sixty days of receipt of the finding.
3. Cause corrective action to be taken within six months of issuance of the finding.
4. Prepare and publish the state of Washington Audit Resolution report by December 31.





### 55.10.50 Responsibility of the state agency

July 23, 2017

1. Submit corrective action plan information to OFM for each finding within 30 days of the issue date. Refer to [Subsection 55.10.60](#) for the format of the information to provide.
2. Upon request from OFM, provide updates on the current status of corrective action.
3. Upon completion of corrective action related to an audit finding, submit to OFM, a certification signed by the agency head or assigned designee that the audit resolution process is complete. Refer to [Subsection 55.10.70](#).

### 55.10.60 Corrective action plan templates

June 1, 2022

**55.10.60.a** [General Corrective Action Plan Template](#)

**55.10.60.b** [Fraud Report Corrective Action Plan Template](#)

**55.10.60.c** [Federal Finding Corrective Action Plan Template](#)

### 55.10.70 Certification of completion of corrective action

June 1, 2022

#### 55.10.70.a

Upon completion of corrective action related to an audit finding, each state agency is required to submit to the OFM Accounting Division a certification signed by the agency head or assigned designee that the audit resolution process is complete. It is recommended that agencies discuss the completion of corrective action with their assigned OFM Accounting Consultant prior to submitting the certification.

Email the completed certification to [OFMaccounting@ofm.wa.gov](mailto:OFMaccounting@ofm.wa.gov)

**55.10.70.b** [Certification of Completion of Corrective Action Plan Template](#)



# **Chapter 60**

## **Moving Expense**



## 60.10 Moving Expense Policies

Section	Title	Effective Date	Page Number
60.10.10	Agencies may pay moving expenses under certain conditions	Jan. 1, 2018	<a href="#">331</a>
60.10.20	Qualified employees – transferred employees	Jan. 1, 2000	<a href="#">331</a>
60.10.30	Qualified employees – new employees	Jan. 1, 2012	<a href="#">332</a>
60.10.40	Agency head responsibilities	Jan. 1, 2012	<a href="#">333</a>
60.10.50	Responsibilities of the state employee	Jan. 1, 2012	<a href="#">333</a>
60.10.60	Responsibilities of the Department of Enterprise Services	Jan. 1, 2012	<a href="#">334</a>

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### 60.10.10 Agencies may pay moving expenses under certain conditions

Jan. 1, 2018

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#### 60.10.10.a Paying moving expenses

An agency may pay the moving costs of qualified or transferred employees subject to requirements and restrictions in this chapter. ([RCW 43.03.110](#) and [RCW 43.03.120](#)).

*Tax code change effective January 1, 2018:*

*All moving expenses, whether paid directly to the employee or to a vendor on behalf of the employee, are considered taxable income. Employees and agencies should consult Internal Revenue Service regulations for further guidance.*

#### 60.10.10.b Relocation compensation

An agency director may authorize a lump sum relocation compensation payment to an employee under certain circumstances. Refer to [Subsection 25.30.60.a\(1\)](#).

Relocation expenses may be paid to current employees who are being transferred at the request of the agency. However, the agency is responsible for ensuring that the transfer of a new employee is not used as a means to avoid other aspects of the moving expense regulations.

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### 60.10.20 Qualified employees – transferred employees

Jan. 1, 2000

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Relocation expenses may be paid to current employees who are being transferred at the request of the agency. However, the agency is responsible for ensuring that the transfer of a new employee is not used as a means to avoid other aspects of the moving expense regulations.

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### 60.10.30 Qualified employees – new employees

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Jan. 1, 2012

#### 60.10.30.a

Any agency may pay the moving expenses of a qualified new employee hired in a permanent position who must move to accept state employment, pursuant to mutual agreement with the employee in advance of such employment. The payment of moving expenses for a new employee is normally limited to applicants for the position of director, deputy director, assistant director, state supervisor or equivalent or higher position, engineers or other personnel having both executive and professional status.

In the case of institutions of higher education, prospective employees are limited to applicants being considered for academic positions above the rank of instructor, or professional, or administrative employees in supervisory positions.

Community and technical colleges may pay moving expenses for prospective employees being considered for full-time faculty positions or administrative employees in supervisory positions.

The Washington State Investment Board may pay moving expenses for employees being considered for investment officer positions.

#### 60.10.30.b

When there is an inability to fill a lower level exempt or classified position, and the filling of the position is essential to carrying out the critical work of an agency, the agency can pay moving expenses as a recruiting aid. The requesting agency director is accountable for the action and required to have appropriate documentation.

The documentation should include:

- Prior recruiting efforts made to fill the position,
- The number of candidates available,
- Salary differences between the state position and comparable positions in industry or other states,
- The distance the applicant needs to move in order to accept state employment,
- Other related evidence which supports the need to pay moving expenses,
- The critical nature of the work, and
- The financial ability of the agency to pay the moving expenses.



### 60.10.30.c

If a new employee terminates or causes termination of his/her employment with the state within one year of the date of employment, the state shall be entitled to reimbursement for the moving costs which have been paid and may withhold such sum as necessary from any amounts due the employee. ([RCW 43.03.120](#)).

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## 60.10.40 Agency head responsibilities

Jan. 1, 2012

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The **agency** head or authorized designee is responsible for:

1. Authorizing the move and approving the expenses to be allowed by the **agency** under the rules described in this section.
2. Utilizing mandatory state contract(s) as obtained and managed through the Department of Enterprise Services.
3. Completing and signing the [A33 Relocation Authorization Form](#).

The Agency Guide on Moves and the A33 Relocation Authorization Form are available online at: <https://des.wa.gov/sites/default/files/public/documents/ContractingPurchasing/AgencyGuideOnMoves.pdf?e0fd6e>

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## 60.10.50 Responsibilities of the state employee

Jan. 1, 2012

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The employee is responsible for:

1. Reading the Department of Enterprise Services' Employee Moving Guide.
2. Signing the completed [A33 Relocation Authorization Form](#).
3. Paying moving expenses not reimbursable within these regulations. (A payroll deduction authorization is part of the A33 form.)

The Employee Moving Guide and A33 Relocation Authorization Form are available online at: <https://des.wa.gov/services/contracting-purchasing/current-contracts/contracts-moving-employees-offices>



### **60.10.60 Responsibilities of the Department of Enterprise Services**

Jan. 1, 2012

#### **60.10.60.a**

All agency requests for the purchase of materials, supplies, equipment and services must be processed through the Department of Enterprise Services ([RCW 43.19](#)), unless it has assigned mandatory state contract(s) or has specifically delegated your agency direct authority to do so.

#### **60.10.60.b**

The Department of Enterprise Services is responsible for:

1. Obtaining, managing and maintaining mandatory state contract(s) for the transportation of household goods for agency direct usage.
2. Arranging for the transportation of household goods, when necessary, upon receipt of an approved [A33 Relocation Authorization Form](#).
3. Receiving and reviewing carrier invoices prior to payment and reimbursement by the agency for an employee not yet a member of a classified service.



## 60.20 Allowable Moving Costs

Section	Title	Effective Date	Page Number
60.20.10	Allowable moving costs	Jan. 1, 2018	<a href="#">335</a>
60.20.20	Moving-related costs not allowed as state expenditures	Oct. 1, 2002	<a href="#">337</a>

### 60.20.10 Allowable moving costs

Jan. 1, 2018

[Allowable moving costs](#) include the costs to move [household goods](#), personal effects, and property used in a dwelling, and normal equipment and supplies used to maintain the dwelling from the old residence to the new station within the state. However, refer to [Subsection 60.20.20](#) for items specifically **excluded** from allowable moving costs.

Agencies have discretion to reimburse employees for containers, time spent packing, moving the household goods to the new location, and unpacking.

*Tax code change effective January 1, 2018:*

*All moving expenses, whether paid directly to the employee or to a vendor on behalf of the employee, are considered taxable income. Employees and agencies should consult Internal Revenue Service regulations for further guidance.*

#### 60.20.10.a Common carrier costs.

1. An agency may purchase [common carrier](#) transportation for a new or transferred employee, his/her spouse or [domestic partner](#) registered in the state of Washington, and their dependents from the employee's former residence to their new official station/residence.

**Note:** Effective July 22, 2011, [RCW 26.60.090](#) authorizes a legal union of two persons of the same sex that was validly formed in another jurisdiction, and that is substantially equivalent to a domestic partnership under state law, to be recognized as a valid domestic partnership and treated the same as a domestic partnership registered in the state of Washington regardless of whether it bears the name domestic partnership.

2. Agencies may pay the cost of moving up to 16,000 pounds of household goods via common carrier, including a reasonable allowance for packing, unpacking, and if authorized by the agency, up to 90 days storage in transit. Storage may be paid at point of origin, destination point of the move, or both, but shall not exceed a total of 90 days.
3. Charges by common carrier for appliance disconnection's and hookups.



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4. Insurance or transit protection costs. The maximum amount of state provided insurance is \$75,000 for intrastate and \$100,000 for interstate and international per move while in transit, storage-in-transit, and delivery to or from the common carrier's storage warehouse. All adjustments of losses are to be based upon the replacement value of the items claimed. Coverage in excess of \$75,000 for intrastate and \$100,000 for interstate and international moves may be secured at the employee's expense.

### 60.20.10.b Costs to rent moving equipment (self moves).

1. The maximum allowable moving costs using rental equipment or employee direct hire of a common carrier may not exceed the cost of moving a maximum of 16,000 pounds of household goods between the same origin and destination points by common carrier. If the employee estimates that costs of the rental or direct hire of a common carrier will be less than \$10,000, the employee can select the rental unit or common carrier, and pays the rental or common carrier. Items allowable for reimbursement include: rental of vehicle(s), fuel costs for the rental vehicle, packing materials, equipment rental, toll bridge/road fees, ferry charges, labor fees (associated with packing, loading/unloading). Receipts are required to be submitted for all items over \$50. Ferry charges and bridge/road tolls do not require receipts. It is not necessary for the agency to submit the receipts to the Department of Enterprise Services (DES). The employee shall submit the original receipts directly to the hiring agency for reimbursement.

If the employee estimates that the costs will exceed \$10,000, the employee must first obtain three competitive bids. The hiring agency must forward copies of the bids and receipts to DES for approval prior to reimbursing the employee at the rate of the lowest bid. Reimbursement is limited to the lowest bid or the state contracted rate, whichever is less for intrastate moves and \$100,000 for interstate and international moves.

2. Allowable moving costs may include a mileage allowance for towing a trailer by personal automobile and is to be paid at the standard mileage rate.
3. DES cannot provide transit insurance for household goods moved by the employee in a rental unit or for household goods moved by a common carrier hired directly by the employee. The employee may secure and be reimbursed for the cost of transit insurance up to a maximum of \$75,000 coverage on such household goods, or the same amount of coverage at the state contracted rate, whichever is less.

### 60.20.10.c Costs related to move by state-owned vehicle.

1. It is the responsibility of the **agency** to provide an experienced truck driver when the employee does not have adequate truck driving experience. The driver of the state-owned vehicle is to possess a valid driver's license.
2. Transit insurance cannot be provided by DES for goods moved by employees in state-owned motor vehicles. The employee may secure and be reimbursed for transit insurance up to a maximum of \$75,000 coverage on the employee's household goods.





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### 60.20.10.d Costs related to moving mobile homes.

Moving expenses may be paid for a mobile home which is the primary residence of the employee, provided the move is not within the same metropolitan area. The maximum allowable moving costs may not exceed the cost of moving a maximum of 16,000 pounds of household goods between the same origin and destination points by common carrier. Allowable moving costs are:

1. The cost of having the mobile home moved by a professional mover and set up at the new location. This may include a combination of costs resulting from moving household goods by common or other carrier and moving the mobile home by a professional mover.
2. Packing of contents of the mobile home and normal preparation of the mobile home for the over-the-road movement.
3. Transit insurance cannot be provided by DES for mobile home moves. The employee may secure and be reimbursed for transit insurance up to a maximum of \$75,000 coverage for intrastate moves and \$100,000 for interstate moves.

### 60.20.10.e Per diem and mileage expenses.

1. When a new or transferred employee is eligible to be moved at state expense, the agency may authorize a relocation allowance for a temporary period while the employee is moving and looking for a new home. The allowance cannot exceed the Maximum Per Diem Rate for one person at the rates stated in Subsections [Subsection 10.90.10](#) and [10.90.20 \(PDF file\)](#). The lodging portion of the per diem rate shall be reimbursed at actual costs, **as evidenced by a receipt**, up to the specific daily maximum allowable lodging rate in effect at the time of travel for the specific area or locality.
2. In connection with a single move, agencies may reimburse a new or transferred employee for the expenses related to driving or transporting up to two personal motor vehicles from the employee's old residence to the new residence. Maximum reimbursement shall be for the distance the motor vehicles were transported or driven using the POV mileage reimbursement rate displayed in Subsection [10.90.20 \(PDF file\)](#). The employee is responsible for arranging the transportation of his/her personal motor vehicle.

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## 60.20.20 Moving-related costs not allowed as state expenditures

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Oct. 1, 2002

The following items are specifically excluded from allowable moving costs and may not be moved at state expense:

### 60.20.20.a

Animals and articles of sentimental or high intrinsic value (defined as an item where value exceeds \$100 per pound). The employee is to personally arrange for and pay the cost of transportation of items such as jewelry, ammunition, negotiable, and collectors items.



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### 60.20.20.b

Excessive hobby material and equipment, farming equipment, automobiles (also refer to [Subsection 60.20.10.e\(2\)](#)), motorcycles, boats, airplanes, camping vehicles, and mobile homes which are not the primary residence of the employee, explosives and other dangerous goods, property liable to damage the mover's equipment or other property, perishable foodstuffs subject to spoilage, building materials, fuel or other similar non-household articles.

### 60.20.20.c

Wrecker services necessary to place a mobile home in position for over-the-road movement; tire failure, temporary carriage or the installation of a removable undercarriage; movement or replacement of outside fuel tanks; and any costs incurred to bring the mobile home up to safety requirements for over-the-road movement.

### 60.20.20.d

Penalties imposed by a carrier, rental agency, or mover as a result of negligence by the employee.

### 60.20.20.e

Maid service or other third party convenience or services of a similar nature.



## 60.30 Paying Moving Costs

Section	Title	Effective Date	Page Number
60.30.10	Employee is responsible for certain costs	Jan. 1, 2018	<a href="#">339</a>
60.30.20	Reviewing, approving and paying the common carrier invoice	Jan. 1, 2012	<a href="#">339</a>
60.30.30	Employees requesting moving services must use a payroll deduction	Jan. 1, 2012	<a href="#">340</a>
60.30.40	The agency pays for insurance	July 1, 2007	<a href="#">341</a>
60.30.50	Damage claim procedure	Jan. 1, 2012	<a href="#">341</a>

### 60.30.10 Employee is responsible for certain costs

Jan. 1, 2018

The employee is responsible for paying moving expenses in excess of the allowable costs defined in [Section 60.20](#) of this manual.

When the total charges exceed the allowable costs the Department of Enterprise Services will advise the agency of the proportionate share of the costs to be borne by the state and by the employee. Charges are to be prorated on the basis of a ratio of the maximum weight allowed in [Subsection 60.20.10](#) to the total weight and will include all allowable costs essential to the physical move of goods as a single unit.

*Tax code change effective January 1, 2018:*

*All moving expenses, whether paid directly to the employee or to a vendor on behalf of the employee, are considered taxable income. Employees and agencies should consult Internal Revenue Service regulations for further guidance.*

### 60.30.20 Reviewing, approving and paying the common carrier invoice

Jan. 1, 2012

Prior to payment of the carrier [invoice](#), the employee and the **agency** are to review the invoice and indicate agreement or disagreement with the specified charges. In the event that either the employee or the **agency** feels that the charges are in error, a written notice of the dispute is to be filed with the Department of Enterprise Services (DES) for resolution. DES is to notify the carrier upon receipt of a notice of dispute.

Agencies are to pay the entire amount of the uncontested carrier invoice and separately recover the employee's proportionate share of the cost of the move.



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### 60.30.30 Employees requesting moving services must use a payroll deduction

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Jan. 1, 2012

#### 60.30.30.a

New or transferred employees requesting moving services are to execute a payroll deduction ([Form A33](#)) prior to the Department of Enterprise Services (DES) securing moving services. The payroll deduction authorizes the employing **agency** to withhold the total amount of the employee's share of the cost of the move commencing the first pay date after payment of the uncontested carrier's invoice by the agency.

#### 60.30.30.b

The deduction from the employee's pay for the employee's share of moving costs (if any) is to be made after withholding of mandatory payroll deductions but prior to withholding any voluntary payroll deductions.

Mandatory payroll deductions are defined as:

- Federal income tax.
- Employee's share of OASI/Medicare contributions.
- Medical aid contributions.
- Mandatory retirement contributions.
- Court or administratively ordered deductions served on the **agency** (such as IRS levies and orders/notices for child support).
- Employee's share of medical insurance.
- Union dues/representation fees (if mandated by statute).

#### 60.30.30.c

This payroll deduction authorization is to remain in force until the total amount of the employee's share of the cost of the move has been recovered.

#### 60.30.30.d

New or transferred employees who do not execute a payroll deduction authorization prior to the authorization of the move will be responsible for arranging their own move and making full payment directly to the carrier. The state will reimburse the employee under this circumstance for either the amount the state would have paid if the move had been arranged through DES or the actual cost incurred by the employee, whichever is less.



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### **60.30.40 The agency pays for insurance**

July 1, 2007

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The premium for the state household goods blanket insurance policy for up to \$75,000 for intrastate moves and \$100,000 for interstate and international moves will be provided at no additional cost under contract.

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### **60.30.50 Damage claim procedure**

Jan. 1, 2012

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The employee should understand that any claim for loss or damage must be negotiated directly between the employee and the mover and/or insurance carrier. The Department of Enterprise Services will provide claim forms to the employee for goods moved by common carrier, and will assist the employee and the carrier in resolving any dispute.



# **Chapter 65**

# **Financial Services**

# **Agreements**



## 65.10 Financial Services Agreements

Section	Title	Effective Date	Page Number
65.10.10	Authority for these policies	July 1, 2010	<a href="#">343</a>
65.10.20	Applicability	July 1, 2010	<a href="#">344</a>
65.10.30	Responsibilities of the Office of Financial Management	Oct. 1, 2000	<a href="#">344</a>
65.10.40	Responsibilities of the Office of the State Treasurer	July 1, 2010	<a href="#">345</a>
65.10.50	Agency responsibilities	June 1, 2002	<a href="#">345</a>

### 65.10.10 Authority for these policies

July 1, 2010

#### 65.10.10.a

[RCW 43.08.015](#) states that:

"Within the policies and procedures established pursuant to [RCW 43.41.110](#)(14) and [43.88.160\(1\)](#), the state treasurer shall take actions as are necessary to ensure the effective cash management of public funds. This cash management shall include the authority to represent the state in all contractual relationships with financial institutions. The state treasurer may delegate cash management responsibilities to the affected agencies with the concurrence of the office of financial management."

#### 65.10.10.b

[RCW 43.88.160\(5\)](#) states that:

"The treasurer shall:

- Receive, keep, and disburse all public funds of the state not expressly required by law to be received, kept, and disbursed by some other persons: PROVIDED, That this subsection shall not apply to those public funds of the institutions of higher learning which are not subject to appropriation;
- Receive, disburse, or transfer public funds under the treasurer's supervision or custody;
- Keep a correct and current account of all moneys received and disbursed by the treasurer, classified by fund or account;



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- d. Coordinate agencies' acceptance and use of credit cards and other payment methods, if the agencies have received authorization under [RCW 43.41.180](#);
- e. Perform such other duties as may be required by law or by regulations issued pursuant to this law.

It shall be unlawful for the treasurer to disburse public funds in the treasury except upon forms or by alternative means duly prescribed by the director of financial management."

### 65.10.10.c

[RCW 39.58.080](#) states that:

"(1) Except for funds deposited pursuant to a fiscal agency contract with the state fiscal agent or its correspondent bank, funds deposited pursuant to a custodial bank contract with the state's custodial bank, and funds deposited pursuant to a local government multistate joint self-insurance program as provided in [RCW 48.62.081](#), no public funds shall be deposited in demand or investment deposits except in a public depository located in this state or as otherwise expressly permitted by statute: PROVIDED, That the commission, or the chair upon delegation by the commission or chair deem appropriate, a treasurer to maintain a demand deposit account with a banking institution located outside the state of Washington solely for the purpose of transmitting money received to public depositories in the state of Washington for deposit."

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## 65.10.20 Applicability

July 1, 2010

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This chapter is applicable to all agencies of the state of Washington, unless otherwise exempted by statute or rule. The Budget and Accounting Act ([RCW 43.88.020](#)) defines the term "Agency" to mean and include "...every state office, officer, each institution, whether educational, correctional or other, and every department, division, board and commission, except as otherwise provided..."

Agencies may request delegation of authority from the Office of the State Treasurer (OST).

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## 65.10.30 Responsibilities of the Office of Financial Management

Oct. 1, 2000

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The Office of Financial Management (OFM) has the following responsibilities related to agreements with financial institutions:

1. Work with agencies on requests for delegation of cash management responsibilities, and
2. Respond to requests for information concerning fiscal matters.





### 65.10.40 Responsibilities of the Office of the State Treasurer

July 1, 2010

The Office of the State Treasurer (OST) has the following responsibilities related to agreements with financial institutions:

1. Negotiate master contracts with financial institutions, including but not limited to, contracts for [treasury](#) and [treasury trust accounts](#), contracts for services available from local banks, contracts for electronic transfer of funds, including [credit cards](#) and [debit cards](#), [automated clearing house \(ACH\)](#) transfers, [wire transfers](#) and contracts for [lockbox services](#). Certain responsibilities may be delegated to agencies with OFM's concurrence. An agency delegated any of these responsibilities should use its best efforts to minimize the financial impact of the contract to the state agency, the taxpayers, and the public who uses its services. Refer to [Subsection 40.10.50](#).
2. Pay, at its discretion, for [purchased banking services](#) for [treasury](#) and [treasury trust accounts](#) from the investment income accounts. OST's reimbursement for purchased banking services is generally limited to amounts above an agency's funding for the activity.
3. Advise agencies of new cash management techniques, practices, procedures and other efficient methods of collecting and disbursing state money to ensure maximum return on state investments.
4. Assist agencies by increasing their knowledge of applicable depository and investment statutes.
5. Advise agencies of required language that must be included in any [Request for Proposal \(RFP\)](#) and/or agreement/contract that has either an electronic funds settlement component or involves a vendor who holds funds for a period of time before remitting them to the state. This language must be included to mitigate the risk of loss of funds to the state.

### 65.10.50 Agency responsibilities

June 1, 2002

1. Contact the Office of the State Treasurer (OST) for information on specific services available from financial institutions and for assistance in banking negotiations to set up new [local accounts](#) or to expand the services of an existing local account. Agencies seeking delegated authority to negotiate contracts with financial institutions are encouraged to contact OST as early as possible.
2. Agencies seeking delegation of authority must provide documents for OST's review. The following documents are normally required to ensure that resulting contractual arrangements reflect sound business practices at minimized costs, using economies of scale to negotiate favorable fees, while insuring prompt payment and reducing liability:
  - a. Cover letter requesting delegation of authority,
  - b. Draft of the RFP or Request for Information (RFI), and
  - c. Draft of the banking contract.



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3. Work with OST and the Public Deposit Protection Commission (PDPC) to ensure that all cash management laws have been met.
4. When preparing an RFP and/or agreement/contract that has either an electronic funds settlement component or involves a vendor who holds funds for a period of time before remitting them to the state, an agency must contact OST. OST will provide required language to be included in the documents that is essential to mitigate the risk of loss of funds to the state.



# **Chapter 70**

# **Other Administrative**

# **Regulations**



## 70.10 Coffee and Light Refreshments

Section	Title	Effective Date	Page Number
70.10.10	The agency must first adopt written policies	July 1, 2014	<a href="#">348</a>
70.10.20	When may coffee and light refreshments be served?	July 1, 2005	<a href="#">348</a>
70.10.30	Expenditures for coffee and light refreshments are prohibited in some cases	May 1, 1999	<a href="#">349</a>
70.10.40	Documentation of approval is required	May 1, 1999	<a href="#">349</a>

### 70.10.10 The agency must first adopt written policies

July 1, 2014

An agency may not provide [coffee and light refreshments](#) at meetings and formal training sessions unless the agency has formally adopted written internal policies and procedures that describe the approval process for these items.

In accordance with Executive Order 13-06, executive cabinet agencies are required, and all other agencies strongly encouraged, to incorporate healthy food and beverages in their coffee and light refreshment internal policies. Refer to <http://www.doh.wa.gov/CommunityandEnvironment/WorksiteWellness/HealthyNutritionGuidelines.aspx>.

### 70.10.20 When may coffee and light refreshments be served?

July 1, 2005

#### 70.10.20.a

Per [RCW 43.03.050\(4\)](#), with approval of an agency head or authorized designee, an agency may serve coffee or light refreshments at a meeting where:

- The purpose of the meeting is to conduct state business or to provide formal training that benefits the state; **and**
- The coffee or light refreshment is an integral part of the meeting or training session; **and**
- The agency obtains a receipt for the actual costs of the coffee and/or light refreshments.

#### 70.10.20.b

This authority is not intended for use with the normal daily business of elective or appointive officials or state employees, but rather for special situations or occasions, as determined by the



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agency head or authorized designee, for example, recognizing agency or employee accomplishments. Per [RCW 43.03.050\(3\)](#), in addition to the requirements noted in [Subsection 70.10.20.a](#), coffee and light refreshments may be served to elective or appointive officials or state employees regardless of travel status where:

- The meeting or training session takes place away from the employee's or official's [regular workplace](#); and
- The agency person responsible for the meeting receives agency approval for the serving of coffee and/or light refreshments **prior** to the event.

### 70.10.20.c

All legally authorized boards and commissions may provide coffee and/or light refreshments at their official public meetings, including executive sessions.

### 70.10.20.d

Agencies are not required to provide coffee and/or light refreshments at meetings.

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## 70.10.30 Expenditures for coffee and light refreshments are prohibited in some cases

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May 1, 1999

Agencies **may not** make expenditures for coffee and/or light refreshments in the following situations:

- For anniversaries of agencies, receptions for new, existing, and/or retiring employees or officials, election celebrations, etc.
- Any "hosting" activities. "Hosting" includes, but is not limited to, those activities that are intended either to lobby a legislator or a governmental official, or are to be a social rather than governmental business event, and include expenditures for coffee and/or light refreshments for those whom agencies are not legally authorized to reimburse.

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## 70.10.40 Documentation of approval is required

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May 1, 1999

Agencies must document the request and approval for expenditures for coffee and/or light refreshments. Agencies may use a [Travel Authorization \(form A40-A\)](#) or agency equivalent form, an [Invoice Voucher \(form A19-1A\)](#), or a formally written agency memorandum for this purpose. The documentation should provide support for the authorization, including:

- The names of the state organizations or persons attending the meeting (includes conferences, conventions, and formal training sessions), and
- The purpose of the meeting or expenditure.



## 70.15 Meals with Meetings

Section	Title	Effective Date	Page Number
70.15.10	Reimbursement for meals with meetings	July 1, 2014	<a href="#">350</a>
70.15.20	Expenditures for meals with meetings are prohibited in some cases	Apr. 15, 2004	<a href="#">351</a>
70.15.30	Documentation of advance approval for meals with meetings is required	Apr. 15, 2004	<a href="#">351</a>

### 70.15.10 Reimbursement for meals with meetings

July 1, 2014

#### 70.15.10.a

[RCW 43.03.050\(3\)](#) provides for reimbursement for meals, for certain business meetings (includes conferences, conventions, and formal training sessions) involving elective and appointive officials, and state employees. Additionally, other statutes may authorize agencies to provide reimbursement for meals for other individuals regardless of travel status.

This authority is not intended for use with the normal daily business of elective or appointive officials or state employees, but rather for special situations or occasions.

In accordance with Executive Order 13-06, executive cabinet agencies are required, and all other agencies strongly encouraged, to incorporate healthy food and beverages at meals with meetings when applicable.

Refer to <http://www.doh.wa.gov/CommunityandEnvironment/WorksiteWellness/HealthyNutritionGuidelines.aspx>.

#### 70.15.10.b

The agency head or authorized designee may authorize reimbursement for the allowable cost of meals (refer to [Subsections 10.40.40](#) and [10.90.20](#)) for elective and appointive officials and state employees regardless of travel status, and without regard to [Subsection 10.40.50.b\(1\)](#). This authority is intended for use when the agency requires a person to attend a meeting where business meals are served, and where:

- The purpose of the meeting is to conduct [official state business](#) or to provide training to state employees or state officials; and
- The meals are an integral part of the business meeting or training session, and
- The meeting or training session takes place away from the employee's or official's [regular workplace](#), and
- The agency obtains a receipt for the actual costs of the meals with meetings, and
- The agency head or authorized designee approves payment for the meals **in advance** of the meeting by defining in the **agency** internal policies and procedures ([Subsection 10.10.10](#)) those



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meetings where attendance by **agency** employee(s), official(s) or others as authorized by statute, and reimbursement for the meals regardless of travel status, is advantageous to the state.

Approvals must be in writing ([Subsection 70.15.30](#)). One-time approvals for recurring meetings can be made at the time of the initial request.

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### **70.15.20 Expenditures for meals with meetings are prohibited in some cases**

Apr. 15, 2004

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Agencies **may not** make expenditures for meals in the following situations:

- For anniversaries of agencies, receptions for new, existing, and/or retiring employees or officials, election celebrations, etc.
- Any "hosting" activities. "Hosting" includes, but is not limited to, those activities that are intended either to lobby a legislator or a governmental official, or are to be a social rather than governmental business event, and include expenditures for meals for those whom agencies are not legally authorized to reimburse.

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### **70.15.30 Documentation of advance approval for meals with meetings is required**

Apr. 15, 2004

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Agencies must document the request and approval in advance for expenditures for meals with meetings. Agencies may use a [Travel Authorization \(form A40-A\)](#) or agency equivalent form, an [Invoice Voucher \(form A19-1A\)](#), or a formally written agency memorandum for this purpose. The documentation should provide support for the authorization, including:

- The names of the state organizations or persons attending the meeting (includes conferences, conventions, and formal training sessions), and
- The purpose or accomplishments of the meeting.



## 70.20 Prospective Employee Interview Expenses

Section	Title	Effective Date	Page Number
70.20.10	Agencies may pay certain expenses for qualified prospective employees	May 1, 1999	<a href="#">352</a>
70.20.20	Who is a qualified prospective employee?	July 1, 2010	<a href="#">352</a>
70.20.30	Allowable travel expenses and reimbursement limits	May 1, 1999	<a href="#">352</a>
70.20.40	How expenses should be documented and paid	Jan. 1, 2012	<a href="#">353</a>
70.20.50	Prior authorization is required for classified positions	Jan. 1, 2012	<a href="#">353</a>

### 70.20.10 Agencies may pay certain expenses for qualified prospective employees

May 1, 1999

A state agency may pay a qualified [prospective employee](#), as defined below, the necessary [travel expense](#) related to their employment interview or examination ([RCW 43.03.130](#)). The agency head has the responsibility to exercise prudent judgment in the payment of interview expenses and to follow the travel reimbursement policies stated in this section and in [Chapter 10](#) of this policy manual.

### 70.20.20 Who is a qualified prospective employee?

July 1, 2010

Qualified prospective employees are limited to applicants for the position of director, deputy director, assistant director, state supervisor or equivalent or higher position, engineers or other personnel having both executive and professional status.

In the case of institutions of higher education, prospective employees are limited to applicants being considered for academic positions above the rank of instructor, or professional, or administrative employees in supervisory positions.

Community and technical colleges, may pay travel expenses for prospective employees being considered for full-time faculty positions or administrative employees in supervisory positions.

The Washington State Investment Board may pay travel expenses for prospective employees being considered for investment officer positions.





### **70.20.30 Allowable travel expenses and reimbursement limits**

May 1, 1999

Allowable travel expenses are defined as necessary expenses, reimbursable by law, incurred by a prospective employee in traveling to and from an interview or merit system examination. Travel expenses may include:

- Transportation expenses,
- Per diem expenses, and
- Other miscellaneous travel costs.

Travel expenses may be reimbursed at rates not to exceed those established for state employees in [Chapter 10](#) of this policy manual. For example, the agency may reimburse the prospective employee for transportation costs not to exceed the lowest class fare for the transportation mode used.

### **70.20.40 How expenses should be documented and paid**

Jan. 1, 2012

The agency needs documentation of the travel expenses before reimbursing the prospective employee. The prospective employee should document and submit travel expenses on an [Invoice Voucher \(form A19-1A\)](#) or a [Travel Expense Voucher \(form A20-A\)](#) in the same detail as required for travel reimbursement to state employees. Original invoices should be attached to the voucher or the agency file location referenced.

### **70.20.50 Prior authorization is required for classified positions**

Jan. 1, 2012

With agency head authorization, an agency may pay for prospective employee interview expenses when the classified position is essential to carrying out the critical work of an agency. The requesting agency head is accountable for the action and required to have appropriate documentation.



## 70.40 Higher Education Enrollment Reporting

Section	Title	Effective Date	Page Number
70.40.05	Purpose of these policies	Aug. 1, 2006	<a href="#">354</a>
70.40.10	Authority for these policies	Aug. 1, 2006	<a href="#">354</a>
70.40.20	Who must comply with these policies	Aug. 1, 2006	<a href="#">354</a>
70.40.30	Special definitions	Aug. 1, 2006	<a href="#">354</a>
70.40.40	Higher Education Enrollment Reporting Requirements	Aug. 1, 2006	<a href="#">356</a>

### 70.40.05 Purpose of these policies

Aug. 1, 2006

The Higher Education Enrollment Reporting (HEER) policies and procedures serve as the basis for collecting data on higher education enrollment. This data is used by the Office of Financial Management and the Legislature for budget calculations as well as to track budgeted FTEs versus actual FTEs (full time equivalents), to monitor legislative mandates, to project short and long term enrollment and to conduct other related studies.

### 70.40.10 Authority for these policies

Aug. 1, 2006

[RCW 43.62.050](#) and [RCW 28B.10.784](#) require the Office of Financial Management to collect and report higher education enrollment data.

### 70.40.20 Who must comply with these policies

Aug. 1, 2006

These policies apply to all public four-year institutions of higher education.



### 70.40.30 Special definitions

Aug. 1, 2006

**State-funded enrollment** - Enrollment meeting **all** of the following conditions is considered state funded enrollment:

1. The course is a credit course.
2. The course is degree-applicable or is required for a student to make progress toward a degree, as certified by the institution.
3. The enrolled student does not receive a state sponsored tuition waiver per [RCW 28B.15.0131](#) (certain American Indian students), [RCW 28B.15.540](#) (residents age 60 or older), [RCW 28B.15.558](#) (state employees), or [RCW 28B.15.621 \(3\)](#) (certain veterans).
4. Regular resident or non-resident tuition fees as per [RCW 28B.15.067](#) and [RCW 28B.15.100](#) are charged.
5. The course is not self-sustaining as defined in item 3 under definitions of self-sustaining immediately below.

**Self-sustaining enrollment** - Enrollment meeting **all** of the following conditions is considered self-sustaining enrollment:

1. The course is a credit course.
2. The enrolled student does not receive a state sponsored tuition waiver per [RCW 28B.15.0131](#) (certain American Indian students), [RCW 28B.15.540](#) (residents age 60 or older), [RCW 28B.15.558](#) (state employees), or [RCW 28B.15.621 \(3\)](#) (certain veterans).
3. The direct costs of the course are entirely funded by Account 148, Institutions of Higher Education – Dedicated Local Account, or by external funds, or by a combination of the two.

**Summer enrollment** - All summer enrollments are self-sustaining except certain state-funded courses that have prior approval from OFM.

**Fee-waiver enrollment** - Enrollment meeting all of the following conditions is considered fee-waiver enrollment:

1. The course is a credit course.
2. The enrolled student receives a state sponsored tuition waiver per [RCW 28B.15.0131](#) (certain American Indian students), [RCW 28B.15.540](#) (residents age 60 or older), [RCW 28B.15.558](#) (state employees), or [RCW 28B.15.621 \(3\)](#) (certain veterans).

Data element definitions used for higher education enrollment reporting in the Public Centralized Higher Education Enrollment System (PCHEES) and reporting formats for standard reports (HEER Tables 1–18A) and for the distance learning reports (HEER Tables 19–22) are available at <http://www.ofm.wa.gov/hied/pchees/>.



### **70.40.40 Higher Education Enrollment Reporting Requirements**

Aug. 1, 2006

Data for the HEER report must be submitted electronically in student unit record files through the PCHEES. All unit record files and reports submitted are considered official.

The following reporting requirements must be met:

1. Each data unit record submitted must include all required academic course enrollment and student characteristic information elements. Current requirements are available at <http://www.ofm.wa.gov/hied/pchees/>.
2. All credited course enrollments regardless of their type of funding, i.e., state funded, self-sustaining, or fee-waiver, must be reported.
3. Changes from the last reported regular term in the funding type of courses (i.e., from self-sustaining to state funded or vice versa) must be reported to the OFM Forecasting Division. A “Changes of Course Funding Types” form is available at <http://www.ofm.wa.gov/hied/pchees/>. The submitted form must be signed by the person authorized to complete the report. Summer term is not considered a regular term.
4. Remedial courses offered for credit must be flagged as remedial courses. A remedial course is a course that is designed to remedy a deficiency and qualify a student to take a regular credited academic course. A remedial course may be state-funded, self-sustaining, or fee-waiver. If a state-funded course is flagged as remedial, it must meet the requirements set forth in [Subsection 70.40.30](#).
5. To ensure that courses reported can be traced to the term in which they originate and end, all course data submitted must include start and end dates.
6. Reports for regular terms (fall, winter, and spring) must reflect net enrollment at the conclusion of the second Friday of instruction (the “10th day”).
7. The net enrollment is enrollment after adjustments for drop, add, withdrawal, cancellation, and other relevant course enrollment transactions.
8. The 10th day report for a regular term can include enrollment of courses beginning after the 10th day of the prior regular term. The Fall 10th day data submittal can include enrollment of courses beginning after the end of summer and before the start of fall term.
9. Data for the summer term must be submitted at the end of the summer term.



## 70.60 Unified Business Identifier (UBI)

Section	Title	Effective Date	Page Number
70.60.10	The purpose of the UBI	May 1, 1999	<a href="#">357</a>
70.60.20	The UBI and how it is used	May 1, 1999	<a href="#">357</a>
70.60.30	Certain agency systems must include the UBI	May 1, 1999	<a href="#">358</a>
70.60.40	Assigning the UBI	May 1, 1999	<a href="#">358</a>
70.60.50	Applicability	May 1, 1999	<a href="#">358</a>

### 70.60.10 The purpose of the UBI

May 1, 1999

The purpose of the UBI is to provide a uniform means of identifying and servicing business entities and employers which are required to be registered with, licensed by, or regulated by any agency of the state of Washington. The UBI serves three purposes:

1. Simplifies business registration and record-keeping. Each business needs only one number to identify itself to any state agency.
2. Enables consolidation of periodic business reporting. In situations where a business is required to file reports with several agencies, these reports may be consolidated.
3. Enables consolidation and information sharing of state services. Agency records of a non-confidential nature relating to any individual business entity may be easily accessed.

### 70.60.20 The UBI and how it is used

May 1, 1999

The Unified Business Identifier (UBI) is standard nine digit sequential number used by all state agencies to uniquely identify a business entity. The UBI is intended to identify public and private business entities and employers.

**Business Entity** - Except for the exclusions noted below, a "business entity" or "business" is defined as any sole proprietor, partnership, corporation, or political subdivision of the state of Washington. It includes any individual, receiver, administrator, executor, assignee, trustee in bankruptcy, trust, estate, firm, joint venture, club, company, joint stock company, business trust, state or local agency, association, society, or any group of individuals acting as a unit, whether mutual, cooperative, fraternal, nonprofit, or



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otherwise which is required to be registered with, or licensed by, any agency of the state of Washington and for which agency registration records are established or maintained.

**Exclusions** - Agencies need not establish UBIs for certain individuals as follows:

- Students;
- Private individuals receiving grants or subsidies;
- Employees, or past employees; and,
- Professional licensees, who are not employers or subject to state business taxes.

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### 70.60.30 Certain agency systems must include the UBI

May 1, 1999

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Any agency information system designed to process data relating to business entities, as defined in [Subsection 70.60.20](#), shall carry the UBI as part of the agency's record for each business entity.

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### 70.60.40 Assigning the UBI

May 1, 1999

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A UBI is assigned to a business when it first registers with the Secretary of State's office, or Departments of Revenue, Labor and Industries, or Employment Security, or when it obtains a business registration or license issued through the Department of Licensing Business License Center. If an agency finds that a business does not have an assigned UBI, the agency should refer the business to offices of one of these agencies. For established businesses currently registered with the Department of Revenue, the tax registration number assigned by the Department of Revenue is the UBI.

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### 70.60.50 Applicability

May 1, 1999

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The provisions of this section are applicable to and binding to all agencies **that regulate, register, or license business entities** in the state of Washington.



## 70.70 Child Care Services for Children of State Employees

Section	Title	Effective Date	Page Number
70.70.10	These policies establish minimum requirements	May 1, 1999	<a href="#">359</a>
70.70.20	Identifying suitable space for a child care facility	Jan. 1, 2012	<a href="#">359</a>
70.70.30	Determining the rental rate for the space	Jan. 1, 2012	<a href="#">360</a>
70.70.40	Child care facility contracting requirements	Jan. 1, 2012	<a href="#">360</a>
70.70.50	Child care program contracting requirements	Jan. 1, 2012	<a href="#">361</a>

### 70.70.10 These policies establish minimum requirements

May 1, 1999

The purpose of this policy is to establish minimum requirements for the contracting of child care services for state government employees consistent with [Chapter 41.04 RCW](#) and RCW [43.88.160\(4\)\(c\)](#) as amended by Laws of 1993, Chapter 194.

### 70.70.20 Identifying suitable space for a child care facility

Jan. 1, 2012

#### 70.70.20.a

At the request of an [organization of state employees](#) interested in establishing a [child care facility](#), an [agency](#) may work with the owner of the state-owned or state-leased building it occupies in whole or in part to identify space that is, or can be made, suitable for use as a child care facility.

#### 70.70.20.b

Suitable space is defined as space that is, or, with an identified financial resource, can be made, sufficient to meet licensing requirements as a child care facility. The space must be able to be set aside exclusively for use as a child care facility, including provision for a food preparation area, storage areas sufficient for the program, and restroom and changing facilities. It must be able to be made secure and must be convenient to the place of employment of the state employee parents or guardians of children enrolled in the program.



### 70.70.30.c

If suitable space cannot be identified in the building, the agency shall work with the Department of Enterprise Services to identify other suitable space. Nothing in this policy precludes agreements between agencies to identify suitable space for a child care facility that would serve employees of two or more agencies.

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## 70.70.30 Determining the rental rate for the space

Jan. 1, 2012

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The Department of Enterprise Services shall establish or negotiate the rental rate at which the identified suitable space would be made available for operation of a child care facility, a portion of which may be used by non-state employees for care of their children.

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## 70.70.40 Child care facility contracting requirements

Jan. 1, 2012

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A contract is required between the owner of a building in which space for a child care facility is to be established and an agency whose employees will use services provided by the child care facility. This contract shall be negotiated by the Department of Enterprise Services (DES), under the provisions of [RCW 43.82.010](#), and shall include, but not be limited to, the following provisions:

### 70.70.40.a

DES, in consultation with the agency and an organization of state employees, will identify and specify the renovations and/or modifications to the building needed to support operation of a child care facility and negotiate with the owner of the identified suitable space the lowest price for those renovations or modifications. No moneys shall be committed to renovation or modification of the building until all of the following are complete:

1. A viable business plan for self-supporting operation of the child care facility has been prepared and agreed to by the agency, the organization of state employees, and the [child care provider](#). The business plan should include at a minimum, a definition of the scope of services to be provided, their estimated costs (including any agency subsidy), and a projection of revenues based upon specific assumptions related to total average annual enrollment, fee structure, and proportion of children in care who are not dependents of state employees, if any.
2. The child care provider commits to meeting all licensing requirements.
3. Funding for the child care facility has been allocated to the agency for renovation or modification of suitable space in a state-owned building, or the director of the Office of Financial Management (OFM) has approved agency payment of higher lease costs reflecting the cost of renovation or modification to suitable space financed by the owner of a leased building.





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4. The director of the OFM has approved the amount of the subsidy related to operation of the child care facility. Subsidy is defined as the difference between an annual rental rate established as a result of [Subsection 70.70.30](#) and a lower annual rental rate for suitable space made available to the child care provider that is approved by the director of the OFM. The monthly value of this subsidy for state employees with children in the facility's care equals the annual subsidy divided by twelve months divided by the projected monthly average enrollment of children of state employees.

### 70.70.40.b

The owner is obligated to maintain the space in a condition that is safe for use as a child care facility.

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## 70.70.50 Child care program contracting requirements

Jan. 1, 2012

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Either an agency or an organization of state employees may contract with a child care provider. A contract with a child care provider shall include, but not be limited to, the following provisions:

### 70.70.50.a

The dates and hours that the facility will be open and operating will be stated.

### 70.70.50.b

The child care provider will provide reimbursement for repairs of any damage to the facility beyond wear and tear related to normal use of space.

### 70.70.50.c

The provider shall be responsible for providing and maintaining equipment, furniture, or appliances in the facility or, if originally provided by the agency, the provider shall replace equipment, furniture and appliances at the termination of the contract. Supplies, program materials, and other related items are the sole responsibility of the child care provider.

### 70.70.50.d

The provider shall plan, and accept responsibility, for maintaining adequate security of the children in its care, including keeping the children within the space allocated to the facility.

### 70.70.50.e

The agency shall not be responsible for day-to-day management, monitoring, quality control, dispute resolution or other like activities related to the child care provider. These responsibilities shall be assigned to the organization of state employees or to the child care provider, as appropriate.



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### **70.70.50.f**

Rates and the factors affecting them are to be explicitly stated. If the agency is subsidizing facility costs, the monthly rate for children of state employees and others requiring similar care will differ by the size of the average monthly subsidy divided by the projected average number of children of state employees in care each month as assumed in the business plan. No less than quarterly, the provider will reimburse the agency in the amount of the average subsidy times the number of child-months of non-state employee children in care in excess of the projection.

### **70.70.50.g**

The provider shall carry sufficient insurance and provide indemnification of the state and the agency from any liability associated with activities of the child care provider.

### **70.70.50.h**

The provider shall maintain books, records, documents and other evidence of accounting procedures and practices which sufficiently and properly reflect all costs of any nature expended in the performance of the contract. These records shall be subject at all reasonable times to inspection, review, or audit by personnel duly authorized by the agency and the Office of the State Auditor.

### **70.70.50.i**

The provider shall provide right of access to its facilities to the agency, the Department of Enterprise Services, the organization of state employees, or to any other authorized agent or official of the state of Washington in order to monitor and evaluate performance, compliance, and quality assurance under the contract.



## 70.75 Suspected Losses of Public Funds or Property

Section	Title	Effective Date	Page Number
70.75.10	Purpose of these policies	June 1, 2016	<a href="#">363</a>
70.75.20	Authority for these policies	June 1, 2016	<a href="#">363</a>
70.75.30	Applicability of these policies	June 1, 2016	<a href="#">363</a>
70.75.40	Responsibilities of the State Agency	June 1, 2016	<a href="#">363</a>

### 70.75.10 Purpose of these policies

June 1, 2016

The purpose of these policies is to establish how a state agency must respond in the event of a suspected loss of public funds or property.

### 70.75.20 Authority for these policies

June 1, 2016

The authority for these policies is [RCW 43.88.160](#), [RCW 43.09.185](#) and [RCW 43.09.330](#).

### 70.75.30 Applicability of these policies

June 1, 2016

These policies are applicable to all agencies of the state of Washington as defined in [RCW 43.88.020\(4\)](#), unless otherwise exempted by statute or rule.

### 70.75.40 Responsibilities of the State Agency

June 1, 2016

Agencies are responsible to establish procedures that detail how to address a suspected loss of public funds or property. The procedures are to identify appropriate personnel who should be immediately notified prior to contacting the outside agencies. This may include the agency head or deputies, chief financial officer, or internal auditor depending upon the circumstances.

Further in the event of a suspected loss of public funds or property, the agency should:



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- a. Take action to minimize the loss.
- b. Ensure that investigations are not hampered.
- c. Ensure that bond claims are not jeopardized.
- d. Ensure that appropriate personnel actions are taken.
- e. If appropriate, report the suspected loss to the Department of Enterprise Services Risk Management Office.
- f. Comply with [RCW 43.09.185](#) and immediately report losses to the Office of the State Auditor (SAO).
- g. Comply with [RCW 43.09.330](#) and include the SAO and the Office of the Attorney General in any loss settlement.



# **Chapter 75**

# **Uniform Chart of**

# **Accounts**



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## 75.10 Coding Structures

Section	Title	Effective Date	Page Number
75.10.10	About the uniform chart of accounts	July 1, 2019	<a href="#">366</a>
75.10.20	Descriptions of the code types	June 1, 2015	<a href="#">367</a>

### 75.10.10 About the uniform chart of accounts

July 1, 2019

#### Mandatory Codes

- Types:**
- Agency
  - General Ledger
  - Account
  - Expenditure Authority
  - Object
  - Subobject
  - Sub-subobject
  - Revenue Source
  - Program
  - Project Type (for information technology expenses/expenditures)

- Purpose:**
- Provide conformity and a uniform means for comparing and analyzing assets, liabilities, fund equity, revenues, and expenses between agencies.
  - Provide for a common and uniform understanding of the mandatory codes, their concept, and structure.
  - Enable preparation of the state's combined annual financial statements and schedules.

#### Agency Designated Codes

- Sub-program
  - Sub-source
  - Organization
  - Project
  - Project Type
- 
- Provide agencies the means for internal comparison and analysis of activity at a detail level.
  - Allow agencies to develop an internal, common coding system to report on agency activity.



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## Mandatory Codes

**Discretion of Use:** Use of any mandatory codes other than those authorized in this chapter must be approved in writing by the Director or an authorized designee of the Office of Financial Management (OFM).

Program codes are established either through the budget process or the program structure change process.

## Agency Designated Codes

Use of agency designated codes is at the option of the agency, except for the following:

- The Department of Social and Health Services, the State Health Care Authority, the Department of Children, Youth and Families, and the Department of Corrections require approval by OFM for sub-program and budget unit codes.
- Project type codes must be selected from the OFM-maintained table.

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## 75.10.20 Descriptions of the code types

June 1, 2015

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- **Agency Codes** - Used for the identification of state agencies. Refer to [Section 75.20](#) for the statewide agency codes and authorized abbreviations.
- **Fund/Account Codes** - Used to identify the accounting entity against which the transaction is to be charged. Refer to [Section 75.30](#) for the authorized statewide fund/account codes.
- **General Ledger Account Codes** - Used to classify in summary form all transactions of an accounting entity. For internal purposes agencies may further refine the general ledger account codes; however, such refinements are to be converted back to the authorized statewide general ledger account codes before submission to the Agency Financial Reporting System (AFRS). Refer to [Section 75.40](#) for the authorized statewide general ledger account codes.
- **Expenditure Authority Codes** - Used to identify each legislative or executive authorization. Expenditure authority codes are assigned specifically for an agency each biennium by the Office of Financial Management (OFM). Expenditure authority codes are three (3) digits; refer to [Section 75.50](#) for the authorized expenditure authority type codes, expenditure character codes, and operating and capital expenditure authority code ranges.
- **Program Codes** - Generally agency designated codes used to identify the major activities or functions within a single agency; however, there are a limited number of mandatory statewide codes used to identify special functions. Refer to [Section 75.60](#) for the authorized statewide program codes.
- **Object/Subobject Codes** - Used to classify expenditures. Refer to [Section 75.70](#) for the authorized statewide object/subobject codes.



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- **Revenue Source Codes** - Used to identify the original category from which revenue is derived. Refer to [Section 75.80](#) for the authorized statewide revenue source codes.
- **Sub-program Codes** - Used to identify activity within a program.
- **Sub-subobject Codes** - Used to identify a particular expenditure item within a subobject. Refer to [Section 75.70](#) for the authorized statewide sub-subobject codes.
- **Sub-source Codes** - Used to identify a particular revenue item within a major source.
- **Organization Codes** - Used to identify or accumulate costs by cost centers.
- **Project Codes** - Used to identify tasks for which there are specific results. Project codes can be used over multiple years and biennia to accumulate transaction results over time. Project codes must have an associated project type. Agency use of project codes is optional.
- **Project Type Codes** - Used to identify a characteristic of a project. Agencies must choose from the OFM-maintained project type table for these codes. Refer to [Section 75.65](#) for the authorized statewide project type codes.





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## 75.20 Agency Codes and Authorized Abbreviations

Section	Title	Effective Date	Page Number
75.20.10	Sequential by code number	June 9, 2022	<a href="#">369</a>
75.20.20	Alphabetical by title	June 9, 2022	<a href="#">377</a>
75.20.30	Sequential by code number within functional group	June 9, 2022	<a href="#">384</a>

### 75.20.10 Sequential by code number

June 9, 2022

AGENCY NUMBER	AGENCY TITLE
0010	State Revenue for Distribution (SRD)
0050	Federal Revenue for Distribution (FRD)
0100	Bond Retirement and Interest (BRI)
0110	House of Representatives (REP)
0120	Senate (SEN)
0130	Joint Transportation Committee (JTC)
0140	Joint Legislative Audit and Review Committee (JLARC)
0200	Legislative Evaluation and Accountability Program Committee (LEAP)
0350	Office of the State Actuary (OSA)
0360	Office of State Legislative Labor Relations (LLR)
0370	Office of Legislative Support Services (LSS)
0380	Joint Legislative Systems Committee (JLS)
0400	Statute Law Committee (SLC)
0450	Supreme Court (SUP)
0460	State Law Library (LAW)
0480	Court of Appeals (COA)
0500	Commission on Judicial Conduct (CJC)
0550	Administrative Office of the Courts (AOC)



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<b>AGENCY NUMBER</b>	<b>AGENCY TITLE</b>
0560	Office of Public Defense (OPD)
0570	Office of Civil Legal Aid (OCLA)
0750	Office of the Governor (GOV)
0760	Special Appropriations to the Governor (SAG)
0800	Office of the Lieutenant Governor (LTG)
0820	Public Disclosure Commission (PDC)
0850	Office of the Secretary of State (SEC)
0860	Governor's Office of Indian Affairs (INA)
0870	Washington State Commission on Asian Pacific American Affairs (APA)
0900	Office of the State Treasurer (OST)
0910	Redistricting Commission (RDC)
0950	Office of the State Auditor (SAO)
0990	Washington Citizens' Commission on Salaries for Elected Officials (COS)
1000	Office of the Attorney General (ATG)
1010	Caseload Forecast Council (CFC)
1020	Department of Financial Institutions (DFI)
1030	Department of Commerce (COM)
1040	Economic and Revenue Forecast Council (ERFC)
1050	Office of Financial Management (OFM)
1060	Washington Economic Development Finance Authority (EDA)
1070	Washington State Health Care Authority (HCA)
1100	Office of Administrative Hearings (OAH)
1160	State Lottery Commission (LOT)
1170	Washington State Gambling Commission (GMB)
1180	Washington State Commission on Hispanic Affairs (CHA)
1190	Washington State Commission on African-American Affairs (CAA)
1200	Human Rights Commission (HUM)
1240	Department of Retirement Systems (DRS)



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<b>AGENCY NUMBER</b>	<b>AGENCY TITLE</b>
1260	State Investment Board (SIB)
1400	Department of Revenue (DOR)
1420	Board of Tax Appeals (BTA)
1470	Office of Minority and Women's Business Enterprises (OMWBE)
1480	Washington State Housing Finance Commission (HFC)
1600	Office of the Insurance Commissioner (INS)
1630	Consolidated Technology Services (CTS)
1650	State Board of Accountancy (ACB)
1660	Board of Registration for Professional Engineers and Land Surveyors (BRPELS)
1670	Forensic Investigations Council (FIC)
1790	Department of Enterprise Services (DES)
1850	Washington Horse Racing Commission (HRC)
1900	Board of Industrial Insurance Appeals (IND)
1950	Liquor and Cannabis Board (LCB)
2050	Board of Pilotage Commissioners (BPC)
2150	Utilities and Transportation Commission (UTC)
2200	Board for Volunteer Firefighters and Reserve Officers (BVFFRO)
2250	Washington State Patrol (WSP)
2270	Washington State Criminal Justice Training Commission (CJT)
2280	Washington Traffic Safety Commission (STS)
2290	Office of Independent Investigations (OII)
2350	Department of Labor and Industries (LNI)
2400	Department of Licensing (DOL)
2450	Military Department (MIL)
2750	Public Employment Relations Commission (PERC)
3000	Department of Social and Health Services (DSHS)
3030	Department of Health (DOH)
3040	Tobacco Settlement Authority (TOB)



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<b>AGENCY NUMBER</b>	<b>AGENCY TITLE</b>
3050	Department of Veterans' Affairs (DVA)
3070	Department of Children, Youth, and Families (DCYF)
3100	Department of Corrections (DOC)
3150	Department of Services for the Blind (DSB)
3400	Student Achievement Council (SAC)
3410	Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board (LEOFF)
3460	Washington Higher Education Facilities Authority (WHEFA)
3500	Superintendent of Public Instruction (SPI)
3510	State School for the Blind (SFB)
3520	State Board for Community and Technical Colleges (SBCTC)
3530	Washington Center for Deaf and Hard of Hearing Youth (CDHY)
3540	Workforce Training and Education Coordinating Board (WFTECB)
3550	Department of Archaeology and Historic Preservation (DAHP)
3560	Life Sciences Discovery Fund Authority (LSDFA)
3590	Washington Charter School Commission (WCSC)
3600	University of Washington (UW)
3650	Washington State University (WSU)
3700	Eastern Washington University (EWU)
3750	Central Washington University (CWU)
3760	The Evergreen State College (TESC)
3800	Western Washington University (WWU)
3870	Washington State Arts Commission (ART)
3900	Washington State Historical Society (WHS)
3950	Eastern Washington State Historical Society (EWH)
4050	Department of Transportation (DOT)
4060	County Road Administration Board (CRAB)
4070	Transportation Improvement Board (TIB)
4100	Transportation Commission (TRC)



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<b>AGENCY NUMBER</b>	<b>AGENCY TITLE</b>
4110	Freight Mobility Strategic Investment Board (FMSIB)
4120	Washington Materials Management and Financing Authority (WMMFA)
4600	Columbia River Gorge Commission (CRG)
4610	Department of Ecology (ECY)
4620	Washington Pollution Liability Insurance Program (PLI)
4630	Energy Facility Site Evaluation Council (EFSEC)
4650	State Parks and Recreation Commission (PARKS)
4670	Recreation and Conservation Funding Board (RCFB)
4680	Environmental and Land Use Hearings Office (ELUHO)
4710	State Conservation Commission (SCC)
4770	Department of Fish and Wildlife (DFW)
4780	Puget Sound Partnership (PSP)
4900	Department of Natural Resources (DNR)
4950	Department of Agriculture (AGR)
5000	Apple Commission (APPLE)
5010	Alfalfa Seed Commission (ALFALFA)
5020	Beef Commission (BEEF)
5030	Blueberry Commission (BLUE)
5060	Asparagus Commission (ASPAR)
5070	Cranberry Commission (CRAN)
5080	Oilseeds Commission (OIL)
5100	Dairy Products Commission (DAIRY)
5120	Pulse Crops Commission (PULSE)
5150	Fruit Commission (FRUIT)
5210	Hardwoods Commission (HRWD)
5220	Hop Commission (HOP)
5240	Puget Sound Gillnet Salmon Commission (GILLNET)
5250	Potato Commission (POTATO)



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<b>AGENCY NUMBER</b>	<b>AGENCY TITLE</b>
5280	Mint Commission (MINT)
5290	Red Raspberry Commission (RASP)
5300	Seed Potato Commission (SEED)
5320	Turf Grass Seed Commission (TURF)
5330	Tree Fruit Research Commission (TREE)
5340	Wine Commission (WINE)
5350	Grain Commission (GRAIN)
5400	Department of Employment Security (ES)
5450	Beer Commission (BEER)
5990	Washington Health Care Facilities Authority (WHCFA)
6050	Everett Community College (EVC)
6100	Edmonds Community College (EDC)
6210	Whatcom Community College (WHC)
6270	Bellevue College (BC)
6290	Big Bend Community College (BBC)
6320	Centralia College (CEC)
6340	Cascadia College (CC)
6350	Clark College (CLC)
6370	Pierce College (PIE)
6390	Columbia Basin College (CBC)
6480	Grays Harbor College (GHC)
6490	Green River College (GRC)
6520	Highline College (HC)
6570	Lower Columbia College (LCC)
6620	Olympic College (OLC)
6650	Peninsula College (PEC)
6700	Seattle Community Colleges - District 6 (SCCD-6)
6720	Shoreline Community College (SHC)



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<b>AGENCY NUMBER</b>	<b>AGENCY TITLE</b>
6740	Skagit Valley College (SVC)
6750	South Puget Sound Community College (SPS)
6760	Spokane Community Colleges - District 17 (SCCD-17)
6780	Tacoma Community College (TCC)
6830	Walla Walla Community College (WLC)
6860	Wenatchee Valley College (WVC)
6910	Yakima Valley Community College (YVC)
6920	Lake Washington Institute of Technology (LWIT)
6930	Renton Technical College (RTC)
6940	Bellingham Technical College (BTC)
6950	Bates Technical College (BATES)
6960	Clover Park Technical College (CPTC)
6990	Community and Technical College System (CTCS)
7000	OFM Financial Statement Control (OFMFSC)
7010	Treasurer's Transfers (TRANSFER)
7050	Treasurer's Deposit Income (DEPINC)
7070	Sundry Claims (SUNDRY)
7100	Workfirst Performance Measures (WPM)
7160	Agency Loans (LOAN)
7170	One Time Grants (GRANT)
7270	Stadium and Exhibition Center Distributions (SECD)
7300	OFM Cash Flow Adjustments - General Fund State (CFGFS)
7310	OFM Cash Flow Adjustments - General Fund Federal/Private Local (CFGFF/PL)
7320	OFM Cash Flow Adjustments - All Other Funds (CFOTHER)
7400	Contributions to Retirement Systems (CRS)
7800	OFM SWFS Administration
7900	OST - Cash and Warrant Control (STCWC)
8000	Counties (COUNTY)



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AGENCY NUMBER	AGENCY TITLE
8500	Cities and Towns (CITY)
8600	Local Health Districts (LHD)
9440	Washington State School Directors' Association (SDA)

**Note 1:**

Under RCW 43.88.240, unless otherwise directed by enabling statute, the Agricultural Commodity Commissions (Agencies 5000 through 5350, and 5450) are not subject to the Budget and Accounting Act. These commissions are not included in the Agency Financial Reporting System (AFRS).

**Note 2:**

For accounting purposes, the State Board for Community and Technical Colleges (Agency 3520) and the individual community and technical colleges (Agencies 6050 through 6960) are not included in AFRS.

Statewide financial data for these agencies, including interagency receivables and payables, are to be reported under the Community and Technical College System (Agency 6990). However, for interagency receivables and payables, the individual college is to be used for subsidiary coding. Refer to Subsection 90.20.50.c.

**Note 3:**

Agencies 0010, 0050, 0100, 0760, and 7000 to 7900 are utilized for administrative purposes only.

**Note 4:**

Agencies 8000 through 9440 are utilized for recording activity between the state and local government entities (for a detailed listing see the AFRS D37 table for counties and D38 table for cities and towns).

**Note 5:**

For accounting purposes, the state's component units (agencies 1060, 1480, 3040, 3460, 4120, 5990, and 7270) are not included in AFRS.





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## 75.20.20 Alphabetical by title

June 9, 2022

AGENCY NUMBER	AGENCY TITLE
1650	Accountancy, State Board of (ACB)
0350	Actuary, Office of the State (OSA)
1100	Administrative Hearings, Office of (OAH)
0550	Administrative Office of the Courts (AOC)
1190	African-American Affairs, Washington State Commission on (CAA)
7160	Agency Loans (LOAN)
4950	Agriculture, Department of (AGR)
5010	Alfalfa Seed Commission (ALFALFA)
5000	Apple Commission (APPLE)
3550	Archaeology and Historic Preservation, Department of (DAHP)
3870	Arts Commission, Washington State (ART)
0870	Asian Pacific American Affairs, Washington State Commission on (APA)
5060	Asparagus Commission (ASPAR)
1000	Attorney General, Office of the (ATG)
0950	Auditor, Office of the State (SAO)
6950	Bates Technical College (BATES)
5020	Beef Commission (BEEF)
5450	Beer Commission (BEER)
6270	Bellevue College (BC)
6940	Bellingham Technical College (BTC)
6290	Big Bend Community College (BBC)
3150	Blind, Department of Services for the (DSB)
3510	Blind, State School for the (SFB)
5030	Blueberry Commission (BLUE)
0100	Bond Retirement and Interest (BRI)
6340	Cascadia College (CC)



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<b>AGENCY NUMBER</b>	<b>AGENCY TITLE</b>
1010	Caseload Forecast Council (CFC)
3750	Central Washington University (CWU)
6320	Centralia College (CEC)
3590	Charter School Commission, Washington (WCSC)
8500	Cities and Towns (CITY)
0570	Civil Legal Aid, Office of (OCLA)
6350	Clark College (CLC)
6960	Clover Park Technical College (CPTC)
6390	Columbia Basin College (CBC)
4600	Columbia River Gorge Commission (CRG)
1030	Commerce, Department of (COM)
6990	Community and Technical College System (CTCS)
3520	Community and Technical Colleges, State Board for (SBCTC)
4710	Conservation Commission, State (SCC)
1630	Consolidated Technology Services (CTS)
7400	Contributions to Retirement Systems (CRS)
3100	Corrections, Department of (DOC)
8000	Counties (COUNTY)
4060	County Road Administration Board (CRAB)
0480	Court of Appeals (COA)
5070	Cranberry Commission (CRAN)
2270	Criminal Justice Training Commission, Washington State (CJT)
5100	Dairy Products Commission (DAIRY)
3530	Deaf and Hard of Hearing Youth, Washington Center for (CDHY)
3070	Department of Children, Youth, and Families (DCYF)
3700	Eastern Washington University (EWU)
4610	Ecology, Department of (ECY)
1040	Economic and Revenue Forecast Council (ERFC)



## State Administrative and Accounting Manual

<b>AGENCY NUMBER</b>	<b>AGENCY TITLE</b>
1060	Economic Development Finance Authority, Washington (EDA)
6100	Edmonds Community College (EDC)
5400	Employment Security, Department of (ES)
4630	Energy Facility Site Evaluation Council (EFSEC)
1790	Enterprise Services, Department of (DES)
4680	Environmental and Land Use Hearings Office (ELUHO)
6050	Everett Community College (EVC)
0050	Federal Revenue for Distribution (FRD)
1020	Financial Institutions, Department of (DFI)
1050	Financial Management, Office of (OFM)
4770	Fish and Wildlife, Department of (DFW)
1670	Forensic Investigations Council (FIC)
4110	Freight Mobility Strategic Investment Board (FMSIB)
5150	Fruit Commission (FRUIT)
1170	Gambling Commission, Washington State (GMB)
0750	Governor, Office of the (GOV)
5350	Grain Commission (GRAIN)
6480	Grays Harbor College (GHC)
6490	Green River College (GRC)
5210	Hardwoods Commission (HRWD)
1070	Health Care Authority, Washington State (HCA)
5990	Health Care Facilities Authority, Washington (WHCFA)
3030	Health, Department of (DOH)
3460	Higher Education Facilities Authority, Washington (WHEFA)
6520	Highline College (HC)
1180	Hispanic Affairs, Washington State Commission on (CHA)
3950	Historical Society, Eastern Washington State (EWH)
3900	Historical Society, Washington State (WHS)



## State Administrative and Accounting Manual

<b>AGENCY NUMBER</b>	<b>AGENCY TITLE</b>
5220	Hop Commission (HOP)
1850	Horse Racing Commission, Washington (HRC)
0110	House of Representatives (REP)
1480	Housing Finance Commission, Washington State (HFC)
1200	Human Rights Commission (HUM)
2290	Independent Investigations, Office of (OII)
0860	Indian Affairs, Governor's Office of (INA)
1900	Industrial Insurance Appeals, Board of (IND)
1600	Insurance Commissioner, Office of the (INS)
0140	Joint Legislative Audit and Review Committee (JLARC)
0380	Joint Legislative Systems Committee (JLS)
0130	Joint Transportation Committee (JTC)
0500	Judicial Conduct, Commission on (CJC)
2350	Labor and Industries, Department of (LNI)
6920	Lake Washington Institute of Technology (LWIT)
3410	Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board (LEOFF)
0200	Legislative Evaluation and Accountability Program Committee (LEAP)
0360	Legislative Labor Relations, Office of State (LLR)
2400	Licensing, Department of (DOL)
0800	Lieutenant Governor, Office of the (LTG)
3560	Life Sciences Discovery Fund Authority (LSDFA)
1950	Liquor and Cannabis Board (LCB)
8600	Local Health Districts (LHD)
1160	Lottery Commission, State (LOT)
6570	Lower Columbia College (LCC)
4120	Materials Management and Financing Authority, Washington (WMMFA)
2450	Military Department (MIL)
1470	Minority and Women's Business Enterprises, Office of (OMWBE)



## State Administrative and Accounting Manual

<b>AGENCY NUMBER</b>	<b>AGENCY TITLE</b>
5280	Mint Commission (MINT)
4900	Natural Resources, Department of (DNR)
0370	Office of Legislative Support Services (LSS)
7320	OFM Cash Flow Adjustments - All Other Funds (CFOTHER)
7310	OFM Cash Flow Adjustments - General Fund Federal/Private Local (CFGFF/PL)
7300	OFM Cash Flow Adjustments - General Fund State (CFGFS)
7000	OFM Financial Statement Control (OFMFSC)
7800	OFM SWFS Administration
5080	Oilseeds Commission (OIL)
6620	Olympic College (OLC)
7170	One Time Grants (GRANT)
7900	OST - Cash and Warrant Control (STCWC)
4650	Parks and Recreation Commission, State (PARKS)
2250	Patrol, Washington State (WSP)
6650	Peninsula College (PEC)
6370	Pierce College (PIE)
2050	Pilotage Commissioners, Board of (BPC)
4620	Pollution Liability Insurance Program, Washington (PLI)
5250	Potato Commission (POTATO)
0560	Public Defense, Office of (OPD)
0820	Public Disclosure Commission (PDC)
2750	Public Employment Relations Commission (PERC)
3500	Public Instruction, Superintendent of (SPI)
5240	Puget Sound Gillnet Salmon Commission (GILLNET)
4780	Puget Sound Partnership (PSP)
5120	Pulse Crops Commission (PULSE)
4670	Recreation and Conservation Funding Board (RCFB)
5290	Red Raspberry Commission (RASP)



## State Administrative and Accounting Manual

AGENCY NUMBER	AGENCY TITLE
0910	Redistricting Commission (RDC)
1660	Registration for Professional Engineers and Land Surveyors, Board of (BRPELS)
6930	Renton Technical College (RTC)
1240	Retirement Systems, Department of (DRS)
1400	Revenue, Department of (DOR)
0990	Salaries for Elected Officials, Washington Citizens' Commission on (COS)
9440	School Directors' Association, Washington State (SDA)
6700	Seattle Community Colleges - District 6 (SCCD-6)
0850	Secretary of State, Office of the (SEC)
5300	Seed Potato Commission (SEED)
0120	Senate (SEN)
6720	Shoreline Community College (SHC)
6740	Skagit Valley College (SVC)
3000	Social and Health Services, Department of (DSHS)
6750	South Puget Sound Community College (SPS)
0760	Special Appropriations to the Governor (SAG)
6760	Spokane Community Colleges - District 17 (SCCD-17)
7270	Stadium and Exhibition Center Distributions (SECD)
1260	State Investment Board (SIB)
0460	State Law Library (LAW)
0010	State Revenue for Distribution (SRD)
0400	Statute Law Committee (SLC)
3400	Student Achievement Council (SAC)
7070	Sundry Claims (SUNDRY)
0450	Supreme Court (SUP)
6780	Tacoma Community College (TCC)
1420	Tax Appeals, Board of (BTA)
3760	The Evergreen State College (TESC)



## State Administrative and Accounting Manual

AGENCY NUMBER	AGENCY TITLE
3040	Tobacco Settlement Authority (TOB)
2280	Traffic Safety Commission, Washington (STS)
4100	Transportation Commission (TRC)
4070	Transportation Improvement Board (TIB)
4050	Transportation, Department of (DOT)
7050	Treasurer's Deposit Income (DEPINC)
7010	Treasurer's Transfers (TRANSFER)
0900	Treasurer, Office of the State (OST)
5330	Tree Fruit Research Commission (TREE)
5320	Turf Grass Seed Commission (TURF)
3600	University of Washington (UW)
2150	Utilities and Transportation Commission (UTC)
3050	Veterans' Affairs, Department of (DVA)
2200	Volunteer Firefighters and Reserve Officers, Board for (BVFFRO)
6830	Walla Walla Community College (WLC)
3650	Washington State University (WSU)
6860	Wenatchee Valley College (WVC)
3800	Western Washington University (WWU)
6210	Whatcom Community College (WHC)
5340	Wine Commission (WINE)
7100	Workfirst Performance Measures (WPM)
3540	Workforce Training and Education Coordinating Board (WFTECB)
6910	Yakima Valley Community College (YVC)

**Note 1:**

Under RCW 43.88.240, unless otherwise directed by enabling statute, the Agricultural Commodity Commissions (Agencies 5000 through 5350, and 5450) are not subject to the Budget and Accounting Act. These commissions are not included in the Agency Financial Reporting System (AFRS).



# State Administrative and Accounting Manual

## AGENCY NUMBER

## AGENCY TITLE

### **Note 2:**

For accounting purposes, the State Board for Community and Technical Colleges (Agency 3520) and the individual community and technical colleges (Agencies 6050 through 6960) are not included in AFRS. Statewide financial data for these agencies, including interagency receivables and payables, are to be reported under the Community and Technical College System (Agency 6990). However, for interagency receivables and payables, the individual college is to be used for subsidiary coding. Refer to Subsection 90.20.50.c.

### **Note 3:**

Agencies 0010, 0050, 0100, 0760, and 7000 to 7900 are utilized for administrative purposes only

### **Note 4:**

Agencies 8000 through 9440 are utilized for recording activity between the state and local government entities (for a detailed listing see the AFRS D37 table for counties and D38 table for cities and towns).

### **Note 5:**

For accounting purposes, the state's component units (agencies 1060, 1480, 3040, 3460, 4120, 5990, and 7270) are not included in AFRS.

## 75.20.30 Sequential by code number within functional group

June 9, 2022

## AGENCY NUMBER

## AGENCY TITLE

### **10 - GENERAL GOVERNMENT (F1)**

### **11 - General Government - Legislative**

0110	House of Representatives (REP)
0120	Senate (SEN)
0130	Joint Transportation Committee (JTC)
0140	Joint Legislative Audit and Review Committee (JLARC)
0200	Legislative Evaluation and Accountability Program Committee (LEAP)
0350	Office of the State Actuary (OSA)





## State Administrative and Accounting Manual

### AGENCY NUMBER

### AGENCY TITLE

0360	Office of State Legislative Labor Relations (LLR)
0370	Office of Legislative Support Services (LSS)
0380	Joint Legislative Systems Committee (JLS)
0400	Statute Law Committee (SLC)
0910	Redistricting Commission (RDC)

### 12 - General Government - Judicial

0450	Supreme Court (SUP)
0460	State Law Library (LAW)
0480	Court of Appeals (COA)
0500	Commission on Judicial Conduct (CJC)
0550	Administrative Office of the Courts (AOC)
0560	Office of Public Defense (OPD)
0570	Office of Civil Legal Aid (OCLA)

### 19 - General Government - Governmental Operations

0750	Office of the Governor (GOV)
0800	Office of the Lieutenant Governor (LTG)
0820	Public Disclosure Commission (PDC)
0850	Office of the Secretary of State (SEC)
0860	Governor's Office of Indian Affairs (INA)
0870	Washington State Commission on Asian Pacific American Affairs (APA)
0900	Office of the State Treasurer (OST)
0950	Office of the State Auditor (SAO)
0990	Washington Citizens' Commission on Salaries for Elected Officials (COS)
1000	Office of the Attorney General (ATG)
1010	Caseload Forecast Council (CFC)
1020	Department of Financial Institutions (DFI)



## State Administrative and Accounting Manual

<b>AGENCY NUMBER</b>	<b>AGENCY TITLE</b>
1030	Department of Commerce (COM)
1040	Economic and Revenue Forecast Council (ERFC)
1050	Office of Financial Management (OFM)
1060	Washington Economic Development Finance Authority (EDA)
1100	Office of Administrative Hearings (OAH)
1160	State Lottery Commission (LOT)
1170	Washington State Gambling Commission (GMB)
1180	Washington State Commission on Hispanic Affairs (CHA)
1190	Washington State Commission on African-American Affairs (CAA)
1240	Department of Retirement Systems (DRS)
1260	State Investment Board (SIB)
1400	Department of Revenue (DOR)
1420	Board of Tax Appeals (BTA)
1470	Office of Minority and Women's Business Enterprises (OMWBE)
1480	Washington State Housing Finance Commission (HFC)
1600	Office of the Insurance Commissioner (INS)
1630	Consolidated Technology Services (CTS)
1650	State Board of Accountancy (ACB)
1660	Board of Registration for Professional Engineers and Land Surveyors (BRPELS)
1670	Forensic Investigations Council (FIC)
1790	Department of Enterprise Services (DES)
1850	Washington Horse Racing Commission (HRC)
1950	Liquor and Cannabis Board (LCB)
2150	Utilities and Transportation Commission (UTC)
2200	Board for Volunteer Firefighters and Reserve Officers (BVFFRO)
2450	Military Department (MIL)
2750	Public Employment Relations Commission (PERC)
3410	Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board (LEOFF)



## State Administrative and Accounting Manual

### AGENCY NUMBER

### AGENCY TITLE

3550 Department of Archaeology and Historic Preservation (DAHP)  
3560 Life Sciences Discovery Fund Authority (LSDFA)  
5990 Washington Health Care Facilities Authority (WHCFA)

### **20 - HUMAN SERVICES (F2)**

#### **21 - Human Services - D.S.H.S.**

3000 Department of Social and Health Services (DSHS)

#### **29 - Human Services - Other**

1070 Washington State Health Care Authority (HCA)  
1200 Human Rights Commission (HUM)  
1900 Board of Industrial Insurance Appeals (IND)  
2270 Washington State Criminal Justice Training Commission (CJT)  
2290 Office of Independent Investigations (OII)  
2350 Department of Labor and Industries (LNI)  
3030 Department of Health (DOH)  
3040 Tobacco Settlement Authority (TOB)  
3050 Department of Veterans' Affairs (DVA)  
3070 Department of Children, Youth, and Families (DCYF)  
3100 Department of Corrections (DOC)  
3150 Department of Services for the Blind (DSB)  
5400 Department of Employment Security (ES)

### **30 - NATURAL RESOURCES AND RECREATION (F3)**

#### **31 - Natural Resources and Recreation**

4120 Washington Materials Management and Financing Authority (WMMFA)  
4600 Columbia River Gorge Commission (CRG)  
4610 Department of Ecology (ECY)  
4620 Washington Pollution Liability Insurance Program (PLI)



## State Administrative and Accounting Manual

### AGENCY NUMBER

### AGENCY TITLE

4630	Energy Facility Site Evaluation Council (EFSEC)
4650	State Parks and Recreation Commission (PARKS)
4670	Recreation and Conservation Funding Board (RCFB)
4680	Environmental and Land Use Hearings Office (ELUHO)
4710	State Conservation Commission (SCC)
4770	Department of Fish and Wildlife (DFW)
4780	Puget Sound Partnership (PSP)
4900	Department of Natural Resources (DNR)
4950	Department of Agriculture (AGR)

### 39 - Agricultural Commodity Commissions

5000	Apple Commission (APPLE)
5010	Alfalfa Seed Commission (ALFALFA)
5020	Beef Commission (BEEF)
5030	Blueberry Commission (BLUE)
5060	Asparagus Commission (ASPAR)
5070	Cranberry Commission (CRAN)
5080	Oilseeds Commission (OIL)
5100	Dairy Products Commission (DAIRY)
5120	Pulse Crops Commission (PULSE)
5150	Fruit Commission (FRUIT)
5210	Hardwoods Commission (HRWD)
5220	Hop Commission (HOP)
5240	Puget Sound Gillnet Salmon Commission (GILLNET)
5250	Potato Commission (POTATO)
5280	Mint Commission (MINT)
5290	Red Raspberry Commission (RASP)
5300	Seed Potato Commission (SEED)



## State Administrative and Accounting Manual

### AGENCY NUMBER

### AGENCY TITLE

5320 Turf Grass Seed Commission (TURF)

5330 Tree Fruit Research Commission (TREE)

5340 Wine Commission (WINE)

5350 Grain Commission (GRAIN)

5450 Beer Commission (BEER)

### **40 - TRANSPORTATION (F4)**

#### **41 - Transportation**

2050 Board of Pilotage Commissioners (BPC)

2250 Washington State Patrol (WSP)

2280 Washington Traffic Safety Commission (STS)

2400 Department of Licensing (DOL)

4050 Department of Transportation (DOT)

4060 County Road Administration Board (CRAB)

4070 Transportation Improvement Board (TIB)

4100 Transportation Commission (TRC)

4110 Freight Mobility Strategic Investment Board (FMSIB)

### **50 - EDUCATION (F5)**

#### **51 - Kindergarten Through Twelfth Grade**

3500 Superintendent of Public Instruction (SPI)

3590 Washington Charter School Commission (WCSC)

#### **52 - Higher Education**

3400 Student Achievement Council (SAC)

3520 State Board for Community and Technical Colleges (SBCTC)

3600 University of Washington (UW)

3650 Washington State University (WSU)

3700 Eastern Washington University (EWU)



## State Administrative and Accounting Manual

<b>AGENCY NUMBER</b>	<b>AGENCY TITLE</b>
3750	Central Washington University (CWU)
3760	The Evergreen State College (TESC)
3800	Western Washington University (WWU)
6050	Everett Community College (EVC)
6100	Edmonds Community College (EDC)
6210	Whatcom Community College (WHC)
6270	Bellevue College (BC)
6290	Big Bend Community College (BBC)
6320	Centralia College (CEC)
6340	Cascadia College (CC)
6350	Clark College (CLC)
6370	Pierce College (PIE)
6390	Columbia Basin College (CBC)
6480	Grays Harbor College (GHC)
6490	Green River College (GRC)
6520	Highline College (HC)
6570	Lower Columbia College (LCC)
6620	Olympic College (OLC)
6650	Peninsula College (PEC)
6700	Seattle Community Colleges - District 6 (SCCD-6)
6720	Shoreline Community College (SHC)
6740	Skagit Valley College (SVC)
6750	South Puget Sound Community College (SPS)
6760	Spokane Community Colleges - District 17 (SCCD-17)
6780	Tacoma Community College (TCC)
6830	Walla Walla Community College (WLC)
6860	Wenatchee Valley College (WVC)
6910	Yakima Valley Community College (YVC)



# State Administrative and Accounting Manual

## AGENCY NUMBER

## AGENCY TITLE

6920	Lake Washington Institute of Technology (LWIT)
6930	Renton Technical College (RTC)
6940	Bellingham Technical College (BTC)
6950	Bates Technical College (BATES)
6960	Clover Park Technical College (CPTC)
6990	Community and Technical College System (CTCS)

### **59 - Education - Other**

3460	Washington Higher Education Facilities Authority (WHEFA)
3510	State School for the Blind (SFB)
3530	Washington Center for Deaf and Hard of Hearing Youth (CDHY)
3540	Workforce Training and Education Coordinating Board (WFTECB)
3870	Washington State Arts Commission (ART)
3900	Washington State Historical Society (WHS)
3950	Eastern Washington State Historical Society (EWH)

### **90 - OTHER (F1)**

#### **91 - Other Administrative Agencies**

7000	OFM Financial Statement Control (OFMFSC)
7100	Workfirst Performance Measures (WPM)
7300	OFM Cash Flow Adjustments - General Fund State (CFGFS)
7310	OFM Cash Flow Adjustments - General Fund Federal/Private Local (CFGFF/PL)
7320	OFM Cash Flow Adjustments - All Other Funds (CFOTHER)
7900	OST - Cash and Warrant Control (STCWC)

### **92 - Payments to Political Subdivisions**

0010	State Revenue for Distribution (SRD)
0050	Federal Revenue for Distribution (FRD)



# State Administrative and Accounting Manual

## AGENCY NUMBER

## AGENCY TITLE

### **93 - Bond Retirement and Interest**

0100 Bond Retirement and Interest (BRI)

### **94 - Other Budgeted Expenditures**

0760 Special Appropriations to the Governor (SAG)

7010 Treasurer's Transfers (TRANSFER)

7050 Treasurer's Deposit Income (DEPINC)

7070 Sundry Claims (SUNDRY)

7160 Agency Loans (LOAN)

7170 One Time Grants (GRANT)

7270 Stadium and Exhibition Center Distributions (SECD)

7400 Contributions to Retirement Systems (CRS)

### **99 - Non-State Organizations**

8000 Counties (COUNTY)

8500 Cities and Towns (CITY)

8600 Local Health Districts (LHD)

9440 Washington State School Directors' Association (SDA)

### **Note 1:**

Under RCW 43.88.240, the Agricultural Commodity Commissions (Agencies 5000 through 5350, and 5450) are not subject to the Budget and Accounting Act. These commissions are not included in the Agency Financial Reporting System (AFRS).





# State Administrative and Accounting Manual

## AGENCY NUMBER

## AGENCY TITLE

### Note 2:

For accounting purposes, the State Board for Community and Technical Colleges (Agency 3520) and the individual community and technical colleges (Agencies 6050 through 6960) are not included in AFRS.

Statewide financial data for these agencies, including interagency receivables and payables, are to be reported under the Community and Technical College System (Agency 6990). However, for interagency receivables and payables, the individual college is to be used for subsidiary coding. Refer to Subsection 90.20.50.c.

### Note 3:

Agencies 0010, 0050, 0100, 0760, and 7000 to 7900 are utilized for administrative purposes only.

### Note 4:

Agencies 8000 through 9440 are utilized for recording activity between the state and local government entities (for a detailed listing see the AFRS D37 table for counties and D38 table for cities and towns).

### Note 5:

For accounting purposes, the state's component units (agencies 1060, 1480, 3040, 3460, 4120, 5990, and 7270) are not included in AFRS.



## State Administrative and Accounting Manual

### 75.30 Fund / Account Codes

Section	Title	Effective Date	Page Number
75.30.10	GAAP fund types	July 1, 2020	<a href="#">395</a>
75.30.20	Cash and budget type codes	June 1, 2018	<a href="#">396</a>
75.30.30	Fund types and subsidiary accounts - government-wide statement codes	July 1, 2020	<a href="#">398</a>
75.30.40	Roll-up funds and subsidiary accounts - fund statement codes	July 1, 2021	<a href="#">399</a>
75.30.50	Account codes: sequential by code number	June 9, 2022	<a href="#">403</a>
75.30.60	Account codes: alphabetical by title	June 9, 2022	<a href="#">433</a>



## 75.30.10 GAAP fund types

July 1, 2020

FUND TYPE TITLE	FUND TYPE CODE
<b>1. GOVERNMENTAL FUNDS:</b>	
General Fund	AA
Special Revenue Funds	BA
Debt Service Funds	CA
Capital Projects Funds	DA
Permanent Funds	EA
<b>2. PROPRIETARY FUNDS:</b>	
Enterprise Funds	FA
Internal Service Funds	GA
<b>3. FIDUCIARY FUNDS:</b>	
Private-Purpose Trust Funds	HA
Investment Trust Funds	HB
Pension (and Other Employee Benefit) Trust Funds	HC
Custodial Funds	HD
<b>4. GENERAL CAPITAL ASSETS &amp; LONG-TERM OBLIGATIONS:</b>	
General Capital Assets Subsidiary Account	IA
General Long-Term Obligations Subsidiary Account	JA
<b>5. DISCRETE COMPONENT UNITS:</b>	
Proprietary Fund Type Component Units	MA



## 75.30.20 Cash and budget type codes

June 1, 2018

CODE	CASH TYPE
------	-----------

Cash type codes are used to indicate the custody, restrictions or usage of cash and investments within an account. They are used to determine and control the cash related general ledger codes used in an account. The cash type for all state accounts is presented in Subsection 75.30.50.

1	<b>Treasury Account</b>
---	-------------------------

Cash is on deposit in and under the control of the State Treasurer. Treasury accounts are subject to expenditure authority unless specifically exempted.

2	<b>Treasury Trust</b>
---	-----------------------

Cash is not always required by law to be within the treasury, but is placed in the custody of the State Treasurer. Treasury Trust accounts are not always subject to expenditure authority.

3	<b>Local Account</b>
---	----------------------

Cash is on deposit in a local bank account under the control of the agency. The local bank must be an approved public depository, as designated by the Public Deposit Protection Commission. Local accounts are not appropriated.

4	<b>Local Government Investment Pool</b>
---	---

Public funds as defined in RCW 43.250.020 that are on deposit in the Public Funds Investment Account, Account 523, or the Separately Managed Municipal Trust Account, Account 845. The State Treasurer prescribes the rules for the operation of these accounts, invests the funds on deposit, and separately tracks the activity/balances of each participant.

5	<b>Non-Cash Account</b>
---	-------------------------

These accounts are used to facilitate transfers from agency operating accounts into special budgeted allocation accounts. Currently there are no non-cash accounts. No cash is recorded in these accounts, only revenues and expenditures.

**Note:** In Treasury and Treasury Trust Accounts, cash closes to the administering agency at the end of each biennium, with the exception of the Custodial Funds and Accounts 01E, 03K, 277, and 290.



# State Administrative and Accounting Manual

## CODE

## BUDGET TYPE

Budget type codes are used to designate the degree to which an account is subject to expenditure authority and allotment control. The budget type for all state accounts is presented in Subsection 75.30.50.

A

### **Appropriated Account**

Appropriated accounts require legislative authorization for an agency to make expenditures and incur obligations for specific purposes from designated resources available or estimate to be available during a specific period of time. The agency spending (allotment) plan is subject to review and approval by the Office of Financial Management (OFM).

B

### **Budgeted (Nonappropriated/Allotted) Account**

Budgeted accounts do not require legislative authorization for an agency to make expenditures and incur obligations. However, the agency spending (allotment) plan from designated resources available or estimated to be available during a specific period of time, is subject to review and approval by the OFM.

H

### **Nonappropriated/Nonallotted (Higher Education Special) Account**

Nonappropriated/nonallotted higher education accounts do not require legislative appropriation nor OFM spending (allotment) plan approval to make expenditures or incur obligations from designated resources available or estimated to be available during a specific period of time. This category is used by the institutions of higher education and consists of the following accounts: 143, 145, 147, 148, 443, and 505. All are local cash type 3.

M

### **Mixed (Partial Appropriated or Allotted/ Partial Nonappropriated) Account**

Specific portions of mixed accounts require legislative appropriation or OFM spending (allotment) plan approval to make expenditures or incur obligations from designated resources available or estimated to be available during a specific period of time. The remaining parts of the disbursements from a mixed account are not subject to either expenditure authority or spending plan approval. This category consists of the following accounts: 11V, 133, 15B, 17R, 18K, 19P, 22F, 22V, 401, 422, 463, 470, 496, 544, 551, 567, 600, 608, 609, 645, 759, 788, and 833.

N

### **Nonappropriated/Nonallotted Account**

Nonappropriated/nonallotted accounts do not require legislative appropriation or OFM spending (allotment) plan approval to make expenditures or incur obligations from designated resources available or estimated to be available during a specific period of time.



## State Administrative and Accounting Manual

### 75.30.30 Fund types and subsidiary accounts - government-wide statement codes

July 1, 2020

FUND TYPE TITLE	GOVERNMENT-WIDE CODE
<b>1. GOVERNMENTAL FUNDS:</b>	
General Fund	1
Special Revenue Funds	1
Debt Service Funds	1
Capital Projects Funds	1
Permanent Funds	1
<b>2. PROPRIETARY FUNDS:</b>	
Enterprise Funds	2
Internal Service Funds	1
<b>3. FIDUCIARY FUNDS:</b>	
Private-Purpose Trust Funds	—
Investment Trust Funds	—
Pension (and Other Employee Benefit) Trust Funds	—
Custodial Funds	—
<b>4. GENERAL CAPITAL ASSETS &amp; LONG-TERM OBLIGATIONS:</b>	
General Capital Assets Subsidiary Account	1
General Long-Term Obligations Subsidiary Account	1
<b>5. DISCRETE COMPONENT UNITS:</b>	
Proprietary Fund Type Component Units	—



# State Administrative and Accounting Manual

## 75.30.40 Roll-up funds and subsidiary accounts - fund statement codes

July 1, 2021

Fund Type Title / Roll-Up Fund Title	Roll-Up Fund	Fund Statement Code	Threshold level* 6/30/22
<b>1. GOVERNMENTAL FUNDS:</b>			
<b>General Fund</b>			
General Fund – Basic Account	AA	1A	\$1,000,000
Administrative Accounts in the General Fund	AC	1A	1,000,000
Other Accounts in the General Fund	AZ	1A	1,000,000
<b>Special Revenue Funds</b>			
Motor Vehicle Fund	BA	1Z	1,000,000
Multimodal Transportation Fund	BB	1Z	1,000,000
Central Administrative and Regulatory Fund	BD	1Z	1,000,000
Human Services Fund	BE	1Z	1,000,000
Wildlife and Natural Resources Fund	BF	1Z	1,000,000
Higher Education Fund	BG	1B	1,000,000
Local Construction and Loan Fund	BH	1Z	1,000,000
<b>Debt Service Funds</b>			
General Obligation Bond Fund	CA	1Z	1,000,000
Transportation General Obligation Bond Fund	CB	1Z	1,000,000
Tobacco Settlement Securitization Bond Fund	CC	1Z	1,000,000
Transportation Revenue Bond Fund	CD	1Z	1,000,000



# State Administrative and Accounting Manual

Fund Type Title / Roll-Up Fund Title	Roll-Up Fund	Fund Statement Code	Threshold level* 6/30/22
<b>Capital Projects Funds</b>			
State Facilities Fund	DA	1Z	1,000,000
Higher Education Facilities Fund	DB	1Z	1,000,000
<b>Permanent Funds</b>			
Higher Ed. Endowment & Other Permanent Funds	EA	1C	1,000,000
Common School Permanent Fund	EC	1Z	1,000,000
<b>2. Proprietary Funds:</b>			
<b>Enterprise Funds</b>			
Workers' Compensation Fund	FB	2A	1,000,000
Lottery Fund	FD	2Z	1,000,000
Institutional Fund	FE	2Z	973,000
Unemployment Compensation	FG	2B	1,000,000
Higher Education Student Services Fund	FH	2C	1,000,000
Other Activities Fund	FI	2Z	1,000,000
Health Insurance Fund	FJ	2F	1,000,000
State Guaranteed Education Tuition Program Fund	FK	2Z	1,000,000
Paid Family and Medical Leave Compensation Fund	FL	2Z	1,000,000
<b>Internal Service Funds</b>			
General Services Fund	GA	3Z	1,000,000
Data Processing Revolving Fund	GB	3Z	1,000,000
Higher Education Revolving Fund	GD	3Z	1,000,000
Risk Management Fund	GE	3Z	1,000,000





# State Administrative and Accounting Manual

Fund Type Title / Roll-Up Fund Title	Roll-Up Fund	Fund Statement Code	Threshold level* 6/30/22
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## 3. FIDUCIARY FUNDS:

### Private-Purpose Trust Funds

Other Private-Purpose Trust Funds	JD	4C	1,000,000
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### Investment Trust Funds

Local Government Pooled Investments Fund	IA	4B	1,000,000
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### Pension (and other Employee Benefit) Trust Funds

Public Employees' Retirement System Plan 1 Fund	HA	4A	1,000,000
Public Employees' Retirement System Plan 2 and 3 Defined Benefit Fund	HB	4A	1,000,000
Public Employees' Retirement System Plan 3 Defined Contribution Fund	HC	4A	1,000,000
Teachers' Retirement System Plan 1 Fund	HE	4A	1,000,000
Teachers' Retirement System Plan 2 and 3 Defined Benefit Fund	HF	4A	1,000,000
Teachers' Retirement System Plan 3 Defined Contribution Fund	HG	4A	1,000,000
Public Safety Employees' Retirement System Plan 2	HH	4A	1,000,000
L.E.O.F.F. Retirement System Plan 1 Fund	HI	4A	1,000,000
L.E.O.F.F. Retirement System Plan 2 Fund	HJ	4A	1,000,000
State Patrol Retirement System Plan 2 Fund	HK	4A	N/A
State Patrol Retirement System Plan 1 Fund	HL	4A	1,000,000
Judicial Retirement Fund	HM	4A	433,000
Volunteer Firefighters' and Reserve Officers' Retirement Fund	HN	4A	1,000,000
Judges Supplemental Retirement Defined Contribution Fund	HP	4A	481,000
Judges Retirement Fund	HQ	4A	64,000
School Employees' Retirement System Plan 2 and 3 Defined Benefit Plan	HR	4A	1,000,000



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<b>Fund Type Title / Roll-Up Fund Title</b>	<b>Roll-Up Fund</b>	<b>Fund Statement Code</b>	<b>Threshold level* 6/30/22</b>
School Employees' Retirement System Plan 3 Defined Contribution Plan	HS	4A	1,000,000
Deferred Compensation Trust Fund	HT	4A	1,000,000
Higher Education Retirement Plan Supplemental Benefit Fund	HV	4A	1,000,000

## **Custodial Funds**

Other Custodial Funds	KA	4D	1,000,000
Clearing/Suspense Fund (non-financial reporting)	KB	4D	1,000,000
Local Government Distributions Fund	KC	4D	1,000,000
Pooled Investments Fund (non-financial reporting)	KD	4D	1,000,000
Retiree Health Insurance Fund	KE	4D	1,000,000

## **4. GENERAL CAPITAL ASSETS & LONG-TERM OBLIGATION SUBSIDIARY ACCOUNTS**

General Capital Assets Subsidiary	LA	8A	1,000,000
General Long-Term Obligations Subsidiary	LB	8B	1,000,000

## **5. DISCRETE COMPONENT UNITS**

Proprietary Fund Type Financing Authorities	MZ	9Z	N/A
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\*The threshold level presented is for consideration of prior period adjustments. Refer to Subsection 90.20.15



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## 75.30.50 Account codes: sequential by code number

June 9, 2022

Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
001	General Fund	AA	AA	7000	A	1	9390
002	Hospital Data Collection Account	BE	BA	3030	A	1	9323
003	Architects' License Account	BD	BA	2400	A	1	9321
006	Public Records Efficiency, Preservation and Access Account	GA	GA	0850	A	1	9400
007	Winter Recreation Program Account	BF	BA	4650	A	1	9324
014	Forest Development Account	BF	BA	4900	A	1	9324
018	Millersylvania Park Current Account	AC	AA	4650	A	1	9324
01B	ORV and Nonhighway Vehicle Account	BF	BA	4900	A	1	9324
01E	Geothermal Account	AC	AA	4900	A	1	9242
01F	Crime Victims' Compensation Account	BE	BA	2350	B	2	9323
01L	Higher Education Construction Account	DB	DA	7000	A	1	9310
01M	Snowmobile Account	BF	BA	4650	A	1	9324
01N	Institutional Impact Account	AC	AA	3100	A	1	9323
01P	Suspense Account	KB	HD	7000	N	1	9584
01R	Undistributed Receipts Account	KB	HD	0900	N	1	9584
01T	Local Leasehold Excise Tax Account	KC	HD	1400	N	1	9584
024	Professional Engineers' Account	BD	BA	1660	A	1	9321
025	Pilotage Account	BB	BA	2050	A	1	9320
026	Real Estate Commission Account	BD	BA	2400	A	1	9321
027	Reclamation Account	BF	BA	4610	A	1	9324
02A	Surveys and Maps Account	BF	BA	4900	A	1	9324
02G	Health Professions Account	BE	BA	3030	A	1	9323
02H	Business Enterprises Revolving Account	BE	BA	3150	B	1	9323
02J	Certified Public Accountants' Account	BD	BA	1650	A	1	9321
02K	Death Investigations Account	BE	BA	2250	A	1	9323



# State Administrative and Accounting Manual

Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
02M	Essential Rail Assistance Account	BB	BA	4050	A	1	9320
02N	Parkland Acquisition Account	BF	BA	4650	A	1	9324
02P	Flood Control Assistance Account	AC	AA	4610	A	1	9324
02R	Aquatic Lands Enhancement Account	BF	BA	4900	A	1	9324
02W	Timber Tax Distribution Account	BD	BA	1400	A	1	9321
030	Landowner Contingency Forest Fire Suppression Account	BF	BA	4900	B	1	9324
031	State Investment Board Expense Account	AC	AA	1260	A	1	9321
032	State Emergency Water Projects Revolving Account	AC	AA	4610	A	1	9324
034	Local Sales and Use Tax Account	KC	HD	1400	N	1	9584
035	State Payroll Revolving Account	KB	HD	7000	N	1	9584
036	Capitol Building Construction Account	DA	DA	1790	A	1	9330
039	Aeronautics Account	BB	BA	4050	A	1	9320
03A	Excess Earnings Account	AZ	AA	0100	A	1	9238
03B	Asbestos Account	BE	BA	2350	A	1	9323
03C	Emergency Medical Services and Trauma Care Systems Trust Account	BE	BA	3030	A	1	9323
03F	911 Account	BE	BA	2450	A	1	9323
03K	Industrial Insurance Premium Refund Account	BD	BA	2350	B	2	9321
03L	County Criminal Justice Assistance Account	AC	AA	0900	A	1	9325
03M	Municipal Criminal Justice Assistance Account	AC	AA	0900	A	1	9325
03N	Business License Account	BD	BA	1400	A	1	9321
03P	Fire Service Trust Account	BD	BA	2250	A	1	9321
03R	Safe Drinking Water Account	BE	BA	3030	A	1	9323
041	Resource Management Cost Account	BF	BA	4900	A	1	9324
042	Charitable, Educational, Penal and Reformatory Institutions Account	BD	BA	3000	A	1	9323
044	Waste Reduction, Recycling, and Litter Control Account	BD	BA	4610	A	1	9324
045	State Vehicle Parking Account	BD	BA	1790	M	1	9321



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Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
048	Marine Fuel Tax Refund Account	BB	BA	2400	A	1	9320
04B	Natural Resources Real Property Replacement Account	EA	EA	4900	A	1	9232
04E	Uniform Commercial Code Account	BD	BA	2400	A	1	9321
04F	Real Estate Education Program Account	BD	BA	2400	A	2	9321
04H	Surface Mining Reclamation Account	BF	BA	4900	A	1	9324
04L	Public Health Services Account	AC	AA	3030	A	1	9323
04M	Recreational Fisheries Enhancement Account	BF	BA	4770	A	1	9324
04R	Drinking Water Assistance Account	BE	BA	3030	A	1	9240
04V	Vehicle License Fraud Account	BD	BA	2250	A	1	9321
04W	Waterworks Operator Certification Account	BE	BA	3030	A	1	9323
051	State and Local Improvements Revolving Account - Waste Disposal Facilities	AC	AA	4610	A	1	9242
055	State and Local Improvements Revolving Account - Waste Disposal Facilities, 1980	AC	AA	4610	A	1	9242
056	State Higher Education Construction Account	DB	DA	7000	A	1	9310
057	State Building Construction Account	DA	DA	7000	A	1	9248
058	Public Works Assistance Account	BH	BA	1030	A	1	9325
05C	Criminal Justice Treatment Account	AC	AA	1070	A	1	9323
05H	Disaster Response Account	BD	BA	2450	A	1	9321
05M	Tourism Development and Promotion Account	AC	AA	1030	A	1	9321
05R	Drinking Water Assistance Administrative Account	BE	BA	3030	A	1	9240
05W	State Drought Preparedness and Response Account	BD	BA	4610	A	1	9324
060	Community and Technical College Capital Projects Account	DB	DA	6990	A	1	9310
061	Eastern Washington University Capital Projects Account	DB	DA	3700	A	1	9310
062	Washington State University Building Account	DB	DA	3650	A	1	9310
063	Central Washington University Capital Projects Account	DB	DA	3750	A	1	9310
064	University of Washington Building Account	DB	DA	3600	A	1	9310
065	Western Washington University Capital Projects Account	DB	DA	3800	A	1	9310



# State Administrative and Accounting Manual

Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
066	The Evergreen State College Capital Projects Account	DB	DA	3760	A	1	9310
06A	Salmon Recovery Account	BF	BA	4670	A	1	9324
06G	Real Estate Appraiser Commission Account	BD	BA	2400	A	1	9321
06H	Washington State Legacy Project, State Library, and Archives Account	BD	BA	0850	B	2	9321
06J	Securities Prosecution Account	BD	BA	1020	B	2	9321
06K	Lead Paint Account	BE	BA	1030	A	1	9323
06L	Business and Professions Account	BD	BA	2400	A	1	9321
06N	Local Tax Administration Account	AZ	AA	1400	A	2	9238
06R	Real Estate Research Account	BD	BA	2400	A	1	9321
06T	License Plate Technology Account	BD	BA	2400	A	1	9321
070	Outdoor Recreation Account	AC	AA	4670	A	1	9242
071	Warm Water Game Fish Account	BF	BA	4770	A	1	9324
072	State and Local Improvements Revolving Account - Water Supply Facilities	AC	AA	4610	A	1	9242
075	State Social and Health Services Construction Account	DA	DA	3000	A	1	9248
076	Treasury Income Account	KD	HD	7010	N	1	9584
07A	Mortgage Lending Fraud Prosecution Account	BD	BA	1020	B	2	9321
07B	Organ and Tissue Donation Awareness Account	BD	BA	2400	N	2	9323
07E	Contract Harvesting Revolving Account	BF	BA	4900	B	2	9324
07F	Commercial Fisheries Buyback Account	AZ	AA	4770	B	2	9242
07J	“Helping Kids Speak” Account	BE	BA	2400	B	2	9323
07K	Special License Plate Applicant Trust Account	BD	BA	2400	N	2	9321
07L	Legislative International Trade Account	BD	BA	0800	B	2	9321
07N	Produce Railcar Pool Account	BB	BA	4050	B	2	9320
07T	Commemorative Works Account	BD	BA	1790	B	2	9330
07V	Fish and Wildlife Enforcement Reward Account	BF	BA	4770	B	2	9324
07W	Domestic Violence Prevention Account	BE	BA	3000	A	1	9323
080	Grade Crossing Protective Account	BD	BA	2150	A	1	9321



# State Administrative and Accounting Manual

Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
081	State Patrol Highway Account	BA	BA	2250	A	1	9320
082	Motorcycle Safety Education Account	BB	BA	2400	A	1	9320
084	Building Code Council Account	BE	BA	1790	A	1	9323
086	Fire Service Training Account	BE	BA	2250	A	1	9323
087	Park Land Trust Revolving Account	BF	BA	4900	B	1	9324
08A	Education Legacy Trust Account	BG	BA	7000	A	1	9310
08B	Foster Care Endowed Scholarship Trust Account	AC	AA	3400	N	2	9310
08C	Gonzaga University Alumni Association Account	BG	BA	2400	B	2	9310
08E	Individual Development Account Program Account	AC	AA	1030	B	2	9323
08F	Lighthouse Environmental Programs Account	BF	BA	2400	B	2	9324
08G	Flexible Spending Administrative Account	BE	BA	1070	B	2	9323
08H	Military Department Rental and Lease Account	BD	BA	2450	A	1	9321
08J	Prescription Drug Consortium Account	BE	BA	1070	B	2	9323
08K	Problem Gambling Account	BE	BA	1070	A	1	9323
08L	“Ski & Ride Washington” Account	BF	BA	2400	B	2	9324
08M	Small City Pavement and Sidewalk Account	BA	BA	4070	A	1	9234
08N	State Financial Aid Account	AC	AA	3400	N	2	9310
08P	State Parks Education and Enhancement Account	BF	BA	4650	B	2	9324
08R	Waste Tire Removal Account	BF	BA	4610	A	1	9324
08T	Transportation Innovative Partnership Account	AZ	AA	4050	B	2	9320
08V	Veterans Stewardship Account	BE	BA	3050	B	2	9323
08W	“Washington’s National Park Fund” Account	BF	BA	2400	B	2	9324
094	Transportation Infrastructure Account	BB	BA	4050	A	1	9320
095	Electrical License Account	BE	BA	2350	A	1	9323
096	Highway Infrastructure Account	BA	BA	4050	A	1	9234
097	Recreational Vehicle Account	BA	BA	4050	B	1	9320
098	Eastern Washington Pheasant Enhancement Account	BF	BA	4770	A	2	9324



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Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
099	Puget Sound Capital Construction Account	BA	BA	4050	A	1	9234
09A	We Love Our Pets Account	BD	BA	2400	B	2	9321
09B	Boating Safety Education Certification Account	BF	BA	4650	B	2	9324
09C	Farm and Forest Account	AC	AA	4670	A	1	9242
09E	Freight Mobility Investment Account	BA	BA	4110	A	1	9234
09G	Riparian Protection Account	AC	AA	4670	A	1	9242
09H	Transportation Partnership Account	BA	BA	4050	A	1	9234
09J	Washington Coastal Crab Pot Buoy Tag Account	BF	BA	4770	B	2	9324
09K	Life Sciences Discovery Account	BE	BA	0750	N	2	9323
09L	Nursing Resource Center Account	BE	BA	3030	B	2	9323
09P	City-County Assistance Account	BD	BA	1400	A	1	9325
09R	Economic Development Strategic Reserve Account	AC	AA	0750	A	1	9321
09T	Washington Main Street Trust Fund Account	BD	BA	3550	N	1	9325
102	Rural Arterial Trust Account	BA	BA	4060	A	1	9234
104	Limited Fish and Wildlife Account	BF	BA	4770	A	1	9324
106	Highway Safety Account	BB	BA	2400	A	1	9320
107	Liquor Excise Tax Account	BD	BA	1400	A	1	9321
108	Motor Vehicle Account	BA	BA	4050	A	1	9234
109	Puget Sound Ferry Operations Account	BA	BA	4050	A	1	9234
10A	Aquatic Algae Control Account	BF	BA	4610	A	1	9324
10B	Home Security Fund Account	BE	BA	1030	A	1	9323
10F	Share the Road Account	BB	BA	2400	B	2	9320
10G	Water Rights Tracking System Account	BF	BA	4610	A	1	9324
10K	Veterans Innovations Program Account	AC	AA	3050	A	1	9323
10P	Columbia River Basin Water Supply Development Account	AC	AA	4610	A	1	9242
10T	Hood Canal Aquatic Rehabilitation Bond Account	AC	AA	4780	A	1	9242
10V	Invasive Species Council Account	AZ	AA	4670	B	2	9324





# State Administrative and Accounting Manual

Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
110	Special Wildlife Account	BF	BA	4770	A	1	9324
111	Public Service Revolving Account	BD	BA	2150	A	1	9321
113	Common School Construction Account	BH	BA	3500	A	1	9246
116	Basic Data Account	BF	BA	4610	B	1	9324
119	Unemployment Compensation Administration Account	BE	BA	5400	A	1	9240
11A	Employment Training Finance Account	BG	BA	6990	B	2	9310
11B	Regional Mobility Grant Program Account	BB	BA	4050	A	1	9320
11E	Freight Mobility Multimodal Account	BB	BA	4110	A	1	9320
11F	Reinvesting in Youth Account	AC	AA	3000	A	1	9323
11H	Forest and Fish Support Account	BF	BA	4900	A	1	9324
11J	Electronic Products Recycling Account	BF	BA	4610	B	2	9324
11K	Washington Auto Theft Prevention Authority Account	BE	BA	0550	A	1	9323
11M	Poet Laureate Account	AC	AA	3870	B	2	9321
11N	Heritage Barn Preservation Account	AZ	AA	3550	A	1	9321
11P	Large On-Site Sewage Systems Account	BF	BA	3030	B	2	9324
11R	Hospital Infection Control Grant Account	AZ	AA	3030	B	2	9323
11V	Veteran Estate Management Account	BE	BA	3050	M	2	9323
11W	Water Quality Capital Account	AC	AA	4610	A	1	9324
120	Administrative Contingency Account	BE	BA	5400	A	1	9323
125	Site Closure Account	AC	AA	4610	A	1	9324
126	Agricultural Local Account	BF	BA	4950	B	2	9324
128	Grain Inspection Revolving Account	BF	BA	4950	B	2	9324
12C	Affordable Housing for All Account	BE	BA	1030	A	1	9323
12E	Assisted Living Facility Temporary Management Account	BE	BA	3000	B	2	9323
12F	Manufactured/Mobile Home Dispute Resolution Program Account	BD	BA	1000	B	2	9321
12G	Rockfish Research Account	BF	BA	4770	B	2	9324
12H	Uniformed Service Shared Leave Pool Account	BD	BA	2450	N	2	9323



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Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
12J	Boating Activities Account	AC	AA	4670	A	1	9324
12K	Puget Sound Scientific Research Account	AZ	AA	4780	A	1	9324
12L	Outdoor Education and Recreation Program Account	AC	AA	4650	B	2	9324
12M	Charitable Organization Education Account	BD	BA	0850	A	1	9321
12N	GET Ready for Math and Science Scholarship Account	BG	BA	3400	N	2	9310
12P	Geoduck Aquaculture Research Account	AC	AA	3600	B	2	9324
12R	Independent Youth Housing Account	AC	AA	1030	A	1	9323
12T	Traumatic Brain Injury Account	BE	BA	3000	A	1	9323
131	Fair Account	AC	AA	4950	B	2	9325
133	Children's Trust Account	BE	BA	3070	M	2	9323
134	Employment Services Administrative Account	BE	BA	5400	A	1	9323
138	Insurance Commissioner's Regulatory Account	BD	BA	1600	A	1	9321
141	Federal Seizure Account	BD	BA	2250	B	3	9238
143	Institutions of Higher Education Federal Appropriations Account (Morrill Bankhead Jones Act Account)	BG	BA	3650	H	3	9230
144	Transportation Improvement Account	BA	BA	4070	A	1	9234
145	Institutions of Higher Education Grants and Contracts Account	BG	BA	LCLO	H	3	9310
146	Firearms Range Account	BD	BA	4670	A	1	9321
147	Institutions of Higher Education – Plant Account	BG	BA	6990	H	3	9310
148	Institutions of Higher Education Dedicated Local Account	BG	BA	LCLO	H	3	9310
149	Institutions of Higher Education Operating Fees Account	BG	BA	LCLO	B	3	9310
14A	Wildlife Rehabilitation Account	BF	BA	4770	A	1	9324
14B	Budget Stabilization Account	AC	AA	1050	A	1	9250
14C	Puget Sound Recovery Account	AZ	AA	4780	A	1	9324
14E	Washington State Library Operations Account	BD	BA	0850	B	2	9330
14G	Ballast Water and Biofouling Management Account	BF	BA	4770	A	1	9324
14H	Community Preservation and Development Authority Account	AC	AA	1030	A	1	9325



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Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
14M	Financial Fraud and Identity Theft Crimes Investigation and Prosecution Account	BD	BA	1030	A	1	9321
14N	Legislative Oral History Account	AC	AA	0110	B	2	9321
14P	Skeletal Human Remains Assistance Account	AC	AA	3550	B	2	9321
14R	Military Department Active State Service Account	BD	BA	2450	A	1	9238
14V	Ignition Interlock Device Revolving Account	BD	BA	2400	A	1	9320
14W	Reduced Cigarette Ignition Propensity Account	BE	BA	2250	B	2	9323
150	Low Income Weatherization and Structural Rehabilitation Assistance Account	BE	BA	1030	A	1	9323
153	Rural Mobility Grant Program Account	BB	BA	4050	A	1	9320
154	New Motor Vehicle Arbitration Account	BD	BA	1000	A	1	9320
158	Aquatic Land Dredged Material Disposal Site Account	BF	BA	4900	A	1	9324
159	Parks Improvement Account	BF	BA	4650	B	1	9324
15A	Transitional Housing Operating and Rent Account	BE	BA	1030	B	2	9323
15B	Food Animal Veterinarian Conditional Scholarship Account	AZ	AA	3650	M	2	9310
15H	Cleanup Settlement Account	BF	BA	4610	A	1	9260
15J	Building Communities Fund Account	AZ	AA	1030	A	1	9321
15K	Columbia River Water Delivery Account	AC	AA	4610	A	1	9324
15M	Biotoxin Account	BF	BA	3030	A	1	9324
15N	Business Assistance Account	AZ	AA	3650	B	2	9321
15R	Evergreen Jobs Training Account	AZ	AA	6990	A	1	9310
15T	Broadband Mapping Account	BD	BA	1030	B	2	9238
15V	Funeral and Cemetery Account	BD	BA	2400	B	2	9321
15W	Guaranteed Asset Protection Waiver Account	BD	BA	1600	B	2	9321
160	Wood Stove Education and Enforcement Account	BD	BA	4610	A	1	9324
162	Farm Labor Contractor Account	BE	BA	2350	A	1	9323
163	Worker and Community Right to Know Account	BE	BA	2350	A	2	9323
165	Salary Reduction Account	KA	HD	1070	N	2	9584



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Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
167	Natural Resources Conservation Areas Stewardship Account	BF	BA	4900	A	1	9324
169	Horse Racing Commission Operating Account	BD	BA	1850	B	2	9321
16A	Judicial Stabilization Trust Account	BD	BA	0550	A	1	9321
16B	Landscape Architects' License Account	BD	BA	2400	B	2	9321
16C	Real Estate and Property Tax Administration Assistance Account	KC	HD	1400	N	2	9584
16E	Specialized Forest Products Outreach and Education Account	BF	BA	4900	B	2	9324
16F	Washington State Flag Account	AC	AA	0850	B	2	9321
16G	Universal Vaccine Purchase Account	BE	BA	3030	B	2	9323
16J	State Route Number 520 Corridor Account	BB	BA	4050	A	1	9234
16K	Mortgage Recovery Fund Account	AZ	AA	1020	B	2	9321
16L	Accessible Communities Account	BE	BA	5400	B	2	9323
16M	Appraisal Management Company Account	BD	BA	2400	B	1	9321
16N	Disabled Veterans Assistance Account	BE	BA	3050	B	2	9323
16P	Marine Resources Stewardship Trust Account	BF	BA	4900	A	1	9324
16R	Multiagency Permitting Team Account	AC	AA	1050	B	2	9324
16T	Product Stewardship Programs Account	BF	BA	4610	B	2	9324
16V	Water Rights Processing Account	AC	AA	4610	A	1	9324
16W	Hospital Safety Net Assessment Account	BE	BA	1070	A	1	9323
172	Basic Health Plan Trust Account	BE	BA	1070	B	1	9323
176	Water Quality Permit Account	BF	BA	4610	A	1	9324
177	Judicial Retirement Administrative Account	AZ	AA	0550	A	1	9321
17A	County 911 Excise Tax Account	KC	HD	1400	N	2	9584
17B	Home Visiting Services Account	BE	BA	3070	A	1	9323
17C	Opportunity Express Account	AC	AA	6990	A	1	9310
17E	State Efficiency and Restructuring Account	AC	AA	7000	A	1	9321
17F	Washington Opportunity Pathways Account	AC	AA	3400	A	1	9310



# State Administrative and Accounting Manual

Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
17K	Basic Health Plan Stabilization Account	AC	AA	1070	A	1	9323
17L	Foreclosure Fairness Account	BD	BA	1030	B	2	9321
17M	Individual-Based/Portable Background Check Clearance Account	BE	BA	3070	B	2	9311
17N	Complete Streets Grant Program Account	BB	BA	4050	A	1	9320
17P	State Route Number 520 Civil Penalties Account	BB	BA	4050	A	1	9320
17R	Aerospace Training Student Loan Account	AC	AA	3400	M	2	9310
17T	Health Benefit Exchange Account	BE	BA	1070	A	1	9240
17V	Volunteer Firefighters Account	BE	BA	2400	B	2	9323
17W	Limousine Carriers Account	BB	BA	2400	A	1	9320
180	Local Government Administrative Hearings Account	BD	BA	1100	B	2	9321
182	Underground Storage Tank Account	BF	BA	4610	A	1	9324
184	Local Museum Account Washington State Historical Society	BD	BA	3900	B	3	9311
185	Local Museum Account Eastern Washington State Historical Society	BD	BA	3950	B	3	9311
186	County Arterial Preservation Account	BA	BA	4060	A	1	9234
189	Clarke McNary Account	BF	BA	4900	B	2	9324
18A	Investing in Innovation Account	BD	BA	1030	B	2	9321
18B	Columbia River Basin Taxable Bond Water Supply Development Account	DA	DA	4610	A	1	9330
18C	Native Education Public-Private Partnership Account	AZ	AA	3500	B	2	9311
18E	Educator Certification Processing Account	BD	BA	3500	B	2	9311
18F	High School Completion Account	AZ	AA	3500	B	2	9311
18G	Opportunity Scholarship Match Transfer Account	AC	AA	3400	N	2	9310
18H	Opportunity Expansion Account	AC	AA	3400	A	1	9310
18J	Capital Vessel Replacement Account	BA	BA	4050	A	1	9234
18K	24/7 Sobriety Account	AC	AA	2270	M	2	9321
18L	Hydraulic Project Approval Account	BF	BA	4770	A	1	9324
18M	Music Matters Awareness Account	BE	BA	2400	B	2	9311



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Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
18N	Damage Prevention Account	BD	BA	2150	B	2	9321
18R	Seattle Sounders FC Account	BE	BA	2400	B	2	9321
18V	Science, Technology, Engineering, and Mathematics Education Lighthouse Account	AZ	AA	3500	B	2	9311
190	Forest Fire Protection Assessment Account	BF	BA	4900	B	2	9324
193	State Forest Nursery Revolving Account	BF	BA	4900	B	2	9324
195	Energy Account	BF	BA	1030	B	2	9238
196	Unclaimed Personal Property Account	JD	HA	1400	B	2	9400
197	Statute Law Committee Publications Account	BD	BA	0400	B	2	9321
198	Access Road Revolving Account	BF	BA	4900	B	2	9324
199	Biosolids Permit Account	BF	BA	4610	A	1	9324
19A	Medicaid Fraud Penalty Account	BE	BA	1000	A	1	9323
19B	School for the Blind Account	BE	BA	3510	B	2	9323
19C	Forest Practices Application Account	BF	BA	4900	A	1	9324
19E	4-H Programs Account	BD	BA	2400	B	2	9321
19F	Seattle Seahawks Account	BE	BA	2400	B	2	9311
19H	Center for Deaf and Hard of Hearing Youth Account	BE	BA	3530	B	2	9323
19J	Universal Communications Services Account	AC	AA	2150	B	2	9321
19K	Yakima Integrated Plan Implementation Account	AC	AA	4610	A	1	9242
19L	Charter Schools Oversight Account	AC	AA	3590	A	1	9311
19M	Seattle University Account	BG	BA	2400	B	2	9310
19N	Diesel Idle Reduction Account	AZ	AA	4610	A	1	9324
19P	Child Rescue Account	BD	BA	1000	M	2	9321
19R	Residential Services and Support Account	BE	BA	3000	B	2	9323
19T	DOL Technology Improvement and Data Management Account	BB	BA	2400	A	1	9320
19V	Andy Hill Cancer Research Endowment Fund Match Transfer Account	BE	BA	1030	A	1	9323
19W	Wolf-livestock Conflict Account	BF	BA	4770	B	2	9324



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Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
200	Regional Fisheries Enhancement Salmonid Recovery Account	BF	BA	4770	A	1	9242
201	DOL Services Account	BA	BA	2400	A	1	9320
202	Medical Test Site Licensure Account	BE	BA	3030	A	1	9323
204	Volunteer Firefighters' and Reserve Officers' Relief and Pension Administrative Account	BD	BA	2200	A	1	9321
205	Mobile Home Park Relocation Account	BE	BA	1030	B	2	9323
206	Cost of Supervision Account	BE	BA	3100	B	2	9323
207	Hazardous Waste Assistance Account	BF	BA	4610	A	1	9324
209	Regional Fisheries Enhancement Group Account	BF	BA	4770	B	2	9324
20A	State Flower Account	BF	BA	2400	B	2	9324
20B	Brownfield Redevelopment Trust Fund Account	BF	BA	4610	A	1	9324
20C	Yakima Integrated Plan Implementation Taxable Bond Account	AC	AA	4610	A	1	9324
20D	Certified Public Accounting Scholarship Transfer Account	BG	BA	1650	N	2	9310
20E	Washington Internet Crimes Against Children Account	BD	BA	2270	B	2	9321
20F	Invest in Washington Account	AZ	AA	6990	A	1	9310
20G	Washington Farmers and Ranchers Account	BD	BA	2400	B	2	9321
20H	Connecting Washington Account	BA	BA	4050	A	1	9234
20J	Electric Vehicle Account	BB	BA	4050	A	1	9320
20K	Licensing and Enforcement System Modernization Project Account	BD	BA	1950	B	2	9321
20L	Early Start Account	AC	AA	3070	B	2	9311
20M	Puget Sound Taxpayer Accountability Account	BE	BA	1400	A	1	9323
20N	Transportation Future Funding Program Account	BA	BA	4050	A	1	9234
20P	Nursing Facility Quality Enhancement Account	BE	BA	3000	B	2	9323
20R	Radioactive Mixed Waste Account	BF	BA	4610	A	1	9324
20T	Pollution Liability Insurance Agency Underground Storage Tank	BF	BA	4620	A	1	9324
20W	Washington Tennis Account	BD	BA	2400	B	2	9321
210	Fire Protection Contractor License Account	BD	BA	2250	B	2	9321



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Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
213	Veterans' Emblem Account	BE	BA	3050	B	2	9323
214	Temporary Worker Housing Account	BE	BA	3030	B	2	9323
215	Special Category C Account	BA	BA	4050	A	1	9234
216	Air Pollution Control Account	BF	BA	4610	A	1	9324
217	Oil Spill Prevention Account	BF	BA	4610	A	1	9324
218	Multimodal Transportation Account	BB	BA	4050	A	1	9320
219	Air Operating Permit Account	BF	BA	4610	A	2	9324
21A	Washington State Wrestling Account	BG	BA	2400	B	2	9310
21B	Chehalis Basin Account	AC	AA	4610	A	1	9324
21C	Washington Sexual Assault Kit Account	BD	BA	1030	B	2	9321
21D	Dairy Nutrient Infrastructure Account	AC	AA	4710	A	1	9324
21E	Concealed Pistol License Renewal Notification Account	BD	BA	2400	A	1	9321
21F	Fred Hutch Account	BD	BA	2400	B	2	9321
21G	Washington State Aviation Account	BB	BA	2400	B	2	9320
21H	Wastewater Treatment Plant Operator Certification Account	BF	BA	4610	A	1	9324
21J	Gina Grant Bull Memorial Legislative Page Scholarship Account	AC	AA	0110	B	2	9321
21K	Skilled Worker Outreach, Recruitment, and Career Awareness Grant Program Account	AC	AA	1030	B	2	9323
21L	Low-Income Home Rehabilitation Revolving Loan Program Account	AC	AA	1030	B	2	9323
21M	Distracted Driving Prevention Account	BE	BA	0550	A	1	9323
21N	Northeast Washington Wolf-Livestock Management Account	BF	BA	4950	B	2	9324
21P	Sexual Assault Prevention and Response Account	AC	AA	1030	A	1	9321
21Q	Forest Health Revolving Account	BF	BA	4900	B	2	9324
21R	DCYF Contracted Services Performance Improvement Account	AC	AA	3070	A	1	9323
21S	Aquatic Invasive Species Management Account	BF	BA	4770	A	1	9324
21T	Suicide-safer Homes Project Account	AC	AA	3030	B	2	9323
21U	Veterans' In-state Service Shared Leave Pool Account	BD	BA	3050	N	2	9323





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Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
21V	Construction Registration Inspection Account	BE	BA	2350	A	1	9323
21W	K-12 Criminal Background Check Account	BD	BA	3500	B	2	9311
222	Freshwater Aquatic Weeds Account	BF	BA	4610	A	1	9324
223	Oil Spill Response Account	BF	BA	4610	A	1	9324
225	Fingerprint Identification Account	BD	BA	2250	A	2	9323
226	State Seizures Account	BD	BA	2250	B	3	9321
22A	State Agency Office Relocation Pool Account	AC	AA	1050	B	2	9321
22B	Highway Worker Memorial Scholarship Account	AC	AA	3400	B	2	9310
22C	Early Learning Facilities Revolving Account	AC	AA	1030	A	1	9325
22D	Early Learning Facilities Development Account	AC	AA	1030	A	1	9325
22E	Family and Medical Leave Enforcement Account	FL	FA	5400	B	2	9400
22F	Family and Medical Leave Insurance Account	FL	FA	5400	M	2	9400
22G	Photovoltaic Module Recycling Account	BF	BA	4610	B	2	9324
22H	Foster Parent Shared Leave Pool Account	BD	BA	3070	N	2	9323
22J	Abandoned Recreational Vehicle Disposal Account	BB	BA	2400	A	1	9320
22K	Watershed Restoration and Enhancement Account	BF	BA	4610	B	2	9324
22L	Public Use General Aviation Airport Loan Revolving Account	BH	BA	4050	B	2	9325
22M	Energy Efficiency Account	BH	BA	1030	A	1	9325
22N	Fish and Wildlife Federal Lands Revolving Account	BF	BA	4770	B	2	9324
22P	Natural Resources Federal Lands Revolving Account	BF	BA	4900	B	2	9324
22Q	Seattle Mariners Account	BE	BA	2400	B	2	9323
22R	Internet Consumer Access Account	BD	BA	1000	A	1	9321
22S	Landlord Mitigation Program Account	AC	AA	1030	B	2	9323
22T	Statewide Tourism Marketing Account	AC	AA	1030	A	1	9321
22U	Secure Drug Take-back Program Account	BE	BA	3030	A	1	9323
22V	Medical Student Loan Account	AC	AA	3400	M	2	9310
22W	Public Disclosure Transparency Account	BD	BA	0820	A	1	9321



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Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
234	Public Works Administration Account	BD	BA	2350	A	1	9325
235	Youth Tobacco and Vapor Products Prevention Account	BD	BA	3030	A	1	9323
237	Recreation Access Pass Account	BF	BA	4650	A	1	9324
23A	Student Loan Advocate Account	BG	BA	3400	B	2	9310
23B	Rural Jobs Program Match Transfer Account	AC	AA	3400	N	2	9310
23C	DOL Tuition Recovery Trust Fund	BG	BA	2400	B	2	9310
23D	Student Achievement Council Tuition Recovery Trust Fund	BG	BA	3400	B	2	9310
23E	Washington History Day Account	AC	AA	3500	B	2	9311
23F	Open Educational Resources Account	AC	AA	3500	B	2	9311
23G	Vulnerable Roadway User Education Account	BB	BA	2280	A	1	9325
23H	Defense Community Compatibility Account	AC	AA	1030	A	1	9325
23J	Statewide Broadband Account	AC	AA	1030	A	1	9325
23K	Smoke Detection Device Awareness Account	BD	BA	2250	B	2	9321
23L	Indian Health Improvement Reinvestment Account	AC	AA	1070	B	2	9323
23M	County Road Administration Board Emergency Loan Account	BA	BA	4060	B	2	9234
23N	Model Toxics Control Capital Account	BF	BA	4610	A	1	9324
23P	Model Toxics Control Operating Account	BF	BA	4610	A	1	9324
23R	Model Toxics Control Stormwater Account	BF	BA	4610	A	1	9324
23S	Puget Sound Gateway Facility Account	BA	BA	4050	A	1	9320
23T	Congestion Relief Traffic Safety Account	BB	BA	2400	A	1	9320
23V	Voluntary Cleanup Account	BF	BA	4610	A	1	9324
23W	Paint Product Stewardship Account	BF	BA	4610	A	1	9324
244	Habitat Conservation Account	AC	AA	4670	A	1	9242
245	Public Safety Reimbursable Bond Account	DA	DA	1050	A	1	9248
246	Community and Technical College Forest Reserve Account	DB	DA	6990	A	1	9310
24A	Behavioral Health Loan Repayment Program Account	AC	AA	3400	B	2	9310



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Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
24B	Foundational Public Health Services Account	BD	BA	3030	A	1	9323
24C	San Juan Islands Programs Account	BB	BA	2400	B	2	9320
24D	Seattle Storm Account	BE	BA	2400	B	2	9323
24E	Washington State Library-Archives Building Account	BD	BA	0850	B	2	9330
24F	Veterans Service Officer Account	AC	AA	3050	B	2	9323
24G	Hemp Regulatory Account	BF	BA	4950	B	2	9324
24H	Career Connected Learning Account	AC	AA	5400	A	1	9310
24J	Workforce Education Investment Account	BG	BA	3400	A	1	9310
24K	Agency Financial Transaction Account	BB	BA	2400	A	1	9320
24L	Ambulance Transport Fund	BE	BA	1070	A	1	9323
24M	Climate Resiliency Account	AC	AA	1050	A	1	9324
24N	Fish, Wildlife, and Conservation Account	BF	BA	4770	A	1	9324
24P	Insurance Commissioner's Fraud Account	BD	BA	1600	A	1	9321
24Q	Cooper Jones Active Transportation Safety Account	BB	BA	2280	A	1	9320
24R	Energy Independence Act Special Account	BD	BA	1790	B	2	9321
24S	Seattle NHL Hockey Account	BE	BA	2400	B	2	9323
24T	State Firearms Background Check System Account	BD	BA	2250	B	2	9321
24U	Sustainable Farms and Fields Account	AC	AA	4710	A	1	9324
24V	Telebehavioral Health Access Account	BE	BA	1070	A	1	9323
24W	Undocumented Student Support Loan Match Account	AC	AA	3400	N	2	9310
252	Higher Education Non-Proprietary Local Capital Account	DB	DA	LCLO	N	3	9230
253	Education Construction Account	AC	AA	7000	A	1	9310
259	Coastal Crab Account	BF	BA	4770	B	2	9324
25A	Washington Apples Account	BF	BA	2400	B	2	9324
25B	Unemployment Insurance Relief Account	AC	AA	5400	B	2	9238
25C	Elementary and Secondary School Emergency Relief III Account	AC	AA	3500	A	1	9232
25D	Manufacturing and Warehousing Job Centers Account	AC	AA	1400	A	1	9325



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Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
25E	Rosa Franklin Legislative Internship Program Scholarship Account	AC	AA	0120	B	2	9321
25F	Forest Resiliency Account	AC	AA	4770	A	1	9324
25G	Manufacturing Cluster Acceleration Account	AC	AA	1030	A	1	9325
25H	Fair Start for Kids Account	AC	AA	3070	A	1	9323
25J	DOT Purple Heart State Account	AZ	AA	4050	B	2	9321
25K	DVA Purple Heart State Account	AZ	AA	3050	B	2	9321
25L	MIL Purple Heart State Account	AC	AA	2450	B	2	9321
25M	State Health Care Affordability Account	BE	BA	1070	A	1	9240
25N	Statewide 988 Behavioral Health Crisis Response and Suicide Prevention Line Account	BE	BA	1400	A	1	9323
25P	Wildfire Response, Forest Restoration, and Community Resilience Account	AC	AA	4900	A	1	9324
25Q	Clean Fuels Program Account	BD	BA	4610	A	1	9324
25R	Recycled Content Account	BD	BA	4610	B	2	9321
25S	Recycling Enhancement Account	BD	BA	4610	B	2	9325
25T	Refrigerant Emission Management Account	BD	BA	4610	A	1	9324
25U	DOL Wage Lien Account	BD	BA	2400	A	1	9321
25V	Washington State Attorney General Charitable Asset Protection Account	BD	BA	1000	B	2	9321
260	UW Operating Fees Account	BG	BA	3600	A	1	9310
262	Manufactured Home Installation Training Account	BD	BA	2350	A	1	9321
263	Community and Economic Development Fee Account	BD	BA	1030	A	1	9321
267	Recreation Resources Account	BF	BA	4670	A	1	9324
268	Nonhighway and Off-Road Vehicle Activities (NOVA) Program Account	BF	BA	4670	A	1	9324
269	Parks Renewal and Stewardship Account	BF	BA	4650	A	1	9324
26A	Carbon Emissions Reduction Account	BF	BA	4610	A	1	9324
26B	Climate Investment Account	BF	BA	4610	A	1	9324
26C	Climate Commitment Account	BF	BA	4610	A	1	9324
26D	Natural Climate Solutions Account	BF	BA	4610	A	1	9324



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Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
26E	Air Quality and Health Disparities Improvement Account	BF	BA	4610	A	1	9324
26F	Billy Frank Jr. National Statuary Hall Collection Fund	AC	AA	0900	B	2	9321
26G	Energy Facility Site Evaluation Council Account	BD	BA	4630	B	2	9321
26K	School Seismic Safety Grant Program Account	AC	AA	3500	A	1	9246
26R	Clean Energy Transition Workforce Account	AC	AA	1050	A	1	9323
26T	Washington Student Loan Account	AC	AA	3400	A	2	9310
26U	Apple Health and Homes Account	AC	AA	1030	A	1	9323
26V	Capital Community Assistance Account	AC	AA	1030	A	1	9323
26W	Renewable Fuels Accelerator Account	BF	BA	1030	A	1	9242
271	WSU Operating Fees Account	BG	BA	3650	A	1	9310
274	Adult Family Home Account	BE	BA	3000	B	2	9323
275	CWU Operating Fees Account	BG	BA	3750	A	1	9310
277	State Agency Parking Account	BD	BA	7000	B	1	9321
27A	Energy Efficiency Revolving Loan Capitalization Account	AC	AA	1030	A	1	9244
27B	Electric Vehicle Incentive Account	AC	AA	1030	A	1	9321
27C	Community Reinvestment Account	AC	AA	1030	A	1	9325
27D	Driver Resource Center Fund	BE	BA	2350	B	2	9323
27E	Equitable Access to Credit Program Account	AC	AA	1030	B	2	9325
27F	State Lands Development Authority Capital Account	AZ	AA	1030	A	1	9321
27G	State Lands Development Authority Operating Account	AZ	AA	1030	A	1	9321
27H	Veterans and Military Members Suicide Prevention Account	AC	AA	3050	B	2	9323
27M	Washington State Global War on Terror Memorial Account	AC	AA	0850	B	2	9321
281	Impaired Driving Safety Account	BB	BA	2400	A	2	9320
283	Juvenile Accountability Incentive Account	BE	BA	3000	A	2	9240
285	Growth Management Planning and Environmental Review Account	BH	BA	1030	A	1	9325
289	Thurston County Capital Facilities Account	DA	DA	1790	A	1	9330



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Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
290	Savings Incentive Account	AC	AA	7000	B	2	9321
291	Education Savings Account	AC	AA	3500	A	1	9321
296	Columbia River Basin Water Supply Revenue Recovery Account	BF	BA	4610	A	1	9324
297	Pipeline Safety Account	BD	BA	2150	A	2	9324
298	Geologists' Account	BD	BA	2400	B	2	9324
300	Financial Services Regulation Account	BD	BA	1020	B	2	9321
303	Highway Bond Retirement Account	CB	CA	0100	A	1	9340
304	Ferry Bond Retirement Account	CB	CA	0100	A	1	9340
305	Transportation Improvement Board Bond Retirement Account	CB	CA	0100	A	1	9340
315	Dedicated Cannabis Account	BE	BA	1950	A	1	9323
319	Public Health Supplemental Account	BE	BA	3030	A	1	9323
320	Puget Sound Crab Pot Buoy Tag Account	BF	BA	4770	B	2	9324
328	Criminal Justice Training Commission Firing Range Maintenance Account	BD	BA	2270	B	2	9321
347	Washington State University Bond Retirement Account	CA	CA	3650	B	1	9340
348	University of Washington Bond Retirement Account	CA	CA	3600	B	1	9340
355	State Taxable Building Construction Account	AC	AA	7000	A	1	9244
357	Gardner-Evans Higher Education Construction Account	DB	DA	7000	A	1	9230
359	School Construction and Skill Centers Building Account	AC	AA	3500	A	1	9246
364	Military Department Capital Account	DA	DA	2450	A	1	9330
366	Watershed Restoration and Enhancement Bond Account	DA	DA	4610	B	2	9330
367	Chehalis Basin Taxable Account	DA	DA	4610	A	1	9330
373	Coronavirus Capital Projects Account	DA	DA	1050	A	1	9248
377	Watershed Restoration and Enhancement Taxable Bond Account	DA	DA	4610	B	2	9330
380	Debt-Limit General Fund Bond Retirement Account	CA	CA	0100	A	1	9340
381	Debt-Limit Reimbursable Bond Retirement Account	CA	CA	0100	A	1	9340
382	Nondebt-Limit General Fund Bond Retirement Account	CA	CA	0100	A	1	9340



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Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
383	Nondebt-Limit Reimbursable Bond Retirement Account	CA	CA	0100	A	1	9340
384	Nondebt-Limit Proprietary Appropriated Bond Retirement Account	CA	CA	0100	A	1	9340
385	Nondebt-Limit Proprietary Nonappropriated Bond Retirement Account	CA	CA	0100	A	1	9340
386	Nondebt-Limit Revenue Bond Retirement Account	CA	CA	0100	A	1	9340
387	University of Washington Facilities Bond Retirement Account	BG	BA	3600	N	3	9310
389	Toll Facility Bond Retirement Account	CD	CA	0100	A	1	9340
401	Correctional Industries Account	FE	FA	3100	M	1	9400
403	Self - Insurance Revolving Account	GD	GA	3600	N	3	9400
404	State Treasurer's Service Account	BD	BA	0900	A	1	9321
405	Legal Services Revolving Account	GA	GA	1000	A	1	9400
407	Secretary of State's Revolving Account	FI	FA	0850	B	1	9400
408	Coastal Protection Account	BF	BA	4610	B	1	9324
409	Investment Income Account	KD	HD	0900	N	2	9584
410	Transportation Equipment Account	GA	GA	4050	B	1	9400
411	Natural Resources Equipment Account	GA	GA	4900	N	2	9400
413	Municipal Revolving Account	FI	FA	0950	B	2	9400
415	Personnel Service Account	GA	GA	1050	A	1	9400
416	Surplus and Donated Food Commodities Revolving Account	BD	BA	3500	N	2	9323
418	State Health Care Authority Administrative Account	FJ	FA	1070	A	1	9400
421	Education Technology Revolving Fund	GB	GA	1050	B	2	9400
422	Enterprise Services Account	GA	GA	1790	M	2	9400
424	Anti Trust Revolving Account	BD	BA	1000	B	2	9321
432	King Street Railroad Station Facility Account	BB	BA	4050	N	3	9320
433	Shared Game Lottery Account	FD	FA	1160	B	3	9400
436	OFM Labor Relations Service Account	GA	GA	1050	B	2	9400
438	Uniform Dental Plan Benefits Administration Account	FJ	FA	1070	B	2	9400



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Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
439	Uniform Medical Plan Benefits Administration Account	FJ	FA	1070	B	2	9400
440	Institutions of Higher Education Stores Account	GD	GA	LCLO	N	3	9400
441	Local Government Archives Account	BD	BA	0850	A	1	9325
442	Legislative Gift Center Account	FI	FA	0370	B	2	9400
443	Institutions of Higher Education Data Processing Account	GD	GA	LCLO	H	3	9400
444	Fish and Wildlife Equipment Revolving Account	GA	GA	4770	B	2	9400
445	Self-Insured Employer Overpayment Reimbursement Account	FB	FA	2350	B	2	9400
446	Industrial Insurance Rainy Day Fund Account	FB	FA	2350	N	2	9400
447	Information Technology Investment Revolving Account	AC	AA	1050	B	2	9321
448	Institutions of Higher Education Printing Account	GD	GA	LCLO	N	3	9400
449	Certificates of Participation and Other Financing Account - Local	FI	FA	0100	N	2	9400
450	Institutions of Higher Education Other Facilities Account	GD	GA	LCLO	N	3	9400
453	O.M.W.B.E. Enterprises Account	GA	GA	1470	A	2	9400
455	Higher Education Personnel Services Account	GA	GA	1050	A	1	9400
456	Separately Managed State Treasurer's Service Account	FI	FA	0900	N	2	9400
457	Institutions of Higher Education – Retirement Benefits Revolving Account	GD	GA	LCLO	N	3	9400
458	Consolidated Technology Services Revolving Account	GB	GA	1630	M	2	9400
460	Institutions of Higher Education Motor Pool Account	GD	GA	LCLO	N	3	9400
461	Shared Information Technology System Revolving Account	GB	GA	1050	B	2	9400
463	Washington College Savings Program Account	JD	HA	3400	M	2	9400
466	Statewide Information Technology System Development Revolving Account	GB	GA	1050	A	2	9400
468	Office of Financial Management Central Service Account	GA	GA	1050	A	1	9400
470	Imaging Account	FI	FA	0850	M	2	9400
471	State Patrol Nonappropriated Airplane Revolving Account	GA	GA	2250	B	2	9400
472	Statewide Information Technology System Maintenance and Operations Revolving Account	GB	GA	1050	B	2	9400





# State Administrative and Accounting Manual

Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
473	School Employees' Benefits Board Insurance Reserve Fund	FJ	FA	1070	N	2	9400
474	School Employees' Benefits Board Flexible Spending and Dependent Care Administrative Account	BE	BA	1070	B	2	9323
475	School Employees' Benefits Board Dental Benefits Administration Account	FJ	FA	1070	B	2	9400
477	Lottery Investment Account	FD	FA	1160	N	2	9400
480	Financial Education Public-Private Partnership Account	BD	BA	3500	B	2	9321
482	Dairy/Forage Facility Revolving Account	GA	GA	3650	N	3	9400
483	Auditing Services Revolving Account	GA	GA	0950	A	1	9400
484	Administrative Hearings Revolving Account	GA	GA	1100	A	1	9400
485	Horse Racing Commission Washington Bred Owners' Bonus Fund and Breeder Awards Account	BD	BA	1850	B	2	9321
489	Pension Funding Stabilization Account	AC	AA	7000	A	1	9321
490	Regional Transportation Investment District Account	AZ	AA	4050	B	2	9320
492	School Employees' Insurance Administrative Account	FJ	FA	1070	A	1	9400
493	School Employees' Insurance Account	FJ	FA	1070	N	2	9400
494	School Employees' Benefits Board Medical Benefits Administrative Account	FJ	FA	1070	B	2	9400
495	Toll Collection Account	BB	BA	4050	N	2	9320
496	Educator Conditional Scholarship Account	BG	BA	3400	M	2	9310
497	Horse Racing Commission Class C Purse Fund Account	BD	BA	1850	B	2	9321
498	Washington State Council of Fire Fighters Benevolent Account	BE	BA	2400	B	2	9323
499	Law Enforcement Memorial Account	BE	BA	2400	B	2	9323
500	Perpetual Surveillance and Maintenance Account	BF	BA	4610	A	1	9324
501	Liquor Revolving Account	BD	BA	1950	A	2	9321
503	Tuition Recovery Trust Account	BG	BA	3540	B	2	9310
505	University of Washington - University Hospital Account	FH	FA	3600	H	3	9400
507	Oyster Reserve Land Account	BF	BA	4770	A	1	9324
508	Miscellaneous Enterprise Activities Account	FI	FA	LCLO	N	3	9400
511	Tacoma Narrows Toll Bridge Account	BA	BA	4050	A	1	9234



# State Administrative and Accounting Manual

Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
512	Institutional Stores Account	FE	FA	LCLO	N	3	9400
513	Derelict Vessel Removal Account	BF	BA	4900	A	1	9324
514	Agricultural Conservation Easements Account	AZ	AA	4710	B	2	9324
515	DNA Data Base Account	BE	BA	2250	B	2	9323
516	Fruit and Vegetable Inspection Account	BF	BA	4950	B	2	9324
522	Institutions of Higher Education – Associated Students' Account	FH	FA	LCLO	N	3	9400
523	Public Funds Investment Account	IA	HB	0900	N	4	9554
524	Institutions of Higher Education – Bookstore Account	FH	FA	LCLO	N	3	9400
525	Washington State Combined Fund Drive Account	KA	HD	0850	N	2	9584
526	Veterans' Memorial Account	BE	BA	3050	N	3	9323
527	Administrator for Intestate Estates Accounts	JD	HA	1400	N	3	9400
528	Institutions of Higher Education – Parking Account	FH	FA	LCLO	N	3	9400
532	Washington Housing Trust Fund	BE	BA	1030	A	1	9323
534	Washington Graduate Fellowship Trust Account	AC	AA	3400	N	2	9310
535	Alaskan Way Viaduct Replacement Project Account	BB	BA	4050	A	1	9320
536	Federal Food Service Revolving Account	BE	BA	3500	B	2	9240
543	Judicial Information Systems Account	FI	FA	0550	A	2	9400
544	Pollution Liability Insurance Program Trust Account	FI	FA	4620	M	2	9400
545	Heating Oil Pollution Liability Trust Account	FI	FA	4620	B	2	9400
546	Risk Management Administration Account	GE	GA	1790	B	2	9400
547	Liability Account	GE	GA	1790	N	2	9400
548	Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 Expense Account	AC	AA	3410	B	1	9321
549	Election Account	BD	BA	0850	A	1	9238
550	Transportation 2003 Account (Nickel Account)	BA	BA	4050	A	1	9234
551	Washington Youth and Families Account	AC	AA	1030	M	2	9323
552	Conservation Assistance Revolving Account	AC	AA	4710	A	2	9324
553	Performance Audits of Government Account	BD	BA	0950	B	2	9321



# State Administrative and Accounting Manual

Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
561	Community and Technical College Innovation Account	BG	BA	6990	B	2	9310
562	Skilled Nursing Facility Safety Net Trust Fund Account	BE	BA	3000	A	1	9240
564	Water Pollution Control Revolving Administration Account	BF	BA	4610	A	1	9324
565	Yakima Integrated Plan Implementation Revenue Recovery Account	BF	BA	4610	A	1	9324
566	Community Forest Trust Account	BF	BA	4900	A	1	9321
567	Long-term Services and Supports Trust Account	FI	FA	3000	M	2	9400
569	Institutions of Higher Education Food Services Account	FH	FA	LCLO	N	3	9400
570	Institutions of Higher Education Other Enterprises Account	FH	FA	LCLO	N	3	9400
571	Multiuse Roadway Safety Account	BA	BA	4050	A	1	9234
573	Institutions of Higher Education Housing and Food Account	FH	FA	LCLO	N	3	9400
575	Vocational Education Revolving Account Corrections	FE	FA	3100	N	3	9400
577	State Lottery Account	FD	FA	1160	B	3	9400
578	Lottery Administrative Account	FD	FA	1160	A	1	9400
595	Interstate 405 and State Route Number 167 Express Toll Lanes Account	BA	BA	4050	A	1	9320
600	Department of Retirement Systems Expense Account	BD	BA	1240	M	1	9321
601	Agricultural Permanent Account	EA	EA	1260	N	1	9230
603	Millersylvania Park Trust Account	EA	EA	4650	N	1	9242
604	Normal School Permanent Account	EA	EA	1260	N	1	9230
605	Permanent Common School Account	EC	EA	1260	N	1	9232
606	Scientific Permanent Account	EA	EA	1260	N	1	9230
607	State University Permanent Account	EA	EA	1260	N	1	9230
608	Accident Account	FB	FA	2350	M	1	9400
609	Medical Aid Account	FB	FA	2350	M	1	9400
610	Accident Reserve Account	FB	FA	2350	N	1	9400
614	Volunteer Firefighters' and Reserve Officers' Relief and Pension Principal Account	HN	HC	2200	N	1	9550



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Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
615	Washington State Patrol Retirement System Plan 1 Account	HL	HC	1240	N	1	960x
616	Judges' Retirement Account	HQ	HC	1240	N	1	960x
620	Unemployment Compensation Account	FG	FA	5400	N	3	9545
622	Unemployment Compensation Federal Employees' Benefit Payment Account	FG	FA	5400	N	3	9545
630	Washington State Patrol Retirement System Plan 2 Account	HK	HC	1240	N	1	960x
631	Public Employees' Retirement System Plan 1 Account	HA	HC	1240	N	1	960x
632	Teachers' Retirement System Plan 1 Account	HE	HC	1240	N	1	960x
633	School Employees' Retirement System Combined Plan 2 and 3 Account	HR	HC	1240	N	1	960x
635	Public Safety Employees' Retirement System Plan 2 Account	HH	HC	1240	N	1	960x
636	Foster Care Trust Account	KA	HD	3070	N	3	9584
641	Public Employees' Retirement System Combined Plan 2 and 3 Account	HB	HC	1240	N	1	960x
642	Teachers' Retirement System Combined Plan 2 and 3 Account	HF	HC	1240	N	1	960x
644	Community Services Revolving Account	BE	BA	3100	N	3	9323
645	Washington State Historical Trust Account	BD	BA	LCLO	M	3	9232
649	Discrete Component Unit Processing Account	MZ	MA	LCL0	N	3	9400
651	Institutional Residents' Deposit Account	KA	HD	LCLO	N	3	9584
653	Washington Distinguished Professorship Trust Account	AC	AA	3400	N	2	9310
660	Natural Resources Deposit Account	KA	HD	4900	N	2	9584
661	Higher Education Retirement Plan Supplemental Benefit Fund – University of Washington	HV	HC	1240	N	1	9607
662	Higher Education Retirement Plan Supplemental Benefit Fund –Washington State University	HV	HC	1240	N	1	9607
663	Higher Education Retirement Plan Supplemental Benefit Fund – Eastern Washington University	HV	HC	1240	N	1	9607
664	Higher Education Retirement Plan Supplemental Benefit Fund – Central Washington University	HV	HC	1240	N	1	9607
665	Higher Education Retirement Plan Supplemental Benefit Fund – The Evergreen State College	HV	HC	1240	N	1	9607
667	Higher Education Retirement Plan Supplemental Benefit Fund – Western Washington University	HV	HC	1240	N	1	9607



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Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
668	Higher Education Retirement Plan Supplemental Benefit Fund – State Board for Community and Technical Colleges	HV	HC	1240	N	1	9607
687	Rural Rehabilitation Account	BH	BA	4950	N	2	9244
688	Federal Local Rail Service Assistance Account	BB	BA	4050	N	2	9234
689	Rural Washington Loan Account	BH	BA	1030	A	1	9325
703	COVID-19 Unemployment Account	AC	AA	5400	B	2	9323
704	COVID-19 Public Health Response Account	AC	AA	3030	B	2	9240
706	Coronavirus State Fiscal Recovery Fund	AC	AA	1050	A	1	9240
707	Washington Rescue Plan Transition Account	AC	AA	1050	A	1	9323
721	Public Employees' and Retirees' Insurance Account	FJ	FA	1070	N	2	9400
722	Deferred Compensation Principal Account	HT	HC	1240	N	1	9551
727	Water Pollution Control Revolving Account	BF	BA	4610	A	1	9242
729	Judicial Retirement Principal Account	HP	HC	0550	N	1	9550
730	Public Employees' and Retirees' Insurance Reserve Account	FJ	FA	1070	N	2	9400
731	Child Care Facility Revolving Account	BE	BA	1030	N	2	9323
732	Nursing Home Civil Penalties Account	BE	BA	3000	N	2	9240
733	Capitol Campus Reserve Account	BD	BA	1790	N	1	9330
734	Centennial Document Preservation and Modernization Account	KC	HD	0900	N	2	9584
737	High Occupancy Vehicle Account	KC	HD	2400	N	2	9584
738	DSHS Trust Account	JD	HA	3000	N	2	9400
739	Certificates of Participation and Other Financing Account - State	GA	GA	0100	N	2	9400
743	College Faculty Awards Trust Account	AC	AA	6990	N	2	9310
746	Hanford Area Economic Investment Account	BH	BA	1030	B	2	9325
747	Health Professionals Loan Repayment and Scholarship Program Account	AC	AA	3400	B	2	9310
748	Washington Career and College Pathways Innovation Challenge Program Account	AC	AA	3400	B	2	9310
749	Governor's ICSEW Account	BD	BA	1050	N	2	9321



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Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
752	Institutional Clearing and Transmittal Account	KB	HD	LCLO	N	3	9584
753	DSHS Child Support Services Account	AC	AA	3000	N	3	9323
755	Programs for Children and Families Account	BE	BA	3070	N	3	9323
757	Maritime Historic Restoration and Preservation Account	KA	HD	2400	N	2	9584
759	Miscellaneous Program Account	BD	BA	LCLO	M	3	9321
761	Basic Health Plan Subscription Account	BE	BA	1070	B	2	9323
763	Center for the Improvement of Student Learning Account	BE	BA	3500	B	2	9323
768	Local Real Estate Excise Tax Account	KC	HD	1400	N	1	9584
773	Washington Interstate Commission on Higher Education Professional Student Exchange Program Trust Account	BG	BA	3400	N	2	9310
774	UW License Plate Account	BG	BA	3600	N	2	9310
775	Seized Contraband Account	KA	HD	1950	N	3	9584
776	WSU License Plate Account	BG	BA	3650	N	2	9310
777	Prostitution Prevention and Intervention Account	BE	BA	1030	A	1	9323
778	WWU License Plate Account	BG	BA	3800	N	2	9310
779	EWU License Plate Account	BG	BA	3700	N	2	9310
780	School Zone Safety Account	BB	BA	2280	A	2	9320
781	Cross-State Trail Account	AC	AA	4650	B	2	9324
783	CWU License Plate Account	BG	BA	3750	N	2	9310
784	Miscellaneous Transportation Programs Account	BB	BA	4050	N	2	9234
785	State Educational Trust Fund Account	BG	BA	3400	B	1	9310
786	TESC License Plate Account	BG	BA	3760	N	2	9310
788	Advanced College Tuition Payment Program Account	FK	FA	3400	M	2	9400
789	Advanced Environmental Mitigation Revolving Account	BF	BA	4050	N	2	9324
790	College Clearing Account	KB	HD	LCLO	N	3	9584
793	Health Insurance Pool Account	AZ	AA	1600	B	2	9321
795	State Investment Board Commingled Monthly Bond Account	KD	HD	1260	N	1	9584



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Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
797	Local Tourism Promotion Account	KC	HD	1400	N	2	9584
799	Washington Achieving a Better Life Experience Program Account	JD	HA	1030	N	2	9400
800	Institutional Welfare and Betterment Account	BE	BA	LCLO	N	3	9321
801	Opportunity Scholarship Custodial Account	KA	HD	1260	N	3	9584
802	School Employees' Benefits Board Salary Reduction Account	KA	HD	1070	N	2	9584
816	Stadium and Exhibition Center Account	BD	BA	1050	B	2	9340
817	Stadium and Exhibition Center Construction Account	AC	AA	1050	B	2	9238
818	Youth Athletic Facility Account	BD	BA	4670	B	1	9325
819	Washington Law Enforcement Officers' and Firefighters' System Plan 1 Retirement Account	HI	HC	1240	N	1	960x
821	Impaired Physician Account	BE	BA	3030	N	2	9323
823	Livestock Nutrient Management Account	BF	BA	4950	B	2	9324
825	Tobacco Settlement Account	BE	BA	7000	A	1	9323
828	Tobacco Prevention and Control Account	AC	AA	3030	A	1	9323
829	Washington Law Enforcement Officers' and Firefighters' System Plan 2 Retirement Account	HJ	HC	1240	N	1	960x
830	Agricultural College Trust Management Account	AC	AA	4900	A	1	9310
833	Developmental Disabilities Endowment Trust Account	BE	BA	1030	M	2	9240
834	Capitol Furnishings Preservation Committee Account	BD	BA	3900	B	2	9330
835	Four Year Student Child Care in Higher Education Account	AC	AA	3400	B	2	9310
838	LEOFF Retirement System Benefits Improvement Account	HJ	HC	3410	N	2	9603
840	Institutions of Higher Education - Custodial Account	KA	HD	LCLO	N	3	9584
841	G. Robert Ross Endowment Account	EA	EA	3800	N	3	9230
842	American Indian Scholarship Endowment Account	EA	EA	3400	N	2	9230
843	Exceptional Faculty Awards Endowment Account	EA	EA	LCLO	N	3	9230
844	Money-Purchase Retirement Savings Administrative Account	BD	BA	1240	B	1	9321
845	Separately Managed Public Funds Investment Account	IA	HB	0900	N	4	9554



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Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
846	Grants In Aid Scholarships and Fellowships Account	BG	BA	LCLO	N	3	9310
847	Separately Managed State Agency Investment Account	KD	HD	0900	N	2	9584
849	Institutions of Higher Education Student Loan Account	BG	BA	LCLO	N	3	9310
850	Institutions of Higher Education Work Study Account	BG	BA	LCLO	N	3	9310
851	Developmental Disabilities Community Services Account	BE	BA	3000	A	1	9323
852	Foster Care Scholarship Endowment Account	EA	EA	3400	N	2	9230
857	Institutions of Higher Education - Annuity and Life Income Account	EA	EA	LCLO	N	3	9230
859	Institutions of Higher Education Endowment Local Account	EA	EA	LCLO	N	3	9230
860	Institutions of Higher Education Institutional Financial Aid Account	BG	BA	LCLO	N	3	9310
865	State Investment Board Commingled Trust Account	KD	HD	1260	N	1	9584
874	O.A.S.I. Revolving Account	BE	BA	1240	B	1	9323
877	O.A.S.I. Contribution Account	KA	HD	5400	N	1	9584
878	Federal Forest Revolving Account	BD	BA	3500	N	2	9242
880	Advance Right Of Way Revolving Account	BB	BA	4050	N	2	9320
881	Supplemental Pension Account	FB	FA	2350	N	1	9400
882	Washington Judicial Retirement System Account	HM	HC	1240	N	1	960x
883	Second Injury Account	FB	FA	2350	N	1	9400
884	Gambling Revolving Account	BD	BA	1170	B	2	9321
885	Plumbing Certificate Account	BE	BA	2350	A	2	9323
887	Public Facilities Construction Loan Revolving Account	BH	BA	1030	A	1	9325
888	Deferred Compensation Administrative Account	BD	BA	1240	B	1	9321
892	Pressure Systems Safety Account	BE	BA	2350	A	2	9323
893	Radiation Perpetual Maintenance Account	BE	BA	3030	N	1	9323
997	General Capital Assets Subsidiary Account	LA	IA	LCLO	N	3	9850
999	General Long-Term Obligations Subsidiary Account	LB	JA	LCLO	N	3	1820
FH1	Higher Education Blended Component Units	FH	FA	LCLO	N	3	9400





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Account Code	Account Title	Roll-Up Fund Code	Fund Type Code	Admin. Agency Code	Budget Type Code	Cash Type	Closing GL Code
FH2	Higher Education Internal Lending Account	FH	FA	LCLO	N	3	9400

## 75.30.60 Account codes: alphabetical by title

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Account Code	Account Title
18K	24/7 Sobriety Account
19E	4-H Programs Account
03F	911 Account
22J	Abandoned Recreational Vehicle Disposal Account
198	Access Road Revolving Account
16L	Accessible Communities Account
608	Accident Account
610	Accident Reserve Account
120	Administrative Contingency Account
484	Administrative Hearings Revolving Account
527	Administrator for Intestate Estates Accounts
274	Adult Family Home Account
880	Advance Right Of Way Revolving Account
788	Advanced College Tuition Payment Program Account
789	Advanced Environmental Mitigation Revolving Account
039	Aeronautics Account
17R	Aerospace Training Student Loan Account
12C	Affordable Housing for All Account
24K	Agency Financial Transaction Account
830	Agricultural College Trust Management Account
514	Agricultural Conservation Easements Account
126	Agricultural Local Account



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Account Code	Account Title
601	Agricultural Permanent Account
219	Air Operating Permit Account
216	Air Pollution Control Account
26E	Air Quality and Health Disparities Improvement Account
535	Alaskan Way Viaduct Replacement Project Account
24L	Ambulance Transport Fund
842	American Indian Scholarship Endowment Account
19V	Andy Hill Cancer Research Endowment Fund Match Transfer Account
424	Anti Trust Revolving Account
26U	Apple Health and Homes Account
16M	Appraisal Management Company Account
10A	Aquatic Algae Control Account
21S	Aquatic Invasive Species Management Account
158	Aquatic Land Dredged Material Disposal Site Account
02R	Aquatic Lands Enhancement Account
003	Architects' License Account
03B	Asbestos Account
12E	Assisted Living Facility Temporary Management Account
483	Auditing Services Revolving Account
14G	Ballast Water and Biofouling Management Account
116	Basic Data Account
17K	Basic Health Plan Stabilization Account
761	Basic Health Plan Subscription Account
172	Basic Health Plan Trust Account
24A	Behavioral Health Loan Repayment Program Account
26F	Billy Frank Jr. National Statuary Hall Collection Fund
199	Biosolids Permit Account
15M	Biotoxin Account



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Account Code	Account Title
12J	Boating Activities Account
09B	Boating Safety Education Certification Account
15T	Broadband Mapping Account
20B	Brownfield Redevelopment Trust Fund Account
14B	Budget Stabilization Account
084	Building Code Council Account
15J	Building Communities Fund Account
06L	Business and Professions Account
15N	Business Assistance Account
02H	Business Enterprises Revolving Account
03N	Business License Account
26V	Capital Community Assistance Account
18J	Capital Vessel Replacement Account
036	Capitol Building Construction Account
733	Capitol Campus Reserve Account
834	Capitol Furnishings Preservation Committee Account
26A	Carbon Emissions Reduction Account
24H	Career Connected Learning Account
734	Centennial Document Preservation and Modernization Account
19H	Center for Deaf and Hard of Hearing Youth Account
763	Center for the Improvement of Student Learning Account
063	Central Washington University Capital Projects Account
449	Certificates of Participation and Other Financing Account - Local
739	Certificates of Participation and Other Financing Account - State
02J	Certified Public Accountants' Account
20D	Certified Public Accounting Scholarship Transfer Account
12M	Charitable Organization Education Account
042	Charitable, Educational, Penal and Reformatory Institutions Account



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Account Code	Account Title
19L	Charter Schools Oversight Account
21B	Chehalis Basin Account
367	Chehalis Basin Taxable Account
731	Child Care Facility Revolving Account
19P	Child Rescue Account
133	Children's Trust Account
09P	City-County Assistance Account
189	Clarke McNary Account
26R	Clean Energy Transition Workforce Account
25Q	Clean Fuels Program Account
15H	Cleanup Settlement Account
26C	Climate Commitment Account
26B	Climate Investment Account
24M	Climate Resiliency Account
259	Coastal Crab Account
408	Coastal Protection Account
790	College Clearing Account
743	College Faculty Awards Trust Account
18B	Columbia River Basin Taxable Bond Water Supply Development Account
10P	Columbia River Basin Water Supply Development Account
296	Columbia River Basin Water Supply Revenue Recovery Account
15K	Columbia River Water Delivery Account
07T	Commemorative Works Account
07F	Commercial Fisheries Buyback Account
113	Common School Construction Account
263	Community and Economic Development Fee Account
060	Community and Technical College Capital Projects Account
246	Community and Technical College Forest Reserve Account



## State Administrative and Accounting Manual

Account Code	Account Title
561	Community and Technical College Innovation Account
566	Community Forest Trust Account
14H	Community Preservation and Development Authority Account
27C	Community Reinvestment Account
644	Community Services Revolving Account
17N	Complete Streets Grant Program Account
21E	Concealed Pistol License Renewal Notification Account
23T	Congestion Relief Traffic Safety Account
20H	Connecting Washington Account
552	Conservation Assistance Revolving Account
458	Consolidated Technology Services Revolving Account
21V	Construction Registration Inspection Account
07E	Contract Harvesting Revolving Account
24Q	Cooper Jones Active Transportation Safety Account
373	Coronavirus Capital Projects Account
706	Coronavirus State Fiscal Recovery Fund
401	Correctional Industries Account
206	Cost of Supervision Account
17A	County 911 Excise Tax Account
186	County Arterial Preservation Account
03L	County Criminal Justice Assistance Account
23M	County Road Administration Board Emergency Loan Account
704	COVID-19 Public Health Response Account
703	COVID-19 Unemployment Account
01F	Crime Victims' Compensation Account
328	Criminal Justice Training Commission Firing Range Maintenance Account
05C	Criminal Justice Treatment Account
781	Cross-State Trail Account



## State Administrative and Accounting Manual

Account Code	Account Title
783	CWU License Plate Account
275	CWU Operating Fees Account
21D	Dairy Nutrient Infrastructure Account
482	Dairy/Forage Facility Revolving Account
18N	Damage Prevention Account
21R	DCYF Contracted Services Performance Improvement Account
02K	Death Investigations Account
380	Debt-Limit General Fund Bond Retirement Account
381	Debt-Limit Reimbursable Bond Retirement Account
315	Dedicated Cannabis Account
23H	Defense Community Compatibility Account
888	Deferred Compensation Administrative Account
722	Deferred Compensation Principal Account
600	Department of Retirement Systems Expense Account
513	Derelict Vessel Removal Account
851	Developmental Disabilities Community Services Account
833	Developmental Disabilities Endowment Trust Account
19N	Diesel Idle Reduction Account
16N	Disabled Veterans Assistance Account
05H	Disaster Response Account
649	Discrete Component Unit Processing Account
21M	Distracted Driving Prevention Account
515	DNA Data Base Account
201	DOL Services Account
19T	DOL Technology Improvement and Data Management Account
23C	DOL Tuition Recovery Trust Fund
25U	DOL Wage Lien Account
07W	Domestic Violence Prevention Account



## State Administrative and Accounting Manual

Account Code	Account Title
25J	DOT Purple Heart State Account
04R	Drinking Water Assistance Account
05R	Drinking Water Assistance Administrative Account
27D	Driver Resource Center Fund
753	DSHS Child Support Services Account
738	DSHS Trust Account
25K	DVA Purple Heart State Account
22D	Early Learning Facilities Development Account
22C	Early Learning Facilities Revolving Account
20L	Early Start Account
098	Eastern Washington Pheasant Enhancement Account
061	Eastern Washington University Capital Projects Account
09R	Economic Development Strategic Reserve Account
253	Education Construction Account
08A	Education Legacy Trust Account
291	Education Savings Account
421	Education Technology Revolving Fund
18E	Educator Certification Processing Account
496	Educator Conditional Scholarship Account
549	Election Account
20J	Electric Vehicle Account
27B	Electric Vehicle Incentive Account
095	Electrical License Account
11J	Electronic Products Recycling Account
25C	Elementary and Secondary School Emergency Relief III Account
03C	Emergency Medical Services and Trauma Care Systems Trust Account
134	Employment Services Administrative Account
11A	Employment Training Finance Account



## State Administrative and Accounting Manual

Account Code	Account Title
195	Energy Account
22M	Energy Efficiency Account
27A	Energy Efficiency Revolving Loan Capitalization Account
26G	Energy Facility Site Evaluation Council Account
24R	Energy Independence Act Special Account
422	Enterprise Services Account
27E	Equitable Access to Credit Program Account
02M	Essential Rail Assistance Account
15R	Evergreen Jobs Training Account
779	EWU License Plate Account
843	Exceptional Faculty Awards Endowment Account
03A	Excess Earnings Account
131	Fair Account
25H	Fair Start for Kids Account
22E	Family and Medical Leave Enforcement Account
22F	Family and Medical Leave Insurance Account
09C	Farm and Forest Account
162	Farm Labor Contractor Account
536	Federal Food Service Revolving Account
878	Federal Forest Revolving Account
688	Federal Local Rail Service Assistance Account
141	Federal Seizure Account
304	Ferry Bond Retirement Account
480	Financial Education Public-Private Partnership Account
14M	Financial Fraud and Identity Theft Crimes Investigation and Prosecution Account
300	Financial Services Regulation Account
225	Fingerprint Identification Account
210	Fire Protection Contractor License Account





## State Administrative and Accounting Manual

Account Code	Account Title
086	Fire Service Training Account
03P	Fire Service Trust Account
146	Firearms Range Account
07V	Fish and Wildlife Enforcement Reward Account
444	Fish and Wildlife Equipment Revolving Account
22N	Fish and Wildlife Federal Lands Revolving Account
24N	Fish, Wildlife, and Conservation Account
08G	Flexible Spending Administrative Account
02P	Flood Control Assistance Account
15B	Food Animal Veterinarian Conditional Scholarship Account
17L	Foreclosure Fairness Account
11H	Forest and Fish Support Account
014	Forest Development Account
190	Forest Fire Protection Assessment Account
21Q	Forest Health Revolving Account
19C	Forest Practices Application Account
25F	Forest Resiliency Account
08B	Foster Care Endowed Scholarship Trust Account
852	Foster Care Scholarship Endowment Account
636	Foster Care Trust Account
22H	Foster Parent Shared Leave Pool Account
24B	Foundational Public Health Services Account
835	Four Year Student Child Care in Higher Education Account
21F	Fred Hutch Account
09E	Freight Mobility Investment Account
11E	Freight Mobility Multimodal Account
222	Freshwater Aquatic Weeds Account
516	Fruit and Vegetable Inspection Account



## State Administrative and Accounting Manual

Account Code	Account Title
15V	Funeral and Cemetery Account
841	G. Robert Ross Endowment Account
884	Gambling Revolving Account
357	Gardner-Evans Higher Education Construction Account
997	General Capital Assets Subsidiary Account
001	General Fund
999	General Long-Term Obligations Subsidiary Account
12P	Geoduck Aquaculture Research Account
298	Geologists' Account
01E	Geothermal Account
12N	GET Ready for Math and Science Scholarship Account
21J	Gina Grant Bull Memorial Legislative Page Scholarship Account
08C	Gonzaga University Alumni Association Account
749	Governor's ICSEW Account
080	Grade Crossing Protective Account
128	Grain Inspection Revolving Account
846	Grants In Aid Scholarships and Fellowships Account
285	Growth Management Planning and Environmental Review Account
15W	Guaranteed Asset Protection Waiver Account
244	Habitat Conservation Account
746	Hanford Area Economic Investment Account
207	Hazardous Waste Assistance Account
17T	Health Benefit Exchange Account
793	Health Insurance Pool Account
747	Health Professionals Loan Repayment and Scholarship Program Account
02G	Health Professions Account
545	Heating Oil Pollution Liability Trust Account
07J	"Helping Kids Speak" Account



## State Administrative and Accounting Manual

Account Code	Account Title
24G	Hemp Regulatory Account
11N	Heritage Barn Preservation Account
737	High Occupancy Vehicle Account
18F	High School Completion Account
FH1	Higher Education Blended Component Units
01L	Higher Education Construction Account
FH2	Higher Education Internal Lending Account
252	Higher Education Non-Proprietary Local Capital Account
455	Higher Education Personnel Services Account
664	Higher Education Retirement Plan Supplemental Benefit Fund – Central Washington University
663	Higher Education Retirement Plan Supplemental Benefit Fund – Eastern Washington University
668	Higher Education Retirement Plan Supplemental Benefit Fund – State Board for Community and Technical Colleges
665	Higher Education Retirement Plan Supplemental Benefit Fund – The Evergreen State College
661	Higher Education Retirement Plan Supplemental Benefit Fund – University of Washington
667	Higher Education Retirement Plan Supplemental Benefit Fund – Western Washington University
662	Higher Education Retirement Plan Supplemental Benefit Fund – Washington State University
303	Highway Bond Retirement Account
096	Highway Infrastructure Account
106	Highway Safety Account
22B	Highway Worker Memorial Scholarship Account
10B	Home Security Fund Account
17B	Home Visiting Services Account
10T	Hood Canal Aquatic Rehabilitation Bond Account
497	Horse Racing Commission Class C Purse Fund Account
169	Horse Racing Commission Operating Account
485	Horse Racing Commission Washington Bred Owners' Bonus Fund and Breeder Awards Account



## State Administrative and Accounting Manual

Account Code	Account Title
002	Hospital Data Collection Account
11R	Hospital Infection Control Grant Account
16W	Hospital Safety Net Assessment Account
18L	Hydraulic Project Approval Account
14V	Ignition Interlock Device Revolving Account
470	Imaging Account
281	Impaired Driving Safety Account
821	Impaired Physician Account
12R	Independent Youth Housing Account
23L	Indian Health Improvement Reinvestment Account
08E	Individual Development Account Program Account
17M	Individual-Based/Portable Background Check Clearance Account
03K	Industrial Insurance Premium Refund Account
446	Industrial Insurance Rainy Day Fund Account
447	Information Technology Investment Revolving Account
752	Institutional Clearing and Transmittal Account
01N	Institutional Impact Account
651	Institutional Residents' Deposit Account
512	Institutional Stores Account
800	Institutional Welfare and Betterment Account
443	Institutions of Higher Education Data Processing Account
148	Institutions of Higher Education Dedicated Local Account
859	Institutions of Higher Education Endowment Local Account
569	Institutions of Higher Education Food Services Account
145	Institutions of Higher Education Grants and Contracts Account
573	Institutions of Higher Education Housing and Food Account
860	Institutions of Higher Education Institutional Financial Aid Account
460	Institutions of Higher Education Motor Pool Account



## State Administrative and Accounting Manual

Account Code	Account Title
149	Institutions of Higher Education Operating Fees Account
570	Institutions of Higher Education Other Enterprises Account
450	Institutions of Higher Education Other Facilities Account
448	Institutions of Higher Education Printing Account
440	Institutions of Higher Education Stores Account
849	Institutions of Higher Education Student Loan Account
850	Institutions of Higher Education Work Study Account
840	Institutions of Higher Education - Custodial Account
857	Institutions of Higher Education - Annuity and Life Income Account
143	Institutions of Higher Education Federal Appropriations Account (Morrill Bankhead Jones Act Account)
522	Institutions of Higher Education – Associated Students' Account
524	Institutions of Higher Education – Bookstore Account
528	Institutions of Higher Education – Parking Account
147	Institutions of Higher Education – Plant Account
457	Institutions of Higher Education – Retirement Benefits Revolving Account
138	Insurance Commissioner's Regulatory Account
24P	Insurance Commissioner's Fraud Account
22R	Internet Consumer Access Account
595	Interstate 405 and State Route Number 167 Express Toll Lanes Account
10V	Invasive Species Council Account
20F	Invest in Washington Account
18A	Investing in Innovation Account
409	Investment Income Account
616	Judges' Retirement Account
543	Judicial Information Systems Account
177	Judicial Retirement Administrative Account
729	Judicial Retirement Principal Account
16A	Judicial Stabilization Trust Account



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Account Code	Account Title
283	Juvenile Accountability Incentive Account
21W	K-12 Criminal Background Check Account
432	King Street Railroad Station Facility Account
22S	Landlord Mitigation Program Account
030	Landowner Contingency Forest Fire Suppression Account
16B	Landscape Architects' License Account
11P	Large On-Site Sewage Systems Account
499	Law Enforcement Memorial Account
548	Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 Expense Account
06K	Lead Paint Account
405	Legal Services Revolving Account
442	Legislative Gift Center Account
07L	Legislative International Trade Account
14N	Legislative Oral History Account
838	LEOFF Retirement System Benefits Improvement Account
547	Liability Account
06T	License Plate Technology Account
20K	Licensing and Enforcement System Modernization Project Account
09K	Life Sciences Discovery Account
08F	Lighthouse Environmental Programs Account
104	Limited Fish and Wildlife Account
17W	Limousine Carriers Account
107	Liquor Excise Tax Account
501	Liquor Revolving Account
823	Livestock Nutrient Management Account
180	Local Government Administrative Hearings Account
441	Local Government Archives Account
01T	Local Leasehold Excise Tax Account



## State Administrative and Accounting Manual

Account Code	Account Title
185	Local Museum Account Eastern Washington State Historical Society
184	Local Museum Account Washington State Historical Society
768	Local Real Estate Excise Tax Account
034	Local Sales and Use Tax Account
06N	Local Tax Administration Account
797	Local Tourism Promotion Account
567	Long-term Services and Supports Trust Account
578	Lottery Administrative Account
477	Lottery Investment Account
150	Low Income Weatherization and Structural Rehabilitation Assistance Account
21L	Low-Income Home Rehabilitation Revolving Loan Program Account
262	Manufactured Home Installation Training Account
12F	Manufactured/Mobile Home Dispute Resolution Program Account
25D	Manufacturing and Warehousing Job Centers Account
25G	Manufacturing Cluster Acceleration Account
048	Marine Fuel Tax Refund Account
16P	Marine Resources Stewardship Trust Account
757	Maritime Historic Restoration and Preservation Account
19A	Medicaid Fraud Penalty Account
609	Medical Aid Account
22V	Medical Student Loan Account
202	Medical Test Site Licensure Account
25L	MIL Purple Heart State Account
14R	Military Department Active State Service Account
364	Military Department Capital Account
08H	Military Department Rental and Lease Account
018	Millersylvania Park Current Account
603	Millersylvania Park Trust Account



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Account Code	Account Title
508	Miscellaneous Enterprise Activities Account
759	Miscellaneous Program Account
784	Miscellaneous Transportation Programs Account
205	Mobile Home Park Relocation Account
23N	Model Toxics Control Capital Account
23P	Model Toxics Control Operating Account
23R	Model Toxics Control Stormwater Account
844	Money-Purchase Retirement Savings Administrative Account
07A	Mortgage Lending Fraud Prosecution Account
16K	Mortgage Recovery Fund Account
108	Motor Vehicle Account
082	Motorcycle Safety Education Account
16R	Multiagency Permitting Team Account
218	Multimodal Transportation Account
571	Multiuse Roadway Safety Account
03M	Municipal Criminal Justice Assistance Account
413	Municipal Revolving Account
18M	Music Matters Awareness Account
18C	Native Education Public-Private Partnership Account
26D	Natural Climate Solutions Account
167	Natural Resources Conservation Areas Stewardship Account
660	Natural Resources Deposit Account
411	Natural Resources Equipment Account
22P	Natural Resources Federal Lands Revolving Account
04B	Natural Resources Real Property Replacement Account
154	New Motor Vehicle Arbitration Account
382	Nondebt-Limit General Fund Bond Retirement Account
384	Nondebt-Limit Proprietary Appropriated Bond Retirement Account





## State Administrative and Accounting Manual

Account Code	Account Title
385	Nondebt-Limit Proprietary Nonappropriated Bond Retirement Account
383	Nondebt-Limit Reimbursable Bond Retirement Account
386	Nondebt-Limit Revenue Bond Retirement Account
268	Nonhighway and Off-Road Vehicle Activities (NOVA) Program Account
604	Normal School Permanent Account
21N	Northeast Washington Wolf-Livestock Management Account
20P	Nursing Facility Quality Enhancement Account
732	Nursing Home Civil Penalties Account
09L	Nursing Resource Center Account
877	O.A.S.I. Contribution Account
874	O.A.S.I. Revolving Account
453	O.M.W.B.E. Enterprises Account
468	Office of Financial Management Central Service Account
436	OFM Labor Relations Service Account
217	Oil Spill Prevention Account
223	Oil Spill Response Account
23F	Open Educational Resources Account
18H	Opportunity Expansion Account
17C	Opportunity Express Account
801	Opportunity Scholarship Custodial Account
18G	Opportunity Scholarship Match Transfer Account
07B	Organ and Tissue Donation Awareness Account
01B	ORV and Nonhighway Vehicle Account
12L	Outdoor Education and Recreation Program Account
070	Outdoor Recreation Account
507	Oyster Reserve Land Account
23W	Paint Product Stewardship Account
087	Park Land Trust Revolving Account



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Account Code	Account Title
02N	Parkland Acquisition Account
159	Parks Improvement Account
269	Parks Renewal and Stewardship Account
489	Pension Funding Stabilization Account
553	Performance Audits of Government Account
605	Permanent Common School Account
500	Perpetual Surveillance and Maintenance Account
415	Personnel Service Account
22G	Photovoltaic Module Recycling Account
025	Pilotage Account
297	Pipeline Safety Account
885	Plumbing Certificate Account
11M	Poet Laureate Account
20T	Pollution Liability Insurance Agency Underground Storage Tank
544	Pollution Liability Insurance Program Trust Account
08J	Prescription Drug Consortium Account
892	Pressure Systems Safety Account
08K	Problem Gambling Account
07N	Produce Railcar Pool Account
16T	Product Stewardship Programs Account
024	Professional Engineers' Account
755	Programs for Children and Families Account
777	Prostitution Prevention and Intervention Account
22W	Public Disclosure Transparency Account
721	Public Employees' and Retirees' Insurance Account
730	Public Employees' and Retirees' Insurance Reserve Account
641	Public Employees' Retirement System Combined Plan 2 and 3 Account
631	Public Employees' Retirement System Plan 1 Account



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Account Code	Account Title
887	Public Facilities Construction Loan Revolving Account
523	Public Funds Investment Account
04L	Public Health Services Account
319	Public Health Supplemental Account
006	Public Records Efficiency, Preservation and Access Account
635	Public Safety Employees' Retirement System Plan 2 Account
245	Public Safety Reimbursable Bond Account
111	Public Service Revolving Account
22L	Public Use General Aviation Airport Loan Revolving Account
234	Public Works Administration Account
058	Public Works Assistance Account
099	Puget Sound Capital Construction Account
320	Puget Sound Crab Pot Buoy Tag Account
109	Puget Sound Ferry Operations Account
23S	Puget Sound Gateway Facility Account
14C	Puget Sound Recovery Account
12K	Puget Sound Scientific Research Account
20M	Puget Sound Taxpayer Accountability Account
893	Radiation Perpetual Maintenance Account
20R	Radioactive Mixed Waste Account
16C	Real Estate and Property Tax Administration Assistance Account
06G	Real Estate Appraiser Commission Account
026	Real Estate Commission Account
04F	Real Estate Education Program Account
06R	Real Estate Research Account
027	Reclamation Account
237	Recreation Access Pass Account
267	Recreation Resources Account



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Account Code	Account Title
04M	Recreational Fisheries Enhancement Account
097	Recreational Vehicle Account
25R	Recycled Content Account
25S	Recycling Enhancement Account
14W	Reduced Cigarette Ignition Propensity Account
25T	Refrigerant Emission Management Account
209	Regional Fisheries Enhancement Group Account
200	Regional Fisheries Enhancement Salmonid Recovery Account
11B	Regional Mobility Grant Program Account
490	Regional Transportation Investment District Account
11F	Reinvesting in Youth Account
26W	Renewable Fuels Accelerator Account
19R	Residential Services and Support Account
041	Resource Management Cost Account
09G	Riparian Protection Account
546	Risk Management Administration Account
12G	Rockfish Research Account
25E	Rosa Franklin Legislative Internship Program Scholarship Account
102	Rural Arterial Trust Account
23B	Rural Jobs Program Match Transfer Account
153	Rural Mobility Grant Program Account
687	Rural Rehabilitation Account
689	Rural Washington Loan Account
03R	Safe Drinking Water Account
165	Salary Reduction Account
06A	Salmon Recovery Account
24C	San Juan Islands Programs Account
290	Savings Incentive Account



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Account Code	Account Title
359	School Construction and Skill Centers Building Account
633	School Employees' Retirement System Combined Plan 2 and 3 Account
475	School Employees' Benefits Board Dental Benefits Administration Account
474	School Employees' Benefits Board Flexible Spending and Dependent Care Administrative Account
473	School Employees' Benefits Board Insurance Reserve Fund
494	School Employees' Benefits Board Medical Benefits Administrative Account
802	School Employees' Benefits Board Salary Reduction Account
493	School Employees' Insurance Account
492	School Employees' Insurance Administrative Account
19B	School for the Blind Account
26K	School Seismic Safety Grant Program Account
780	School Zone Safety Account
18V	Science, Technology, Engineering, and Mathematics Education Lighthouse Account
606	Scientific Permanent Account
22Q	Seattle Mariners Account
24S	Seattle NHL Hockey Account
19F	Seattle Seahawks Account
18R	Seattle Sounders FC Account
24D	Seattle Storm Account
19M	Seattle University Account
883	Second Injury Account
407	Secretary of State's Revolving Account
22U	Secure Drug Take-back Program Account
06J	Securities Prosecution Account
775	Seized Contraband Account
403	Self - Insurance Revolving Account
445	Self-Insured Employer Overpayment Reimbursement Account
845	Separately Managed Public Funds Investment Account



## State Administrative and Accounting Manual

Account Code	Account Title
847	Separately Managed State Agency Investment Account
456	Separately Managed State Treasurer's Service Account
21P	Sexual Assault Prevention and Response Account
10F	Share the Road Account
433	Shared Game Lottery Account
461	Shared Information Technology System Revolving Account
125	Site Closure Account
14P	Skeletal Human Remains Assistance Account
08L	"Ski & Ride Washington" Account
562	Skilled Nursing Facility Safety Net Trust Fund Account
21K	Skilled Worker Outreach, Recruitment, and Career Awareness Grant Program Account
08M	Small City Pavement and Sidewalk Account
23K	Smoke Detection Device Awareness Account
01M	Snowmobile Account
215	Special Category C Account
07K	Special License Plate Applicant Trust Account
110	Special Wildlife Account
16E	Specialized Forest Products Outreach and Education Account
816	Stadium and Exhibition Center Account
817	Stadium and Exhibition Center Construction Account
22A	State Agency Office Relocation Pool Account
277	State Agency Parking Account
072	State and Local Improvements Revolving Account - Water Supply Facilities
051	State and Local Improvements Revolving Account -Waste Disposal Facilities
055	State and Local Improvements Revolving Account -Waste Disposal Facilities, 1980
057	State Building Construction Account
05W	State Drought Preparedness and Response Account
785	State Educational Trust Fund Account



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Account Code	Account Title
17E	State Efficiency and Restructuring Account
032	State Emergency Water Projects Revolving Account
08N	State Financial Aid Account
24T	State Firearms Background Check System Account
20A	State Flower Account
193	State Forest Nursery Revolving Account
25M	State Health Care Affordability Account
418	State Health Care Authority Administrative Account
056	State Higher Education Construction Account
795	State Investment Board Commingled Monthly Bond Account
865	State Investment Board Commingled Trust Account
031	State Investment Board Expense Account
27F	State Lands Development Authority Capital Account
27G	State Lands Development Authority Operating Account
577	State Lottery Account
08P	State Parks Education and Enhancement Account
081	State Patrol Highway Account
471	State Patrol Nonappropriated Airplane Revolving Account
035	State Payroll Revolving Account
17P	State Route Number 520 Civil Penalties Account
16J	State Route Number 520 Corridor Account
226	State Seizures Account
075	State Social and Health Services Construction Account
355	State Taxable Building Construction Account
404	State Treasurer's Service Account
607	State University Permanent Account
045	State Vehicle Parking Account
25N	Statewide 988 Behavioral Health Crisis Response and Suicide Prevention Line Account



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Account Code	Account Title
23J	Statewide Broadband Account
466	Statewide Information Technology System Development Revolving Account
472	Statewide Information Technology System Maintenance and Operations Revolving Account
22T	Statewide Tourism Marketing Account
197	Statute Law Committee Publications Account
23D	Student Achievement Council Tuition Recovery Trust Fund
23A	Student Loan Advocate Account
21T	Suicide-safer Homes Project Account
881	Supplemental Pension Account
04H	Surface Mining Reclamation Account
416	Surplus and Donated Food Commodities Revolving Account
02A	Surveys and Maps Account
01P	Suspense Account
24U	Sustainable Farms and Fields Account
511	Tacoma Narrows Toll Bridge Account
642	Teachers' Retirement System Combined Plan 2 and 3 Account
632	Teachers' Retirement System Plan 1 Account
24V	Telebehavioral Health Access Account
214	Temporary Worker Housing Account
786	TESC License Plate Account
066	The Evergreen State College Capital Projects Account
289	Thurston County Capital Facilities Account
02W	Timber Tax Distribution Account
828	Tobacco Prevention and Control Account
825	Tobacco Settlement Account
495	Toll Collection Account
389	Toll Facility Bond Retirement Account
05M	Tourism Development and Promotion Account





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Account Code	Account Title
15A	Transitional Housing Operating and Rent Account
550	Transportation 2003 Account (Nickel Account)
410	Transportation Equipment Account
20N	Transportation Future Funding Program Account
144	Transportation Improvement Account
305	Transportation Improvement Board Bond Retirement Account
094	Transportation Infrastructure Account
08T	Transportation Innovative Partnership Account
09H	Transportation Partnership Account
12T	Traumatic Brain Injury Account
076	Treasury Income Account
503	Tuition Recovery Trust Account
196	Unclaimed Personal Property Account
182	Underground Storage Tank Account
01R	Undistributed Receipts Account
24W	Undocumented Student Support Loan Match Account
620	Unemployment Compensation Account
119	Unemployment Compensation Administration Account
622	Unemployment Compensation Federal Employees' Benefit Payment Account
25B	Unemployment Insurance Relief Account
04E	Uniform Commercial Code Account
438	Uniform Dental Plan Benefits Administration Account
439	Uniform Medical Plan Benefits Administration Account
12H	Uniformed Service Shared Leave Pool Account
19J	Universal Communications Services Account
16G	Universal Vaccine Purchase Account
505	University of Washington - University Hospital Account
348	University of Washington Bond Retirement Account



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Account Code	Account Title
064	University of Washington Building Account
387	University of Washington Facilities Bond Retirement Account
774	UW License Plate Account
260	UW Operating Fees Account
04V	Vehicle License Fraud Account
11V	Veteran Estate Management Account
27H	Veterans and Military Members Suicide Prevention Account
10K	Veterans Innovations Program Account
24F	Veterans Service Officer Account
08V	Veterans Stewardship Account
213	Veterans' Emblem Account
526	Veterans' Memorial Account
21U	Veterans' In-state Service Shared Leave Pool Account
575	Vocational Education Revolving Account Corrections
23V	Voluntary Cleanup Account
17V	Volunteer Firefighters Account
204	Volunteer Firefighters' and Reserve Officers' Relief and Pension Administrative Account
614	Volunteer Firefighters' and Reserve Officers' Relief and Pension Principal Account
23G	Vulnerable Roadway User Education Account
071	Warm Water Game Fish Account
799	Washington Achieving a Better Life Experience Program Account
25A	Washington Apples Account
11K	Washington Auto Theft Prevention Authority Account
748	Washington Career and College Pathways Innovation Challenge Program Account
09J	Washington Coastal Crab Pot Buoy Tag Account
463	Washington College Savings Program Account
653	Washington Distinguished Professorship Trust Account
20G	Washington Farmers and Ranchers Account



## State Administrative and Accounting Manual

Account Code	Account Title
534	Washington Graduate Fellowship Trust Account
23E	Washington History Day Account
532	Washington Housing Trust Fund
20E	Washington Internet Crimes Against Children Account
773	Washington Interstate Commission on Higher Education Professional Student Exchange Program Trust Account
882	Washington Judicial Retirement System Account
819	Washington Law Enforcement Officers' and Firefighters' System Plan 1 Retirement Account
829	Washington Law Enforcement Officers' and Firefighters' System Plan 2 Retirement Account
09T	Washington Main Street Trust Fund Account
17F	Washington Opportunity Pathways Account
707	Washington Rescue Plan Transition Account
21C	Washington Sexual Assault Kit Account
25V	Washington State Attorney General Charitable Asset Protection Account
21G	Washington State Aviation Account
525	Washington State Combined Fund Drive Account
498	Washington State Council of Fire Fighters Benevolent Account
16F	Washington State Flag Account
27M	Washington State Global War on Terror Memorial Account
645	Washington State Historical Trust Account
06H	Washington State Legacy Project, State Library, and Archives Account
14E	Washington State Library Operations Account
24E	Washington State Library-Archives Building Account
615	Washington State Patrol Retirement System Plan 1 Account
630	Washington State Patrol Retirement System Plan 2 Account
347	Washington State University Bond Retirement Account
062	Washington State University Building Account
21A	Washington State Wrestling Account



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Account Code	Account Title
26T	Washington Student Loan Account
20W	Washington Tennis Account
551	Washington Youth and Families Account
08W	“Washington’s National Park Fund” Account
044	Waste Reduction, Recycling, and Litter Control Account
08R	Waste Tire Removal Account
21H	Wastewater Treatment Plant Operator Certification Account
727	Water Pollution Control Revolving Account
564	Water Pollution Control Revolving Administration Account
11W	Water Quality Capital Account
176	Water Quality Permit Account
16V	Water Rights Processing Account
10G	Water Rights Tracking System Account
22K	Watershed Restoration and Enhancement Account
366	Watershed Restoration and Enhancement Bond Account
377	Watershed Restoration and Enhancement Taxable Bond Account
04W	Waterworks Operator Certification Account
09A	We Love Our Pets Account
065	Western Washington University Capital Projects Account
25P	Wildfire Response, Forest Restoration, and Community Resilience Account
14A	Wildlife Rehabilitation Account
007	Winter Recreation Program Account
19W	Wolf-livestock Conflict Account
160	Wood Stove Education and Enforcement Account
163	Worker and Community Right to Know Account
24J	Workforce Education Investment Account
776	WSU License Plate Account
271	WSU Operating Fees Account



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Account Code	Account Title
778	WWU License Plate Account
19K	Yakima Integrated Plan Implementation Account
565	Yakima Integrated Plan Implementation Revenue Recovery Account
20C	Yakima Integrated Plan Implementation Taxable Bond Account
818	Youth Athletic Facility Account
235	Youth Tobacco and Vapor Products Prevention Account



# State Administrative and Accounting Manual

## 75.40 General Ledger Account Codes

Section	Title	Effective Date	Page Number
75.40.10	Sequential by code number	Jan. 1, 2022	<a href="#">462</a>
75.40.20	Sequential by code number with description	Jan. 1, 2022	<a href="#">480</a>

### 75.40.10 Sequential by code number

Jan. 1, 2022

#### GL CODE GENERAL LEDGER CODE

#### 0000 - BUDGETARY & FULL TIME EQUIVALENT (FTE)

0001	Estimated cash receipts
0002	Estimated cash disbursements
0003	Estimated 25th month cash disbursements
0004	Estimated encumbrances
0005	Estimated unallotted FTEs
0006	Estimated accrued receipts
0064	Estimated contract expenditures
0110	Approved estimated FTEs
0111	Adjusted estimated FTEs
0120	Actual FTEs
0130	Accrued FTEs
0139	Receivable liquidations
0140	FTE liquidations
0159	Liability liquidations
0311	Adjusted estimated revenue
0611	Approved unallotted



## State Administrative and Accounting Manual

### GL CODE GENERAL LEDGER CODE

0612	Adjusted unallotted
0613	Adjusted unallotted
0621	Approved allotments
0622	Adjusted allotments
0623	Adjusted allotments
0631	Approved reserve
0632	Adjusted reserve
0633	Adjusted reserve
0651	Federal cost allocation expenditures
0910	Budgetary control
0995	Expenditure control
0998	Statistical clearing

### **1000 - ASSETS OTHER THAN CAPITAL**

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

### **1200 - INVESTMENTS**

1205	Temporary and/or Pooled Cash Investments
1206	Investments with Local Government Investment Pool
1209	Short-Term Portion of Long-Term Investments
1210	Investments
1215	Investments under Reverse Repurchase Agreements
1216	Collateral held under Securities Lending Agreements
1218	Investments with OST Separately Managed Agency Account



## State Administrative and Accounting Manual

### GL CODE GENERAL LEDGER CODE

1219	Investments in Commingled Trust Funds (SIB Only)
1220	Unamortized Premiums on Investments
1230	Unamortized Discounts on Investments
1240	Restricted Cash and Investments – Noncurrent
1271	Commingled Trust Funds Investments (SIB Only)
1272	Commingled Trust Funds Unamortized Premiums on Investments (SIB Only)
1273	Commingled Trust Funds Unamortized Discounts on Investments (SIB Only)
1278	Commingled Trust Funds Valuation Allowance - Investments (SIB Only)
1280	Valuation Allowance - Investments

### **1300 - SHORT-TERM RECEIVABLES**

#### **1310 AND 1320 - SHORT-TERM RECEIVABLES**

1311	Taxes Receivable
1312	Accounts Receivable
1313	Notes Receivable
1314	Loans Receivable
1315	Commingled Trust Funds Interest Receivable (SIB Only)
1316	Interest and Dividends Receivable
1317	Other Interest Receivable
1318	Unbilled Receivables
1319	Other Receivables
1320	Donations/Pledges Receivable
1321	Lease Receivable
1323	Investment Trades Pending Receivable
1324	Salaries and Fringe Benefits Receivable
1328	Tax Liens Receivable





# State Administrative and Accounting Manual

## GL CODE GENERAL LEDGER CODE

### **1340 - ALLOWANCE FOR UNCOLLECTABLE SHORT-TERM RECEIVABLES**

- 1341 Allowance for Uncollectible Taxes Receivable
- 1342 Allowance for Uncollectible Accounts Receivable
- 1343 Allowance for Uncollectible Notes Receivable
- 1344 Allowance for Uncollectible Loans Receivable
- 1345 Allowance for Uncollectible Lease Receivable
- 1346 Allowance for Uncollectible Interest Receivable on Investments
- 1347 Allowance for Uncollectible Other Interest Receivable
- 1348 Allowance for Uncollectible Tax Liens Receivable
- 1349 Allowance for Uncollectible Other Receivables

### **1350 - SHORT-TERM INTERGOVERNMENTAL AND INTRAGOVERNMENTAL RECEIVABLES**

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

### **1380 AND 1390 - OTHER SHORT-TERM RECEIVABLES**

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

### **1400 - INVENTORIES**

- 1410 Consumable Inventories
- 1415 Donated Inventories



## State Administrative and Accounting Manual

### GL CODE GENERAL LEDGER CODE

- 1420 Merchandise Inventories
- 1430 Work-in-Process Inventories
- 1440 Raw Materials Inventories
- 1450 Livestock

### **1500 - PREPAID EXPENSES**

- 1510 Prepaid Expenses

### **1600 - LONG-TERM RECEIVABLES**

- 1611 Taxes Receivable
- 1614 Loans Receivable
- 1615 Allowance for Forgivable Loans - Nonprofits
- 1619 Other Receivables
- 1620 Donations/Pledges Receivable
- 1621 Lease Receivable
- 1629 Present Value Allowance (SAC Only)

### **1640 - ALLOWANCE FOR UNCOLLECTABLE LONG-TERM RECEIVABLES**

- 1641 Allowance for Uncollectible Taxes Receivable
- 1644 Allowance for Uncollectible Loans Receivable
- 1645 Allowance for Uncollectible Lease Receivable
- 1649 Allowance for Uncollectible Other Receivables

### **1650 - LONG-TERM INTERGOVERNMENTAL AND INTRAGOVERNMENTAL RECEIVABLES**

- 1651 Due from Federal Government
- 1652 Due from Other Governments
- 1653 Due from Other Funds
- 1654 Due from Other Agencies



## State Administrative and Accounting Manual

### GL CODE GENERAL LEDGER CODE

- 1655 Allowance for Forgivable Loans – Other Governments
- 1659 Due from Component Units
- 1667 Due from Other Funds – Internal Lending (UW Only)

### **1800 - GENERAL LONG-TERM OBLIGATIONS VALUATION**

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

### **1900 - OTHER ASSETS**

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

### **1970 - DEFERRED OUTFLOWS OF RESOURCES**

- 1971 Deferred Outflows on COP Refundings
- 1972 Deferred Outflows on Bond Refundings
- 1973 Deferred Outflows on Hedging Derivative Instruments
- 1974 Deferred Outflows on Pensions
- 1975 Deferred Outflows on Other Postemployment Benefits
- 1976 Deferred Outflow on Asset Retirement Obligations

### **2000 - CAPITAL ASSETS**

### **2100 - NON-DEPRECIABLE CAPITAL ASSETS**

- 2110 Land
- 2120 Transportation Infrastructure – Modified Approach



## State Administrative and Accounting Manual

### GL CODE GENERAL LEDGER CODE

- 2130 Art Collections, Library Reserve Collections, and Museum and Historical Collections
- 2140 Intangible Assets with Indefinite Useful Lives

#### **2200 - IMPROVEMENTS OTHER THAN BUILDINGS, LEASEHOLD IMPROVEMENTS, AND INFRASTRUCTURE**

- 2210 Buildings and Building Improvements
- 2220 Allowance for Depreciation – Buildings
- 2310 Improvements other than Buildings
- 2320 Allowance for Depreciation – Improvements other than Buildings
- 2350 Leasehold Improvements
- 2360 Allowance for Depreciation – Leasehold Improvements
- 2370 Infrastructure
- 2380 Allowance for Depreciation – Infrastructure

#### **2400 - FURNISHINGS, EQUIPMENTS, SOFTWARE, COLLECTIONS, AND INTANGIBLES**

- 2410 Furnishings and Equipment
- 2420 Allowance for Depreciation – Furnishings and Equipment
- 2430 Library Resources
- 2440 Allowance for Depreciation – Library Resources
- 2450 Art Collections, Library Reserve Collections, and Museum and Historical Collections
- 2460 Allowance for Depreciation – Art Collections, Library Reserve Collections, and Museum and Historical Collections
- 2470 Intangible Assets with Definite Useful Lives
- 2480 Allowance for Amortization – Intangible Assets

#### **2500 - CONSTRUCTION IN PROGRESS**

- 2510 Construction in Progress

#### **2600 - INTANGIBLE RIGHT-TO-USE LEASE CAPITAL ASSETS**



# State Administrative and Accounting Manual

## GL CODE GENERAL LEDGER CODE

2610	Lease Asset – Land
2620	Allowance for Amortization – Land Lease Asset
2630	Lease Asset – Building
2640	Allowance for Amortization – Building Lease Asset
2650	Lease Asset – Equipment
2660	Allowance for Amortization –Equipment Lease Asset

## **3000 - REVENUES AND OTHER FINANCING SOURCES**

### **3100 - ESTIMATED REVENUES**

3110	Approved Estimated Revenues
3198	Estimated Revenue – Original

### **3200 - ACTUAL REVENUES**

3205	Accrued Revenues
3210	Cash Revenues
3213	Gains and Losses on Sales of Capital Assets
3215	Immaterial Adjustments to Prior Periods
3220	Noncash Revenues
3221	Other Financing Sources
3225	Revenue Adjustments/Eliminations (GAAP)
3260	Estimated Accrued Revenues

### **4300 - CASH IN CUSTODY OF STATE TREASURER**

4310	Current Treasury Cash Activity (OST Only)
4315	Warrants Outstanding (OST Only)
4320	Beginning Treasury Cash Balance Administering Agency (OFM Only)
4325	Beginning Treasury Cash Balance – Agency



# State Administrative and Accounting Manual

## GL CODE GENERAL LEDGER CODE

### **5000 - LIABILITIES**

### **5100 - SHORT-TERM LIABILITIES**

### **5110 - SHORT-TERM PAYABLES**

- 5111 Accounts Payable
- 5112 Interest Payable
- 5113 Claims and Judgments Payable
- 5114 Annuities Payable (LOT Only)
- 5115 Contracts Payable
- 5116 Retained Percentages Payable
- 5117 Construction Contracts Payable
- 5118 Current Benefits Claims Payable
- 5119 Employee Insurance Benefits Payable

### **5120, 5130, and 5140, - SHORT-TERM ACCRUED LIABILITIES**

- 5121 Matured Bonds Payable
- 5122 Matured Interest Payable
- 5123 Investment Trades Pending Payable
- 5124 Accrued Salaries and Fringe Benefits Payable
- 5125 Accrued Vacation Leave Payable
- 5126 Accrued Prizes Payable (LOT Only)
- 5127 Accrued Sick Leave Payable
- 5128 Accrued Compensatory Time Payable
- 5130 Due to Fiscal Agents
- 5140 Due to Terminated Employees
- 5145 Due to Deceased Employees' Estates



## State Administrative and Accounting Manual

### GL CODE GENERAL LEDGER CODE

- 5148 L & I Retrospective Program Estimated Premium Refund Payables
- 5149 L & I Claims Administration Expense Payable

#### **5150 - SHORT-TERM INTERGOVERNMENTAL AND INTRAGOVERNMENTAL PAYABLES**

- 5150 Due to Other Funds – Advances
- 5151 Due to Federal Government
- 5152 Due to Other Governments
- 5153 Due to Other Funds
- 5154 Due to Other Agencies
- 5155 Due to Other Funds – Pooled Cash and Investments
- 5156 Due to Owner Funds – Local Government Investment Pool (OST Only)
- 5157 Due to Owner Funds – Commingled Trust Funds Investment Income (SIB Only)
- 5158 Due to Department of Revenue – Taxes
- 5159 Due to Primary Government

#### **5160 - SHORT-TERM BONDS PAYABLE**

- 5161 General Obligation (GO) Bonds Payable
- 5162 Revenue Bonds Payable
- 5163 Limited Obligation Bonds Payable
- 5164 Zero-Coupon GO Bonds Payable
- 5165 Zero-Coupon Bonds - Accreted Interest Payable
- 5167 General Revenue Bonds Payable – Internal Lending (UW Only)
- 5169 Other Bonds Payable

#### **5170 - SHORT-TERM INSTALLMENTS AND LEASES PAYABLE**

- 5171 Installment-Purchase Contracts Payable
- 5172 Lease-to-Own Agreements Payable
- 5173 Certificates of Participation/Notes Payable



# State Administrative and Accounting Manual

## GL CODE GENERAL LEDGER CODE

5174 Right-to-Use Lease Liability

### **5180 and 5190 - OTHER SHORT-TERM LIABILITIES**

5180 Paid Family and Medical Leave Deductions Payable  
5181 Employee Insurance Deductions Payable  
5182 EBT Authorized Benefits Payable  
5183 Long-Term Support Services Deductions Payable  
5184 Tuition Benefits Payable  
5185 Net Pension Liability  
5186 Other Postemployment Benefits Liability  
5187 Industrial Insurance and Medical Aid Deductions Payable  
5188 Savings Bond Deductions Payable  
5189 Garnishment Deductions Payable  
5190 Unearned Revenues  
5191 Deposits Payable  
5193 Liability for Unclaimed Property Refunds  
5194 Liability for Canceled Warrants/Checks  
5195 Deferred Expenditure Recoveries  
5196 Obligations under Reverse Repurchase Agreements  
5197 Obligations under Securities Lending Agreements  
5198 Loans Payable  
5199 Other Liabilities

### **5200 - LONG-TERM OBLIGATIONS**

#### **5120, 5220, and 5240 - LONG-TERM PAYABLES**

5212 Zero-Coupon Bonds – Accreted Interest Payable  
5213 Claims and Judgments Payable





## State Administrative and Accounting Manual

### GL CODE GENERAL LEDGER CODE

5216	Retained Percentages Payable
5225	Accrued Vacation Leave Payable
5226	Annuities Payable (LOT Only)
5227	Accrued Sick Leave Payable
5228	Accrued Compensatory Time Payable
5247	Liability for Deferred Compensation

### **5250 - LONG-TERM INTERGOVERNMENTAL AND INTRAGOVERNMENTAL PAYABLES**

5251	Due to Federal Government
5252	Due to Other Governments
5253	Due to Other Funds
5254	Due to Other Agencies
5258	Due to Owner Funds – OST Separately Managed Agency Investment Account
5259	Due to Primary Government

### **5260 - LONG-TERM BONDS PAYABLE**

5261	General Obligation (GO) Bonds Payable
5262	Revenue Bonds Payable
5263	Limited Obligation Bonds Payable
5264	Zero-Coupon GO Bonds Payable
5267	General Revenue Bonds Payable – Internal Lending (UW Only)
5269	Other Bonds Payable

### **5270 - LONG-TERM INSTALLMENTS AND LEASES PAYABLE**

5271	Installment-Purchase Contracts Payable
5272	Lease-to-Own Agreements Payable
5273	Certificates of Participation/Notes Payable
5274	Right-to-Use Lease Liability



# State Administrative and Accounting Manual

## GL CODE GENERAL LEDGER CODE

### **5280 and 5290 - OTHER LONG-TERM OBLIGATIONS**

5281	Net Pension Liability
5282	Other Postemployment Benefits Liability
5284	Tuition Benefits Payable
5285	Benefits Claims Payable
5286	Claims Administration Expense Payable (L&I Only)
5287	Pollution Remediation Obligation
5289	Asset Retirement Obligation
5290	Unearned Revenues
5291	Deposits Payable
5293	Liability for Unclaimed Property Refunds
5297	Fees Payable
5298	Other Obligations – Capital Related
5299	Other Obligations

### **5190 - OTHER CREDITS**

5910	Unamortized Premiums on Bonds Sold
5920	Unamortized Premiums on COPs Sold

### **5192, 5265, 5266, 5268, 5283, 5288, 5292, 5294, and 5295 - DEFERRED INFLOWS OF RESOURCES**

5192	Unavailable Revenues – Short-term
5265	Deferred Inflows on Pensions
5266	Deferred Inflows on COP Refundings
5268	Deferred Inflows on Bond Refundings
5283	Deferred Inflows on Hedging Derivative Instruments
5288	Deferred Inflows on Irrevocable Split-Interest Agreements
5292	Unavailable Revenues – Long-term



# State Administrative and Accounting Manual

## GL CODE GENERAL LEDGER CODE

- 5294 Deferred Inflows on Other Postemployment Benefits
- 5295 Deferred Inflows on Right-to-Use Leases

### **6000 - BUDGETARY AUTHORITY AND ESTIMATED EXPENDITURES**

#### **6100 - EXPENDITURE AUTHORITY AND ESTIMATED EXPENDITURES**

- 6110 Approved Unallotted Expenditure Authority
- 6120 Approved Lapsing

#### **6200 - ALLOTMENTS**

- 6210 Approved Allotments
- 6215 Estimated Unallotted Expenses

#### **6300 - RESERVES**

- 6310 Approved Reserves

#### **6400 - OTHER ALLOTMENT CHARGES**

- 6410 Encumbrances

#### **6500 - EXPENDITURES/EXPENSES**

- 6505 Accrued Expenditures/Expenses
- 6510 Cash Expenditures/Expenses
- 6511 Depreciation/Amortization Expense
- 6512 Amortization Expense
- 6514 Capital Asset Acquisitions by Lease Agreements or Certificates of Participation
- 6515 Bad Debts Expense
- 6516 Cost of Goods Sold
- 6525 Expense Adjustments/Eliminations (GAAP)



# State Administrative and Accounting Manual

## GL CODE GENERAL LEDGER CODE

6560	Estimated Accrued Expenditures/Expenses
6591	Depreciation/Amortization Expense (General Capital Assets Subsidiary Account Only)
6592	Interest Expense (General Long-Term Obligations Subsidiary Account Only)
6593	Amortization Expense (General Long-Term Obligations Subsidiary Account Only)
6594	Pollution Remediation Expense (General Long-Term Obligations Subsidiary Account Only)
6595	Other Postemployment Benefits Expense (General Long-Term Obligations Subsidiary Account Only)
6596	Excess Contributions for Pension Benefits (General Long-Term Subsidiary Account Only)
6597	Capital Asset Adjustment (General Capital Assets Subsidiary Account Only)
6598	Pension Expense (General Long-Term Obligations Subsidiary Account Only)
6599	Asset Retirement Obligation Expense (General Long-Term Obligations Subsidiary Account Only)

### **7000 - AFRS/TREASURY CLEARING**

#### **7100 - IN-PROCESS CONTROL**

7110	Receipts In-Process
7120	Warrants In-Process/ACH (Automated Clearing House) Payments In-Process
7130	Warrant Cancellations In-Process
7140	Journal Vouchers In-Process

### **9000 - FUND BALANCE AND NET POSITION**

#### **9100 - BUDGETARY CONTROL**

9100	Budgetary Control Summary
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#### **9110, 9120, and 9130 - NONSPENDABLE FUND BALANCE**

9110	Nonspendable Permanent Fund Principal
9112	Nonspendable Permanent Funds – Unrealized Gain/Loss



## State Administrative and Accounting Manual

### GL CODE GENERAL LEDGER CODE

- 9120 Nonspendable Consumable Inventories
- 9130 Nonspendable Student Loans Receivable
- 9131 Nonspendable Receivables - Long-Term

### **9200 - RESTRICTED FUND BALANCE**

- 9230 Restricted for Higher Education
- 9231 Restricted for Permanent Funds – Realized Investment Losses
- 9232 Restricted for Education
- 9234 Restricted for Transportation
- 9235 Restricted for Bond Covenants
- 9238 Restricted for Other Purposes
- 9240 Restricted for Human Services
- 9242 Restricted for Wildlife and Natural Resources
- 9244 Restricted for Local Grants and Loans
- 9246 Restricted for School Construction
- 9248 Restricted for State Facilities
- 9250 Restricted for Budget Stabilization
- 9252 Restricted for Debt Service
- 9255 Restricted for Cash and Investments with Escrow Agents and Trustees
- 9260 Restricted for Pollution Remediation Liabilities
- 9265 Restricted for Asset Retirement Obligations
- 9270 Restricted for Unspent Bond Proceeds
- 9271 Restricted for Operations and Maintenance Reserve
- 9272 Restricted for Repair and Replacement Reserve
- 9273 Restricted for Revenue Stabilization
- 9274 Restricted for Unspent GARVEE Bond Proceeds
- 9275 Restricted for Deferred Sales Tax
- 9283 Restricted for Third Tier Debt Service



## State Administrative and Accounting Manual

### GL CODE GENERAL LEDGER CODE

- 9284 Restricted for Fourth Tier Debt Service
- 9285 Restricted for GARVEE Bond Debt Service

#### **9310, 9320, 9330, and 9340 - COMMITTED FUND BALANCE**

- 9310 Committed for Higher Education
- 9311 Committed for Education
- 9320 Committed for Transportation
- 9321 Committed for Other Purposes
- 9323 Committed for Human Services
- 9324 Committed for Wildlife and Natural Resources
- 9325 Committed for Local Grants and Loans
- 9330 Committed for State Facilities
- 9340 Committed for Debt Service

#### **9370 - ASSIGNED FUND BALANCE**

- 9370 Assigned for Working Capital (OFM Only)
- 9372 Assigned for Other Purposes

#### **9390 - UNASSIGNED FUND BALANCE**

- 9390 Unassigned

#### **9510, 9513, and 9514 - BUDGETARY RESERVES**

- 9510 Reserved for Encumbrances
- 9513 Reserved for Encumbrances for Reappropriated Capital Appropriations
- 9514 Reserved for Encumbrances for Continuing Operating Expenditure Authority

#### **9350, 9400, and 9545 - PROPRIETARY/GOVERNMENT-WIDE NET POSITION**

- 9350 Net Investment in Capital Assets (OFM Only)



## State Administrative and Accounting Manual

### GL CODE GENERAL LEDGER CODE

- 9400 Accumulated Earnings (Losses)
- 9410 Restricted Net Position
- 9450 Unrestricted Net Position (OFM Only)
- 9545 Restricted for Unemployment Compensation

### **9550 and 9600 - NET POSITION RESTRICTED FOR PENSIONS AND OTHER TRUSTS**

- 9546 Restricted for Pensions
- 9550 Restricted for Pensions
- 9551 Restricted for Deferred Compensation Participants
- 9554 Restricted for Local Government Pooled Investments Participants
- 9584 Restricted for Custodial
- 9601 Restricted for Members (DRS Only)
- 9602 Restricted for TAP 3 Annuity (DRS Only)
- 9603 Restricted for Benefits (DRS Only)
- 9604 Restricted for Benefits – Medical (DRS Only)
- 9607 Restricted for Higher Education Retirement Plan Supplemental Benefits (DRS only)
- 9608 Restricted for Members Defined Contributions – SIB (DRS Only)
- 9609 Restricted for Members Defined Contributions – Self-Directed (DRS Only)

### **9700 - FUND BALANCE/NET POSITION CHANGES AND CORRECTIONS**

- 9720 Prior Period Material Corrections (OFM Only)
- 9721 Fund Type Reclassification Changes (OFM Only)
- 9722 Accounting Policy Changes (OFM Only)
- 9723 Capital Asset Policy Changes

### **9800 - GENERAL CAPITAL ASSETS VALUATION**

- 9850 Investment in General Capital Assets



# State Administrative and Accounting Manual

## GL CODE GENERAL LEDGER CODE

### 9900 - AFRS CLEARING

9910	Current Period Clearing (Subsidiary Accounts Only)
9920	Current Period Clearing (All Fund Types Except Subsidiary Accounts)
9940	Reserve Clearing (DRS Only)
9998	Beginning Balance Clearing (OFM Only)

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## 75.40.20 Sequential by code number with description

Jan. 1, 2022

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## GL CODE GENERAL LEDGER CODE DESCRIPTION

### **0000 - BUDGETARY & FULL TIME EQUIVALENT (FTE) ACCOUNTS**

0001	Estimated cash receipts Cash receipts are any moneys (e.g., checks, cash, warrants, credit or debit card amounts, or automated clearing house (ACH) transfers) received by the state during a period regardless of when the moneys are earned.
0002	Estimated cash disbursements Cash receipts are any moneys (e.g., checks, cash, warrants, credit or debit card amounts, or automated clearing house (ACH) transfers) received by the state during a period regardless of when the moneys are earned.
0003	Estimated 25th month cash disbursements This GL code is used to record estimated cash disbursements at year-end.
0004	Estimated encumbrances This GL code is used to record estimated encumbrances.
0005	Estimated unallotted FTEs This GL code is used to record estimated unallotted FTEs.
0006	Estimated accrued receipts This GL code is used to record estimated accrued receipts.





## State Administrative and Accounting Manual

GL CODE	GENERAL LEDGER CODE DESCRIPTION
0064	Estimated contract expenditures This GL code is used to record estimated contract expenditures.
0110	Approved estimated FTEs Equivalent of 2088 hours of work in a fiscal year. "Approved" indicates that OFM has reviewed and approved the allotment.
0111	Adjusted estimated FTEs Equivalent of 2088 hours of work in a fiscal year. "Adjusted" indicates that this is an allotment change made by the agency and is not reviewed and approved by OFM.
0120	Actual FTEs This GL code is used to record FTEs disbursed from July 1 to June 30.
0130	Accrued FTEs This GL code is used to record FTEs that have not yet been disbursed.
0139	Receivable liquidations This GL code is used to record receivable liquidations.
0140	FTE liquidations This GL code is used to record FTE liquidations (DSHS and HCA).
0159	Liability liquidations This GL code is used to record liability liquidations.
0311	Adjusted estimated revenue The balance of this GL code represents revenues estimated to be received during the biennium. Adjusted means OFM does not review and approve these estimates.
0611	Approved unallotted



## State Administrative and Accounting Manual

GL CODE	GENERAL LEDGER CODE DESCRIPTION
	Expenditure authority not specifically scheduled for expenditure. Approved means OFM has reviewed and approved these estimates.
0612	Adjusted unallotted Expenditure authority not specifically scheduled for expenditure. Adjusted means OFM does not review and approve these estimates.
0613	Adjusted unallotted Expenditure authority not specifically scheduled for expenditure. Adjusted means OFM does not review and approve these estimates.
0621	Approved allotments Monthly estimates by object and account, reviewed and approved by OFM.
0622	Adjusted allotments Monthly estimates by object and account (Option 1) or by object (Option 2) adjusted by the agency and not approved by OFM.
0623	Adjusted allotments Monthly estimates by object and account (Option 1) adjusted by the agency and not approved by OFM.
0631	Approved reserve The balance of this GL code represents amounts transferred from allotted to reserve status for legislative appropriations. Approved indicates the allotment is approved by OFM.
0632	Adjusted reserve The balance of this GL code represents amounts transferred from allotted to reserve status for legislative appropriations. Adjusted represents an allotment change not reviewed by OFM.
0633	Adjusted reserve The balance of this GL code represents amounts transferred from allotted to reserve status for legislative appropriations. Adjusted represents an allotment change not reviewed by OFM.
0651	Federal cost allocation expenditures



# State Administrative and Accounting Manual

## GL CODE GENERAL LEDGER CODE DESCRIPTION

This GL code is used to record federal cost allocation expenditures.

### 0910 Budgetary control

This GL code is used in AFRS as an offset for entering activity to general ledger accounts. The balance of this GL code should be zero.

### 0995 Expenditure control

This GL code is used in AFRS as an offset for entering activity to general ledger accounts. The balance of this GL code should be zero.

### 0998 Statistical clearing

This GL code is used in AFRS as an offset for entering activity to general ledger accounts.

## 1000 - ASSETS OTHER THAN CAPITAL

### 1100 - CASH

#### 1110 Cash in Bank

This GL code is used to record all cash in the bank. This includes demand accounts such as checking and savings accounts. For treasury and treasury trust funds, only the State Treasurer uses this GL code. For local funds, this GL code is used by the individual state agency.

#### 1120 Undeposited Local Cash

This GL code is used to record cash on hand received by an agency for deposit into a bank account outside the treasury.

#### 1130 Petty Cash

This GL code is used to record petty cash on hand or in bank accounts for the purpose of making change or paying small obligations.

#### 1140 Restricted Cash and Investments – Current Operations

This GL code is used to record restricted cash and investments held by escrow agents and trustees that will be used in current operations for the payment of current liabilities. Examples include amounts held pursuant to a third party agreement that will be expended for current operations and amounts held to liquidate a current liability such as the retained percentage of contracts payable.

#### 1150 Cash with Fiscal Agents

This GL code is used to record cash deposited with fiscal agents for the payment of state obligations. Amounts held may be restricted.



# State Administrative and Accounting Manual

## GL CODE GENERAL LEDGER CODE DESCRIPTION

### 1200 - INVESTMENTS

- 1205 Temporary and/or Pooled Cash Investments  
This GL code is used to record the temporary and/or pooled investment of surplus cash balances or those investments that are readily convertible to known amounts of cash and so near their maturity when purchased that they present insignificant risk of changes in value because of changes in interest rates.
- 1206 Investments with Local Government Investment Pool  
This GL code is used to record the temporary investment of surplus funds with the Local Government Investment Pool. Statewide, all GL Codes 1206 and 5156 are to be in balance.
- 1209 Short-Term Portion of Long-Term Investments  
This GL code is used to record the portion of long-term investments that will mature within one year. This would include investments purchased in a current or prior period that are now within 12 months of maturity, except those in GL Code 1205.
- 1210 Investments  
This GL code is used to record the cost or par value of long-term securities or other assets that (a) are held primarily for the purpose of income or profit and (b) have present service capacity based solely on the ability to generate cash or to be sold to generate cash. These are investments that do not qualify as “Temporary and/or Pooled Cash Investments” (GL Code 1205) or “Short-Term Portion of Long-Term Investments” (GL Code 1209). Fair value adjustments are recorded to “Valuation Allowance – Investments” (GL Code 1280).  
  
Changes in fair value are reported in GL Code 1280. Premiums are reported in GL Code 1220 and Discounts are reported in GL Code 1230.
- 1215 Investments under Reverse Repurchase Agreements  
This GL code is used to record the carrying value of investments underlying reverse repurchase and similar agreements.
- 1216 Collateral held under Securities Lending Agreements  
This GL code is used to record the carrying value of the cash and securities received as collateral from the borrower under securities lending agreements where the state has the ability to pledge or sell the collateral. Corresponding liabilities are recorded in GL Code 5197.
- 1218 Investments with OST Separately Managed Agency Account  
This GL code is used to record agency investment of surplus funds with OST in the Separately Managed State Agency Investment Account. Statewide, all GL Codes 1218 and 5258 are to be in balance.
- 1219 Investments in Commingled Trust Funds (SIB Only)



## State Administrative and Accounting Manual

### GL CODE      GENERAL LEDGER CODE DESCRIPTION

This GL code is used to record cash contributions of nonagency type funds to commingled trust funds. At the end of a fiscal year, this GL code is to equal zero.

1220      Unamortized Premiums on Investments

This GL code is used to record that portion of the excess of the amount paid for securities over their face value that has not yet been amortized.

1230      Unamortized Discounts on Investments

This GL code is used to record that portion of the excess of the face value of securities over the amount paid for them that has not yet been amortized.

1240      Restricted Cash and Investments – Noncurrent

This GL code is used to record cash and investments held by escrow agents and trustees that are restricted and will not be used in current operations. Examples include amounts held pursuant to an advance refunding agreement; amounts restricted by debt covenant for the acquisition or construction of noncurrent assets; or amounts held in trust pursuant to a third party agreement that will not be used in current operations.

1271      Commingled Trust Funds Investments (SIB Only)

This GL code is used solely in commingled trust funds to record the value of long-term securities and real estate held for the production of income.

1272      Commingled Trust Funds Unamortized Premiums on Investments (SIB Only)

This GL code is used solely in commingled trust funds to record that portion of the excess of amounts paid for securities over their face value that has not yet been amortized.

1273      Commingled Trust Funds Unamortized Discounts on Investments (SIB Only)

This GL code is used solely in commingled trust funds to record that portion of the excess of the face value of securities over amounts paid for them that has not yet been amortized.

1278      Commingled Trust Funds Valuation Allowance - Investments (SIB Only)

This GL code is used solely in commingled trust funds to record fair value changes in investments in workers' compensation and pension trust funds. This GL code is not to be used in funds with investments accounted for on a cost basis.

1280      Valuation Allowance - Investments

This GL code is used to record fair value changes (increases and decreases) relating to investments.

### 1300 - SHORT-TERM RECEIVABLES

Receivables that are due or expected to be collected within one year.



## State Administrative and Accounting Manual

### GL CODE      GENERAL LEDGER CODE DESCRIPTION

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

**1311      Taxes Receivable**

The balance of this GL code represents the uncollected portion of taxes receivable, including associated interest and penalty charges.

**1312      Accounts Receivable**

The balance of this GL code represents amounts owed on open accounts from private individuals or organizations for goods and services furnished by the state. Although taxes receivable are forms of accounts receivable, they are to be recorded and reported separately in either GL Code 1311 or 1328.

**1313      Notes Receivable**

The balance of this GL code represents the uncollected portion of notes receivable. A note is defined as an unconditional written promise, signed by the maker, to pay a certain sum of money on demand or at a fixed or determinable future time either to the bearer or to the order of a person designated therein. Notes receivable may be held by the state as a designated payee or by endorsement.

**1314      Loans Receivable**

The balance of this GL code represents the uncollected portion of loans receivable. Loans are defined as amounts which have been loaned to individuals or organizations external to the state, including notes taken as security for such loans.

**1315      Commingled Trust Funds Interest Receivable (SIB Only)**

The balance of this GL code represents the amount of interest receivable on commingled trust funds investments.

**1316      Interest and Dividends Receivable**

The balance of this GL code represents the amount of interest and dividends receivable on investments.

**1317      Other Interest Receivable**

The balance of this GL code represents the amount of interest receivable on state contract and loan programs.

**1318      Unbilled Receivables**

The balance of this GL code represents the estimated amount of accounts receivable not yet billed to recipients of government goods and services.

**1319      Other Receivables**

The balance of this GL code represents other receivables billed or supported by other evidence of indebtedness.

**1320      Donations/Pledges Receivable**

The balance of this GL code represents the amount of private donation pledges due within one year where the eligibility requirements are met and the promise is verifiable, and the resources are measurable and probable of collection.



## State Administrative and Accounting Manual

### GL CODE      GENERAL LEDGER CODE DESCRIPTION

1321      Lease Receivable

The balance of this GL code represents the uncollected portion of leases receivable for state assets leased to individuals or organizations external to the state.

1323      Investment Trades Pending Receivable

This GL code is used to record the value of the pending proceeds due at settlement date for investment sales recorded on a trade date basis.

1324      Salaries and Fringe Benefits Receivable

The balance of this GL code represents receivables due from individuals or organizations for salaries and fringe benefits.

1328      Tax Liens Receivable

The balance of this GL code represents legal claims against property which have been exercised because of nonpayment of delinquent taxes, interest, and penalties. Amounts accumulated in this GL code include delinquent taxes, interest and penalties receivable thereon, and costs of converting delinquent taxes into tax liens.

### **1340 - ALLOWANCE FOR UNCOLLECTIBLE SHORT-TERM RECEIVABLES**

The balances of these allowance accounts are equal to the sum of the amounts estimated to be uncollectible from the current receivable accounts described above. A net receivable balance is reported on the financial statements by deducting the allowance from the receivable balance.

1341      Allowance for Uncollectible Taxes Receivable

The balance of this GL code represents the portion of taxes receivable that is estimated will never be collected.

1342      Allowance for Uncollectible Accounts Receivable

The balance of this GL code represents the portion of accounts receivable that is estimated will never be collected.

1343      Allowance for Uncollectible Notes Receivable

The balance of this GL code represents the portion of notes receivable that is estimated will never be collected.

1344      Allowance for Uncollectible Loans Receivable

The balance of this GL code represents the portion of loans receivable that is estimated will never be collected.

1345      Allowance for Uncollectible Lease Receivable



## State Administrative and Accounting Manual

### GL CODE      GENERAL LEDGER CODE DESCRIPTION

The balance of this GL code represents the portion of leases receivable that is estimated will never be collected.

1346      Allowance for Uncollectible Interest Receivable on Investments

The balance of this GL code represents the portion of interest receivable on investments which is estimated will never be collected.

1347      Allowance for Uncollectible Other Interest Receivable

The balance of this GL code represents the portion of interest receivable on assets other than taxes and investments which is estimated will never be collected.

1348      Allowance for Uncollectible Tax Liens Receivable

The balance of this GL code represents the portion of tax liens receivable that is estimated will never be collected.

1349      Allowance for Uncollectible Other Receivables

The balance of this GL code represents the portion of other receivables which is estimated will never be collected.

### **1350 - SHORT-TERM INTERGOVERNMENTAL AND INTRAGOVERNMENTAL RECEIVABLES**

1350      Due from Other Funds - Advances

The balance of this GL code represents advances due from other funds within an agency. This GL code is to be accompanied by a valid fund code in the general ledger subsidiary. Within an agency, all GL Codes 1350 and 5150 are to equal each other.

1351      Due from Federal Government

The balance of this GL code represents amounts due from federal agencies.

1352      Due from Other Governments

The balance of this GL code represents amounts due from counties, municipalities, school districts, other local units of government, Indian tribes, and other states.

1353      Due from Other Funds

The balance of this GL code represents amounts due from other funds within an agency. This GL code is to be accompanied by a valid fund code in the general ledger subsidiary. Within an agency, all GL Codes 1353 and 5153 are to equal each other.

1354      Due from Other Agencies

The balance of this GL code represents amounts due from other state agencies. This GL code is to be accompanied by a valid state agency code in the general ledger subsidiary. Statewide, all GL Codes 1354 and 5154 are to be in balance; therefore, every effort should be made to communicate with the other state agencies involved.





## State Administrative and Accounting Manual

### GL CODE      GENERAL LEDGER CODE DESCRIPTION

- 1355      Due from Other Funds – Pooled Cash and Investments  
The balance of this GL code represents amounts due from a fund within an agency into which surplus cash balances from other funds have been pooled for the purpose of making investments. Within an agency, all GL Codes 1355 and 5155 are to equal each other.
- 1359      Due from Component Units  
The balance of this GL code represents amount due from the state's discrete component units, for example the state's financing authorities.

### **1380 and 1390 - OTHER SHORT-TERM RECEIVABLES**

- 1381      Premium Estimated Receivables  
The balance of this GL code represents the current portion of the estimate of premiums due for industrial insurance and family and medical leave insurance.
- 1382      L & I Self Insurance Receivables  
The balance of this GL code represents the current portion of workers compensation amounts due from self-insured employers.
- 1383      Travel Advances  
The balance of this GL code represents the amount of outstanding travel advances.

### **1400 - INVENTORIES**

- 1410      Consumable Inventories  
The balance of this GL code represents the cost (or fair value if donated) of inventories of consumable materials, supplies, and foodstuffs.
- 1415      Donated Inventories  
The balance of this GL code represents the value of inventoriable federally donated commodities and other donated inventoriable items.
- 1420      Merchandise Inventories  
The balance of this GL code represents the cost of goods held for resale rather than for use in operations.
- 1430      Work-in-Process Inventories  
The balance of this GL code represents the value of items of tangible personal property that are in process of production for sale in the ordinary course of business.
- 1440      Raw Materials Inventories



## State Administrative and Accounting Manual

### GL CODE      GENERAL LEDGER CODE DESCRIPTION

The balance of this GL code represents the value of items of tangible personal property that are to be currently consumed either directly or indirectly in the production of goods or services to be available for sale.

1450      Livestock

The balance of this GL code represents the cost of livestock that are to be consumed either directly or indirectly in the production of goods or services to be available for sale (excludes educational, laboratory and research animals).

### **1500 - PREPAID EXPENSES**

1510      Prepaid Expenses

The balance of this GL code represents the amount of disbursements made for benefits not yet received. Prepaid expenses differ from deferred charges in that prepaid expenses are spread over a shorter period of time and are regular recurring costs of operations.

### **1600 - LONG-TERM RECEIVABLES**

Long-Term Receivables are those which are not due or expected to be collected within 12 months.

1611      Taxes Receivable

The balance of this GL code represents the long-term portion of taxes and tax liens receivable, including the associated interest and penalty charges.

1614      Loans Receivable

The balance of this GL code represents the long-term portion of loans receivable.

Loans are defined as amounts which have been loaned to individuals or organizations external to the state, including notes taken as security for such loans.

1615      Allowance for Forgivable Loans - Nonprofits

The balance of this GL code offsets forgivable loans to nonprofit organizations.

1619      Other Receivables

The balance of this GL code represents long-term other receivables billed or supported by other evidences of indebtedness.

1620      Donations/Pledges Receivable



## State Administrative and Accounting Manual

### GL CODE      GENERAL LEDGER CODE DESCRIPTION

The balance of this GL code represents the long-term amount of private donation pledges not due within twelve months where the eligibility requirements are met and the promise is verifiable, and the resources are measurable and probable of collection.

1621      Lease Receivable

The balance of this GL code represents the long-term portion of leases receivable for state assets leased to individuals or organizations external to the state.

1629      Present Value Allowance (SAC Only)

This GL code is used to record an offset to GL Code 1619 Other Receivables in accordance with GASB Statement No. 62 to report the actuarial present value of Other Receivables.

### **1640 - ALLOWANCE FOR UNCOLLECTIBLE LONG-TERM RECEIVABLES**

The balances of these allowance accounts are equal to the sum of the amounts estimated to be uncollectible from the long-term receivable accounts described above. A net receivable balance is reported on the financial statements by deducting the allowance from the receivable balance.

1641      Allowance for Uncollectible Taxes Receivable

The balance of this GL code represents the portion of long-term taxes and tax liens receivable that is estimated will never be collected.

1644      Allowance for Uncollectible Loans Receivable

The balance of this GL code represents the portion of long-term loans receivable that is estimated will never be collected.

1645      Allowance for Uncollectible Lease Receivable

The balance of this GL code represents the portion of long-term leases receivable that is estimated will never be collected.

1649      Allowance for Uncollectible Other Receivables

The balance of this GL code represents the portion of long-term other receivables that is estimated will never be collected.

### **1650 - LONG-TERM INTERGOVERNMENTAL AND INTRA-GOVERNMENTAL RECEIVABLES**

1651      Due from Federal Government

The balance of this GL code represents long-term amounts due from federal agencies.

1652      Due from Other Governments



## State Administrative and Accounting Manual

### GL CODE      GENERAL LEDGER CODE DESCRIPTION

The balance of this GL code represents long-term amounts due from counties, municipalities, school districts, other local units of government, Indian tribes, and other states.

1653      Due from Other Funds

The balance of this GL code represents long-term amounts due from other funds within an agency. This GL code is to be accompanied by a valid fund code in the general ledger subsidiary. Within an agency, all GL Codes 1653 and 5253 are to equal each other.

1654      Due from Other Agencies

The balance of this GL code represents long-term amounts due from other state agencies. This GL code is to be accompanied by a valid state agency code in the general ledger subsidiary. Statewide, all GL Codes 1654 and 5254 are to be in balance; therefore, every effort should be made to communicate with the other state agencies involved.

1655      Allowance for Forgivable Loans – Other Governments

The balance in this GL code offsets the amount of forgivable loans to other governments.

1659      Due from Component Units

The balance of this GL code represents amounts due from the state's discrete component units, for example the state's financing authorities.

1667      Due from Other Funds – Internal Lending (UW Only)

The balance of this GL code represents amounts due from the University of Washington (UW) internal lending program for central borrowing to the business unit/department/auxiliary activity. Within the UW, GL Codes 1667, 5167, and 5267 are to equal each other.

### 1800 - GENERAL LONG-TERM OBLIGATIONS VALUATION

1810      Amount Available in Debt Service Funds

The balance of this GL code represents the amount of fund balance available in debt service funds for the retirement of general long-term obligations. The balance is recorded in the General Long-Term Obligations Subsidiary Account.

1820      Amount to be Provided for Retirement of Long-Term Obligations

The balance of this GL code represents the amount to be provided from taxes or other general revenues to retire outstanding general long-term obligations. The balance is recorded in the General Long-Term Obligations Subsidiary Account.

### 1900 - OTHER ASSETS

1910      Unamortized Discounts on Bonds Sold



# State Administrative and Accounting Manual

## GL CODE GENERAL LEDGER CODE DESCRIPTION

The balance of this GL code represents the original issue discount (OID) on the sale of bonds that remains to be amortized over the remaining life of the bonds. This GL code is used when OID is material in proprietary and trust funds as well as for government-wide reporting (which use the economic resources measurement focus and accrual basis of accounting). Governmental funds (which use the modified accrual basis of accounting and current financial resources measurement focus) record OID to GL Code 3210 Revenue Source Code 0862 "Original Issue Discount - Bonds."

### 1911 Unamortized Discounts on Certificates of Participation

The balance of this GL code represents the original issue discount (OID) on the sale of certificates of participation (COP) that remains to be amortized over the remaining life of the COP. This GL code is used when OID is material in proprietary and trust funds as well as for government-wide reporting (which use the economic resources measurement focus and accrual basis of accounting). Governmental funds (which use the modified accrual basis of accounting and current financial resources measurement focus) record OID to GL Code 3221 Revenue Source Code 0868 "Original Issue Discount - COPs."

### 1919 Other Noncurrent Assets

This GL code is used to record other noncurrent assets such as unamortized bond insurance costs.

### 1950 Investment in Joint Ventures

This GL code is used to record explicit, measurable equity interests in joint ventures.

### 1960 Restricted Net Pension Asset

The balance of this GL code represents the state's proportionate share of overfunded defined benefit pension plans.

## 1970 - DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of net position by the state that is applicable to a future reporting period.

### 1971 Deferred Outflows on COP Refundings

The balance of this GL code represents the remaining difference (debit balance) between the proceeds of the refunding (new) COP and the net carrying value of the refunded (old) COP. The deferred charge is amortized using GL code 6512 in proprietary accounts and GL code 6593 in the General Long-Term Obligations Subsidiary Account with Subobject WB "Amortization."

### 1972 Deferred Outflows on Bond Refundings



## State Administrative and Accounting Manual

GL CODE	GENERAL LEDGER CODE DESCRIPTION
	<p>The balance of this GL code represents the remaining difference (debit balance) between the proceeds of the refunding (new) bonds and the net carrying value of the refunded (old) bonds. The deferred charge is amortized using GL code 6512 in proprietary accounts and GL code 6593 in the General Long-Term Obligations Subsidiary Account with Subobject WB "Amortization."</p>
1973	<p>Deferred Outflows on Hedging Derivative Instruments</p> <p>The balance of this GL code represents the decrease in fair value of hedging derivative instruments where the hedged items are neither assets nor liabilities reported at fair value.</p>
1974	<p>Deferred Outflows on Pensions</p> <p>The balance of this GL code represents deferred outflows of resources related to pensions arising from certain changes in the net pension liability. Amounts deferred are amortized through pension expense using subobject BP "Net Pension Liability Adjustment (Proprietary Accounts Only)" or WP "Net Pension Liability Adjustment (General Long-Term Obligations Subsidiary Account Only)."</p>
1975	<p>Deferred Outflows on Other Postemployment Benefits</p> <p>The balance of this GL code represents deferred outflows of resources related to other postemployment benefits (OPEB) arising from certain changes in the net OPEB liability. Amounts deferred are amortized through OPEB expense using subobject BR "Other Postemployment Benefits Expense (Proprietary Accounts Only)" or WR "Other Postemployment Benefits Expense (General Long-Term Obligations Subsidiary Account Only)."</p>
1976	<p>Deferred Outflow on Asset Retirement Obligations</p> <p>The balance of this GL code represents deferred outflows of resources related to asset retirement costs for resources that will be needed to permanently remove a tangible asset from service.</p> <p>The deferred charge is amortized using GL code 6512 in proprietary accounts and GL code 6599 in the General Long-Term Obligations Subsidiary Account with Subobject WG "Asset Retirement Obligation Expense."</p>

### 2000 - CAPITAL ASSETS



# State Administrative and Accounting Manual

## GL CODE GENERAL LEDGER CODE DESCRIPTION

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

Capital assets of the state include land, infrastructure, improvements to land, buildings, leasehold improvements, vehicles, furnishings, equipment, collections, and all other tangible and intangible assets that are used in state operations.

General Ledger accounts are assigned to the following types of capital assets that meet the state's capitalization policy:

- Non-Depreciable Capital Assets
- Depreciable Capital Assets

### 2100 - NON-DEPRECIABLE CAPITAL ASSETS

#### 2110 Land

The balance of this GL code represents the original cost, or estimated value at time of donation, of land owned by the state. Land also includes land use rights with indefinite useful lives, such as easements, mineral, timber, and water rights, acquired with the purchase of the underlying land.

#### 2120 Transportation Infrastructure – Modified Approach

The balance of this GL code represents the cost of the state highway system operated by the Department of Transportation. These assets normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets, and include roads, bridges, tunnels, and drainage systems related to roads. Infrastructure included in this category use the modified approach to depreciation. (Depreciable transportation infrastructure and all other infrastructure assets are categorized under "Infrastructure" GL Code 2370).

#### 2130 Art Collections, Library Reserve Collections, and Museum and Historical Collections

The balance of this GL code represents the cost of individual works of art or a group of original art works, documents and books with historical or literary significance, and artifacts. The items in this category have useful lives that are not diminished over time and meet the criteria for a non-capitalizable collection (refer to Subsection 30.20.22.a), but are capitalized at the discretion of the agency.

#### 2140 Intangible Assets with Indefinite Useful Lives

The balance of this GL code represents the cost of purchased or constructed intangible assets for which there are no factors that limit the useful life of the asset such as permanent easements or water rights not acquired with a land purchase. Refer to GL Code 2470 "Intangible Assets with Definite Useful Lives" and GL 2110 "Land."



# State Administrative and Accounting Manual

## GL CODE GENERAL LEDGER CODE DESCRIPTION

### 2200 - BUILDINGS

#### 2210 Buildings and Building Improvements

The balance of this GL code represents the cost of permanent buildings and any capitalized improvements to such buildings. It does not include furniture, fixtures, or other equipment not an integral part of the building, or leasehold improvements that are separately categorized.

#### 2220 Allowance for Depreciation – Buildings

The balance of this GL code represents accumulated credits made to reflect the expiration of the estimated service life of buildings. Buildings may be depreciated either as a whole or by individual component.

### 2300 - IMPROVEMENTS OTHER THAN BUILDINGS, LEASEHOLD IMPROVEMENTS, AND INFRASTRUCTURE

#### 2310 Improvements other than Buildings

The balance of this GL code represents the cost of permanent improvements which add value to land such as fences, retaining walls, etc.

#### 2320 Allowance for Depreciation – Improvements other than Buildings

The balance of this GL code represents accumulated credits made to reflect the expiration of the estimated service life of assets capitalized as improvements other than buildings.

#### 2350 Leasehold Improvements

The balance of this GL code represents the cost of buildings, structural alterations, and improvements added to leased property.

#### 2360 Allowance for Depreciation – Leasehold Improvements

The balance of this GL code represents accumulated credits made to reflect the expiration of the estimated service life of the leasehold improvements, or the remaining term of the lease, whichever is shorter.

#### 2370 Infrastructure

The balance of this GL code represents the cost of depreciable long-lived capital assets that normally are stationary in nature and preserved for a significantly greater number of years than most capital assets. Examples include roads, bridges, sidewalks, lighting systems, and water and sewer systems. Infrastructure included in this category may not use the modified approach to depreciation. Refer to GL Code 2120 "Transportation Infrastructure – Modified Approach."

#### 2380 Allowance for Depreciation – Infrastructure

The balance of this GL code represents accumulated credits made to reflect the expiration of the estimated service life of infrastructure.





# State Administrative and Accounting Manual

## GL CODE      GENERAL LEDGER CODE DESCRIPTION

### **2400 - FURNISHINGS, EQUIPMENT, COLLECTIONS, AND INTANGIBLES**

#### 2410      Furnishings and Equipment

The balance of this GL code represents the acquisition cost of furnishings, equipment, and other tangible property not included elsewhere with a useful life of more than one year.

#### 2420      Allowance for Depreciation – Furnishings and Equipment

The balance of this GL code represents accumulated credits made to reflect the expiration of the estimated service life of assets capitalized as furnishings and equipment.

#### 2430      Library Resources

The balance of this GL code represents the cost of items that are loaned out, such as books, periodicals, and microfilm, that become unusable or dated and require replacement. These are items whose useful lives are diminished by display, educational or research applications, or use.

This does not include certain library reserve collections with historical or literary significance where specific criteria have been met and whose useful lives are not diminished over time. Refer to Subsection 30.20.22.a.

#### 2440      Allowance for Depreciation – Library Resources

The balance of this GL code represents accumulated credits made to reflect the expiration of the estimated service life of library resources.

#### 2450      Art Collections, Library Reserve Collections, and Museum and Historical Collections

The balance of this GL code represents the cost of individual works of art or a group of items of original art work, documents and books with historical or literary significance, and artifacts whose useful lives diminish over time by display or educational or research applications. This would include items subject to deterioration due to weather.

This does not include certain art collections, library reserve collections, or museum and historical collections where specific criteria have been met and whose useful lives are not diminished over time. Refer to Subsection 30.20.22.a.

#### 2460      Allowance for Depreciation – Art Collections, Library Reserve Collections, and Museum and Historical Collections

The balance of this GL code represents accumulated credits made to reflect the expiration of the estimated service life of art collections, library reserve collections, and museum and historical collections.

#### 2470      Intangible Assets with Definite Useful Lives



# State Administrative and Accounting Manual

## GL CODE GENERAL LEDGER CODE DESCRIPTION

The balance of this GL code represents the costs of purchased or internally developed intangible assets for which there are factors that limit the useful life of the asset. Factors that could limit the useful life of an intangible asset include legal, contractual, regulatory, technological, or impairment of use. Examples include software, patents, trademarks and copyrights. Refer to GL Code 2140 "Intangible Assets with Indefinite Useful Lives."

2480 Allowance for Amortization – Intangible Assets

The balance of this GL code represents accumulated credits made to reflect the expiration of the estimated service life of intangible assets.

### 2500 - CONSTRUCTION IN PROGRESS

2510 Construction in Progress

The balance of this GL code represents the cost of construction work undertaken but not yet substantially completed, accepted, and placed into service.

### 2600 - INTANGIBLE RIGHT-TO-USE LEASE CAPITAL ASSETS

2610 Lease Asset – Land

The balance of this GL code represents the present value of the minimum payments expected to be made, at agreement inception, for the state's right to use another entity's land.

2620 Allowance for Amortization – Land Lease Asset

The balance of this GL code represents accumulated credits made to reflect the decrease in the useful life of the right to use the underlying asset over the lease term.

2630 Lease Asset – Building

The balance of this GL code represents the present value of the minimum payments expected to be made, at agreement inception, for the state's right to use another entity's building or structure.

2640 Allowance for Amortization – Building Lease Asset

The balance of this GL code represents accumulated credits made to reflect the decrease in the useful life of the right to use the underlying asset over the lease term.

2650 Lease Asset – Equipment



# State Administrative and Accounting Manual

## GL CODE GENERAL LEDGER CODE DESCRIPTION

The balance of this GL code represents the present value of the minimum payments expected to be made, at agreement inception, for the state's right to use another entity's equipment or other assets not specified elsewhere.

### 2660 Allowance for Amortization –Equipment Lease Asset

The balance of this GL code represents accumulated credits made to reflect the decrease in the useful life of the right to use the underlying asset over the lease term.

## 3000 - REVENUES AND OTHER FINANCING SOURCES

### 3100 - ESTIMATED REVENUES

#### 3110 Approved Estimated Revenues

The balance of this GL code represents revenues estimated to be received during the biennium. Approved means OFM has reviewed and approved these estimates.

#### 3198 Estimated Revenue – Original

The balance of this GL code represents original budget revenues estimated to be received during the biennium.

### 3200 - ACTUAL REVENUES

#### 3205 Accrued Revenues

This GL code is used to record accrued revenues when the GAAP revenue recognition criteria, pertinent to the fund type, is met. This GL code is to be used with an offsetting entry to the appropriate receivable or liability account.

#### 3210 Cash Revenues

This GL code is used to record all revenue receipts including undeposited receipts received from July 1 to June 30. This GL code may also be used by unique AFRS agencies to record accrued revenues during the year but is to be adjusted at year-end to reflect only revenues actually received.

#### 3213 Gains and Losses on Sales of Capital Assets

This GL code is used to record differences between the net book value of capital assets and the actual compensation received in disposing of the assets. Revenue source code 0418 "Gains and Losses on Sales of Capital Assets" is to be used with this GL code. (Used only in enterprise, internal service, and pension trust funds.)

#### 3215 Immaterial Adjustments to Prior Periods



## State Administrative and Accounting Manual

### GL CODE GENERAL LEDGER CODE DESCRIPTION

This GL code is used to record adjustments to beginning fund equity accounts that are less than the materiality criteria for the particular "GAAP Roll-Up Fund." The GL code is also used to record the liquidation of over-estimated accrued expenditures. Revenue source code 0485 "Immaterial Prior Period Adjustments," or revenue source code 0486 "Recoveries of Prior Expenditure Authority Expenditures," is to be used with this GL code, respectively.

#### 3220 Noncash Revenues

This GL code is used to record all noncash revenues (e.g., amortization of premiums and/or discounts on investments; changes in the fair value of investments). This code is not to be used for revenue that will be received in cash in a future period.

#### 3221 Other Financing Sources

This GL code is used to record all other financing sources, such as acquisitions of capital assets through lease agreements or certificates of participation (COPs). Generally, an offsetting entry to GL Code 6514 is to be made. This code is used only in governmental funds. In most cases, GL Code 3221 should equal GL Code 6514.

#### 3225 Revenue Adjustments/Eliminations (GAAP)

This GL code is used in allotted funds when a difference occurs in GAAP and budgetary recording of an accounting event. For example, when recording the sale of a capital asset in an allotted enterprise fund, it is necessary to debit cash and accumulated depreciation and credit the capital asset, then debit or credit, as appropriate, GL Code 3213. For budgetary reporting, it is also necessary to debit this GL code and credit GL Code 3210 for the cash received.

#### 3260 Estimated Accrued Revenues

This GL code is used at the end of the biennium to record accrued revenues when GAAP revenue criteria pertaining to the fund type is met but the exact amount is not known.

### 4300 - CASH IN CUSTODY OF STATE TREASURER

#### 4310 Current Treasury Cash Activity (OST Only)

This GL code is used to record all treasury cash activity within a biennium that has been recorded by the State Treasurer. The in-process control accounts (GL Code series 7XXX) are to be used for cash activity that has occurred as of June 30, but has not been recorded by the State Treasurer.

#### 4315 Warrants Outstanding (OST Only)

This GL code is used to record warrants issued by agencies that have not been redeemed by the State Treasurer, canceled by the agency, or canceled by the Statute of Limitations.

#### 4320 Beginning Treasury Cash Balance Administering Agency (OFM Only)



# State Administrative and Accounting Manual

## GL CODE GENERAL LEDGER CODE DESCRIPTION

This GL code is used to record warrants issued by agencies that have not been redeemed by the State Treasurer, canceled by the agency, or canceled by the Statute of Limitations.

### 4325 Beginning Treasury Cash Balance – Agency

This is a system-generated GL code that represents the portion of the prior biennium's June 30 ending treasury cash balance for an account that pertains to a particular reporting state agency. The balance of this GL code is included in GL Code 4320, "Beginning Treasury Cash Balance," on the administering agency's general ledger. A system generated offsetting credit to GL Code 4325 is also provided on the administering agency's general ledger to avoid overstating beginning cash in the fund. Therefore, at the fund level all amounts in GL Code 4325 are to net out to a zero balance. All corrections to GL Code 4325 are to be made by the fund's administering agency to adjust the cash balances of both the administering and/or other agencies. GL Code 4325 does not apply to local cash in agency funds outside the State Treasury.

## 5000 - LIABILITIES

### 5100 - SHORT-TERM LIABILITIES

Short-term liabilities generally are those that are expected to be paid within twelve months.

#### 5111 Accounts Payable

The balance of this GL code represents the amounts owing on open accounts for goods and services received by June 30.

#### 5112 Interest Payable

The balance of this GL code represents the amount of interest owed on accounts and contracts payable.

#### 5113 Claims and Judgments Payable

The balance of this GL code represents actual or estimated amounts owed as the result of court decisions or administrative actions.

#### 5114 Annuities Payable (LOT Only)

The balance of this GL code represents the short-term portion of lottery prize annuities payable.

#### 5115 Contracts Payable

The balance of this GL code represents the amount of obligations for contracts outstanding and payable.

#### 5116 Retained Percentages Payable



## State Administrative and Accounting Manual

### GL CODE

### GENERAL LEDGER CODE DESCRIPTION

The balance of this GL code represents the percentage of the total contract price that is not paid pending final inspection or the lapse of a specified time period.

5117 Construction Contracts Payable

The balance of this GL code represents amounts due on contracts for the construction of buildings and other improvements.

5118 Current Benefits Claims Payable

The balance of this GL code represents the current portion of the following: the actuarial present value of workers' compensation liability to pay future industrial insurance claims and similar benefits to qualifying individuals sustaining work-related injuries; family and medical leave liability to pay future family and medical leave benefits to qualifying individuals.

5119 Employee Insurance Benefits Payable

The balance of this GL code represents the actuarial value of employee insurance claims payable by the Health Care Authority.

### 5120, 5130, and 5140 - SHORT-TERM ACCRUED LIABILITIES

5121 Matured Bonds Payable

The balance of this GL code represents amounts of unpaid bonds that have reached or passed maturity date.

5122 Matured Interest Payable

The balance of this GL code represents amounts of payable but unpaid interest on bonds.

5123 Investment Trades Pending Payable

This GL code is used to record the amount due for investment acquisitions between trade date and settlement date.

5124 Accrued Salaries and Fringe Benefits Payable

The balance of this GL code represents salaries and fringe benefits earned but not paid.

5125 Accrued Vacation Leave Payable

The balance of this GL code represents salaries and associated payroll related payments for the amount of vacation leave owed but not paid

5126 Accrued Prizes Payable (LOT Only)

The balance of this GL code represents amounts of potential lottery prizes payable for all outstanding tickets distributed.

5127 Accrued Sick Leave Payable

The balance of this GL code represents salaries and associated payroll related payments for the estimated amount of accumulated sick leave that is probable the state will cash out.



## State Administrative and Accounting Manual

GL CODE	GENERAL LEDGER CODE DESCRIPTION
5128	Accrued Compensatory Time Payable The balance of this GL code represents salaries and associated payroll related payments for the amount of compensatory time owed but not paid.
5130	Due to Fiscal Agents The balance of this GL code represents amounts due to fiscal agents.
5140	Due to Terminated Employees The balance of this GL code represents amounts due to members of a public employee's retirement system who have resigned, or who have been terminated for reasons other than death, prior to retirement.
5145	Due to Deceased Employees' Estates The balance of this GL code represents amounts due to estates of deceased employees.
5148	L & I Retrospective Program Estimated Premium Refund Payables The balance of this GL code represents the current portion of the actuarial estimate of premiums due back to employers participating in the program.
5149	L & I Claims Administration Expense Payable The balance of this GL code represents the current portion of the actuarial estimate of the workers' compensation liability to pay future administration expenses for operating the workers' compensation plan.
<b>5150 - SHORT-TERM INTERGOVERNMENTAL AND INTRAGOVERNMENTAL PAYABLES</b>	
5150	Due to Other Funds – Advances The balance of this GL code represents advances due to other funds within an agency. This GL code is to be accompanied by a valid fund code in the general ledger subsidiary. Within an agency, all GL Codes 1350 and 5150 are to equal each other.
5151	Due to Federal Government The balance of this GL code represents obligations due to federal agencies.
5152	Due to Other Governments The balance of this GL code represents obligations due to counties, municipalities, school districts, other local units of governments, Indian tribes, and other states.
5153	Due to Other Funds The balance of this GL code represents amounts due to other funds within an agency. This GL code is to be accompanied by a valid fund code in the general ledger subsidiary. Within an agency, all GL Codes 1353 and 5153 are to equal each other.
5154	Due to Other Agencies





## State Administrative and Accounting Manual

### GL CODE      GENERAL LEDGER CODE DESCRIPTION

The balance of this GL code represents amounts due to other state agencies. This GL code is to be accompanied by a valid state agency code in the general ledger subsidiary. Statewide, all GL Codes 1354 and 5154 are to be in balance; therefore, every effort should be made to communicate with the other state agencies involved.

5155      Due to Other Funds – Pooled Cash and Investments

The balance of this GL code represents amounts due to other funds within an agency that pooled their surplus cash balances into a single fund for the purpose of making investments. Within an agency, all GL Codes 1355 and 5155 are to equal each other.

5156      Due to Owner Funds – Local Government Investment Pool (OST Only)

The balance of this GL code represents amounts on deposit with the Local Government Investment Pool that are due to owner funds. Statewide all GL Codes 1206 and 5156 are to be in balance.

5157      Due to Owner Funds – Commingled Trust Funds Investment Income (SIB Only)

The balance of this GL code represents cash and noncash investment income recorded in commingled trust funds that are due to owner funds.

5158      Due to Department of Revenue – Taxes

The balance of this GL code represents taxes collected but not reported to the Department of Revenue. This GL code is to be used in lieu of GL Code 5154 and is not to be accompanied by an entry in the general ledger subsidiary.

5159      Due to Primary Government

The balance of this GL code represents amounts due from the state's discrete component units to the primary government of the state.

### 5160 - SHORT-TERM BONDS PAYABLE

5161      General Obligation (GO) Bonds Payable

The balance of this GL code represents the principal portion of bonds maturing within one year that are secured by an unconditional pledge of the full faith and credit and taxing power of the state.

5162      Revenue Bonds Payable

The balance of this GL code represents the principal portion of bonds maturing within one year that are secured by specific sources of revenue and do not involve a pledge of the full faith and credit of the state.

5163      Limited Obligation Bonds Payable

The balance of this GL code represents the principal portion of bonds maturing within one year and payable from dedicated revenues.

5164      Zero-Coupon GO Bonds Payable





## State Administrative and Accounting Manual

### GL CODE      GENERAL LEDGER CODE DESCRIPTION

The balance of this GL code represents the issue value maturing within one year.

5165      Zero-Coupon Bonds - Accreted Interest Payable

The balance of this GL code represents the accreted interest on zero-coupon bonds maturing within one year.

5167      General Revenue Bonds Payable – Internal Lending (UW Only)

The balance of this GL code represents the outstanding principal on bonds maturing with one year that are payable from University of Washington (UW) general revenues. These amounts are due to the internal lending program for central borrowing from the business unit/department/auxiliary activity. Within the UW, GL Codes 1667, 5167, and 5267 are to equal each other.

5169      Other Bonds Payable

The balance of this GL code represents the principal portion of bonds maturing within one year and not classifiable under any of the other bond payable general ledger accounts.

### 5170 - SHORT-TERM INSTALLMENTS AND LEASES PAYABLE

5171      Installment-Purchase Contracts Payable

The balance of this GL code represents the current portions of the present value of total future stipulated payments on installment-purchase contracts.

5172      Lease-to-Own Agreements Payable

The balance of this GL code represents the current portions of the present value of total future stipulated payments on lease-to-own agreements.

5173      Certificates of Participation/Notes Payable

The balance of this GL code represents the portion of the certificates of participation payable issued through the Office of State Treasurer for qualifying asset purchases under 39.94 RCW that are maturing within one year.

5174      Right-to-Use Lease Liability

The balance of this GL code represents the current portion of the present value of total future payments of the right to use another entity's asset, other than subscription-based information technology.

### 5180 and 5190 - OTHER SHORT-TERM LIABILITIES

5180      Paid Family and Medical Leave Deductions Payable

The balance in this GL code represents the employer's share and amounts deducted from employees' pay for paid family and medical leave premiums and surcharges.

5181      Employee Insurance Deductions Payable



## State Administrative and Accounting Manual

GL CODE	GENERAL LEDGER CODE DESCRIPTION
	The balance in this GL code represents amounts held for purchase of employee medical insurance. The money is derived from employee payroll deductions and the state's share of health insurance premiums.
5182	EBT Authorized Benefits Payable
	The balance in this GL code represents EBT benefits that have been authorized but have not yet been paid.
5183	Long-Term Support Services Deductions Payable
	The balance in this GL code represents amounts deducted from employees' pay for long-term support services premiums.
5184	Tuition Benefits Payable
	The balance in this GL code represents the short-term portion of amounts held for the purchase of tuition units under the advanced college tuition payment program.
5185	Net Pension Liability
	The balance of this GL code represents the short-term portion of the state's proportionate share of the liability to retirees, beneficiaries, terminated employees, and current covered employees entitled to benefits provided through defined benefit pension plans.
5186	Other Postemployment Benefits Liability
	The balance of this GL code represents the short-term portion of the state's liability for other postemployment benefits (OPEB) provided to retirees.
5187	Industrial Insurance and Medical Aid Deductions Payable
	The balance in this GL code represents amounts deducted from employees' pay for medical aid, and the employer share of the medical aid and industrial insurance.
5188	Savings Bond Deductions Payable
	The balance in this GL code represents amounts held for future purchases of U.S. Government Savings Bonds. The moneys are derived from miscellaneous deductions from employees' pay.
5189	Garnishment Deductions Payable
	The balance in this GL code represents amounts deducted from employees' pay for garnishments and levies and held for subsequent distribution as ordered by the courts.
5190	Unearned Revenues
	The balance of this GL code represents amounts for which the asset recognition criteria have been met, but for which the earnings process is not complete.
5191	Deposits Payable
	The balance of this GL code represents amounts payable for deposits made by customers or contractors.



## State Administrative and Accounting Manual

GL CODE	GENERAL LEDGER CODE DESCRIPTION
5193	Liability for Unclaimed Property Refunds The balance of this GL code represents the short-term portion of unclaimed property held by the state that is expected to be refunded to claimants.
5194	Liability for Canceled Warrants/Checks This GL code is used to record liabilities arising from the cancellation of warrants or checks.
5195	Deferred Expenditure Recoveries The balance of this GL code represents amounts for which the asset recognition criteria have been met, but for which the recognition criteria for the expenditure recoveries have not been met.
5196	Obligations under Reverse Repurchase Agreements This GL code is used to record liabilities arising from reverse repurchase and similar agreements.
5197	Obligations under Securities Lending Agreements This GL code is used to record the liabilities arising from securities lending agreements that require the recording of collateral cash and securities as assets.
5198	Loans Payable This GL code is used to reflect the balances of any other outstanding short-term loans payable authorized by statute to meet current obligations.
5199	Other Liabilities The balance of this GL code represents other current liabilities.

### 5200 - LONG-TERM OBLIGATIONS

Long-Term Obligations generally are those that are not expected to be paid within the next twelve months. Long-term obligations resulting from activities in proprietary and fiduciary funds are accounted for in the funds themselves. Long-term obligations in governmental funds, that are not intended to be paid from expendable available financial resources, are generally accounted for in the General Long-Term Obligations Subsidiary Account.

### 5210, 5220, and 5240 - LONG-TERM PAYABLES

5212	Zero-Coupon Bonds – Accreted Interest Payable The balance of this GL code represents the amount of interest accreted but not due within the next year on zero-coupon bonds payable.
5213	Claims and Judgments Payable The balance of this GL code represents the long-term actual or estimated amounts owed as the result of court decisions or administrative actions.



## State Administrative and Accounting Manual

GL CODE	GENERAL LEDGER CODE DESCRIPTION
5216	<p>Retained Percentages Payable</p> <p>The balance of this GL code represents the long-term percentage of the total contract price that is not paid pending final inspection or the lapse of a specified time period.</p>
5225	<p>Accrued Vacation Leave Payable</p> <p>The balance of this GL code represents the noncurrent portion of salaries and associated payroll payments for the amount of vacation leave owed but not paid.</p>
5226	<p>Annuities Payable (LOT Only)</p> <p>The balance of this GL code represents the long-term portion of lottery prize annuities payable.</p>
5227	<p>Accrued Sick Leave Payable</p> <p>The balance of this GL code represents the noncurrent portion of salaries and associated payroll related payments for the estimated amount of accumulated sick leave that is probable the state will cash out.</p>
5228	<p>Accrued Compensatory Time Payable</p> <p>The balance of this GL code represents the noncurrent portion of salaries and associated payroll payments for the amount of compensatory time owed but not paid.</p>
5247	<p>Liability for Deferred Compensation</p> <p>The balance of this GL code represents the long-term amounts payable for employee deferred compensation.</p>
5251	<p>Due to Federal Government</p> <p>The balance of this GL code represents long-term obligations due to federal agencies.</p>
5252	<p>Due to Other Governments</p> <p>The balance of this GL code represents long-term obligations due to counties, municipalities, school districts, other local units of government, Indian tribes and other states.</p>
5253	<p>Due to Other Funds</p> <p>The balance of this GL code represents long-term amounts due to other funds within an agency. This GL code is to be accompanied by a valid fund code in the general ledger subsidiary. Within an agency, all GL Codes 1653 and 5253 are to equal each other.</p>
5254	<p>Due to Other Agencies</p> <p>The balance of this GL code represents long-term amounts due to other state agencies. This GL code is to be accompanied by a valid state agency code in the general ledger subsidiary. Statewide, all GL Codes 1654 and 5254 are to be in balance; therefore, every effort should be made to communicate with the other state agencies involved.</p>



## State Administrative and Accounting Manual

GL CODE	GENERAL LEDGER CODE DESCRIPTION
5258	Due to Owner Funds – OST Separately Managed Agency Investment Account The balance of this GL code represents amounts on deposit with the OST Separately Managed State Agency Investment Account that are due to owner funds. Statewide, all GL Codes 1218 and 5258 are to be in balance.
5259	Due to Primary Government The balance in this GL code represents the long-term portion of the amounts due from the state's discrete component units to the primary government of the state.

### 5260 - LONG-TERM BONDS PAYABLE

5261	General Obligation (GO) Bonds Payable The balance of this GL code represents the outstanding principal due on bonds maturing beyond one year that are secured by an unconditional pledge of the full faith and credit and taxing power of the state.
5262	Revenue Bonds Payable The balance of this GL code represents the outstanding principal due on bonds maturing beyond one year that are secured by specific sources of revenue and do not involve a pledge of the full faith and credit of the state.
5263	Limited Obligation Bonds Payable The balance of this GL code represents the outstanding principal on bonds due beyond one year that are payable from dedicated revenues.
5264	Zero-Coupon GO Bonds Payable The balance of this GL code represents the issue value of bonds issued with a deep bond discount and due beyond one year.
5267	General Revenue Bonds Payable – Internal Lending (UW Only) The balance of this GL code represents the outstanding principal on bonds due beyond one year that are payable from University of Washington (UW) general revenues. These amounts are due to the internal lending program for central borrowing from the business unit/department/auxiliary activity. Within the UW, GL Codes 1667, 5167, and 5267 are to equal each other.
5269	Other Bonds Payable The balance of this GL code represents the outstanding principal of bonds not classified under any of the other bond payable general ledger accounts due beyond one year.

### 5270 - LONG-TERM INSTALLMENTS AND LEASES PAYABLE

5271	Installment-Purchase Contracts Payable
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## State Administrative and Accounting Manual

### GL CODE

### GENERAL LEDGER CODE DESCRIPTION

The balance of this GL code represents the long-term portions of the present value of total future stipulated payments on installment-purchase contracts.

5272 Lease-to-Own Agreements Payable

The balance of this GL code represents the long-term portions of the present value of total future stipulated payments on lease-to-own agreements.

5273 Certificates of Participation/Notes Payable

The balance of this GL code represents the long-term portions of the certificates of participation payable issued through the Office of the State Treasurer for qualifying asset purchases under chapter 39.94 RCW.

5274 Right-to-Use Lease Liability

The balance of this GL code represents the long-term portion of the present value of total future payments of the right to use another entity's asset, other than subscription-based information technology.

### 5280 and 5290 - OTHER LONG-TERM OBLIGATIONS

5281 Net Pension Liability

The balance of this GL code represents the state's proportionate share of the liability to retirees, beneficiaries, terminated employees and current covered employees entitled to benefits provided through defined benefit pension plans.

5282 Other Postemployment Benefits Liability

The balance of this GL code represents the long-term portion of the state's liability for other postemployment benefits (OPEB) provided to retirees.

5284 Tuition Benefits Payable

The balance in this GL code represents the long-term portion of amounts held for the purchase of tuition units under the advanced college tuition payment program.

5285 Benefits Claims Payable

The balance of this GL code represents the long-term portion of the actuarial present value of the following: workers' compensation liability to pay future medical aid claims, industrial insurance claims, and similar benefits to qualifying individuals sustaining work-related injuries; family and medical leave liability to pay future family and medical leave benefits to qualifying individuals.

5286 Claims Administration Expense Payable (L&I Only)

The balance of this GL code represents the long-term portion of the actuarial estimate of the workers' compensation liability to pay future administration expenses for operating the workers' compensation plan.

5287 Pollution Remediation Obligation



## State Administrative and Accounting Manual

### GL CODE

### GENERAL LEDGER CODE DESCRIPTION

The balance of this GL code represents the state's liability for remediation activities to address the current or potential detrimental effects of existing pollution.

5289 Asset Retirement Obligation

The balance of this GL code represents the legally enforceable liability associated with the retirement of a tangible capital asset.

5290 Unearned Revenues

The balance of this account represents the long-term portion of amounts for which the asset recognition criteria have been met, but for which the earnings process is not complete.

5291 Deposits Payable

The balance of this GL code represents long-term amounts payable for deposits made by customers or contractors.

5293 Liability for Unclaimed Property Refunds

The balance of this GL code represents the long-term portion of unclaimed property held by the state that is expected to be refunded to claimants.

5297 Fees Payable

The balance of this GL code represents the long-term portion of fees payable by the state in transactions involving bond and COP sales.

5298 Other Obligations – Capital Related

The balance of this GL code represents other long-term obligations (other than bonds, leases, and COPs) that are related to the acquisition of capital assets (purchased or constructed).

5299 Other Obligations

The balance of this GL code represents long-term portions of other long-term obligations that are not related to the acquisition of capital assets.

### 5900 - OTHER CREDITS

5910 Unamortized Premiums on Bonds Sold

The balance of this GL code represents the original issue premium (OIP) on the sale of a bond that remains to be amortized over the remaining life of the bonds. This GL code is used when the OIP is material in proprietary and trust funds as well as for government-wide reporting (which use the economic resources measurement focus and accrual basis of accounting). Governmental funds (which use the modified accrual, current financial resources basis of accounting) record OIP to GL Code 3210 Revenue Source Code 0863 "Original Issue Premium - Bonds."

5920 Unamortized Premiums on COPs Sold





# State Administrative and Accounting Manual

## GL CODE GENERAL LEDGER CODE DESCRIPTION

The balance of this GL code represents the original issue premium (OIP) on the sale of a COP that remains to be amortized over the remaining life of the COP. This GL code is used when the OIP is material in proprietary and trust funds as well as for government-wide reporting (which use the economic resources measurement focus and accrual basis of accounting). Governmental funds (which use the modified accrual, current financial resources basis of accounting) record OIP to GL Code 3221 Revenue Source Code 0869 "Original Issue Premium - COPs."

### **5192, 5265, 5266, 5268, 5283, 5288, 5292, 5294, and 5295 - DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources represent acquisition of net position by the state that is applicable to a future reporting period.

#### 5192 Unavailable Revenues – Short-term

The balance of this GL code represents the short-term portion of amounts for which the asset recognition criteria have been met, but for which the availability criteria have not been met. The use of this GL code is restricted to governmental fund-type accounts.

#### 5265 Deferred Inflows on Pensions

The balance of this GL code represents deferred inflows of resources related to pensions arising from certain changes in the net pension liability. Amounts deferred are amortized through pension expense using subobject BP "Net Pension Liability Adjustment (Proprietary Accounts Only)" or WP "Net Pension Liability Adjustment (General Long-Term Obligations Subsidiary Account Only)."

#### 5266 Deferred Inflows on COP Refundings

The balance of this GL code represents the remaining difference (credit balance) between the proceeds of the refunding (new) COP and net carrying value of the refunded (old) COP.

The deferred charge is amortized using GL code 6512 in proprietary accounts and GL code 6593 in the General Long-Term Obligations Subsidiary Account with Subobject WB "Amortization."

#### 5268 Deferred Inflows on Bond Refundings

The balance of this GL code represents the remaining difference (credit balance) between the proceeds of the refunding (new) bonds and the net carrying value of the refunded (old) bonds. The deferred charge is amortized using GL code 6512 in proprietary accounts and GL code 6593 in the General Long-Term Obligations Subsidiary Account with Subobject WB "Amortization."

#### 5283 Deferred Inflows on Hedging Derivative Instruments





# State Administrative and Accounting Manual

## GL CODE GENERAL LEDGER CODE DESCRIPTION

The balance of this GL code represents the increase in fair value of hedging derivative instruments where the hedged items are neither assets nor liabilities reported at fair value.

5288 Deferred Inflows on Irrevocable Split-Interest Agreements

The balance of this GL code represents deferred inflows of resources related to the beneficial interest and any subsequent change in value at the end of each financial reporting period.

5292 Unavailable Revenues – Long-term

The balance of this GL code represents the long-term portion of amounts for which the asset recognition criteria have been met, but for which availability criteria have not been met. The use of this GL code is restricted to governmental fund-type accounts.

5294 Deferred Inflows on Other Postemployment Benefits

The balance of this GL code represents deferred inflows of resources related to other postemployment benefits (OPEB) arising from certain changes in the net OPEB liability. Amounts deferred are amortized through OPEB expense using subobject BR “Other Postemployment Benefits Expense (Proprietary Accounts Only)” or WR “Other Postemployment Benefits Expense (General Long-Term Obligations Subsidiary Account Only).”

5295 Deferred Inflows on Right-to-Use Leases

The balance of this GL code represents deferred inflows of resources related to future lease payments for state assets leased to individuals or organizations external to the state.

## 6000 - BUDGETARY AND EXPENDITURE/EXPENSE CONTROL

### 6100 - EXPENDITURE AUTHORITY AND ESTIMATED EXPENDITURES

6110 Approved Unallotted Expenditure Authority

The balance of this GL code represents the unallotted portion of legislative appropriations or the estimate of nonappropriated expenditures/expenses not intended to be spent during the fiscal period.

### 6200 - ALLOTMENTS

6120 Approved Lapsing

6210 Approved Allotments

The balance of this GL code represents authorized allotments of appropriated funds for the biennium.



## State Administrative and Accounting Manual

### GL CODE      GENERAL LEDGER CODE DESCRIPTION

#### 6215      Estimated Unallotted Expenses

The balance of this GL code represents estimated nonbudgeted expenses that are not included in the agency allotment plan. (Used only in enterprise and internal service funds.)

### **6300 - RESERVES**

#### 6310      Approved Reserves

The balance of this GL code represents amounts transferred from allotted status to reserve status for legislative appropriations.

### **6400 - OTHER ALLOTMENT CHARGES**

#### 6410      Encumbrances

This GL code is used to record encumbrance activity from July 1 to June 30 each year. GL Code 9510, "Reserved for Encumbrances" is the offsetting entry to this GL code. At the end of a biennium, this GL code is to equal zero.

### **6500 - EXPENDITURES/EXPENSES**

#### 6505      Accrued Expenditures/Expenses

This GL code is used to record expenditures/expenses for goods and/or services that meet GAAP recognition criteria of the fund type, but remain unpaid.

#### 6510      Cash Expenditures/Expenses

This GL code is used to record all expenditures/expenses paid from July 1 to June 30. Accrued expenditures/expenses may also be recorded by unique AFRS agencies in this general ledger account.

#### 6511      Depreciation/Amortization Expense

This GL code is used to record the amount of depreciation and amortization computed on capital assets owned by proprietary and trust fund type accounts. This GL code is to be offset by an entry to the appropriate GL Code series 2XXX, "Allowance for Depreciation" or "Allowance for Amortization – Intangible Assets." Only used with Subobject WA "Depreciation/Amortization."

#### 6512      Amortization Expense



## State Administrative and Accounting Manual

### GL CODE

### GENERAL LEDGER CODE DESCRIPTION

This GL code is used to recognize amortization of premiums and discounts on debt instruments as well as deferred outflows and inflows on debt refunding recorded in proprietary and trust funds, using Subobject WB "Amortization."

This GL code is also used to recognize amortization of deferred outflows on asset retirement obligations recorded in proprietary and trust funds, using Subobject WG "Asset Retirement Obligation Expense."

6514 Capital Asset Acquisitions by Lease Agreements or Certificates of Participation

This GL code is used to record acquisitions of capital assets through lease agreements or certificates of participation (COPs). GL 6514 should be used only in governmental funds. In most cases, GL Code 6514 should equal GL Code 3221.

6515 Bad Debts Expense

This GL code is used to record the expense recognized in the process of valuing accounts receivable that had revenue as the offsetting entry. It indicates the portion of receivables that is estimated never to be collected.

6516 Cost of Goods Sold

This GL code is used to record the inventory cost incurred upon sale of purchased or produced merchandise held for resale. (Used only with sub-objects FA through FJ.)

6525 Expense Adjustments/Eliminations (GAAP)

This GL code is used in allotted funds when a difference occurs in GAAP and budgetary recording of an accounting event. For example, when purchasing a capital asset in an allotted enterprise fund, it is necessary to debit the appropriate capital asset account and credit cash or accounts payable. For budgetary accounting, it is also necessary to debit GL Code 6505 or 6510 and credit this GL code.

6560 Estimated Accrued Expenditures/Expenses

This GL code is used at the end of an expenditure authority period to record estimated expenditures/expenses for goods and/or services received by June 30 for which the exact amount is not known.

6591 Depreciation/Amortization Expense (General Capital Assets Subsidiary Account Only)

This GL code is used to record depreciation and amortization computed on capital assets owned by governmental fund type accounts in the General Capital Assets Subsidiary Account. GL Code 6591 is to be offset by an entry to the appropriate GL Code series 2XXX, "Allowance for Depreciation" or "Allowance for Amortization – Intangible Assets." Only used with Subobject WA "Depreciation/Amortization."

6592 Interest Expense (General Long-Term Obligations Subsidiary Account Only)

This GL code is used to recognize accrued interest expense on bonds recorded in the General Long-Term Obligations Subsidiary Account. Only used with Subobject PB "Interest."



## State Administrative and Accounting Manual

GL CODE	GENERAL LEDGER CODE DESCRIPTION
6593	<p>Amortization Expense (General Long-Term Obligations Subsidiary Account Only)</p> <p>This GL code is used to recognize amortization of premiums and discounts on debt or equity instruments as well as deferred outflows and inflows on debt refundings recorded in the General Long-Term Obligations Subsidiary Account. Only used with Subobject WB "Amortization."</p>
6594	<p>Pollution Remediation Expense (General Long-Term Obligations Subsidiary Account Only)</p> <p>This GL code is used to recognize pollution remediation expenses related to governmental fund type accounts in the General Long-Term Obligations Subsidiary Account. GL Code 6594 is to be offset by an entry to GL Code 5287 "Pollution Remediation Obligation." Only used with Subobject WE "Pollution Remediation (General Long-Term Obligations Subsidiary Account Only)."</p>
6595	<p>Other Postemployment Benefits Expense (General Long-Term Obligations Subsidiary Account Only)</p> <p>This GL code is used to recognize expense for postemployment benefits for employees of governmental fund type accounts in the General Long-Term Obligations Subsidiary Account. GL Code 6595 is only used with Subobject WR "Other Postemployment Benefits (General Long-Term Obligations Subsidiary Account Only)."</p>
6596	<p>Excess Contributions for Pension Benefits (General Long-Term Subsidiary Account Only)</p> <p>This GL code is used to record the current year adjustment to the cumulative total of the state's contributions for pension benefits in excess of the annual required contributions (ARC) in the General Long-Term Obligations Subsidiary Account. GL Code 6596 is to be offset with an entry to GL Code 1960 "Net Pension Asset." Only used with Subobject WP "Net Pension Liability Adjustment (General Long-Term Obligations Subsidiary Account Only)."</p>
6597	<p>Capital Asset Adjustment (General Capital Assets Subsidiary Account Only)</p> <p>This GL code is used to record the difference between the cost of a capital asset and its accumulated depreciation when the asset is disposed of or written off. To be used in the General Capital Assets Subsidiary Account only with Subobject WF "Capital Asset Adjustment (General Capital Assets Subsidiary Account Only)."</p>
6598	<p>Pension Expense (General Long-Term Obligations Subsidiary Account Only)</p> <p>This GL code is used to record the current year adjustment to the state's net pension liability in the General Long-Term Obligations Subsidiary Account. GL Code 6598 is only used with Subobject WP "Net Pension Liability Adjustment (General Long-Term Obligations Subsidiary Account Only)."</p>
6599	<p>Asset Retirement Obligation Expense (General Long-Term Obligations Subsidiary Account Only)</p>



# State Administrative and Accounting Manual

## GL CODE GENERAL LEDGER CODE DESCRIPTION

This GL code is used to recognize asset retirement expenses related to governmental fund type accounts in the General Long-Term Obligations Subsidiary Account. GL Code 6599 is to be offset by an entry to GL Code 5289 "Asset Retirement Obligation." Only used with Subobject WG "Asset Retirement Obligation (General Long-Term Obligations Subsidiary Account Only)."

### 7000 - AFRS/TREASURY CLEARING

#### 7100 - IN-PROCESS CONTROL

##### 7110 Receipts In-Process

This GL code is used for all treasury funds to record all cash received and recorded by an agency, but not yet posted by the State Treasurer.

##### 7120 Warrants In-Process/ACH (Automated Clearing House) Payments In-Process

This GL code is used for all treasury funds to record the amount of all warrants prepared and recorded by an agency, but not yet signed and returned to the agency by the State Treasurer. This GL code is also used to record ACH payments.

##### 7130 Warrant Cancellations In-Process

This GL code is used for all treasury funds to record the amount of all warrant cancellations recorded by an agency, but not yet posted by the State Treasurer.

##### 7140 Journal Vouchers In-Process

This GL code is used for all treasury funds to record the amount of all interfund or interagency Journal Vouchers for cash transfers which have been recorded by or on behalf of an agency, but not yet posted by the State Treasurer, or posted by the State Treasurer but not yet posted by the agency. This GL code is also used to record IAPs (Inter-Agency Payments) and IFTs (Interfund Transactions) which are automated transactions.

### 9000 - FUND BALANCE AND NET POSITION

#### 9100 - BUDGETARY CONTROL

##### 9100 Budgetary Control Summary

The balance of this GL code represents offsetting differences for budgetary account entries. This GL code is the contra-account for GL Code 3100 series, "Estimated Revenues," GL Code 6100 series "Expenditure Authority and Estimated Expenditures," GL Code 6200 "Allotments," and GL Code 6300 "Reserves."



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### GL CODE      GENERAL LEDGER CODE DESCRIPTION

#### **9110, 9120, and 9130 - NONSPENDABLE FUND BALANCE**

9110	<p>Nonspendable Permanent Fund Principal</p> <p>The balance of this GL code represents that portion of fund balance in permanent funds that is legally required to be maintained intact.</p>
9112	<p>Nonspendable Permanent Funds – Unrealized Gain/Loss</p> <p>The balance of this GL code represents temporary increases and decreases in the value of the corpus of a permanent fund due to market fluctuations.</p>
9120	<p>Nonspendable Consumable Inventories</p> <p>The balance of this GL code represents the portion of fund balance that cannot be spent because consumable inventories do not represent available spendable resources even though they are a component of fund balance. This GL code is the contra account for GL Code 1410, "Consumable Inventories."</p>
9130	<p>Nonspendable Student Loans Receivable</p> <p>The balance of this GL code represents the portion of fund balance that cannot be spent because student loans receivable do not represent available spendable resources even though they are a component of net current assets.</p>
9131	<p>Nonspendable Receivables - Long-Term</p> <p>The balance of this GL code represents the portion of fund balance that cannot be spent because net receivables long-term (GL Codes 1611, 1614, 1619, 1641, 1644, 1649, 1651, 1652, 1653, 1654, and 1657) do not represent available spendable resources even though they are a component of net current assets.</p>
9230	<p>Restricted for Higher Education</p> <p>The balance of this GL code represents that portion of fund balance that is restricted for expenditure for higher education purposes by the State Constitution, enabling legislation or parties external to the State (such as creditors, grantors, contributors, and other governments).</p>
9231	<p>Restricted for Permanent Funds – Realized Investment Losses</p> <p>The balance in this GL code represents the unamortized portion of realized investment losses that resulted in or would have resulted in a negative net change in fund balance exclusive of unrealized gains and losses. These realized investment losses are tracked separately and amortized against future beneficiary distributions.</p>
9232	<p>Restricted for Education</p> <p>The balance of this GL code represents that portion of fund balance that is restricted for expenditure for K-12 education purposes by the State Constitution, enabling legislation or parties external to the State (such as creditors, grantors, contributors, and other governments).</p>
9234	<p>Restricted for Transportation</p>



## State Administrative and Accounting Manual

GL CODE	GENERAL LEDGER CODE DESCRIPTION
	The balance of this GL code represents that portion of fund balance that is restricted for expenditure for transportation purposes by the State Constitution, enabling legislation or parties external to the State (such as creditors, grantors, contributors, and other governments).
9235	Restricted for Bond Covenants
	The balance of this GL code represents that portion of fund balance that is restricted by bond covenants.
9238	Restricted for Other Purposes
	The balance of this GL code represents that portion of fund balance that is restricted for expenditure for other purposes by the State Constitution, enabling legislation or parties external to the State (such as creditors, grantors, contributors, and other governments).
9240	Restricted for Human Services
	The balance of this GL code represents that portion of fund balance that is restricted for expenditure for human services purposes by the State Constitution, enabling legislation or parties external to the State (such as creditors, grantors, contributors, and other governments).
9242	Restricted for Wildlife and Natural Resources
	The balance of this GL code represents that portion of fund balance that is restricted for expenditure for wildlife and natural resources purposes by the State Constitution, enabling legislation or parties external to the State (such as creditors, grantors, contributors, and other governments).
9244	Restricted for Local Grants and Loans
	The balance of this GL code represents that portion of fund balance that is restricted for expenditure for local grant and loan purposes by enabling legislation or parties external to the State (such as creditors, grantors, contributors, and other governments).
9246	Restricted for School Construction
	The balance of this GL code represents that portion of fund balance that is restricted for expenditure for school construction purposes by the State Constitution, enabling legislation or parties external to the State (such as creditors, grantors, contributors, and other governments).
9248	Restricted for State Facilities
	The balance of this GL code represents that portion of fund balance that is restricted for expenditure for state facility purposes by the State Constitution, enabling legislation or parties external to the State (such as creditors, grantors, contributors, and other governments).
9250	Restricted for Budget Stabilization
	The balance of this GL code represents that portion of fund balance that is restricted for budget stabilization by the Article VII, section 12 of the State Constitution.
9252	Restricted for Debt Service





## State Administrative and Accounting Manual

GL CODE	GENERAL LEDGER CODE DESCRIPTION
	The balance of this GL code represents that portion of fund balance that is restricted for expenditure for debt service purposes by the parties external to the State (such as creditors).
9255	Restricted for Cash and Investments with Escrow Agents and Trustees
	The balance of this GL code represents that portion of fund balance that is restricted by escrow or trust agreements.
9260	Restricted for Pollution Remediation Liabilities
	The balance of this GL code represents that portion of fund balance that is restricted for expenditure for pollution remediation purposes by enabling legislation, court orders, legal settlements or parties external to the State (such as grantors, contributors, and other governments).
9265	Restricted for Asset Retirement Obligations
	The balance of this GL code represents that portion of fund balance that is restricted for expenditure for asset retirement purposes by enabling legislation, court orders, legal settlements or parties external to the State (such as grantors, contributors, and other governments).
9270	Restricted for Unspent Bond Proceeds
	The balance of this GL code represents that portion of fund balance that is restricted for unspent bond proceeds by bond covenants.
9271	Restricted for Operations and Maintenance Reserve
	The balance of this GL code represents that portion of fund balance that is restricted for operations and maintenance expenditures by bond covenants.
9272	Restricted for Repair and Replacement Reserve
	The balance of this GL code represents that portion of fund balance that is restricted for repair and replacement expenditures by bond covenants.
9273	Restricted for Revenue Stabilization
	The balance of this GL code represents that portion of fund balance that is restricted for revenue stabilization by bond covenants.
9274	Restricted for Unspent GARVEE Bond Proceeds
	The balance of this GL code represents that portion of fund balance that is restricted for unspent GARVEE bond proceeds.
9275	Restricted for Deferred Sales Tax
	The balance of this GL code represents that portion of fund balance that is restricted for deferred sales tax by debt service agreements.
9283	Restricted for Third Tier Debt Service
	The balance of this GL code represents that portion of fund balance that is restricted by third tier debt service agreements.
9284	Restricted for Fourth Tier Debt Service





## State Administrative and Accounting Manual

### GL CODE      GENERAL LEDGER CODE DESCRIPTION

The balance of this GL code represents that portion of fund balance that is restricted by fourth tier debt service agreements.

9285      Restricted for GARVEE Bond Debt Service

The balance of this GL code represents that portion of fund balance that is restricted by GARVEE bond debt service agreements.

### **9310, 9320, 9330, and 9340 - COMMITTED FUND BALANCE**

9310      Committed for Higher Education

The balance of this GL code represents fund balance committed to higher education where resources are used only for the specific purposes determined by formal action of the state legislature.

9311      Committed for Education

The balance of this GL code represents fund balance committed to K-12 education where resources are used only for the specific purposes determined by formal action of the state legislature.

9320      Committed for Transportation

The balance of this GL code represents fund balance committed to transportation where resources are used only for the specific purposes determined by formal action of the state legislature.

9321      Committed for Other Purposes

The balance of this GL code represents fund balances committed to other purposes where resources are used only for the specific purpose(s) determined by formal action of the state legislature.

9323      Committed for Human Services

The balance of this GL code represents fund balance committed to human services where resources are used only for the specific purposes determined by formal action of the state legislature.

9324      Committed for Wildlife and Natural Resources

The balance of this GL code represents fund balance committed to wildlife and natural resources where resources are used only for the specific purposes determined by formal action of the state legislature.

9325      Committed for Local Grants and Loans

The balance of this GL code represents fund balances committed to local grants and loans where resources are used only for the specific purposes determined by formal action of state legislature.

9330      Committed for State Facilities

The balance of this GL code represents fund balance committed for state facilities where resources are used only for the specific purposes determined by formal action of the state legislature.



## State Administrative and Accounting Manual

### GL CODE      GENERAL LEDGER CODE DESCRIPTION

#### 9340      Committed for Debt Service

The balance of this GL code represents fund balances committed to debt service where resources are used only for the specific purposes determined by formal action of the state legislature.

#### **9370 - ASSIGNED FUND BALANCE**

#### 9370      Assigned for Working Capital (OFM Only)

The balance of this GL code represents the portion of fund balance assigned by management for working capital purposes. Amounts assigned for working capital are not considered to represent available spendable resources.

#### 9372      Assigned for Other Purposes

The balance of this GL code represents management's intention to use a portion of fund balance for a specific purpose(s).

#### **9390 - UNASSIGNED FUND BALANCE**

#### 9390      Unassigned

The balance of this GL code represents total fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balances. In governmental funds other than the General Fund, it represents excess of nonspendable, restricted and committed fund balances over total fund balance (i.e., deficit).

#### **9510, 9513 and 9514 - BUDGETARY RESERVES**

#### 9510      Reserved for Encumbrances

This GL code represents the portion of fund balance legally reserved during the fiscal year for encumbrances accumulated in GL Code 6410, "Encumbrances" or GL Code 9513, "Reserved for Encumbrances for Reappropriated Capital Appropriations," or GL Code 9514, "Reserved for Encumbrances for Continuing Operating Expenditure Authority."

#### 9513      Reserved for Encumbrances for Reappropriated Capital Appropriations

The balance of this GL code represents encumbrances outstanding at June 30 of the second fiscal year of the biennium that relate to capital appropriations which are reappropriated in the new biennium.

#### 9514      Reserved for Encumbrances for Continuing Operating Expenditure Authority



## State Administrative and Accounting Manual

### GL CODE GENERAL LEDGER CODE DESCRIPTION

The balance of this GL code is used to record at summary level the balance of encumbrances for biennial operating expenditure authority at the end of the first year of the biennium not recorded in detail in GL Code 6410

“Encumbrances.” It is offset by an entry to GL Code 9510 “Reserved for Encumbrances.” At the beginning of the second fiscal year of the biennium, this GL code is reversed and encumbrances are recorded at the detail level in GL Code 6410. This GL code is not used at the end of the biennium.

### 9350, 9400 and 9545 - PROPRIETARY/GOVERNMENT-WIDE NET

#### 9350 Net Investment in Capital Assets (OFM Only)

The balance of this GL code is calculated as follows: capital assets, including restricted capital assets, net of accumulated depreciation (GL Code Series 2XXX) reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets (select GL Codes 51XX and 52XX).

#### 9400 Accumulated Earnings (Losses)

The balance of this GL code represents accumulated earnings or losses.

#### 9410 Restricted Net Position

Assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Agencies having a balance in this GL code at year-end are required to disclose the purpose of the reserve.

#### 9450 Unrestricted Net Position (OFM Only)

The portion of net position that is neither restricted nor net investment in capital assets.

#### 9545 Restricted for Unemployment Compensation

The balance of this GL code represents the portion of net position restricted for future payments of unemployment compensation benefits.

#### 9546 Restricted for Pensions

The balance of this GL code represents the portion of net position restricted for future pension payments associated with defined benefit plans that are overfunded.

### 9550 and 9600 - NET POSITION RESTRICTED FOR PENSIONS AND OTHER TRUSTS

#### 9550 Restricted for Pensions

The balance of this GL code represents the portion of net position held in trust for future payments of pension benefits.

#### 9551 Restricted for Deferred Compensation Participants



## State Administrative and Accounting Manual

GL CODE	GENERAL LEDGER CODE DESCRIPTION
	The balance of this GL code represents the portion of net position held in trust for future payments of deferred compensation to plan participants.
9554	Restricted for Local Government Pooled Investments Participants
	The balance of this GL code represents the portion of net position held in trust for future payments to participants of the Local Government Pooled Investments Fund.
9584	Restricted for Custodial
	The balance in this GL code represents the amount held in custodial funds for which the GASB Statement No. 84 liability recognition criteria have not been met.
9601	Restricted for Members (DRS Only)
	The balance of this GL code represents the portion of the net position held in trust for retirement system member defined benefit account balances.
9602	Restricted for TAP 3 Annuity (DRS Only)
	The balance of this account represents the portion of the fund equities restricted for future retirement system annuity payments. TAP is the State Investment Board's Total Allocation Portfolio annuity.
9603	Restricted for Benefits (DRS Only)
	The balance of this GL code represents the portion of the net position held in trust for future retirement system pension benefit payments.
9604	Restricted for Benefits – Medical (DRS Only)
	The balance of this GL code represents the portion of the net position held in trust for future retirement system medical benefit payments in LEOFF 2, WSPRS 1, and WSPRS 2.
9607	Restricted for Higher Education Retirement Plan Supplemental Benefits (DRS only)
	The balance of this GL code represents the portion of net position held in trust for future higher education retirement plan supplemental benefit payments.
9608	Restricted for Members Defined Contributions – SIB (DRS Only)
	The balance of this GL code represents the portion of the net position held in trust for retirement system member defined contribution account balances invested with the State Investment Board.
9609	Restricted for Members Defined Contributions – Self-Directed (DRS Only)
	The balance of this GL code represents the portion of the net position held in trust for retirement system member defined contribution account balances invested in self-directed options.
	<b>9700 - FUND BALANCE/NET POSITION CHANGES and CORRECTIONS</b>
9720	Prior Period Material Corrections (OFM Only)



## State Administrative and Accounting Manual

### GL CODE      GENERAL LEDGER CODE DESCRIPTION

The balance of this GL code represents prior period material corrections made to beginning balances in fund equity accounts approved by OFM.

9721      Fund Type Reclassification Changes (OFM Only)

The balance of this GL code represents a fund reclassification from one fund type to another fund type, approved by OFM.

9722      Accounting Policy Changes (OFM Only)

The balance of this GL code represents prior period adjustments resulting from a change in accounting policy, approved by OFM.

9723      Capital Asset Policy Changes

The balance of this GL code represents prior period adjustments resulting from a change in the threshold for capitalization of assets, approved by OFM.

### 9800 - GENERAL CAPITAL ASSETS VALUATION

9850      Investment in General Capital Assets

The balance of this GL code represents the net equity in general capital assets constructed or purchased with governmental fund type account monies. (Used only in the General Capital Assets Subsidiary Account.)

### 9900 - AFRS CLEARING

9910      Current Period Clearing (Subsidiary Accounts Only)

This GL code is used in AFRS as an offset for entering activity to general ledger accounts. The balance of this GL code should be zero.

9920      Current Period Clearing (All Fund Types Except Subsidiary Accounts)

This GL code is used in AFRS as an offset for entering activity to general ledger accounts. The balance of this GL code should be zero.

9940      Reserve Clearing (DRS Only)

This GL code is used in AFRS as an offset to clear direct transfers between reserve accounts in pension trust funds. The balance of this GL code should be zero.

9998      Beginning Balance Clearing (OFM Only)

This GL code is used in AFRS for entries to beginning general ledger account balances. The balance of this GL code should be zero.



# State Administrative and Accounting Manual

## 75.50 Expenditure Authority Codes

Section	Title	Effective Date	Page Number
75.50.10	Expenditure authority type and expenditure character codes with descriptions	Mar. 18, 2020	<a href="#">526</a>
75.50.20	Operating expenditure authority codes	Mar. 18, 2020	<a href="#">529</a>
75.50.30	Capital expenditure authority codes	Mar. 18, 2020	<a href="#">530</a>
75.50.40	Schedule of expenditure authority types and codes not included on the Expenditure Authority Schedule	Mar. 18, 2020	<a href="#">531</a>

### 75.50.10 Expenditure authority type and expenditure character codes with descriptions

Mar. 18, 2020

Expenditure Authority Type Code	Expenditure Authority Type Description
1	State  Denotes appropriations funded by revenues generated by the state's authority to tax, license, or collect fees from the public.
2	Federal  Denotes appropriations funded by grants and contracts with federal government agencies.
3	Federal - Unanticipated  Denotes expenditure authority funded by grants and contracts with federal government agencies that were not included in the biennial budget request.
4	Governor's Emergency Allocation  Denotes the appropriation assigned to the funding identified as "Governor's Emergency" in the Appropriation Act.
6	Nonappropriated  Denotes activity associated with nonappropriated/allotted and nonbudgeted accounts. Cannot be used with Budget type A (Appropriated) accounts.



# State Administrative and Accounting Manual

## Expenditure Authority

### Type Code

### Expenditure Authority Type Description

7	Private/Local
	Denotes appropriations funded by grants, contracts, etc., with private parties or local government agencies.
8	Federal Stimulus
	Denotes appropriations funded by grants and contracts with federal government agencies under various federal stimulus acts.
9	Private/Local - Unanticipated
	Denotes expenditure authority funded by grants, contracts, etc., from private/local sources which was not included in the biennial budget request. This does not include activities between agencies of Washington State.
N	Federal Stimulus - Nonappropriated
	Denotes activity in nonappropriated/allotted and nonbudgeted accounts funded by grants and contracts with federal government agencies under various federal stimulus acts.
U	Federal Stimulus - Unanticipated
	Denotes expenditure authority funded by grants and contracts with federal government agencies under various federal stimulus acts that are not included in the enacted budget.
X	Prior Biennium Liability Liquidation
	Denotes activity to liquidate GL Code 6560 "Estimated Accrued Expenditures/Expenses" recorded on the records of agencies at the close of the prior biennium.
Y	Prior Biennium Liability Liquidation – Federal Stimulus
	Denotes activity to liquidate GL Code 6560 "Estimated Accrued Expenditures/Expenses" recorded on the records of agencies under the federal stimulus acts at the close of the prior biennium.



# State Administrative and Accounting Manual

## Expenditure Authority

### Type Code

### Expenditure Authority Type Description

**Note:** Types 1, 2, 4, 7, and 8 are assigned by the Office of Financial Management (OFM) and contained in the Expenditure Authority Schedule. Types 3, 9, and U may only be used within the proper range of expenditure authority codes for unanticipated receipts as noted in Subsections [75.50.20](#) and [75.50.30](#).

### Budget Preparation Code

### Budget Preparation Description

0

DSHS Social Services Federal (DSHS only) - Budget Preparation Only

Used by the Department of Social and Health Services for biennial budget preparation as directed by OFM.

5

All Other Non-Lidded Block Grants (DSHS only) - Budget Preparation Only

Used by the Department of Social and Health Services for biennial budget preparation as directed by OFM.

A

DSHS Family Support/Child Welfare Federal (DSHS only) - Budget Preparation Only

Used by the Department of Social and Health Services for biennial budget preparation as directed by OFM.

C

HCA Medicaid Federal - Budget Preparation Only

Used by agencies that are pre-approved for Federal Medicaid funding for biennial budget preparation as directed by OFM.

D

DSHS Temporary Assistance Needy Families (DSHS only) - Budget Preparation Only

Used by the Department of Social and Health Services for biennial budget preparation as directed by OFM.

E

DSHS Child Care Development Funds (DSHS only) - Budget Preparation Only

Used by the Department of Social and Health Services for biennial budget preparation as directed by OFM.





# State Administrative and Accounting Manual

## Expenditure Authority

### Type Code

### Expenditure Authority Type Description

T

Used to denote bond funding for transportation projects - Budget Preparation Only

Used by the Department of Transportation and other transportation agencies during biennial budget development.

### Expenditure Character Code

### Expenditure Character Description

1

Operating

Denotes expenditures authorized for the purpose of funding ongoing programs.

2

Capital

Denotes expenditures authorized for the purpose of construction, acquisition, or renovation of capital assets or long-term grant programs that cross biennial lines.

## 75.50.20 Operating expenditure authority codes

Mar. 18, 2020

### 75.50.20.a Legislative Appropriations, OFM Allocations, and Nonappropriated/Allotted

Expenditure authority codes for legislative appropriations, OFM allocations, and nonappropriated/allotted expenditures are assigned by the Budget Division, OFM. Agencies are notified of the codes through the Expenditure Authority Schedule. If agencies have questions regarding the assignment of the codes, they are to contact the Operations Section, Budget Division, OFM.

### 75.50.20.b Unanticipated Receipts Expenditure Authority

<u>State</u>	<u>Federal</u>	<u>Privet/Local</u>
N/A	700-940	9A0-9Z0
	7A0-7F0	ZA0-ZZ0
	7G0-7U0 - Stimulus	
	7V0-7Z0 - Stimulus (OFM assigned) 8A0-8F0 (OFM assigned) 8G0-8Z0	



## State Administrative and Accounting Manual

Unanticipated receipts expenditure authority codes are assigned by agencies who request spending authority for unanticipated receipts of operating expenditures. The original unanticipated receipt expenditure authority code is to be used when applying for additional spending authority if the additional unanticipated receipts are from the same source and for the same purpose. **The third character in the expenditure authority code must be zero.** Charges against these codes are to have the corresponding revenue assigned to the appropriate source code (i.e. for Private/Local expenditure authority, revenues in the 05XX Private/Local Revenue Source Code series).

### 75.50.20.c Nonappropriated/Nonallotted Operating Expenditures

All nonappropriated/nonallotted operating expenditures reported to AFRS must use expenditure authority code Z96, Z98, or Z91-Z94-Federal Stimulus. These codes are to be used for all operating activity, other than unanticipated receipts, not included on the Expenditure Authority Schedule.

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## 75.50.30 Capital expenditure authority codes

Mar. 18, 2020

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### 75.50.30.a Legislative Appropriations

Expenditure authority codes for capital appropriations are assigned by the Budget Division, OFM. Agencies are notified of the codes through the Expenditure Authority Schedule. If agencies have questions regarding the assignment of the codes, they are to contact the Operations Section, Budget Division, OFM.

### 75.50.30.b Unanticipated Receipts Expenditure Authority

<u>State</u>	<u>Federal</u>	<u>Private/Local</u>
N/A	V10-W90	X10-Y90
	R9A-R9Z - Stimulus	

Unanticipated receipts expenditure authority codes are assigned by agencies who request spending authority for unanticipated receipts of capital expenditures. The original unanticipated receipt expenditure authority code is to be used when applying for additional spending authority if the additional unanticipated receipts are from the same source and for the same purpose. **The third character in the expenditure authority code must be zero.** Charges against these codes are to have the corresponding revenue assigned to the appropriate source code (i.e., for Private/Local expenditure authority, revenues in the 05XX Private/Local Revenue Source Code series).

### 75.50.30.c Nonappropriated/Nonallotted Capital Expenditures

All nonappropriated/nonallotted capital expenditures reported to AFRS must use expenditure authority code Z97, Z99, or Z95-Federal Stimulus. These codes are to be used for all capital activity, other than unanticipated receipts, not included on the Expenditure Authority Schedule.



# State Administrative and Accounting Manual

## 75.50.40 Schedule of expenditure authority types and codes not included on the Expenditure Authority Schedule

Mar. 18, 2020

The following table summarizes the expenditure authority number range, type, and character codes for operating and capital expenditure authority not included on the Expenditure Authority Schedule. The number range, type, and character must match to be used in the Agency Financial Reporting System (AFRS).

No. Range	Type	Character	Character Description	Type Description
700-940* 7A0-7F0* 8G0-8Z0* 8A0-8F0*^	3	1	Operating	Unanticipated – Federal
7G0-7U0* 7V0-7Z0*^	U	1	Operating	Unanticipated – Federal Stimulus
9A0-9Z0* ZA0-ZZ0*	9	1	Operating	Unanticipated – Private/Local
Z96 and Z98	6	1	Operating	Nonappropriated/ Nonallotted
Z91-Z94	N	1	Operating	Nonappropriated/ Nonallotted – Federal Stimulus
985-989	N	1	Operating	Nonappropriated – Federal Stimulus
V10-V90* W10-W90*	3	2	Capital	Unanticipated – Federal
R9A-R9Z	U	2	Capital	Unanticipated – Federal Stimulus
X10-Y90*	9	2	Capital	Unanticipated – Private/Local
Z97 and Z99	6	2	Capital	Nonappropriated/ Nonallotted
Z95	N	2	Capital	Nonappropriated/ Nonallotted – Federal Stimulus
R3A-R3Z	N	2	Capital	Nonappropriated – Federal Stimulus

\*The third character of the expenditure authority code must be zero (0).

^These codes will be used by OFM to allocate expenditure authority to agencies for federal stimulus and other federal dollars received centrally.



# State Administrative and Accounting Manual

## 75.60 Statewide Program Codes

Section	Title	Effective Date	Page Number
75.60.10	Sequential by code number with descriptions	Oct. 1, 2016	<a href="#">532</a>

### 75.60.10 Sequential by code number with descriptions

Oct. 1, 2016

Code	Title and Description
690	Nonbudgeted FTEs Used to indicate nonbudgeted FTEs expended for the state/federal work study and state internship programs. The state internship program includes both the undergraduate and executive fellowship programs.
850	Nonbudgeted Activities Used to indicate nonappropriated, nonallotted expenditures.
880	Pensions, Claims, and Awards Used to indicate nonappropriated, nonallotted expenditures made for the payment of pensions, claims, and awards.
900	Capital Programs Used to indicate all capital programs except Department of Transportation, County Road Administration Board, and Transportation Improvement Board.



## 75.65 Statewide Project Type Codes

Section	Title	Effective Date	Page Number
75.65.10	Information technology data needs	July 1, 2017	<a href="#">533</a>
75.65.20	Special provisions for information technology project type coding	July 1, 2017	<a href="#">534</a>
75.65.30	Sequential by code number with descriptions	July 1, 2017	<a href="#">535</a>

### 75.65.10 Information technology data needs

July 1, 2017

This policy reflects the increased interest in having better information about state information technology (IT) costs. This subsection defines IT costs in general, and how IT costs should be further classified as:

- Acquisition/new development, and
- Maintenance and operations.

For purposes of this subsection per [RCW 43.105.020](#) the following standards apply to the coding of IT expenditures:

**"Equipment"** means the machines, devices, and transmission facilities used in information processing, including but not limited to computers, terminals, telephones, wireless communications system facilities, cables, and any physical facility necessary for the operation of such equipment.

**"Information"** includes, but is not limited to, data, text, voice, and video.

**"Information technology"** includes, but is not limited to, all electronic technology systems and services, automated information handling, system design and analysis, conversion of data, computer programming, information storage and retrieval, telecommunications, requisite system controls, simulation, electronic commerce, radio technologies, and all related interactions between people and machines.

IT expenditures can be recorded in almost all objects of expenditure. For purposes of using statewide project type codes for IT, expenditures generally follow an employee assigned to functional areas of IT service delivery including but not limited to:

- Customer service (help desk, personal computer support, and portable device support);
- Infrastructure service (database administration, security, server and network administration, data center operations, and network communication services);
- Application service (packaged and custom application support);
- IT planning (research and development, strategic and disaster planning);
- IT administration (asset management, IT procurement, project management, and training); and



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- IT application development projects.

### 75.65.10.a Acquisition/new development

This category includes things like:

Hardware purchases intended to increase business capacity or expand functionality.

Application development projects that either meet the software capitalization limit specified in [Subsection 30.20.20](#), or that extend the estimated useful life of the application, or significantly expand functionality of the application.

### 75.65.10.b Maintenance and operations

This category includes things like:

- Costs for purchases of replacement IT goods and services.
- Internal costs associated with ongoing, routine IT work that maintains current business capacity.
- Costs related to minor system enhancements that do not meet the criteria under acquisition/new development.

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## 75.65.20 Special provisions for information technology project type coding

July 1, 2017

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Because the field of IT is constantly changing, professional judgment is required in the determination of what is included or excluded from coding as IT. Likewise, professional judgment may also be required in the determination of what is coded acquisition/new development or maintenance and operations.

For guidance on IT cost definitions, refer to the “List of subobjects and sub-subobjects that require X & Y” document on OFM’s website at: <https://ofm.wa.gov/accounting/saam/sub-subobject-details-and-workflow>.

#### Note:

- Chapter 30 capitalization policies differ from the IT coding for acquisitions/new development. The purpose of IT coding is for cost accounting, not capitalization.
- Subobject EL is defined as IT services, but is excluded from the requirement to code with Project Type X or Y.



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### **75.65.30 Sequential by code number with descriptions**

July 1, 2017

<b>Code</b>	<b>Title and Description</b>
X	Used to indicate IT acquisitions/new development expenditures.
Y	Used to indicate IT maintenance and operations expenditures.



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## 75.70 Object/Subobject/Sub-subobject Codes

Section	Title	Effective Date	Page Number
75.70.10	Sequential by code number	June 9, 2022	<a href="#">536</a>
75.70.20	Sequential by code number with descriptions	July 1, 2021	<a href="#">578</a>
75.70.30	Object/Subobject Decisions Flowcharts	July 1, 2017	<a href="#">605</a>

### 75.70.10 Sequential by code number

June 9, 2022

This section lists all available sub-subobject codes except those for Object N which are agency-specific. The Object N sub-subobject codes along with definitions for all sub-subobject codes are available on the OFM [Sub-subobject details and workflow](#) webpage in the document titled “Statewide sub-subobject table.” Use of sub-subobject codes is encouraged but not required.

CODE	STATEWIDE SUB- SUBOBJECT	TITLE
<b>A - SALARIES AND WAGES</b>		
AA		State Classified
	A000	• State Classified
	A010	• Intermittent Wages
	A100	• Salary Appropriation Transfers
	CRAT	• DFW Composite Rate
	LEAV	• Leave Portion of FTE
	SW01	• Regular Salaries
	SW02	• Shift Differential
	SW03	• Standby
	SW04	• Assignment Pay
AB		Higher Education Classified





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<b>CODE</b>	<b>STATEWIDE SUB- SUBJECT</b>	<b>TITLE</b>
	B000	<ul style="list-style-type: none"><li>Higher Education Classified</li></ul>
AC		State Exempt
	C000	<ul style="list-style-type: none"><li>State Exempt</li></ul>
	CRAT	<ul style="list-style-type: none"><li>DFW Composite Rate</li></ul>
	LEAV	<ul style="list-style-type: none"><li>Leave Portion of FTE</li></ul>
	SW01	<ul style="list-style-type: none"><li>Regular Salaries</li></ul>
	SW03	<ul style="list-style-type: none"><li>Standby</li></ul>
AD		Higher Education Exempt
	D000	<ul style="list-style-type: none"><li>Higher Education Exempt</li></ul>
AE		State Special
	E000	<ul style="list-style-type: none"><li>State Special</li></ul>
	SW13	<ul style="list-style-type: none"><li>Board and Commission Member Compensation</li></ul>
	SW14	<ul style="list-style-type: none"><li>Specified Rate Compensation</li></ul>
AF		Higher Education Faculty
	F000	<ul style="list-style-type: none"><li>Higher Education Faculty</li></ul>
AG		Commissioned State Patrol Officers
	G000	<ul style="list-style-type: none"><li>Commissioned State Patrol Officers</li></ul>
AH		Higher Education Graduate Assistants
	H000	<ul style="list-style-type: none"><li>Higher Education Graduate Assistants</li></ul>
AJ		State Other



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CODE	STATEWIDE SUB- SUBJECT	TITLE
	J000	<ul style="list-style-type: none"><li>State Other</li></ul>
AK		Higher Education Other
	K000	<ul style="list-style-type: none"><li>Higher Education Other</li></ul>
AL		Higher Education Students
	L000	<ul style="list-style-type: none"><li>Higher Education Students</li></ul>
	SW15	<ul style="list-style-type: none"><li>Work Study</li></ul>
AN		Justices and Judges
	N000	<ul style="list-style-type: none"><li>Justices and Judges</li></ul>
AR		Elected Officials
	R000	<ul style="list-style-type: none"><li>Elected Officials</li></ul>
AS		Sick Leave Buy-Out
	CRAT	<ul style="list-style-type: none"><li>DFW Composite Rate</li></ul>
	S000	<ul style="list-style-type: none"><li>Sick Leave Buy-Out</li></ul>
	SW01	<ul style="list-style-type: none"><li>OASI Taxable</li></ul>
AT		Terminal Leave
	T000	<ul style="list-style-type: none"><li>Terminal Leave</li></ul>
AU		Overtime and Callback
	SW11	<ul style="list-style-type: none"><li>Callback</li></ul>
	SW12	<ul style="list-style-type: none"><li>Overtime</li></ul>
	SW13	<ul style="list-style-type: none"><li>Overtime for Holidays</li></ul>



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CODE	STATEWIDE SUB- SUBJECT	TITLE
	SW14	<ul style="list-style-type: none"><li>• Shift Differential Overtime</li></ul>
	SW17	<ul style="list-style-type: none"><li>• Assignment Pay Overtime</li></ul>
	U000	<ul style="list-style-type: none"><li>• Overtime and Callback</li></ul>
	U010	<ul style="list-style-type: none"><li>• Intermittent Overtime</li></ul>
<b>B - EMPLOYEE BENEFITS</b>		
BA		Old Age, Survivors, and Disability Insurance
	A000	<ul style="list-style-type: none"><li>• Old Age and Survivors Insurance</li></ul>
	A100	<ul style="list-style-type: none"><li>• Benefits Appropriation Transfers</li></ul>
	CRAT	<ul style="list-style-type: none"><li>• DFW Composite Rate</li></ul>
BB		Retirement and Pensions
	B000	<ul style="list-style-type: none"><li>• Retirement and Pensions</li></ul>
	CRAT	<ul style="list-style-type: none"><li>• DFW Composite Rate</li></ul>
BC		Medical Aid and Industrial Insurance
	C000	<ul style="list-style-type: none"><li>• Medical Aid and Industrial Insurance</li></ul>
BD		Health, Life, and Disability Insurance
	CRAT	<ul style="list-style-type: none"><li>• DFW Composite Rate</li></ul>
	D000	<ul style="list-style-type: none"><li>• Health, Life and Disability Insurance</li></ul>
BE		Allowances
	E000	<ul style="list-style-type: none"><li>• Allowances</li></ul>
	E020	<ul style="list-style-type: none"><li>• Clothing/Tools/Equip</li></ul>
	SW21	<ul style="list-style-type: none"><li>• Commute Trip Reduction</li></ul>



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<b>CODE</b>	<b>STATEWIDE SUB- SUBJECT</b>	<b>TITLE</b>
	SW22	<ul style="list-style-type: none"><li>Cellular Device</li></ul>
BF		Unemployment Compensation
	F000	<ul style="list-style-type: none"><li>Unemployment Compensation</li></ul>
BG		Supplemental Retirement Payments
	G000	<ul style="list-style-type: none"><li>Supplemental Retirement Payments</li></ul>
BH		Hospital Insurance (Medicare)
	CRAT	<ul style="list-style-type: none"><li>DFW Composite Rate</li></ul>
	H000	<ul style="list-style-type: none"><li>Hospital Insurance (Medicare)</li></ul>
BK		Paid Family and Medical Leave
	CRAT	<ul style="list-style-type: none"><li>DFW Composite Rate</li></ul>
	K000	<ul style="list-style-type: none"><li>Paid Family and Medical Leave</li></ul>
BP		Net Pension Liability Adjustment (Proprietary Accounts Only)
	P000	<ul style="list-style-type: none"><li>Net Pension Liab Adjust (Prop Only)</li></ul>
BR		Other Postemployment Benefits
	R000	<ul style="list-style-type: none"><li>Other Post Employment Benefits Expense</li></ul>
BT		Shared Leave Provided - Sick Leave
	T000	<ul style="list-style-type: none"><li>Shared Leave Provided Sick Leave</li></ul>
BU		Shared Leave Provided - Personal Holiday
	U000	<ul style="list-style-type: none"><li>Shared Leave Provided Per Holiday</li></ul>



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CODE	STATEWIDE SUB- SUBJECT	TITLE
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BV		Shared Leave Provided - Vacation Leave
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V000		<ul style="list-style-type: none"><li>Shared Leave Provided Annual Leave</li></ul>
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BW		Shared Leave Received
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W000		<ul style="list-style-type: none"><li>Shared Leave Received</li></ul>
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BZ		Other Employee Benefits
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Z000		<ul style="list-style-type: none"><li>Other Employee Benefits</li></ul>
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## C - PROFESSIONAL SERVICE CONTRACTS

CA		Management and Organizational Services
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0001		<ul style="list-style-type: none"><li>Admin Contracts</li></ul>
0003		<ul style="list-style-type: none"><li>Contractor Reimbursements</li></ul>
1001		<ul style="list-style-type: none"><li>Admin Contracts &gt;25k</li></ul>
1003		<ul style="list-style-type: none"><li>Contractor Reimbursements &gt;25k</li></ul>
A000		<ul style="list-style-type: none"><li>Management and Organizational Services</li></ul>

CB		Legal and Expert Witness Services
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0001		<ul style="list-style-type: none"><li>Admin Contracts</li></ul>
0003		<ul style="list-style-type: none"><li>Contractor Reimbursements</li></ul>
1001		<ul style="list-style-type: none"><li>Admin Contracts &gt;25k</li></ul>
B000		<ul style="list-style-type: none"><li>Legal/Expert Witness Services</li></ul>
B010		<ul style="list-style-type: none"><li>Expert Witness Services</li></ul>
B020		<ul style="list-style-type: none"><li>Special Assistant Attorney General</li></ul>
B030		<ul style="list-style-type: none"><li>Mediation, Arbitration and Negotiation</li></ul>



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CODE	STATEWIDE SUB- SUBJECT	TITLE
	B040	<ul style="list-style-type: none"><li>• County Prosecutors</li></ul>
	B050	<ul style="list-style-type: none"><li>• Litigation Consultants</li></ul>
	B060	<ul style="list-style-type: none"><li>• Legal Services</li></ul>
CC		Financial Services
	0001	<ul style="list-style-type: none"><li>• Admin Contracts</li></ul>
	0003	<ul style="list-style-type: none"><li>• Contractor Reimbursements</li></ul>
	0066	<ul style="list-style-type: none"><li>• Contractor Taxable Reimbursements</li></ul>
	1001	<ul style="list-style-type: none"><li>• Admin Contracts &gt;25k</li></ul>
	1003	<ul style="list-style-type: none"><li>• Contractor Reimbursements &gt;25k</li></ul>
	C000	<ul style="list-style-type: none"><li>• Financial Services</li></ul>
	C010	<ul style="list-style-type: none"><li>• Accounting</li></ul>
	C020	<ul style="list-style-type: none"><li>• Actuarial</li></ul>
	C030	<ul style="list-style-type: none"><li>• Auditing</li></ul>
CD		Computer and Information Services
	0001	<ul style="list-style-type: none"><li>• Admin Contracts</li></ul>
	1001	<ul style="list-style-type: none"><li>• Admin Contracts &gt;25k</li></ul>
	D000	<ul style="list-style-type: none"><li>• Computer/Information Services</li></ul>
CE		Social Research Services
	0001	<ul style="list-style-type: none"><li>• Admin Contracts</li></ul>
	0003	<ul style="list-style-type: none"><li>• Contractor Reimbursements</li></ul>
	0066	<ul style="list-style-type: none"><li>• Contractor Taxable Reimbursements</li></ul>
	1001	<ul style="list-style-type: none"><li>• Admin Contracts &gt;25k</li></ul>
	1003	<ul style="list-style-type: none"><li>• Contractor Reimbursements &gt;25k</li></ul>
	1066	<ul style="list-style-type: none"><li>• Contractor Taxable Reimbursements &gt;25k</li></ul>



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CODE	STATEWIDE SUB- SUBJECT	TITLE
	E000	• Social Research Services
	E010	• Medical Consultants
CF		Technical Research Services
	0001	• Admin Contracts
	1001	Admin Contracts >25k
	F000	• Technical Research Services
CG		Marketing Services
	0001	• Admin Contracts
	G000	• Marketing Services
CH		Communication Services
	0001	• Admin Contracts
	1001	• Admin Contracts >25k
	H000	• Communications Services
CJ		Training Services
	0001	• Admin Contracts
	0003	• Contractor Reimbursements
	0066	• Contractor Taxable Reimbursements
	1001	• Admin Contracts >25k
	1003	• Contractor Reimbursements > 25K
	J000	• Training Services
	J010	• Curriculum Development
	J020	• Testing and Evaluators



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CODE	STATEWIDE SUB- SUBJECT	TITLE
CK		Recruiting Services
	K000	<ul style="list-style-type: none"><li>Recruiting Services</li></ul>
CZ		Other Professional Services
	0001	<ul style="list-style-type: none"><li>Admin Contracts</li></ul>
	0003	<ul style="list-style-type: none"><li>Contractor Expenses</li></ul>
	1001	<ul style="list-style-type: none"><li>Admin Contracts &gt;25k</li></ul>
	Z000	<ul style="list-style-type: none"><li>Other Professional Services</li></ul>

## E - GOODS AND SERVICES

EA		Supplies and Materials
	8100	<ul style="list-style-type: none"><li>Supplies: CAS PassThru Indirect Rate</li></ul>
	8212	<ul style="list-style-type: none"><li>Vaccine</li></ul>
	A000	<ul style="list-style-type: none"><li>Supplies and Materials</li></ul>
	A010	<ul style="list-style-type: none"><li>Ammunition</li></ul>
	A015	<ul style="list-style-type: none"><li>Less Than Lethal Munitions</li></ul>
	A020	<ul style="list-style-type: none"><li>Bedding and Bath Supplies</li></ul>
	A030	<ul style="list-style-type: none"><li>Janitorial Supplies</li></ul>
	A040	<ul style="list-style-type: none"><li>Laundry Supplies</li></ul>
	A050	<ul style="list-style-type: none"><li>Personal Hygiene Items</li></ul>
	A060	<ul style="list-style-type: none"><li>Clothing Employee Nontaxable</li></ul>
	A070	<ul style="list-style-type: none"><li>Clothing Employee Taxable</li></ul>
	A080	<ul style="list-style-type: none"><li>Clothing Nonemployee</li></ul>
	A090	<ul style="list-style-type: none"><li>Staff Safety Supplies</li></ul>
	A100	<ul style="list-style-type: none"><li>DOT Related Supplies</li></ul>
	A120	<ul style="list-style-type: none"><li>Animal Food</li></ul>





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CODE	STATEWIDE SUB- SUBJECT	TITLE
	A130	• Coffee and Light Refreshments
	A140	• Dietary Supplements
	A150	• Food
	A160	• Kitchen Equipment
	A170	• Kitchen Supplies
	A180	• Meals with Meetings
	A190	• Cemetery Supplies
	A200	• Landscaping Supplies
	A202	• Fertilizer
	A205	• Herbicide
	A207	• Pesticide
	A210	• Reforestation
	A212	• Cones, Seeds, Seedlings
	A220	• Dental Supplies
	A230	• Drug Testing Supplies
	A240	• Lab Supplies
	A250	• Medical Supplies
	A260	• Medications Nonprescription
	A270	• Medications Prescription
	A280	• Medications Prescription - Hepatitis C
	A290	• Pharmaceutical Rebates
	A300	• Aviation Parts and Supplies
	A310	• Building Supplies
	A320	• Repair and Maintenance Supplies
	A330	• Animal Medications and Vaccines
	A340	• Books and Publications
	A350	• Building Safety Supplies



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CODE	STATEWIDE SUB- SUBJECT	TITLE
	A360	• CBA Required Supplies and Materials
	A370	• Federal Forms
	A380	• Fire Cache Supplies
	A390	• Inspection Samples
	A400	• Inventory Adjustments
	A410	• IT Supplies
	A420	• Licensing Supplies
	A430	• Office Supplies
	A436	• Paper
	A440	• Production Printing Supplies
	A450	• Purchase Card Payment Suspense
	A460	• Recreational Equipment and Supplies
	A470	• School Supplies
	A490	• Waste Water Treatment Supplies
	A500	• Bottled Water
	A600	• Evidence Supplies
EB	Communications and Telecommunications Services	
	0025	• Leg Advertising and Sign Costs
	0026	• Leg Domain Name Registration
	B000	• Communications/Telecommunications
	B010	• Internet Service
	B020	• Mobile Phone Service
	B030	• State Provided Telecommunication Service
	B040	• Phone Service
	B050	• Postage and Parcel
	B052	• US Postage



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CODE	STATEWIDE SUB- SUBJECT	TITLE
	B060	<ul style="list-style-type: none"><li>• Other Communications</li></ul>
EC		Utilities
	C000	<ul style="list-style-type: none"><li>• Utilities</li></ul>
	C010	<ul style="list-style-type: none"><li>• Diesel Heating or Generators</li></ul>
	C020	<ul style="list-style-type: none"><li>• Electricity</li></ul>
	C030	<ul style="list-style-type: none"><li>• Heating Oil</li></ul>
	C040	<ul style="list-style-type: none"><li>• Natural Gas</li></ul>
	C050	<ul style="list-style-type: none"><li>• Propane</li></ul>
	C060	<ul style="list-style-type: none"><li>• Data and Document Destruction</li></ul>
	C070	<ul style="list-style-type: none"><li>• Garbage</li></ul>
	C080	<ul style="list-style-type: none"><li>• Recycling</li></ul>
	C090	<ul style="list-style-type: none"><li>• Sewer</li></ul>
	C100	<ul style="list-style-type: none"><li>• Waste Water Treatment and Disposal</li></ul>
	C110	<ul style="list-style-type: none"><li>• Water</li></ul>
	C120	<ul style="list-style-type: none"><li>• Cable TV</li></ul>
ED		Rentals and Leases - Land and Buildings
	D000	<ul style="list-style-type: none"><li>• Rentals and Leases - Land and Buildings</li></ul>
	D010	<ul style="list-style-type: none"><li>• Buildings Long Term</li></ul>
	D020	<ul style="list-style-type: none"><li>• Buildings Short Term</li></ul>
	D030	<ul style="list-style-type: none"><li>• State Agency Buildings</li></ul>
	D040	<ul style="list-style-type: none"><li>• Land</li></ul>
	D050	<ul style="list-style-type: none"><li>• Parking</li></ul>
	D060	<ul style="list-style-type: none"><li>• Storage or Space</li></ul>
	D200	<ul style="list-style-type: none"><li>• Lease Principal</li></ul>
	D201	<ul style="list-style-type: none"><li>• Lease Interest</li></ul>



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CODE	STATEWIDE SUB- SUBJECT	TITLE
	D202	<ul style="list-style-type: none"><li>• Variable Lease Payment</li></ul>
	D203	<ul style="list-style-type: none"><li>• Other Lease Payment</li></ul>
EE		Repairs, Alterations, and Maintenance
	E000	<ul style="list-style-type: none"><li>• Repairs, Alterations and Maintenance</li></ul>
	E010	<ul style="list-style-type: none"><li>• Building</li></ul>
	E020	<ul style="list-style-type: none"><li>• Leasehold Improvements</li></ul>
	E030	<ul style="list-style-type: none"><li>• Transportation</li></ul>
	E040	<ul style="list-style-type: none"><li>• Equipment</li></ul>
	E050	<ul style="list-style-type: none"><li>• IT Equipment</li></ul>
	E060	<ul style="list-style-type: none"><li>• Radio Equipment</li></ul>
	E070	<ul style="list-style-type: none"><li>• Security Equipment</li></ul>
	E080	<ul style="list-style-type: none"><li>• Building - Maintenance Agreements</li></ul>
	E090	<ul style="list-style-type: none"><li>• Equipment - Maintenance Agreements</li></ul>
	E100	<ul style="list-style-type: none"><li>• Grounds</li></ul>
	E110	<ul style="list-style-type: none"><li>• IT Equipment - Maintenance Agreements</li></ul>
	E120	<ul style="list-style-type: none"><li>• Furniture</li></ul>
EF		Printing and Reproduction
	8000	<ul style="list-style-type: none"><li>• Printing: CAS No Indirect Rate</li></ul>
	F000	<ul style="list-style-type: none"><li>• Printing and Reproduction</li></ul>
	F010	<ul style="list-style-type: none"><li>• Forms</li></ul>
	F020	<ul style="list-style-type: none"><li>• Fusion Stamps</li></ul>
	F030	<ul style="list-style-type: none"><li>• Publications</li></ul>
	F040	<ul style="list-style-type: none"><li>• Training Materials</li></ul>
	F070	<ul style="list-style-type: none"><li>• Washington Administrative Code</li></ul>



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CODE	STATEWIDE SUB- SUBJECT	TITLE
	F080	<ul style="list-style-type: none"><li>• Revised Code of Washington</li></ul>
	F090	<ul style="list-style-type: none"><li>• Selected Titles</li></ul>
	F100	<ul style="list-style-type: none"><li>• Washington State Register</li></ul>
	F110	<ul style="list-style-type: none"><li>• Session Law</li></ul>
EG		Employee Professional Development and Training
	8000	<ul style="list-style-type: none"><li>• Training: CAS No Indirect Rate</li></ul>
	G000	<ul style="list-style-type: none"><li>• Employee Professional Development &amp; Training</li></ul>
	G010	<ul style="list-style-type: none"><li>• Conferences</li></ul>
	G020	<ul style="list-style-type: none"><li>• Dues/Membership Fees</li></ul>
	G030	<ul style="list-style-type: none"><li>• Employee Recognition Nontaxable</li></ul>
	G040	<ul style="list-style-type: none"><li>• Firing Range Fees</li></ul>
	G050	<ul style="list-style-type: none"><li>• Training Expenses</li></ul>
	G060	<ul style="list-style-type: none"><li>• Tuition Reimbursement</li></ul>
EH		Rentals and Leases - Furnishings and Equipment
	H000	<ul style="list-style-type: none"><li>• Rental &amp; Leases - Furniture &amp; Equipment</li></ul>
	H070	<ul style="list-style-type: none"><li>• Aircraft Rental / Leases</li></ul>
	H080	<ul style="list-style-type: none"><li>• Computer Rental / Leases</li></ul>
	H090	<ul style="list-style-type: none"><li>• Conference, Exhibit and Meeting Space</li></ul>
	H100	<ul style="list-style-type: none"><li>• Cylinder Rentals</li></ul>
	H120	<ul style="list-style-type: none"><li>• Equipment Rental / Leases Long Term</li></ul>
	H130	<ul style="list-style-type: none"><li>• Equipment Rental / Leases Short Term</li></ul>
	H140	<ul style="list-style-type: none"><li>• Managed Print Services (MPS)</li></ul>
	H150	<ul style="list-style-type: none"><li>• Managed Print Services (MPS) - Overages</li></ul>
	H160	<ul style="list-style-type: none"><li>• Multi Function Device Lease Long Term</li></ul>
	H165	<ul style="list-style-type: none"><li>• Multi Function Device - Overages</li></ul>



# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
	H170	• Multi Function Device Lease Short Term
	H200	• Lease Principal
	H201	• Lease Interest
	H202	• Variable Lease Payment
	H203	• Other Lease Payment
EI		Retailer Commissions
	2650	• Retailer Selling Bonus
	I000	• Retailer Commissions
EJ		Subscriptions
	J000	• Subscriptions
	J010	• Online Subscription
	J020	• Online Legal Research Services
EK		Facilities and Services
	K000	• Facilities and Services
	K010	• Finance Cost Recovery
	K020	• Consolidated Mail Services
	K030	• Campus Rent and Utilities
	K040	• Mainframe Print Services
	K050	• Other Central Service Billing Charges
	K060	• Parking Services
	K070	• Procurement Fee
	K080	• Public and Historic Facilities
	K090	• Real Estate Services



# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
EL		Data Processing Services (Interagency)
	L000	• Data Processing Services (Interagency)
	L010	• Computer Services
	L020	• Enterprise Security
	L030	• Enterprise Systems Rate
	L040	• IT Support Services
	L050	• Office of the Chief Information Officer
	L060	• Other CTS Services
	L070	• State Data Center
	L080	• State Data Network
	L090	• Warrants
	L100	• Small Agency IT Support
	L110	• Microsoft M365 Licenses
	L120	• Cloud Computing Services
EM		Attorney General Services
	M000	• Attorney General Services
	M010	• Special Assistant Attorney General
EN		Personnel Services
	N000	• Personnel Services
	N010	• Collective Bargaining Fee
	N020	• Personnel Services Charges
EP		Insurance
	P000	• Insurance
	P010	• Insurance Expense Commercial



# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
	P020	<ul style="list-style-type: none"><li>Insurance Expense Self Insurance</li></ul>
	P030	<ul style="list-style-type: none"><li>Risk Management Insurance Expense Admin</li></ul>
ER		Other Routine Contractual Services
	0001	<ul style="list-style-type: none"><li>Contract Payments &lt; \$25K</li></ul>
	0003	<ul style="list-style-type: none"><li>Contractor Reimbursements &lt; \$25K</li></ul>
	0100	<ul style="list-style-type: none"><li>Interpreter / Translation Services</li></ul>
	0500	<ul style="list-style-type: none"><li>Braille and Large Print Services</li></ul>
	1001	<ul style="list-style-type: none"><li>Contract Payments &gt; \$25K</li></ul>
	1003	<ul style="list-style-type: none"><li>Contractor Reimbursements &gt; \$25K</li></ul>
	1302	<ul style="list-style-type: none"><li>B&amp;G Grounds</li></ul>
	1305	<ul style="list-style-type: none"><li>B&amp;G Sign Shop</li></ul>
	1306	<ul style="list-style-type: none"><li>B&amp;G Custodial</li></ul>
	1307	<ul style="list-style-type: none"><li>B&amp;G Floor Crew</li></ul>
	1308	<ul style="list-style-type: none"><li>B&amp;G Refuse/Recycle</li></ul>
	1341	<ul style="list-style-type: none"><li>B&amp;G Fire Suppression</li></ul>
	1342	<ul style="list-style-type: none"><li>BA Powerhouse</li></ul>
	1344	<ul style="list-style-type: none"><li>B&amp;G Fire Alarm</li></ul>
	1346	<ul style="list-style-type: none"><li>B&amp;G Light Crew</li></ul>
	1352	<ul style="list-style-type: none"><li>B&amp;G Card Key/Hard Key</li></ul>
	1353	<ul style="list-style-type: none"><li>B&amp;G Cameras</li></ul>
	1400	<ul style="list-style-type: none"><li>B&amp;G Related Activities</li></ul>
	7310	<ul style="list-style-type: none"><li>MAC School Districts</li></ul>
	7311	<ul style="list-style-type: none"><li>MAC Admin Fee - School Districts</li></ul>
	7312	<ul style="list-style-type: none"><li>MAC UMMS Fee - School Districts</li></ul>
	7320	<ul style="list-style-type: none"><li>MAC LHJ's Health Districts</li></ul>
	7321	<ul style="list-style-type: none"><li>MAC Admin Fee - LHJs</li></ul>





## State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
	7330	• MAC Indian Tribes
	7350	• MAC - DOC
	7351	• MAC Admin Fee - DOC
	7360	• MAC Outreach
	7361	• MAC Admin Fee - Outreach Other
	7362	• MAC UMMS Fee - Outreach Other
	8100	• Contractual Services: CAS PassThru Rate
	PM45	• B&G Generator PM
	PM92	• M&O Electrical PM
	PM94	• M&O HVAC PM
	PM95	• M&O Paint PM
	PM97	• M&O Environmental PM
	PM98	• M&O Carpenter PM
	PM9P	• M&O Plumber PM
	R000	• Other Contractual Services
	R011	• Brokered Interpreter Admin
	R012	• Brokered Interpreter Direct Cost
	R014	• Language Interpreters-Spoken in Person
	R016	• Language Interpreters-Spoken Over Phone
	R018	• Language Translation-Written
	R022	• Sign Language Interpreter
	R024	• Court Interpreters
	R030	• Pest and Rodent Control
	R033	• Pest Control Indoor
	R035	• Pest Control Outdoor
	R040	• Training Instructors
	R043	• Training Instructors Defensive Tactics



# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
	R045	• Trning Instr Emergency Vehicle Operator
	R047	• Training Instructors Firearms
	R050	• Accreditation Inspections/Audits
	R060	• Administrative Services
	R070	• Architectural and Engineering Services
	R080	• Contracted Food Services
	R081	• Contracted Food Services Variable Costs
	R100	• Court Reporting / Transcription
	R110	• Digitized Imaging Services
	R120	• Electronic Home Monitoring Service Fees
	R130	• Fire and Security Services
	R140	• Fire Protection and Inspection Services
	R150	• Grain Assessment Exports
	R160	• Grain Assessment Imports AMA
	R170	• Grain Assessment Imports USGSA
	R180	• Grounds Maintenance Services
	R190	• Hazardous Waste Disposal Service
	R200	• Inspection Services
	R210	• Institutional Impact Fees
	R220	• Investigative Services
	R230	• IT Services
	R240	• Janitorial Services
	R250	• Laboratory Services
	R260	• Laundry Services
	R270	• Litigation Support Services
	R280	• Media Services
	R290	• Medical Related



# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
	R300	<ul style="list-style-type: none"><li>• Noxious Weed Control</li></ul>
	R310	<ul style="list-style-type: none"><li>• Other Court Costs</li></ul>
	R320	<ul style="list-style-type: none"><li>• Property Management</li></ul>
	R330	<ul style="list-style-type: none"><li>• Secured Transportation and Storage</li></ul>
	R340	<ul style="list-style-type: none"><li>• Supervision Fees</li></ul>
	R350	<ul style="list-style-type: none"><li>• Trail Grooming</li></ul>
	R360	<ul style="list-style-type: none"><li>• Transportation Contract Services</li></ul>
	R370	<ul style="list-style-type: none"><li>• Wildfire Suppression-Fire District or Fire Department</li></ul>
	R371	<ul style="list-style-type: none"><li>• Fire Mobilization Salaries</li></ul>
	R372	<ul style="list-style-type: none"><li>• Fire Mobilization Equipment</li></ul>
	R373	<ul style="list-style-type: none"><li>• Fire Mobilization Cost Share Agreements</li></ul>
	R374	<ul style="list-style-type: none"><li>• Wildfire Suppression-Other</li></ul>
	R380	<ul style="list-style-type: none"><li>• Lottery Gaming Vendor Service Fees</li></ul>
	R400	<ul style="list-style-type: none"><li>• Abandoned RV - Towing</li></ul>
	R401	<ul style="list-style-type: none"><li>• Abandoned RV - Storage</li></ul>
	R402	<ul style="list-style-type: none"><li>• Abandoned RV - Wrecking</li></ul>
	SO45	<ul style="list-style-type: none"><li>• B&amp;G Generator Base</li></ul>
	SO92	<ul style="list-style-type: none"><li>• M&amp;O Electrical Base</li></ul>
	SO94	<ul style="list-style-type: none"><li>• M&amp;O HVAC Base</li></ul>
	SO95	<ul style="list-style-type: none"><li>• M&amp;O Paint Base</li></ul>
	SO97	<ul style="list-style-type: none"><li>• M&amp;O Environmental Base</li></ul>
	SO98	<ul style="list-style-type: none"><li>• M&amp;O Carpenter Base</li></ul>
	SO9P	<ul style="list-style-type: none"><li>• M&amp;O Plumber Base</li></ul>
ES	Vehicle Maintenance and Operating Costs	
	S000	<ul style="list-style-type: none"><li>• Vehicle Maintenance &amp; Operating Cost</li></ul>
	S010	<ul style="list-style-type: none"><li>• Aircraft Fuel</li></ul>



# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
	S020	<ul style="list-style-type: none"><li>Bulk Diesel</li></ul>
	S030	<ul style="list-style-type: none"><li>Bulk Gasoline</li></ul>
	S040	<ul style="list-style-type: none"><li>Motor Fuel - Diesel</li></ul>
	S050	<ul style="list-style-type: none"><li>Motor Fuel - Gasoline</li></ul>
	S060	<ul style="list-style-type: none"><li>Agency Equipment Shop Services</li></ul>
	S070	<ul style="list-style-type: none"><li>Aircraft Maintenance and Repairs</li></ul>
	S080	<ul style="list-style-type: none"><li>Motor Fuel - Alternative Fuels</li></ul>
	S090	<ul style="list-style-type: none"><li>Outside Maintenance and Repairs</li></ul>
	S100	<ul style="list-style-type: none"><li>Parts and Supplies</li></ul>
ET		Audit Services
	T000	<ul style="list-style-type: none"><li>Audit Services</li></ul>
EV		Administrative Hearings Services
	V000	<ul style="list-style-type: none"><li>Administrative Hearings Services</li></ul>
EW		Archives and Records Management Services
	W000	<ul style="list-style-type: none"><li>Archives &amp; Records Management Services</li></ul>
EX		OMWBE Services
	X000	<ul style="list-style-type: none"><li>OMWBE Services</li></ul>
EY		Software Licenses, Maintenance, and Subscription-Based Computing Services
	Y000	<ul style="list-style-type: none"><li>Software Licenses, Maintenance, and Subscription-Based Computing Services</li></ul>
	Y010	<ul style="list-style-type: none"><li>Software Licenses</li></ul>
	Y020	<ul style="list-style-type: none"><li>Software Maintenance</li></ul>
	Y040	<ul style="list-style-type: none"><li>Software as a Service (SaaS)</li></ul>



# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
	Y050	<ul style="list-style-type: none"><li>Platform as a Service (PaaS)</li></ul>
	Y060	<ul style="list-style-type: none"><li>Infrastructure as a Service (IaaS)</li></ul>
EZ		Other Goods and Services
	0001	<ul style="list-style-type: none"><li>Legislative Members Business Expense</li></ul>
	0024	<ul style="list-style-type: none"><li>Financial Fees</li></ul>
	0025	<ul style="list-style-type: none"><li>Delinquency Fees</li></ul>
	EH00	<ul style="list-style-type: none"><li>Eligible Hospital Electronic Health Record Incentive Payment</li></ul>
	EP00	<ul style="list-style-type: none"><li>Elig Professional Electronic Health Record Incentive Payment</li></ul>
	Z000	<ul style="list-style-type: none"><li>Other Goods and Services</li></ul>
	Z010	<ul style="list-style-type: none"><li>Advertising</li></ul>
	Z020	<ul style="list-style-type: none"><li>Advertising - Employment</li></ul>
	Z030	<ul style="list-style-type: none"><li>Commute Trip Reduction</li></ul>
	Z040	<ul style="list-style-type: none"><li>Credit Card Processing Fees</li></ul>
	Z050	<ul style="list-style-type: none"><li>DDC Respite Care</li></ul>
	Z053	<ul style="list-style-type: none"><li>DDC Stipends</li></ul>
	Z055	<ul style="list-style-type: none"><li>DDC Support Services</li></ul>
	Z060	<ul style="list-style-type: none"><li>DNR Internal Shop Offset</li></ul>
	Z070	<ul style="list-style-type: none"><li>Licenses, Permits and Regulatory Fees</li></ul>
	Z080	<ul style="list-style-type: none"><li>Notary Costs</li></ul>
	Z090	<ul style="list-style-type: none"><li>Other Central Service Billing Charges</li></ul>
	Z100	<ul style="list-style-type: none"><li>Permit Parking</li></ul>
	Z110	<ul style="list-style-type: none"><li>Public Disclosure Litigation/Settlements</li></ul>
	Z120	<ul style="list-style-type: none"><li>Purchase Card Rebates</li></ul>
	Z130	<ul style="list-style-type: none"><li>Settlement and Other Litigation costs</li></ul>
	Z140	<ul style="list-style-type: none"><li>Vital and Other Records Fees</li></ul>
	Z150	<ul style="list-style-type: none"><li>Indeterminate Care Facility/Mental Retardation Tax - Direct Costs</li></ul>



# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
	Z160	• Indeterminate Care Facility/Mental Retardation Tax - Indirect Costs
	Z170	• Damaged or Lost Property Non-Employee
	Z180	• Damaged or Lost Property Employee
<b>F - COST OF GOODS SOLD (Proprietary Funds Only)</b>		
FA		Net Cost of Goods Sold
	A000	• Net Cost of Goods Sold
FB		Purchases
	B000	• Purchases
	B010	• IT License Brokering
FC		Returned Purchases
	C000	• Returned Purchases
FD		Freight-In
	D000	• Freight-In
FE		Discounts
	E000	• Discounts
FF		Inventory Adjustments
	F000	• Inventory Adjustments
FG		Direct Labor
	G000	• Direct Labor



# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
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FH		Raw Materials (Direct Materials)
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- |      |                             |
|------|-----------------------------|
| H000 | • Raw Materials             |
| H010 | • Discount on Raw Materials |
| H020 | • Production Printing       |

FJ		Manufacturing Overhead
----	--	------------------------

- |      |   |
|------|---|
| J000 | • Manufacturing Overhead                  |
| J010 | • Direct Consumable Materials             |
| J020 | • Equipment Repair and Maintenance        |
| J030 | • Financial Fees                          |
| J040 | • Indirect Labor                          |
| J050 | • Janitorial Supplies                     |
| J060 | • Marketing                               |
| J070 | • Office Supplies-Administration          |
| J080 | • Purchased Services                      |
| J090 | • Rentals and Leases                      |
| J100 | • Tools and Equipment-Non Capitalized     |
| J110 | • Training                                |
| J120 | • Vehicle Maintenance and Operating Costs |
| J130 | • Warranty Expense                        |

## G - TRAVEL

GA		In-State Subsistence and Lodging
----	--	----------------------------------

- |      |                                       |
|------|---------------------------------------|
| A000 | • In-State Subsistence and Lodging    |
| A010 | • In-State Meals and Lodging Employee |



# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
	A020	• In-State Meals and Lodging Non-Employee
	A030	• In-State Meals and Lodging Boards and Commissions
	A040	• In-State Meals Taxable Boards and Commissions
	SW41	• In-State Meals Taxable Employee
GB		In-State Air Transportation
	B000	• In-State Air Transportation
	B010	• In-State Air Transportation Employee
	B020	• In-State Air Transportation Non-Employee
	B030	• Air Transportation Boards and Commissions
	B040	• In-State Air Travel Agency Fees
GC		Private Automobile Mileage
	C000	• Private Automobile Mileage
	C010	• POV Mileage Employee
	C020	• POV Mileage Non-Employee
	C030	• POV Boards and Commissions
	C040	• POV Mileage Elective Rate Employee
	C050	• POV Elective Rate Boards and Commissions
GD		Other Travel Expenses
	D000	• Other Travel Expenses
	D010	• In-State Other Travel Expenses Employee
	D020	• In-State Other Travel Expenses Non-Employee
	D030	• In-State Other Travel Expenses Boards and Commissions
	D040	• Out-of-State Other Travel Expenses Employee
	D050	• Out-of-State Other Travel Expenses Non-Employee





# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
	D060	• Out-of-State Other Travel Expenses Boards and Commissions
	D070	• Car Rental
	D090	• Employee Moving Expenses Taxable
	D100	• Foreign Other Travel Expenses Employee
	D110	• Foreign Other Travel Expenses Boards and Commissions
GF		Out-of-State Subsistence and Lodging
	F000	• Out-of-State Subsistence and Lodging
	F010	• Out-of-State Meals and Lodging Employee
	F020	• Out-of-State Meals and Lodging Non Employee
	F030	• Out-of-State Meals and Lodging Boards and Commissions
	F040	• Out-of-State Meals Taxable Boards and Commissions
	F050	• Foreign Travel Meals and Lodging Employee
	F060	• Foreign Travel Meals & Lodging Boards and Commissions
	SW46	• Out-of-State Meals Taxable Employee
GG		Out-of-State Air Transportation
	G000	• Out-of-State Air Transportation
	G010	• Out-of-State Air Transportation Employee
	G020	• Out-of-State Air Transportation Non-Employee
	G030	• Out-of-State Air Fare Boards and Commissions
	G050	• Foreign Travel Airfare Employee
	G060	• Foreign Travel Airfare Boards and Commissions
	G070	• Out-of-State Air Travel Agency Fees
GN		Motor Pool Services
	N000	• Motor Pool Services



# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
	N010	• Motor Pool Services Agency
	N040	• Motor Pool Services State
	N042	• Motor Pool Vehicle Overages State
	N044	• Motor Pool Vehicle Daily Rental State

## J - CAPITAL OUTLAYS

JA	Noncapitalized Assets	
	A000	• Noncapitalized Assets
	A010	• IT Equipment
	A020	• Office Furniture and Equipment
	A030	• Radio Equipment
	A040	• Security Equipment
	A050	• Specialized Equipment
	A060	• Telecommunication Equipment
	A070	• Vehicle Equipment
	A080	• Buildings and Building Improvements
	A100	• Household and Living Furnishings
	A110	• Improvements Other Than Buildings
	A120	• Intangible Assets
	A130	• Machinery and Tools
	A140	• Safety Equipment
	A150	• Weapons and Accessories
JB	Noncapitalized Software	
	B000	Noncapitalized Software



# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
JC		Furnishings and Equipment
	C000	• Furnishings and Equipment
	C010	• Heavy Equipment
	C020	• IT Equipment
	C030	• Office Furniture and Equipment
	C040	• Radio Equipment
	C050	• Security Equipment
	C060	• Specialized Equipment
	C070	• Telecommunication Equipment
	C100	• Laboratory Equipment
	C120	• Machinery and Tools
	C130	• Major Transportation
	C140	• Vehicles
	C150	• IT Leasing Program
JD		Library Resources
	D000	• Library Resources
	D010	• Books
	D040	• Subscriptions
JE		Land
	E000	• Land
	E020	• Closing Costs
	E030	• Easements
	E040	• Final Settlement
	E070	• Post Acquisition Activity Cost
	E080	• Pre Acquisition Activity Costs



# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
	E100	<ul style="list-style-type: none"><li>• Third Party Payments</li></ul>
	E110	<ul style="list-style-type: none"><li>• Title Insurance and Fees for Real Estate Services</li></ul>
	E120	<ul style="list-style-type: none"><li>• Trust Land Transfers - Land</li></ul>
	E130	<ul style="list-style-type: none"><li>• Trust Land Transfers - Timber</li></ul>
JF		Buildings
	F000	<ul style="list-style-type: none"><li>• Buildings</li></ul>
	F010	<ul style="list-style-type: none"><li>• Building Construction or Acquisition</li></ul>
	F020	<ul style="list-style-type: none"><li>• Building Improvements</li></ul>
JG		Highway Construction
	G000	<ul style="list-style-type: none"><li>• Highway Construction</li></ul>
JH		Improvements Other Than Buildings (Non State Highway System)
	H000	<ul style="list-style-type: none"><li>• Improvements Other Than Buildings (Non State Highway System)</li></ul>
JJ		Grounds Development
	J000	<ul style="list-style-type: none"><li>• Grounds Development</li></ul>
JK		Architectural and Engineering Services
	K000	<ul style="list-style-type: none"><li>• Architectural and Engineering Services</li></ul>
	K010	<ul style="list-style-type: none"><li>• Building</li></ul>
	K020	<ul style="list-style-type: none"><li>• Non-Building</li></ul>
	K030	Predesign Services
	K040	Extra Services
JL		Capital Planning



# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
	L000	<ul style="list-style-type: none"><li>Capital Planning</li></ul>
JM		Art Collections, Library Reserve Collections, and Museum and Historical Collections
	M000	<ul style="list-style-type: none"><li>Art Collections, Library Reserve Collections, and Museum and Historical Collections</li></ul>
	M010	<ul style="list-style-type: none"><li>Books</li></ul>
	M020	<ul style="list-style-type: none"><li>Microform</li></ul>
	M040	<ul style="list-style-type: none"><li>Subscriptions</li></ul>
	M050	<ul style="list-style-type: none"><li>Artwork Plaques</li></ul>
	M060	<ul style="list-style-type: none"><li>Artwork Photography and Documentation</li></ul>
	M070	<ul style="list-style-type: none"><li>Artwork Storage</li></ul>
	M080	<ul style="list-style-type: none"><li>Artwork Evaluation</li></ul>
	M090	<ul style="list-style-type: none"><li>Artwork Conservation and Restoration</li></ul>
	M096	<ul style="list-style-type: none"><li>Artwork Transportation</li></ul>
	M100	<ul style="list-style-type: none"><li>Artwork Maintenance</li></ul>
JN		Relocation Costs
	N000	<ul style="list-style-type: none"><li>Relocation Costs</li></ul>
	N050	<ul style="list-style-type: none"><li>Moving Business/Actual Costs</li></ul>
JQ		Software
	Q000	<ul style="list-style-type: none"><li>Software</li></ul>
JR		Intangible Assets
	R000	<ul style="list-style-type: none"><li>Intangible Assets</li></ul>
JS		Intangible Right-to-Use Lease Asset Capital Outlay
	S000	<ul style="list-style-type: none"><li>Intangible Right-to-Use Lease Asset Capital Outlay</li></ul>



# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
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JZ		Other Capital Outlays
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	Z000	• Other Capital Outlays
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## M - INTERFUND OPERATING TRANSFERS

MA		Interfund Operating Transfers In
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	A000	• Interfund Operating Transfers In
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MB		Interfund Operating Transfers Out
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	B000	• Interfund Operating Transfers Out
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MC		Interfund Transfers In - Principal
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	C000	• Interfund Transfers In - Principal
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MD		Interfund Transfers In - Interest
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	D000	• Interfund Transfers In - Interest
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MI		Interfund Transfers Out - Interest
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	I000	• Interfund Transfers Out - Interest
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MM		Agency Incentive Savings Transfers Out
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	M000	• Agency Incentive Savings Transfers Out
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MP		Interfund Transfers Out - Principal
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	P000	• Interfund Transfers Out - Principal
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# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
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## N - GRANTS, BENEFITS, AND CLIENT SERVICES

The agency-specific Object N sub-subobject codes are available on the [OFM Chart of Accounts Project](#) resource site in the document titled “Statewide sub-subobject table.”

NA	Direct Payments to Clients
NB	Payments to Providers for Direct Client Services
NF	Workers' Compensation Payments
NG	Payments of Taxes to Other Governments
NH	Public Employee Benefit, Basic Health, and Community Health Service Payments
NL	Lottery Prize Payments
NR	Loan Disbursements
NT	Pension Refund Payments
NU	Pension Benefit Payments
NW	Special Employment Compensation
NY	Participant Withdrawals
NZ	Other Grants and Benefits

SW91	• Taxable Employee Awards
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## P - DEBT SERVICE

PA	Principal
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A000	• Principal
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PB	Interest
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B000	• Interest
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PC	Other Debt Costs
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# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
	C000	<ul style="list-style-type: none"><li>• Other Debt Costs</li></ul>
PD		Principal COP Lease/Purchase Agreements
	D000	<ul style="list-style-type: none"><li>• Principal COP Lease/Purchase Agreements</li></ul>
PE		Interest COP Lease/Purchase Agreements
	E000	<ul style="list-style-type: none"><li>• Interest COP Lease/Purchase Agreements</li></ul>
<b>S - INTERAGENCY REIMBURSEMENTS</b>		
SA		Salaries and Wages
	A000	<ul style="list-style-type: none"><li>• Salaries and Wages</li></ul>
	A100	<ul style="list-style-type: none"><li>• Commerce</li></ul>
	A110	<ul style="list-style-type: none"><li>• Department of Early Learning</li></ul>
	A120	<ul style="list-style-type: none"><li>• Department of Health</li></ul>
	A130	<ul style="list-style-type: none"><li>• Health Care Authority</li></ul>
	A140	<ul style="list-style-type: none"><li>• Labor and Industries</li></ul>
	A150	<ul style="list-style-type: none"><li>• Office of Superintendent of Public Instruction</li></ul>
SB		Employee Benefits
	B000	<ul style="list-style-type: none"><li>• Employee Benefits</li></ul>
	B100	<ul style="list-style-type: none"><li>• Commerce</li></ul>
	B110	<ul style="list-style-type: none"><li>• Department of Early Learning</li></ul>
	B130	<ul style="list-style-type: none"><li>• Health Care Authority</li></ul>
	B150	<ul style="list-style-type: none"><li>• Office of Superintendent of Public Instruction</li></ul>
SC		Professional Service Contracts





# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
	C000	<ul style="list-style-type: none"><li>Professional Service Contracts</li></ul>
SE		Goods and Services
	1051	<ul style="list-style-type: none"><li>SWCAP Recoveries on Intergency Contracts</li></ul>
	E000	<ul style="list-style-type: none"><li>Goods and Other Services</li></ul>
	E100	<ul style="list-style-type: none"><li>Commerce</li></ul>
	E110	<ul style="list-style-type: none"><li>Department of Early Learning</li></ul>
	E120	<ul style="list-style-type: none"><li>Department of Health</li></ul>
	E130	<ul style="list-style-type: none"><li>Health Care Authority</li></ul>
	E140	<ul style="list-style-type: none"><li>Labor and Industries</li></ul>
	E150	<ul style="list-style-type: none"><li>Office of Superintendent of Public Instruction</li></ul>
SG		Travel
	G000	<ul style="list-style-type: none"><li>Travel</li></ul>
	G100	<ul style="list-style-type: none"><li>Commerce</li></ul>
	G130	<ul style="list-style-type: none"><li>Health Care Authority</li></ul>
	G150	<ul style="list-style-type: none"><li>Office of Superintendent of Public Instruction</li></ul>
SJ		Capital Outlays
	J000	<ul style="list-style-type: none"><li>Capital Outlays</li></ul>
SN		Grants, Benefits, and Client Services
	N000	<ul style="list-style-type: none"><li>Grants, Benefits, and Client Services</li></ul>
	N100	<ul style="list-style-type: none"><li>Commerce</li></ul>
	N110	<ul style="list-style-type: none"><li>Department of Early Learning</li></ul>
	N120	<ul style="list-style-type: none"><li>Department of Health</li></ul>
	N130	<ul style="list-style-type: none"><li>Health Care Authority</li></ul>



# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
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SP		Debt Service
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P000		<ul style="list-style-type: none"><li>Debt Service</li></ul>
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SZ		Unidentified
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Z000		<ul style="list-style-type: none"><li>Unidentified</li></ul>
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## T - INTRA-AGENCY REIMBURSEMENTS

TA		Salaries and Wages
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0499		<ul style="list-style-type: none"><li>Commission General</li></ul>
0501		<ul style="list-style-type: none"><li>Utilities General-Economic</li></ul>
0502		<ul style="list-style-type: none"><li>Transportation General-Economic</li></ul>
0503		<ul style="list-style-type: none"><li>Transportation General-Safety</li></ul>
0504		<ul style="list-style-type: none"><li>Pipeline Safety-General</li></ul>
0505		<ul style="list-style-type: none"><li>Consumer Affairs-General</li></ul>
0506		<ul style="list-style-type: none"><li>Administrative Law Division-General</li></ul>
0591		<ul style="list-style-type: none"><li>EFSEC General Overhead - Administrative Staff</li></ul>
0592		<ul style="list-style-type: none"><li>EFSEC General Overhead - Technical Staff</li></ul>
A000		<ul style="list-style-type: none"><li>Salaries and Wages</li></ul>
A010		<ul style="list-style-type: none"><li>Adjudicative Clerks Office</li></ul>
A020		<ul style="list-style-type: none"><li>Adjudicative Services Unit</li></ul>
A030		<ul style="list-style-type: none"><li>Call Center</li></ul>
A040		<ul style="list-style-type: none"><li>Complaint Intake</li></ul>
A060		<ul style="list-style-type: none"><li>Credentialing - Professions</li></ul>
A061		<ul style="list-style-type: none"><li>Credentialing - Facilities</li></ul>
A070		<ul style="list-style-type: none"><li>Disciplinary Case Management</li></ul>



# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
	A080	• Expenditure Authority Transfers Accounts
	A090	• FBI Background Checks
	A100	• HP Investigations
	A110	• HPF Director
	A120	• HPF Suicide Assessment
	A130	• ILRS E-License Project
	A140	• Legal Compliance
	A150	• Legal Services
	A160	• Monthly CAS JV
	A170	• Program Allocation General Services
	A180	• Public Disclosure Records Center
	A190	• Renewals
	A200	• Revenue
	A210	• Review Officer Clearing Account
	A230	• WRAMP
	A240	• Home Care Aide-Clearing
	A250	• E2SSB 5497 Implementation
	A260	• Behavioral Health Workforce Workgroup
	A270	• SHB 1198 Implementation
TB	Employee Benefits	
	0499	• Commission General
	0501	• Utilities General-Economic
	0502	• Transportation General-Economic
	0503	• Transportation General-Safety
	0504	• Pipeline Safety-General
	0505	• Consumer Affairs-General



# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
	0506	• Administrative Law Division-General
	0591	• EFSEC General Overhead - Administrative Staff
	0592	• EFSEC General Overhead - Technical Staff
	B000	• Employee Benefits
	B010	• Expenditure Authority Transfers Accounts
	B020	• Program Allocation General Services
TC		Professional Service Contracts
	0499	• Commission General
	0501	• Utilities General-Economic
	C000	• Professional Service Contracts
	C010	• Expenditure Authority Transfers Accounts
TE		Goods and Services
	0001	• State Indirect-Federal Grants
	0002	• Federal Indirect-Federal Grants
	0003	• Indirect-Receivable Agreements
	0004	• Fund/Expenditure Authority Transfer
	0110	• Program Allocation-EAS Administration
	0120	• Program Allocation-EAS Contracts, Claims, and Disputes
	0499	• Commission General
	0501	• Utilities General-Economic
	0502	• Transportation General-Economic
	0503	• Transportation General-Safety
	0505	• Consumer Affairs-General
	0506	• Administrative Law Division-General
	0507	• Attorney General-General



# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
	0591	• EFSEC General Overhead - Administrative Staff
	1000	• Shared Service-Executive Management
	1002	• Shared Service-Communications
	1004	• Shared Service-Strategy and Performance
	1005	• Shared Service-Managed Print
	1051	• SWCAP Recovery on Local Federal Contracts
	1110	• Program Allocation-CMS Administration
	1150	• Shared Service-Safety and Risk Management
	1300	• Program Allocation-Finance Administration
	13AP	• Shared Service-Finance Accounts Payable
	13AR	• Shared Service-Finance Accounts Receivable
	13BU	• Shared Service-Finance Budget
	13GA	• Shared Service-Finance General Accounting
	13PR	• Shared Service-Finance Payroll
	3100	• Shared Service-Technology Solutions
	4000	• Program Allocation-Workforce Support Administration
	4050	• Shared Service-Human Resources
	4771	• Contract Agency Indirect
	4772	• State Match Agency Indirect
	5000	• Program Allocation-Business Resources Administration
	5500	• Program Allocation-BR Printing Administration
	6000	• Program Allocation-Planning Support (Project Planning and Delivery)
	6030	• Program Allocation FAC Administration
	6111	• Program Allocation-Asset Management and Planning, Project, and Delivery
	6112	• Program Allocation-Workplace Learning and Performance Administration
	6113	• Allocation-Campus Wide B&G Building Support
	6114	• Program Allocation-Campus Infrastructure



## State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
	6115	• Allocation-Campus Wide Building Control
	6116	• Program Allocation-Learning Solutions Operations
	612N	• Program Allocation-Powerhouse Building Allocation
	6159	• Program Allocation-Parking Administration
	6411	• Program Allocation-RES Administration
	6510	• Shared Service-Internal Facilities
	670S	• Program Allocation-Security and Access
	6711	• Program Allocation-B&G Administration
	6713	• Program Allocation-B&G Supply Administration
	6722	• Program Allocation-B&G Work Management Allocation
	6740	• Program Allocation-CSVS Administration
	6750	• Program Allocation-Custodial Support
	6790	• Program Allocation-Grounds Support
	6791	• Shared Services-Enterprise Technology Solutions Administration and Infrastructure
	679A	• Program Allocation-Maintenance and Repair Support
	679B	• Program Allocation-HVAC Support
	679C	• Program Allocation-Electric Support
	679D	• Program Allocation-Environment, Fire Support
	8000	• Shared Service-Internal Contracts
	8040	• Program Allocation-Risk Mgmt Administration
	E000	• Goods and Other Services
	E350	• Campus Reallocation
	E360	• Enterprise Clearing
	E370	• PBX/Telecom End of Year Allocation
	E490	• Transfer/Allocation
	E500	• Expenditure Authority Transfers Accounts
	E510	• Program Allocation General Services



# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
	E520	• Program Allocation Torts
	E530	• Document Services
	E540	• Federal Indirect
	E550	• Buying Legal Services
	E560	• Selling Legal Services
TG		Travel
	0499	• Commission General
	0501	• Utilities General-Economic
	0502	• Transportation General-Economic
	0503	• Transportation General-Safety
	0505	• Consumer Affairs-General
	0506	• Administrative Law Division-General
	0507	• Attorney General-General
	0591	• EFSEC General Overhead - Administrative Staff
	G000	• Travel
	G010	• Expenditure Authority Transfers Accounts
	G020	• Program Allocation General Services
TJ		Capital Outlays
	0499	• Commission General
	0501	• Utilities General-Economic
	0502	• Transportation General-Economic
	0503	• Transportation General-Safety
	0505	• Consumer Affairs-General
	0506	• Administrative Law Division-General
	0507	• Attorney General-General



# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
	J000	<ul style="list-style-type: none"><li>• Capital Outlays</li></ul>
	J010	<ul style="list-style-type: none"><li>• Expenditure Authority Transfers Accounts</li></ul>
	J020	<ul style="list-style-type: none"><li>• Program Allocation General Services</li></ul>
TN		Grants, Benefits, and Client Services
	8715	<ul style="list-style-type: none"><li>• Contract Overspend Adjustment</li></ul>
	9080	<ul style="list-style-type: none"><li>• Tax Cost Share DOL</li></ul>
	9088	<ul style="list-style-type: none"><li>• Closeout Adjustment Prior Year</li></ul>
	9089	<ul style="list-style-type: none"><li>• Closeout Adjustment Next Year</li></ul>
	9910	<ul style="list-style-type: none"><li>• Cash Match State Funds</li></ul>
	N000	<ul style="list-style-type: none"><li>• Grants, Benefits and Client Services</li></ul>
	N010	<ul style="list-style-type: none"><li>• Expenditure Authority Transfers Accounts</li></ul>
	N020	<ul style="list-style-type: none"><li>• Program Allocation General Services</li></ul>
TP		Debt Service
	P000	<ul style="list-style-type: none"><li>• Debt Service</li></ul>
TZ		Unidentified
	Z000	<ul style="list-style-type: none"><li>• Unidentified</li></ul>
<b>W - OTHER</b>		
WA		Depreciation/Amortization
	A000	<ul style="list-style-type: none"><li>• Depreciation/Amortization</li></ul>
WB		Amortization
	B000	<ul style="list-style-type: none"><li>• Amortization</li></ul>





# State Administrative and Accounting Manual

CODE	STATEWIDE SUB- SUBJECT	TITLE
WC		Bad Debts
	C000	<ul style="list-style-type: none"> <li>• Bad Debts</li> </ul>
WD		Change in Capitalization Policy
	D000	<ul style="list-style-type: none"> <li>• Change In Capitalization Policy</li> </ul>
WE		Pollution Remediation (General Long-Term Obligation Subsidiary Account Only)
	E000	<ul style="list-style-type: none"> <li>• Pollution Remediation (General Long-Term Obligation Subsidiary Account Only)</li> </ul>
WF		Capital Asset Adjustment (General Capital Assets Subsidiary Account Only)
	F000	<ul style="list-style-type: none"> <li>• Capital Asset Adjustment (General Capital Asset Subsidiary Account Only)</li> </ul>
WG		Asset Retirement Obligation Expense
	G000	<ul style="list-style-type: none"> <li>• Asset Retirement Obligation Expense</li> </ul>
WP		Net Pension Liability Adjustment (General Long-Term Obligation Subsidiary Account Only)
	P000	<ul style="list-style-type: none"> <li>• Net Pension Liability Adjust (General Long-Term Obligation Subsidiary Account Only)</li> </ul>
WR		Other Postemployment Benefits (General Long-Term Obligation Subsidiary Account Only)
	R000	<ul style="list-style-type: none"> <li>• Other Post Employment Benefits (General Long-Term Obligation Subsidiary Account Only)</li> </ul>

**Note:** Statewide Sub-subobjects that begin with SW are used for processing payroll in the Human Resource Management System (HRMS).



# State Administrative and Accounting Manual

## 75.70.20 Sequential by code number with descriptions

July 1, 2021

CODE	TITLE AND DESCRIPTION
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<b>A</b>	<b>SALARIES AND WAGES</b>
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Amounts paid to persons who provide personal services subject to the direction and control of a state agency (employer/employee relationship) are to be classified as salaries and wages, except for those persons who are considered employees for payroll tax reporting only (refer to Subobject NW). It does not matter that the state agency permits the employee considerable discretion and freedom of action as long as the state agency has the legal right to supervise and control the method and the result of the services.

AA	State Classified
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Those state employees/positions whose salaries are set in accordance with the Washington Personnel Resources Board salary schedule and compensation plans, except those employees/positions whose salaries are set by the Washington Personnel Resources Board under the provisions of additional exemptions requested by elected officials and the executive assistants for personnel administration as prescribed by [RCW 41.06.070](#). Also includes those employees under the Washington Management Services program.

AB	Higher Education Classified
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All classified employees/positions of institutions of higher education and related boards under the jurisdiction of the Washington Personnel Resources Board as defined by [chapter 41.06 RCW](#).

AC	State Exempt
----	--------------

Those employees/positions whose salaries are set by the governor, upon recommendation of the State Committee on Agency Officials' Salaries, or by appropriate boards and commissions; and those employees/positions whose salaries are set by the Washington Personnel Resources Board under the provisions of additional exemptions requested by elected officials and the executive assistant for personnel administration as prescribed by [RCW 41.06.070](#). This category includes those employees/positions whose salaries are established by agency heads such as confidential secretaries, administrative assistants, and assistant attorney generals.

AD	Higher Education Exempt
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## State Administrative and Accounting Manual

CODE	TITLE AND DESCRIPTION
	All employees/positions in institutions of higher education and related boards which have been defined as exempt by <a href="#">chapter 41.06 RCW</a> , by the Washington Personnel Resources Board and by the governing board of the institution excluding faculty, graduate assistants, students, and higher education other.
AE	State Special
	All legislative staff employees/positions for which the legislature establishes compensation rates. Also includes members of statutorily established boards, commission, councils, and committees.
AF	Higher Education Faculty
	All employees/positions in institutions of higher education whose primary responsibilities are teaching, research, public service, or a combination of these, including librarians and counselors designated as faculty. Term(s) may be for quarter, semester, year, annual year, or longer.
AG	Commissioned State Patrol Officers
	All employees commissioned as Washington State Patrol Officers pursuant to <a href="#">chapter 43.43 RCW</a> , and members of the Washington State Patrol Retirement System as prescribed by <a href="#">RCW 43.43.120</a> .
AH	Higher Education Graduate Assistants
	All employees/positions held by matriculated students who are approved by the graduate school and whose primary responsibilities are related to teaching, research, and public service at institutions of higher education.
AJ	State Other
	Those employees/positions whose salaries are set through direct negotiation between designated agencies and employee representatives (e.g. craft and trade unions or employees not covered in the other groups).
AK	Higher Education Other
	All employees/positions within the institutions of higher education not subject to other classifications.
AL	Higher Education Students



## State Administrative and Accounting Manual

CODE	TITLE AND DESCRIPTION
	All student employees other than graduate assistants or those covered by Washington Personnel Resources Board, including work-study students.
AN	Justices and Judges
	All Supreme Court Justices and judges of the court of appeals, superior courts, and district courts for which the Washington Citizens' Commission on Salaries for Elected Officials establishes compensation rates.
AR	Elected Officials
	State elected officials including Governor, Lieutenant Governor, Secretary of State, Treasurer, Auditor, Attorney General, Superintendent of Public Instruction, Commissioner of Public Lands, Insurance Commissioner, Senators, and Representatives for which the Washington Citizens' Commission on Salaries for Elected Officials establishes compensation rates.
AS	Sick Leave Buy-Out
	Salaries and wages expended for accrued employee sick leave as provided under <a href="#">RCW 41.04.340</a> .
AT	Terminal Leave
	Salaries and wages expended for accrued vacation leave made to employees upon termination of employment.
AU	Overtime and Callback
	Additional amounts paid to employees for working overtime, compensatory time, and under call-back provisions of contracts and work agreements.
<b>B</b>	<b>EMPLOYEE BENEFITS</b>
BA	Old Age, Survivors, and Disability Insurance
	The amounts expended as the State's share of Old Age, Survivors , and Disability Insurance. <b>Does not include</b> Hospital Insurance (Medicare) premiums.
BB	Retirement and Pensions



## State Administrative and Accounting Manual

CODE	TITLE AND DESCRIPTION
	The amounts expended as the State's share of retirement and pension benefits.
BC	Medical Aid and Industrial Insurance
	The amounts expended as the State's share of medical aid and industrial insurance.
BD	Health, Life, and Disability Insurance
	The amounts expended on the pay-as-you-go basis for the State's share of health, life, disability insurance, and the administrative fee for flexible spending and dependent care programs.
BE	Allowances
	The amounts expended for special payments to employees to cover costs of board, quarters, clothing, commute trip reduction incentives, and cellular device stipends.
BF	Unemployment Compensation
	The amounts expended to pay for unemployment compensation benefits received by former state employees.
BG	Supplemental Retirement Payments
	Amounts expended by colleges and universities for required supplemental payments to retired individuals when pension annuity payments are less than what the retiree would be eligible to receive under the public employee's retirement system.
BH	Hospital Insurance (Medicare)
	The amounts expended as the State's share of Hospital Insurance (Medicare).
BK	Paid Family and Medical Leave
	Amounts expended for the State's share of family leave and medical leave premiums and surcharges.
BP	Net Pension Liability Adjustment (Proprietary Accounts Only)
	The amount that represents the adjustment to pension expense arising from certain changes in the net pension liability related to employees in proprietary accounts.



## State Administrative and Accounting Manual

<b>CODE</b>	<b>TITLE AND DESCRIPTION</b>
BR	Other Postemployment Benefits  The amount that represents the State's share of the annual net other postemployment benefits cost.
BT	Shared Leave Provided - Sick Leave  The dollar value of sick leave donated by state employees in conjunction with the State's shared leave program.
BU	Shared Leave Provided - Personal Holiday  The dollar value of personal holiday leave donated by state employees in conjunction with the State's shared leave program.
BV	Shared Leave Provided - Vacation Leave  The dollar value of vacation leave donated by state employees in conjunction with the State's shared leave program.
BW	Shared Leave Received  The dollar value of shared leave received by state employees, to be used in lieu of sick leave, in conjunction with the State's shared leave program.
BZ	Other Employee Benefits  The amounts expended for benefits other than those indicated above.

### **C PROFESSIONAL SERVICE CONTRACTS**

Professional service means consulting or technical expertise provided to accomplish a specific study, project, task, or other work statement. This category includes contracts with independent individuals or firms to perform a service or render an opinion or recommendation according to the consultant's methods and without being subject to the control of the agency except as to the results of the work.

This includes new contracts and amendments and/or renewals of existing contracts.

Where travel expenses are authorized and included as part of a contract or grant, the payment is to be recorded under the appropriate subobject code for the contract.

Agencies are not to include amounts expended for:



# State Administrative and Accounting Manual

## CODE

## TITLE AND DESCRIPTION

- Architectural and engineering services on capital projects. These amounts are to be recorded as Subobject JK.
- Client services, whether paid directly to the client or to the provider. These amounts are to be recorded as Subobjects NA and NB, respectively.
- Other services that are routine and continuing in nature and recorded under the subobjects within Object E “Goods and Services.”

## CA

## Management and Organizational Services

**Management Services** - The amounts expended for services that impact agency policy, regulatory and business issues, or that have broad agency or statewide policy implications. Includes services that result in operational or managerial recommendations related primarily to business and policy processes. (Services related primarily to employee issues fall under Organizational Services.) Also includes services for program development, implementation and coordination; program evaluation and/or external quality review (may be mandated by Legislature or federal funding source). Includes conduct of performance audits, business assessments, accreditation reviews, management studies, including studies requested by the Legislature; and feasibility studies with significant policy impact. Also includes services for project management, quality assurance and business process re-engineering related to the agency’s business and policy responsibilities; risk management and loss prevention; mediation; arbitration; and lobbying.

**Organizational Services** - Includes services with a primary focus on agency organizational and human resource issues. Includes services to study, analyze or review the organizational structure, framework, or culture of the agency or divisions within the agency, and/or services implementing the recommendations of such an organizational study or effort.

Also includes services that provide recommendations to management on enhanced efficiencies, productivity and process improvements related to employee functions at an agency and strategic planning within the organization; quality control services related to employee responsibilities within the organization; services to assist agencies in developing strategies to improve communication or processes with staff and customers to implement an agency’s mission and to gain a better understanding of employee issues/concerns; personnel investigations and mediation; and facilitation services. (Services related primarily to agency business issues fall under Management Services.)

## CB

## Legal and Expert Witness Services



## State Administrative and Accounting Manual

CODE	TITLE AND DESCRIPTION
	<p>The amounts expended for legal services and legal research and consultation by non-state employed attorneys, bond counsel, patent counsel, hearing examiners, etc. Expert witness contracts are for the purpose of providing expert testimony in litigation, but may also include other services such as case consultation, research, and legal services.</p> <p><b>Does not include</b> services for court reporters, legal aides or lay witnesses, which are classified as other contractual services under Subobject ER.</p>
CC	<p>Financial Services</p> <p>The amounts expended for financial services, actuarial services, economic analysis, cost/benefit analysis, cost allocation, accounting and financial audit services. Also includes investment management, cash management and stockbroker services.</p> <p><b>Does not include</b> amounts expended for routine bookkeeping and fiscal services or for the state actuary, attorney general, or state auditor services.</p>
CD	<p>Computer and Information Services</p> <p>The amounts expended for design, development, and/or implementation of agency information technology (IT) systems; project management for systems; quality assurance on, or evaluation of IT systems; development of significant IT strategic plans; and business analysis related to the IT needs of an agency. Also includes services to analyze, enhance, modify or implement computer systems or telecommunications systems; IT security analysis and security vulnerability assessments; business analysis of agency IT system; disaster recovery planning services; and IT systems analysis.</p> <p><b>Does not include</b> amounts expended for data processing charges or programming and data entry services, which are classified as other contractual services under Subobject ER.</p>
CE	<p>Social Research Services</p> <p>The amounts expended for studies or services related to health care, public health, behavioral science, criminal justice, education, medical issues, employment issues, community-based services or other social services. Includes services such as recruitment and retention of licensed foster care providers and adoptive homes; disaster relief services; technical assistance on literacy programs; development of housing opportunities for low-income population; immunization and infectious disease studies; medical records consultation; pharmaceutical consultation; behavioral consultation for special needs children; implementation of Work Force legislation, etc. Includes educational services related to the state's student population and development and enhancement of educational programs.</p>





## State Administrative and Accounting Manual

CODE	TITLE AND DESCRIPTION
	<b>Does not include</b> client services whether paid directly to clients or providers/contractors of direct services to clients. Payments to clients are classified as Subobject NA; contracts with providers/contractors who provide direct services to clients are classified as client service contracts under Subobject NB.
CF	Technical Research Services  The amounts expended for studies or services related to transportation, traffic safety, commute programs, natural resources, agriculture, environment, science, biology, marine biology, water resource, hydrology and aquatic issues. Also includes property appraisals; real estate services; historical research; archaeological and historic site surveys; aerial surveys, and photogrammetry; industrial safety and industrial hygiene services; hazardous and non-hazardous waste services; and seismic safety studies.
CG	Marketing Services  The amounts expended for services to develop or implement a marketing or advertising plan or campaign; services related to marketing or promoting an agency's services or agricultural commodities and state tourism; public relations, market branding; media specialist and media relations services; and market research and development. Also includes public involvement and public outreach campaigns; trade development and assistance; development of market research and customer satisfaction surveys and/or assessment of survey results; conference or trade show coordination/planning/funding; fund raising; and related types of services.
CH	Communication Services  The amounts expended for services to design, develop, and/or provide oversight of audio/video media productions, brochures, manuals, guidelines, newsletters, display exhibits, signs, posters, annual reports, etc.; technical writing/editing; speech writing; oral history writing; grant writing; graphic design services; development of communication strategies; and other related services to inform the public or other governmental agencies about a subject or issue.  <b>Does not include</b> services related to installation of computer system linkage and telecommunications systems, which are classified under Subobject EB.
CJ	Training Services  The amounts expended for services for managerial training; employee counseling services; guest speakers for most types of functions; curriculum development for all types of training services; conversion to on-line courses; and development of tests and test questions and administration of testing when it includes evaluation of candidates or similar services.



## State Administrative and Accounting Manual

CODE	TITLE AND DESCRIPTION
	<b>Does not include</b> training provided directly to agency clients or guest speakers for clients, which is classified as a client service contracts under Subobject NB.
	<b>Does not include</b> other training that is coded to Subobject EG.
CK	Recruiting Services
	The amounts expended for the services performed by a professional search firm to assist in recruitment of a successful candidate to fill a vacant position in an agency.
	<b>Does not include</b> amounts paid to trade magazines or newspapers for publishing open position announcements.
CZ	Other Professional Services
	The amounts expended for professional service contracts other than those described above, including insurance brokering, labor negotiations, development of test questions for professional licensing exams, acquisition development, safety audits, ergonomic evaluations, ADA evaluations, and creation of original works of art.
	<b>Does not include</b> training provided directly to agency clients, which is classified under Subobject NB.
E	<b>GOODS AND SERVICES</b>
EA	Supplies and Materials
	The amounts expended for all materials and supplies whether acquired by formal contract or an open account, which are (a) ordinarily consumed or expended within one year after being put into service, (b) converted in the process of construction or manufacture, or (c) used to form an incidental part of noncapitalized equipment or a capital asset.
EB	Communications and Telecommunications Services
	The amounts expended for transmission of voice and data messages. This category includes: contractual charges for land telegraph service, radio and wireless telegraph services, telephone, including wireless service, teletype, and facsimile services; letter postage; rental of post office boxes or postage meter machines and/or mailing machines; contractual messenger service; switchboard service charges; telephone installation costs; and internet access charges. Also includes amounts expended for videoconferencing and data communication, such as data line costs, modems, routers, gateways, Internet and other bundled service costs.



## State Administrative and Accounting Manual

CODE	TITLE AND DESCRIPTION
EC	<p>Utilities</p> <p>The amounts expended to heat, cool, and light state owned and/or leased facilities not obtained through the Department of Enterprise Services, where energy costs are not included as part of the monthly lease payments. Also, includes the amounts expended for water, sewer, and garbage.</p>
ED	<p>Rentals and Leases - Land and Buildings</p> <p>The amounts expended for leases and rentals for the occupancy and continued use of property owned by the Department of Enterprise Services and other state agencies, private landlords, and other public and non-profit entities. This category includes: land, buildings, and structures. Refer to Subobject EH for temporary use of space for conferences and meetings, and rentals and leases for furnishings, equipment, and to Subobject EY for software licenses and maintenance.</p>
EE	<p>Repairs, Alterations, and Maintenance</p> <p>The amounts expended for the normal upkeep and restoration of buildings, structures, equipment, or other improvements. Includes expenditures to remodel, restore, and recondition which do not extend the useful life of the asset. Also includes support and/or maintenance agreements on equipment, including hardware. Refer to Subobject EY for software licenses and maintenance.</p>
EF	<p>Printing and Reproduction</p> <p>The amounts expended for contractual printing and reproduction, binding operations, and all common processes of duplication. Includes printed matter such as publications, books, pamphlets, and digital and scanned images.</p>
EG	<p>Employee Professional Development and Training</p> <p>The amounts expended for the payment of tuition, fees, and/or other related expenses for individuals. Includes:</p> <ul style="list-style-type: none"><li>• Distance learning training options such as satellite, e-learning, and webcast training; and</li><li>• Training provided incidental to the purchase of an asset but not included in the purchase price of the asset.</li></ul>



## State Administrative and Accounting Manual

### CODE

### TITLE AND DESCRIPTION

Also includes the amounts expended for individual and/or agency participation in associations, organizations, conventions, and the cost of subscriptions that accompany these memberships. Also, includes nontaxable employee recognition and productivity awards of nominal economic value excluding cash or cash equivalents, such as gift certificates, which are taxable and are to be reported under Subobject NZ.

**Does not include** training and related services provided under Subobject CJ.

**Also, does not include** lodging or subsistence costs except where meals and/or lodging are included as an integral part of the fee.

EH

Rentals and Leases - Furnishings and Equipment

The amounts expended for the possession and use of furnishings, equipment (excluding travel expense rentals), and the temporary use of space for conferences and meetings. Refer to Subobject ED for rentals and leases for continued use of land and buildings, and structures, and to Subobject EY for software licenses and maintenance.

EI

Retailer Commissions

The amounts paid to retailers for selling lottery tickets and agents for selling state health insurance.

EJ

Subscriptions

The amounts expended for subscriptions to newspapers, periodicals and databases, and/or services providing informational reports. Includes items purchased for use in state libraries that do not have a useful life greater than one year whether or not they are cataloged.

**Does not include** subscriptions accompanying individual and/or agency memberships.

**Does not include** subscription-based computing services coded to Subobject EY.

**Also, does not include** items purchased for use in state libraries that are cataloged and have a useful life greater than one year. These are classified as capital outlays and coded to Subobject JD.

EK

Facilities and Services



## State Administrative and Accounting Manual

CODE	TITLE AND DESCRIPTION
	<p>Charges by the Department of Enterprise Services for central services provided to agencies. Includes, but is not limited to, maintenance of capital buildings and grounds, campus mail service, contract administration, and other fees charged by the Department of Enterprise Services.</p> <p><b>Does not include</b> motor pool charges which are classified under Subobject GN or personnel services which are classified under Subobject EN.</p>
EL	<p>Data Processing Services (Interagency)</p> <p>Charges by state agencies for information technology services. Examples include computing services, hosting services, network services, web services, statewide systems (AFRS, HRMS, etc.), and planning and policy assessment by agencies such as the Department of Enterprise Services, the Office of Financial Management, and Consolidated Technology Services.</p>
EM	<p>Attorney General Services</p> <p>Charges by the Office of Attorney General for legal services.</p>
EN	<p>Personnel Services</p> <p>Charges by the Department of Enterprise Services and the Office of Financial Management for services in connection with the appointment, training, promotion, transfer, layoff, recruitment, retention, classification, compensation, removal, discipline, labor relations, and welfare of state classified and higher education classified employees.</p>
EP	<p>Insurance</p> <p>The amounts expended for liability, property, vehicle, fire, accident, including risk management and self-insurance payments, and all other forms of insurance except for state employee insurance benefits.</p>
ER	<p>Other Routine Contractual Services</p> <p>The amounts expended for <b>contractual</b> services provided to accomplish routine, continuing and necessary functions not otherwise specifically mentioned or included under the other subobjects within Object E "Goods and Services," Object C "Professional Service Contracts," Object N "Grants, Benefits, and Client Services," or Subobject JK "Architectural and Engineering Services."</p>



## State Administrative and Accounting Manual

CODE	TITLE AND DESCRIPTION
	Other contractual services could include, but are not limited to, custodial, interagency, court reporters, lay witnesses, process servers, security, data entry, testing and application programming services, offsite data storage, and network monitoring.
ES	Vehicle Maintenance and Operating Costs  The amounts expended for the maintenance and operation of state owned vehicles such as motor vehicles (cars, trucks, motorcycles, buses), watercraft (ships, boats, ferries), railed vehicles (trains, trams), aircraft (airplanes, helicopters), or other mobile machines that transport people or cargo. Includes, but is not limited to, such costs as gasoline, oil, tires, parts, and supplies.
ET	Audit Services  Charges by the Office of State Auditor for audit services.
EV	Administrative Hearings Services  Charges by the Office of Administrative Hearings for hearings services.
EW	Archives and Records Management Services  Charges by the Secretary of State for archiving, storage, and records management services.
EX	OMWBE Services  Charges by the Office of Minority and Women's Business Enterprises for services.
EY	Software Licenses, Maintenance, and Subscription-Based Computing Services  Amounts expended for purchased software or licenses of commercially available software with a useful life of one year or less, including upgrades and/or maintenance agreements. Software licensing includes, but is not limited to, the right to use the software, support for the software, and upgrades.  Also includes amounts expended for hardware and software subscription-based computing services where the agency does not own or possess an asset, but instead has an agreement to rent or lease a vendor's product or service for a period of time. This includes, but is not limited to, cloud based services such as Software as a Service (SaaS), Infrastructure as a Service (IaaS), and Platform as a Service (PaaS).



## State Administrative and Accounting Manual

CODE	TITLE AND DESCRIPTION
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EZ	Other Goods and Services
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The amounts expended for goods and services other than those described above. Includes such items as bonds, freight (when not allocable to items purchased), advertising, and other goods and services from vendors or other agencies.

<b>F</b>	<b>COST OF GOODS SOLD (Proprietary Funds Only)</b>
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In budgeted accounts, to be used with General Ledger Code 6516 "Cost of Goods Sold" only. Revenue Source code 0450 "Sales of Goods and Supplies - Proprietary Funds" is to be used by agencies recording cost of goods.

FA	Net Cost of Goods Sold
----	------------------------

Amounts expended for the acquisition of merchandise purchased for resale, including purchase costs, freight-in costs, and inventory adjustments less returns and discounts. (For use by agencies not using itemized Subobjects FB through FF.)

FB	Purchases
----	-----------

Amounts expended to acquire merchandise purchased for resale. (Agencies electing not to separately identify returns, freight costs, and discounts may record purchases net of these items.)

FC	Returned Purchases
----	--------------------

Amounts recovered from total purchase costs for merchandise returned to the vendor.

FD	Freight-In
----	------------

Amounts expended to common carriers for delivery of merchandise purchased for resale by the agency.

FE	Discounts
----	-----------

Amounts deducted by vendors from the total invoiced amount of merchandise due to prompt payment or cash payment by the agency.

FF	Inventory Adjustments
----	-----------------------



## State Administrative and Accounting Manual

CODE	TITLE AND DESCRIPTION
	Amounts recorded to increase or decrease the cost of goods sold due to inventory losses or gains recognized during the accounting period.
FG	Direct Labor  Labor expended directly upon the materials comprising the finished product.
FH	Raw Materials (Direct Materials)  All materials that represent an integral part of the finished product and that can be included directly in calculating the cost of the product.
FJ	Manufacturing Overhead  The cost of indirect materials, indirect labor, and all other manufacturing expenses that cannot readily be direct charges to specific units, jobs, or products.
G	<b>TRAVEL</b>  In addition to state employees, these subobject codes are to be used to record travel expenses paid to or for individuals who serve on boards, commissions, councils, committees and task forces, or volunteers and other individuals who are authorized to receive travel expense reimbursements.  Where travel expenses are authorized and included as part of a contract or grant, the payment is to be recorded under the appropriate subobject code for the contract or grant.
GA	In-State Subsistence and Lodging  The amounts paid for lodging and/or subsistence expenses incurred while traveling within the state's boundary on official state business, including lodging taxes.
GB	In-State Air Transportation  The amounts paid for air transportation expenses incurred while traveling within the state's boundary on official state business.
GC	Private Automobile Mileage





## State Administrative and Accounting Manual

CODE	TITLE AND DESCRIPTION
	The amounts paid as reimbursement for private car mileage incurred while traveling on official state business.
GD	Other Travel Expenses
	The amounts paid for all other costs incurred while traveling on official state business. Includes, but is not limited to: prospective employee interview expenses; employee relocation expenses; rail, bus, ferry, shuttle, or taxi fares; tolls; rental cars; parking fees; stenographic services; telephone calls; and other miscellaneous expenses.
GF	Out-of-State Subsistence and Lodging
	The amounts paid for lodging and/or subsistence expenses incurred while traveling outside the state's boundary on official state business, including lodging taxes.
GG	Out-of-State Air Transportation
	The amount paid for air transportation expenses incurred while traveling outside the state's boundary on official state business.
GN	Motor Pool Services
	The amounts expended for use of vehicles obtained from either the central or agency- operated motor pools. The expenditures incurred may be for vehicles used on either a specific trip(s) or permanently assigned basis.
J	<b>CAPITAL OUTLAYS</b>
	The amounts expended for the acquisition of, or addition to, capital assets intended to benefit future periods. Also includes those capital assets acquired through capital leases. Refer to <a href="#">Subsection 30.20.30</a> for capital lease criteria.
	<b>Note:</b> In budgeted proprietary funds, except for Subobjects JA and JB, the use of these subobjects also requires a corresponding entry to General Ledger code 6525 "Expense Adjustments/Eliminations (GAAP)."
JA	Noncapitalized Assets
	The amounts expended for capital assets with a useful life of greater than one year and not considered a capital asset in accordance with the state's capitalization policy in <a href="#">Subsection 30.20.20</a> .



## State Administrative and Accounting Manual

CODE	TITLE AND DESCRIPTION
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**Does not include** minor assets with a useful life of greater than one year such as staplers, waste containers, and tape dispensers.

This subobject is used for acquisitions falling under the capitalization limit in the following categories:

- Infrastructure (other than the state highway system).
- Buildings, building improvements, leasehold improvements.
- Intangibles (other than noncapitalized software reported in Subobject JB).
- Other capital assets individually or as a group falling below the limits set in [Subsection 30.20.20](#).

JB	Noncapitalized Software
----	-------------------------

The amounts expended for purchased software or licenses of commercially available software, types of intangible assets, with a useful life of greater than one year and not considered a capital asset in accordance with the state's capitalization policy in [Subsection 30.20.20](#).

JC	Furnishings and Equipment
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The amounts expended for furnishings and equipment considered a capital asset in accordance with the state's capitalization policy.

JD	Library Resources
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The amounts expended for: the cost of books, maps, and films formally cataloged by a library or audiovisual center; sound film strips, slide sets, prepared transparencies, and prerecorded audio or video recordings; and periodicals and other electronic resources purchased and cataloged for libraries.

**Does not include** items with a useful life less than one year, whether they are cataloged or not.

JE	Land
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The amounts expended for the acquisition of land. Includes: cost of acquiring land; clearing and grading costs; and the cost of razing buildings or other improvements acquired with land which were not intended for permanent use at time of acquisition. Also includes indefinite land use rights acquired with the purchase of the underlying land.

JF	Buildings
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## State Administrative and Accounting Manual

### CODE

### TITLE AND DESCRIPTION

The amounts expended for the acquisition of already constructed buildings including broker and appraisal fees, legal expenses, and repairs to put buildings in required condition for intended use.

The amounts expended on contracts for construction, additions, alterations, and modernization of buildings including contracts for general, mechanical, and electrical costs, even though negotiated separately. Also, includes the cost of all change orders or contract extensions negotiated for the construction of the building. The amounts expended for equipment installed as an integral part of the structure, whether the building is purchased or constructed.

**Does not include** those items classified as equipment under Subobject JC "Furnishings and Equipment."

JG

Highway Construction

The amounts expended for the construction, improvement, or addition to the state highway system.

JH

Improvements Other Than Buildings (Non State Highway System)

The amounts expended for the construction, addition, and/or alteration of improvements other than buildings and infrastructure not related to the state highway system, such as: tunnel and utility systems; water and sewer systems; street lights and signs; braces and retaining walls; parking facilities; shoreline protection projects; and leasehold improvements. State highway system construction is recorded in Subobject JG.

JJ

Grounds Development

The amounts expended for landscaping and other grounds development unrelated to a building or other facility for general aesthetic, weed control, or other purposes.

JK

Architectural and Engineering Services

The amounts expended for the services of architectural or engineering firms or individuals relating to the development and/or construction of a specific capital project.

JL

Capital Planning

The amounts expended for the purpose of planning or determining the feasibility of a specific capital project or projects.



## State Administrative and Accounting Manual

CODE	TITLE AND DESCRIPTION
JM	<p>Art Collections, Library Reserve Collections, and Museum and Historical Collections</p> <p>The amounts expended for the acquisition and maintenance of permanent works of art and historical artifacts.</p>
JN	<p>Relocation Costs</p> <p>The amounts expended as reimbursement for personal moving costs associated with the relocation of either individuals or items associated with capital projects.</p>
JQ	<p>Software</p> <p>The amounts expended for purchased software or perpetual licenses of commercially available software, types of intangible assets, with a useful life of greater than one year and considered a capital asset in accordance with the state's capitalization policy.</p>
JR	<p>Intangible Assets</p> <p>The amounts expended for the purchase or construction of intangible assets considered a capital asset in accordance with the state's capitalization policy.</p> <p>Examples of intangible assets include:</p> <ul style="list-style-type: none"><li>• Patents, trademarks, copyrights.</li><li>• Land use rights having definite useful lives if the cost can be separately identified from the land purchase.</li></ul> <p><b>Does not include</b> Software, Subobject JQ, and any intangible land use rights included in Land, Subobject JE.</p>
JS	<p>Intangible Right-to-Use Lease Asset Capital Outlay</p> <p>The amounts expended for the acquisition of an intangible right-to-use lease asset considered a capital asset in governmental-type funds. Only used with General Ledger Code 6514 "Capital Asset Acquisitions by Lease Agreements or Certificates of Participation."</p>
JZ	<p>Other Capital Outlays</p>



## State Administrative and Accounting Manual

CODE	TITLE AND DESCRIPTION
	The amounts expended for capital projects not specifically indicated above.
<b>M</b>	<b>INTERFUND OPERATING TRANSFERS</b>
MA	Interfund Operating Transfers In  Fund transfers specified in the appropriations act that are recorded as a reduction of expenditures.
MB	Interfund Operating Transfers Out  Fund transfers specified in the appropriations act that are recorded as an increase of expenditures.
MC	Interfund Transfers In - Principal  Debt service transfer into a debt service fund for principal payments paid by the General Fund.
MD	Interfund Transfers In - Interest  Debt service transfer into a debt service fund for interest payments paid by the General Fund.
MI	Interfund Transfers Out - Interest  Debt service transfer for interest payments paid by the General Fund to a debt service fund.
MM	Agency Incentive Savings Transfers Out  Fund transfer from the General Fund for agency program incentive savings. (OFM Only)
MP	Interfund Transfers Out - Principal  Debt service transfer for principal payments paid by the General Fund to a debt service fund.



# State Administrative and Accounting Manual

## CODE TITLE AND DESCRIPTION N GRANTS, BENEFITS, AND CLIENT SERVICES

### NA Direct Payments to Clients

**Amounts paid directly to clients** for such items as income maintenance, child support, childcare, food stamps, job counseling and training, medical and mental health treatments, tuition assistance programs, and transportation expenses. Payments may be made as either grants or reimbursements of expenses incurred by the clients.

### NB Payments to Providers for Direct Client Services

**Amounts paid under client service contracts** entered into for professional, technical or other services, which will result in the delivery of direct services to individual clients. Client services include such items as medical and mental health treatments, and related transportation; job counseling and training; childcare; foster care; and chore services.

For subobject NB coding purposes, clients are members of the public who have social, physical, medical, economic, or educational needs, for whom the agency has statutory responsibility to serve, protect or oversee. Clients are individuals, such as residents of state and non-state institutions, outpatients, unemployed workers, indigents, crime victims, and including (but not limited to) students in the public schools system and institutions of higher education.

Clients in the public school system may include parents, if they meet the requirements of a “client” as previously defined.

Note: For payments related to federal assistance programs, refer to [Section 50.30](#) for vendor versus subrecipient information.

### NF Workers' Compensation Payments

The amounts paid for qualifying individuals sustaining work related injuries. (To be used by the Department of Labor and Industries and the Board for Volunteer Firefighters and Reserve Officers only.)

### NG Payments of Taxes to Other Governments

The amounts paid to other governments for taxes that have been collected on their behalf. (To be used by the Department of Revenue to record deductions in custodial fund type accounts.)

### NH Public Employee Benefit, Basic Health, and Community Health Service Payments



## State Administrative and Accounting Manual

CODE	TITLE AND DESCRIPTION
	The amounts paid to contractors for qualifying individuals covered by the State-administered health and benefits programs. (To be used by the Health Care Authority only.)
NL	Lottery Prize Payments
	The amounts paid for winning lottery tickets. (To be used by the State Lottery Commission only.)
NR	Loan Disbursements
	Allotment charges for budgeted long-term loan issues.
NT	Pension Refund Payments
	The amounts refunded to qualifying individuals under a state-sponsored retirement system.
NU	Pension Benefit Payments
	The benefits paid to qualifying individuals under a state-sponsored retirement system.
NW	Special Employment Compensation
	The amounts expended on salaries for individuals considered employees for payroll tax reporting, but not for state staff reporting (FTE) such as; Washington Conservation Corps (including health insurance costs), Ecology Youth Corps, Voluntary Separation and Retirement Incentive Program (Financial Incentive Payments only), and supported employment groups.
	<b>Note:</b> Do not code participants in the state internship program under this code. Refer to the Object A series as appropriate. FTEs generated for interns and executive fellows will not count as budgeted FTEs.
NY	Participant Withdrawals
	The amounts withdrawn by participants from various state sponsored programs such as the Local Government Pooled Investments Fund, the Deferred Compensation Program, and the Guaranteed Education Tuition Program.
NZ	Other Grants and Benefits



## State Administrative and Accounting Manual

CODE	TITLE AND DESCRIPTION
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The amounts expended for grants and benefits other than those described above. Also includes taxable employee recognition and productivity awards such as gift certificates.

Note: For payments related to federal assistance programs, refer to [Section 50.30](#) for vendor versus subrecipient information.

<b>P</b>	<b>DEBT SERVICE</b>
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PA	Principal
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The amounts expended for the payment of principal on the various forms of indebtedness incurred by the state.

PB	Interest
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The amounts expended for interest on the various forms of indebtedness incurred by the state.

PC	Other Debt Costs
----	------------------

The amounts expended for other related charges on the various forms of indebtedness incurred by the state. Examples include costs of issuance, underwriter's discount, and immaterial original issue discount. In proprietary fund type accounts, also includes immaterial amounts received for original issue premium.

PD	Principal COP Lease/Purchase Agreements
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The amounts expended for the payment of principal on COP (Certificates of Participation) lease/purchase agreements with the Office of the State Treasurer.

PE	Interest COP Lease/Purchase Agreements
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The amounts expended for the payment of interest on COP (Certificates of Participation) lease/purchase agreements with the Office of the State Treasurer.

<b>S</b>	<b>INTERAGENCY REIMBURSEMENTS</b>
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## State Administrative and Accounting Manual

CODE	TITLE AND DESCRIPTION
	<p>To record payments received by a state agency as reimbursements of expenditures/ expenses incurred for another state agency/agencies. These reimbursements are to be broken out to reflect which subobject is reimbursed.</p> <p>This will allow the tracking of reimbursements as well as provide sufficient detail for input to the Comprehensive Annual Financial Report. Whenever possible, Object S is not to be used by internal service funds. Reimbursements to internal service funds should generally be recorded as revenue.</p>
SA	<p>Salaries and Wages</p> <p>Payments received by a state agency from other state agencies as reimbursements of salaries and wages.</p>
SB	<p>Employee Benefits</p> <p>Payments received by a state agency from other state agencies as reimbursements of employee benefits.</p>
SC	<p>Professional Service Contracts</p> <p>Payments received by a state agency from other state agencies as reimbursements of professional service contracts.</p>
SE	<p>Goods and Services</p> <p>Payments received by a state agency from other state agencies as reimbursements of goods and services (Subobjects E) and noncapitalized furnishings and equipment (Subobject JA) and noncapitalized software (Subobject JB).</p>
SG	<p>Travel</p> <p>Payments received by a state agency from other state agencies as reimbursements of travel.</p>
SJ	<p>Capital Outlays</p> <p>Payments received by a state agency from other state agencies as reimbursements of capital outlays, which does not include noncapitalized furnishings and equipment (Subobject JA) and noncapitalized software (Subobject JB). For reimbursements of Subobject JA and JB expenditures, use Subobject SE, Goods and Services.</p>
SN	<p>Grants, Benefits, and Client Services</p>



## State Administrative and Accounting Manual

CODE	TITLE AND DESCRIPTION
	Payments received by a state agency from other state agencies as reimbursements of grants, benefits, and client services.
SP	Debt Service
	Payments received by a state agency from other state agencies as reimbursements of debt service.
SZ	Unidentified
	Payments received by a state agency from other state agencies as reimbursements of expenditures. <b>Note: Agencies must reallocate to the appropriate subobject of expenditure within Object S at least annually at fiscal year end.</b>
T	<b>INTRA-AGENCY REIMBURSEMENTS</b>
	The reallocation of expenditures and accruals within an agency by transfers between accounts or programs This code is not to be used for payment of services or recovery of expenditures from a proprietary fund. The total for this object at the subobject level is to equal zero for all accounts within the fiscal year.
TA	Salaries and Wages
	Reallocation of expenditures within an agency for salaries and wages.
TB	Employee Benefits
	Reallocation of expenditures within an agency for employee benefits.
TC	Professional Service Contracts
	Reallocation of expenditures within an agency for professional service contracts.
TE	Goods and Services
	Reallocation of expenditures within an agency for goods and services (Subobjects E) and noncapitalized furnishings and equipment (Subobject JA) and noncapitalized software (Subobject JB).
TG	Travel



## State Administrative and Accounting Manual

CODE	TITLE AND DESCRIPTION
	Reallocation of expenditures within an agency for travel.
TJ	Capital Outlays  Reallocation of expenditures within an agency for capital outlays, which does not include noncapitalized furnishings and equipment (Subobject JA), and noncapitalized software (Subobject JB). For reallocations of Subobjects JA and JB expenditures, use Subobject TE, Goods and Services.
TN	Grants, Benefits, and Client Services  Reallocation of expenditures within an agency for grants, benefits, and client services.
TP	Debt Service  Reallocation of expenditures within an agency for debt service.
TZ	Unidentified  Reallocation of expenditures within an agency. <b>Note: Agencies must reallocate to the appropriate subobject of expenditure within Object T at least annually at fiscal year end.</b>
W	<b>OTHER</b>
WA	Depreciation/Amortization  Expense that represents the portion of the expired service cost of capital assets during the accounting period. Only used with General Ledger codes 6511 and 6591 "Depreciation/Amortization Expense."
WB	Amortization  Expense that represents the portion of the amortization of premiums and/or discounts on debt or equity instruments, and amortization of deferred inflows and outflows related to debt refundings that is allocable to the accounting period. Only used with General Ledger codes 6512 "Amortization Expense" and 6593 "Amortization Expense (General Long-Term Obligations Subsidiary Account Only)."



## State Administrative and Accounting Manual

CODE	TITLE AND DESCRIPTION
WC	<p>Bad Debts</p> <p>Expense that represents the portion of receivable balances, recorded previously as revenue, which has now been determined to be uncollectible. Only used with General Ledger code 6515 "Bad Debts Expense."</p>
WD	<p>Change in Capitalization Policy</p> <p>This amount represents the total immaterial book value of capital assets that are to be deleted from the records due to changes in the State's capitalization policy. Only used with General Ledger code 6525 "Expense Adjustments/Eliminations (GAAP)."</p>
WE	<p>Pollution Remediation (General Long-Term Obligation Subsidiary Account Only)</p> <p>Expense that represents the pollution remediation costs associated with governmental fund type accounts in the General Long-Term Obligations Subsidiary Account. Only used with General Ledger Code 6594 "Pollution Remediation Expense (General Long-Term Obligations Subsidiary Account Only)."</p>
WF	<p>Capital Asset Adjustment (General Capital Assets Subsidiary Account Only)</p> <p>This amount represents the difference between the cost of a capital asset and its accumulated depreciation when the asset is disposed of or written off in the General Capital Assets Subsidiary Account. Only used in the General Capital Assets Subsidiary Account with General Ledger code 6597 "Capital Asset Adjustment (General Capital Assets Subsidiary Account Only)."</p>
WG	<p>Asset Retirement Obligation Expense</p> <p>Expense that represents the asset retirement costs which are legally enforceable liabilities associated with the retirement of a tangible capital asset. Only used with General Ledger Code 6512 "Amortization Expense" and 6599 "Asset Retirement Obligation Expense (General Long-Term Obligations Subsidiary Account Only)."</p>
WP	<p>Net Pension Liability Adjustment (General Long-Term Obligation Subsidiary Account Only)</p> <p>This amount represents the adjustment to pension expense arising from certain changes in the net pension liability related to employees of governmental fund type accounts. Only used with General Ledger Code 6598 "Pension Expense (General Long-Term Obligations Subsidiary Account Only)."</p>
WR	<p>Other Postemployment Benefits (General Long-Term Obligation Subsidiary Account Only)</p>



# State Administrative and Accounting Manual

## CODE

## TITLE AND DESCRIPTION

Expense that represents the cost of postemployment benefits for employees of governmental fund type accounts in the General Long-Term Obligations Subsidiary Account. Only used with General Ledger code 6595 "Other Postemployment Benefits Expense (General Long-Term Obligations Subsidiary Account Only)."

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### 75.70.30 Object/Subobject Decisions Flowcharts

July 1, 2017

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The following sub-sections provide guidance and criteria to use in determining the appropriate Object and/or Subobject to code certain expenditures.

#### 75.70.30.a

In determining if an item should be coded as Subobject **EA-Supplies and Materials** or **JA-Noncapitalized Assets**, answers to the questions below should be factored into the decision. Refer to the decision flowchart linked below.

1. Under normal conditions of use, is the item expected to serve its principal purpose for at least one year?
2. Does the item fall under the agency policy for small and attractive assets? In the absence of an agency policy, does the item fall under the SAAM policy for small and attractive assets. Refer to SAAM [Subsection 30.40.20](#).
3. Does the item retain its original shape, appearance, and character with use? That is, the item does not lose its identity through fabrication or incorporation into a different or more complex unit or substance.
4. If the item is damaged or some of its parts are lost or worn out, is it more feasible to repair the item or to replace the item with an entirely new unit?

#### [Object EA or JA Decision Workflow](#)

#### 75.70.30.b

In determining if an item should be coded as Object **C-Professional Service Contracts** or Subobject **ER-Other Routine Contractual Services**, answers to the questions below should be factored into the decision. Refer to the decision flowchart linked below.

1. Are the contracted services part of the core day-to-day business operations or a unique or infrequent service?



## State Administrative and Accounting Manual

2. Are the services received consulting or advisory in nature? That is, are the services predominantly intellectual in character such as the development of findings, conclusions, and recommendations that are presented to the agency for consideration and decision making?

### [Object C or ER Decision Workflow](#)



# State Administrative and Accounting Manual

## 75.80 Revenue Source Codes

Section	Title	Effective Date	Page Number
75.80.10	Categories of revenue	June 1, 2004	<a href="#">607</a>
75.80.20	Major revenue source code descriptions	July 1, 2003	<a href="#">608</a>
75.80.30	Sequential by code number	June 9, 2022	<a href="#">609</a>
75.80.40	Sequential by code number with description	June 9, 2022	<a href="#">622</a>

### 75.80.10 Categories of revenue

June 1, 2004

The budget process in the State of Washington segregates expenditure authority into three main categories: state, federal and private/local. Since expenditure authority is directly linked to supporting funding sources, revenue codes are designated similarly.

The following generally describes the nature of revenue included in each category:

<u>Category</u>	<u>Revenue Source Code</u>
State	01XX, 02XX, 04XX, 06XX, 08XX
Federal	03XX
Private/Local	05XX

**State:** Revenues levied/charged by the state in support of state sponsored programs, including taxes, licenses, permits, fees, fines and forfeitures, as well as any revenues collected by the state that do not meet the definitions of federal or private/local revenues outlined below. State revenues also include resources generated from transactions where participants in state- sponsored activities receive value for resources provided, for example, tuition at a state-sponsored school, charges to residents in state institutions, sales of state property, and premiums for state-sponsored insurance programs.

**Federal:** Revenues that the state receives from the federal government under grant and similar agreements where the state is required to expend the assistance in accordance with federal program specifications. It can also include revenues received in payment of federal purchases of goods and services; federal contributions toward supported expenditures; and revenues associated with expenditures that are fully reimbursed by the federal government. (Note: Charges to federal expenditure authority are required to be supported by federal revenues.)

**Private/Local:** Revenues provided to the state by nonfederal sources such as private individuals, local governments, commercial enterprises and foundations that are restricted by contract or agreement. It can also include revenues received in payment of private/local purchases of goods and services; private/local



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contributions toward supported expenditures; and revenues associated with expenditures that are fully reimbursed by the private/local sources. (Note: Charges to private/local expenditure authority are required to be supported by private/local revenues.)

## 75.80.20 Major revenue source code descriptions

July 1, 2003

Code	Title and Description
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<b>0100</b>	<b>Taxes</b>
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Amounts levied on individuals, organizations, and businesses by the State Legislature for the purpose of funding state services. Some taxes are based on or derived from an underlying exchange transaction between a merchant and a customer upon which the state imposes a tax, such as sales and fuel taxes. Other taxes imposed on non-governmental entities are nonexchange in nature. Property taxes, imposed on the value of property owned, are an example of a nonexchange tax revenue.

<b>0200</b>	<b>Licenses, Permits, and Fees</b>
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Amounts paid by individuals, organizations, and businesses to engage in certain specified activities such as operating a business, driving a car, or hunting and fishing.

<b>0300</b>	<b>Federal Revenue</b>
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Revenue that the state receives from the federal government under grant and similar agreements where the state is required to expend the revenue in accordance with federal program specifications. It also includes revenues associated with expenditures that are fully reimbursed by the federal government.

<b>0400</b>	<b>State Charges and Miscellaneous Revenue</b>
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Revenue that the state receives from individuals, organizations, businesses and other governments for goods and services in conjunction with state-sponsored programs.

<b>0500</b>	<b>Private/Local Charges and Misc Revenue</b>
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Resources provided to the state by nonfederal sources such as private individuals, local governments, commercial enterprises, and foundations that are restricted by contract or agreement. It can also include revenues associated with expenditures that are fully reimbursed by private/local sources.

<b>0600</b>	<b>Trust Revenues and Treasurer's Transfers</b>
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Code	Title and Description
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Amounts transferred by state agencies to other accounts and/or agencies; including treasurer's transfers of resources collected by one state agency/account to the agency/account that expends the resources.

<b>0800</b>	<b>Other Revenues and Financing Sources</b>
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Other revenues and financing sources not recorded elsewhere including those associated with debt financing activities, resources supporting trust activities, and certain noncash activities, such as receipt of donated commodities.

<b>0900</b>	<b>Non-Revenue Activities</b>
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Amounts related to various suspense codes that must be adjusted to zero at year-end.

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## **75.80.30 Sequential by code number**

June 9, 2022

Code	Title
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	<b>0100 - Taxes</b>
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0101	Retail Sales Tax
0102	Tax Credit - Sales Tax
0105	Business and Occupation Tax
0106	Tax Credits - B & O
0108	Brokered Natural Gas
0109	Tax Credits - Brokered Natural Gas
0110	Compensating Tax
0111	Tax Credits - Compensating Tax
0112	Hazardous Substance Tax
0113	Tax Credits - Hazardous Substance
0115	Motor Vehicle Fuel Tax
0116	Use Fuel Tax (Other Than Motor Vehicle Fuel)



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<b>Code</b>	<b>Title</b>
0117	Excise Telephone Taxes
0118	Liter Tax - Liquor
0119	Liquor Sales Tax - Surcharge
0120	Liquor Sales Tax
0121	Beer Tax
0122	Wine Tax
0123	Cannabis Excise Tax
0124	Tribal Cigarette Tax
0125	Cigarette Tax
0126	Other Tobacco Products Tax
0127	I-773 Cigarette Tax
0128	Solid Waste Collection Tax
0130	Insurance Premium Tax
0131	Carbonated Beverage Tax
0133	Vapor Product Tax
0134	Tax Credits - Public Utilities
0135	Public Utilities Tax
0136	Public Utilities District Privilege Tax
0137	Syrup (Soda) Tax
0140	Pari-mutuels Tax
0141	Petroleum Products Tax
0143	Intermediate Care Facility Tax
0149	Watercraft Excise Tax
0150	Property Tax
0151	Excise Taxes - Other
0152	Capital Gains Tax
0155	Inheritance/Estate Taxes
0157	Real Estate Excise Tax



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Code	Title
0159	Leasehold Excise Tax
0160	Commercial Fishing - Privilege Tax
0161	Exhibition Center Admission Tax
0162	Stadium Admission Tax
0163	Stadium and Exhibition Center Parking Tax
0170	Other Taxes
0175	Penalties and Interest
0180	Timber Tax
0190	Fire Insurance Premium Distributions
0191	PUD Privilege Tax Distributions
0192	Prosecuting Attorney Distributions
0195	Motor Vehicle Fuel Tax Distributions
0196	Liquor Tax Distributions
0197	Timber Tax Distributions
0198	Other Tax Distributions
0199	Tax Revenue Suspense (Department of Revenue Use Only)
01MJ	Cannabis Excise Tax Distribution

### **0200 - Licenses, Permits, and Fees**

0201	Accountants
0202	Auctioneers
0203	Agriculture/Aquaculture Licenses and Fees
0204	Aircraft
0205	Alcoholic Beverages
0206	Alias Business Certification Fees
0207	Other Health Professions Licenses
0208	Architect Licenses
0209	Beautician, Barber and Body Artist Licenses



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Code	Title
0210	Athletic Licenses
0211	Gambling Licenses and Fees
0212	Banking Licenses and Fees
0216	Hearing Aid Consultants
0217	Cemetery Fees
0218	Land Sales Disclosure Act
0219	Certified Psychologist Licenses
0220	Charitable Funds Solicitation
0221	Cigarette Fees and Licenses
0222	Commercial Driver Schools
0223	Contractors Registration
0224	Collection Agencies
0225	Burning Permit Fees
0226	Corporation Licenses and Fees
0227	Cannabis Licenses and Fees
0229	Electrical Licenses
0231	Employment Agency Licenses
0232	Engineering and Surveying Licenses
0233	Farm Labor Licenses
0234	Educational Institutions Registration Fees
0236	Firearms Licenses, Fees, and Permits
0237	Commercial Fishing Licenses
0238	Franchise Licenses
0240	Funeral Licenses
0242	Health Fees and Licenses
0244	Horse Racing Licenses and Fees
0245	Hunting and Fishing Licenses
0246	Insurance Licenses and Fees



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Code	Title
0248	Liquid Fuel Licenses
0249	Landscape Architects
0250	Fireworks Licenses
0251	Dental Licenses
0252	Medical Licenses
0253	Motor Vehicle Licenses
0254	Motor Vehicle Operator Licenses
0255	Automobile Sales Licenses
0256	Notary Fees and Commission of Deeds
0258	Registered and Licensed Practical Nurse Licenses
0260	Optician Licenses
0261	Optometrist Licenses
0262	Pharmacy Licenses
0263	Puget Sound Pilot Licenses
0264	Nursing Home Administrative Licenses
0266	Power Licenses
0267	Real Estate Excise Tax Transaction Fees
0268	Public Utilities Regulatory Fees
0270	Real Estate Licenses
0271	Sewage Treatment Plant Operator Licenses
0272	Safety Inspection Licenses and Fees
0274	Credit Union Licenses and Fees
0275	Ocularist Licenses
0276	Forest Practices Permit Fees
0277	Securities Licenses, Permits, and Fees
0278	Occupational Therapist Licenses
0279	Vessel Registration Fees
0281	Sellers of Travel



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Code	Title
0283	Veterinarian Licenses
0285	Water Resources Fees
0286	Water Quality Fees
0287	Well Construction and Licensing
0290	Log Patrol Licenses
0291	Marriage Licenses
0292	Business License Fees
0294	Hazardous Waste Fees
0295	Certified Acupuncturist Licenses
0296	Replacement Tire Fee
0297	Boating Safety Distributions
0298	Alcoholic Beverage License Fees Distributions
0299	Other Licenses, Permits, and Fees

### **0300 - Federal Revenue**

0301	African Development Foundation
0303	Institute of Museum Services
0304	Inter-American Foundation
0305	National Endowment for the Arts
0306	National Endowment for the Humanities
0307	Office of National Drug Control Policies
0308	Peace Corps
0309	Legal Services Corporation
0310	Department of Agriculture
0311	Department of Commerce
0312	Department of Defense
0313	Central Intelligence Agency
0314	Department of Housing and Urban Development



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Code	Title
0315	Department of the Interior
0316	Department of Justice
0317	Department of Labor
0319	Department of State
0320	Department of Transportation
0321	Department of the Treasury
0323	Appalachian Regional Commission
0327	Office of Personnel Management
0329	Commission on Civil Rights
0330	Equal Employment Opportunity Commission
0332	Federal Communications Commission
0333	Federal Maritime Commission
0334	Federal Mediation and Conciliation Service
0339	General Services Administration
0340	Government Printing Office
0342	Library of Congress
0343	National Aeronautics and Space Administration
0344	National Credit Union Administration
0346	National Labor Relations Board
0347	National Science Foundation
0355	Federal Revenue - Non-Assistance
0357	Railroad Retirement Board
0358	Securities and Exchange Commission
0359	Small Business Administration
0360	Smithsonian Institution
0361	International Trade Commission
0362	Tennessee Valley Authority
0364	Veterans Administration



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Code	Title
0366	Environmental Protection Agency
0368	National Gallery of Art
0370	Overseas Private Investment Corporation
0377	Nuclear Regulatory Commission
0378	Commodity Futures Trading Commission
0381	Department of Energy
0383	Federal Emergency Management Agency
0384	Department of Education
0385	Scholarship and Fellowship Foundations
0386	Pension Benefit Guaranty Corporation
0387	Consumer Product Safety Commission
0388	Architectural and Transportation Barriers Compliance Board
0389	National Archives and Records Administration
0390	Miscellaneous Commissions
0391	United States Institute of Peace
0392	National Council on Disability
0393	Department of Health and Human Services
0394	Corporation for National and Community Service
0396	Social Security Administration
0397	Homeland Security
0398	US Agency for International Development
0399	Federal Assistance - Miscellaneous
03DS	Federal Revenue Distributions (State Treasurer Only)

### **0400 - State Charges and Miscellaneous Revenue**

0401	Investment Income
0402	Income from Property
0404	Cost of Supervision Assessment Fee





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Code	Title
0405	Fines, Forfeits and Seizures
0406	Litter Control Revenue
0407	Patient Care
0409	Interest Income
0410	Unclaimed Monies
0411	Dividend Income
0413	Capital Gains and Losses
0415	Sale of Property - Timber
0416	Sale of Property - Other
0417	Victims of Crime Compensation
0418	Gain or Loss On Sale of Capital Assets
0420	Charges For Services
0421	Publications and Documents
0423	Room, Board, and Meals
0424	Tuition and Fees
0425	Filing Fees and Legal Services
0427	Property and Resources Management
0430	Dedicated Student Fees
0434	Hazardous Waste Cleanup Recoveries
0435	Income from Leased Property
0436	Leased Property Interest Income
0437	Leased Property Variable Income
0440	Indirect Cost Reimbursement
0441	Contributions and Grants
0444	Grant Repayments
0445	Unemployment Compensation Reimbursement
0447	Health Benefit Payments
0448	Statewide Indirect Cost Recoveries



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Code	Title
0450	Sales of Goods and Supplies - Proprietary Funds
0458	Public Facilities District Annual Payment
0460	Climate Commitment Act Auction Revenue
0470	Judicial Information System Fees
0471	Unemployment Compensation Contributions
0472	Workers' Compensation Contributions
0473	Costs of Investment Activities
0475	Paid Family and Medical Leave Premiums
0476	Long-Term Services and Supports Premium
0477	Lottery Ticket Proceeds
0478	Lottery Ticket Returns
0484	LCB State Excess Profit Distributions
0485	Immaterial Prior Period Adjustments
0486	Recoveries of Prior Expenditure Authority Expenditures
0487	Recoveries of Student Financial Aid Expenditures
0489	Amortization
0490	Cash Over and Short
0492	Autopsy Cost Reimbursements
0493	Aquatic Lands Distributions
0494	Impaired Driving Safety Distributions
0496	Insurance Premiums
0497	Charges For Transportation Services
0498	Tort Claim Reimbursement
0499	Other Revenue
04DS	Unclaimed Property Distributions
<b>0500 - Private/Local Charges and Miscellaneous Revenue</b>	
0523	Board, Room, and Meals



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Code	Title
0535	Energy Facility Application and Monitoring Fees
0541	Contributions and Grants
0546	Federal Revenue - Pass Through
0597	Reimbursable Contracts
<b>0600 - Transfers</b>	
0611	Bond Transfers In
0612	Bond Transfers Out
0621	Operating Transfers In
0622	Operating Transfers Out
0623	Investment Administration Transfers (SIB Only)
0626	Noncash Revenue Transfers - Compensation
0627	Noncash Revenue Transfers - Other
0633	Timber Tax Transfer
0634	Manufacturing & Warehousing Job Centers Transfer
0635	Air Pollution Control (Ride Share) Transfer
0636	State Treasurer's Service Account Transfer
0637	Liquor Excise Tax Account Transfer
0638	General Fund and Basic Health Plan Trust Account Transfer - Cannabis Revenues
0639	Electric Vehicle Sales Tax Exemption Transfer
0640	Washington Opportunity Pathways Account Transfer - Lottery Revenues
0641	Stadium & Exhibition Account Transfer - Lottery Revenues
0642	Student Achievement Account Transfer - Lottery Revenues
0643	Education Construction Account Transfer - Lottery Revenues
0644	General Fund Transfer - Lottery Revenues
0645	Budget Stabilization Transfer
0647	Child and Family Reinvestment Account Transfer
0648	Commute Trip Reduction Transfer



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Code	Title
0649	Unclaimed Property Transfer
0651	Flood Control Transfer
0653	Columbia River Water Delivery Transfer
0654	County Criminal Justice Transfer
0655	Municipal Criminal Justice Transfer
0657	Criminal Justice Treatment Transfer
0659	Site Closure Account Transfer
0663	Recreation Access Pass Transfer
0664	Clean Alternative Fuel Commercial Vehicle Tax Credit Transfer
0666	Fair Account Transfer
0667	Initiative 773 Transfers
0668	Education Savings Account Transfer
0669	Clean Alternative Fuel Vehicle Exemption Transfer
0670	Electric/Hydrogen Battery and Hydrogen Facilities and Zero Emission Business Exemption Transfer
0671	Electric Vessel Exemption Transfer
0677	Agency Incentive Savings Transfers In (OFM Only)
0678	Equity Transfers In
0679	Equity Transfers Out
0680	Pension Benefit Reserves Transfers In (DRS Only)
0681	Pension Benefit Reserves Transfers Out (DRS Only)
0683	Retirement System Transfer
0688	UW Internal Lending Program Transfers
0689	Operating Transfers - Toll Charges
0690	Special Transfers
0693	Operating Transfers - Debt Service
0694	Operating Transfers - Debt Service Reimbursements
0696	Operating Transfers - Motor Fuel Taxes



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Code	Title
	<b>0800 - Other Revenues and Financing Sources</b>
0802	Employer Pension Contributions
0803	Employee Pension Contributions
0804	State Pension Contributions
0807	Certificates of Participation
0809	Lease-to-Own Acquisition
0810	Right-to-Use Lease Acquisition
0820	Capital Contributions
0825	Pool Participant Contributions
0850	Payments to Escrow Agents for Refunded COPs
0851	Original Issue Discount - Refunding COPs
0852	Underwriters Discount / Costs of Issuance - Refunding COPs
0853	Original Issue Premium - Refunding COPs
0854	Proceeds of Refunding COPs
0855	Payments to Escrow Agents for Refunded Bonds
0856	Original Issue Discount - Refunding Bonds
0857	Underwriters Discount / Costs of Issuance - Refunding Bonds
0858	Original Issue Premium - Refunding Bonds
0859	Proceeds of Refunding Bonds
0860	Bonds Issued
0862	Original Issue Discount - Bonds
0863	Original Issue Premium - Bonds
0864	Taxable Bonds Issued
0865	Note Proceeds
0866	Loan Principal Repayment
0868	Original Issue Discount - COPs
0869	Original Issue Premium - COPs
0871	Special Items



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Code	Title
0872	Extraordinary Items
<b>0900 - Non-Revenue Activities*</b>	
0901	Interagency Reimbursements
0902	Recoveries of Current Expenditure Authority Expenditures
0920	Items Placed in Suspense
0921	Rental Excise Tax Suspense
0925	Undistributed Receipts
0940	Deposit Adjustments and Returned Checks

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

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### 75.80.40 Sequential by code number with description

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June 9, 2022

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Code	Title and Description
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#### 0100 - Taxes

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

0101	Retail Sales Tax
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Tax levied on the selling price of tangible personal property and certain services purchased at retail. (chapter 82.08 RCW)

0102	Tax Credit - Sales Tax
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Credits allowed to offset sales tax liability. (chapter 82.12 RCW)



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Code	Title and Description
0105	<p>Business and Occupation Tax</p> <p>Tax levied on gross receipts of all businesses operating in Washington. (chapter 82.04 RCW)</p>
0106	<p>Tax Credits - B &amp; O</p> <p>Credits allowed to offset business and occupation tax liability. (chapter 82.04 RCW)</p>
0108	<p>Brokered Natural Gas</p> <p>Tax levied on natural or manufactured gas that is consumed in Washington that has not been subject to the public utility tax. (RCW 82.12.022 and 82.14.230)</p>
0109	<p>Tax Credits - Brokered Natural Gas</p> <p>Credits allowed to offset the brokered natural gas tax liability. (RCW 82.12.022 and 82.14.230)</p>
0110	<p>Compensating Tax</p> <p>Tax levied on the acquisition cost of items used in Washington on which retail sales tax was not paid. Also known as use tax. (chapter 82.12 RCW)</p>
0111	<p>Tax Credits - Compensating Tax</p> <p>Credits allowed in statute to offset compensating tax liability. (chapter 82.12 RCW)</p>
0112	<p>Hazardous Substance Tax</p> <p>Tax levied on the wholesale value of certain substances which are defined as hazardous by statute or deemed to cause a threat to human health or the environment by the Department of Ecology. Specifically applies to petroleum products, pesticides and certain chemicals. (chapters 82.21 and 82.23B RCW)</p>
0113	<p>Tax Credits - Hazardous Substance</p> <p>Credits allowed in statute to offset the hazardous substance tax liability. (chapters 82.21 and 82.23B RCW)</p>



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Code	Title and Description
0115	<p>Motor Vehicle Fuel Tax</p> <p>Tax levied on each gallon of motor vehicle fuel delivered from a terminal rack in Washington. Includes gasoline and other inflammable gas or liquids used to propel motor vehicles (excludes special fuels such as diesel and propane). (chapter 82.36 RCW)</p>
0116	<p>Use Fuel Tax (Other Than Motor Vehicle Fuel)</p> <p>Special tax levied on all combustible gases and liquids used to propel motor vehicles, except those subject to the motor vehicle fuel tax. (chapters 82.38 and 70.149 RCW)</p>
0117	<p>Excise Telephone Taxes</p> <p>911 tax and statewide 988 behavioral health crisis response and suicide prevention line tax which are levied on telephone access lines (switched access lines, radio access lines, and interconnected voice over internet protocol service lines). (RCW 82.14B.030 and RCW 82.86.020)</p>
0118	<p>Liter Tax - Liquor</p> <p>Tax levied on the selling price of spirits in their original packaging on a per liter basis. Spirits includes any beverage containing alcohol with more than 24% alcohol by volume. (RCW 82.08.150)</p>
0119	<p>Liquor Sales Tax - Surcharge</p> <p>Surcharge levied in addition to the liquor sales tax on the selling price of spirits in their original packaging. (RCW 82.08.150(4))</p>
0120	<p>Liquor Sales Tax</p> <p>Tax levied on the selling price of spirits in their original package. (RCW 82.08.150)</p>
0121	<p>Beer Tax</p> <p>Tax levied on brewers and distributors of beer for the privilege of manufacturing or selling beer in Washington. (RCW 66.24.290)</p>
0122	<p>Wine Tax</p>





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Code	Title and Description
	Tax levied on wine sold to wholesalers, the Liquor Control Board, directly to consumers on winery premises, and direct shipments to consumers and retailers. (RCW 66.24.210)
0123	Cannabis Excise Tax
	Tax levied on producers, processors, and retailers on the wholesale and retail selling price of cannabis, useable cannabis, and cannabis-infused products. (RCW 69.50.535)
0124	Tribal Cigarette Tax
	Funds received in lieu of the state cigarette tax and state/local retail sales tax in accordance with an agreement with the Puyallup Tribe. The state receives a percentage of the receipts of a cigarette tax levied by the tribe. (RCW 43.06.465)
0125	Cigarette Tax
	Tax levied on the first taxable event (sale, use, consumption, handling, possession or distribution of cigarettes) within Washington. (chapter 82.24 RCW)
0126	Other Tobacco Products Tax
	Tax levied on the sale, use, consumption, handling or distribution of cigars, pipe tobacco, chewing tobacco and other forms of tobacco (excludes cigarettes) paid by the first seller of the products in Washington. (chapter 82.26 RCW)
0127	I-773 Cigarette Tax
	Additional tax authorized on cigarettes with passage of Initiative 773. (RCW 43.72.900(3) and 82.24.028)
0128	Solid Waste Collection Tax
	Tax levied on charges for solid waste services including the collection, transfer, storage, and disposal of solid waste. (RCW 82.18.020)
0130	Insurance Premium Tax
	Tax levied on the net premiums received by insurers doing business in Washington. (RCW 48.14.020 and 48.14.021)



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Code	Title and Description
0131	Carbonated Beverage Tax  Tax levied on the on the privilege of selling carbonated beverages in Washington. (Title 82 RCW)
0133	Vapor Product Tax  Tax levied on the sale, use, consumption, handling, possession, or distribution of all vapor products in Washington. (RCW 82.25.010)
0134	Tax Credits - Public Utilities  Credits specified in statute to offset the public utilities tax. (chapter 82.16 RCW)
0135	Public Utilities Tax  Tax levied on the gross income derived from operation of public and privately owned utilities including the general categories of transportation, communications, and the supply of energy and water. (chapter 82.16 RCW)
0136	Public Utilities District Privilege Tax  Tax levied on electric generating facilities of public utilities districts for the privilege of operating in Washington. (chapter 54.28 RCW)
0137	Syrup (Soda) Tax  Tax levied on syrup used in making carbonated beverages. (chapter 82.64 RCW)
0140	Pari-mutuels Tax  Tax levied on the gross receipts of pari-mutuel machines at licensed horse racing events. (chapter 67.16 RCW)
0141	Petroleum Products Tax  Tax levied on the wholesale value of products derived from refining crude oil. (chapter 82.23A RCW)
0143	Intermediate Care Facility Tax



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Code	Title and Description
	Tax levied on the gross receipts of intermediate care facilities for services provided to persons with intellectual disabilities. (chapter 82.65A RCW)
0149	Watercraft Excise Tax
	Tax levied on the fair value of noncommercial boats used on Washington waters. (chapter 82.49 RCW)
0150	Property Tax
	Tax levied on the assessed value of all real and personal property located in Washington that is not specifically exempted. (Title 84 RCW)
0151	Excise Taxes - Other
	All other excise taxes, which do not have a unique revenue source.
0152	Capital Gains Tax
	Tax levied on the sale or exchange of long-term capital assets by individuals. (RCW 82.87.040)
0155	Inheritance/Estate Taxes
	Taxes levied on the value of property located in Washington transferred upon the death of the owner. (chapter 83.100 RCW)
0157	Real Estate Excise Tax
	Tax levied on the sale of real estate or transfer of controlling interest. (chapters 82.45 and 82.46 RCW)
0159	Leasehold Excise Tax
	Tax levied on the private use of publicly owned real and personal property. (chapter 82.29A RCW)
0160	Commercial Fishing - Privilege Tax



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Code	Title and Description
	Tax levied on the value of the first commercial possession of enhanced food fish, shellfish, and anadromous game fish. (chapter 82.27 RCW)
0161	Exhibition Center Admission Tax
	Tax levied on entry into the Exhibition Center. (RCW 36.38.010(5))
0162	Stadium Admission Tax
	Tax levied on admission to the Public Stadium. (RCW 36.38.010(5))
0163	Stadium and Exhibition Center Parking Tax
	Tax levied on parking fees at the Stadium and Exhibition Center. (RCW 36.38.020)
0170	Other Taxes
	All other taxes collected without specific revenue source coding assigned.
0175	Penalties and Interest
	Amounts due to state in the form of penalties and interest for late reporting, filing or payment of funds due the state.
0180	Timber Tax
	Tax levied on the stumpage value of timber harvested for sale, commercial or industrial use. (chapter 84.33 RCW)
0190	Fire Insurance Premium Distributions
	Distributions of a percentage of taxes on fire insurance premiums to local governments that established their own firefighters' pension funds prior to the establishment of the LEOFF System on March 1, 1970. (RCW 41.16.050)
0191	PUD Privilege Tax Distributions
	Distributions of PUD privilege tax to local governments. (chapter 54.28 RCW)
0192	Prosecuting Attorney Distributions



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Code	Title and Description
	Distributions of revenue to counties to pay for one-half of the salaries of prosecuting attorneys. (RCW 36.17.020)
0195	Motor Vehicle Fuel Tax Distributions
	Distributions of motor vehicle fuel taxes to local governments to be used for construction, improvements, and repair of highways, streets and roads. (chapter 46.68 RCW)
0196	Liquor Tax Distributions
	Distributions of liquor excise taxes to local governments (RCW 82.08.170), and wine taxes to the Washington Wine Commission and Washington State University (RCW 66.24.210).
0197	Timber Tax Distributions
	Distributions of county tax on timber harvested on private lands to county of origin. (chapter 84.33 RCW)
0198	Other Tax Distributions
	Distributions of other taxes and liquor profits to local governments.
0199	Tax Revenue Suspense (Department of Revenue Use Only)
	Tax suspense coding used only by Department of Revenue for combined excise tax returns.
01MJ	Cannabis Excise Tax Distribution
	Distributions of cannabis excise tax to local governments.

### 0200 - Licenses, Permits, and Fees

Amounts paid by individuals, organizations, and businesses to engage in certain specified activities such as operating a business, driving a car, or hunting and fishing.



## State Administrative and Accounting Manual

Code	Title and Description
0201	<p>Accountants</p> <p>Licenses, permits and fees collected from individuals and corporations in the certified public accounting field. (chapter 18.04 RCW)</p>
0202	<p>Auctioneers</p> <p>Fees collected to license and regulate persons or businesses engaged in providing auctioneering services. (chapter 18.11 RCW)</p>
0203	<p>Agriculture/Aquaculture Licenses and Fees</p> <p>Fees collected for commodity inspections; inspections, licenses and certifications for food safety, animal health and other consumer services; fees, registrations, and inspections associated with plant protection; and, fees, registrations and licenses related to pesticide management.</p>
0204	<p>Aircraft</p> <p>Licenses and fees collected from aircraft dealers and aircraft registration. (RCW 14.020.050 and 47.68.250)</p>
0205	<p>Alcoholic Beverages</p> <p>Fees collected to license and regulate persons or businesses engaged in selling and/or serving alcoholic beverages. (Title 66 RCW)</p>
0206	<p>Alias Business Certification Fees</p> <p>Fees collected to certify an individual, company or organization has registered to conduct business under an alternate name.</p>
0207	<p>Other Health Professions Licenses</p> <p>Certification and license application and renewal fees collected for various health care professionals.</p>
0208	<p>Architect Licenses</p> <p>Fees collected to license and regulate persons or businesses engaged in providing architectural services (not including landscape architecture). (chapter 18.08 RCW)</p>



## State Administrative and Accounting Manual

Code	Title and Description
0209	<p>Beautician, Barber and Body Artist Licenses</p> <p>Fees collected to license and regulate schools, cosmetologists, manicurists, barbers, estheticians, instructors, body artists, body piercing and tattoo artists, and includes salons/shops, personal services or mobile units where these services are performed. (chapters 18.16 and 18.300 RCW)</p>
0210	<p>Athletic Licenses</p> <p>Fees collected to license and regulate those engaged in professional boxing, kickboxing, and martial arts including original application fees and renewal fees for promoters, managers, boxers, seconds, wrestling participants, inspectors, judges, timekeepers, announcers, event physicians, chiropractors, referees, matchmakers, kick boxers and martial arts participants. (chapter 67.08 RCW)</p>
0211	<p>Gambling Licenses and Fees</p> <p>Fees collected to license businesses engaged in providing recreational gambling activities to the public. Also includes fees from retailers applying to sell Lottery products or fees collected from tribal governments for specific gambling activities. (chapter 9.46 RCW)</p>
0212	<p>Banking Licenses and Fees</p> <p>Used to record revenue from examination fees, annual license assessments, and annual assessment on business volume and licensing application fees.</p>
0216	<p>Hearing Aid Consultants</p> <p>Certification and license application and renewal fees collected for hearing and speech health care professionals. (chapter 18.35 RCW)</p>
0217	<p>Cemetery Fees</p> <p>Fees collected to license and regulate the handling of human remains, cemeteries, crematories, morgues, and mausoleums.</p>
0218	<p>Land Sales Disclosure Act</p> <p>Fees collected for timeshare registrations and salespersons.</p>



## State Administrative and Accounting Manual

Code	Title and Description
0219	<p>Certified Psychologist Licenses</p> <p>Certification and license application and renewal fees collected for psychologist health care professionals. (chapter 18.83 RCW)</p>
0220	<p>Charitable Funds Solicitation</p> <p>Fees collected from charitable organizations including original registration, late fees, etc. (chapter 19.09 RCW)</p>
0221	<p>Cigarette Fees and Licenses</p> <p>Licenses and fees collected from businesses engaged in the wholesale and retail sale of cigarettes and other tobacco products. (chapter 82.24 RCW)</p>
0222	<p>Commercial Driver Schools</p> <p>Fees collected to license and regulate persons or business engaged in providing traffic safety education programs to the public. (chapter 46.82 RCW)</p>
0223	<p>Contractors Registration</p> <p>Licenses and fees collected from businesses selling building construction related services of the construction trades as contractors and sub-contractors. (chapter 18.27 RCW)</p>
0224	<p>Collection Agencies</p> <p>Fees collected to license and regulate persons or businesses engaged in soliciting claims or collecting debts for another. (chapter 19.16 RCW)</p>
0225	<p>Burning Permit Fees</p> <p>Fees collected from landowners for various types of permits to allow burning on property. (chapter 70.94 RCW)</p>
0226	<p>Corporation Licenses and Fees</p> <p>Fees collected from corporations including original application fees, renewal fees, business filing fees, digital signature fees, late fees, etc. (chapter 23B.01 RCW)</p>





## State Administrative and Accounting Manual

Code	Title and Description
0227	<p>Cannabis Licenses and Fees</p> <p>Licenses and fees collected from producers, processors, and retailers engaged in the wholesale and retail sale of cannabis, useable cannabis, and cannabis-infused products. (RCW 69.50.325)</p>
0229	<p>Electrical Licenses</p> <p>Licenses and fees collected from individuals performing as electricians in the installing of electrical components in the building and construction industry. (chapter 19.28 RCW)</p>
0231	<p>Employment Agency Licenses</p> <p>Fees collected to license and regulate persons or businesses engaged in obtaining employment for job seeker where the job seeker pays a fee. (chapter 19.31 RCW)</p>
0232	<p>Engineering and Surveying Licenses</p> <p>Fees collected to license and regulate persons or businesses engaged in providing engineering or land surveying services. (chapter 18.43 RCW)</p>
0233	<p>Farm Labor Licenses</p> <p>Licenses and fees collected from farm related businesses who hire migrant farm labor. (chapter 19.30 RCW)</p>
0234	<p>Educational Institutions Registration Fees</p> <p>Application and renewal fees collected from colleges and universities which fall under the Degree-Granting Institutions Act. (RCW 28B.85.060)</p>
0236	<p>Firearms Licenses, Fees, and Permits</p> <p>Fee collected to license firearms dealers and those persons applying for concealed weapons permits. (chapter 9.41 RCW)</p>
0237	<p>Commercial Fishing Licenses</p>



## State Administrative and Accounting Manual

Code	Title and Description
	License fees collected from individuals and businesses for commercial salmon gear, salmon waivers, charter licenses, other commercial food fish gear, hard-shell clam mechanical harvester gear, shellfish fisheries gear, wholesale fish dealers, and other food fish and shellfish commercial licenses. (chapters 77.65 and 77.70 RCW)
0238	Franchise Licenses
	Fees from securities registration and notification filing fees.
0240	Funeral Licenses
	Fees collected to license and regulate the handling of human remains, embalmers, funeral directors and funeral establishments. (chapter 18.39 RCW)
0242	Health Fees and Licenses
	Certification and license application and renewal fees collected for mental health providers, child care providers, chemical dependency treatment service programs and massage therapist health care professionals. (chapters 70.96A, 71.24, and 74.15 RCW)
0244	Horse Racing Licenses and Fees
	Licenses and other fees collected by the Washington Horse Racing Commission. (chapter 67.16 RCW)
0245	Hunting and Fishing Licenses
	License fees collected from individuals for recreational fishing, big game hunting and small game hunting. (chapter 77.32 RCW)
0246	Insurance Licenses and Fees
	Licenses, appointment, renewal and related fees collected from insurance agents and brokers. (chapter 48.17 RCW)
0248	Liquid Fuel Licenses
	Special fuel trip permit filing fees. (RCW 82.38.100)
0249	Landscape Architects



## State Administrative and Accounting Manual

Code	Title and Description
	Fees collected to license and regulate persons or businesses engaged in providing landscape architectural services. (chapter 18.96 RCW)
0250	Fireworks Licenses
	Fees collected to license the manufacture, transportation, display and sale of fireworks. (chapter 70.77 RCW)
0251	Dental Licenses
	Certification and license application and renewal fees collected for various dental health care professionals. (chapters 18.29, 18.30, and 18.32 RCW)
0252	Medical Licenses
	Certification and license application and renewal fees collected for various medical health care professionals.
0253	Motor Vehicle Licenses
	Fees collected for the registration of motor vehicles, carrier terminal audit registration for trucks and emission testing. (RCW 43.21A.650, 46, 680.030, 70.120.170, 79A.08.089, and 81.80.321.)
0254	Motor Vehicle Operator Licenses
	Fees collected from those applying for or renewing drivers' licenses and personal identification cards. (chapter 46.20 RCW)
0255	Automobile Sales Licenses
	Fees collected to license and regulate persons or businesses engaged in the sale or auction of motor vehicles, motor homes, mobile homes and trailers. (chapter 46.70 RCW)
0256	Notary Fees and Commission of Deeds
	Fees collected to license persons engaged in administering oaths or affirmations, witnessing signatures, authenticating documents, or any other act a notary of this state is authorized to perform. (RCW 42.44.010)



## State Administrative and Accounting Manual

Code	Title and Description
0258	Registered and Licensed Practical Nurse Licenses  Certification and license application and renewal fees collected for various registered nurse and licensed practical nurse health care professionals. (RCW 18.79.030)
0260	Optician Licenses  Certification and license application and renewal fees collected for optician health care professionals. (chapters 18.53 and 81.54 RCW)
0261	Optometrist Licenses  Certification and license application and renewal fees collected for optometrist health care professionals. (chapters 18.53 and 81.54 RCW)
0262	Pharmacy Licenses  Certification and license application and renewal fees collected for pharmacy health care professionals. (chapter 18.64 RCW)
0263	Puget Sound Pilot Licenses  Fees collected from Puget Sound and Grays Harbor licensed pilots for initial license and annual license renewals, and stipends collected for the pilot trainee program. (RCW 88.16.090)
0264	Nursing Home Administrative Licenses  Certification and license application and renewal fees collected for nursing home administrator health care professionals. (chapter 18.52 RCW)
0266	Power Licenses  Annual fees collected from operators of hydropower facilities. (chapter 90.16 RCW)
0267	Real Estate Excise Tax Transaction Fees  Fee collected on real estate excise tax transactions in Washington. (chapter 82.45 RCW)



## State Administrative and Accounting Manual

Code	Title and Description
0268	<p>Public Utilities Regulatory Fees</p> <p>Regulatory fees charged to utility companies. (chapter 80.24 RCW)</p>
0270	<p>Real Estate Licenses</p> <p>Fees collected to license and regulate persons or businesses engaged in negotiating, buying, selling or leasing real estate on behalf of others. (chapter 18.85 RCW)</p>
0271	<p>Sewage Treatment Plant Operator Licenses</p> <p>Fees collected for the certification and testing of sewage plant operators. (chapter 70.95B RCW)</p>
0272	<p>Safety Inspection Licenses and Fees</p> <p>Licenses and fees collected from individuals and businesses in the operation of specialized equipment or practices in buildings and building related constructions industry such as explosives, elevators, mobile homes, amusement rides, factory built housing, commercial coaches, pressure vessels, asbestos, and plumbers.</p>
0274	<p>Credit Union Licenses and Fees</p> <p>Assessment fees billed to credit unions licensed in Washington.</p>
0275	<p>Ocularist Licenses</p> <p>Certification and license application and renewal fees collected for ocularist health care professionals. (chapter 18.55 RCW)</p>
0276	<p>Forest Practices Permit Fees</p> <p>Fees for forest practice applications collected from landowners and timber companies, and county forest practice fees for moratorium recording. (chapter 76.09 RCW)</p>
0277	<p>Securities Licenses, Permits, and Fees</p> <p>Fees collected for licensing securities broker-dealers and investment advisors as well as a variety of filings such as franchise and business opportunity filings.</p>



## State Administrative and Accounting Manual

Code	Title and Description
0278	<p>Occupational Therapist Licenses</p> <p>Certification and license application and renewal fees collected for occupational health care professionals. (RCW 18.59.050)</p>
0279	<p>Vessel Registration Fees</p> <p>Fees collected from the registration of vessels used in the state and exemption fees collected from foreign vessels that request to be exempt from pilotage. (chapter 79.100 RCW)</p>
0281	<p>Sellers of Travel</p> <p>Fees collected to license persons or businesses engaged in negotiating, buying, selling or leasing travel accommodations. (chapter 19.138 RCW)</p>
0283	<p>Veterinarian Licenses</p> <p>Certification and license application and renewal fees collected for various veterinarian health care professionals. (RCW 18.92.140)</p>
0285	<p>Water Resources Fees</p> <p>Fees collected for planning, review and inspection of hydraulic works to assure safety; and fees for processing water rights applications, permits, certificates, extensions, protests and recording. (chapter 90.03 RCW)</p>
0286	<p>Water Quality Fees</p> <p>Fees collected for wastewater discharge to fund the administration of the waste water permit program. (RCW 90.48.465)</p>
0287	<p>Well Construction and Licensing</p> <p>Fees collected for well construction and for well operator licenses. (chapter 18.104 RCW)</p>
0290	<p>Log Patrol Licenses</p> <p>Fees collected for log brands, log brand books and log patrol licenses from timber companies. (chapter 76.36 RCW)</p>



## State Administrative and Accounting Manual

Code	Title and Description
0291	<p>Marriage Licenses</p> <p>Fees collected for the issuance of marriage licenses. (RCW 36.18.010(5))</p>
0292	<p>Business License Fees</p> <p>Fees collected for filing of master license applications, renewals or late fees. (RCW 19.02.085)</p>
0294	<p>Hazardous Waste Fees</p> <p>Fees collected from hazardous waste generators to fund hazardous waste and toxics reduction programs as well as fees collected from the U.S. Department of Energy and facilities that dispose of mixed waste. (chapters 70.95E, 70.105, and 43.200 RCW)</p>
0295	<p>Certified Acupuncturist Licenses</p> <p>Certification and license application and renewal fees collected for acupuncture health care professionals. (chapter 18.06 RCW)</p>
0296	<p>Replacement Tire Fee</p> <p>Fee charged on the retail sale of new tires. (RCW 70.95.510)</p>
0297	<p>Boating Safety Distributions</p> <p>Distributions to local governments of boating safety funds. (RCW 88.02.650)</p>
0298	<p>Alcoholic Beverage License Fees Distributions</p> <p>Distributions of license fees to the University of Washington and Washington State University. (RCW 66.08.180)</p>
0299	<p>Other Licenses, Permits, and Fees</p> <p>All other licenses, permits and fees collected without specific revenue source coding assigned to them.</p>



# State Administrative and Accounting Manual

Code	Title and Description
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## 0300 - Federal Revenue

Revenue that the state receives from the federal government under grant and similar agreements where the state is required to expend the revenue in accordance with federal program specifications. It also includes revenues associated with expenditures that are fully reimbursed by the federal government.

0301	African Development Foundation
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0303	Institute of Museum Services
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0304	Inter-American Foundation
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0305	National Endowment for the Arts
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0306	National Endowment for the Humanities
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0307	Office of National Drug Control Policies
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0308	Peace Corps
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0309	Legal Services Corporation
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0310	Department of Agriculture
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Federal revenue received from the Department of Agriculture to fund school breakfast and lunch programs, food stamp program, summer food service program, and nutrition program for women, infants, and children.

0311	Department of Commerce
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Federal revenue received from the Department of Commerce to fund the establishment of university marine research and to assist in salmon restoration.

0312	Department of Defense
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Federal revenue received from the Department of Defense to fund National Guard operations and to support basic research for military operations.

0313	Central Intelligence Agency
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## State Administrative and Accounting Manual

Code	Title and Description
0314	Department of Housing and Urban Development  Federal revenue received from the Department of Housing and Urban Development to help expand the supply of affordable housing for persons of low and moderate income.
0315	Department of the Interior  Federal revenue received from the Department of the Interior to develop and implement programs for the benefit of wildlife and their habitat.
0316	Department of Justice  Federal revenue received from the Department of Justice to support criminal justice and victims of crime programs.
0317	Department of Labor  Federal revenue received from the Department of Labor to fund the Unemployment Insurance program and to improve the quality of the workforce by providing workforce investment activities.
0319	Department of State
0320	Department of Transportation  Federal revenue received from the Department of Transportation to fund highway planning and construction programs.
0321	Department of the Treasury
0323	Appalachian Regional Commission
0327	Office of Personnel Management
0329	Commission on Civil Rights
0330	Equal Employment Opportunity Commission



## State Administrative and Accounting Manual

Code	Title and Description
0332	Federal Communications Commission
0333	Federal Maritime Commission
0334	Federal Mediation and Conciliation Service
0339	General Services Administration  Federal revenue received from the General Services Administration primarily to fund election reform.
0340	Government Printing Office
0342	Library of Congress
0343	National Aeronautics and Space Administration
0344	National Credit Union Administration
0346	National Labor Relations Board
0347	National Science Foundation  Federal revenue received from the National Science Foundation to encourage and support basic research in the education, science, and computer and information science areas.
0355	Federal Revenue - Non-Assistance  Receipts from a federal agency when a state agency provides vendor services and the related expenditures are charged to a federal expenditure authority code, or, other receipts from federal agencies that are not classified as federal assistance, even though the related expenditures are charged to federal expenditure authority codes. Revenue Source Code 0355 facilitates the matching of federal revenues and expenditures for budget purposes.
0357	Railroad Retirement Board
0358	Securities and Exchange Commission
0359	Small Business Administration



## State Administrative and Accounting Manual

Code	Title and Description
0360	Smithsonian Institution
0361	International Trade Commission
0362	Tennessee Valley Authority
0364	Veterans Administration
0366	Environmental Protection Agency  Federal revenue received from the Environmental Protection Agency to finance the costs of drinking water infrastructure and water quality management activities.
0368	National Gallery of Art
0370	Overseas Private Investment Corporation
0377	Nuclear Regulatory Commission
0378	Commodity Futures Trading Commission
0381	Department of Energy
0383	Federal Emergency Management Agency
0384	Department of Education  Federal revenue received from the Department of Education to fund special education, Title I, Pell grant, and other programs in support of Washington's schools.
0385	Scholarship and Fellowship Foundations
0386	Pension Benefit Guaranty Corporation
0387	Consumer Product Safety Commission
0388	Architectural and Transportation Barriers Compliance Board



## State Administrative and Accounting Manual

Code	Title and Description
0389	National Archives and Records Administration
0390	Miscellaneous Commissions
0391	United States Institute of Peace
0392	National Council on Disability
0393	Department of Health and Human Services  Federal revenue received from the Department of Health and Human Services to fund the medical assistance program (Medicaid, Title XIX), research grants, and other social and health service programs in Washington.
0394	Corporation for National and Community Service
0396	Social Security Administration  Federal revenue received from the Social Security Administration to fund the social security disability insurance program.
0397	Homeland Security  Federal revenue received from Homeland Security to fund emergency preparedness including emergency equipment, planning and training, and surveying critical infrastructure.
0398	US Agency for International Development
0399	Federal Assistance - Miscellaneous
03DS	Federal Revenue Distributions (State Treasurer Only)  Distributions of reportable federal revenues that must be reported as expenditures on the Schedule of Expenditures of Federal Awards.

### 0400 - State Charges and Miscellaneous Revenue



## State Administrative and Accounting Manual

Code	Title and Description
	Revenue that the state receives from individuals, organizations, businesses and other governments for goods and services in conjunction with state- sponsored programs.
0401	Investment Income  Earnings on deposits and investments. Investment earnings may also be coded by specific type for example dividend income (Revenue Source Code 0411), and capital gains and losses (Revenue Source Code 0413). Costs of investment activities are recorded in Revenue Source Code 0473.
0402	Income from Property  Revenues from rentals/leases of state owned land, facilities, and equipment that do not meet the definition of a right-to-use lease agreement, are below the state's capitalization threshold, or are short-term.  Examples include: sales of parking permits; right of way or easement charges; rental/lease of commercial and non-commercial land and buildings; advertising and communication site leases; and rental of equipment including motor pool rentals.
0404	Cost of Supervision Assessment Fee  Fees assessed on offenders under community supervision by the Department of Corrections. (RCW 72.11.040 and 9.94A.780)
0405	Fines, Forfeits and Seizures  Amounts collected as penalties for an offense or breach of contract. Also includes the state's share of federal property seizures. Examples include toll violations, library fines, and assessments for late payments.  Does not include penalty assessments for crime victims' compensation which are recorded in Revenue Source Code 0417.
0406	Litter Control Revenue  Fee levied on the value of various products manufactured and sold within the state including but not limited to, groceries, newspapers, and food for human or pet consumption. (chapter 82.19 RCW)
0407	Patient Care



## State Administrative and Accounting Manual

Code	Title and Description
	Medical and dental co-pays collected from inmates of state correctional facilities.
0409	Interest Income  Interest earned unrelated to investing activities. Examples include interest on property sales agreements, past due accounts receivable, and loan agreements.
0410	Unclaimed Monies  Amounts received by the Department of Revenue as unclaimed property under the Uniform Unclaimed Property Act. (chapter 63.29 RCW)
0411	Dividend Income  Income to shareholders derived from a division of a company's profits. Dividends may be in the form of cash, stock or property.
0413	Capital Gains and Losses  Gains and losses resulting when the value of an investment asset, for example stocks, bonds, mutual funds, or real estate, is more or less than its carrying cost (book value). Capital gains and losses may be realized or unrealized.
0415	Sale of Property - Timber  Revenues resulting from the following activities on state-owned land: timber contract sales, including settlement of defaulted contracts and other related timber contract fees; contract harvesting and other log sales; and damaged timber sales.
0416	Sale of Property - Other  Proceeds from the sale or disposal of property, consumable supplies, materials, and products in governmental type accounts. Property includes land, buildings, equipment, salvage, intangible property (such as, right-of-ways and royalties), sand and gravel, and nursery seedlings.  Does not include property sales in the normal course of business by a proprietary type account.
0417	Victims of Crime Compensation



## State Administrative and Accounting Manual

Code	Title and Description
	Penalties assessed against criminal offenders for assistance to crime victims. (chapter 7.68 RCW)
0418	<b>Gain or Loss On Sale of Capital Assets</b>  The gain or loss on the sale or disposal of a capital asset in a proprietary type account. The gain or loss is calculated by subtracting the remaining book value (original cost less accumulated depreciation) from the proceeds from the sale.
0420	<b>Charges For Services</b>  Amounts collected in the course of regular business for sales of services. Examples include charges for administering local tax collection, fees for processing applications, fees for administrative hearings, and charges for equipment repair.
0421	<b>Publications and Documents</b>  Revenue received from the sale of paper and electronic publications and documents. Examples include state produced publications, manuals, and documents such as, maps, laws, rules, guides, photos.
0423	<b>Room, Board, and Meals</b>  Revenues received by the state for room, board, and meals associated with the operation of a state program. Examples include housing and dining revenues at higher education institutions and amounts paid by or on behalf of inmates of state correctional facilities towards costs of room and board.  Does not include room and board for residents of state veterans' homes or Department of Social and Health Services' institutions/facilities which are recorded to Revenue Source Code 0523.
0424	<b>Tuition and Fees</b>  Tuition collected for main and extension campuses for residents and non-residents, part time and full time students, and staff and student tuition waivers. Legislatively established tuition covers operating, building, and student and activity fees. Note: Only operating fees as defined in RCW 28B.15.031 are to be deposited in Account 149.
0425	<b>Filing Fees and Legal Services</b>



## State Administrative and Accounting Manual

Code	Title and Description
	Fees collected for filing, recording, registering, or archiving instruments or documents that (1) have or serve a legal or official function or (2) do not include a license or permit being issued. Also includes fees collected by county auditors or recording officers for their official services (RCW 36.22.175(1)), and charges for legal services related to filing documents or establishing a fee.
0427	Property and Resources Management
	Fees collected for property and resources management to include such things as fire suppression, road maintenance, land assessments, and surveillance and maintenance of low level radioactive materials disposal.
0430	Dedicated Student Fees
	Fees collected that are dedicated to the support of specific courses or activities. Examples include lab fees, fees for continuing education programs, health fees, athletic and recreation center fees, technology fees, and renewable energy fees.
0434	Hazardous Waste Cleanup Recoveries
	Amounts collected by the Department of Ecology for mandatory and voluntary cleanup of hazardous waste cleanup activities, cleanup of oil and non-oil spills and environmental restoration.
0435	Income from Leased Property
	Principal portion of revenues from right-to-use lease agreements of state owned land, facilities, and equipment from non-state entities.
0436	Leased Property Interest Income
	Interest portion of revenues from right-to-use lease agreements of state owned land, facilities, and equipment from non-state entities.
0437	Leased Property Variable Income
	Variable payment portion of revenues from right-to-use lease agreements of state owned land, facilities, and equipment from non-state entities.
0440	Indirect Cost Reimbursement





## State Administrative and Accounting Manual

Code	Title and Description
	To record indirect cost reimbursement associated with grants, contracts and other agreements.
0441	Contributions and Grants
	Contributions and grants received by the state that are not restricted by contract or grant. Amounts received may be expended for or by the account/program receiving the monies for the purposes for which the monies were given.
0444	Grant Repayments
	Amounts collected as repayments of loan principal associated with a loan made under a federal or state loan program or other budgeted loan.
0445	Unemployment Compensation Reimbursement
	Reimbursement for unemployment benefits paid in-lieu of taxes of received from state agencies. (RCW 50.44.060)
0447	Health Benefit Payments
	Subsidy reimbursement and rebate payments received for health benefits. Not considered federal revenue.
0448	Statewide Indirect Cost Recoveries
	Any indirect costs or cost allocation amounts recovered as a result of the inclusion of the Statewide Cost Allocation Plan (SWCAP) allocation in an agency's indirect rate or cost allocation plan. Amounts recovered by an agency are to be deposited into the General Fund.
0450	Sales of Goods and Supplies - Proprietary Funds
	To record the sale of merchandise purchased for resale. This revenue source must be used when expenses are recorded to cost of goods sold (Object F).
0458	Public Facilities District Annual Payment
	To record annual payment received as required by RCW 36.100.040.
0460	Climate Commitment Act Auction Revenue



## State Administrative and Accounting Manual

Code	Title and Description
	Proceeds from the sale, via auction, of greenhouse gas allowances as authorized in the Climate Commitment Act of 2021. (Chapter 70A.65 RCW)
0470	Judicial Information System Fees
	Fees collected for access to the Judicial Information System administered by the court system for non-court in-state and all out-of-state users. (RCW 2.68.020)
0471	Unemployment Compensation Contributions
	Unemployment benefit contributions received from employers. (RCW 50.24.010)
0472	Workers' Compensation Contributions
	Premiums paid by Washington employers and employees for workers' compensation insurance. (RCW 51.32.073)
0473	Costs of Investment Activities
	Investment fees and expenses paid to external sources such as banks and other financing institutions for investment activities and securities lending transactions. Fees include external management fees, commissions, consultant fees, legal fees and other investment management related expenses paid to external sources. This source code should have a net debit balance.
0475	Paid Family and Medical Leave Premiums
	Premiums paid by Washington employers and employees for paid family and medical leave compensation. (RCW 50A.04.115)
0476	Long-Term Services and Supports Premium
	Premiums paid by Washington employees for long-term services and supports benefits. (RCW 50B.04.080)
0477	Lottery Ticket Proceeds
	Amounts received from the sales of lottery tickets. (RCW 67.70.230)
0478	Lottery Ticket Returns



## State Administrative and Accounting Manual

Code	Title and Description
	Retailer adjustments against lottery ticket sales. Examples include misprinted tickets, torn tickets, promotional tickets and returned tickets. (RCW 67.70.230)
0484	LCB State Excess Profit Distributions
	Amounts received by the Liquor Control Board and distributed to various funds as prescribed by law. Does not include amounts classified as Beer or Wine Taxes. (chapters 66.08 and 82.08 RCW)
0485	Immaterial Prior Period Adjustments
	Immaterial corrections related to prior period activity. Generally, only credits are allowed; debits require the approval of the agency's OFM Accounting Consultant. Only used with General Ledger code 3215 "Immaterial Adjustments to Prior Periods." Refer to Subsection 90.20.15.e.
0486	Recoveries of Prior Expenditure Authority Expenditures
	Receipt of cash/vendor credit for the recovery of an expenditure/expense charged to a prior period. Also used to record the liquidation of over-estimated accrued expenditures/expenses from a prior period when it is expected that no further payments will be made. Generally, only credits are allowed; debits require approval of the agency's OFM Accounting Consultant. Refer to Subsection 90.20.45.
0487	Recoveries of Student Financial Aid Expenditures
	Recoveries of overpayments to schools or individuals of state need grant funds.
0489	Amortization
	The increase or decrease of non-cash changes in the fair value of investments. Only use with GL 3220 "Noncash Revenues."
0490	Cash Over and Short
	Amounts of cash over or short for a cash deposit, required to make the deposit equal the source document total.
0492	Autopsy Cost Reimbursements
	Amounts distributed to counties to reimburse for autopsy costs. (RCW 68.50.104)



## State Administrative and Accounting Manual

Code	Title and Description
0493	<p>Aquatic Lands Distributions</p> <p>Amounts distributed to towns from harbor area and tideland leases. Amounts distributed must be used for water-related improvements. (RCW 79.115.150)</p>
0494	<p>Impaired Driving Safety Distributions</p> <p>Amounts distributed to cities, towns, and counties for projects related to reducing impaired driving. (RCW 46.68.260 and 82.14.320.)</p>
0496	<p>Insurance Premiums</p> <p>Amounts collected by the Department of Enterprise Services, Office of Risk Management from state agencies for coverage in the state's liability program. Also includes premiums for active employees collected by Health Care Authority for medical, dental, life, and long-term disability insurance.</p>
0497	<p>Charges For Transportation Services</p> <p>Revenues collected for transportation services to include such things as ferry services, toll revenue, and transponder sales.</p>
0498	<p>Tort Claim Reimbursement</p> <p>Reimbursements to the state for tort claim damages - for example, damages to property and lost revenues - caused by third parties.</p>
0499	<p>Other Revenue</p> <p>Revenue that the state receives from individuals, organizations, businesses and other governments for goods and services in conjunction with state sponsored programs without specific revenue source coding assigned to them. Examples include industrial insurance refunds, miscellaneous student services, and photocopying.</p>
04DS	<p>Unclaimed Property Distributions</p> <p>To record funds distributed by the Department of Revenue to owners, property reported under the Uniform Unclaimed Property Act. (chapter 63.29 RCW)</p>



# State Administrative and Accounting Manual

Code	Title and Description
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## 0500 - Private/Local Charges and Miscellaneous Revenue

Resources provided to the state by nonfederal sources such as private individuals, local governments, commercial enterprises, and foundations that are restricted by contract or agreement. It also includes revenues associated with expenditures that are fully reimbursed by private/local sources.

0523	Board, Room, and Meals
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Revenue received from residents, hospice care organizations and family members of residents of Veterans' Homes for their portion of the room, board and meal expenses. Also includes revenue for room, board, and meals received on behalf of residents at Department of Social and Health Services' institutions/facilities. Does not include room, board, and meals associated with the operation of a state program which are recorded to Revenue Source Code 0423.

0535	Energy Facility Application and Monitoring Fees
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Revenue received by the Energy Facility Site Evaluation Council for the evaluation, licensing and monitoring of major energy facilities in Washington. (chapter 80.50 RCW)

0541	Contributions and Grants
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Contributions and grants from nonfederal sources external to the state. Similar to federal grants, the expenditure of these private/local contribution and grant revenues are restricted by contract or agreement.

0546	Federal Revenue - Pass Through
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Federal revenue received from other state governments, local governments or private entities.

0597	Reimbursable Contracts
------	------------------------

Revenue received pursuant to reimbursable contracts with private/local organizations including non-profit organizations, counties, cities, school districts, transit authorities and other states.

## 0600 - Transfers



## State Administrative and Accounting Manual

Code	Title and Description
	Amounts transferred by state agencies to other accounts and/or agencies; including treasurer's transfers of resources collected by one state agency/account to the agency/account that expends the resources.
0611	Bond Transfers In
	Transfers of bond proceeds to an account as specified by law.
0612	Bond Transfers Out
	Transfers of bond proceeds from an account as specified by law.
0621	Operating Transfers In
	Transfers of revenue to one account from another without a requirement for repayment (this is the positive revenue). Generally, operating transfers in and out (Revenue Source Codes 0621 and 0622) net to zero at the agency level.
0622	Operating Transfers Out
	Transfers of revenues from one account to another without equivalent flows of assets in return (this is the negative revenue). Generally, operating transfers in and out (Revenue Source Codes 0621 and 0622) net to zero at the agency level.
0623	Investment Administration Transfers (SIB Only)
	Transfers of revenue from various accounts managed by the State Investment Board (SIB) to the State Investment Board Expense Account (Account 031) as needed to cover the operating expenses of SIB. (RCW 43.33A.160) (SIB Only)
0626	Noncash Revenue Transfers - Compensation
	Transfers of revenue between operating accounts (other than the General Fund) and non cash Special Account Retirement Contribution Increase Revolving Account (Account 427) or the Salary and Insurance Increase Revolving Account (Account 406).
0627	Noncash Revenue Transfers - Other
	Transfers of resources other than cash.



## State Administrative and Accounting Manual

Code	Title and Description
0633	Timber Tax Transfer  Transfers of timber tax collected on behalf of the state from the Timber Tax Distribution Account (Account 02W) to the General Fund. (RCW 84.33.041)
0634	Manufacturing & Warehousing Job Centers Transfer  Transfers from the General Fund to the Manufacturing and Warehousing Job Centers Account (Account 25D) to mitigate local sales tax revenue net losses as a result of the sourcing provisions of the streamlined sales and use tax agreement. (RCW 82.14.545)
0635	Air Pollution Control (Ride Share) Transfer  Transfers between the Air Pollution Control Account (Account 216) and the General Fund.
0636	State Treasurer's Service Account Transfer  Transfers from the State Treasurer's Service Account (Account 404) to the General Fund.
0637	Liquor Excise Tax Account Transfer  Transfers of liquor excise taxes from the Liquor Excise Tax Account (Account 107) to the Liquor Revolving Account and the General Fund. (RCW 82.08.170)
0638	General Fund and Basic Health Plan Trust Account Transfer - Cannabis Revenues  Transfers of cannabis revenues from the Dedicated Cannabis Account (Account 315) to the General Fund and the Basic Health Plan Trust Account. (RCW 69.50.540(2)(d) and 69.50.540(5)(g))
0639	Electric Vehicle Sales Tax Exemption Transfer  Transfers from the Multimodal Transportation Account to the General Fund. (RCW 82.08.809)
0640	Washington Opportunity Pathways Account Transfer - Lottery Revenues



## State Administrative and Accounting Manual

Code	Title and Description
	Transfers of lottery revenues from the State Lottery Account (Account 577) and the Shared Game Lottery Account (Account 433) to the Washington Opportunity Pathways Account (Account 17F). (RCW 67.70.240(1)(c) and 67.70.340(1) and (2))
0641	Stadium & Exhibition Account Transfer - Lottery Revenues
	Transfers of lottery revenues from the State Lottery Account (Account 577) to Stadium and Exhibition Center Account (Account 816). (RCW 67.7.240(5))
0642	Student Achievement Account Transfer - Lottery Revenues
	Transfers of lottery revenues from the State Lottery Account (Account 577) and the Shared Game Lottery Account (Account 433) to the Student Achievement Account (Account 299). (RCW 67.70.240(3); 67.70.340(1) and (2))
0643	Education Construction Account Transfer - Lottery Revenues
	Transfers of lottery revenues from the State Lottery Account (Account 577) and the Shared Game Lottery Account (Account 433) to the Education Construction Account (Account 253). (RCW 67.70.240(3); 67.70.340(1) and (2))
0644	General Fund Transfer - Lottery Revenues
	Transfers of lottery revenues from the Shared Game Lottery Account (Account 433) to the General Fund. (RCW 67.70.340(4))
0645	Budget Stabilization Transfer
	Transfers from the General Fund to the Budget Stabilization Account (Account 14B). (RCW 43.79.495)
0647	Child and Family Reinvestment Account Transfer
	Transfers from the General Fund to the Child and Family Reinvestment Account (Account 18T). (RCW 74.13.107)
0648	Commute Trip Reduction Transfer
	Transfers from the Multimodal Transportation Account (Account 218) to the General Fund to reimburse the General Fund for tax credits provided to businesses participating in the commute trip reduction program. (RCW 82.70.040)





## State Administrative and Accounting Manual

Code	Title and Description
0649	Unclaimed Property Transfer  Transfers of unclaimed property between the Unclaimed Personal Property Account (Account 196) and the General Fund. (RCW 63.29.230)
0651	Flood Control Transfer  Transfers from the General Fund to the Flood Control Assistance Account (Account 02P). (RCW 86.26.007)
0653	Columbia River Water Delivery Transfer  Transfers from the General Fund to the Columbia River Water Delivery Account (Account 15K). (chapter 90.90 RCW)
0654	County Criminal Justice Transfer  Transfers from the General Fund to the County Criminal Justice Assistance Account (Account 03L). (RCW 82.14.310)
0655	Municipal Criminal Justice Transfer  Transfers from the General Fund to the Municipal Criminal Justice Assistance Account (Account 03M). (RCW 82.14.320/330)
0657	Criminal Justice Treatment Transfer  Transfers from the General Fund to the Criminal Justice Treatment Account (Account 05C). (RCW 70.96A.350(4)(a))
0659	Site Closure Account Transfer  Transfers from the Perpetual Surveillance and Maintenance Account (Account 500). (RCW 43.200.080)
0663	Recreation Access Pass Transfer  Transfers of the proceeds from the sale of discover passes and day-use permits from the Recreation Access Pass Account (Account 237) to the State Wildlife Account (Account 104), the Park Land Trust Revolving Account (Account 087), and the Parks Renewal and Stewardship Account (Account 269). (2SSB 5622)



## State Administrative and Accounting Manual

Code	Title and Description
0664	<p>Clean Alternative Fuel Commercial Vehicle Tax Credit Transfer</p> <p>Transfers from the Multimodal Transportation Account (Account 218) to the General Fund. (RCW 82.04.4496 and 82.16.0496).</p>
0666	<p>Fair Account Transfer</p> <p>Transfers from the General Fund to the Fair Account (Account 131). (RCW 15.76.115)</p>
0667	<p>Initiative 773 Transfers</p> <p>Transfers of cigarette and tobacco products taxes from the Health Services Account (Account 760) to the Violence Reduction and Drug Enforcement Account (Account 181), Water Quality Account (Account 139), and Tobacco Prevention and Control Account (Account 828) as required by Initiative 773. (RCW 43.72.900(2)(a), 3(a), &amp; 3(c))</p>
0668	<p>Education Savings Account Transfer</p> <p>Transfers from the Education Savings Account (Account 291) to the Washington Distinguished Professorship Trust Account (Account 653), the Washington Graduate Fellowship Trust Account (Account 534), College Faculty Awards Trust Account (Account 743), and the Common School Construction Account (Account 113). (RCW 43.79.465)</p>
0669	<p>Clean Alternative Fuel Vehicle Exemption Transfer</p> <p>Transfers from the Electric Vehicle Account (Account 20J) to the General Fund. (RCW 82.12.9999)</p>
0670	<p>Electric/Hydrogen Battery and Hydrogen Facilities and Zero Emission Business Exemption Transfer</p> <p>Transfers from the Multimodal Transportation Account (Account 218) to the General Fund. (RCW 82.08.816)</p>
0671	<p>Electric Vessel Exemption Transfer</p> <p>Transfers from the Multimodal Transportation Account (Account 218) to the General Fund. (RCW 82.08.996)</p>



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Code	Title and Description
0677	<p>Agency Incentive Savings Transfers In (OFM Only)</p> <p>Transfers to the Savings Incentive Account (Account 290) of half of the dollar value of certain General Fund state appropriations that are unspent as of June 30. The transfers are made to the credit of the individual state agencies that achieved the savings. (RCW 43.79.460) (OFM Only)</p>
0678	<p>Equity Transfers In</p> <p>Transfers of assets into an account normally associated with the creation of the account or the close-out of another account. Generally, equity transfers in and out (Revenue Source Codes 0678 and 0679) must net to zero at the agency level.</p>
0679	<p>Equity Transfers Out</p> <p>Transfers of assets out of an account normally associated with the closure of the account. Generally, equity transfers in and out (Revenue Source Codes 0678 and 0679) must net to zero at the agency level.</p>
0680	<p>Pension Benefit Reserves Transfers In (DRS Only)</p> <p>Transfers between reserve balances within the same pension plan. Employee contributions are accumulated in the member reserves of the plan to which the employee belongs, until retirement or withdrawal. Upon retirement, these accumulated contributions are transferred into the larger benefit reserves pool of the same plan to initiate the monthly pension benefit payment process. (DRS Only)</p>
0681	<p>Pension Benefit Reserves Transfers Out (DRS Only)</p> <p>Transfers between reserve balances within the same pension plan. Employee contributions are accumulated in the member reserves of the plan to which the employee belongs, until retirement or withdrawal. Upon retirement, these accumulated contributions are transferred into the larger benefit reserves pool of the same plan to initiate the monthly pension benefit payment process. (DRS Only)</p>
0683	<p>Retirement System Transfer</p> <p>Transfers of amounts not needed for administration from the Volunteer Firefighters' and Reserve Officers' Relief and Pension Administrative Account (Account 204) to the Volunteer Firefighters' and Reserve Officers' Relief and Pension Principal Account (Account 614). (RCW 41.24.030) (BVFFRO Only)</p>



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Code	Title and Description
0688	UW Internal Lending Program Transfers  Transfers of monies to record the Internal Lending Program activity between governmental, enterprise and internal service accounts. (University of Washington Only)
0689	Operating Transfers - Toll Charges  Transfers of toll revenues from a toll collecting account to another account to facilitate the payment of debt service.
0690	Special Transfers  Statewide transfers from dedicated accounts and other accounts for special litigation or budget purposes.
0693	Operating Transfers - Debt Service  Transfer of monies between accounts to facilitate the payment of debt service as specified by law.
0694	Operating Transfers - Debt Service Reimbursements  Transfer of monies from accounts designated by the legislature to reimburse the General Fund for the payment of debt service.
0696	Operating Transfers - Motor Fuel Taxes  Transfer of motor vehicle fuel taxes from various transportation accounts (including the Motor Vehicle Account (Account 108), Transportation Partnership Account (Account 09H), Puget Sound Capital Construction Account (Account 099), Transportation 2003 (Nickel) Account (Account 550) to transportation debt service funds (including the Highway Bond Retirement Account (Account 303), Ferry Bond Retirement Account (Account 304) and the Transportation Improvement Bond Retirement Account (Account 305).

### 0800 - Other Revenues and Financing Sources

Other revenues and financing sources not recorded elsewhere including those associated with debt financing activities, resources supporting trust activities, and certain noncash activities, such as receipt of donated commodities.



## State Administrative and Accounting Manual

Code	Title and Description
0802	Employer Pension Contributions  Contributions received from employers of members enrolled in state administered pension plans.
0803	Employee Pension Contributions  Contributions received from employees enrolled in state administered pension plans.
0804	State Pension Contributions  Contributions received from the General Fund to support state administered pension plans.
0807	Certificates of Participation  Resources provided through the issuance of certificates of participation by the Office of the State Treasurer that are used to finance real estate acquisition, construction and renovation, and equipment acquisition.
0809	Lease-to-Own Acquisition  Resources provided through a lease-to-own agreement used to finance capital acquisitions.
0810	Right-to-Use Lease Acquisition  Resources provided through a lease (or other) agreement used to finance the right-to-use a capital asset.
0820	Capital Contributions  Intra-state contributions of capital assets received by a proprietary fund type account.
0825	Pool Participant Contributions  Contributions received from participant members of the Deferred Compensation Plan and the Local Government Pooled Investments Fund. (DRS and OST use only)



## State Administrative and Accounting Manual

Code	Title and Description
0850	Payments to Escrow Agents for Refunded COPs  Amounts sent to an Escrow Agent to refund (defease) a COP issue.
0851	Original Issue Discount - Refunding COPs  Discount associated with the issuance of refunding COPs. Refunding COPs are sold at a discount when the stated interest rate on the COPs is less than the market rate of interest for similar securities when the COPs are sold.
0852	Underwriters Discount / Costs of Issuance - Refunding COPs  COP sale expenses associated with the issuance of refunding COPs, specifically, the underwriters discount and cost of issuance expenses.
0853	Original Issue Premium - Refunding COPs  Premium associated with the issuance of refunding COPs. Refunding COPs are sold at a premium when the stated interest rate on the COPs is more than the market rate of interest for similar securities when the COPs are sold.
0854	Proceeds of Refunding COPs  Amount of the total par or face value of refunding COPs.
0855	Payments to Escrow Agents for Refunded Bonds  Amounts sent to an Escrow Agent to refund (defease) a bond issue.
0856	Original Issue Discount - Refunding Bonds  Discount associated with the issuance of refunding bonds. Refunding bonds are sold at a discount when the stated interest rate on the bonds is less than the market rate of interest for similar securities when the bonds are sold.
0857	Underwriters Discount / Costs of Issuance - Refunding Bonds  Bond sale expenses associated with the issuance of refunding bonds, specifically, the underwriters discount and cost of issuance expenses.
0858	Original Issue Premium - Refunding Bonds



## State Administrative and Accounting Manual

Code	Title and Description
	Premium associated with the issuance of refunding bonds. Refunding bonds are sold at a premium when the stated interest rate on the bonds is more than the market rate of interest for similar securities when the bonds are sold.
0859	Proceeds of Refunding Bonds
	Amount of the total par or face value of refunding bonds.
0860	Bonds Issued
	Amount of the total par or face value of all tax-exempt bonds, except refunding bonds.
0862	Original Issue Discount - Bonds
	Discount associated with the issuance of all bonds, except refunding bonds. Bonds are sold at a discount when the stated interest rate is less than the market rate of interest for similar securities when the debt is sold.
0863	Original Issue Premium - Bonds
	Premium associated with the issuance of all bonds except refunding bonds. Bonds are sold at a premium when the stated interest rate is more than the market rate of interest for similar securities when the debt is sold.
0864	Taxable Bonds Issued
	Amount of the total par or face value of taxable bonds issued.
0865	Note Proceeds
	Amount of the total par or face value of notes issued.
0866	Loan Principal Repayment
	Amounts received to repay the principal amount of loans issued by a state agency.
0868	Original Issue Discount - COPs



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Code	Title and Description
	Discount associated with the issuance of all COPs, except refunding COPs. COPs are sold at a discount when the stated interest rate is less than the market rate of interest for similar securities when the debt is sold.
0869	Original Issue Premium - COPs
	Premium associated with the issuance of all COPs except refunding COPs. COPs are sold at a premium when the stated interest rate is more than the market rate of interest for similar securities when the debt is sold.
0871	Special Items
	Significant items, subject to management's control, that are either 1) unusual in nature or 2) infrequent in occurrence. (OFM only)
0872	Extraordinary Items
	Extraordinary items are both 1) unusual in nature and 2) infrequent in occurrence. (OFM only)
	<b>0900 - Non-Revenue Activities*</b>
	Amounts related to various suspense codes that must be adjusted to zero at year-end.
0901	Interagency Reimbursements
	Amounts received from another agency to reimburse for expenditures that cannot immediately be allocated to the proper expenditure coding.
0902	Recoveries of Current Expenditure Authority Expenditures
	Amounts received from a non-state entity to reimburse for expenditures that cannot immediately be allocated to the proper expenditure coding.
0920	Items Placed in Suspense
	Amounts received by an agency that are identifiable by account, but cannot be immediately allocated to the proper revenue source coding.
0921	Rental Excise Tax Suspense





## State Administrative and Accounting Manual

### Code

### Title and Description

Rental taxes received by an agency pending remittance to the Department of Revenue.

0925

Undistributed Receipts

Amounts received for which the correct coding is pending determination.

0940

Deposit Adjustments and Returned Checks

Amounts due to an agency related to deposit adjustments or NSF checks.

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



# **Chapter 80**

# **Accounting Policies**



# State Administrative and Accounting Manual

## 80.10 About Accounting Policies, Roles and Responsibilities

Section	Title	Effective Date	Page Number
80.10.10	Purpose for the accounting policies and procedures in this manual	May 1, 1999	<a href="#">667</a>
80.10.20	Authority for these policies	May 1, 1999	<a href="#">667</a>
80.10.30	Applicability	May 1, 1999	<a href="#">667</a>
80.10.40	Role of the Office of Financial Management	July 1, 2012	<a href="#">668</a>
80.10.50	Role of the State Treasurer	July 1, 2008	<a href="#">669</a>
80.10.60	Role of the State Auditor	May 1, 1999	<a href="#">670</a>
80.10.70	Role of the Joint Legislative Audit and Review Committee	May 1, 1999	<a href="#">671</a>
80.10.80	Role of the Legislative Evaluation and Accountability Program Committee	May 1, 1999	<a href="#">672</a>
80.10.90	Role of administering agencies	July 1, 2008	<a href="#">672</a>

### 80.10.10 Purpose for the accounting policies and procedures in this manual

May 1, 1999

Chapters 80 and 85 establish statewide policies, regulations and procedures for the financial accounting practices applicable to agencies of the state of Washington.

### 80.10.20 Authority for these policies

May 1, 1999

The Budget and Accounting Act contained in [Chapter 43.88 RCW](#) requires that the Governor, through the director of the Office of Financial Management (OFM), devise and maintain a comprehensive accounting system in conformance with [generally accepted accounting principles \(GAAP\)](#) (Refer to [RCW 43.88.037](#)) for use by all state agencies. The purpose of this system is to provide accountability over all revenues, expenditures/expenses, receipts, disbursements, resources (assets), and obligations (liabilities) of the state (Refer to [RCW 43.88.160\(1\)](#)). The Budget and Accounting Act grants OFM the authority to develop and issue the regulations necessary for the proper administration of the Act.



## 80.10.30 Applicability

May 1, 1999

Chapters 80 and 85 apply to all agencies of the state of Washington, unless otherwise exempted by statute. The Budget and Accounting Act defines the term “agency” to mean and include “every state office, officer, each institution, whether educational, correctional or other, and every department, division, board and commission, except as otherwise provided.”

Agencies may request a waiver from complying with specific requirements of this chapter. Refer to [Subsection 1.10.40](#) for information on how to request a waiver.

## 80.10.40 Role of the Office of Financial Management

July 1, 2012

### 80.10.40.a

The Office of Financial Management (OFM) acts on behalf of the Governor in the capacity of the state's accounting and budgeting agent in carrying out the provisions of the Budget and Accounting Act, [Chapter 43.88 RCW](#). As such, all policies, procedures, and directives issued by OFM are binding on all state agencies unless specifically exempted by [RCW 43.88.240](#).

### 80.10.40.b

OFM has the statutory authority to devise, supervise, and maintain a modern and complete accounting system for each agency to the end that all revenues, expenditures/expenses, receipts, disbursements, resources and obligations of the state are properly and systematically accounted for. In carrying out this responsibility, OFM is involved in the following activities:

1. Maintains central financial accounting and reporting systems.
2. Engages in oversight activities on all agency accounting and reporting systems. OFM also requires that any changes to existing and all new agency accounting and/or reporting systems that materially impact the accounting methods or practices of the agency have the approval of OFM's Office of the Chief Information Officer prior to implementation. Refer to [Subsection 80.30.88](#).
3. Prescribes specific accounting procedures to be followed by agencies in accounting for the state's resources.
4. Maintains the central records reflecting the financial status of the state taken as a whole at the level deemed necessary for central financial management.
5. Adopts and periodically updates the *State Administrative and Accounting Manual* that prescribes and requires the maintenance of uniform systems of accounting and reporting for agencies.
6. Advises and assists agency accounting and administrative personnel in specific accounting and reporting problems and recommends system revisions and improvements which make it possible to exercise effective control over assets, liabilities, revenues, and expenditures/expenses.



## State Administrative and Accounting Manual

7. Prescribes and requires the maintenance of budgetary accounting procedures to produce current and accurate management information for effective budgetary control.

### 80.10.40.c

OFM has the statutory responsibility to publish, within six months of the end of the fiscal year, an annual financial report that encompasses all funds and account groups of the state.

### 80.10.40.d

OFM has the statutory responsibility to provide all agencies with a complete set of instructions for preparing and submitting biennial budget requests and statements of proposed expenditures. Additionally, OFM is to monitor agency expenditures against the approved statement of proposed expenditures and provide budget status information periodically to the Legislature and its committees.

### 80.10.40.e

OFM has the statutory authority and responsibility to develop and maintain a system of [internal control](#) and [internal audits](#) comprising methods and procedures to be adopted by each agency that will safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies for accounting and financial controls.

### 80.10.40.f

OFM has the statutory responsibility to cause corrective action(s) to be promptly taken by agencies on specific recommendations or exceptions contained in the reports of the State Auditor regarding specific expenditures or other practices related to an agency's financial transactions (i.e., audit findings and questioned costs).

OFM has the additional responsibility to annually report to the appropriate committees of the Legislature, the State Auditor, and the Attorney General the status of audit resolution including, but not limited to, types of personnel actions, costs and types of litigation, and value of recouped goods or services.

### 80.10.40.g

OFM has the statutory responsibility to approve the use of electronic and other technological means to transfer both funds and information whenever economically feasible, to eliminate paper documentation whenever possible, and to provide greater fiscal responsibility.

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## 80.10.50 Role of the State Treasurer

July 1, 2008

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[Chapter 43.08 RCW](#) and [Chapter 43.88 RCW](#) give the State Treasurer the statutory authority and responsibility to:



## State Administrative and Accounting Manual

### 80.10.50.a

Receive, maintain, and disburse all public monies of the state not expressly required by law to be received, maintained, and disbursed by other agencies.

### 80.10.50.b

Receive, disburse, or transfer public monies under the State Treasurer's supervision or custody by [warrant](#) or [check](#), [automated clearing house \(ACH\)](#), [Interagency Payment Journal Voucher \(IAP\)](#), or [Interfund Transfer \(IFT\)](#).

### 80.10.50.c

Maintain current and correct account of all monies received and disbursed by the State Treasurer, classified by account.

### 80.10.50.d

Take such actions as are necessary to ensure the effective cash management of public funds.

### 80.10.50.e

Coordinate agencies' acceptance and use of credit cards and other payment methods as authorized by law.

### 80.10.50.f

Represent the state in all contractual relationships with financial institutions.

### 80.10.50.g

Perform other such duties as may be prescribed by law or other regulations.

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## 80.10.60 Role of the State Auditor

May 1, 1999

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[Chapter 43.88 RCW](#) gives the State Auditor the statutory authority and responsibility to:

### 80.10.60.a

Conduct periodic post-audits of state agencies covering compliance with fiscal and legal requirements.

### 80.10.60.b

Conduct special examinations when warranted by questionable practices or circumstances.

### 80.10.60.c



## State Administrative and Accounting Manual

Report to the Legislature on an annual basis concerning the significant findings contained in post-audits of state agencies.

### 80.10.60.d

Provide information to the Legislature, whenever required, upon any subject relating to the financial affairs of the state.

### 80.10.60.e

Perform or participate in performance verifications only as expressly authorized by the Legislature in the omnibus biennial appropriations acts.

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## 80.10.70 Role of the Joint Legislative Audit and Review Committee

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May 1, 1999

[Chapter 44.28 RCW](#) gives the Joint Legislative Audit and Review Committee (JLARC) the statutory authority and responsibility to:

### 80.10.70.a

Make examinations and reports concerning whether or not appropriations are being expended for the purposes and within the statutory restrictions of the Legislature; and concerning the organization and operation of procedures necessary or desirable to promote economy, efficiency, and effectiveness in state government, its boards, committees, commissions, institutions, and other state agencies; and to make recommendations and reports to the Legislature.

### 80.10.70.b

Make such other studies and examinations of economy, efficiency, and effectiveness of state government and its state agencies as it may find advisable, and to hear complaints, hold hearings, gather information, and make findings of fact with respect thereto.

### 80.10.70.c

Conduct program and fiscal reviews of any state agency or program scheduled for termination under the process provided under [Chapter 43.131 RCW](#).

### 80.10.70.d

Perform other legislative staff studies of state government or the use of state funds.

### 80.10.70.e

Conduct [performance audits](#) in accordance with the work plan it adopts.



## State Administrative and Accounting Manual

### 80.10.70.f

Receive a copy of each report of examination or audit issued by the state auditor for examinations or audits that were conducted at its request and make recommendations as it deems appropriate as a separate addendum to the report or audit.

### 80.10.70.g

Develop internal tracking procedures that will allow the Legislature to measure the effectiveness of performance audits it conducts including, where appropriate, measurements of cost-savings and increases in efficiency and effectiveness in how state agencies deliver their services.

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## 80.10.80 Role of the Legislative Evaluation and Accountability Program Committee

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May 1, 1999

[Chapter 44.48 RCW](#) gives the Legislative Evaluation and Accountability Program Committee (LEAP) the statutory authority and responsibility to provide and maintain, for the Legislature, an information system for in-depth analysis and monitoring of state agency expenditures, budgets, and related fiscal matters.

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## 80.10.90 Role of administering agencies

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July 1, 2008

[Administering agencies](#) are designated by OFM to provide general oversight of financial accounting record at the account level. The administering agency for each account is listed in [Subsection 75.30.50](#). Administering agencies are responsible for:

- Reviewing cash and in-process accounts, GL Code series 4XXX and 7XXX, for the accounts that they administer for reasonableness as compared to cash allotments. Special attention should be given to potential cash deficits and unusual or irregular in-process activity.
- Reviewing the reasonableness of the asset, liability and equity balances of the accounts that they administer. Refer to [Subsection 90.20.70.b #7](#).
- The cash management of the accounts they administer, and to review their assigned accounts' asset, liability, and equity balances for reasonableness. The administering agency should alert the assigned OFM Budget Analyst to any fund balance issues noted.

If an administering agency determines that adjustments are required, they should coordinate with the operating agency and the Office of the State Treasurer as appropriate. If assistance is needed, the administering agency should contact their assigned OFM Accounting Consultant.

If the administering agency projects a potential cash or fund balance deficit, they should immediately contact their assigned OFM Accounting Consultant.





## State Administrative and Accounting Manual

### 80.20 Generally Accepted Accounting Principles

Section	Title	Effective Date	Page Number
80.20.10	This state adopts Generally Accepted Accounting Principles (GAAP)	July 1, 2001	<a href="#">673</a>
80.20.20	What constitutes GAAP?	July 1, 2015	<a href="#">673</a>
80.20.30	Governmental GAAP requires fund accounting	July 1, 2001	<a href="#">674</a>
80.20.35	Fund categories used in governmental accounting	July 1, 2010	<a href="#">675</a>
80.20.40	Financial reporting requirements	July 1, 2001	<a href="#">676</a>
80.20.45	What is the financial reporting entity?	July 1, 2012	<a href="#">677</a>
80.20.50	Measurement focus and basis of accounting	June 1, 2013	<a href="#">678</a>
80.20.60	Accounting for capital assets and long-term obligations	July 1, 2015	<a href="#">679</a>
80.20.70	GAAP budgetary requirements	July 1, 2001	<a href="#">681</a>
80.20.80	Management Discussion and Analysis	July 1, 2001	<a href="#">681</a>
80.20.82	Government-wide financial statements	June 1, 2013	<a href="#">681</a>
80.20.85	Fund financial statements	June 1, 2013	<a href="#">682</a>

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#### **80.20.10 This state adopts Generally Accepted Accounting Principles (GAAP)**

July 1, 2001

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Generally accepted accounting principles (GAAP) are uniform minimum standards of and guidelines to financial accounting and reporting. GAAP establishes appropriate measurement and classification criteria for financial reporting. Adherence to GAAP provides a reasonable degree of comparability among the financial reports of state and local governmental units. In accordance with [RCW 43.88.037](#), the Office of Financial Management adopts GAAP as applicable to state governments.



### 80.20.20 What constitutes GAAP?

July 1, 2015

The hierarchy of GAAP governs what constitutes GAAP for state governments, including government-owned colleges and universities and health care providers. It details the priority sequence of pronouncements that the state should look to for accounting and reporting guidance. The Governmental Accounting Standards Board (GASB) established the following hierarchy of authoritative GAAP for state and local governments:

1. GASB Statements (Category A).
2. GASB Technical Bulletins; GASB Implementation Guides; and literature of the American Institute of Certified Public Accountants (AICPA) cleared by the GASB (Category B).

If the accounting treatment for a transaction or other event is not specified by a pronouncement in Category A, a governmental entity should consider whether the accounting treatment is specified by a source in Category B.

If the accounting treatment for a transaction or other event is not specified in either Category A or B, a government generally should first consider accounting principles for similar transactions covered in the above categories and then may consider other nonauthoritative accounting literature that does not conflict or contradict authoritative GAAP.

Nonauthoritative accounting literature include:

- GASB Concept Statements;
- Pronouncements and literature of the Financial Accounting Standards Board, Federal Accounting Standards Advisory Board, International Public Sector Accounting Standards Board, International Accounting Standards Board and AICPA literature not cleared by the GASB;
- Practices that are widely recognized and prevalent in state and local government;
- Literature of other professional associations or regulatory agencies; and
- Accounting textbooks, handbooks and articles.

### 80.20.30 Governmental GAAP requires fund accounting

July 1, 2001

Among the basic principles of governmental GAAP is fund accounting. Because of the diverse nature of governmental operations and the numerous legal and fiscal constraints under which those operations must be conducted, it is impossible to record all governmental financial transactions and balances in a single accounting entity. Therefore, unlike a private business which is accounted for as a single entity, a governmental unit is accounted for through separate funds, each of which is a fiscal and accounting entity with a self-balancing set of accounts.



### 80.20.35 Fund categories used in governmental accounting

July 1, 2010

Funds are categorized by type to indicate both the sources of the fund's financial resources and the nature of activities financed. There are three broad categories of funds used in [governmental accounting](#).

#### 80.20.35.a

[Governmental funds](#) are used to account for most typical governmental functions. The acquisition, use, and balances of the state's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds), are accounted for through governmental funds. There are five types of governmental funds:

- [General Fund](#) - used to account for all financial resources of the state not required to be accounted for in some other fund. Includes both the Basic Account and Administrative Accounts.
- [Special Revenue Funds](#) - used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.
- [Debt Service Funds](#) - used to account for the accumulation of resources that are restricted, committed, or assigned for, and the payment of, general long-term debt principal and interest.
- [Capital Projects Funds](#) - used to account for financial resources that are restricted, committed, or assigned to expenditures for the acquisition and construction of major capital facilities (other than those financed by proprietary funds or in trust funds for individuals, private organizations, or other governments).
- [Permanent Funds](#) - used to account for resources that are restricted to the extent that only earnings, and not principal, may be used for the benefit of the state or its citizenry.

#### 80.20.35.b

[Proprietary funds](#) are used to account for a government's ongoing organizations and activities that are similar to businesses found in the private sector. These funds are considered self-supporting in that the services rendered by them are generally financed through user charges or on a cost reimbursement basis. There are two types of proprietary funds:

- [Enterprise Funds](#) - used to account for any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds, in the context of the activity's *principal revenue sources*, if any one of the following criteria is met:
  - a. The activity is financed with debt that is secured solely by pledge of the net revenues from fees and charges of the activity,



## State Administrative and Accounting Manual

- b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues, or
  - c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).
- **Internal Service Funds** - used to account for the provision of goods or services by one department or agency to other departments or agencies of the state, or to other governmental units, on a cost-reimbursement basis. Internal service funds should only be used if the state is the predominant participant in the activity.

### 80.20.35.c

**Fiduciary funds** are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. There are four types of fiduciary funds:

- **Pension (and other employee benefit) Trust Funds** - used to report resources that are required to be held in trust by the state for the members and beneficiaries of defined benefit pension plans, defined contribution pension plans, and other employee benefit plans.
- **Investment Trust Funds** - used to report the external portion of the Local Government Investment Pool, which is reported by the state as the sponsoring government.
- **Private-Purpose Trust Funds** - used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments. The resources held under these arrangements are not available to support the government's own programs.
- **Custodial Funds** - used to account for resources held by the state in a purely custodial capacity for other governments, private organizations or individuals that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

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## 80.20.40 Financial reporting requirements

July 1, 2001

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### 80.20.40.a

**Interim reports.** In order to facilitate management control, legislative oversight or other purposes, appropriate interim financial statements and reports of financial position, operating results and other pertinent information should be prepared.



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### 80.20.40.b

**Annual comprehensive financial report.** A annual comprehensive annual financial report (ACFR) should be prepared covering all activities of the primary government and providing an overview of its discretely presented component units. It should contain the following sections:

1. **Introductory section.** The introductory section includes the table of contents and letter of transmittal.
2. **Financial section.** The financial section includes:
  - The independent auditor's report;
  - Management's discussion and analysis (MD&A). Refer to [Subsection 80.20.80](#);
  - Basic financial statements:
    - Government-wide financial statements. Refer to [Subsection 80.20.82](#);
    - Fund financial statements. Refer to [Subsection 80.20.85](#); and
    - Notes to the financial statements.
  - Required supplementary information (RSI), other than MD&A; and
  - Combining and individual fund statements and schedules.
3. **Statistical section.** The statistical section includes additional financial, economic, and demographic information.

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## 80.20.45 What is the financial reporting entity?

July 1, 2012

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The financial reporting entity of the state consists of:

1. **Primary government.** The primary government consists of all funds, agencies, departments, and organizations that make up the legal entity of the state.
2. **Organizations for which the primary government is financially accountable.** Financial accountability exists if a primary government appoints a voting majority of the organization's governing body and is either (1) able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government is also financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board. An organization is fiscally dependent if it is unable to determine its budget without another government having the substantive authority to approve or modify that budget, levy taxes or set rates or charges without substantive approval by another government, or issue bonded debt without substantive approval by another government. An organization has a financial benefit or burden relationship with the primary government if, for example, any one of these conditions exists: (1)



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The primary government is legally entitled to or can otherwise access the organization's resources; (2) The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; (3) The primary government is obligated in some manner for the debt of the organization.

3. **Other organizations.** Other organizations (including component units, joint ventures, jointly governed organizations, and other stand-alone governments) that do not meet the financial accountability criteria may be included in the reporting entity if the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading.

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### 80.20.50 Measurement focus and basis of accounting

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June 1, 2013

#### 80.20.50.a

**Measurement focus** is concerned with what financial transactions and events will be recognized in the accounting records and reported in the financial statements. Measurement focus is concerned with the inflow and outflow of resources - what is being measured. While there are a number of measurement focuses, the following two are fundamental to current governmental accounting principles:

1. **Flow of economic resources** focus considers all of the assets available to the governmental unit for the purpose of providing goods and services. Under this focus, all assets and liabilities, both current and long-term, are recorded within the fund and depreciation is recorded as a charge to operations.
2. **Flow of current financial resources** focus measures the extent to which financial resources obtained during a period are sufficient to cover claims incurred during that period. The emphasis of this focus is on cash and assets that will become cash during or shortly after the current period. Long-term capital assets and long-term obligations are not recorded within a fund under this measurement focus.

#### 80.20.50.b

**Basis of accounting** refers to when transactions and events will be recognized in the accounting records and presented in the financial statements. Governmental accounting transactions and events are recognized on either the accrual basis or the modified accrual basis.

1. **Accrual basis** of accounting records revenues in the period in which they are earned and become measurable; expenses are recorded in the period incurred, if measurable.
2. **Modified accrual basis** of accounting recognizes revenues in the period in which they become available and measurable. Revenues are considered available when they will be collected either during the current period or soon enough after the end of the period to pay current year liabilities. Revenues are considered measurable when they are reasonably estimable. Expenditures are generally recognized when the fund liability is incurred, if measurable.



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### 80.20.50.c

Under GAAP, the measurement focus and basis of accounting applied varies with fund type category.

1. **Governmental funds** focus primarily on the sources, uses, and balance of current financial resources and often have a budgetary orientation. They employ the flow of current financial resources measurement focus and the modified accrual basis of accounting.
  - Revenues are recognized in the accounting period in which they become measurable and available.
  - Expenditures are generally recognized when incurred, if measurable. Exceptions include unmatured interest on general long-term obligations and compensated absences, which are recognized when due.
  - Assets and liabilities reported on the financial statements are limited to those representing current available resources or requiring expenditure of said resources.
2. **Proprietary funds** focus on the determination of net income, the changes in net position (or cost recovery), financial position, and cash flows. They utilize the flow of economic resources measurement focus and the accrual basis of accounting.
  - Revenues are recognized in the period in which they are earned and become measurable.
  - Expenses are recognized in the period incurred.
  - Assets and liabilities reported represent all of the assets available and all of the liabilities outstanding
3. **Fiduciary funds** focus on net position and changes in net position. Trust funds use the flow of economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans. Agency funds also use the accrual basis of accounting, but, since they are custodial in nature and do not involve the measurement of results of operations, they do not use a measurement focus.

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## 80.20.60     Accounting for capital assets and long-term obligations

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July 1, 2015

### 80.20.60.a

[Capital assets](#) of the state are accounted for at cost or, if the cost is not practicably determinable, at estimated cost. The cost of a capital asset includes its purchase price or construction cost, as well as the ancillary charges necessary to place the asset in its intended location and condition for use. Donated capital assets are recorded at their estimated acquisition value at the time received. Refer to [Chapter 30](#) for the state's policy for capitalizing assets and for estimating the useful lives of those assets.





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### 80.20.60.a(1)

Capital assets used in proprietary and fiduciary funds, where the flow of economic resources is measured, are accounted for in the appropriate fund. Depreciation of capital assets accounted for in a proprietary or fiduciary fund is recorded in the accounting records of that fund.

Proprietary funds report capital assets both in the government-wide and fund financial statements. Capital assets of fiduciary funds are reported only in the Statement of Fiduciary Net Position.

### 80.20.60.a(2)

General capital assets are capital assets used in the operations of governmental funds where the primary accounting purpose is to reflect the sources and uses of current financial resources. Since general capital assets do not represent financial resources available for expenditure, they are not reported as assets in governmental funds. Rather, they are capitalized and depreciated in the General Capital Assets Subsidiary Account, and reported in the governmental activities column in the government-wide Statement of Net Position.

### 80.20.60.a(3)

Capital assets should be depreciated over their estimated useful lives unless they are either inexhaustible or are infrastructure assets using the modified approach. Depreciation expense should be reported in:

- The Government-wide Statement of Activities,
- The Proprietary Fund Statement of Revenues, Expenditures, and Changes in Fund Net Position, and
- The Statement of Changes in Fiduciary Net Position.

### 80.20.60.b

[Long-term obligations](#). Due to the fund accounting requirements of a government's operations, some long-term obligations are accounted for in certain funds (fund long-term obligations) and others are accounted for in the General Long-Term Obligations Subsidiary Account.

### 80.20.60.b(1)

Long-term obligations associated with and expected to be paid from proprietary and fiduciary funds are accounted for in the appropriate fund. These obligations may be secured by a specific fund asset or revenue or may be backed by the full faith and credit of the state.

Proprietary funds should report long-term obligations both in the government-wide and fund financial statements. Long-term obligations of fiduciary funds are reported only in the Statement of Fiduciary Net Position.

### 80.20.60.b(2)

All long-term obligations that are not accounted for in a proprietary or fiduciary fund are considered general obligations of the state. Since general long-term obligations represent debt that will be met by





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expending resources other than those considered current and available as of current balance sheet year-end, they should not be reported in governmental funds. Rather, they are reported in the governmental activities column in the government-wide Statement of Net Position.

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### 80.20.70 GAAP budgetary requirements

July 1, 2001

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Budgeting is recognized in GAAP as being a critical element of governmental planning, control, and evaluation processes. GAAP budgetary requirements include:

- Budget(s) should be adopted by every government,
- The accounting system should provide the basis for appropriate budgetary control, and
- Budgetary comparisons should be included in the appropriate financial statements and schedules for governmental funds for which budgets have been adopted. The budgetary comparison should present both the original and the final appropriated budgets for the period as well as actual inflows, outflows, and balances, stated on the state's budgetary basis.

Governmental funds of the state are budgeted materially in accordance with GAAP. The required budgetary comparisons are presented as required supplementary information.

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### 80.20.80 Management Discussion and Analysis

July 1, 2001

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The state's financial statements are preceded by the Management's Discussion and Analysis (MD&A). The MD&A, which is classified as required supplementary information, is a narrative introduction, overview, and analysis of the state's financial statements. It focuses on the primary government and is objective, easily readable, and based on currently known facts and conditions.

The MD&A introduces the basic financial statements describing the statements and their relationship to one another. With emphasis on the current year, it presents condensed comparative data and an analysis of the overall financial position of the state as well as an analysis of significant balances and operations of individual funds. The MD&A presents budget variances, significant capital asset (including infrastructure) and debt activity, and other potentially significant matters.

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### 80.20.82 Government-wide financial statements

June 1, 2013

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The state presents two basic government-wide financial statements: the Statement of Net Position and the Statement of Activities. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting.



## State Administrative and Accounting Manual

The government-wide financial statements present information about the overall state. All governmental and business-type activities are included, but fiduciary activities are excluded. Nonfiduciary component units are included.

### 80.20.82.a

**Statement of Net Position.** The purpose of the Statement of Net Position is to display the financial position of the primary government and its component units. Governmental and business-type activities of the primary government are displayed in separate columns with a total column presenting a consolidated total (balances between governmental and business-type activities are eliminated). The statement reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position is displayed in three components: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt should be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Assets are reported as restricted when constraints are placed on asset use either externally, by creditors, grantors, contributors, or imposed by law through constitutional provision or enabling legislation.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

### 80.20.82.b

**Statement of Activities.** The purpose of a statewide Statement of Activities is to identify the extent to which each major state program is supported by general state revenues or is self-financed through fees and intergovernmental aid. For governmental activities, a major program is defined as a function. For business type activities, a major program is an identifiable activity.

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## 80.20.85 Fund financial statements

June 1, 2013

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The fund financial statements focus on major individual funds of the state with nonmajor funds aggregated into a single column regardless of fund type. In conjunction with the fund statements, the state presents a summary reconciliation between the fund financial statements and the government-wide financial statements.



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At the fund statement level, governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. Proprietary funds use the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are reported consistent with proprietary funds except for the recognition of certain liabilities of defined benefit pension plans.

The state's fund financial statements include:

### **Governmental Funds**

- Balance Sheet
- Statement of Revenues, Expenditures, and Changes in Fund Balances

### **Proprietary Funds**

- Statement of Fund Net Position
- Statement of Revenues, Expenses, and Changes in Fund Net Position
- Statement of Cash Flows

### **Fiduciary Funds**

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position



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### 80.30 State Accounting and Reporting Policies

Section	Title	Effective Date	Page Number
80.30.05	State accounting and reporting principles must conform with Generally Accepted Accounting Principles (GAAP)	July 1, 2012	<a href="#">685</a>
80.30.10	What is our fund/account structure?	July 1, 2001	<a href="#">685</a>
80.30.15	What are subsidiary accounts?	July 1, 2001	<a href="#">686</a>
80.30.20	What is our measurement focus and basis of accounting?	June 1, 2013	<a href="#">686</a>
80.30.25	General budgetary policies	July 1, 2004	<a href="#">688</a>
80.30.27	General reporting policies	July 1, 2004	<a href="#">688</a>
80.30.28	What is the state of Washington reporting entity?	June 1, 2005	<a href="#">688</a>
80.30.30	Pooled cash and investment policies	July 1, 2015	<a href="#">689</a>
80.30.35	Receivables policy	June 1, 2005	<a href="#">689</a>
80.30.40	Inventories policy	June 1, 2014	<a href="#">690</a>
80.30.45	Capital assets policy	July 1, 2021	<a href="#">690</a>
80.30.47	Deferred outflows/inflows of resources	June 1, 2015	<a href="#">693</a>
80.30.50	Short-term liabilities policy	June 1, 2004	<a href="#">693</a>
80.30.55	Compensated absences policy	July 1, 2009	<a href="#">693</a>
80.30.57	Termination benefits policy	July 1, 2006	<a href="#">694</a>
80.30.60	Long-term obligations policy	June 1, 2004	<a href="#">694</a>
80.30.62	Commitments and contingencies	June 1, 2015	<a href="#">695</a>
80.30.65	Fund equity policy	June 1, 2015	<a href="#">695</a>
80.30.67	Revenues and expenses policy	July 1, 2011	<a href="#">696</a>



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Section	Title	Effective Date	Page Number
80.30.70	Insurance activities policy	May 1, 1999	<a href="#">697</a>
80.30.75	Interfund activities policy	July 1, 2001	<a href="#">698</a>
80.30.80	How to establish accounts	July 1, 2003	<a href="#">698</a>
80.30.82	The state adopted a uniform chart of accounts	July 1, 2010	<a href="#">699</a>
80.30.84	Required accounting steps	July 1, 2008	<a href="#">700</a>
80.30.86	Using standard or other accounting forms	June 1, 2014	<a href="#">701</a>
80.30.88	Requirements for agencies implementing, maintaining or modifying accounting or reporting systems	July 1, 2017	<a href="#">701</a>
80.30.90	Budgetary data must be maintained	July 1, 2009	<a href="#">702</a>
80.30.92	Agency fiscal activities must be organized to provide effective internal control	July 1, 2004	<a href="#">702</a>

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## **80.30.05 State accounting and reporting principles must conform with Generally Accepted Accounting Principles (GAAP)**

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July 1, 2012

The basic principles governing the accounting and reporting activities of the state are required by [RCW 43.88.037](#) to be in conformance with generally accepted accounting principles (GAAP).

The significant accounting and reporting policies of the state of Washington are in conformance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

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## **80.30.10 What is our fund/account structure?**

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July 1, 2001

In accordance with GAAP, the state defines a fund/account as a fiscal and **accounting** entity with a self-balancing set of accounts used by agencies to record transactions. Fund/account accounting is designed to demonstrate legal compliance and fiscal accountability by segregating transactions related to certain government functions or activities.



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For reporting purposes, the state administratively combines accounts with activity and/or balances into roll-up funds. A roll-up fund is a **reporting** entity. It is comprised of the various accounts which generally fall within the generic activity/nature of the roll-up fund's title.

For reporting purposes, funds can be categorized into one of eleven "[roll-up fund](#) types." These eleven fund types can be grouped into three broad categories: governmental funds, proprietary funds, and fiduciary funds.

Five fund types are used to account for the "governmental type" activities of the state and these are categorized as governmental funds. Two fund types are used to account for the state's "business type" activities and these are categorized as proprietary funds. The remaining category is for the state's fiduciary funds which are used to account for resources that are held by the state as a trustee or agent for individuals/organizations outside the state and cannot be used to support the state's own programs.

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### 80.30.15 What are subsidiary accounts?

July 1, 2001

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The state uses subsidiary accounts for tracking general capital assets and general long-term obligations. Subsidiary accounts are record keeping mechanisms that provide a basis for accountability and tracking the state's general capital assets and unmatured portion of general long-term obligations and certain other long-term accrued liabilities.

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### 80.30.20 What is our measurement focus and basis of accounting?

June 1, 2013

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#### 80.30.20.a

The accounting and financial reporting treatment applied to an account is determined by its measurement focus. All governmental fund type accounts are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities and deferred outflows of resources and deferred inflows of resources generally are included on the Governmental Funds Balance Sheet. Operating statements for these accounts present inflows (i.e., revenues and other financing sources) and outflows (i.e., expenditures and other financing uses) of expendable financial resources.

All proprietary and trust fund type accounts are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations of these accounts are included on their respective statements of net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. Net position in proprietary fund type accounts is segregated into three components: net investment in capital assets; restricted; and unrestricted. Net position for trust fund type accounts represents assets held in trust for external individuals and organizations.

The modified accrual basis of accounting is used by all governmental fund type accounts. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be



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reasonably estimated. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Primary revenues that are determined to be susceptible to accrual include sales taxes, business and occupation taxes, motor fuel taxes, federal grants-in-aid, and charges for services.

Revenues from property taxes are determined to be available if collectible within 60 days. Taxes imposed on exchange transactions are accrued when the underlying exchange transaction occurs if collectible within one year.

Revenue for timber cutting contracts is accrued when the timber is harvested. 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 when received in cash.

Revenues related to expenditure driven grant agreements are recognized when the qualifying expenditures are made provided that the availability criteria is met. Pledges are accrued when the eligibility requirements are met and resources are available. All other accrued revenue sources are determined to be available if collectible within 12 months.

Property taxes are levied in December for the following calendar year. The first half year collections are due April 30 and the second half year collections are due October 31. Since the state is on a fiscal year ending June 30, the first half year collections are recognized as revenue, if collectible within 60 days of the fiscal year end. The second half year collections are recognized as receivables offset by unavailable revenue. The lien date on property taxes is January 1 of the tax levy year.

Under modified accrual accounting, expenditures are recognized when the related liability is incurred. Exceptions to the general modified accrual expenditure recognition criteria include unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

All proprietary and trust fund type accounts are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses are recognized when incurred.

In governmental fund type accounts, the state defers recognition of revenue under certain conditions. Unavailable revenues arise when a potential revenue does not meet both the "measurable" and the "available" criteria for revenue recognition in the current period. In all account types, unearned revenue arises when resources are received by the state before it has a legal claim to them, such as when grant monies are received prior to incurring qualifying expenditures/expenses.

### 80.30.20.b

For government-wide reporting purposes, the state uses the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.



## 80.30.25 General budgetary policies

July 1, 2004

Governmental fund type accounts are budgeted materially in conformity with GAAP. Certain governmental activities are excluded from budgetary reporting because they are not appropriated. These activities include: activities designated as nonappropriated by the Legislature, such as the Higher Education Special Revenue Fund, Higher Education Endowment Fund, federal surplus food commodities, electronic food stamp benefits, capital leases, note proceeds, and resources collected and distributed to other governments. The differences between budgetary reporting and GAAP reporting are reconciled and disclosed in the notes to the state's budgetary comparison schedules. Refer to [Section 85.10](#).

## 80.30.27 General reporting policies

July 1, 2004

### 80.30.27.a

In accordance with GAAP, the state annually prepares and publishes an Annual Comprehensive Financial Report (ACFR), which presents the primary government and its [component units](#), entities for which the state is considered to be financially accountable. Per [RCW 43.88.027](#), the ACFR is required to be prepared and published within six months of year end.

### 80.30.27.b

A state agency or component unit may prepare and publish separate, stand-alone financial reports as deemed necessary. When these reports are prepared in accordance with GAAP, the relationship between the agency or component and the state should be disclosed on the cover of the report as well as in the notes to the financial statements. Refer also to [Subsection 90.10.60](#).

## 80.30.28 What is the state of Washington reporting entity?

June 1, 2005

In defining the state of Washington for financial reporting purposes, management considers: all organizations, institutions, agencies, departments, and offices that are legally part of the state (the primary government); organizations for which the state is financially accountable; and other organizations for which the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be incomplete.

The primary government of the state includes its agencies, colleges and universities, retirement systems, and blended component units. Blended component units, although legally separate entities, are part of the state's operations in substance. Accordingly, they are reported as part of the state and blended into the appropriate funds.

Discretely presented component units are reported in a separate column in the government-wide financial statements. Discretely presented component units are legally separate from the state and primarily serve or





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benefit those outside of the state. They are financially accountable to the state or have relationships with the state such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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### 80.30.30 Pooled cash and investment policies

July 1, 2015

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Investments of surplus or pooled cash balances are reported by the state as "cash and pooled investments." The Office of the State Treasurer invests state treasury cash surpluses where funds can be disbursed at any time without prior notice or penalty. As a result, the cash balances of funds with surplus pooled balances are not reduced for these investments.

The state defines investments for reporting purposes as securities or other assets that (a) the state holds primarily for the purpose of income or profit and (b) has a present service capacity that is based solely on its ability to generate cash or be sold to generate cash.

Investments are generally valued at fair value. The techniques used to determine [fair value](#) fall into three categories:

- Level 1 inputs are quoted prices in active markets.
- Level 2 inputs are observable either directly or indirectly.
- Level 3 inputs are not observable.

The state maximizes the use of techniques that are appropriate under the circumstances and for which sufficient data are available, maximizing the use of relevant observable techniques. Refer to [Section 85.52](#).

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### 80.30.35 Receivables policy

June 1, 2005

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

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



## 80.30.40 Inventories policy

June 1, 2014

[Consumable inventories](#), consisting of expendable materials and supplies held for consumption, are valued and reported for financial statement purposes if the fiscal year-end balance on hand at an [inventory control point](#) exceeds \$50,000. Consumable inventories are generally valued at cost using the first-in, first-out method. Donated consumable inventories are recorded at fair value.

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

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

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

## 80.30.45 Capital assets policy

July 1, 2021

### 80.30.45.a

**Capitalization.** For the state’s capitalization policy, refer to [Subsection 30.20.20](#). Except when noted, it is the state’s policy to capitalize:

- All land, including land use rights with indefinite lives acquired with the purchase of the underlying land, and ancillary costs;
- The state highway system operated by the Department of Transportation;
- Infrastructure, other than the state highway system, with a cost of \$100,000 or greater;
- Buildings, building improvements, improvements other than buildings, and leasehold improvements with a cost of \$100,000 or greater;
- Intangible assets other than lease assets, either purchased or internally developed, such as software, patents, and trademarks, with a cost of \$1,000,000 or more that are “identifiable” by meeting one of the following conditions:
  - The asset is capable of being separated or divided and sold, transferred, licensed, rented, exchanged, or
  - The asset arises from contractual or other legal rights, regardless of whether those rights are transferable or separable.
- Lease assets with total payments over the lease term of \$500,000 or greater;



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- All other capital assets with a unit cost (including ancillary costs) of \$5,000 or greater, or collections with a total cost of \$5,000 or greater, unless otherwise noted; and
- All capital assets acquired with Certificates of Participation (COP).

Purchased capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Capital asset costs include the purchase price plus those costs necessary to place the asset in its intended location and condition for use. Normal maintenance and repair costs that do not materially add to the value or extend the life of the state's capital assets are not capitalized.

Capital assets transferred between agencies are recorded by the agency receiving the asset at the carrying value of the transferring agency.

Donated capital assets, works of art and historical treasures are valued at their estimated acquisition value on the date of donation, plus all appropriate ancillary costs.

The value of assets constructed by agencies for their own use includes all direct construction costs and indirect costs that are related to the construction.

[Art collections](#), [library reserve collections](#), and [museum and historical collections](#) that are considered inexhaustible, in that their value does not diminish over time, are **not** capitalized by the state if all of the following conditions are met:

- The collection is held for public exhibition, education, or research in furtherance of public service, rather than financial gain.
- The collection is protected, kept unencumbered, cared for, and preserved.
- The collection is subject to policy requirements that the proceeds from sales of collection items be used to acquire other items for the collection.

Agencies must be able to provide descriptions of the collections and the reason the collections are not capitalized.

### 80.30.45.b

**Depreciation/amortization.** Depreciation/amortization is calculated on general capital assets with the exception of land, the state highway system; art collections, library reserve collections, and museum and historical collections that are considered inexhaustible; construction in progress; and intangible assets with indefinite useful lives.

Depreciation/amortization is calculated using the straight-line method over the estimated useful lives of the assets. Generally, estimated useful lives are as follows:



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Buildings & building components	5 - 50 years
Furnishings, equipment & collections	3 - 50 years
Infrastructure	20 - 50 years
Intangibles	3 - 50 years
Other improvements	3 - 50 years

The cost and related accumulated depreciation/amortization of capital assets disposed of are removed from the applicable general ledger codes. Refer to [Subsection 30.40.45](#).

### 80.30.45.c

**Modified approach to depreciation - state highway system.** The state capitalizes the state highway system as a network but does not depreciate it since the system is being preserved approximately at or above a condition level established by the state. That condition level is documented and disclosed. Additionally, the highway system is managed using an asset management system that includes:

- Maintenance of an up-to-date inventory of system assets,
- Performance of condition assessments of the assets at least every three years with summarization of the results using a measurement scale, and
- Annual estimation of the amount to maintain and preserve the assets at the condition level established and disclosed.

All state highway system expenditures that preserve the useful life of the system are expensed in the period incurred. Additions and improvements that increase the capacity or efficiency of the system are capitalized. This approach of reporting condition instead of depreciating the highway system is called the Modified Approach.

### 80.30.45.d

**Reporting.** For government-wide financial reporting purposes, capital assets of the state are reported as assets in the applicable governmental or business-type activities column on the Statement of Net Assets. Depreciation/amortization expense related to capital assets is also reported in the Statement of Activities. Capital assets and the related depreciation/amortization expense are also reported in the proprietary fund type financial statements.

In governmental fund type accounts, capital assets are not capitalized in the accounts that acquire or construct them. Instead, capital acquisitions and construction are reflected as expenditures in governmental fund type accounts and recorded in the General Capital Assets Subsidiary Account. The General Capital Assets Subsidiary Account is a record keeping mechanism that provides a basis for accountability and control over the state's capital assets other than those accounted for in proprietary or fiduciary funds. Refer to [Section 85.60](#).



### 80.30.47 Deferred outflows/inflows of resources

June 1, 2015

[Deferred outflows of resources](#) represent a consumption of fund equity that will be reported as an outflow of resources (expenditure/expense) in a future period. An example of a deferred outflow of resources is the excess of the carrying value of debt being refunded over the reacquisition price of the refunding debt.

[Deferred inflows of resources](#) represent an acquisition of fund equity that will be recognized as an inflow of resources (revenue) in a future period. In governmental fund type accounts, a deferred inflow of resources is reported when revenues do not meet the available recognition criteria. Another example of a deferred inflow of resources is the excess of the reacquisition price of refunding debt over the net carrying value of the debt being refunded.

### 80.30.50 Short-term liabilities policy

June 1, 2004

[Short-term liabilities](#) are legal obligations of the state that arise upon the receipt of goods or services. In governmental fund type accounts, they are payable from current financial resources. In proprietary and fiduciary fund type accounts, they represent items payable within one year.

In proprietary and fiduciary fund types, as well as the General Long-Term Obligation Subsidiary Account, short-term liabilities also include the short-term portion of long-term obligations. The short-term portion of long-term obligations is the amount due within one year. Refer to [Section 85.70](#).

### 80.30.55 Compensated absences policy

July 1, 2009

**Vacation leave.** State employees earn vacation leave that, if not used for paid time off, results in full compensation at termination or retirement. It is generally the state's policy to liquidate unpaid vacation leave with future resources rather than currently available expendable resources. Accordingly, governmental fund type accounts recognize vacation leave when it is paid upon employee's use, resignation, death, or retirement. A liability for accumulated vacation leave, including related employer costs, is recorded for governmental fund type accounts in the General Long-Term Obligations Subsidiary Account. Proprietary and trust fund type accounts recognize the expense and record a liability for vacation leave, including related employer costs, as it is earned. Refer to [Subsection 85.72.50](#).

**Sick leave.** The state's policy with respect to sick leave is that if it is not used for paid time off, then the state is only liable to compensate employees through cash payments for 25 percent of their sick leave when they retire or die. For financial reporting purposes, it is the state's policy to liquidate unpaid sick leave at June 30 from future resources rather than currently available expendable resources. Accordingly, governmental fund type accounts recognize sick leave when it is paid. The state records an estimated sick leave buyout liability, including related employer costs, for governmental fund type accounts in the General Long-Term Obligations Subsidiary Account. Proprietary and trust fund type accounts recognize



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the expense and accrue a liability for estimated sick leave buyout as sick leave is earned. Refer to [Subsection 85.72.60](#).

**Compensatory time.** Certain state employees earn compensatory time that, if not used for paid time off, results in compensation to be cashed out in accordance with regulations, collective bargaining agreements, or agency policy, as appropriate. A liability for accumulated compensatory time, including related employer costs, is recorded for governmental fund type accounts in the General Long-Term Obligations Subsidiary Account. Proprietary and trust fund type accounts recognize the expense and record a liability for compensatory time, including related employer costs, as it is earned. Refer to [Subsection 85.72.65](#).

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### 80.30.57 Termination benefits policy

July 1, 2006

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State employees may receive [termination benefits](#) resulting from early retirement incentives and severance pay. A liability for termination benefits, including related employer costs, is recorded for governmental fund type accounts as an expenditure and liability. Governmental fund type accounts recognize termination benefits when the liability will be paid from expendable available financial resources. Proprietary and trust fund type accounts recognize the expense and record a liability for termination benefits, including related employer costs, when it is earned. Refer to [Subsection 85.72.70](#).

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### 80.30.60 Long-term obligations policy

June 1, 2004

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[Long-term obligations](#) expected to be financed from proprietary and fiduciary fund type accounts are accounted for in those accounts. Long-term obligations expected to be financed from resources received in the future by governmental fund type accounts are accounted for in the General Long-Term Obligations Subsidiary Account.

The General Long-Term Obligations Subsidiary Account is a record-keeping mechanism that provides a basis for accountability and control over the state's long-term obligations other than those accounted for in proprietary and fiduciary funds.

For governmental fund type financial reporting, the face (par) amount of the debt issued is reported as other financing sources. Original issuance premiums and discounts on debt issuance are also reported as other financing sources and uses respectively. Issue costs are reported as debt service expenditures.

For government-wide financial and proprietary fund reporting purposes, long-term obligations of the state are reported as liabilities in the applicable governmental or business type activities column on the Statement of Net Position. Bonds payable are reported net of applicable original issuance premium or discount. Refer to [Section 85.72](#).



### 80.30.62 Commitments and contingencies

June 1, 2015

An **encumbrance** represents a commitment of expenditure authority related to unperformed contracts for goods or services and is reported in restricted, committed, or assigned fund balance, as appropriate. Refer to [Section 85.30](#).

A **nonexchange financial guarantee** represents a commitment on the part of a government (without receiving equal value in return) to indemnify a third party if the entity that issues the guaranteed obligation does not fulfill its requirements under the obligation. A liability is recognized for a nonexchange financial guarantee when qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment related to the guarantee.

A **loss contingency** occurs when it appears reasonably possible that a liability has been incurred or an asset has been impaired, but no loss is recognized because the loss is either not considered probable, or if it is probable, it is not reasonably measurable.

A **gain contingency** occurs when revenue is reasonably possible, but is never recognized until it has been realized.

### 80.30.65 Fund equity policy

June 1, 2015

[Fund equity](#) represents the difference between assets and liabilities.

#### 80.30.65.a

In governmental fund type accounts, fund equity is called “fund balance.” Fund balance is reported in the following classifications that reflect the extent to which the state is bound to honor constraints on the purposes for which the amounts can be spent:

- **Nonspendable** fund balance represents amounts are legally or contractually required to remain intact. In governmental fund type accounts, it also represents amounts that are not in a spendable form (e.g., inventories) as well as assets that neither represent available resources nor will result in revenue (e.g., long term loans).
- **Restricted** fund balance represents amounts for which constraints are placed on their use by the state constitution, enabling legislation or external resource providers such as creditors, grantors, or laws or regulations of other governments;
- **Committed** fund balance represents amounts that can only be used for specific purposes pursuant to constraints posed by state law as adopted by the state Legislature. The commitment of fund balance remains in place until the Legislature changes or eliminates the state law.





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- **Assigned** fund balance represents the residual amounts that are intended for a specific purpose by management, but are neither restricted nor committed.
- **Unassigned** fund balance represents the residual amount for the General Fund that is not contained in the other classifications. Additionally, any deficit fund balance within other governmental funds is reported as unassigned.

When more than one classification of fund balance (excluding nonspendable) are comingled in an account, assuming that an expenditure meets the constraints of more than one of the classifications, the assumed order of spending is restricted first, committed second, and finally assigned.

### 80.30.65.b

For government-wide reporting and in proprietary fund type accounts, fund equity is called “net position.” Net position is comprised of three components:

- **Net investment in capital assets** consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of bonds, notes, and other debt as well as deferred inflows and outflows of resources that are attributed to the acquisition, construction, or improvement of those assets.
- **Restricted** net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on use of the assets by either by external parties or by law through constitutional provision or enabling legislation.
- **Unrestricted** net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that does not meet the definition of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the state’s policy to use restricted resources first and then use unrestricted resources as they are needed. Refer to [Section 85.80](#).

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## 80.30.67 Revenues and expenses policy

July 1, 2011

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### 80.30.67.a

**Revenues.** For the government-wide Statement of Activities, revenues are classified as either "program" revenues or "general" revenues.

**Program revenues** offset the expenses of major programs. These revenues are identified using the following criteria:

- Charges to customers for goods and services of the program. A customer is one who directly benefits from the goods or services or is otherwise directly affected by the program, such as a state citizen or taxpayer, or other governments or nongovernmental entities.





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- Amounts received from outside entities that are restricted to one or more specific programs. These amounts can be operating or capital in nature.
- Earnings on investments that are restricted to a specific program are also considered program revenues.

**General revenues** not included in program revenues are considered general revenues. They are not matched to specific program expenses. These revenues are from state taxpayers and from state-generated activities. General revenues include the following:

- Taxes, even those levied for a specific purpose;
- Interest earnings not specifically restricted to a specific program; and
- Grants and contributions not specifically restricted to a program.

**Other revenues** are contributions to term and permanent endowments, contributions to permanent fund principal, special and extraordinary items, and transfers reported separately from, but in a manner consistent with, general revenues.

### 80.30.67.b

**Expenses.** For government-wide reporting purposes, amounts reported as activity expenses include those expenses directly related to a major program. Depreciation/amortization on capital assets specifically identified with a given program is considered a direct expense. All other depreciation/amortization is reported as part of the "general government" program. Interest expense is not considered a direct expense except in those cases where its exclusion as a direct cost of a program would be misleading. In order to avoid "doubling up" of expenses, internal service fund activity is generally eliminated.

### 80.30.67.c

**Operating/nonoperating.** The state's proprietary funds make a distinction between operating and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing goods and services directly related to the principal operations of the funds. For example, operating revenues for the state's workers' compensation and health insurance funds consist of premiums collected. Operating expenses consist of claims paid to covered individuals, claims adjustment expenses, costs of commercial insurance coverage, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating, including interest expense and investment gains and losses.

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## 80.30.70 Insurance activities policy

May 1, 1999

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In instances where the state has retained the risk of loss related to insurance type activities, claims and judgment liabilities are reported when it becomes probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an actuarially determined amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as



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inflation, changes in legal doctrine, claims adjudication, and judgments, the process used in estimating claims liabilities does not necessarily result in an exact calculation. Claims liabilities are re-evaluated periodically to take into consideration recent settlements, claim frequency, and other economic, legal or social factors. Adjustments to claims liabilities are charged or credited to an expense in the period in which the adjustment is made.

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### 80.30.75 Interfund activities policy

July 1, 2001

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The state engages in two major categories of interfund/interagency activity: reciprocal and nonreciprocal.

Reciprocal interfund/interagency activity is the internal counterpart to exchange and exchange-like transactions and includes both interfund loans and services provided and used. Nonreciprocal activity is nonexchange in nature and includes both transfers and reimbursements.

As a general rule, the effect of interfund/interagency activities is eliminated for government-wide financial statement reporting purposes. Exceptions to this rule are charges between the state's employee health insurance and workers' compensation insurance programs and various other functions of the state. Elimination of these charges would distort the direct costs and program revenues reported for the various activities concerned. Refer to [Section 85.90](#).

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### 80.30.80 How to establish accounts

July 1, 2003

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Accounts required by law to be maintained within the state treasury ([Treasury Accounts](#)) are established by legislative action. Treasury accounts are subject to appropriation unless specifically exempted. The following is an example of the statutory language necessary to establish an account in the state treasury:

"The \_\_\_\_ (title) \_\_\_\_ account is created in the state treasury. All receipts from \_\_\_\_ (source) \_\_\_\_ shall be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for \_\_\_\_ (purpose) \_\_\_\_."

Accounts located outside the state treasury are generally created in statute. Accounts located outside the state treasury are not subject to appropriation, but may be placed in the custody of the State Treasurer ([Treasurer's Trust Accounts](#)). The following is suggested statutory language for creating a non-appropriated account in the custody of the State Treasurer:

"The \_\_\_\_ (title) \_\_\_\_ account is created in the custody of the state treasurer. All receipts from \_\_\_\_ (source) \_\_\_\_ shall be deposited into the account. Expenditures from the account may be used only for \_\_\_\_ (purpose) \_\_\_\_\_. Only the director of \_\_\_\_ (agency) \_\_\_\_ or the director's designee may authorize expenditures from the account. The account is subject to allotment procedures under Chapter 43.88 RCW, but no appropriation is required for expenditures."



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Local accounts can be established outside the state treasury by the Office of Financial Management, pursuant to [RCW 43.88.195](#), when an agency presents compelling reasons of economy and efficiency which could not be achieved by placing such accounts in the state treasury. However, as a matter of convenience to an agency or statutory requirement, the State Treasurer may take custody of such accounts and place them in a Treasurer's Trust account when conditions exist as prescribed in [RCW 43.79A.020](#).

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### **80.30.82 The state adopted a uniform chart of accounts**

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July 1, 2010

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The Office of Financial Management (OFM) adopted a standard system of classifying agency financial information to fulfill the need for uniform, consistent terminology and classifications to be used for budgeting, accounting and reporting the financial activities of the state. Financial transactions are described by means of alpha numeric indicators which are assigned to descriptive titles. [Chapter 75](#) of this manual presents the state's uniform chart of accounts.

For management purposes, agencies may maintain a more detailed level of accounting data. Optional agency designated codes include revenue sub-source, sub-program, and sub-subobject not associated with payroll processed through the Human Resource Management System (HRMS). Refer to [Section 75.10](#).

**[Agency Code](#)** - The four character numeric code assigned by OFM to designate distinct operational units of state government.

**[Account Code](#)** - The three character alpha/numeric code assigned by OFM to identify each specific accounting entity against which transactions are recorded.

**[General Ledger \(GL\) Account Code](#)** - The four character numeric code assigned by OFM to identify the titles which classify, in summary form, all financial transactions of the state.

**[Revenue Source Code](#)** - The four character alpha/numeric code assigned by OFM to identify the origin, or originating categories, from which revenues/receipts are derived.

**[Expenditure Authority \(EA\) Code](#)** - The three character alpha/numeric code assigned by OFM to identify each legislative or executive authorization to incur expenditures. Agencies are to use only those expenditure authority codes that have been authorized in writing by OFM. The assigned codes are valid only for the biennium or fiscal year for which they are established.

**[Program Code](#)** - The three character alpha/numeric code used to identify the agency functional area and the various major activities within an agency. Generally program codes are assigned by an agency with the concurrence of OFM, however there are a limited number of mandatory statewide codes used to identify special functions.

**[Project Type Code](#)** - The one character alpha/numeric code assigned by OFM to identify specified information technology expenditures/expenses and to classify them as new acquisition or maintenance and operations.



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**Object/Subobject Code** - The two character alpha code assigned by OFM to identify expenditures/expenses according to the character of the goods or services purchased.

**Sub-subobject Code** - The four character alpha/numeric code used to identify a particular expenditure/expense within a sub-object. Statewide sub-subobjects are assigned by OFM for use in processing payroll in HRMS.

The following diagrams illustrate the uniform statewide account code structure format for [general ledger](#), [revenue](#) and [expenditure/expense](#) accounting:

### [Uniform Statewide Account Code Structure](#)

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## 80.30.84 Required accounting steps

July 1, 2008

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### 80.30.84.a

The initial step in processing accounting information consists of receiving a source document in electronic or paper form, analyzing the transaction to determine its nature and then assigning the appropriate coding. Documents initiating accounting transactions include [cash receipts](#), time sheets, [purchase orders](#), [invoice vouchers](#) and journal [vouchers](#).

### 80.30.84.b

Properly coded source documents are segregated into similar transaction type groupings and posted sequentially in the appropriate book of original entry. Books of original entry include cash receipts journal, payroll journal, and warrant register.

### 80.30.84.c

As applicable, books of original entry are posted either manually or electronically to [subsidiary ledgers](#) and to control accounts in the general ledger.

### 80.30.84.d

Periodic financial reports may be generated to support administrative and budgetary control. Examples of these reports include budget status report, accounts receivable aging report, and [general ledger trial balance](#).

### 80.30.84.e

Annually, statewide financial statements are prepared. [Chapter 90](#) of this manual provides specific requirements and procedures for the production of the state's Annual Comprehensive Financial Report (ACFR).

Additionally, agencies may produce agency financial statements or reports. In doing so, they must use the information submitted to the centralized statewide accounting systems. Any variance between centralized statewide data and agency issued financial statements is to be reconciled and disclosed in the notes to the agency's financial statements. However, if the separately issued statements use different reporting



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standards, the agency is to clearly indicate in the notes to the agency financial statements which standards were used and how they differ from those used in the state's ACFR.

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### 80.30.86 Using standard or other accounting forms

June 1, 2014

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Standard forms have been developed and are prescribed for use by state agencies to support the accounting, budgeting, and administrative functions.

**Privacy Notice: Safeguarding and disposition of personal information collected by agencies on standard forms must be consistent with Executive Order 00-03, April 25, 2000; [OCIO Policy 141](#); and [RCW 42.56.210](#).**

Any revision by an agency to a standard form or the origination of a new form by an agency that is to be used as an accounting source document to support disbursements or collections of state funds must be approved in writing by the Office of Financial Management, Statewide Accounting prior to adoption.

Overprinting, such as agency name and address, is not considered a revision and therefore is not subject to approval. Copies of approved revised or new forms, when received from the printer/manufacture, are to be furnished to Statewide Accounting.

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### 80.30.88 Requirements for agencies implementing, maintaining or modifying accounting or reporting systems

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July 1, 2017

#### 80.30.88.a

Financial/administrative systems require the approval of the Office of the Chief Information Officer (OCIO) and the Office of Financial Management (OFM). Any new or revised financial/administrative system must comply with the provisions of this manual and the standards and guidelines prescribed by the OCIO and OFM.

OFM is the business owner of all statewide financial data; therefore, all financial data generated by agency systems must be compatible with the requirements of the centralized statewide systems (such as budget, accounting, payroll, purchasing, facilities, contracting).

#### 80.30.88.b

Enterprise-wide or multiple agency systems are the solutions of choice to meet the financial/administrative needs of state agencies. Agencies must obtain written approval from the OCIO and OFM **prior to** acquiring, developing, implementing, or otherwise investing in an agency specific or agency maintained solution.



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Agencies must also obtain written approval from the OCIO and OFM before making additional investments in an existing agency specific or agency maintained solution, or when the investment adds new functionality to an agency specific or agency maintained solution.

Definitions of administrative and financial systems can be found at: <https://ocio.wa.gov/enterprise-technology-dictionary/themes/754>. The OCIO is responsible for defining the approval process. Information needed to initiate the process can be found at: <http://ocio.wa.gov/requests-administrative-financial-systems-approval>.

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### **80.30.90 Budgetary data must be maintained**

July 1, 2009

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Budgetary data is integrated in the uniform account code structure and is required to be maintained by each agency. The budgetary data is used to reflect budget operations such as estimated revenues, expenditure authorities, and estimated expenditures. [Section 85.10](#) of this manual provides further information related to budgetary data.

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### **80.30.92 Agency fiscal activities must be organized to provide effective internal control**

July 1, 2004

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Agency fiscal activities are to be organized in such a manner as to provide the maximum degree of internal control in the most efficient and effective manner. Specific organization arrangements are left to the discretion of the agency. Due to the diverse nature of state agency operations, examples will not be illustrated in this manual. Agencies are responsible for establishing and maintaining effective internal control over financial reporting. An agency's system of internal controls must comply with the internal control requirements prescribed in [Chapter 20](#) of this manual.



# **Chapter 85**

# **Accounting Procedures**



## 85.10 Budgetary Accounting Procedures

Section	Title	Effective Date	Page Number
85.10.10	These procedures apply to budgeted accounts	June 1, 2004	<a href="#">704</a>
85.10.20	Budgetary accounting requirements	July 1, 2009	<a href="#">704</a>

### 85.10.10 These procedures apply to budgeted accounts

June 1, 2004

This subsection describes budgetary accounting procedures and applies to appropriated and/or allotted accounts.

### 85.10.20 Budgetary accounting requirements

July 1, 2009

#### 85.10.20.a

An agency's expenditure authority is provided by the Legislature through appropriations in a budget bill or inclusion of non-appropriated account moneys in the legislative budget system, and by the Governor and the Office of Financial Management (OFM) through allocations, approval of unanticipated receipts, or across-the-board spending reductions. An agency may not expend or obligate funds in excess of its expenditure authority.

Allotments are detailed plans of the scheduled revenues and expenditures authorized in the budget and the related cash receipts and disbursements. An agency's actual spending will be monitored against the allotments by the agency, OFM, the Legislature, and the public. Allotments must:

- Conform to the terms, limits, or conditions of Legislative appropriations.
- Serve as the agency's best estimate of the money it will spend and the revenue it will collect each month and year of the biennium.
- Provide the agency's best estimate of expected cash flows by month.

Agencies are required to record budget transactions in the state's accounting records to reflect legislative operating and capital [appropriations](#) and expenditure authority (original and supplemental), reappropriations of capital appropriations, [unanticipated receipts allotments](#), expenditure allotments and reserves, [estimated revenue](#) allotments, and cash receipt and disbursement allotments after receiving approval from the OFM Budget Division. For further information on allotments requirements, refer to the applicable OFM Operating and Capital Allotment Instructions and Ten-year Capital Plan Instructions available on the OFM Budget Division website at: <https://ofm.wa.gov/budget/budget-instructions>.





## State Administrative and Accounting Manual

### 85.10.20.b

Agencies are to submit proposed allotment plans to OFM using TALS (The Allotment System). After approval by OFM, the entries illustrated in [Section 85.15](#) are automatically generated by APS or TALS, and are recorded in the [Agency Financial Reporting System \(AFRS\)](#).

### 85.10.20.c

Encumbrances are another budgetary tool that can be used in accounts subject to allotments. Refer to [Section 85.30](#) of this manual for further information on encumbrances. For illustrative entries to record and close [encumbrances](#), refer to [Subsection 85.42.20](#).



## 85.15 Budgetary Accounting - Illustrative Entries

Section	Title	Effective Date	Page Number
85.15.05	These entries are for illustrative purposes	July 1, 2008	<a href="#">706</a>
85.15.10	Establish expenditure authority for budgeted accounts	July 1, 2008	<a href="#">706</a>
85.15.15	Allotments for budgeted accounts	July 1, 2008	<a href="#">707</a>
85.15.16	FTEs for budgeted accounts	July 1, 2008	<a href="#">707</a>
85.15.17	Decrease FTEs for budgeted accounts	July 1, 2008	<a href="#">707</a>
85.15.20	Estimated revenues for budgeted accounts	May 1, 1999	<a href="#">708</a>
85.15.25	Decrease estimated revenues for budgeted accounts	May 1, 1999	<a href="#">708</a>
85.15.30	Transfer unobligated allotments to reserve for budgeted accounts	May 1, 1999	<a href="#">708</a>
85.15.35	Re-allotment of amounts placed in reserve for budgeted accounts	May 1, 1999	<a href="#">708</a>
85.15.40	Revert unobligated allotments to unallotted status for budgeted accounts	May 1, 1999	<a href="#">709</a>
85.15.45	Transfer unallotted legislative appropriations to reserve for appropriated accounts	May 1, 1999	<a href="#">709</a>
85.15.50	Transfer legislative appropriations placed in reserve to unallotted status for appropriated accounts	May 1, 1999	<a href="#">709</a>
85.15.55	Abolish or decrease legislative appropriations for appropriated accounts	May 1, 1999	<a href="#">709</a>
85.15.60	Close of accounting period for budgeted accounts	May 1, 1999	<a href="#">710</a>

### 85.15.05 These entries are for illustrative purposes

July 1, 2008

These entries are automatically generated by TALS (The Allotment System) and are recorded in the Agency Financial Reporting System (AFRS). These entries are for illustrative purposes **only** and should **not** be considered all-inclusive.



## State Administrative and Accounting Manual

### 85.15.10 Establish expenditure authority for budgeted accounts

July 1, 2008

To record original and supplemental appropriations, approved unanticipated receipts for appropriated accounts; and estimated budgeted expenditures for non-appropriated/allotted accounts. The total expenditure authority is to be posted:

	Dr.	Cr.
Budgetary Control Summary (9100)	xxx	
Approved Unallotted Expenditure Authority (6110)		xxx

### 85.15.15 Allotments for budgeted accounts

July 1, 2008

To record approved allotments in budgeted accounts:

	Dr.	Cr.
Approved Unallotted Appropriations (6110)	xxx	
Approved Allotments (6210)		xxx

### 85.15.16 FTEs for budgeted accounts

July 1, 2008

To record approved FTEs in budgeted accounts:

	Dr.	Cr.
Approved Estimated FTEs(0110)	xxx	
Statistical Clearing Account (0998)		xxx

### 85.15.17 Decrease FTEs for budgeted accounts

July 1, 2008

To record decrease in approved FTEs in budgeted accounts:

	Dr.	Cr.
Statistical Clearing Account (0998)	xxx	
Approved Estimated FTEs (0110)		xxx



## State Administrative and Accounting Manual

### 85.15.20 Estimated revenues for budgeted accounts

May 1, 1999

To record estimated revenues or additional revenue estimates due to documented changes in conditions:

	Dr.	Cr.
Approved Estimated Revenues (3110)	xxx	
Budgetary Control Summary (9100)		xxx

### 85.15.25 Decrease estimated revenues for budgeted accounts

May 1, 1999

To record a decrease in estimated revenues due to documented changes in conditions:

	Dr.	Cr.
Budgetary Control Summary (9100)	xxx	
Approved Estimated Revenues (3110)		xxx

### 85.15.30 Transfer unobligated allotments to reserve for budgeted accounts

May 1, 1999

To record the transfer to reserve status of the unobligated balance of approved allotments:

	Dr.	Cr.
Approved Allotments (6210)	xxx	
Approved Reserves (6310)		xxx

### 85.15.35 Re-allotment of amounts placed in reserve for budgeted accounts

May 1, 1999

To record the approved re-allotment of amounts previously transferred to reserve:

	Dr.	Cr.
Approved Reserves (6310)	xxx	
Approved Allotments (6210)		xxx



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### **85.15.40 Revert unobligated allotments to unallotted status for budgeted accounts**

May 1, 1999

To record the return of unobligated amounts previously allotted to an unallotted status:

	Dr.	Cr.
Approved Allotments (6210)	xxx	
Approved Unallotted Appropriations (6110)		xxx

### **85.15.45 Transfer unallotted legislative appropriations to reserve for appropriated accounts**

May 1, 1999

To record approved transfers of unallotted legislative appropriations to reserve status for appropriated accounts:

	Dr.	Cr.
Approved Unallotted Appropriations (6110)	xxx	
Approved Reserves (6310)		xxx

### **85.15.50 Transfer legislative appropriations placed in reserve to unallotted status for appropriated accounts**

May 1, 1999

To record approved transfers of legislative appropriations previously placed in reserve to unallotted status for appropriated accounts:

	Dr.	Cr.
Approved Reserves (6310)	xxx	
Approved Unallotted Appropriations (6110)		xxx

### **85.15.55 Abolish or decrease legislative appropriations for appropriated accounts**

May 1, 1999

To record approved transfers of legislative appropriations previously placed in reserve to unallotted status for appropriated accounts:

	Dr.	Cr.
Approved Reserves (6310)	xxx	
Approved Unallotted Appropriations (6110)		xxx



## 85.15.60 Close of accounting period for budgeted accounts

May 1, 1999

To record closing entries for [budgetary accounts](#) at the end of the [biennium](#):

	Dr.	Cr.
Approved Unallotted Appropriations (6110)	xxx	
Approved Allotments (6210)	xxx	
Approved Reserves (6310)	xxx	
Budgetary Control Summary (9100)	xxx	or xxx
Approved Estimated Revenues (3110)		xxx



## 85.20 Revenue and Cash Receipts

Section	Title	Effective Date	Page Number
85.20.10	Collection and deposit of receipts	July 1, 2009	<a href="#">711</a>
85.20.20	Prudent collection processes	July 1, 2001	<a href="#">713</a>
85.20.30	Non-revenue receipts	Jul 1, 2003	<a href="#">713</a>
85.20.40	Proceeds from sale of property	Jan. 1, 2012	<a href="#">713</a>
85.20.50	Undistributed receipts	May 1, 1999	<a href="#">714</a>
85.20.60	Receipts placed in suspense	Jul 1, 2009	<a href="#">714</a>
85.20.70	Refunds of revenue	May 1, 1999	<a href="#">715</a>
85.20.80	Subsidiary records	May 1, 1999	<a href="#">715</a>
85.20.90	Deposit interest distribution by OST	June 1, 2005	<a href="#">715</a>

### 85.20.10 Collection and deposit of receipts

July 1, 2009

#### 85.20.10.a Receipt Forms

- **Format** - A standard cash receipt format is not prescribed as a state form. However, agencies are required to develop and adopt an official receipt form that satisfies their unique requirements. The form adopted is to be pre-numbered. At a minimum, the form is to provide for the following information: date, amount, mode of payment, and identification of the agency and the preparer.

Machine generated receipts (e.g., cash register) and automated cashiering systems that provide the required control data are acceptable. Cash registers and automated cashiering systems should be configured to provide a receipt for the payee and a copy for the agency.

- **Use** - Collections made over the counter or in the field are to be documented by issuance of an official receipt or through cash registers or automated cashiering systems. Receipts are to be issued in numeric sequence and the numeric sequence is to be strictly controlled. It is not necessary to issue [cash receipts](#) for remittances received through the mail. In instances where a cash receipt is not required to be issued, other [internal control](#) procedures are to be established to ensure proper accounting. Refer to [Chapter 20](#) of this manual for guidance related to internal control procedures.



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### 85.20.10.b Record of Cash Receipts

Agencies are to maintain daily cash receipt records reflecting all daily receipts by account and source. Where cash registers or automated cashiering systems are used, this could be the machine generated control tape or electronic daily transaction register.

### 85.20.10.c Reconciliation of Cash Receipts

On a daily basis, collections are to be counted and reconciled with cash receipt records and local account deposit slips. Any differences between the deposits and records of receipts are to be investigated and resolved.

### 85.20.10.d Cash Over and Short:

- Cash over and short is to be separately recorded in the accounting records. The agency is to make the necessary entries to properly reflect cash over and short in the General Ledger.
- Revenue Source Code 0490 "Cash Over and Short" is to be used to record the amount of overage or shortage so that the total recorded in the General Ledger agrees with the amount deposited. Revenue Source Code 0490 provides a record on the books of the agency of the amount and the frequency of overages and shortages. Refer to [Subsection 85.24.40](#) for an illustrative entry.
- Recovery of cash shortages or redistribution of overages is to be processed through Revenue Source Code 0490.
- The balances of Revenue Source Code 0490 and the transactions affecting these balances are to be analyzed regularly and controlled to reduce the possibility of misappropriated cash.

### 85.20.10.e Deposit of Cash Receipts:

- Generally, cash receipts must be deposited intact each day for the collections of the previous business day. Refer to [Section 85.50](#).
- For treasury/treasury trust accounts, agencies are to use a [Cash Receipts Journal Summary document \(A8\)](#) or the equivalent in TMS (Treasury Management System) for deposits of checks and cash, incoming wire transfers, and/or incoming Automated Clearing House (ACH) transactions with the OST.
- [Local account](#) deposits are to be controlled and documented by the use of bank deposit slips.

Refer to [Subsection 85.24.30](#) for an illustrative entry.





## 85.20.20 Prudent collection processes

July 1, 2001

Agencies are encouraged to exercise prudent cash management in the handling of cash receipts. Agency receipting policies should ensure the most efficient and timely collection possible and minimize the cost of collection. Agencies can use various receipt mechanisms to collect amounts due the state, including [lock box](#), [electronic fund transfers](#) and, with approval from OFM, [credit](#) and [debit](#) cards. Refer to [Chapter 40](#).

## 85.20.30 Non-revenue receipts

July 1, 2003

Agencies may receive monies that do not meet the definition of revenue contained in the glossary of this manual. Such receipts generally represent items such as recovery of expenditures, canceled warrants, refunds of forgeries, State Employees Insurance Board Insurance premium refunds, undistributed receipts, and interagency reimbursements. These amounts are to be classified and recorded as non-revenue receipts in the General Ledger.

Receipts for recoveries of authorized current appropriation expenditures represent an offset to current appropriation allotment charges and are recorded either using Revenue Source Code 0902 "Recoveries of Current Appropriation Expenditures" or as a credit against the current appropriation expenditure that was originally charged. Entries needed to clear Revenue Source Code 0902 and adjust the current appropriation allotment charges are to be recorded at least monthly.

Receipts for recovery of an expenditure charged against a prior appropriation are recorded with a credit to GL Code 3210 "Cash Revenues" using Revenue Source Code 0486 "Recoveries of Prior Expenditure Authority" and do not offset current appropriation allotment charges.

## 85.20.40 Proceeds from sale of property

Jan. 1, 2012

The proceeds realized from the sale of property by the Department of Enterprise Services under the provisions of [RCW 43.19.1919](#) are remitted to the agency holding title to the property. The amount is to be deposited by the agency to the account from which such property was purchased or if such account no longer exists, into the General Fund. The following procedures apply to the recording of these proceeds:

If the net proceeds were included in the budget for new asset acquisition, the amount is to be recorded as reduction of the expenditures/expenses charged for the purchase of the new asset. Refer to [Subsection 85.65.58](#) for illustrative entries.

In governmental fund type accounts, unless specifically budgeted, the proceeds realized, if material, from the sale of surplus property are not to be used to reduce the expenditures related to current acquisitions. Absent specific inclusion in the budget, the net proceeds realized from the sale of surplus property are to be recorded as Revenue Source Code 0416 "Sale of Property - Other." Refer to [Subsection 85.60.50.a](#).



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In proprietary and trust fund type accounts, the net of the sale proceeds and the removal of the [capital asset](#) and related [accumulated depreciation](#) is recorded as GL Code 3213 "Gain and Loss on Sale of Capital Assets" using Revenue Source Code 0418 "Gain or Loss on Sale of Capital Assets." Refer to [Subsection 85.60.50.b](#).

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### 85.20.50 Undistributed receipts

May 1, 1999

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Deposit of moneys is not to be delayed because of difficulty in determining account and source. Upon permission from the Office of the State Treasurer (OST), those receipts not immediately identifiable are to be deposited to Account 01R "Undistributed Receipts Account." Refer to [Subsection 85.24.70.a](#) for an illustrative entry.

At a subsequent date when receipts deposited in the Undistributed Receipts Account are identified as to the source and account, a [Journal Voucher](#) document is to be submitted to OST, transferring these funds from Account 01R, to the proper account and revenue source code. The Journal Voucher document is to be restricted to information pertaining to transfer of amounts from Account 01R to the proper account and not commingled with other transfer transactions. Refer to [Subsections 85.24.70.b](#) and [85.24.70.c](#) for illustrative entries.

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### 85.20.60 Receipts placed in suspense

July 1, 2009

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If the daily receipts are identifiable by account, but cannot be immediately allocated to a specific revenue source code, the transaction is to be credited to the applicable account and classified as Revenue Source Code 0920 "Items Placed in Suspense." As soon as a determination can be made of the proper revenue source code(s), the agency is to clear the Revenue Source Code 0920. Revenue Source Code 0920 is to have a zero balance at the end of the fiscal year.

Receipts which are to be applied or refunded at a later date or moneys contingent on an unknown final disposition, and not subject to the Undistributed Receipts procedure above, are to be transmitted to the Office of the State Treasurer and deposited in the State Treasury by a credit to Account 01P "Suspense Account."

As soon as a determination can be made of the proper account or accounts to charge or credit for items placed in suspense, the agency is to clear the item(s) in the Suspense Account 01P. Refer to [Subsection 85.24.80](#) for illustrative entries.



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### 85.20.70 Refunds of revenue

May 1, 1999

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In the event fees or other payments are collected and deposited by an agency that are subsequently determined to be erroneous or excessive, the agency may refund the overpayment. Refunds of revenues are to be in accordance with the provisions of [RCW 43.88.170](#) and [RCW 43.01.072](#) through [RCW 43.01.075](#).

Refunds may be made when there has been an error with respect to:

- The amount of fee or payment collected;
- The necessity of making or securing a permit, filing, examination or inspection;
- The sufficiency of the credentials of the applicant;
- The eligibility of the applicant for any other reason; and/or
- The necessity for payment.

Unless an appropriation exists for such a refund, it is to be accounted for as a reduction of the revenue initially credited upon receipt of the overpayment.

No refund shall be authorized by a state agency where the amount is two dollars or less unless demand for the refund is made within six months of the overpayment.

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### 85.20.80 Subsidiary records

May 1, 1999

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Subsidiary records are to be used to record actual and estimated revenues by account and revenue source. In some cases, however, to allow for proper financial control and analysis, reporting revenues at a lower level may be required. Subsidiary records are to balance with general ledger control accounts.

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### 85.20.90 Deposit interest distribution by OST

June 1, 2005

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The Office of the State Treasurer (OST) reports all interest earned on surplus cash balances for Treasury and Treasury Trust Accounts. The distribution of deposit interest is recorded in Agency 705, Treasurer's Deposit Income. The [administering agency](#) will receive, upon request, a copy of OST's journal voucher indicating the interest earnings distributed to the administering agency's account(s) in Agency 705. OST's journal voucher is for informational purposes and is not to be posted to the administering agency's records.



## 85.22 Deposit Adjustments and Returned Payments

Section	Title	Effective Date	Page Number
85.22.10	About these procedures	May 1, 1999	<a href="#">716</a>
85.22.20	Documentation for deposit adjustments	July 1, 2008	<a href="#">716</a>
85.22.30	Deposit adjustments - treasury and trust accounts	Jul 1, 2009	<a href="#">717</a>
85.22.40	Deposit adjustments - local accounts	July 1, 2009	<a href="#">718</a>
85.22.50	Returns and reversals of AFRS ACH payments	July 1, 2012	<a href="#">718</a>

### 85.22.10 About these procedures

May 1, 1999

These procedures cover items returned or adjustments made by the bank for the following reasons:

- Non sufficient funds (NSF) checks
- Missing signature(s) on check
- Stop payment placed on check
- Account closed
- Deposit adjustment found during bank's proof process
- Other reasons causing return of checks or adjustments to the state's bank accounts

### 85.22.20 Documentation for deposit adjustments

July 1, 2008

#### 85.22.20.a

An agency is to maintain adequate detail records to document a bank deposit adjustment. For deposit adjustments resulting in an amount due the state (e.g., NSF checks), document the following information in subsidiary records:

- Name of maker and amount.
- Date of check and bank upon which it was drawn.
- The date of the initial deposit of the check subsequently returned and the Revenue Source and Sub-source (if applicable) codes or other account coding to which the check was initially credited.



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### 85.22.20.b

For adjustments to cash in treasury/treasury trust accounts to reflect a returned item or bank adjustment, document the following:

The number identifying the [Cash Receipt Journal Summary \(A8-A\)](#) showing Office of the State Treasurer's (OST) adjustment to cash in the bank to reflect the item returned or adjustment by the bank.

The date and coding of the subsequent redeposit of the returned item, if such subsequent collection is actually realized or the number identifying the Cash Receipt Journal Summary (A8-A) reflecting the subsequent redeposit.

Refer to further [Subsection 85.54.52](#) for collection information related to NSF checks.

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## 85.22.30 Deposit adjustments - treasury and trust accounts

July 1, 2009

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For **Treasury and Treasury Trust accounts**, when notified by the bank that an adjustment has been posted to the state's bank account, OST will prepare a [Cash Receipt Journal Summary \(A8\)](#), in the name of the agency that **initially** deposited the returned item. OST will record the adjustment in Account 01P, "Suspense Account," adjusting GL Codes 4310 "Current Treasury Cash Activity (OST Only)" and 7110 "Receipts In-Process." OST will send the agency a copy of the Cash Receipt Journal Summary along with the NSF check, deposited item returned, or Deposit Adjustment Notice. The deposit adjustment current document number will start with "ADJ."

The agency is to record the deposit adjustment or returned check:

Using the Cash Receipts Journal Summary (A8) prepared by OST, clear receipts in process in Account 01P and establish a receivable for the amount of the returned item. Refer to [Subsection 85.24.50](#) for an illustrative entry.

Clear the receivable in Account 01P by a journal entry adjusting the GL Code where the amount was originally recorded in the agency's operating account. This is normally revenue, but may be expenditure recovery or receivable liquidation. If a revenue, use either Revenue Source Code 0940 "Deposit Adjustments and Returned Checks" or the revenue source code used on the initial deposit. OST will clear Account 01P with the journal entry reflecting the adjustment. Refer to Subsection [Subsection 85.24.50](#) for an illustrative entry.

At [fiscal year](#) end, reclassify any residual balance in Revenue Source Code 0940 to the appropriate asset, liability, revenue or expenditure/expense GL code.

Deposit subsequent collection of amounts for which a journal entry adjustment was posted with a Cash Receipt Journal Summary (A8). Refer to Subsection [Subsection 85.24.60](#) for an illustrative entry.



## 85.22.40 Deposit adjustments - local accounts

July 1, 2009

For [local accounts](#), redeposit returned items as soon as possible. Items returned a second time and other bank deposit adjustments are posted to accounting records by debiting/crediting GL Codes 1110 "Cash in Bank." A receivable is to be established for deposit adjustments resulting in amounts due the state (e.g., NSF checks).

For other types of adjustments, the cash entry is offset by debiting/crediting GL Codes 3210 "Cash Revenues" for revenues, 6510 "Cash Expenditures/Expenses" for expenditure recoveries, or other coding as appropriate. For revenues, use either Revenue Source Code 0940 "Deposit Adjustments and Returned Checks" or the revenue source code used on the initial deposit. Subsequent redeposit of amounts for which a deposit adjustment was recorded should be coded in a manner consistent with the original adjustment.

At fiscal year end, reclassify any residual balance in Revenue Source Code 0940 to the appropriate asset, liability, revenue, or expenditure/expense GL code.

## 85.22.50 Returns and reversals of AFRS ACH payments

July 1, 2012

### 85.22.50.a

An AFRS ACH payment may be returned electronically to the state as an ACH return or an ACH reversal.

### 85.22.50.b ACH Returns

The receiving financial institution may initiate a return because:

- The payee bank account on the ACH transaction is closed, frozen, or invalid, or
- The payment is refused by the payee.

When an AFRS ACH payment is returned to the state, OST sends a file electronically to AFRS. Based on the information in the file, an AFRS automated process generates transactions for:

1. OST in the Treasury Management System (TM\$) for crediting the returned payment to the paying agency/account(s), and
2. The paying agency for clearing the in-process and crediting the appropriate GL Code. The paying agency must release the transactions for processing in AFRS. For AFRS procedures, refer to the "AFRS Payment Cancellations and Returns" instructions available online at: <https://ofm.wa.gov/sites/default/files/public/itsystems/afrs/PaymentCancellationandReturns.pdf>

Agencies that opt out of the automated AFRS process should contact the Office of Financial Management (OFM) for alternative procedures.



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OFM contacts the paying agency to alert them of the return. The paying agency is responsible for contacting the vendor, requesting updated bank account information, as appropriate, and determining if the payment will be reissued.

### 85.22.50.c ACH Reversals

The paying agency or the payee may request that DES process an ACH reversal up to four days after the ACH effective date. Reversals must be in compliance with ACH rules which designate three valid reasons to reverse an entry:

1. The entry is a duplicate payment.
2. The payment is to the wrong payee.
3. The payment is for the wrong amount.

When a valid reason exists and it is within the allowable timeframe, DES initiates the ACH reversal through TM\$. DES also coordinates preparation of a cash receipt journal for OST. The state's bank gives a provisional credit that is posted by OST to the paying agency/account(s), per the cash receipt journal. The paying agency must enter a corresponding cash receipt entry debiting GL Code 7110 "Receipts in Process" and crediting the appropriate GL Code.

ACH reversals are not guaranteed as the financial institution can reject the request due to the account balance being less than the requested amount or funds being otherwise unavailable. If this occurs, the financial institution sends a negative ACH return which reverses the provisional credit. The paying agency must reverse the previous cash receipt entry and is then responsible to recover the erroneous payment from the payee.

When OFM initiates an ACH reversal, DES is also responsible to ensure notification of the reversal occurs in accordance with ACH rules which require the payee be notified of the reversal and the reason for the reversal no later than the effective date of the reversal. The effective date of the reversal is one banking day following the reversal request or the effective date of the original ACH payment, whichever is later.



# State Administrative and Accounting Manual

## 85.24 Revenue and Cash Receipts - Illustrative Entries

Section	Title	Effective Date	Page Number
85.24.10	These entries are for illustrative purposes	May 1, 1999	<a href="#">720</a>
85.24.20	Estimated revenue	May 1, 1999	<a href="#">720</a>
85.24.30	Deposit of cash revenues	May 1, 1999	<a href="#">721</a>
85.24.40	Cash over or short	May 1, 1999	<a href="#">721</a>
85.24.50	Recording adjustment for non-sufficient funds (NSF) check	July 1, 2008	<a href="#">721</a>
85.24.60	Subsequent collections of non-sufficient funds (NSF) check	July 1, 2009	<a href="#">722</a>
85.24.65	Recording receipt of returned AFRS ACH payment	July 1, 2009	<a href="#">723</a>
85.24.70	Undistributed receipts - account and/or revenue source not identified	May 1, 1999	<a href="#">723</a>
85.24.80	Receipts placed in suspense	July 1, 2009	<a href="#">724</a>

### 85.24.10 These entries are for illustrative purposes

May 1, 1999

The entries in this section illustrate the recording of revenues and cash receipts in the accounting records. The entries are for illustrative purposes only and should not be considered all inclusive. Entries posted to GL Code Series 71XX "In-Process" in treasury and treasury trust accounts also require an entry from the Office of State Treasurer (OST), as illustrated below, to clear the In-Process GL Codes.

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

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

### 85.24.20 Estimated revenue

May 1, 1999

Refer to [Section 85.15](#) of this manual for illustrations of budgetary entries to record and adjust estimated revenues.





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## 85.24.30 Deposit of cash revenues

May 1, 1999

To record the deposit of cash revenues (refer to [Subsection 85.20.10.e](#)):

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

## 85.24.40 Cash over or short

May 1, 1999

To record cash over or short (refer to [Subsection 85.20.10.d](#)):

	Dr.	Cr.
Cash Revenues (3210) Revenue Source Code (0490) - Cash Over or Short	xxx	
Cash In Bank (1110) or Receipts In-Process (7110)		xxx

Note: The entry assumes a cash shortage and would be reversed for a cash overage.

## 85.24.50 Recording adjustment for non-sufficient funds (NSF) check

July 1, 2008

The following entries illustrate the recording of the adjustment for a non-sufficient funds (NSF) check that was initially coded as revenue in a Treasury account. Refer to [Section 85.22](#).

Upon receipt of the [Cash Receipt Journal Summary \(A8\)](#) from OST, the agency clears receipts in-process and establishes a receivable for the NSF check in the Suspense Account (Account 01P).

	Dr.	Cr.
Other Receivables (1319)	xxx	
Receipts In-Process (7110)		xxx

Further entries depend on circumstances. Option 1 would be used when the agency is in a position to redeposit the NSF check within a day or two of its return by the bank. Option 2 would be used if there were a delay before redeposit of the NSF check.



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## OPTION 1

To record redeposit of NSF check within a day or two of its return by the bank. The agency is to prepare a Cash Receipt Journal Summary (A8) debiting/crediting Account 01P and submit it to OST.

### Operating Agency - Suspense Account (Account 01P):

	Dr.	Cr.
Receipts In-Process (7110)	xxx	
Other Receivables (1319)		xxx

## OPTION 2

The agency prepares a Journal Voucher to clear the receivable in Account 01P and record the NSF check in the operating account.

### Suspense Account (Account 01P):

	Dr.	Cr.
Journal Vouchers In-Process (7140)	xxx	
Other Receivables (1319)		xxx

### Operating Account (originally recording receipt of NSF check):

	Dr.	Cr.
Other Receivables (1319) or Cash Revenues (3210) with Revenue Source Code (0940) Deposit Adjustments and Returned Checks or the revenue source code used in the initial deposit.	xxx	
Journal Vouchers In-Process (7140)		xxx

The agency is to forward a copy of the Journal Voucher to the Office of the State Treasurer for final clearance of Account 01P and reduction of cash in the Operating Account.

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## 85.24.60 Subsequent collections of non-sufficient funds (NSF) check

July 1, 2009

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To record the subsequent collection of an NSF check for which an adjustment was posted (refer to [Subsection 85.24.50](#)) and which is deposited with a [Cash Receipt Journal Summary \(A8\)](#). Refer to [Subsections 85.22.30](#) and [85.22.40](#).

### Operating Account:

	Dr.	Cr.
Receipts In-Process (7110)	xxx	
Other Receivables (1319) or Cash Revenues (3210) with Revenue Source Code (0940)		



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Deposit Adjustments and Returned Checks or the revenue source code used in the initial deposit.

xxx

## 85.24.65 Recording receipt of returned AFRS ACH payment

July 1, 2009

To record the deposit of an AFRS ACH expenditure payment that was returned electronically to the state. Refer to [Subsection 85.22.50](#).

	Dr.	Cr.
Receipts In-Process (7110)	xxx	
Cash Expenditures/Expenses (6510) or other GL Code as appropriate		xxx

## 85.24.70 Undistributed receipts - account and/or revenue source not identified

May 1, 1999

### 85.24.70.a

To record deposit of moneys pending identification of the proper account and revenue sources. Refer to [Subsection 85.20.50](#).

#### Undistributed Receipts Account (Account 01R):

	Dr.	Cr.
Receipts In-Process (7110)	xxx	
Other Liabilities (5199)		xxx

### 85.24.70.b

To record reversal once the proper account and revenue sources are identified.

#### Undistributed Receipts Account (Account 01R):

	Dr.	Cr.
Other Liabilities (5199)	xxx	
Journal Vouchers In-Process (7140)		xxx

### 85.24.70.c

To record deposit of receipts in the proper accounts and revenue sources.

#### Proper Account XXX:

	Dr.	Cr.
Cash In Bank (1110) or		



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Journal Vouchers In-Process (7140)

xxx

Cash Revenues (3210) (with appropriate revenue source code)

xxx

## 85.24.80 Receipts placed in suspense

July 1, 2009

### 85.24.80.a

To record deposit of receipt in an operating account pending identification of the proper revenue sources. This entry assumes that the deposit is subsequently determined to belong in the operating account in which it was initially deposited. Refer to [Subsection 85.20.60](#).

	Dr.	Cr.
Cash In Bank (1110) or Receipts In-Process (7110)	xxx	
Cash Revenues (3210) Revenue Source Code (0920) Items Placed in Suspense		xxx

After researching the deposit, the agency determines the proper revenue coding.

	Dr.	Cr.
Cash Revenues (3210) Revenue Source Code (0920) Items Placed in Suspense	xxx	
Cash Revenues (3210) (with appropriate revenue source code)		xxx

### 85.24.80.b

To record deposit of receipt in Suspense Account (Account 01P) pending identification of the proper account. Refer to [Subsection 85.20.60](#).

#### Suspense Account (Account 01P):

	Dr.	Cr.
Receipts In-Process (7110)	xxx	
Appropriate asset or liability GL Code		xxx

To record the transfer of monies from Suspense Account (Account 01P) to the appropriate operating account.

#### Suspense Account (Account 01P):

	Dr.	Cr.
Appropriate asset or liability GL Code used in the original transaction above	xxx	
Journal Vouchers In-Process (7140)		xxx



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### Operating Account:

	Dr.	Cr.
Journal Vouchers In-Process (7140)	xxx	
Cash Revenues (3210) (with appropriate revenue source code) or appropriate GL Code		xxx



## 85.30 Encumbrances

Section	Title	Effective Date	Page Number
85.30.10	Encumbrance accounting	July 1, 2013	<a href="#">726</a>

### 85.30.10 Encumbrance accounting

July 1, 2013

#### 85.30.10.a

An [encumbrance](#) is a reservation of an expenditure authority for obligations or contracts for goods, materials, and/or services, which have been ordered and are expected to be received before the expenditure authority lapses. Encumbrance accounting is only used in accounts subject to allotment. Encumbrance accounting ensures that expenditure authority will be available for recording the expenditure when the goods, materials or services are subsequently received. An agency may not obligate or encumber funds in excess of its expenditure authority. An encumbrance represents a commitment. It is not an expenditure.

#### 85.30.10.b

Encumbrance accounting should be used to the extent necessary to assure effective [budgetary control](#) and accountability and to facilitate effective cash planning and control. Agencies are not required to encumber all items of expenditure. Agencies should encumber obligations or contracts with a material impact on their budgets. Costs such as utilities, rent, travel, salaries and wages, and employee benefits and taxes should not be encumbered.

#### 85.30.10.c

Each encumbrance transaction is to be supported by complete documentation. The documentation may be in the form of the following: [Purchase Requisitions \(A15-A\)](#); Purchase Orders (A16-A); [Field Orders \(A17-A\)](#); [Printing Requisitions \(A21-A\)](#); professional service contracts and/or other contracts entered into by an agency. The use of "dummy" or projected encumbrances as a method to avoid transfers to reserve or circumvent the allotment process is an improper application of encumbrance accounting and is not to be practiced. [Subsection 85.42.20](#) shows illustrative entries to establish and liquidate encumbrances

#### 85.30.10.d

Encumbrances related to **operating** appropriations lapse at the end of the applicable appropriation period. Encumbrances related to **capital** appropriations lapse at the end of the biennium, unless **reappropriated** by the Legislature in the ensuing biennium. Encumbrances outstanding that relate to continuing appropriations at the end of the first fiscal year of a biennium and encumbrances outstanding that relate to



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capital reappropriations are reported as reservations of fund balance. Refer to [Subsection 90.20.35](#) and [Subsection 90.20.40](#).



## 85.32 Goods and Services Expenditures

Section	Title	Effective Date	Page Number
85.32.10	Agency responsibilities	July 1, 2008	<a href="#">728</a>
85.32.15	Special definitions	Jan. 1, 2012	<a href="#">728</a>
85.32.20	Expenditure authorization	June 1, 2020	<a href="#">729</a>
85.32.25	Priority of expenditures	June 7, 2012	<a href="#">729</a>
85.32.30	Payment processing documents	July 1, 2013	<a href="#">730</a>
85.32.40	Payment processing	June 1, 2014	<a href="#">732</a>
85.32.50	Timing of payment	Jun 7, 2012	<a href="#">733</a>
85.32.60	Rapid invoice processing	June 1, 2002	<a href="#">735</a>
85.32.70	Purchase card	Jan. 1, 2013	<a href="#">735</a>
85.32.80	Waste recycling procedures	Jan. 1, 2012	<a href="#">735</a>

### 85.32.10 Agency responsibilities

July 1, 2008

It is the responsibility of the agency head, or authorized designee, to certify that all expenditures/expenses and disbursements are proper and correct.

Agencies are responsible for processing payments to authorized vendors, as defined in [Subsection 85.32.15](#), providing goods and services to the agency. Goods and services include but are not limited to products, services, materials, equipment, and travel reimbursements.

Agencies are to establish and implement procedures following generally accepted accounting principles. At a minimum, agencies are also to establish and implement the following:

1. Controls to ensure that all expenditures/expenses and disbursements are for lawful and proper purposes and recorded in a timely manner (refer to [Chapter 20](#) of this manual for guidance related to internal control procedures),
2. Procedures to ensure prompt and accurate payment of authorized obligations, and
3. Procedures to control cash disbursements.





## 85.32.15 Special definitions

Jan. 1, 2012

**Vendor** - An entity selling a good or service to the State. Vendors include, but are not limited to, retail businesses, consultants, contractors, manufacturers, credit card companies. A vendor may be an individual, corporation, non-profit organization, federal government, or federal agency, local government or local agency, another state or another state agency, a Washington state agency, or Indian nation. For travel reimbursement purposes, a vendor may include an employee, a board member, or volunteer.

**Statewide Vendor** - A vendor with a common vendor record maintained by the Office of Financial Management that can be used by any agency making a payment to that vendor. A Statewide Vendor (SWV) code is required for certain payment types (Inter-Agency Payments (IAP) and AFRS Automated Clearing House (ACH) payments to nonemployees).

## 85.32.20 Expenditure authorization

June 1, 2020

### 85.32.20.a

Goods and services are not to be ordered, contracted for, or paid for unless they are provided by authorized vendors and within the limitations prescribed by the Department of Enterprise Services, Contracts and Legal Division ([RCW 43.19.190](#) and [RCW 39.26](#)), or other statute.

### 85.32.20.b

Prior to payment authorization, agencies are to verify that the goods and services received comply with the specifications or scope of work indicated on the purchase or contract documents. Authorized personnel receiving the goods and services are to indicate the actual quantities received, services provided, deliverable submitted, etc. Refer to [Chapter 20](#) for guidance related to internal control procedures.

### 85.32.20.c

Agency heads or authorized designees are responsible for authorizing all expenditures/expenses.

## 85.32.25 Priority of expenditures

June 7, 2012

### 85.32.25.a

Pursuant to RCW [43.88.150](#):

Unless otherwise required by federal or other contractual requirement, where funding is available from both appropriated and nonappropriated sources for the same purpose, agencies are to charge expenditures



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in such a ratio as will conserve appropriated funds. For institutions of higher education, this subsection applies only to operating fee accounts.

### 85.32.25.b

Unless otherwise provided by law, federal or other contractual requirement, if state moneys are appropriated for a capital project and matching funds or other contributions are required as a condition for receipt of state moneys, state moneys shall be expended in proportion to and only to the extent that matching funds or other contributions are available for expenditure.

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## 85.32.30 Payment processing documents

July 1, 2013

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### 85.32.30.a

At a minimum, payment processing documentation should include evidence of authorization for purchase, receipt of goods or services, and approval for payment. Agencies may utilize paper or electronic forms. The following documentation, or equivalent, is to be maintained:

**Journal Voucher (A7-A)** - This form can be used for interagency payments between treasury and/or treasury trust accounts, and to allocate or transfer costs between accounts, programs, and to record accruals and other adjustments to account balances, etc. The Journal Voucher is also used to process non-AFRS Automated Clearing House (ACH) payments through the Office of the State Treasurer to outside vendors. Instead of Form A7-A, agencies are encouraged to use one of the A19 forms (refer below) with the Inter-Agency Payment (IAP) process. Refer to Subsection 85.36.20.

**Purchase Requisition (A15-A)** - A form used by agencies to request the Department of Enterprise Services to order materials, supplies, and equipment or to request an amendment of a previous requisition. This form is used when an agency does not have general or specific authority to make the purchase or when the item does not fall within the statewide contracts. This form is available online at: Purchase Requisition (A15-A).

**Purchase Order (A16, A16-A)** - A form issued by the Department of Enterprise Services to order items approved on a purchase requisition (A15-A). This form is used by agencies to encumber, liquidate, and authorize payment for such purchase requisition requests.

**Declaration of Emergency Purchase (A16-E)** - A form used by agencies for emergency purchases under RCW 43.19.200 made for goods and services under the authority of the Department of Enterprise Services in response to unforeseen circumstances beyond the control of an agency which present a real, immediate, and extreme threat to the proper performance of essential functions and/or may be reasonably expected to result in excessive loss or damage to property, bodily injury, or loss of life. Written notification must be submitted within three days of the purchase to the director of Enterprise Services. This form is available online at: **Declaration of Emergency Purchase (A16-E)**.

**Field Order (A17-A, A17-1A)** - A purchase document or order issued by an agency to a vendor in accordance with authority to make a delegated purchase. This form is used by agencies to encumber,



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liquidate, and authorize payment for such purchases. This form is available online at: [Field Order \(A17-A, A17-1A\)](#).

**[Receiving Report - Partial Delivery \(A18, A18-A\)](#)** - A form used by agencies to document and authorize payment for partial deliveries of goods or services ordered by a single Purchase Order (A16-A) or Field Order (A17-A).

**[Invoice Voucher \(A19-1A\)](#)** - A form used by agencies to substantiate and authorize payment when a Purchase Order (A16-A) or Field Order (A17-A) is not involved and where vendor invoices are not employed. The Invoice Voucher is to be certified by the vendor. This form is used to produce warrants, pay by means of AFRS ACH, or to create payments through the IAP process. Refer to [Subsection 85.36.20](#). This form is available online at: <http://ofm.wa.gov/policy/invoicevoucher.xltx>.

**[Voucher Distribution Form \(A19-2, A19-2A\)](#)** - A form used by agencies to substantiate and authorize payment when a Purchase Order (A16-A) or Field Order (A17-A) is not involved but where vendor invoices are employed. This form is used to produce warrants, pay by means of AFRS ACH or to create payments through the IAP process. Refer to [Subsection 85.36.20](#). A voucher distribution form is available online at: [Voucher Distribution Form \(A19-2, A19-2A\)](#).

**[Refund Voucher \(A19-3\)](#)** - A form used by agencies to process refunds of revenues received in excess of the amount owed or received in error by the state.

**[Travel Expense Voucher \(A20-A, A20-2A\)](#)** - Form [A20-A](#) is used by agencies to substantiate and/or authorize payment of travel costs for state employees. In the absence of a vendor relationship, this form can also be used to substantiate and/or authorize payment of travel costs for non-state employees such as prospective employees; individuals who serve on boards, commissions, councils, committees, and task forces; volunteers and other individuals who are authorized to receive travel expense reimbursement. When a vendor relationship exists and the A20-A is used by non-state employees to substantiate travel costs, it must be attached to an Invoice Voucher (A19-1A) to authorize payment. A travel expense voucher form is available online at: [Travel Expense Voucher \(A20-A, A20-2A\)](#).

Form [A20-2A](#) is only used for reimbursing travel expenses of commission members who are reimbursed on a per diem basis.

Agencies may use an electronic travel reimbursement system, such as the Travel & Expense Management System (TEMS), as long as it provides information equivalent to that provided on a travel expense voucher.

**[Printing Requisition \(A21-A\)](#)** - A form used by agencies to order, encumber, liquidate, and authorize payment for goods and services from the Department of Enterprise Services. This form is available online at: [http://www.des.wa.gov/SiteCollectionDocuments/PrintingMail/Printing/Docs\\_A21.dot](http://www.des.wa.gov/SiteCollectionDocuments/PrintingMail/Printing/Docs_A21.dot).

**[Copy Center Request Form \(A24\)](#)** - A form used by agencies to order, encumber, liquidate, and authorize payment for copy services from the Department of Enterprise Services. This form is available online at: [http://www.des.wa.gov/SiteCollectionDocuments/PrintingMail/Printing/Docs\\_A24.dot](http://www.des.wa.gov/SiteCollectionDocuments/PrintingMail/Printing/Docs_A24.dot).



## 85.32.30.b

Purchasing documents used internally by agencies having local purchasing authorities are to meet the criteria of the forms noted above. There is no standard internal purchase request form; however, agencies are encouraged to develop and utilize an internal request form to enhance internal control over requisitions. Refer to [Chapter 20](#) of this manual for internal control procedures.

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## 85.32.40 Payment processing

June 1, 2014

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### 85.32.40.a

The following information, at a minimum, is to be indicated either on the disbursement documentation or in an automated system for compliance with federal regulatory agencies and internal control policies:

- Payee name and address in compliance with U. S. postal regulations,
- Unified Business Identifier (or other vendor approved identifier), as applicable,
- Taxpayer ID Number (TIN) as per IRS publication 1220 and IRS Bulletin 1990-31, as applicable,
- Voucher number,
- Appropriate account code distribution,
- Date the goods were received or the services were provided,
- Signature of receiver or contract manager approval,
- Receipt date of invoice,
- Invoice number, if available,
- Total amount of invoice,
- Invoice date,
- Discount or other terms, and
- Date of payment.

**Privacy Notice: Safeguarding and disposition of personal information collected for payment processing must be consistent with Executive Order 00-03, April 25, 2000; [OCIO Policy 141](#); and [RCW 42.56.210](#).**

### 85.32.40.b

Agencies are to establish procedures which verify the mathematical accuracy of all documents and ensure that charges are properly recorded to the appropriate accounts.

### 85.32.40.c

Disbursement documents should be reviewed for the following, as applicable:

- Written approval by the agency head or authorized designee authorizing payment appears on the disbursement document.
- The payment is being processed to the correct vendor.



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- Quantities indicated on the invoice agree with those documented as received on the receiving report.
- Unit prices on the invoice agree with those indicated on the disbursement document.
- Contractor rates agree with the contract document.
- Extensions and footings are correct.
- Correct account code distributions are indicated.
- Interest for late payment, upon billing, is properly documented and computed.

### 85.32.40.d

Disbursement documents approved for payment are to be arranged in a batch for warrant and warrant register processing within the following constraints:

- The documents are to be assigned sequential voucher numbers.
- A batch header, document transmittal, or equivalent which includes the total amount of the payments should be prepared and approved.

### 85.32.40.e

Encumbered balances associated with any expenditures are to be appropriately liquidated. Refer to [Subsection 85.42.20.b](#) for an illustrative entry.

### 85.32.40.f

Balances in GL Code 6505 "Accrued Expenditures/Expenses" associated with any cash expenditure disbursements are to be appropriately reversed.

### 85.32.40.g

The number of payments to a vendor is to be kept to a minimum by processing the maximum number of invoices with a single payment.

### 85.32.40.h

Agencies can use [petty cash imprest accounts](#) where effective in complying with prompt payment requirements and efficiency of operation can be demonstrated. Refer to [Subsection 85.50.50](#) for petty cash policies and procedures.

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## 85.32.50 Timing of payment

June 7, 2012

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### 85.32.50.a

Agencies are to establish procedures to ensure timely, accurate, and cost effective payment of obligations to vendors. An agency's payments will be considered timely when its records show that the agency pays



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95 percent or more of its obligations to vendors by the due date defined below. Agencies are to maximize effective cash management by paying as close to the due date as workable. Special attention is to be given to the following:

- **Due Dates** - Vendor payments are to be made by the due date. Due dates for payments are established by the terms of the purchase document, invoice, or contract between the agency and vendors. If the purchase document or contract is silent concerning terms or there is no written authorizing document, the terms are net 30 days. The 30 days, or other terms, begin upon receipt of the goods or services or a properly completed invoice, **whichever is later**.

As prescribed in [RCW 39.76](#), agencies are required to pay interest at the rate of one percent per month on past due amounts when invoiced and there are no other exceptions. Due dates are 3 postponed in the case of disputes. Refer to **disputes** below.

- **Discounts** - Discounts offered by vendors are considered in evaluating competitive bids; failure to earn such discounts through prompt payment increases the effective price to the state. Agencies are to pay all obligations in time to take advantage of the maximum discounts offered by vendors.
- **Partial Payments** - When agencies accept partial delivery of goods or services without reservation, prompt payment is to be made for the goods or services received upon receipt from the vendor of a properly completed invoice or in accordance with purchase document or contract terms covering the partial delivery.
- **Disputes** - Prompt and proper notification to a vendor of receipt of unsatisfactory goods or services or an incorrect invoice defers the due date. The due date is recalculated from the date the problem is resolved. Proper authorization is required when material changes are made.

### 85.32.50.b

**Maintenance Services Contracts** - Pursuant to [RCW 43.88.160\(5\)](#), under certain conditions, payments for equipment maintenance services may be made up to twelve months in advance, except that institutions of higher education as defined in [RCW 28B.10.016](#) may make payments in advance for equipment maintenance services up to sixty months in advance.

### 85.32.50.c

**Postage, Books, and Periodicals** - Pursuant to [RCW 42.24.035](#), agencies may make payment for the costs of postage, books and periodicals in a manner consistent with normal business practices, but in the case of subscriptions, for periods not in excess of three years.

### 85.32.50.d

**Washington State Department of Transportation *Good to Go* toll accounts** - Agencies may pre-load their *Good to Go* toll accounts; however, agencies should not exceed one month's estimated usage on the account.



### 85.32.60 Rapid invoice processing

June 1, 2002

The use of Rapid Invoice Processing (RIP) is encouraged to reduce the costs of processing payments for small and/or routine transactions. With RIP:

- Confirmation of the receipt of goods and services is kept at a decentralized location instead of being forwarded to the payment office to be filed with the payment documents.
- Requests for payments are processed centrally and scheduled for payment.
- The risks associated with using RIP are mitigated through compensating controls, such as providing the decentralized location the opportunity to intervene in the payment process prior to the scheduled payment date.

The level/type of payments subject to RIP procedures is to be established carefully at the agency level to ensure that a more positive system of control, such as centralized matching of signed receiving reports with requests for payment, exists to cover large and/or non-routine transactions.

Advance written authorization is to be obtained from the Office of Financial Management for the use of RIP. Requests for authorization should identify the level and type of payments proposed for RIP procedures and the processes that will be used to mitigate the risks of using RIP.

### 85.32.70 Purchase card

Jan. 1, 2013

State law, [RCW 39.26.090](#) and [28B.10.029](#), authorizes agencies to use credit cards and similar devices to make purchases under specific terms and conditions. Refer to [Chapter 40](#) and DES statewide credit card policy.

### 85.32.80 Waste recycling procedures

Jan. 1, 2012

Agencies are to record receipts and disbursements resulting from agency operated waste reduction and recycling programs not operated through the Department of Enterprise Services (refer to [RCW 70.95c.110](#)), as follows:

#### 85.32.80.a

Revenues derived through an agency operated recycling program are to be deposited into the account that supports the recycling effort as either a miscellaneous revenue or a recovery of expenditures to the extent of expenditures for the program.



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### 85.32.80.b

When the revenues exceed the expenditures identified with the recycling program, they are to be allocated on a proportional basis to the accounts that originally purchased the recycled materials.





## 85.34 Payroll and Other Related Activities

Section	Title	Effective Date	Page Number
85.34.10	Payroll	Jan. 1, 2019	<a href="#">737</a>
85.34.20	Shared leave	July 1, 2018	<a href="#">738</a>
85.34.30	Amounts due deceased employees	May 1, 1999	<a href="#">739</a>
85.34.40	Salary overpayment recoveries	June 1, 2004	<a href="#">740</a>

### 85.34.10 Payroll

Jan. 1, 2019

#### 85.34.10.a

Amounts owed to employees for work, labor, or services performed are to be recorded as expenditures/expenses in the accounting period (month) that the duties are performed. The expenditures/expenses are recorded in the operating account and the liability for the payroll and related benefits is recorded in the appropriate payroll revolving accounts.

#### 85.34.10.b

Account 035 "State Payroll Revolving Account" was created in the State Treasury for the purpose of disbursing salaries and other payroll related liabilities.

#### 85.34.10.c

In the operating account, the entry to charge payroll debits GL Code 6510 "Cash Expenditures/Expenses" with the appropriate subobject within Object A for actual salaries and Object B for related fringe benefits. The liability for the payroll and related fringe benefits is recorded in the following GL Codes:

- 5124 - Accrued Salaries and Fringe Benefits Payable,
- 5180 - Paid Family and Medical Leave Deductions Payable,
- 5181 - Employee Insurance Deductions Payable,
- 5187 - Industrial Insurance and Medical Aid Deductions Payable,
- 5189 - Garnishment Deductions Payable, and
- 5199 - Other Liabilities.

Refer to [Subsection 85.42.40](#) for illustrative entries.



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### 85.34.10.d

Prepare reconciliations of all payroll revolving accounts on a timely basis to ensure balances within these accounts are correct. These accounts include Accounts 035 and 790 "College Clearing Account," and any other authorized account used for payroll related disbursements.

### 85.34.10.e

[Section 25.20](#) contains administrative procedures to be followed when processing payroll.

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## 85.34.20 Shared leave

July 1, 2018

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### 85.34.20.a

The [Shared Leave](#) Program enables a state employee to donate annual, sick, and personal holiday leave to another state employee who:

- Is suffering from or has a relative or household member suffering from an extraordinary or severe illness, injury, impairment, or physical or mental condition;
- Has been called to service in the uniformed service;
- Is a current member of the uniformed services or is a veteran as defined in [RCW 41.04.005](#), and is attending medical appointments or treatments for a service connected injury or disability;
- Is a spouse of a current member of the uniformed services or a veteran as defined under [RCW 41.04.005](#), who is attending medical appointments or treatments for a service connected injury or disability and requires assistance with attending appointments or treatments;
- Is a victim of domestic violence, sexual assault or stalking, or
- Has needed skills to assist in responding to an emergency declared anywhere in the U.S.A. by the federal or any state government, and the employee is volunteering with a governmental agency or nonprofit organization to provide humanitarian relief in the devastated area, and the governmental agency or nonprofit organization accepts the employee's offer of volunteer services;
- Is a victim of domestic violence, sexual assault or stalking;
- Needs the time for parental leave; or
- Is sick or temporarily disabled because of pregnancy disability.

Refer to [RCW 41.04.650 through 41.04.670](#) and SAAM [Subsection 25.40.10](#). After approval from agency head or authorized designee, transfer of leave between employees is to be recorded in the accounting and payroll systems in such a way as to allow for statewide reporting of shared leave activity.



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### 85.34.20.b

For shared leave transfers between employees within an agency and within the same account, no transfer of cash is involved. The entry is to debit GL Code 6510 "Cash Expenditures/Expenses" with Subobject BT "Shared Leave Provided - Sick Leave," BU "Shared Leave Provided - Personal Holiday," and BV "Shared Leave Provided - Vacation Leave," as applicable, and to credit the same general ledger code with Subobject BW "Shared Leave Received." Refer to [Subsection 85.42.50.a](#) for an illustrative entry.

### 85.34.20.c

Shared leave donations between accounts and/or agencies require transfer of cash from one account and/or agency to the other. In the donor's agency and account, the entry is to debit GL Code 6510 "Cash Expenditures/Expenses" with Subobject BT, BU, and BV, as applicable, and to credit the appropriate cash GL code. In the donee's agency and account, the entry is to debit the appropriate cash GL code and to credit GL Code 6510 "Cash Expenditures/Expenses" with Subobject BW. Refer to [Subsection 85.42.50.b](#) for illustrative entries.

### 85.34.20.d

Statute requires that unused shared leave be returned on a pro-rata basis to the various donors. Additionally, if an employee donates multiple types of leave, any reversion is to be returned proportionate to the original donation. When shared leave is returned, the original entries recording shared leave transfers are reversed for the value of the unused shared leave. Amounts are assumed to be immaterial and should be recorded as a recovery of current expenditures. Refer to [Subsections 85.42.50.d and e](#) for illustrative entries.

### 85.34.20.e

Refer to [Section 25.40](#) for administrative procedures relating to shared leave.

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## 85.34.30 Amounts due deceased employees

May 1, 1999

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### 85.34.30.a

In the event of an employee's death, amounts owed to the deceased employee are to be recorded in GL Code 5145 "Due To Deceased Employees' Estates." Refer to [Subsection 85.42.60.a](#) for an illustrative entry. Administrative procedures in [Section 25.70](#) are to be followed prior to release of the payment.

### 85.34.30.b

Upon release of the warrant or check, the agency is to liquidate the appropriate amount of the liability recorded in GL Code 5145 "Due To Deceased Employees' Estates." Refer to [Subsection 85.42.60.b](#) for an illustrative entry.



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### 85.34.30.c

In all instances, the supporting documentation is to be retained by the agency as evidence for release of the warrant or check. In addition, agencies are to require claimants to acknowledge receipt of payment in writing.

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## 85.34.40 Salary overpayment recoveries

June 1, 2004

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### 85.34.40.a

When a salary or wage overpayment occurs, the total amount of the expenditure recovery includes the gross pay overpayment and associated employer costs related to the overpayment. These costs may include social security, Medicare, medical aid, retirement, and the employer's share for health insurance.

### 85.34.40.b

If the employee is continuing on payroll, process the recovery of the gross salary overpayment as a reduction to gross pay through the payroll system. Refer to [Section 25.80](#). In most cases, this process will automatically adjust all the reductions for gross pay and the related employer costs.

### 85.34.40.c

If the employee has been terminated from the payroll system and no future salary payments are anticipated, a manual recovery of both the employee overpayment and employer costs is necessary. The steps are as follows:

1. Recover from the employee the over paid net pay plus any deductions that cannot be recovered by the agency from the applicable vendors. Each deduction recovery will depend on the vendor involved and if the deduction actually has been distributed.
2. Follow Internal Revenue Service procedures for recovery of income tax withholding, social security, and Medicare for both the employee and applicable employer shares.
3. Deposit current appropriation expenditure recoveries of net pay and deductions, or employer costs, to the account(s) where the employee was charged, crediting GL Code 6510 "Cash Expenditures" using the same Object A, B, or N series charged for the wage overpayment. Refer to [Subsection 85.42.70.a](#) for an illustrative entry.
4. Decrease the [full time equivalents \(FTEs\)](#) for the number of hours associated with the overpayment if excess paid hours caused all or a part of the overpayment. Refer to [Subsection 85.42.70.b](#) for an illustrative entry.



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### 85.34.40.d

Refer to [Subsection 85.20.30](#) regarding the coding of receipts for recovery of salary and benefit expenditures charged against a prior appropriation.



## 85.36 Disbursement Processing

Section	Title	Effective Date	Page Number
85.36.10	Agency disbursement processes	July 1, 2000	<a href="#">742</a>
85.36.20	Disbursement mechanisms	July 1, 2013	<a href="#">742</a>
85.36.30	Treasury account requirements	Jan. 1, 2012	<a href="#">744</a>
85.36.40	Local account requirements	July 1, 2010	<a href="#">745</a>
85.36.50	Recording	July 1, 2010	<a href="#">746</a>

### 85.36.10 Agency disbursement processes

July 1, 2000

Agency disbursement processes should minimize the cost of making disbursements by using the most cost effective means available. To optimize cash management, agencies should minimize early payments unless the early payments result in vendor discounts.

### 85.36.20 Disbursement mechanisms

July 1, 2013

Disbursement mechanisms available to state agencies include:

- **Treasury Warrants** - Refer to [Subsection 85.36.30](#).
- **Local Checks** - Refer to [Subsection 85.36.40](#).
- **Wire Transfers** - Approval by the Office of Financial Management may be required to disburse funds via this method. Refer to [Subsection 40.30.20](#).
- **Automated Clearing House (ACH)** payments are electronic fund transfers from a state bank account to a payee's account at their designated financial institution. ACH payments should be used, if possible, for payments from treasury-type accounts to local accounts.
  - **AFRS ACH** payments are electronic fund transfers that originate in the Agency Financial Reporting System (AFRS). The ACH payment information is processed nightly and communicated electronically to the Office of the State Treasurer (OST), who passes the information to the state's ACH operator. The effective date of these payments is the second working day after initial processing. Any agency entering transactions into AFRS may



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issue ACH payments by utilizing statewide vendors. Agencies are responsible for including correct, meaningful remittance information (in the invoice number, invoice date, account number, and vendor message fields) so vendors can post payments accurately.

- **OST ACH** payments are electronic fund transfers from treasury and treasury trust accounts that originate at OST. Agencies must inform OST and send an ACH JV at least by 12:00 noon the day before the effective date of the transfer. The effective date is the day funds will be transferred between bank accounts, and must be noted on the ACH JV. In cases where an agency prepares an ACH tape (or file) for OST, the tape (file) must be available to the treasurer no later than two working days before the effective date of the transfer. The ACH JV must be to OST the day before the effective date.
- **Interagency Payments (IAP)** is the preferred method to pay other state agencies or to allocate or transfer costs between accounts, programs, etc., within an agency when both the paying and receiving accounts are either treasury or treasury trust accounts.
- **Interfund Transfers (IFT)** is the preferred method in AFRS for transferring cash between treasury and/or treasury trust accounts within the same agency. IFT transactions are used during the fiscal year to allocate or transfer costs between accounts, within an agency when both the paying and receiving accounts are either treasury or treasury trust accounts. IFT transactions are not valid in the adjustment months of 99 and 25.
- **Journal Vouchers (JV payments)** are to be used to generate ACH payments through OST to accounts outside the State Treasury. JVs are also used to transfer funds between agencies and between treasury and/or treasury trust accounts. Refer to [Section 85.90](#) Interfund/Interagency Activities
- **State Charge Card System** is negotiated by the Department of Enterprise Services (DES) under a single vendor contract. All purchase card services should be obtained through participation in the statewide contract administered by DES, unless there is specific authority which authorized an agency to independently contract for purchase card services. Agencies must comply with the State Charge Card Services contract. More information about the state charge card system and specific contract requirements is available online at: <http://des.wa.gov/services/ContractingPurchasing/Purchasing/Pages/PurchasingVisaProgram.aspx>.

Except as provided in [Subsection 40.30.40](#), charge cards (e.g. purchase cards) may not be used for purchases between state agencies.

[Subsection 10.10.45](#) describes the use of charge cards for travel related expenses. Minimum requirements for agency purchase card programs are covered in DES policy. Agencies with central travel accounts and/or One Card programs should establish appropriate policies and controls.

- **Vehicle Fleet Credit Card** is also administered by DES. More information about the vehicle fleet credit card and specific contract requirements is available online at: : <https://des.wa.gov/services/contracting-purchasing/purchasing/purchasing-card-travel-card-and-one-card>.



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- **[Prepaid Debit Cards](#)** are cards for which the prefunded value is associated with a bank account, which must be accessed for payment authorization. These cards can be reloadable or disposable. Approval by the Office of Financial Management is required prior to disbursing funds via this method. Refer to Subsection [Subsection 40.30.30](#).
- **[Electronic Benefit Transfer \(EBT\)](#)** payments are an alternative method for making disbursements to benefit recipients. EBT is similar in nature to a debit card. The recipient's benefits are encoded on a magnetic stripe card. Approval by the Office of Financial Management is required prior to disbursing funds via this method. Refer to Subsection [Subsection 40.30.30](#).

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### 85.36.30 Treasury account requirements

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Jan. 1, 2012

#### 85.36.30.a

For the purpose of this section, the term Treasury Account refers to both Treasury and Treasury Trust Accounts. The information that is required to be maintained by agencies may be retained in paper or electronic form.

#### 85.36.30.b

The following documents are generated when processing Treasury Account disbursements:

- **Warrant** - A payment instrument for each invoice voucher or other evidence of indebtedness validated and released by the Office of the State Treasurer (OST) for payment.
- **Agency Payment Register** - The document requested through Enterprise Reporting and used to record disbursements and account classifications of each transaction in detail. It also provides details on the payments issued including the vendor name, detailed expenditure/expense coding, type of payment (ACH, IAP, regular warrant, inserted warrant), ACH deposit date, and amount.
- **Vendor's Remittance Advice** - A document used to accompany each payment (ACH, IAP or warrant) to notify the payee of what is being paid. The [Vendor's Remittance Advice](#) is to reference the payment number, the invoice number, and other vendor information, as appropriate. The Vendor's Remittance Advice for ACH payments is emailed or mailed to vendors by Consolidated Mail Services. Agencies receiving IAPs receive an email notification.
- **Outstanding Warrant Record** - The document used to record warrants issued by the agency which are not yet redeemed by the OST, canceled by the agency, or canceled by statute of limitation.

#### 85.36.30.c

The validated warrants are returned to the agency by OST or, if authorized by OST, by the Department of Enterprise Services. Agency Payment Register Summary and Agency Payment Register detail reports are





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available in Enterprise Reporting. Inserted warrants and their remittance advices are forwarded to Consolidated Mail Services for direct mailing to vendors.

### 85.36.30.d

Upon receipt of the warrants, agencies are responsible for promptly forwarding warrants to the vendor or authorized payee.

### 85.36.30.e

The validated warrant and vendor copy of the Vendor's Remittance Advice are to be released only to the vendor or other authorized payee.

### 85.36.30.f

The agency is to maintain the Agency Payment Register Summary, Official Agency Payment Register and a copy of the Vendor's Remittance Advice along with the detail source documents in accordance with record retention policies.

### 85.36.30.g

A payment file by vendor (payee) is to be maintained. Agencies should have procedures in place to detect and avoid duplicate payments to vendors.

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## 85.36.40 Local account requirements

July 1, 2010

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### 85.36.40.a

The documents listed below are generated when processing Local Account disbursements. The information that is required to be maintained by agencies may be retained in paper or electronic form:

- **Check** - The payment instrument used for each invoice voucher or other evidence of indebtedness.
- **Check Register** - The document used to record pertinent details relating to expenditure/expense vouchers and coding for each check issued.
- **Vendor's Remittance Advice** - The document used to notify the payee of what is being paid. The Vendor's Remittance Advice is to reference the check number and the invoice number as appropriate.

### 85.36.40.b

Agencies are to maintain a file containing copies of Vendor's Remittance Advices for each check.



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### 85.36.40.c

A payment file by vendor (payee) is also to be maintained. Agencies should have procedures in place to detect and avoid duplicate payments to vendors.

### 85.36.40.d

The signed check and vendor copy of the Vendor's Remittance Advice are to be released only to the vendor or other authorized payee.

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## 85.36.50 Recording

July 1, 2010

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### 85.36.50.a

The Official Agency Payment Register or local account Check Register constitutes the basis for recording expenditures/expenses. Expenditure/expense transactions are to be recorded in the General Ledger and the Subsidiary Allotment and Expenditure/Expense Ledgers. Refer to [Subsection 85.42.30](#) for an illustrative entry to record expenditure/expense disbursements.

### 85.36.50.b

The following information, at a minimum, is to be recorded in the Subsidiary Allotment and Expenditure/Expense ledgers:

- Payment and/or check register date,
- Payment and/or check register number reference,
- Voucher number reference,
- Appropriate expenditure coding, and
- Amount of disbursement.



## 85.38 Other Warrant Procedures

Section	Title	Effective Date	Page Number
85.38.10	Agency-initiated warrant cancellations	July 1, 2013	<a href="#">747</a>
85.38.15	Non-deliverable warrant	July 1, 2012	<a href="#">748</a>
85.38.20	Lost or destroyed warrants	July 1, 2015	<a href="#">748</a>
85.38.30	Redeemed warrants reported as lost or destroyed	July 1, 2013	<a href="#">750</a>
85.38.40	Statutorily canceled warrants	June 1, 2014	<a href="#">751</a>
85.38.50	Liability for canceled warrants/checks	May 1, 1999	<a href="#">752</a>
85.38.80	Warrant voiding and destruction procedures	Jan. 1, 2012	<a href="#">753</a>
85.38.90	Local check control procedures	May 1, 1999	<a href="#">753</a>

### 85.38.10 Agency-initiated warrant cancellations

July 1, 2013

#### 85.38.10.a

When an agency becomes aware of the need to cancel a warrant and it is prior to the warrant reaching Statute of Limitations (SOL) status (180 days), the agency is to initiate a warrant cancellation. Warrants issued in error should be canceled by the agency as soon as the error is discovered. For lost warrants, destroyed warrants and non-deliverable warrants, agencies are to follow specific cancellation instructions in this chapter.

If an agency does not initiate a cancellation prior to the warrant reaching SOL status, follow the SOL instructions in [Subsection 85.38.40](#).

#### 85.38.10.b

Agency-initiated cancellations may be done either manually or using an automated process.

A manual cancellation entails the agency preparing a [Journal Voucher \(A7\)](#) with the appropriate cancellation transactions and entering the transactions in the Agency Financial Reporting System (AFRS).

Alternatively, an agency may use the AFRS automated cancellation process to initiate cancellations. AFRS will generate the cancellation transactions for agency review, and it will generate a report that serves as the Journal Voucher. For procedures, refer to the AFRS Payment Cancellations & Returns



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documentation available online at: <https://ofm.wa.gov/sites/default/files/public/itsystems/afrs/PaymentCancellationandReturns.pdf>.

Regardless of the process used, for non-SOL warrant cancellations the agency must send the original Journal Voucher (or AFRS-generated report) along with appropriate supporting documentation (either the warrant or the "[Affidavit of Lost or Destroyed Warrant](#)") to the Office of State Treasurer to complete the cancellation process.

### 85.38.10.c

When canceling a warrant, the agency is to debit GL Code 7130 "Warrant Cancellations In-Process" and credit the appropriate GL Code, depending on the reason for the cancellation.

For warrants that are non-deliverable, statutorily canceled, lost or destroyed, credit GL Code 5194 "Liability for Canceled Warrants/Checks - Short-Term." Refer to [Subsection 85.42.80](#) for illustrative entries.

For warrants that were issued in error, credit the GL Code debited when the payment was issued. For example, if the warrant was an expenditure payment, credit GL Code 6510 "Cash Expenditures/Expenses." Refer to [Subsection 85.42.85](#) for illustrative entries.

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## 85.38.15 Non-deliverable warrant

July 1, 2012

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A warrant in the custody of an agency is considered non-deliverable only after a search did not locate the payee.

A warrant deemed to be non-deliverable is to be canceled by an agency-initiated cancellation. Refer to [Subsection 85.38.10](#).

Agencies are to maintain a record of all transactions concerning non-deliverable warrants.

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## 85.38.20 Lost or destroyed warrants

July 1, 2015

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When a warrant is reported as lost or destroyed, an agency is to contact the Office of the State Treasurer (OST) and request information on the status of the warrant. Then the agency is to follow the procedures described in this subsection under the appropriate warrant status.

### 85.38.20.a

**Lost or Destroyed Warrants Statutorily Canceled** - If the warrant has been statutorily canceled per [RCW 43.08.062](#), the procedures listed in [Subsection 85.38.40](#) are to be followed.



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### 85.38.20.b

**Lost or Destroyed Warrants (Redeemed)** - If the warrant has been redeemed, the procedures listed in [Subsection 85.38.30](#) are to be followed.

### 85.38.20.c

**Lost or Destroyed Warrants (Unredeemed)** - An agency is to determine whether the warrant was lost or destroyed before or after delivery to the payee.

**Note:** Delivery to the U.S. Postal Service constitutes delivery to the payee.

1. If an unredeemed warrant was lost or destroyed prior to delivery to the payee, the issuing agency is to complete the affidavit section of the "[Affidavit of Lost or Destroyed Warrants](#)." The form need not be notarized. Refer to form included in this subsection.

If the unredeemed warrant was lost or destroyed after delivery to the payee, the payee is to complete the "[Affidavit of Lost or Destroyed Warrants](#)" per [RCW 43.08.066](#). The "Affidavit of Lost or Destroyed Warrants" must be notarized and returned to the issuing agency before a duplicate warrant is reissued.

2. For an unredeemed lost or destroyed warrant that is canceled and reissued, an agency is to follow the procedures listed below:
  - An agency prepares a separate [Journal Voucher \(A7\)](#) for only lost or destroyed warrant that debits GL Code 7130 "Warrant Cancellations In-Process" and credits GL Code 5194 "Liability for Canceled Warrants/Checks." Refer to [Subsection 85.42.80](#) for an illustrative entry. The Journal Voucher is to state that the warrant was lost or destroyed.
  - AFRS agencies are to enter the Journal Voucher through the normal AFRS batch process.
  - Then the agency is to send a **copy** of the "[Affidavit of Lost or Destroyed Warrants](#)" and the **original** [Journal Voucher](#) to OST for processing. OST is to debit GL Code 4310 "Current Treasury Cash Activity (OST Only)" and credit GL Code 7130 "Warrant Cancellations In-Process."
  - When the warrant is reissued, the agency is to debit GL Code 5194 "Liability for Canceled Warrants/Checks." Refer to [Subsection 85.42.90](#) for an illustrative entry.

### 85.38.20.d

If the original warrant is returned unredeemed after reissue, an agency is to immediately void the original warrant. Procedures listed in Subsection 85.38.70.e are to be followed for all voided warrants.

### [Affidavit of Lost or Destroyed Warrant](#)



### 85.38.30 Redeemed warrants reported as lost or destroyed

July 1, 2013

When a redeemed warrant has been reported as lost or destroyed, the Office of the State Treasurer (OST) is to send a copy of the redeemed warrant to the agency. The agency is to notify the legal owner that the warrant has been redeemed. A copy of the redeemed warrant and a blank "[Affidavit of Forged Endorsement](#)," are to be included with this notification. Refer to form included in this subsection.

#### 85.38.30.a Forged Endorsement

##### 85.38.30.a.(1)

If the legal owner claims the endorsement is a forgery, the legal owner is required to complete the "[Affidavit of Forged Endorsement](#)." Refer to form included in this subsection. The affidavit must be signed and notarized.

##### 85.38.30.a.(2)

After receipt of the signed and notarized "[Affidavit of Forged Endorsement](#)," the agency is to compare the signature on the redeemed warrant to the signature on the affidavit. If forgery is questionable, the agency is to investigate further until it is resolved whether or not the warrant has a forged endorsement. If forgery is determined or is obvious, the following procedures apply:

- The **original** signed and notarized "[Affidavit of Forged Endorsement](#)" is to be sent to OST. OST is to return the forged warrant to the bank for credit.
- OST is to record collection of the bank credit on a [Cash Receipts Journal Summary \(A8\)](#) by debiting GL Code 4310 "Current Treasury Cash Activity (OST Only)" and crediting GL Code 7110 "Receipts In-Process." OST is to send a copy of the A8 to the issuing agency.
- The agency is to utilize the [A8](#) received from OST to record the collection of the bank credit. The agency is to debit GL Code 7110 "Receipts In-Process" and credit GL Code 5199 "Other Liabilities." Refer to [Subsection 85.42.95.a](#) for an illustrative entry.
- When the warrant is reissued, the agency is to debit GL Code 5199 "Other Liabilities - Short-Term." (Refer to [Subsection 85.42.95.b](#) for an illustrative entry.)

#### 85.38.30.b Endorsement Not Forged

If the signature on the original warrant is not a forgery, the warrant is not to be reissued.

[Affidavit of Forged Endorsement](#)



### 85.38.40 Statutorily canceled warrants

June 1, 2014

#### 85.38.40.a Cancellation of Warrant

##### 85.38.40.a.(1)

As prescribed in [RCW 43.08.062](#), the Office of State Treasurer (OST) is required to cancel warrants that have not been presented for payment within 180 days from the date of issue.

##### 85.38.40.a.(2)

Agencies are advised to monitor the Aged Outstanding reports in the OST's Treasury Management System (TM\$) on a regular basis. Contact OST for access to TM\$. Agencies may want to notify the payee that state law requires outstanding warrants to be canceled after 180 days.

##### 85.38.40.a.(3)

A list of Statute of Limitations (SOL) canceled warrants is available in TM\$ for agency review. This list includes warrant number, date issued, and amount.

##### 85.38.40.a.(4)

Agencies are to maintain a log of statutorily canceled warrants. If this information is requested in accordance with the Public Records Act, [RCW 42.56.070\(9\)](#), agencies are to ensure this information will not be used for commercial purposes. To this end, before releasing this information, agencies are to have the "[Affidavit to Release Outstanding or Cancelled Warrants](#)" signed by those requesting a copy of the log of statutorily canceled warrants. Refer to form included in the subsection. Information related to statutorily canceled warrants might contain personal information about citizens.

**Privacy Notice: Safeguarding and disposition of personal information must be consistent with Executive Order 00-03, April 25, 2000; [OCIO Policy 141](#); and [RCW 42.56.210](#).**

##### 85.38.40.a.(5)

At the same time that OST runs its SOL process, the Agency Financial Reporting System (AFRS) automatically generates cancellation transactions for all SOL warrants (both AFRS and non-AFRS generated warrants) and holds them for agency review and release. Instructions regarding disposition of these funds are contained in [Subsection 85.38.50](#).

In lieu of the automated process, an agency may prepare a [Journal Voucher \(A7\)](#) to clear their In-Process as stated in [Subsection 85.38.10](#). Refer to [Subsection 85.42.80](#) for illustrative entries.

The [Journal Voucher \(A7\)](#) for SOL warrant cancellations should not be sent to OST.



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### **85.38.40.b Reissue of Statutorily Canceled Warrants**

#### **85.38.40.b.(1)**

As prescribed in [RCW 43.08.062](#), an agency may issue a new warrant for a statutorily canceled warrant presented for payment.

#### **85.38.40.b.(2)**

Statutorily canceled warrants presented to OST for payment are to be sent to the issuing agency (i.e., warrant items sent on collection).

#### **85.38.40.b.(3)**

When a statutorily canceled warrant is reported as lost or destroyed, an agency may issue a new warrant. If the issuing agency determines to reissue the statutorily canceled warrant, the agency is to issue a new warrant payable to the legal owner of the statutorily canceled warrant. The re-issuance is to be recorded in AFRS, so as to reduce the liability (GL Code 5194). Refer to [Subsection 85.42.90](#) for illustrative entries.

#### **85.38.40.b.(4)**

If the issuing agency determines not to reissue the warrant, a letter explaining the reason for disallowance is to be sent to the legal owner.

#### **85.38.40.b.(5)**

OST is responsible for controlling statutorily canceled warrants. If an agency gains possession of a statutorily canceled warrant, it is to be sent to OST for destruction. Refer to [Subsection 85.38.80](#) for further information on warrant voiding and destruction procedures.

#### **85.38.40.b.(6)**

Agencies are to maintain a log of reissued statutorily canceled warrants. This log is to reference, or be incorporated within, the log of statutorily canceled warrants and contain the following for both the original and the reissued warrant: warrant number, warrant register, date of issue, and amount. Refer to [Subsection 85.38.40.a.\(4\)](#).

### **[Affidavit to Release Outstanding or Canceled Warrants](#)**

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## **85.38.50 Liability for canceled warrants/checks**

May 1, 1999

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### **85.38.50.a**

GL Code 5194 "Liability for Canceled Warrants/Checks" is to be used to record obligations for canceled warrants and checks for which proper disposition has not yet been determined.

### **85.38.50.b**

[RCW 63.29](#), the Uniform Unclaimed Property Act, applies to the outstanding liability for canceled warrants/checks. Canceled payroll warrants/checks which remain unclaimed for more than one year are





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considered abandoned. All other intangible property in the custody of the state is considered abandoned after two years. Agencies are to develop procedures for systematically reviewing canceled/outstanding warrants and checks and remitting "abandoned property" to the Department of Revenue. For methods of reporting and remitting, contact the Department of Revenue, Unclaimed Property Section. Refer to [Subsection 85.74.30](#) for further discussion related to Department of Revenue accounting for unclaimed property.

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### **85.38.80 Warrant voiding and destruction procedures**

Jan. 1, 2012

Warrants to be voided or destroyed are to be controlled by the Office of the State Treasurer (OST) and the Department of Enterprise Services (DES). OST and DES are to develop and implement written procedures for voiding and destroying signed warrants. Warrants that are to be destroyed must be sent to OST for destruction.

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### **85.38.90 Local check control procedures**

May 1, 1999

Agencies with local accounts are to develop and implement written procedures for controlling local checks. Procedures should provide for adequate internal control as prescribed in Subsection 85.38.70. Additional guidance on internal control can be found in [Chapter 20](#).



## 85.40 Belated and Sundry Claims

Section	Title	Effective Date	Page Number
85.40.10	Belated claims	Jan. 1, 2016	<a href="#">754</a>
85.40.20	Sundry claims	Jan. 1, 2016	<a href="#">755</a>

### 85.40.10 Belated claims

Jan. 1, 2016

#### 85.40.10.a

This policy is effective only for appropriated expenditures associated with an enacted budget that specifically allows for belated claims.

#### 85.40.10.b

Belated claims are obligations for goods and services which were received on or before June 30 but were not accrued in the concluding appropriation period. Shortages in estimated accrued expenditures/expenses are also treated as belated claims of the prior appropriation period.

#### 85.40.10.c

All belated claims are coded and charged as current appropriation expenditures except as noted in 85.40.10.g.

#### 85.40.10.d

Approval by the Office of Financial Management (OFM) for belated claims from appropriated accounts is required prior to payment by the requesting agency. OFM's decision regarding belated claims will be made in writing to the requesting agency. Payment of belated claims against non-appropriated accounts does not require OFM approval.

#### 85.40.10.e

Belated claims needing OFM approval are to be submitted for review following the close of each appropriation period. Agencies are to submit a request for all belated claims identifying vendor, date of receipt of goods or services, amount of claim, account and appropriation that should have been charged had the claim been paid timely, and the account and current appropriation to be charged. The request is to be submitted in writing to OFM Statewide Accounting.

#### 85.40.10.f

OFM will verify that the agency requesting a belated claim payment has [unexpended appropriation](#) authority from applicable prior appropriation periods sufficient to satisfy the claim. If the agency is able to pay the claim from current appropriation authority without causing an overexpenditure, OFM will approve the belated claim request.



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### 85.40.10.g

In the event that the applicable prior appropriation authority is not sufficient to cover the claim, the agency's request is to also include an explanation of the reason for the overexpenditure and the actions taken to preclude the situation from recurring. If the agency's explanation is deemed reasonable and the agency is able to pay the claim from current appropriation authority without causing an overexpenditure, OFM will approve the belated claim request.

### 85.40.10.h

If payment of a belated claim will cause an agency to over spend current appropriation authority, the agency is to consult its assigned OFM Accounting Consultant and OFM Budget Analyst.

### 85.40.10.i

The authenticity and correctness of obligations paid through the belated claims procedure is the sole responsibility of the agency.

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## 85.40.20 Sundry claims

Jan. 1, 2016

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[Sundry claims](http://des.wa.gov/services/risk/Pages/default.aspx), including those dealt with by administrative action and those requiring legislative action, are to be submitted to the Department of Enterprise Services, Office of Risk Management. For information, contact <http://des.wa.gov/services/risk/Pages/default.aspx>.



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## 85.42 Expenditures, Expenses, and Cash Disbursements - Illustrative Entries

Section	Title	Effective Date	Page Number
85.42.10	These entries are for illustrative purposes	May 1, 1999	<a href="#">756</a>
85.42.20	Encumbrances	June 1, 2011	<a href="#">756</a>
85.42.30	Expenditure/expense disbursements	May 1, 1999	<a href="#">757</a>
85.42.40	Recording payroll	Jan. 1, 2019	<a href="#">757</a>
85.42.50	Recording shared leave	Jan. 1, 2018	<a href="#">758</a>
85.42.60	Amounts due deceased employees	July 1, 2018	<a href="#">761</a>
85.42.70	Salary overpayment recoveries	May 1, 1999	<a href="#">761</a>
85.42.80	Cancellations of non-deliverable, SOL, and lost or destroyed warrants	Jul 1, 2012	<a href="#">762</a>
85.42.85	Cancellation of warrants issued in error	July 1, 2012	<a href="#">762</a>
85.42.90	Re-issuance of canceled warrants	July 1, 2012	<a href="#">762</a>
85.42.95	Forged endorsement	May 1, 1999	<a href="#">763</a>

### 85.42.10 These entries are for illustrative purposes

May 1, 1999

The entries in this section illustrate the recording of expenditures/expenses and cash disbursements in the accounting records. These entries are for illustrative purposes **only** and should **not** be considered all inclusive. Entries posted to GL Code Series 71XX "In-Process" in treasury and treasury trust accounts also require an entry from the Office of State Treasurer (OST) as illustrated below to clear the In-Process GL Codes.

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



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### 85.42.20 Encumbrances

June 1, 2011

#### 85.42.20.a

To record the **establishment of encumbrances** or increases to existing encumbrances for budgeted accounts. Refer to [Subsection 85.30.10](#).

	Dr.	Cr.
Encumbrances (6410)	xxx	
Reserved for Encumbrances (9510)		xxx

#### 85.42.20.b

To record **encumbrance liquidations** for budgeted accounts. Refer to Subsections [Subsection 85.30.10](#) and [85.32.40.e](#).

	Dr.	Cr.
Reserved for Encumbrances (9510)	xxx	
Encumbrances (6410)		xxx

### 85.42.30 Expenditure/expense disbursements

May 1, 1999

To record expenditure/expense disbursements for goods and services received. Refer to [Subsection 85.36.50](#).

	Dr.	Cr.
Cash Expenditure/Expense (6510) (with appropriate subobject)	xxx	
Cash in Bank (1110) or		
Warrants/ACH Payments In-Process (7120)		xxx

### 85.42.40 Recording payroll

Jan. 1, 2019

#### 85.42.40.a

To record payroll expenditures/expenses. Refer to [Subsection 85.34.10](#).

	Dr.	Cr.
Cash Expenditure/Expense (6510) (with appropriate subobject)	xxx	
Cash in Bank (1110) or		
Journal Vouchers In-Process (7140)		xxx



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### 85.42.40.b

To record the receipt of cash in the payroll revolving account and the establishment of the payroll liabilities for agencies using the state's Human Resource Management System (HRMS).

	Dr.	Cr.
Journal Vouchers In-Process (7140)	xxx	
Accrued Salaries and Fringe Benefits Payable (5124)	xxx	
Paid Family and Medical Leave Deductions Payable (5180)	xxx	
Employee Insurance Deductions Payable (5181)	xxx	
Industrial Insurance and Medical Aid Deductions Payable (5187)	xxx	
Garnishment Deductions Payable (5189)	xxx	
Other Liabilities (5199)		xxx

### 85.42.40.c

To record subsequent liquidation of payroll and related liabilities in the payroll revolving account.

	Dr.	Cr.
Accrued Salaries and Fringe Benefits Payable (5124)	xxx	
Paid Family and Medical Leave Deductions Payable (5180)	xxx	
Employee Insurance Deductions Payable (5181)	xxx	
Industrial Insurance and Medical Aid Deductions Payable (5187)	xxx	
Garnishment Deductions Payable (5189)	xxx	
Other Liabilities (5199)	xxx	
In-Process (71XX)		xxx

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## 85.42.50 Recording shared leave

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Jan. 1, 2018

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### 85.42.50.a

To record transfer of shared leave between employees within an agency and within the same account. Refer to [Subsection 85.34.20](#).

	Dr.	Cr.
Cash Expenditures/Expenses (6510) (Subobject BT, BU and BV, as applicable)	xxx	
Cash Expenditures/Expenses (6510) (Subobject BW)		xxx

### 85.42.50.b

To record transfer of shared leave between employees of different agencies and/or accounts.

### Donor's Operating Account:



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	Dr.	Cr.
Cash Expenditures/Expenses (6510) (Subobject BT, BU and BV, as applicable)	xxx	
Cash in Bank (1110) or		
In-Process (71XX)		xxx

### Donee's Operating Account:

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

### 85.42.50.c

To record the payroll for an employee using donated shared leave.

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

### 85.42.50.d

To record reversion of unused shared leave when employees are within the same agency and account.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) (Subobject BW)	xxx	
Cash Expenditures/Expenses (6510) (Subobject BT, BU and BV, as applicable)		xxx

### 85.42.50.e

To record reversion of unused shared leave when employees are from different agencies and/or accounts.

### Donor's Operating Account:

	Dr.	Cr.
Cash in Bank (1110) or		
In-Process (71XX)	xxx	
Cash Expenditures/Expenses (6510) (Subobject BT, BU and BV, as applicable)		xxx



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## Donee's Operating Account:

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

### 85.42.50.f

To record transfer of shared leave between employees of different agencies and one of the states' authorized shared leave pools. Refer to [Subsections 25.40.12](#), [25.40.13](#), and [25.40.14](#).

## Donor's Operating Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) (Subobject BT, BU and BV, as applicable)	xxx	
Cash in Bank (1110) or		
In-Process (71XX)		xxx

## Authorized Shared Leave Pool:

	Dr.	Cr.
Cash in Bank (1110) or		
In-Process (71XX)	xxx	
Cash Revenues (3210) Revenue Source Code (0441) – Contributions and Grants		xxx

### 85.42.50.g

To record transfer of shared leave between one of the states' authorized shared leave pools and employees of different agencies. Refer to [Subsections 25.40.12](#), [25.40.13](#), and [25.40.14](#).

## Authorized Shared Leave Pool:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) (Subobject NZ) – Other Grants and Benefits	xxx	
Cash in Bank (1110) or		
In-Process (71XX)		xxx

## Donee's Operating Account:

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





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### 85.42.60 Amounts due deceased employees

July 1, 2018

#### 85.42.60.a

To record amounts owed to deceased employees. Refer to [Subsection 85.34.30](#).

	Dr.	Cr.
Cash Expenditures/Expenses (6510) (with appropriate subobjects)	xxx	
Due to Deceased Employees' Estates (5145) or		
Cash in bank (1110) or		
Journal Vouchers In-Process (7140)		xxx

To record the receipt of cash in the payroll revolving account and the establishment of the payroll liability for agencies using the state's Human Resource Management System (HRMS).

	Dr.	Cr.
Journal Vouchers In-Process (7140)	xxx	
Due to Deceased Employees' Estates (5145)		xxx

#### 85.42.60.b

To record the liquidation of the liability when the funds are released for payment.

	Dr.	Cr.
Due to Deceased Employees' Estates (5145)	xxx	
Cash in Bank (1110) or		
Warrants/ACH Payments In-Process (7120)		xxx

### 85.42.70 Salary overpayment recoveries

May 1, 1999

#### 85.42.70.a

To record the recovery of net pay and related deductions, or employer costs, for a salary overpayment. Refer to [Subsection 85.34.40.c](#).

	Dr.	Cr.
Receipts In-Process (7110)	xxx	
Cash Expenditures/Expenses (6510) (Subobject A, B or N series)		xxx



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## 85.42.70.b

To record the reduction in full time equivalents (FTEs) for any excess hours associated with a salary recovery. Refer to [Subsection 85.34.40.c](#).

	Dr.	Cr.
Statistical Clearing Account (0998)	xxx	
Actual FTEs (0120)		xxx

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## 85.42.80      Cancellations of non-deliverable, SOL, and lost or destroyed warrants

July 1, 2012

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To record cancellations of non-deliverable warrants, warrants statutorily canceled by the Office of the State Treasurer, and lost or destroyed warrants. Refer to [Section 85.38](#).

	Dr.	Cr.
Warrant Cancellations In-Process (7130)	xxx	
Liability for Canceled Warrants/Checks (5194)		xxx

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## 85.42.85      Cancellation of warrants issued in error

July 1, 2012

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To record cancellations of warrants issued in error. Refer to [Subsection 85.38.10](#).

	Dr.	Cr.
Warrant Cancellations In-Process (7130)	xxx	
Cash Expenditures/Expenses (6510) or		
Cash Revenues (3210)		xxx

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## 85.42.90      Re-issuance of canceled warrants

July 1, 2012

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To record re-issuance of warrants previously canceled due to warrant being non-deliverable, statutorily canceled by the Office of the State Treasurer, or lost or destroyed. Refer to [Section 85.38](#).

	Dr.	Cr.
Liability for Canceled Warrants/Checks (5194)	xxx	
Warrants/ACH Payments In-Process (7120)		xxx



## 85.42.95 Forged endorsement

May 1, 1999

### 85.42.95.a

To record the bank credit for the redemption of forged warrants. Refer to [Subsection 85.38.30.a](#).

	Dr.	Cr.
Receipts In-Process (7110)	xxx	
Other Liabilities (5199)		xxx

### 85.42.95.b

To record re-issuance of forged warrants. Refer to [Subsection 85.38.30.a](#).

	Dr.	Cr.
Other Liabilities (5199)	xxx	
Warrants/ACH Payments In-Process (7120)		xxx



## State Administrative and Accounting Manual

### 85.50 Cash

Section	Title	Effective Date	Page Number
85.50.10	Deposit of treasury or treasury trust receipts	July 1, 2011	<a href="#">764</a>
85.50.20	Deposit of local receipts	July 1, 2008	<a href="#">764</a>
85.50.30	Undeposited receipts	May 1, 1999	<a href="#">765</a>
85.50.40	Reconciliation of cash receipts and deposits	Oct. 1, 2018	<a href="#">765</a>
85.50.50	Petty cash - general information	July 1, 2011	<a href="#">766</a>
85.50.60	Accounting for petty cash in treasury accounts	June 1, 2015	<a href="#">767</a>
85.50.70	Accounting for petty cash in local accounts (including treasury trust accounts)	June 1, 2015	<a href="#">771</a>

#### 85.50.10 Deposit of treasury or treasury trust receipts

July 1, 2011

##### 85.50.10.a

Deposit intact each day all cash receipts for treasury and treasury trust accounts collected on the preceding day as prescribed in [RCW 43.01.050](#) unless a specific written waiver is granted by the Office of State Treasurer (OST). Refer to [Subsection 85.65.12](#) for an illustrative entry.

##### 85.50.10.b

Except as provided in [RCW 39.58.080](#), all treasury and treasury trust receipts must be deposited in a [public depository](#) located in this state. ([Chapter 39.58 RCW](#)).

##### 85.50.10.c

To qualify as a depository for monies belonging to the state, or in custody of the state under the control of the OST, financial institutions and credit unions must meet the requirements established by the Public Deposit Protection Commission and [Chapter 39.58 RCW](#).



## State Administrative and Accounting Manual

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### 85.50.20 Deposit of local receipts

July 1, 2008

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#### 85.50.20.a

Cash receipts for deposit in local accounts, established pursuant to [RCW 43.88.195](#) or other statutory provision, are to be deposited intact each day for the collections of the preceding day refer to [Subsection 85.65.12](#) for an illustrative entry unless:

- A specific written waiver is granted by the Office of Financial Management, or
- Total cash receipts on hand (exclusive of change accounts) are under \$500. However regardless of the amount on hand, local account receipts are to be deposited weekly.

#### 85.50.20.b

Local funds are to be deposited in public depositories located in this state. ([Chapter 39.58 RCW](#)) Refer to [Subsection 85.50.10.c](#).

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### 85.50.30 Undeposited receipts

May 1, 1999

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#### 85.50.30.a

Undeposited receipts consist of the following:

- Cash receipts on hand, and
- Monies in transmittal accounts pending deposit in the OST concentration account.

#### 85.50.30.b

Undeposited receipts exclude monies that have not been entered into the agency's records. These include: unopened mail transmittals; non-validated receipts; and monies received by personnel operating outside of the agency's accounting office and not forwarded for deposit to the accounting office. It should be noted, however, that the statutory provisions controlling the depositing of state monies, as prescribed in [RCW 43.01.050](#), are to be observed at all times. Refer to [Subsection 85.50.10](#).

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### 85.50.40 Reconciliation of cash receipts and deposits

Oct. 1, 2018

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#### 85.50.40.a

Daily, cash is to be counted and reconciled with the appropriate records reflecting the day's transactions. All differences are to be investigated to ascertain the reason for the discrepancy. Procedures for recording cash over and short are prescribed in [Subsection 85.20.10](#) of this manual.



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### 85.50.40.b

Agencies are to review the GL Code Series 71XX “In-Process” report timely. To aid in this reconciliation, there is an Unbalanced In-Process Reconciliation report (DLY007) available in Enterprise Reporting (ER). Agencies can schedule this report to run on a daily basis. This report shows in detail outstanding in-process transactions for both the agency and the OST.

### 85.50.40.c

Accounts maintained in financial institutions or credit unions, including petty cash accounts, are to be promptly reconciled with agency records on a monthly basis. The balance shown on the bank statement may not agree with the agency's book balance.

Variances can occur because of outstanding checks, deposits in transit, bank service charges, or other adjustments. Adjusting entries may be required when entries appear on the bank statement without corresponding entries in the agency's books. Adjusting entries, if necessary, are to be promptly prepared and recorded in the agency's records.

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## 85.50.50 Petty cash - general information

July 1, 2011

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### 85.50.50.a

Agencies may maintain two types of cash accounts within the petty cash regulations.

- **Change Accounts** - Used solely for making change in across-the-counter cash transactions.
- **Petty Cash (Imprest) Accounts** - Used to make payments when issuing a warrant/check is not practical or timely. With specific approval by the Office of Financial Management (OFM), used to load prepaid debit cards.

### 85.50.50.b

Petty cash account regulations are prescribed in [Chapter 42.26 RCW](#).

### 85.50.50.c

The agency head (or authorized designee) is to issue and maintain on file a letter designating the individual assigned as custodian, the amount of the petty cash account, and the purpose for which the monies will be spent.

### 85.50.50.d

The agency head (or authorized designee) is responsible for the proper use of petty cash. Agencies are to establish petty cash internal control procedures in accordance with OFM's prescribed policies. Refer to [Chapter 20](#) of this manual.



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## 85.50.50.e

Only minimal amounts of cash are to be kept on hand. Petty cash accounts in excess of \$100 must be maintained in a checking account in a local financial institution or credit union that is a public depository (refer to [Subsection 85.50.10.c](#)) unless the agency has a safe, vault, or money chest that is used to safeguard petty cash. Whenever possible, all petty cash accounts are to be maintained in a bank account. Bank accounts are to be opened in the name of the agency, not an individual.

## 85.50.50.f

In limited circumstances, a petty cash account may be used to load money onto a [prepaid debit card](#). The use of prepaid debit cards in conjunction with a petty cash account requires pre-approval by OFM through the Economic Feasibility Study (EFS) process. Refer to [Section 40.40](#).

## 85.50.50.g

If a state auditor's report discloses that the amount of an agency's petty cash account is excessive or its use is in violation of regulations, the director (or official designee) of OFM may require the elimination of, or reduction in the amount of, the petty cash account.

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## 85.50.60 Accounting for petty cash in treasury accounts

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June 1, 2015

### 85.50.60.a Establishing Treasury Petty Cash Accounts

1. Requests for petty cash, or increases to petty cash, are made using the "[Application and Authorization for Petty Cash Advance, Treasury Accounts](#)" form that is available at the end of this subsection or through the Office of Financial Management (OFM), Statewide Accounting. The completed form is submitted to the OFM Statewide Accounting (the director's official designee) for approval. **Distribution of the total amount of approved petty cash within an agency is determined by the agency.**

Agencies requesting approval for petty cash accounts that will utilize prepaid debit cards should reference the EFS approval letter in the 'Justification' section of the application form.

2. After approval, OFM will return the signed original "[Application and Authorization for Petty Cash Advance, Treasury Accounts](#)" Form to the agency. When the petty cash increase is approved, the agency is to produce a warrant to reclassify Treasury cash to GL Code 1130 "Petty Cash." Refer to [Subsection 85.65.14.a](#) for an illustrative entry. The warrant is to be endorsed and cashed or deposited by the assigned custodian. OFM will send a copy of the signed form to the Office of State Treasurer.
3. Written accounting and control procedures for petty cash are to be developed and followed.
4. A petty cash account is not to be established for less than:
  - \$25; or



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- An amount that requires reimbursement more frequently than biweekly.

### Application and Authorization for Petty Cash Advance

#### **85.50.60.b Authorized Uses of Treasury Petty Cash Accounts**

With the exception of prepaid debit cards, the following are the authorized uses of Treasury petty cash:

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

In the absence of an automated payroll calculation system which can be relied upon to accurately calculate net pay, the amount which can be disbursed from a petty cash account for this purpose is limited to 90% of the computed net pay due to the employee. The total amount disbursed to an employee for this purpose must be deducted from the employee's next scheduled pay in one lump sum; partial repayments are prohibited. Petty cash accounts are not to be used to pay employees in advance of established regular pay dates.





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5. Travel advances to employees **when the need for an advance cannot be anticipated** in time to use regular travel advance procedures. A [Travel Authorization Form \(A40, A40-A\)](#), or its equivalent, is to be completed by the employee. The completed form is to be used to support reimbursement of the petty cash account. The total amount disbursed from the account for this purpose is not to exceed the amount approved on the form. Travel advances are not to impair the intended functioning of the petty cash account.
6. The authorized uses of petty cash prepaid debit cards must be specified in the agency petty cash authorization request and designated in the OFM approval letter.
7. Agencies may request, in writing, special authorization from the director (or official designee) of OFM for petty cash accounts to be used for the following:
  - Change accounts in agencies dispensing goods, services, etc., over-the-counter direct to the public.
  - Grants or benefits to welfare, correction, or rehabilitation recipients provided that such payments are authorized by appropriations.
  - Refunds of erroneous or excessive payments, or other refunds authorized by law.
  - Other purposes where the establishment of a petty cash account would be of special benefit to the state.

### 85.50.60.c

Petty cash and change accounts are **not** used for cashing personal and/or payroll checks or warrants.

### 85.50.60.d Disbursement and Reconciliation Procedures for Treasury Petty Cash Accounts

1. All disbursements from petty cash accounts are documented and supported by receipts or vouchers bearing the signature of the payee. The following is recorded on the supporting document: date; name of payee; purpose of disbursement; amount paid; signature of the person authorizing the disbursement; and the proper account distribution.
2. Transactions involving payment of salaries and wages are also supported with a completed miscellaneous payroll deduction document. Refer to [Subsection 85.50.60.b](#) #4.
3. Travel advances are supported with a properly completed [Travel Authorization \(A40, A40-A\)](#), or its equivalent.
4. Agencies are to establish written procedures to ensure that the above documents are transmitted promptly to the proper fiscal personnel for processing against the individual's pay or travel expense voucher.
5. A petty cash register reflecting the balance of the account is to be maintained.
6. **The total cash on hand, plus the amount of disbursements represented by the documentation, is to equal the authorized amount of the petty cash account.** The petty cash account is to be



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reconciled at least monthly. If a checking account is used, the petty cash account is to be promptly reconciled each month to the bank.

7. There are to be frequent, periodic audits of the petty cash account. The audits are to be performed by the agency's Internal Auditor or another individual (not the petty cash custodian) designated by the agency head.
8. An adequate audit trail is to be maintained.

### 85.50.60.e Reimbursement of Treasury Petty Cash Accounts

1. Change accounts do not require replenishment, unless a theft or loss has occurred. Cash over and short which occur during the course of making change are cleared daily as part of the reconciliation and deposit of receipts. Refer to [Subsection 85.20.10](#). The amount of the change account on hand should always equal the authorized amount.
2. To replenish a petty cash account for disbursements made, a [Voucher Distribution Form \(A19-2\)](#) is to be prepared. The [A19-2](#) is to show the name of the agency and custodian as trustee of the account in place of the vendor name. All documents substantiating the disbursements are to be attached. The GL coding distribution is summarized and entered in the account code block of the form. The voucher is checked and approved for payment by someone other than the custodian. The amount of this voucher and the cash remaining in the petty cash account are to equal the authorized amount.
3. The accounting entries to record petty cash disbursements are the same as for other vendor payments.
4. Petty cash accounts are to be reimbursed monthly, unless the reimbursable amount is less than \$100. If the reimbursable amount is less than \$100, the agency can reimburse on a less frequent basis.

### 85.50.60.f Reduction or Abolishment of Treasury Petty Cash Accounts

1. When a petty cash account is reduced or abolished, the agency is to prepare and submit to the OST a [Cash Receipts Journal Summary \(A8\)](#) along with the petty cash remittance. The petty cash is returned to the Treasury account from which it was advanced. This transaction reclassifies the existing debit in GL Code 1130 "Petty Cash" to Treasury cash for the reduction in the amount of petty cash account. Refer to [Subsection 85.65.14.b](#) for an illustrative entry.
2. The agency is to notify the Accounting Division of OFM (the Director's official designee) of all abolishments or reductions in Treasury petty cash accounts. OFM will distribute a copy of the notification to OST.



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

June 1, 2015

#### **85.50.70.a Establishing Local Petty Cash Accounts**

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

#### **85.50.70.b Authorized Uses, Disbursement, and Reconciliation Procedures of Local Petty Cash Accounts**

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

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

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

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

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

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

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



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



## 85.52 Investments

Section	Title	Effective Date	Page Number
85.52.10	About investments	July 1, 2003	<a href="#">773</a>
85.52.20	Short-term investments	June 1, 2003	<a href="#">773</a>
85.52.30	Non-current investments	July 1, 2015	<a href="#">774</a>
85.52.40	Investment pools	July 1, 2015	<a href="#">776</a>
85.52.50	Permanent funds	July 1, 2013	<a href="#">776</a>
85.52.60	Deferred compensation plans (IRC Section 457)	July 1, 2001	<a href="#">777</a>
85.52.70	Securities lending	May 1, 1999	<a href="#">777</a>
85.52.80	Reverse purchase agreements	May 1, 1999	<a href="#">778</a>
85.52.90	Subsidiary ledgers are required for certain investments	May 1, 1999	<a href="#">778</a>

### 85.52.10 About investments

July 1, 2003

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

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

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

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

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



## 85.52.20 Short-term investments

June 1, 2003

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

- Investments of surplus cash balances, including the cash float, in short-term securities and other investments where funds can be disbursed at any time without prior notice or penalty.
- Investments that are both readily convertible to known amounts of cash and so near their maturity dates that they present insignificant risk of changes in value because of changes in interest rates;
- Investment of surplus funds with the Local Government Investment Pool; and
- The portion of long-term investment that will mature within one year.

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

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

## 85.52.30 Non-current investments

July 1, 2015

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

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



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### 85.52.30.a Acquisition

The cost of non-current investments is to be recorded in the accounting records in GL Code 1210 "Investments." Purchased accrued interest, if any, is to be recorded as a debit to GL Code 1316 "Interest and Dividends Receivable." Refer to [Subsection 85.65.18.a](#) through d for illustrative entries.

### 85.52.30.b Valuation

Investments should generally be valued at fair value. Fair value is a market-based measurement. For some investments, observable market transactions or market information is available. In cases where there are no observable market transactions to provide pricing information, other approaches including the cost approach (the cost to acquire a comparable investment) or income approach (the current value of future cash flows or revenues) may be used.

Examples of investments to be valued at fair value include:

- Land and real estate held as an investment
- Common stock not required to be measured according to the equity method
- Open-end mutual funds.

Examples of investments to be valued at other than fair value include:

- Short-term money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less are reported at [amortized cost](#).
- Nonparticipating contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.
- Investments of the state's Local Government Investment Pool (LGIP), which are held in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, are reported at [amortized cost](#).
- Investments in the LGIP are measured at the net asset value per share.

Increases in the investment's fair value are to be recorded by debiting GL Code 1280 "Valuation Allowance - Investments" and crediting GL Code 3220 "Non-cash Revenues," Revenue Source Code 0413.

Decreases are to be recorded by debiting GL Code 3220 "Non-cash Revenues," Revenue Source Code 0413 and crediting GL Code 1280 "Valuation Allowance - Investments." Refer to [Subsection 85.65.22](#) for an illustrative entry.

### 85.52.30.c Sale or Exchange

Sales or exchanges of non-current investments (refer to [Subsection 85.65.24](#) for illustrative entries) are to be recognized on a trade date basis. Generally, gains and losses are to be recorded at the time of the sale using GL Code 3205 or 3210, Revenue Source Code 0413 for gains and losses.



### 85.52.40 Investment pools

July 1, 2015

#### 85.52.40.a Internal Investment Pools

Internal investment pools are to follow the guidance for short-term and non-current investments as presented in [Subsection 85.52.20](#) and [85.52.30](#), respectively. The equity position of each account participating in the investment pool should be reported as an asset in the participating account. Income and costs associated with internally pooled investments are to be accounted for in the accounts that report the investments unless legal or contractual provisions require transfer of amounts to another account.

#### 85.52.40.b External Investment Pools

External investment pools commingle the moneys of more than one legally separate entity and invest, on behalf of the participants, in an investment portfolio. Investment positions in external investment pools that are not SEC-registered are to be determined by the fair value per share of the pool's underlying portfolio, unless the pool is a 2a7-like pool. A 2a7-like pool is an external investment pool that operates in conformity with the SEC's Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Investment positions in a 2a7-like pool should be measured at the net asset value per share provided by the pool.

### 85.52.50 Permanent funds

July 1, 2013

#### 85.52.50.a Accounting for Losses

In some cases, accounting for a negative net change in fund balance exclusive of unrealized gains and losses in permanent funds managed and invested by the State Investment Board (SIB) requires unique treatment in order to satisfy legal requirements. In these cases, to preclude the erosion of permanent fund corpus (GL Code 9110 "Nonspendable Permanent Fund Principal"), due to other than market fluctuations, at year end it is necessary to separately track a negative net change in fund balance exclusive of unrealized gains and losses in GL Code 9231 "Restricted for Permanent Funds – Realized Investment Losses" and amortize the loss against future beneficiary distributions on a straight-line basis over the weighted average life of the portfolio in the permanent fund.

#### 85.52.50.b Distributions to Beneficiary Funds

Unless otherwise allowed under state law and agreed upon by affected parties, for income distribution purposes, distributions from permanent funds managed and invested by the SIB to beneficiary funds are to include:

- The interest and dividends from permanent fund investments for the period (GL Code 3210, Revenue Source Code 0401 "Investment Income" or Revenue Source Code 0411 "Dividend Income"),





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- The earnings from sale or exchange of the permanent fund investments for the period (GL Code 3210, Revenue Source Code 0413),
- Less the cost of investing activities, and
- Less the amount of the accumulated loss amortization for the period.

For distribution purposes, earnings do not include non-cash fair value adjustments (GL Code 3220, Revenue Source Code 0413). Unrealized gains and losses are to be closed to GL Code 9112 "Nonspendable Permanent Funds – Unrealized Gain/Loss."

In permanent funds, if allowed by law, undistributed realized income (including capital gains and losses) is closed to restricted fund balance as applicable.

### **85.52.50.c Separate Reporting of Nonspendable and Restricted Fund Balance**

If balances are retained in permanent funds and permanent endowments that exceed the legal or other externally mandated permanent balance (corpus), the nonspendable and restricted portions must be tracked separately.

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## **85.52.60 Deferred compensation plans (IRC Section 457)**

July 1, 2001

In accordance with Statement No. 34 of the Governmental Accounting Standards Board, the state's Internal Revenue Code Section 457 deferred compensation plan is reported for GAAP reporting purposes as an pension trust fund. Plan investments should be valued in accordance with [Subsection 85.52.30.b](#).

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## **85.52.70 Securities lending**

May 1, 1999

Investments in **securities** lending agreements where the state has the ability to pledge or sell the collateral without borrower default are to be recorded in the accounting records in GL Codes 1216 "Collateral held under Securities Lending Agreements" and 5197 "Obligations under Securities Lending Agreements."

For recording purposes, the investment in securities lending agreements may be recorded in the general ledger at the summary level based on a detail report from the securities lending agent. No subsidiary records are required.

For GAAP reporting purposes, if these investments are acquired with resources pooled from multiple accounts, the investments and obligations resulting from the securities lending agreements are to be allocated on a pro rata basis to the accounts that have the risk of loss for the collateral investments.

Income and costs associated with securities lending agreements are to be recorded in the accounts that report the investments and obligations unless legal or contractual provisions require transfer of the amounts to another account.



## 85.52.80 Reverse purchase agreements

May 1, 1999

Investments in reverse repurchase agreements are to be recorded in the accounting records in GL Codes 1215 "Investments under Reverse Repurchase Agreements" and 5196 "Obligations under Reverse Repurchase Agreements." No subsidiary records are required. For GAAP reporting purposes, if these investments are acquired with resources pooled from multiple accounts, the assets and liabilities arising from the reverse repurchase agreements are to be reported in the accounts that have the risk of loss for the investments. Income and costs associated with pooled reverse repurchase agreements are to be recorded in the accounts that report the assets and liabilities unless legal or contractual provisions require transfer of the amounts to another account.

## 85.52.90 Subsidiary ledgers are required for certain investments

May 1, 1999

### 85.52.90.a

In addition to the required general ledger accounts, [subsidiary ledgers](#) are to be maintained to record the details of each investment with the exception of investments in securities lending agreements and reverse repurchase agreements.

### 85.52.90.b

Subsidiary ledgers are to be balanced against the associated [general ledger](#) control accounts at least monthly and at fiscal year end.

### 85.52.90.c

Subsidiary ledgers are to contain, at a minimum, the following specific information for each investment held:

- Description of the item
- Identification number
- Location of security or collateral
- Date purchased (trade date)
- Interest rate (fixed income only)
- Interest dates (fixed income only)
- Issue date (fixed income only)
- Maturity date (fixed income only)
- Par or face value
- Cost
- [Unamortized premium](#) or [discount](#) (updated at least quarterly) (fixed income only, if applicable)
- Carrying value
- Fair value (updated at least quarterly)
- Date of sale (trade date) and sales amount



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## 85.54 Receivables

Section	Title	Effective Date	Page Number
85.54.10	About receivables	July 1, 2012	<a href="#">779</a>
85.54.15	Taxes receivables	July 1, 2009	<a href="#">780</a>
85.54.20	Due from federal government	June 1, 2013	<a href="#">781</a>
85.54.25	Due from other governments	June 1, 2013	<a href="#">781</a>
85.54.30	Due from other accounts	July 1, 2009	<a href="#">782</a>
85.54.35	Due from other agencies	July 1, 2009	<a href="#">783</a>
85.54.40	Notes and loans receivable	June 1, 2011	<a href="#">784</a>
85.54.42	Private donation pledges	July 1, 2004	<a href="#">786</a>
85.54.44	Travel advances receivable	July 1, 2010	<a href="#">786</a>
85.54.45	Other receivables	July 1, 2004	<a href="#">786</a>
85.54.50	Receivable collection procedures	June 1, 2014	<a href="#">787</a>
85.54.52	Collecting NSF checks	Jan. 1, 2012	<a href="#">788</a>
85.54.55	Uncollectible receivables	July 1, 2008	<a href="#">789</a>
85.54.60	Documentation	May 1, 1999	<a href="#">790</a>
85.54.65	Subsidiary ledgers	July 1, 2012	<a href="#">792</a>

### 85.54.10 About receivables

May 1, 1999

#### 85.54.10.a

Receivables are defined as the amounts to be collected from private individuals, businesses, agencies, accounts, or other governmental units.



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### 85.54.10.b

Agencies are to promptly record receivables when the asset or revenue recognition criteria have been met or the underlying accounting event has occurred and the amount is determinable. (Refer to [Subsection 80.30.20](#))

### 85.54.10.c

Agencies are to record receivables in the general ledger by account and general ledger code. Subsidiary records are also required. Refer to [Subsection 85.54.65](#).

Agencies may either maintain an in-house receivable subsidiary system with the approval of the Office of the Chief Information Officer (OCIO) (refer to [Subsection 80.30.88](#)), or utilize the central accounts receivable system, which is available through the Office of Financial Management.

Detailed receivable subsidiary ledgers are to be established and maintained on an open item basis (i.e., an entry or entries in the subsidiary ledger for each outstanding amount due). However, existing balance forward systems may continue to operate with approval from the OCIO.

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## 85.54.15 Taxes receivables

July 1, 2009

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### 85.54.15.a

By fiscal year-end, all [taxes receivable](#) that are considered measurable, available and due within twelve months, are recorded as debits in GL Code 1311 "Taxes Receivable" and GL Code 1328 "Tax Liens Receivable," the related amounts estimated to be uncollected as credits in GL Code 1341 "Allowance for Uncollectible Taxes Receivable" and the difference as credits to revenue.

### 85.54.15.b

In governmental fund type accounts, not all taxes due to the state meet the GAAP criterion of being available and objectively measurable; therefore, taxes receivable recognized as revenue are generally limited to:

- Property taxes that are collectible within 60 days.
- Taxes imposed on exchange transactions, such as gross receipts and taxes, when the underlying exchange transaction occurs.
- Other taxes as reported by, or levied on, the taxpayer but not yet paid to the state.
- Amounts erroneously underpaid by taxpayers.
- Interest and penalties on taxes.

### 85.54.15.c



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Taxes receivable that are measurable, but are not due within twelve months, are recorded as debits to the long-term GL Code 1611 "Taxes Receivable" and the related amounts estimated to be uncollectible as credits to GL Code 1641 "Allowance for Uncollectible Taxes Receivable." In governmental fund type accounts, since the net amount of long-term taxes receivable does not meet the GAAP criterion of available, it is recorded as a credit to GL Code 5292 "Unavailable Revenues." Refer to [Subsection 85.65.30](#) for an illustrative entry.

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### 85.54.20 Due from federal government

June 1, 2013

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#### 85.54.20.a

By fiscal year-end, all balances involving receivables from the federal government are recorded as debits to GL Code 1351 "[Due From Federal Government](#)". This includes amounts that are due within twelvemonths from all federal government agencies for such items as:

- Expenditures incurred by the state which qualify for reimbursement from the federal government. Refer to [Subsections 85.65.34.a and b](#) for illustrative entries.
- The federal government's share of monies expended by the state to finance a project which, either by law or by contractual agreement, is to be financed on a matching basis with the federal government.
- Amounts due from the federal government in a governmental fund type account which are in dispute at the end of the accounting period. The revenues associated with these receivables are not recognized until the dispute is settled. Disputed receivables are offset by credits to GL Code 5190 "Unearned Revenues." Refer to [Subsection 85.65.34.c](#) for an illustrative entry.

#### 85.54.20.b

Amounts due from the federal government, that are not due within twelve months, are to be recorded as debits to the long-term GL Code 1651 "Due From Federal Government." In governmental fund type accounts, revenues associated with long-term receivables that are not considered available are not recognized until they are considered available. Long-term receivables from the federal government are offset by crediting GL Code 5292 "Unavailable Revenues."

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### 85.54.25 Due from other governments

June 1, 2013

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#### 85.54.25.a

Other governments are defined as any separate governmental units and include: other state governments; Native American tribes; county governments; municipal governments; school districts; and any other



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political subdivisions. This does not include agencies of Washington State government or the federal government.

### 85.54.25.b

By fiscal year-end, all balances involving loans to local governments and other receivables from other governments, that are due within twelve months are recorded as debits to GL Code 1352 "[Due From Other Governments](#)."

### 85.54.25.c

Amounts due from other governments, that are not due within twelve months, are to be recorded as debits to the long-term GL Code 1652 "Due From Other Governments."

In governmental fund type accounts, if the receivable arises from a revenue transaction and the amount is not considered available, the associated revenue is not to be recognized. Receivables considered unavailable are offset by crediting GL Code 5292 "Unavailable Revenue." If the receivable arises from an advance or loan, an entry is required to reserve a portion of fund balance to indicate that long-term receivables are not available for appropriation. This is accomplished by debiting the appropriate fund equity GL code and crediting GL Code 9131 "Nonspendable Receivables - Long-Term."

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## 85.54.30 Due from other accounts

July 1, 2009

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### 85.54.30.a

By fiscal year-end, all balances involving activity or loans between accounts **within an agency**, that are due/payable within twelve months, are recorded as debits to GL Code 1353 "[Due From Other Funds](#)" on the general ledger of the account making the loan and as credits to GL Code 5153 "Due To Other Funds" on the general ledger of the account owing the debt.

### 85.54.30.b

Amounts due from other accounts, that are not due within twelve months, are recorded as debits to the long-term GL Code 1653 "Due From Other Funds" on the general ledger of the account that will collect the amount due, and as a credit to GL Code 5253 "Due To Other Funds" either on the general ledger of a proprietary fund type account that owes the amount or in Account 999 "General Long-Term Obligations Subsidiary Account " if a governmental fund type account owes the amount. Revenues of governmental fund type accounts associated with long-term receivables are deferred because they are not considered available.

### 85.54.30.c

Amounts advanced from one account to another account are recorded as GL Code 1350 "Due From Other Funds - Advances" on the general ledger of the account making the advance and as GL Code 5150 "Due To Other Funds - Advances" on the general ledger of the account that is receiving the advance.



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### 85.54.30.d

All interfund receivables (GL Codes 1350, 1353, and 1653) and payables (GL Codes 5150, 5153, & 5253) are to be in balance within an agency (i.e., interfund receivables must equal interfund payables). To facilitate this, agencies are required to include subsidiary coding on the GL codes indicating the account which the receivable/payable is due from/to.

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## 85.54.35 Due from other agencies

July 1, 2009

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### 85.54.35.a

Agencies supplying goods and services to other agencies are to establish procedures for the timely billing to other agencies for such goods and services provided, and for the timely recording of these receivables and accrued revenues.

- Billings are to include enough information to provide for maintenance of subsidiary ledgers in accordance with [Subsection 85.54.65](#).
- Billings are to be prepared on a regular basis, at least quarterly, except for instances where a written contract or regulation requires a different schedule.
- Billings are to incorporate sufficient detail to adequately document the goods or services provided. Source documentation should be retained by the billing agency and be available, upon request, for review by the billed agency.

### 85.54.35.b

By fiscal year-end, all balances involving amounts due from one agency to another agency, that are due within twelve months, are recorded as debits to GL Code 1354 "[Due From Other Agencies](#)" on the general ledger of the agency providing the goods or services and as credits to GL Code 5154 "Due To Other Agencies" on the general ledger of the agency receiving the goods or services.

### 85.54.35.c

Amounts due from other agencies, that are not due within twelve months, are recorded as debits to the long-term GL Code 1654 "Due From Other Agencies" on the general ledger of the agency that will collect the amount, and as either a credit to GL Code 5254 "Due To Other Agencies" on the general ledger of a proprietary fund type account that owes the amount or in Account 999 "[General Long-Term Obligations Subsidiary Account](#)" if the amount is owed by a governmental fund type account. Revenues of governmental fund type accounts associated with long-term receivables are deferred because they are not considered available.



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### 85.54.35.d

All interagency receivables (GL Codes 1354 and 1654) and payables (GL Codes 5154 and 5254) are to be in balance between agencies. To facilitate this, agencies are required to include subsidiary coding on the GL codes indicating the agency which the receivable/payable is due from/to. Sufficient communication is to be maintained among agencies to ensure that interagency receivables and payables are in balance statewide at fiscal year-end.

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## 85.54.40 Notes and loans receivable

June 1, 2011

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### 85.54.40.a

Monies lent by agencies in the form of notes or loans to private entities (e.g., economically disadvantaged areas) or individuals (e.g., student loans) that are due within twelve months, are classified as GL Code 1313 "[Notes Receivable](#)" or GL Code 1314 "[Loans Receivable](#)," as appropriate.

### 85.54.40.b

By fiscal year-end, all balances involving amounts due from private entities or individuals on loans that are not due within twelve months, are recorded as debits to the long-term GL Code 1614 "Loans Receivable" and the related amounts estimated to be uncollectible as credits to the GL Code 1644 "Allowance for Uncollectible Loans Receivable."

### 85.54.40.c

For governmental fund type accounts, fund balance is reserved for net long-term receivables other than student loans. GL Code 9131 "Nonspendable Loans Receivable - Long-Term" is adjusted through the appropriate fund equity GL code to equal net long-term non-student loans receivable. Refer to [Subsection 85.65.36](#) for illustrative entries for both budgeted and non-budgeted long-term receivables.

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

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## 85.54.41 Lease receivable and deferred inflow on leases

July 1, 2021

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### 85.54.41.a

A lease is a contract that conveys control of the right to use another entity's capital asset, as specified in the contract, for a period of time in an exchange or exchange-like transaction. When the state is the lessor, a lease receivable and deferred inflow of resources must be recorded for leases that meet the state's capitalization policy. See Subsection [Subsection 30.20.35.c](#).





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### 85.54.41.b Valuing the Lease Receivable

At the commencement of the lease term, the lease receivable should be recorded at the present value of lease payments expected to be received during the lease term.

Variable payments based on future performance of the lessee or usage of the underlying asset (such as a percentage of revenue generated from use of the asset) should not be included in the measurement of the lease receivable. Rather, those variable payments should be recognized as revenue in the period in which it was earned using Revenue Source Code 0437 "Leased Property Variable Income."

The future lease payments are to be discounted using the interest rate the lessor charges the lessee. If the rate is not specifically stated, then the current interest rate the lessor would be charged at the inception of the lease to borrow the funds necessary to purchase the asset should be used.

The deferred inflow on leases should equal the sum of the initial measurement of the lease receivable and any lease payments received from the lessee at or before the commencement of the lease term that relate to future periods (for example, the final month's rent), less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term.

### 85.54.41.c Lease Accounting for Lessors

At commencement of the lease term, the lease is recorded in the appropriate account by debiting GL Codes 1321 and 1621 "Lease Receivable" and crediting GL Code 5295 "Deferred Inflows on Right-to-Use Leases." Any lease payments received from the lessee at or before the commencement of the lease term that relate to future periods are to be added to the deferred inflow. Any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term are to be deducted from the deferred inflows.

Periodic lease payments are to be allocated to principal and interest based on the lease amortization schedule. The lease receivable is reduced by the principal portion of the payment by crediting GL Code 1321 "Lease Receivable." The interest portion of the payment is recorded by crediting GL Code 3210 "Cash Revenue" using Revenue Source Code 0435 "Income from Leased Property."

The deferred inflow on leases (revenue) is recognized on a straight-line basis over the lease term. The entry is to be recorded by debiting GL Code 5295 "Deferred Inflows on Right-to-Use Leases" and crediting GL Code 3210 "Cash Revenue" using Revenue Source Code 0435 "Income from Leased Property."

By fiscal year-end, all balances involving amounts that are not due within twelve months are to be recorded as debits to the long-term GL Code 1621 "Lease Receivable." In addition, the amounts estimated to be uncollectible are to be recorded by debiting GL Code 5295 "Deferred Inflows on Right-to-Use Leases" and crediting GL Codes 1345 and 1645 "Allowance for Uncollectible Lease Receivable."

Refer to [Subsection 85.85.40](#) for illustrative entries.

### 85.54.41.d

**Discounted rent** provided to the lessee for capital assets or improvements to the leased asset, paid for by the lessee, must be recorded at the gross amount due offset by an expense equal to the discount provided.



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### 85.54.41.e

**Short-term leases** and leases that do not meet the state's capitalization threshold should be recorded as revenue as the payments are received using Revenue Source Code 0402 "Income from Property."

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## 85.54.42 Private donation pledges

July 1, 2004

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### 85.54.42.a

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

### 85.54.42.b

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

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## 85.54.44 Travel advances receivable

July 1, 2010

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### 85.54.44.a

Travel advances are recorded to GL Code 1383 "Travel Advances" in the account for which the applicable travel will be incurred. Refer to [Subsection 10.80.60](#) for policies related to the administration of travel advances. Refer to [Subsection 85.65.33](#) for illustrative entries.

### 85.54.44.b

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

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## 85.54.45 Other receivables

July 1, 2004

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### 85.54.45.a

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



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Other Receivables include such items as:

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

### 85.54.45.b

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

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## 85.54.50 Receivable collection procedures

June 1, 2014

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### 85.54.50.a

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

### 85.54.50.b

**Written procedures are to be developed and followed to ensure that past due receivables are followed up promptly and in a manner that is cost-effective for the overall collection program.** These procedures are to provide for the full range of collection procedures to be used as appropriate, including issuance of statements and dunning letters, phone and personal interviews, filing of suits and liens, referral to private collection agencies or letter services, etc. Agencies that do not have special statutory collection authority or specialized collection operations are encouraged to use collection agencies after receivables become 90 days past due.

Accounts receivable records may contain personal information about citizens. **Privacy Notice: Safeguarding and disposition of personal information must be consistent with Executive Order 00-03, April 25, 2000; [OCIO Policy 141](#); and [RCW 42.56.210](#).**

### 85.54.50.c

Interest of one percent per month is to be charged on past due receivables in accordance with [RCW 43.17.240](#), except when one of the following conditions are met:

- Charging interest conflicts with the provisions of a contract or with any other law.
- The debt is to be paid by other governmental unit.
- The debt became due prior to July 28, 1991.



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- Interest is waived based upon rules adopted by OFM found at [Chapter 82-06 WAC](#) describing the conditions under which interest may be waived on past due receivables.

### 85.54.50.d

[RCW 19.16.500](#) and [82.32.265](#) allow the use of collection agencies for the purpose of collecting public debts. Agencies are encouraged to use collection agencies whenever they determine that this will be more cost effective than internal collection efforts.

Debts may be assigned to a collection agency when all of the following conditions have been met:

- A written contract has been established with the collection agency;
- There has been an attempt to notify the debtor of the existence of the debt and the fact that the debt may be assigned to a collection agency for collection if the debt is not paid; and
- At least thirty days have elapsed from the attempted notice

The Department of Enterprise Services maintains a statewide contract for "collection agency services." This contract may be used by state agencies and satisfies the requirements of this section.

Collection agency services are not to be used for the collection of receivables in the following categories: Due From Federal Government, Other Governments, Other Funds, and Other Agencies.

Agencies should be aware that the assignment of accounts to "letter services," which send debtors a series of letters but do not actually collect monies for the state, is not subject to the above requirements. Agencies may use such "letter services" as part of their collection efforts whenever they determine such services to be cost effective. The same is true of "pre-collect" services that send the 30-day notice but do not collect money for the state.

### 85.54.50.e

The Office of Attorney General has a Bankruptcy and Collection Unit (BCU) specializing in bankruptcy cases and other collection situations. Use of BCU services can be cost effective and should be coordinated through the assistant attorney generals assigned as agency general legal counsels.

### 85.54.50.f

Agencies are to document all efforts made toward the collection of receivables.

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## 85.54.52 Collecting NSF checks

Jan. 1, 2012

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Agencies are encouraged to take advantage of the Uniform Commercial Code (UCC) provisions for dealing with NSF checks. This may be accomplished by agency collection procedures or through use of state contracts from the Department of Enterprise Services (DES) for letter writing services and NSF



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collection services. In either case, the UCC provisions found at [RCW 62A.3-515 through 62A.3-525](#) are applicable.

Under the provisions of the UCC, agencies must send a notice of dishonor meeting statutory requirements that are contained in [RCW 62A.3-520](#).

- After sending notice of dishonor, under the provisions of the UCC, agencies may:
- Collect a reasonable handling fee for each NSF check. Agencies must establish their handling fee by rule. Agencies that intend to use the state contract for NSF check collections through DES should establish fees consistent with the rates in the state contract.
- After 15 days notice, charge interest at the rate of 12 percent per year.

If the matter goes to court, collect reasonable attorney fees, and damages of three times the face amount of the check or three hundred dollars, whichever is less.

Agencies should consult with legal advisors regarding any question as to how the UCC provisions coordinate with other enforcement provisions available to the agency. Agency statutes may supersede, supplement, or otherwise affect the operation of the UCC provisions.

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### **85.54.55 Uncollectible receivables**

July 1, 2008

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#### **85.54.55.a**

The allowance method of accounting for uncollectible receivables is to be used by agencies.

#### **85.54.55.b**

Estimates of total uncollectible receivables are to be made at least quarterly and adjusting entries are to be recorded in the agency's accounting records to the allowance for uncollectible receivables. Refer to [Subsection 85.65.32.b and c](#) for illustrative entries.

#### **85.54.55.c**

Generally accepted accounting principles require that a determination be made between receivables deemed to be collectible and those considered not economically collectible, including those not collectible at all. Agencies are to develop and follow written criteria for the determination of uncollectibility. Receivables determined to be uncollectible are to be written off promptly against the appropriate allowance account (GL Code Series 134X). Refer to [Subsection 85.65.32.d](#) for an illustrative entry.

#### **85.54.55.d**

Prior to or promptly after the write-off of uncollectible receivables occurs, the write-off is subject to management review using procedures developed by the agency in cooperation with the Office of the



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Attorney General. These procedures may call for the Attorney General's review of certain types of receivables to ensure that no cost-effective legal means of collecting the receivables remain.

After management review, any account determined to have been inappropriately written off is to be returned to the accounting records by reversing the write-off entries.

### 85.54.55.e

Agencies may find it cost effective to pursue minimal collection actions for certain types of accounts after the write-off has occurred. Examples of minimal collection actions include routine periodic computer matches with new accounts and allowing student or client records to remain "flagged" for receivables.

### 85.54.55.f

In cases where an allowance account does not have a sufficient balance or where an agency fails to establish an allowance account, agencies are to write off uncollectible receivables as follows:

- In governmental fund type accounts, the uncollectible receivable should generally be written off by reversing the coding that was used when the receivable was established. In situations where the receivable relates to the accrual of federal or private/local revenue, agencies should contact their OFM Accounting Consultant for assistance.
- In proprietary fund type accounts, the accounts receivable should be written off to GL Code 6515 "Bad Debts Expense." However, if the proprietary account is budgeted and the receivable originated through an offset to expenditures, then the adjustment to write down the receivable should be a reversal of the original entry.

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

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## 85.54.60 Documentation

May 1, 1999

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Transactions affecting receivables are to be supported by documents indicating all pertinent information relating to the transactions. Detailed postings of these documents are to be recorded and maintained in the subsidiary ledgers for all outstanding receivables. Detailed postings are to be summarized and entered in the general ledger control account. Typical transactions affecting receivables include the following:

### 85.54.60.a

**Establishment of receivables.** Sequentially numbered billing documents (invoices) are to be used. Upon completion of transactions, invoices are to be prepared and sent to debtors. Invoices are to contain at a minimum: a description of the goods or services provided; the date(s) provided; the amount of the debt; and the invoice due date. Files of these documents are to be maintained by the agency. These files are to include a means of sequentially accounting for billing documents.



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### 85.54.60.b

**Recording of receipts.** Daily receipts applicable to receivables are to be entered in detail to a daily cash record. Detail listings are to support summary totals. The detail is to disclose the name of the payee or account number, amount received, invoice number if available, mode of payment, and check number if applicable.

### 85.54.60.c

**Adjustments of receivables.** Any adjustment increasing or decreasing the amount of receivables carried on the books of an agency is to be supported by a revised billing document, a credit memorandum, or other appropriate documentation. Written procedures are to be developed and followed to ensure that only authorized adjustments are recorded.

### 85.54.60.d

**Valuation of receivables.** Valuation of receivables using the allowance method is to be made at least quarterly and at fiscal year end to reflect the amount of receivable balances estimated to be collectible. This transaction is to be documented by means of a [Journal Voucher \(A7\)](#). Refer to [Subsection 85.65.32.b](#) and [c](#) for illustrative entries.

### 85.54.60.e

**Collection efforts.** A written record is to be kept, by account, on collection efforts. However, general system documentation may support billing and past due notices produced by automated systems.

### 85.54.60.f

**Write-offs of uncollectible receivables.** For accounting and financial reporting purposes, write-offs of uncollectible receivables are to be made against the appropriate allowance accounts (GL Code Series 134X or Series 164X). Transactions are to be documented by means of [Journal Vouchers \(A7\)](#). Refer to [Subsection 85.65.32.d](#) for an illustrative entry. The name of the debtor, the date of inception of the account, and the amount of the account being written-off are to be part of the supporting documentation for the [Journal Voucher \(A7\)](#).

### 85.54.60.g

**Records retention for write-offs.** The records regarding uncollectible accounts are subject to retention, archival, and destruction according to the applicable statutes and the agency's records retention policies.



### 85.54.65 Subsidiary ledgers

July 1, 2012

Agencies are to establish and maintain a detailed subsidiary ledger on an open item basis (i.e., an entry in the subsidiary ledger for each outstanding amount due). The following specific information, at a minimum, is to be maintained:

- Name of debtor
- Account number of debtor (or Unified Business Identifier number), if assigned
- Address of debtor, if available
- General ledger control code (or equivalent indicator)
- Account code (or equivalent indicator)
- Description of each outstanding charge and/or credit\*
- Invoice or document number\*
- Date of invoice or document\*
- Invoice due date (if different from date of invoice)\*
- Amount of each charge and/or credit\*

\* In open item systems, these items are maintained in supporting documentation **for paid items only**. In previously existing balance forward systems, which may be used only with approval from OFM's Office of the Chief Information Officer, these items should be maintained in supporting documentation to the subsidiary ledger.

Subsidiary ledgers are to be balanced against the associated general ledger control accounts at least monthly.

Current subsidiary ledgers are to be periodically purged of accounts/items which are no longer outstanding. For example, accounts/items that have been paid should not be retained on the current subsidiary ledger file but should be moved to a historical file for retention purposes.





## 85.56 Inventories

Section	Title	Effective Date	Page Number
85.56.10	Inventory management and control procedures are in Chapter 35	May 1, 1999	<a href="#">793</a>
85.56.20	Consumable inventories	June 1, 2014	<a href="#">794</a>
85.56.30	Merchandise inventories in proprietary fund type accounts	May 1, 1999	<a href="#">794</a>
85.56.40	Donations of consumable inventories	Jan. 1, 2014	<a href="#">795</a>

### 85.56.10 Inventory management and control procedures are in Chapter 35

May 1, 1999

Agencies are to comply with the OFM prescribed inventory policies and procedures in [Chapter 35](#) of this manual.

### 85.56.20 Consumable inventories

June 1, 2014

When the fiscal year-end balance of [consumable inventories](#) on-hand at an [inventory control point](#) is estimated to exceed \$50,000 in value, agencies are to select, and consistently apply, one of the following two accounting alternatives.

#### 85.56.20.a Periodic Inventory Method

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



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"Nonspendable Consumable Inventories" for the amount of the increase. Refer to [Subsection 85.65.38.c](#) for an illustrative entry.

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

### 85.56.20.b Perpetual Inventory Method

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

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## 85.56.30 Merchandise inventories in proprietary fund type accounts

May 1, 1999

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

### 85.56.30.a Periodic Inventory Method

1. Purchases of merchandise during the year are recorded as expenses by debiting GL Code 6516 "Cost of Goods Sold" using Object F and crediting the appropriate cash or payable GL code. Refer to [Subsection 85.65.42.a](#) for an illustrative entry.



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

### 85.56.30.b Perpetual Inventory Method

1. Purchases of merchandise during the year are recorded as assets by debiting GL Code 1420 "Merchandise Inventories" and crediting the appropriate cash or payable GL code. Refer to [Subsection 85.65.44.a](#) for an illustrative entry.
2. Sales of merchandise are recorded by debiting the appropriate receivable or cash GL code and crediting GL Code 3205 "Accrued Revenues" or GL Code 3210 "Cash Revenues" as appropriate with Revenue Source Code 0450. An additional entry is required to reflect the change in inventory. This entry debits GL Code 6516 "Cost of Goods Sold" using Object F and credits GL Code 1420 "Merchandise Inventories" for the cost of the merchandise sold. Refer to [Subsection 85.65.44.b](#) for illustrative entries.
3. An adjustment is also usually required to reflect the actual inventory balance as determined by performing a physical inventory count. If the merchandise inventories count discloses an increase over the Merchandise Inventory amount (in GL Code 1420), an adjustment is necessary and is accomplished by debiting GL Code 1420 "Merchandise Inventories" and crediting GL Code 6516 "Cost of Goods Sold" using the same object code used in (2) above upon sale of the merchandise. If the merchandise inventories count discloses an amount less than the balance in GL Code 1420, the preceding entry would be reversed. Refer to [Subsection 85.65.42.c](#) for an illustrative entry.

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## 85.56.40 Donations of consumable inventories

Jan. 1, 2014

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### 85.56.40.a

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

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



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To record the use or distribution of donated consumable inventories during the year, debit GL Code 6525 "Expenditure Adjustments/Eliminations (GAAP)," or if non-appropriated GL Code 6510 "Cash Expenditures/ Expenses," with an appropriate subobject and credit GL Code 1415 "Donated Inventories." An additional entry in governmental funds is required to adjust the nonspendable portion of fund balance.

### 85.56.40.b

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

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

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

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

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

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

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

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



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### 85.56.40.c

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



## 85.58 Prepaid Expenses

Section	Title	Effective Date	Page Number
85.58.10	Prepaid expenses	July 1, 2008	<a href="#">798</a>

### 85.58.10 Prepaid expenses

July 1, 2008

#### 85.58.10.a

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

Examples of prepaid expenses that may be acquired include insurance, maintenance services contracts, Washington State Good to Go toll accounts, and postage, books, and periodicals. Refer to [Subsection 85.32.50.b, .c, and .d](#).

#### 85.58.10.b

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

#### 85.58.10.c

Prepaid expenses are recorded as assets in proprietary and trust fund type accounts. Refer to [Subsection 85.65.50.a](#) for an illustrative entry. The portion of supplies or services consumed or used during a period is recorded as an expense. Refer to [Subsection 85.65.50.b](#) for an illustrative entry. The balance that remains is reported as an asset in GL Code 1510 "Prepaid Expenses" until consumed or used.



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## 85.60 Capital Assets

Section	Title	Effective Date	Page Number
85.60.10	About capital assets	July 1, 2009	<a href="#">799</a>
85.60.20	Asset valuation	July 1, 2001	<a href="#">799</a>
85.60.30	Acquisition of capital assets	July 1, 2015	<a href="#">800</a>
85.60.40	Depreciation/amortization of capital assets	June 1, 2013	<a href="#">801</a>
85.60.45	Impairment of capital assets and related insurance recoveries	July 1, 2009	<a href="#">802</a>
85.60.50	Disposal of capital assets	Jan. 1, 2014	<a href="#">802</a>
85.60.60	Reconciliation of capital assets	July 1, 2012	<a href="#">804</a>
85.60.65	Right-to-use lease asset	July 1, 2021	<a href="#">804</a>
85.60.70	Lease-to-own capital assets	July 1, 2021	<a href="#">806</a>
85.60.80	Capital assets acquired through Certificates of Participation (COP)	Jul 1, 2012	<a href="#">807</a>
85.60.90	Accounting for the construction of capital assets	July 1, 2021	<a href="#">807</a>
85.60.95	Accounting for the transfer of vehicles to the State Motor Pool	Jan. 1, 2012	<a href="#">809</a>
85.60.97	Accounting for Interagency/Interfund Capital Asset Transfers	Jan. 1, 2014	<a href="#">810</a>

### 85.60.10 About capital assets

July 1, 2009

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

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

[Subsection 75.40.20](#) of this manual describes the various capital asset general ledger codes.



## 85.60.20 Asset valuation

July 1, 2001

Valuation requirements for capital assets are listed in [Chapter 30](#) of this manual.

## 85.60.30 Acquisition of capital assets

July 1, 2015

### 85.60.30.a

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

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

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

### 85.60.30.b

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

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

### 85.60.30.c

**Assets that do not meet the state's capitalization policy.** Purchases of assets that do not meet the state's [capitalization policy](#) (for example, equipment or software with a unit cost under \$5,000) are to be recorded by debiting GL Code 6510 “Cash Expenditures/Expenses” with the appropriate Subobject JA





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“Noncapitalized Assets” or JB “Noncapitalized Software.” Refer to [Subsection 85.65.54](#) for an illustrative entry.

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### 85.60.40 Depreciation/amortization of capital assets

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June 1, 2013

Generally, debits to Allowance for Depreciation or Allowance for Amortization accounts should only occur as a result of assets being disposed of or transferred out.

Generally, credits to Allowance for Depreciation or Allowance for Amortization accounts should only occur as a result of recording Depreciation/ Amortization Expense (GL Codes 6511 or 6591) or assets being transferred in.

Immaterial prior period adjustments to Allowance for Depreciation or Allowance for Amortization in proprietary and trust fund-type accounts are offset by Depreciation/Amortization Expense (GL Code 6511).

For immaterial prior period adjustments to Allowance for Depreciation or Allowance for Amortization in Account 997 General Capital Assets Subsidiary Account, refer to [Subsection 90.20.15.f](#) and illustrative entries at [90.30.35.g](#) and [h](#).

#### 85.60.40.a

**Governmental Fund Type Accounts.** Depreciation/Amortization Expense and Allowance for Depreciation and Allowance for Amortization for depreciable general capital assets are to be recorded in Account 997 “General Capital Assets Subsidiary Account.” This entry debits GL Code 6591 “Depreciation/Amortization Expense” with Subobject WA “Depreciation/Amortization Expense,” and credits GL Code Series 2XXX “Allowance for Depreciation” or “Allowance for Amortization.” Agencies may depreciate assets using the straight-line method or a composite method.

[Section 30.50](#) contains Schedule A that details the Capital Asset Class Codes and Useful Life Schedule.

For further information on depreciation methods, refer to [Subsection 30.20.70.b](#). Refer to [Subsection 85.65.56.a](#) for an illustrative entry.

#### 85.60.40.b

**Proprietary and Trust Fund Type Accounts.** Depreciation or amortization expense for capital assets is to be recorded in the same account in which the capital asset is recorded by debiting GL Code 6511 “Depreciation/Amortization Expense” with Subobject WA “Depreciation/Amortization Expense,” and by crediting GL Code Series 2XXX “Allowance for Depreciation” or “Allowance for Amortization.” Agencies may depreciate assets using the straight-line method or a [composite method](#).

[Section 30.50](#) contains Schedule A that details the Capital Asset Class Codes and Useful Life Schedule.



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For further information on depreciation methods, refer to [Subsection 30.20.70.b](#). Refer to [Subsection 85.65.56.b](#) for an illustrative entry.

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### **85.60.45 Impairment of capital assets and related insurance recoveries**

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July 1, 2009

#### **85.60.45.a**

Capital assets that become impaired during the year may require an accounting adjustment to reflect the decrease in carrying value. Refer to [Subsection 30.20.90.a](#).

Changes in legal, regulatory, contractual or technological conditions may result in the impairment of a capital asset. Changes to the duration of the useful life of an asset will determine if there is an impairment loss to be recognized and a change to the amortization of the remaining carrying value over the remaining estimated useful life of the asset.

Impairments are considered to be permanent; therefore, a temporary decline in an asset's service utility does not affect the carrying value of the asset. If in future years the events or circumstances that caused an impairment change, the past impairment losses recognized are not reversed.

Impairment losses are generally reported as direct expenses to the program that uses or used the impaired capital asset. Contact your agency's OFM Accounting Consultant for further guidance on measuring and recording an impairment. Physical damage to the state highway system infrastructure, accounted for using the modified approach, is generally considered temporary and does not result in recording a loss. However, if the highway network or a subsystem remains damaged and idle, the carrying amount is disclosed at year-end.

The carrying amounts of impaired capital assets that are idle at fiscal year-end are to be included in the agency's disclosures to OFM.

#### **85.60.45.b**

Insurance recoveries related to impaired assets are reported net of the related loss when the recovery is realized or realizable in the same fiscal year as the loss. Restoration or replacement costs of an impaired capital asset are reported as a separate transaction from the related insurance recovery.

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### **85.60.50 Disposal of capital assets**

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Jan. 1, 2014

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

#### **85.60.50.a**



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

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

This entry reduces the expenditure to net. Refer to [Subsection 85.65.58.a](#) for an illustrative entry.

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

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

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

### 85.60.50.b

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

If the estimated net proceeds from disposition were included in the budget for replacement capital asset acquisitions and the purchase of the new capital asset has been recorded at gross, then the following entry is to be made. The agency is to debit GL code 6525 "Expense Adjustments/ Eliminations (GAAP)" with



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an appropriate subobject within Object J "Capital Outlays" and credit GL Code 6510 "Cash Expenditures/ Expenses" with the same appropriation and subobject for the net proceeds received from disposition. This entry reduces the budgeted expense to net. Refer to [Subsection 85.65.58.b](#) for illustrative entries.

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

### 85.60.50.c

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

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## 85.60.60 Reconciliation of capital assets

July 1, 2012

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The balance in GL Code Series 2XXX "Capital Assets" is to agree with the balance of the detail listing of capital assets in the agency's authorized capital asset management system. Agencies using the state's Capital Asset Management System (CAMS) have available capital asset reports for both cost and depreciation showing beginning balances, additions, deletions, and ending balances. Agencies not using the state's CAMS are to develop similar capital asset reports.

All agencies are to reconcile their authorized capital asset management system with the balances in GL Code Series 2XXX "Capital Assets" to ensure the accuracy of the balances in the general ledger. As a result of this reconciliation, prior period adjustments may be required. Prior period adjustments are discussed further in [Subsection 90.20.15](#) and illustrated in [Subsection 90.30.30](#).

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## 85.60.65 Right-to-use lease asset

July 1, 2021

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### 85.60.65.a

Right-to-use lease assets are to be capitalized at the value of the sum of the initial measurement of the lease liability (refer to [Subsections 30.20.35.b](#) and [85.72.30](#)), any ancillary charges, and/or lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term.

Accounting for a right-to-use lease agreement consists of:

1. Recording the lease asset and lease liability at its inception,



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2. Updating the Facilities Portfolio Management Tool (FPMT),
3. Separating periodic payments into principal and interest portions,
4. Applying payments to the correct object of expenditure, and
5. Amortizing the lease asset.

### 85.60.65.b

**Governmental Fund Type Accounts.** At commencement of the lease term, the following entries should be recorded:

- a. The lease asset is recorded in Account 997 "General Capital Assets Subsidiary Account" by debiting GL Code Series 26XX "Intangible Right-to-Use Lease Capital Assets" and crediting GL Code 9850 "Investment in General Capital Assets."
- b. The lease liability is recorded in Account 999 "General Long-Term Obligations Subsidiary Account" (refer to [Subsection 85.72.30](#)).
- c. A capital outlay and other financing source is recorded in the Operating Account equal to the lease liability by debiting GL Code 6514 "Capital Asset Acquisitions by Lease Agreements or Certificates of Participation" with subobject JS "Intangible Right-to-Use Lease Asset Capital Outlay" and crediting GL Code 3221 "Other Financing Sources" with Revenue Source Code 0810 "Right-to-Use Lease Acquisition."

The intangible right-to-use lease asset should be amortized using the straight-line method over the shorter of the lease term or the asset useful life. [Section 30.50](#) contains Schedule A - Capital Asset Class Codes and Useful Life Schedule. Amortization Expense and Allowance for Amortization are to be recorded in Account 997 "General Capital Assets Subsidiary Account." This entry debits GL Code 6591 "Depreciation/ Amortization Expense" with Subobject WA "Depreciation/Amortization," and credits GL Code Series 2XXX "Allowance for Amortization."

Refer to [Subsection 85.65.62.b](#) for illustrative entries. [Subsection 85.85.40.b](#) shows detailed illustrations for recording lease liabilities and subsequent payments on lease-to-own agreements.

If noncapitalized leased assets are subsequently acquired (i.e., through transfer of title at the end of the lease term), they are to be recorded in Account 997 "General Capital Assets Subsidiary Account" at fair value at the time of title transfer. Refer to [Subsection 85.65.62.a](#) for illustrative entries.

### 85.60.65.c

**Proprietary and Trust Fund Type Accounts.** At commencement of the lease term, the intangible right-to-use lease asset and lease liability should be recorded in the account acquiring the lease asset by debiting GL Code Series 26XX "Intangible Right-to-Use Lease Capital Assets" and crediting the appropriate lease liability GL code.

The lease asset should be amortized using the straight-line method over the shorter of the lease term or the asset useful life. [Section 30.50](#) contains Schedule A - Capital Asset Class Codes and Useful Life Schedule. Amortization expense is to be recorded in the same account in which the lease asset is recorded by



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debiting GL Code 6511 "Depreciation/ Amortization Expense" with Subobject WA "Depreciation/ Amortization," and by crediting GL Code Series 2XXX "Allowance for Amortization."

Refer to [Subsection 85.65.62.b](#) for illustrative entries. [Subsection 85.85.40.b](#) shows detailed illustrations for recording lease liabilities and subsequent payments on leases.

If noncapitalized leased assets are subsequently acquired (i.e., through transfer of title at the end of the lease period), they are to be valued at fair market value at the time of title transfer. The asset is recorded by debiting GL Code Series 2XXX "Capital Assets" and crediting GL Code 3210 "Cash Revenues" with Revenue Source Code 0486 "Recoveries of Prior Expenditure Appropriation Expenditures." Refer to [Subsection 85.65.62.b](#) for illustrative entries.

### 85.60.65.d

**Short-term leases** and leases that do not meet the state's capitalization threshold (refer to [Subsection 30.20.20](#)) should be recorded as an expenditure/expense as the payments are made. Lease payments are to be recorded by debiting GL Code 6510 "Cash Expenditures/Expenses" with Subobject ED "Rentals and Leases - Land and Buildings" or EH "Rentals and Leases - Furnishings and Equipment." Refer to [Subsection 85.85.37.d](#) for illustrative entries.

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## 85.60.70 Lease-to-own capital assets

July 1, 2021

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### 85.60.70.a

Lease-to-own agreements, where the ownership of the underlying asset transfers to the state by the end of the contract (refer to [Subsections 30.20.40](#) and [85.72.30](#)), are to be capitalized at the net present value of the future minimum lease payments at the inception of the lease.

Accounting for a lease-to-own agreement consists of:

1. Recording the capital asset and lease-to-own agreements payable at its inception,
2. Updating the capital asset inventory system,
3. Separating periodic payments into principal and interest portions, and
4. Applying payments to the correct object of expenditure.

### 85.60.70.b

**Governmental Fund Type Accounts.** At lease commencement, the capital asset acquisition is recorded by debiting GL Code 6514 "Capital Asset Acquisitions by Lease Agreements or Certificates of Participation" with an appropriate subobject within Object J "Capital Outlays," and crediting GL Code 3221 "Other Financing Sources" with Revenue Source Code 0809 "Lease-to-Own Acquisition."

Corresponding entries are made in (a) Account 997 "General Capital Assets Subsidiary Account" by debiting GL Code Series 2XXX "Capital Assets" and crediting GL Code 9850 "Investment in General



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Capital Assets” (refer to [Subsection 85.65.62.a](#) for illustrative entries), and (b) Account 999 “General Long-Term Obligations Subsidiary Account” to record the related lease liability. [Subsection 85.85.40.a](#) shows detailed illustrations for recording lease liabilities and subsequent payments on leases in Account 999.

### 85.60.70.c

**Proprietary and Trust Fund Type Accounts.** The entry for a leased asset acquisition is recorded in the acquiring account by debiting GL Code Series 2XXX “Capital Assets” and crediting the appropriate lease liability GL code. Refer to [Subsection 85.65.62.b](#) for illustrative entries. [Subsection 85.85.40.b](#) shows detailed illustrations for recording lease liabilities and subsequent payments on leases.

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## 85.60.80 Capital assets acquired through Certificates of Participation (COP)

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July 1, 2012

### 85.60.80.a

**Governmental Fund Type Accounts.** Capital assets acquired through the Office of the State Treasurer (OST) Certificate of Participation (COP) program are recorded with:

- An entry in the acquiring operating account for the activity (debiting GL Code 6514 and crediting GL Code 3221).
- An entry in the General Capital Assets Subsidiary Account (Account 997) to record the capital asset.
- An entry in the General Long-Term Obligations Subsidiary Account (Account 999) to record the COP liability.

For further information on COPS, refer to [Subsections 85.72.40](#), [85.85.45](#), and [85.85.50](#).

### 85.60.80.b

**Proprietary and Trust Fund Type Accounts.** Capital assets acquired through OST's Certificate of Participation program are recorded with:

- An entry in the acquiring account to record the capital asset and the COP liability.
- An additional entry in the acquiring account to record the budgeted disbursement if the account is budgeted.

For further information on COPs, refer to [Subsection 85.72.40](#), [85.85.45](#), and [85.85.50](#).

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## 85.60.90 Accounting for the construction of capital assets

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July 1, 2021





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### 85.60.90.a

An agency may choose either to construct its own capital assets or hire an outside contractor to do the construction. All direct construction costs and indirect costs that are related to construction of capital assets are to be recorded in the account incurring the expenditures. Agency project management costs may be capitalized directly, when practicably discernible and directly associated with the project, or through the application of a percentage of total budgeted project costs. The application rate may or may not be designed to recover total agency project management costs. Refer to the OFM Capital Plan instructions for discussion of maximum percentage limitations.

### 85.60.90.b

**Governmental Fund Type Accounts.** All costs incurred for the construction of capital assets are recorded in the account incurring the expenditure by debiting GL Code Series 65XX "Expenditure/Expenses" with the appropriate subobject(s). Refer to [Section 30.20](#) for further details on capitalizable costs. For construction projects not completed at the end of the accounting period, a corresponding entry is made to record the construction in progress in Account 997 "General Capital Assets Subsidiary Account." This is accomplished by debiting GL Code 2510 "Construction in Progress" and crediting GL Code 9850 "Investment in General Capital Assets." Refer to [Subsection 85.65.64.a](#) for illustrative entries.

Upon completion of the project, construction costs accumulated in the construction in progress account are reclassified to the appropriate capital asset GL code in Account 997 "General Capital Assets Subsidiary Account." Refer to [Subsection 85.65.64.a](#) for illustrative entries.

Agencies that finance capital asset construction through OST's COP Real Estate Program should refer to [Subsections 85.72.40.d](#) and [85.85.50](#) for more information regarding COP accounting requirements for the Real Estate Program.

### 85.60.90.c

**Proprietary and Trust Fund Type Accounts.** In proprietary and trust fund type accounts, all costs incurred for the construction of capital assets are to be recorded in the account incurring the costs by debiting GL Code 2510 "Construction in Progress."

If the account is budgeted, an additional entry is required to record the appropriated disbursement and an offsetting entry to eliminate the appropriated disbursement for financial reporting purposes. This entry debits GL Code Series 65XX "Expenditures/Expenses" with the appropriate subobject(s) and credits GL Code 6525 "Expense Adjustments/ Eliminations (GAAP)" with the same subobject code(s). Refer to [Subsection 85.65.64.b](#) for illustrative entries. Refer to [Section 30.20](#) for further details on capitalizable costs.

Upon completion of the project, the balance in GL Code 2510 "Construction in Progress" is reclassified to the appropriate capital asset GL code. This entry debits GL Code Series 2XXX "Capital Assets" and credits GL Code 2510 "Construction in Progress" for the total costs accumulated. Refer to [Subsection 85.65.64.b](#) for illustrative entries.





### 85.60.95 Accounting for the transfer of vehicles to the State Motor Pool

Jan. 1, 2012

An unusual accounting situation arises when a state agency that has purchasing authority purchases a vehicle but does not have the resources to manage or maintain it or when an agency is required by the Governor's Fleet Optimization Order to transfer vehicles to the Department of Enterprise Services (DES), State Motor Pool.

The purchasing agency has exclusive use of the vehicle and DES treats the vehicle as part of the State Motor Pool, maintaining it and tracking its usage. DES charges the agency normal vehicle rates for use and applies a credit for the vehicle capital costs. Refer to [RCW 43.19.605](#).

#### 85.60.95.a

Accounting for the purchase and transfer of the vehicle to DES depends on the fund type of the account used to purchase the vehicle.

1. **Governmental Fund Type Accounts** - The acquisition of the vehicle is recorded by debiting GL Code 6510 "Cash Expenditures/Expenses" using Subobject JC "Furnishings and Equipment" and crediting either GL Code 71XX "In-Process" or GL Code 1110 "Cash in Bank."
2. **Proprietary and Trust Fund Type Accounts** - The acquisition of the vehicle is recorded by debiting GL Code 1510 "Prepaid Expense" and crediting either GL Code 71XX "In-Process" or GL Code 1110 "Cash in Bank."

**Note:** Budgeted proprietary accounts require an additional entry to record the appropriated disbursement and an offsetting entry to eliminate the appropriated disbursement for financial reporting purposes. This entry debits GL Code 6510 "Cash Expenditures/Expenses" using Subobject JC "Furnishings and Equipment" and credits GL Code 6525 "Expense Adjustments/ Eliminations (GAAP)" using Subobject JC.

#### 85.60.95.b

DES records the transfer of ownership in Account 422 "Enterprise Services Account" by debiting GL Code 2410 "Furnishings and Equipment" and crediting GL Code 5290 "Unearned Revenues."

#### 85.60.95.c

Accounting for the usage of the vehicle depends on the fund type of the account that initially purchased it.

1. **Governmental Fund Type Accounts** - The net amount billed by DES for the vehicle is recorded by debiting GL Code 6510 "Cash Expenditures/Expenses" using Subobject GN "Motor Pool Services" and crediting either GL 71XX "In-Process" or GL Code 1110 "Cash in Bank."
2. **Proprietary and Trust Fund Type Accounts** - The net amount billed by DES for the vehicle is recorded by debiting GL Code 6510 "Cash Expenditures/Expenses" using Subobject GN "Motor



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Pool Services" and crediting either GL Code 71XX "In-Process" or GL Code 1110 "Cash in Bank." An additional entry is required to record the amortization of the vehicle cost by debiting GL Code 6525 "Expense Adjustments/Eliminations (GAAP)" using Subobject GN "Motor Pool Services" and crediting GL Code 1510 "Prepaid Expenses."

### 85.60.95.d

DES records the revenue for the vehicle in two steps: **first**, DES records the payment from the agency using the vehicle by debiting GL Code 71XX "In-Process" and crediting GL Code 3210 "Cash Revenues" using Revenue Source Code 0420 "Charges for Services;" and **second**, DES records the amortization of the vehicle cost by debiting GL Code 5290 "Unearned Revenues" and crediting GL Code 3210 using Revenue Source Code 0420.

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## 85.60.97 Accounting for Interagency/Interfund Capital Asset Transfers

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Jan. 1, 2014

### 85.60.97.a Assets transferred between state agencies

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

### 85.60.97.b Assets transferred between fund type accounts

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

Refer to [Subsection 85.65.66](#) for illustrative entries.

### 85.60.97.c Assets transferred between proprietary fund type accounts

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



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### 85.65 Assets - Illustrative Entries

Section	Title	Effective Date	Page Number
85.65.10	These entries are for illustrative purposes	May 1, 1999	<a href="#">812</a>
85.65.12	Deposit of cash revenues	May 1, 1999	<a href="#">812</a>
85.65.14	Petty cash - treasury and treasury trust accounts	June 1, 2015	<a href="#">813</a>
85.65.16	Petty cash - local accounts	June 1, 2015	<a href="#">813</a>
85.65.18	Accounting for the acquisition of non-current investments	Jan. 1, 2014	<a href="#">814</a>
85.65.20	Accounting for earnings and costs associated with non-current investments	July 1, 2003	<a href="#">814</a>
85.65.22	Accounting for fair value adjustment to non-current investments	July 1, 2013	<a href="#">815</a>
85.65.24	Accounting for the sale of non-current investments	July 1, 2013	<a href="#">815</a>
85.65.28	Accounting for deferred compensation (IRC Section 457)	June 1, 2011	<a href="#">817</a>
85.65.30	Taxes receivable	May 1, 1999	<a href="#">817</a>
85.65.32	Receivables	July 1, 2001	<a href="#">817</a>
85.65.33	Travel advances receivable	July 1, 2010	<a href="#">818</a>
85.65.34	Due from federal government	May 1, 1999	<a href="#">819</a>
85.65.36	Long-term loans	June 1, 2011	<a href="#">820</a>
85.65.38	Consumable inventories - periodic inventory method	June 1, 2011	<a href="#">824</a>
85.65.40	Consumable inventories - perpetual inventory method	May 1, 1999	<a href="#">825</a>
85.65.42	Merchandise inventories in proprietary fund type accounts - periodic inventory method	May 1, 1999	<a href="#">825</a>
85.65.44	Merchandise inventories in proprietary fund type accounts - perpetual inventory method	May 1, 1999	<a href="#">826</a>
85.65.46	Donations of consumable inventories	Jan. 1, 2014	<a href="#">827</a>



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Section	Title	Effective Date	Page Number
85.65.50	Prepaid expenses	May 1, 1999	<a href="#">828</a>
85.65.52	Acquisition of capital assets	July 1, 2015	<a href="#">828</a>
85.65.54	Assets that do not meet the state's capitalization policy	July 1, 2009	<a href="#">830</a>
85.65.56	Depreciation/amortization	July 1, 2009	<a href="#">830</a>
85.65.58	Disposal of capital assets	July 1, 2012	<a href="#">831</a>
85.65.60	Trade-in of capital assets	Jul 1, 2008	<a href="#">832</a>
85.65.62	Capital assets acquired through lease-to-own agreements	July 1, 2021	<a href="#">833</a>
85.65.64	Accounting for the construction of capital assets	July 1, 2009	<a href="#">835</a>
85.65.66	Interagency/Interfund Capital Asset Transfers	Jan. 1, 2014	<a href="#">836</a>

## 85.65.10 These entries are for illustrative purposes

May 1, 1999

The following entries illustrate transactions affecting assets. These entries are for illustrative purposes **only** and should **not** be considered all inclusive. Entries posted to GL Code Series 71XX "In-Process" in treasury and treasury trust accounts also require an entry, generally from the Office of the State Treasurer (OST) as illustrated below, to clear the In-Process GL Codes.

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

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

## 85.65.12 Deposit of cash revenues

May 1, 1999

To record the deposit of cash revenue received. Refer to [Subsection 85.50.10](#) and [85.50.20](#).

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

xxx

## 85.65.14 Petty cash - treasury and treasury trust accounts

June 1, 2015

### 85.65.14.a

To record the establishment of or an increase in a treasury or treasury trust petty cash account. Refer to [Subsection 85.50.60.a](#) or [85.50.70.a](#), respectively.

	Dr.	Cr.
Petty Cash (1130)	xxx	
Warrants/ACH Payments In-Process (7120)		xxx

### 85.65.14.b

To record the abolishment of, or a reduction in, a treasury or treasury trust petty cash account. Refer to [Subsection 85.50.60.f](#) or [85.50.70.d](#), respectively.

	Dr.	Cr.
Receipts In-Process (7110)	xxx	
Petty Cash (1130)		xxx

## 85.65.16 Petty cash - local accounts

June 1, 2015

### 85.65.16.a

To record the establishment of, or an increase in, a local petty cash account. Refer to [Subsection 85.50.70.a](#).

	Dr.	Cr.
Petty Cash (1130)	xxx	
Cash in Bank (1110)		xxx

### 85.65.16.b

To record the abolishment of, or a reduction in, a local petty cash account. Refer to [Subsection 85.50.70.d](#).

	Dr.	Cr.
Cash in Bank (1110)	xxx	
Petty Cash (1130)		xxx



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### **85.65.18 Accounting for the acquisition of non-current investments**

Jan. 1, 2014

#### **85.65.18.a**

To record the acquisition of non-current equity investments at trade date. Refer to [Subsection 85.52.30.a](#).

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

#### **85.65.18.b**

To record the settlement of the trade for acquisition of non-current equity investments. Refer to [Subsection 85.52.30.a](#).

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

#### **85.65.18.c**

To record the acquisition of non-current fixed income investments at trade date including purchased accrued interest. Refer to [Subsection 85.52.30.a](#).

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

#### **85.65.18.d**

To record the settlement of the trade for acquisition of non-current fixed income investments. Refer to [Subsection 85.52.30.a](#).

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

### **85.65.20 Accounting for earnings and costs associated with non-current investments**

July 1, 2003



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## 85.65.20.a

To record interest or dividend income on non-current investments received in cash including purchased accrued interest. Refer to [Subsection 85.52.10](#).

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

## 85.65.20.b

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

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

## 85.65.20.c

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

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

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## 85.65.22      Accounting for fair value adjustment to non-current investments

July 1, 2013

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

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

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## 85.65.24      Accounting for the sale of non-current investments

July 1, 2013

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## 85.65.24.a

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

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

## 85.65.24.b

To record the settlement of the trade for the sale of non-current investments. For a loss, the entry would be reversed. Refer to [Subsection 85.52.30.c](#).

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

## 85.65.24.c

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

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

## 85.65.24.d

To reverse the nonspendable portion of [fund balance](#) in governmental funds for non-current investments not offset by unearned revenue or a liability.

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





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## 85.65.28 Accounting for deferred compensation (IRC Section 457)

June 1, 2011

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

## 85.65.30 Taxes receivable

May 1, 1999

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

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

## 85.65.32 Receivables

July 1, 2001

### 85.65.32.a

To record a receivable at time of billing. Refer to [Subsection 85.54.45.a](#).

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

### 85.65.32.b

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

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



# State Administrative and Accounting Manual

## 85.65.32.c

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

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

## 85.65.32.d

To write off receivables determined to be uncollectible by the state. Refer to [Subsection 85.54.55.c](#).

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

---

## 85.65.33 Travel advances receivable

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July 1, 2010

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### 85.65.33.a

To record the issuance of a travel advance. In this example, the amount advanced is \$500. Refer to [Subsection 85.54.44](#).

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

### 85.65.33.b

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

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

### 85.65.33.c

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



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

## 85.65.33.d

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

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

## 85.65.34 Due from federal government

May 1, 1999

### 85.65.34.a

To record amounts receivable for the reimbursement of federal expenditures. Refer to [Subsection 85.54.20](#).

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

### 85.65.34.b

To record the receipt of monies due from the federal government. Refer to [Subsection 85.54.20](#).

	Dr.	Cr.
Cash in Bank (1110) or		
Receipts In-Process (7110)	xxx	
Cash Revenues (3210) Revenue Source Code (03XX)		xxx



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

## 85.65.34.c

To record federal receivables which are in dispute at the end of the accounting period in a governmental fund type account. Refer to [Subsection 85.54.20](#).

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

## 85.65.36 Long-term loans

June 1, 2011

The following entries illustrate disbursement and repayment for both budgeted and non-budgeted long-term loans. Since the loan in this illustration is made to a private entity, long-term GL Code 1614 "Loans Receivable" is used. However, this example may be applied to other types of long-term loans using other receivable general ledger codes, such as GL Code 1652 "Due from Other Governments." Refer to [Subsection 85.54.40](#).

## 85.65.36.a

### 85.65.36.a.(1)

**To record disbursement of a budgeted long-term loan from a governmental fund type account.**

Budgeted loans present a unique situation where loan disbursements and repayments are expenditures and revenues for budgetary purposes, but not for GAAP financial accounting purposes.

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

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

### 85.65.36.a.(2)

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



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

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

**Then repayment is recorded as received.**

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

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

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

**Then the payment receipt is recorded.**

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



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## 85.65.36.b.

### 85.65.36.b.(1)

To record disbursements of a long-term loan which are not budgeted.

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

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

### 85.65.36.b.(2)

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

	Dr.	Cr.
Loans Receivable (1314) or		
Due from Other Governments (1352)	xxx	
Loans Receivable (1614) or		
Due from Other Governments (1652)		xxx
Nonspendable Receivables - Long-Term (9131)	xxx	
Appropriate fund equity GL code (9XXX)		xxx

Then the loan payment is recorded.

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

## 85.65.37 Lease receivable and deferred inflows on leases

July 1, 2021



## State Administrative and Accounting Manual

The following example is used to illustrate the entries for leases to an external entity (not a state agency) that exceeds the state's capitalization threshold. Refer to [Subsection 85.72.30](#).

An agency entered into an agreement to lease a building for 10 years at the rate of \$10,000 per month. The current interest rate is 4 percent and the present value of the minimum lease payments is \$990,994 (annuity due). The value of the asset meets the state's capitalization threshold (refer to [Subsection 30.20.20](#)). Therefore, the entries to be recorded for a lease are as follows:

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

### 85.65.37.a

To record the lease receivable and the deferred inflows of resources at lease commencement. The portion of the receivable due within the next fiscal year should be recorded in GL 1321 and the remaining receivable balance should be recorded in GL 1621.

	Dr.	Cr.
Lease Receivable (1321)	85,276	
Lease Receivable (1621)	905,718	
Deferred Inflows on Right-to-Use Leases (5295)		990,994

*Note: Continue to recognize the capital asset and depreciate if applicable.*

### 85.65.37.b

To record the receipt of the first periodic lease payment and reduction of the lease receivable.

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX)	10,000	
Lease Receivable (1321)		10,000

### 85.65.37.c

To record the receipt of the second periodic lease payment, interest income, and reduction of the lease receivable.

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX)	10,000	
Lease Receivable (1321)		6,730
Cash Revenue (3210) Leased Property Interest Income (0436)		3,270

### 85.65.37.d

To reduce the deferred inflow on leases and recognize a portion of the revenue. Deferred inflows of resources should be amortized over the lease term using the straight-line method. The revenue must be recognized by fiscal year end. In this example, the amortization is performed monthly.

Dr.	Cr.
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Deferred Inflows on Right-to-Use Leases (5295)	8,258	
Cash Revenue (3210) Income from Leased Property (0435)		8,258

## 85.65.37.e

To reclassify as short term that portion of the receivable due within the next fiscal year. At fiscal year-end, the amount in GL Code 1321 should be the same as the next year's principal payment on the agency's lease agreement amortization schedule.

	Dr.	Cr.
Lease Receivable (1321)	85,324	
Lease Receivable (1621)		85,324

## 85.65.37.f

To record the allowance for estimated uncollectible lease receivable. If collectability appears improved, the entry would be reversed.

	Dr.	Cr.
Deferred Inflows on Right-to-Use Leases (5295)	xxx	
Allowance for Uncollectible Lease Receivable (1345/1645)		xxx

## 85.65.37.g

To record the receipt of a variable lease payment.

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX)	xxx	
Cash Revenue (3210) Leased Property Variable Income (0437)		xxx

## 85.65.38 Consumable inventories - periodic inventory method

June 1, 2011

### 85.65.38.a

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

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

### 85.65.38.b

To record the use of consumable inventories during the year.

**No entry is required.**





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## 85.65.38.c

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

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

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

---

## 85.65.40      Consumable inventories - perpetual inventory method

May 1, 1999

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### 85.65.40.a

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

	Dr.	Cr.
Consumable Inventories (1410)	xxx	
Cash in Bank (1110) or		
In-Process (71XX)		xxx

### 85.65.40.b

To record the use of consumable inventories during the year. Refer to [Subsection 85.56.20.b.\(2\)](#).

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Object E	xxx	
Consumable Inventories (1410)		xxx

---

## 85.65.42      Merchandise inventories in proprietary fund type accounts - periodic inventory method

May 1, 1999

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### 85.65.42.a

To record the acquisition of merchandise inventories as an expense. Refer to [Subsection 85.56.30.a.\(1\)](#).



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	Dr.	Cr.
Cost of Goods Sold (6516) Object F	xxx	
Cash in Bank (1110) or		
In-Process (71XX) or		
Payables (51XX)		xxx

## 85.65.42.b

To record the sale of merchandise inventories when the merchandise inventory purchase is recorded as an expense. Refer to [Subsection 85.56.30.a.\(2\)](#).

	Dr.	Cr.
Cash in Bank (1110) or		
In-Process (71XX) or		
Receivables (13XX)	xxx	
Cash Revenue (3210) or		
Accrued Revenues (3205) Revenue Source Code (0450) Sales		xxx

## 85.65.42.c

To record the adjustment for merchandise inventory when the physical count shows the inventory value greater than the amount in the general ledger control account GL Code 1420 "Merchandise Inventories." This entry is reversed when the physical count shows the inventory value less than the recorded amount. Refer to [Subsections 85.56.30.a.\(3\) and b.\(3\)](#).

	Dr.	Cr.
Merchandise Inventories (1420)	xxx	
Cost of Goods Sold (6516) Object F		xxx

---

## 85.65.44 Merchandise inventories in proprietary fund type accounts - perpetual inventory method

May 1, 1999

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## 85.65.44.a

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

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



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## 85.65.44.b

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

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

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

## 85.65.46 Donations of consumable inventories

Jan. 1, 2014

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

### 85.65.46.a

To record the acquisition of federally donated consumable inventories. Refer to [Subsection 85.56.40.b](#).

	Dr.	Cr.
Consumable Inventories (1410)	500	
Donated Inventories (1415)	5,000	
Cash in Bank (1110) or In-Process (71XX)		500
Unearned Revenues (5190)		5,000

### 85.65.46.b

To record the use of donated consumable inventories with a fair value of \$4,000. Use of donated consumable inventories is treated as a nonbudgeted activity. The cash outlay for shipping costs is a budgeted expenditure. Refer to [Subsection 85.56.40.b](#).

	Dr.	Cr.
Expense Adjustments/Eliminations (GAAP) (6525) Object E	4,000	
Cash Expenditures/Expenses (6510) Object E Consumable Inventories (1410)	400	400



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Revenue Adjustments/Eliminations (GAAP) (3225) Revenue

Source Code (0310) Dept. of Agriculture

4,000

## 85.65.46.c

To record year-end adjustment. Refer to [Subsection 85.56.40.b](#).

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

	Dr.	Cr.
Unearned Revenues (5190)	4,000	
Donated Inventories (1415)		4,000
Appropriate fund equity GL code (9XXX)	1,000	
Nonspendable Consumable Inventories (9120)		1,000

## 85.65.50 Prepaid expenses

May 1, 1999

### 85.65.50.a

To record the prepayment of goods and services, other than inventory, in proprietary and trust fund type accounts. Refer to [Subsection 85.58.10.c](#).

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

### 85.65.50.b

To record the portion of prepaid goods and services used during the period. Refer to [Subsection 85.58.10.c](#).

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

## 85.65.52 Acquisition of capital assets

July 1, 2015

### 85.65.52.a Governmental Fund Type Accounts



## State Administrative and Accounting Manual

The entry for the purchase of a capital asset records the expenditure in the account acquiring the asset with a corresponding entry in Account 997 "General Capital Assets Subsidiary Account." Refer to [Subsection 85.60.30.a.](#)

### Operating Account:

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

### General Capital Assets Subsidiary Account (Account 997):

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

The following entry records the donation of a capital asset to a governmental fund type account. Because governmental fund type accounts focus on current financial resources, no entry is made in the operating account. However, an entry is made in Account 997 "General Capital Assets Subsidiary Account" to record the estimated acquisition value of the asset. Refer to [Subsection 85.60.30.a.](#)

### General Capital Assets Subsidiary Account (Account 997):

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

### 85.65.52.b Proprietary and Trust Fund Type Accounts

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

### Operating Account:

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

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

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



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

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

---

## 85.65.54 Assets that do not meet the state's capitalization policy

July 1, 2009

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

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

---

## 85.65.56 Depreciation/amortization

July 1, 2009

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### 85.65.56.a Governmental Fund Type Accounts

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

#### General Capital Assets Subsidiary Account (Account 997):

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

### 85.65.56.b Proprietary and Trust Fund Type Accounts

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

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



## 85.65.58 Disposal of capital assets

July 1, 2012

### 85.65.58.a Governmental Fund Type Accounts

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

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

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

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

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

### General Capital Assets Subsidiary Account (Account 997):

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

### 85.65.58.b Proprietary and Trust Fund Type Accounts

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

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

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

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

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

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

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

## 85.65.60 Trade-in of capital assets

July 1, 2008

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

### 85.65.60.a Governmental Fund Type Accounts

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

#### Operating Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) (Subobject J)	12,000	
Cash in Bank (1110) or		





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In-Process (71XX)

12,000

## General Capital Assets Subsidiary Account (Account 997):

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

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

## 85.65.60.b Proprietary and Trust Fund Type Accounts

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

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

## Capital assets acquired through lease-to-own

### 85.65.62 agreements

July 1, 2021

## 85.65.62.a Governmental Fund Type Accounts

The entry for the acquisition of capitalized leased assets records the expenditure in the account acquiring the leased assets with a corresponding entry in Account 997 "General Capital Assets Subsidiary Account." Refer to [Subsection 85.60.70.a](#).

## Operating Account:

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

## General Capital Assets Subsidiary Account (Account 997):



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

The entry to record lease payments, for acquisitions that do not meet the lease-to-own agreement requirements in [Subsection 30.20.30](#), is shown below. For such acquisition, no entry is made in Account 997 "General Capital Assets Subsidiary Account" until title transfers to the state and the fair value of the asset meets the state's capitalization policy.

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

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

## General Capital Assets Subsidiary Account (Account 997):

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

## 85.65.62.b Proprietary and Trust Fund Type Accounts.

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

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

The entry to record lease payments, for acquisitions that do not meet the lease-to-own agreement requirements in [Subsection 30.20.30](#), is as follows:

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

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



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

## 85.65.64 Accounting for the construction of capital assets

July 1, 2009

### 85.65.64.a Governmental Fund Type Accounts

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

#### Operating Account:

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

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

#### General Capital Assets Subsidiary Account (Account 997):

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

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

#### General Capital Assets Subsidiary Account (Account 997):

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

### 85.65.64.b Proprietary and Trust Fund Type Accounts

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

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

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

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

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

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

## 85.65.66 Interagency/Interfund Capital Asset Transfers

Jan. 1, 2014

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

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

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

#### General Capital Assets Subsidiary Account (Account 997):

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

#### Proprietary or Trust Fund Type Account:



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

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

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

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

### General Capital Assets Subsidiary Account (Account 997):

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

### Proprietary or Trust Fund Type Account:

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

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



## 85.70 Short-Term Liabilities

Section	Title	Effective Date	Page Number
85.70.10	About short-term liabilities	May 1, 1999	<a href="#">838</a>
85.70.20	Establishing short-term liabilities	July 1, 2009	<a href="#">838</a>
85.70.30	Accounts payable	May 1, 1999	<a href="#">839</a>
85.70.40	Unavailable revenues	June 1, 2015	<a href="#">840</a>
85.70.45	Unearned revenues	June 1, 2015	<a href="#">840</a>
85.70.50	Short-term portion of long-term obligations	June 1, 2004	<a href="#">841</a>

### 85.70.10 About short-term liabilities

May 1, 1999

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

### 85.70.20 Establishing short-term liabilities

July 1, 2009

#### 85.70.20.a

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

#### 85.70.20.b

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

- Utilities - Actual based on vendor invoices, or estimate based on past experience.
- Rentals - Actual based on lease agreements.



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

### 85.70.20.c

A [Journal Voucher \(A7-A\)](#) or other authorized source document is to be prepared to record liabilities. Refer to [Subsection 85.85.15](#) for an illustrative entry.

### 85.70.20.d

Liabilities are to be recorded based on the best available information. If the amount of the accrual is known (i.e., the invoice has been received or the amount is otherwise known), the entry is to be made to GL Code 6505 "Accrued Expenditures/Expenses." With prior written approval from the OFM Statewide Accounting (refer to [Subsection 1.10.50](#)), non-AFRS warrant producing agencies can use alternate coding for recording Expenditures/Expenses.

At the end of the expenditure authority period, if the amount is not known, but can be reasonably estimated following the procedures for determining accounting estimates at [Subsection 90.20.55](#), the entry is to be made to GL Code 6560 "Estimated Accrued Expenditures/Expenses." Refer to [Subsections 90.30.50.b and d](#) for illustrative entries.

The payment of liabilities is to be recorded separately from the accrual (or establishment) of liabilities to allow for proper financial reporting, as required by GASB Statement 34.

### 85.70.20.e

Each accrual transaction is to be supported by complete documentation. The use of "dummy" or projected accruals as a method to avoid transfers to reserve or circumvent the allotment process is an improper application of accrual accounting and is not to be practiced.

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## 85.70.30 Accounts payable

May 1, 1999

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Amounts owed on open account for the purchase of goods or services are recorded in GL Code 5111 "[Accounts Payable](#)." The recording of an account payable represents an acknowledgment on the part of the agency that the goods or services have been received and that an actual liability which must be



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liquidated at a future date exists. Amounts due to other accounts, other agencies or other governments are not reported in this GL code. Such amounts are reported separately in the GL Code 515X Series.

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### 85.70.40 Unavailable revenues

June 1, 2015

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Governmental funds use the modified accrual basis of accounting which recognizes revenues in the period in which they become measurable and available. Generally, revenues are deemed available if they will be collected either within the current period or soon enough after the end of the period to pay current year liabilities. In Washington, accrued revenues are generally deemed available if collectible within 12 months.

Therefore, accrued revenues deemed unavailable typically are collectible beyond one year and should be offset by GL Code 5292. Examples include long term receivables and contracts for the harvest of timber that extend beyond 12 months.

GL Code 5192 should be used only in limited instances where the revenue associated with a receivable does not meet the revenue recognition criteria and will be collected within one year. An example where GL Code 5192 is properly used is to offset property taxes receivable that are expected to be collected after 60 days following year end but within one year.

Refer to [Subsection 85.85.24](#) for an illustrative entry.

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### 85.70.45 Unearned revenues

June 1, 2015

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

Examples of revenues not yet earned include:

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

Refer to [Subsection 85.85.25](#) for an illustrative entry.





### **85.70.50 Short-term portion of long-term obligations**

June 1, 2004

Amounts due within the next year on long-term obligations are classified as short-term liabilities.

Refer to [Subsection 85.85.22](#) for an illustrative entry.



## 85.72 Long-Term Obligations

Section	Title	Effective Date	Page Number
85.72.10	About long-term obligations	June 1, 2013	<a href="#">842</a>
85.72.15	State Finance Committee approval	July 1, 2008	<a href="#">843</a>
85.72.20	Bonds payable	June 1, 2013	<a href="#">843</a>
85.72.30	Lease liability for lease-to-own agreements	July 1, 2021	<a href="#">848</a>
85.72.40	Certificates of Participation (COP)	June 1, 2013	<a href="#">850</a>
85.72.50	Vacation leave payable	Jul 1, 2009	<a href="#">853</a>
85.72.60	Sick leave payable	June 1, 2004	<a href="#">854</a>
85.72.65	Compensatory time payable	July 1, 2009	<a href="#">856</a>
85.72.70	Termination benefits	July 1, 2006	<a href="#">857</a>

### 85.72.10 About long-term obligations

June 1, 2013

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

#### 85.72.10.a Fund Long-Term Obligations

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

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



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

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

### 85.72.10.b General Long-Term Obligations

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

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

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## 85.72.15 State Finance Committee approval

July 1, 2008

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

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

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

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

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

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## 85.72.20 Bonds payable

June 1, 2013

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### 85.72.20.a

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

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

### 85.72.20.b

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

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

### 85.72.20.c

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

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



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

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

### 85.72.20.d Refunding Bonds

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

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

There are two types of refunding:

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

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

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



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underwriter's discount, are recorded to Revenue Source Code 0857 "Underwriters Discount/Costs of Issuance – Refunding Bonds."

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

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

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

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

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### 85.72.25 Lease liability for right-to-use lease agreements

July 1, 2021

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#### 85.72.25.a

A lease is a contract that conveys control of the right to use another entity's capital asset, as specified in the contract, for a specific period of time in an exchange or exchange-like transaction. A lease liability and intangible right-to-use lease asset must be recorded for leases that meet the state's capitalization policy. See [Subsection 30.20.35](#).

Leases where the ownership of the underlying asset transfers to the state by the end of the contract and does not contain termination options should be recorded as a financed purchase. Refer to [Subsections 30.20.40](#) and [85.72.30](#).

#### 85.72.25.b Valuing the Lease Liability

At commencement of the lease term, the lease liability should be recorded at the present value of payments expected to be made during the lease term. Refer to [Subsection 30.20.35.b](#) for a complete list of payments to be included.



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Variable payments based on future performance of the lessee or usage of the underlying asset should not be included in the measurement of the lease liability. Rather, those variable payments should be recognized as an expenditure/expense in the period in which the obligation for those payments is incurred using Subobject/Sub-subobject ED/D202 "Rentals and Leases – Land and Buildings/Variable Lease Payments" or EH/H202 "Rentals and Leases – Furnishings and Equipment/Variable Lease Payments."

The future lease payments should be discounted using the interest rate the lessor charges the lessee. If the rate is not specifically stated in the contract, then the current interest rate the lessee would be charged at the inception of the lease to borrow the funds necessary to purchase the asset should be used.

### 85.72.25.c Lease Accounting

Accounting for a right-to-use lease agreement consists of:

1. Recording the right-to-use lease asset and lease liability at its inception,
2. Updating the Facilities Portfolio Management Tool (FPMT),
3. Separating periodic payments into principal and interest portions,
4. Applying payments to the correct object of expenditure, and
5. Amortizing the lease asset.

#### 85.72.25.c.(1)

**Governmental Fund Type Accounts.** In governmental fund type accounts, the entry for a leased asset acquisition at commencement of the lease term is recorded by debiting GL Code 6514 "Capital Asset Acquisitions by Lease Agreements or Certificates of Participation" with Subobject JS "Intangible Right-to-Use Lease Asset Capital Outlay," and crediting GL Code 3221 "Other Financing Sources" with Revenue Source Code 0810 "Right-to-Use Lease Acquisition."

In addition, corresponding entries are made in (a) Account 997 "General Capital Assets Subsidiary Account" by debiting GL Code Series 26XX "Intangible Right-To-Use Lease Capital Assets" and crediting GL Code 9850 "Investment in General Capital Assets" (refer to [Subsection 85.65.62.a](#) for illustrative entries), and (b) Account 999 "General Long-Term Obligations Subsidiary Account" to record the related lease liability. [Subsection 85.85.40.a](#) shows detailed illustrations for recording lease liabilities and subsequent payments on leases in Account 999.

Periodic lease payments represent debt service expenditures in governmental fund type accounts. Subobject/Sub-subobject ED/D200 "Rentals and Leases – Land and Buildings/Lease Principal" or EH/H200 "Rentals and Leases – Furnishings and Equipment/Lease Principal" is charged for the amount paid that is applicable to the principal portion of the lease liability and Subobject/Sub-subobject ED/D201 "Rentals and Leases – Land and Buildings/Lease Interest" or EH/H201 "Rentals and Leases – Furnishings and Equipment/Lease Interest" is charged for the interest portion of the payment.

The lease liability recorded in Account 999 "General Long-Term Obligations Subsidiary Account" is reduced by the amount of the principal payments. At the end of each fiscal year, the balance in GL Code 5274 "Right-to-Use Lease Liability" related to the principal due in the next fiscal year should be reclassified to short term GL Code 5174 "Right-to-Use Lease Liability."





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Refer to [Subsection 85.85.40](#) for illustrative entries.

### 85.72.25.c.(2)

**Proprietary and Trust Fund Type Accounts.** In proprietary and trust fund type accounts, a lease liability (GL Codes 5174/5274) and an intangible right-to-use lease capital asset (26XX series) should be recorded in the fund at the commencement of the lease term.

As the periodic payments are made, the liability is reduced and the interest expense is recorded. The portion of the payment related to principal is recorded by debiting GL Code 5174 "Right-to-use Lease Liability." The portion of the payment related to interest is recorded by debiting GL Code 6510 "Cash Expenditures/Expense" with Subobject/Sub-subobject ED/D201 "Rentals and Leases – Land and Buildings/Lease Interest" or EH/H201 "Rentals and Leases – Furnishings and Equipment/Lease Interest"

In budgeted proprietary and trust fund type accounts, a second entry must be entered to record the appropriated disbursement by debiting GL Code 6510 "Cash Expenditures/Expenses" with Subobject/Sub-subobject ED/D200 "Rentals and Leases – Land and Buildings/Lease Principal" or EH/H200 "Rentals and Leases – Furnishings and Equipment/Lease Principal" [AH(3)] and an offsetting entry to eliminate the appropriated disbursement for financial reporting purposes by crediting GL Code 6525 "Expense Adjustments/Eliminations (GAAP)" with the same Subobject/Sub-subobject as used for the amount paid that is applicable to principal.

Refer to [Subsection 85.85.40](#) for illustrative entries.

### 85.72.25.d

**Variable payments** based on the future performance of the lessee or usage of the underlying asset should be recorded as an expenditure/expense as the payments are made. Variable lease payments are to be recorded by debiting GL Code 6510 "Cash Expenditures/Expenses" with Subobject/Sub-subobject ED/D202 "Rentals and Leases – Land and Buildings/Variable Lease Payment" or EH/H202 "Rentals and Leases – Furnishings and Equipment/Variable Lease Payment."

### 85.72.25.e

**Short-term leases** and leases that do not meet the state's capitalization threshold (refer to [Subsection 30.20.20](#)) should be recorded as an expenditure/expense as the payments are made. Lease payments are to be recorded by debiting GL Code 6510 "Cash Expenditures/Expenses" with Subobject ED "Rentals and Leases - Land and Buildings" or EH "Rentals and Leases - Furnishings and Equipment."

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## 85.72.30 Lease liability for lease-to-own agreements

July 1, 2021

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### 85.72.30.a

Lease-to-own agreements where the ownership of the underlying asset transfers to the state by the end of the contract and does not contain termination options should be recorded as a financed purchase. The liability should initially be recorded at the net present value of the future minimum lease payments at the inception of the lease. Refer to [Subsections 30.20.40](#) and [85.60.70](#).





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Accounting for a lease-to-own agreement consists of:

1. Recording the capital asset and lease-to-own agreements payable at its inception,
2. Updating the capital asset inventory system,
3. Separating periodic payments into principal and interest portions, and
4. Applying payments to the correct object of expenditure.

### 85.72.30.b

**Governmental Fund Type Accounts.** At the commencement of the lease term, the acquisition of the capital asset is recorded as an expenditure in GL Code 6514 "Capital Asset Acquisitions by Lease Agreements or Certificates of Participation" with an appropriate subobject within Object J "Capital Outlays" and the lease proceeds are recorded in GL Code 3221 "Other Financing Sources," Revenue Source Code 0809 "Lease-to-Own Acquisition."

In addition, the capital asset acquired should be recorded in Account 997 "General Capital Assets Subsidiary Account" and the lease obligation should be recorded in Account 999 "General Long-Term Obligations Subsidiary Account." Refer to [Subsections 85.60.70](#) and [30.20.40](#) for further information.

Periodic lease payments represent debt service expenditures in governmental fund type accounts. Subobject PA is charged for the annual amount paid that is applicable to the principal portion of the lease-to-own agreements payable and Subobject PB is charged for the interest portion of the payment. The lease liability recorded in the General Long-Term Obligations Subsidiary Account (Account 999) is reduced by the amount of principal payments.

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

Agencies should review the balance in GL Code 5272 at the end of each fiscal year and reclassify as short term (GL Code 5172 "[Lease-to-Own Agreements Payable](#)") that portion of the lease liability that is due to be paid in the next fiscal year.

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

### 85.72.30.c

**Proprietary and Trust Fund Type Accounts.** The entry for a lease-to-own asset acquisition is recorded in the acquiring account by debiting GL Code Series 2XXX "Capital Assets" and crediting GL Code 5172/5272 "Lease-to-Own Agreements Payable." Refer to [Subsection 85.65.62.b](#) for illustrative entries. [Subsection 85.85.40.b](#) shows detailed illustrations for recording lease liabilities and subsequent payments on leases.

Periodic payments represent a combination of debt service and a reduction of a liability in proprietary and trust fund type accounts. If the lease-to-own liability was recorded in GL Code 5172/5272, then GL Code



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5172 is debited for the amount paid that is applicable to the principal portion of the lease-to-own agreements payable and Subobject PB is debited for the interest portion of the payment.

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

Agencies should review the balance in GL Code 5272 at the end of each fiscal year and reclassify as short term (GL Code 5172 "Lease-to-Own Agreements Payable") that portion of the lease liability that is due to be paid in the next fiscal year.

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### 85.72.40 Certificates of Participation (COP)

June 1, 2013

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#### 85.72.40.a

In order to increase the efficiency and cost effectiveness of lease-purchase activity, the State established a master lease purchase program administered through the Office of the State Treasurer (OST). This program uses [Certificates of Participation \(COP\)](#) as a financing mechanism.

Contact the Office of State Treasurer for further information on the COP program. Refer to Subsections [85.60.80](#), [85.85.45](#) and [85.85.50](#) for information on COP accounting.

There are two types of COPs as follows:

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

#### 85.72.40.b

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

#### 85.72.40.c

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



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### 85.72.40.d

When COP financed capital assets are acquired in governmental fund type accounts, the acquisition or construction is recorded as an expenditure using GL Code 6514 "Capital Asset Acquisitions by Lease-Purchase Agreements or Certificates of Participation" and the proceeds are recorded in the acquiring account using GL Code 3221 "Other Financing Sources" Revenue Source Code 0807 "Certificates of Participation." The COP liability is recorded in Account 999 "General Long-Term Obligations Subsidiary Account" and the capital assets acquired in Account 997 "General Capital Assets Subsidiary Account."

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

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

All assets acquired with COPs are capitalized. Refer to [Subsection 30.20.20](#).

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

Refer to [Subsection 85.85.45](#) and [85.85.50](#) for illustrative entries.

### 85.72.40.e

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

Budgeted proprietary fund type accounts require an additional entry to record an expenditure authority charge for the portion of the payment applicable to the principal. This additional entry involves a debit GL Code 6510 "Cash Expenditures/Expense," Subobject PD "Principal COP Lease-Purchase Agreements," and a credit to GL Code 6525 "Expense Adjustments/Eliminations (GAAP)" Subobject PD. Refer to [Subsection 85.85.45](#) and [85.85.50](#) for illustrative entries.

### 85.72.40.f

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

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

There are two types of refunding:



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

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

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

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

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

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

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



## 85.72.50 Vacation leave payable

July 1, 2009

### 85.72.50.a General

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

### 85.72.50.b Establishing the Liability

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

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

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

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

#### 85.72.50.c.(1)

Adjustments are made at the close of the fiscal year to record the increases (vacation leave earned) and decreases (vacation leave used) in the vacation leave liability. **Increases are to be recorded separately from decreases** to allow for proper financial reporting, as required by GASB Statement 34. Agencies with multiple proprietary accounts or a combination of governmental and proprietary accounts need to allocate the vacation leave liability to each proprietary account and a single total for **all** governmental fund type accounts. This allocation may be estimated when leave records are not maintained by account.

#### 85.72.50.c.(2)

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



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"Accrued Vacation Leave Payable," as deemed appropriate. Decreases in vacation leave liability are recorded by a debit to GL Code 5125 and/or 5225 and a credit to GL Code 6525 with applicable expenditure authority and program codes.

### 85.72.50.c.(3)

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

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## 85.72.60 Sick leave payable

June 1, 2004

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### 85.72.60.a General

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

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

### 85.72.60.b Establishing the Liability

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

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

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





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

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

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

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

#### 85.72.60.c.(1)

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

#### 85.72.60.c.(2)

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

Decreases in sick leave liability are recorded as a debit to GL Code 5127 and/or 5227 with an offsetting credit to GL Code 6525 with applicable expenditure authority and program codes.

#### 85.72.60.c.(3)

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

Decreases in the sick leave liability are recorded as a debit to GL Code 5127 and/or 5227 and a credit to GL Code 1820.



## 85.72.65 Compensatory time payable

July 1, 2009

### 85.72.65.a General

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

### 85.72.65.b Establishing the Liability

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

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

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

### 85.72.65.c Recording Compensatory Time Expense/Liability

#### 85.72.65.c.(1)

Adjustments are made at the close of the fiscal year to record the increases (compensatory time earned) and decreases (compensatory time used) in the compensatory time liability. **Increases are to be recorded separately from decreases** to allow for proper financial reporting, as required by GASB Statement 34. Agencies with multiple proprietary accounts or a combination of governmental and proprietary accounts need to allocate the compensatory time liability to each proprietary account and a single total for all governmental accounts. This allocation may be estimated when compensatory time records are not kept by account.

#### 85.72.65.c.(2)





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

### 85.72.65.c.(3)

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

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## 85.72.70 Termination benefits

July 1, 2006

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

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



## 85.74 Special Liabilities

Section	Title	Effective Date	Page Number
85.74.10	Vendor payment advance	May 1, 1999	<a href="#">858</a>
85.74.20	Public works contracts - retention of payments	July 1, 2012	<a href="#">861</a>
85.74.30	Unclaimed property	Jul 1, 2008	<a href="#">863</a>
85.74.40	Claims and judgments	Oct. 1, 2011	<a href="#">864</a>
85.74.45	Asset Retirement Obligations	June 1, 2019	<a href="#">864</a>
85.74.50	Pollution remediation obligations	July 1, 2009	<a href="#">866</a>
85.74.55	Other post employment benefit (OPEB) obligations	July 1, 2008	<a href="#">868</a>

### 85.74.10 Vendor payment advance

May 1, 1999

#### 85.74.10.a General

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

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

#### 85.74.10.b Initial Advance

##### 85.74.10.b.(1)

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

The base to be used in the calculation of the advance is to equal total budgeted expenditures of the General Fund for the biennium.



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The amount of the advance to each individual college is to be limited to 17 percent of its average monthly allotment for General Fund expenditures, and the amount advanced to the SBCTC is to be limited to 24 percent of its average monthly allotment for General Fund expenditures.

Approval is not to be granted if the allotment for the community and technical college system has not been received by OFM.

### 85.74.10.b.(2)

Upon approval by OFM, the SBCTC is to notify each individual college of its approved amount. Thereafter, the SBCTC and each individual college are to prepare a [Journal Voucher \(A7-A\)](#) for the amount of the advance and request an ACH. In all cases, the payee is to be the institution and is not to include the name of an individual. The entry required in the general ledger for Account 001 "General Fund" is a debit to GL Code 1350 "Due From Other Funds - Advances" and a credit to GL Code 7120 "Warrants/ACH Payments In-Process." Refer to [Subsection 85.85.55.a.\(1\)](#) for an illustrative entry.

### 85.74.10.b.(3)

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

### 85.74.10.c Payments for Goods and Services

#### 85.74.10.c.(1)

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

Checks are to be drawn on the local bank account against the cash advance deposited in Account 840, but no expenditure data is to be recorded against this account. Instead, the entry required in the general ledger for Account 840 is a debit to GL Code 1350 "Due from Other Funds - Advances" and a credit to GL Code 1110 "Cash in Bank." Refer to [Subsection 85.85.55.b.\(1\)](#) for an illustrative entry.

To support the debit entry to the clearing account, the SBCTC and each individual college are to maintain a file detailing the expenditure/expense coding which is to be charged when reimbursement is requested.

#### 85.74.10.c.(2)

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



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### 85.74.10.d Reimbursements

At the end of each month, the SBCTC and each individual college are to process a [Journal Voucher \(A7-A\)](#) requesting reimbursement for the amount of money actually disbursed from the advance. The amount requested should be supported by the detailed listing as noted in 85.74.10.c.(1) above. When reimbursement is requested, cash expenditures are to be recorded in Account 001 "General Fund." The entry is a debit to GL Code 5150 "Due To Other Funds - Advances" and a credit to GL Code 6505 "Accrued Expenditures/Expenses" and a debit to GL Code 6510 "Cash Expenditures/Expenses" and a credit to GL Code 7120 "Warrants/ACH Payments In-Process." Upon receipt of the ACH, the SBCTC and each individual college are to record the deposit in Account 840. The entry is a debit to GL Code 1110 "Cash in Bank" and a credit to GL Code 1350 "Due From Other Funds - Advances." Refer to [Subsection 85.85.55.c](#) for illustrative entries.

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

Accruals, together with encumbrances, are to be posted to the General Fund at the end of each month.

### 85.74.10.e Biennial Close out of Vendor Payment Advance

Early in each new biennium the advance for the preceding biennium is to be closed out. To close out the vendor payment advance, the SBCTC and each individual college are to follow these procedures:

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

The amount reimbursed for expenditures incurred in June will be reduced by the amount initially advanced. This amount should equal the difference between the amount of the original advance as recorded in GL Code 5150 "Due To Other Funds - Advances" and the amount of June expenditures in GL Code 1350 "Due From Other Funds - Advances." If June expenditures are greater than the amount initially advanced, the difference is to be requested as reimbursement. If June expenditures are less than the amount initially advanced, the difference must be remitted to the General Fund 001. To record the amount to be reimbursed or remitted, the following entries are required: The first entry required is a debit to GL Code 5150 and a credit to GL Code 1350 for the amount of the initial advance. After this entry has been made, the balance in GL Code 1350 will indicate whether funds are to be requested or remitted to the General Fund 001. If the balance in GL Code 1350 is a debit, request reimbursement of this amount by processing a [Journal Voucher \(A7-A\)](#) requesting an ACH. Upon receipt of the ACH, the entry required is a debit to GL Code 1110 and a credit to GL Code 1350.

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

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

#### 85.74.10.e.(2) General Fund - Account 001



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

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

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### 85.74.20 Public works contracts - retention of payments

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July 1, 2012

#### 85.74.20.a General

##### 85.74.20.a.(1)

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

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

##### 85.74.20.a.(2)

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

- Retained in an account by the agency, or
- Deposited by the agency in an interest bearing account in a qualified public depository, or
- Placed in escrow with a bank or trust company by the agency.
- Alternatively, a contractor may submit a bond for all or any portion of the contract retainage in a form acceptable to the agency and from a bonding company meeting standards established by the agency.

##### 85.74.20.a.(3)

Following the award of a contract for public improvements or work for which retained percentages are required to be withheld under the provisions of [RCW 60.28.011](#), agencies are to require the contractor to



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exercise an option in writing as to whether monies withheld from amounts due to the contractor are to be retained by the agency, deposited in an interest bearing account, placed in escrow, and/or whether the contractor will submit a bond for all or a portion of the contract retainage. Agencies are to develop procedures for informing the contractor of the options and method for exercising the option selected.

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

### **85.74.20.a.(4)**

Payments on contracts for public improvements or work should be made in accordance with [Chapter 60.28 RCW](#).

### **85.74.20.a.(5)**

Refer to [Subsection 85.85.60](#) of this manual for illustrative entries related to retained percentages.

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

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

### **85.74.20.c Retainage Deposited in Interest Bearing Accounts**

#### **85.74.20.c.(1)**

When an election is made to deposit amounts withheld in an interest bearing account in a public depository, the contractor and agency are to select an institution agreeable to both. The financial institution selected must be a qualified public depository under [Chapter 39.58 RCW](#).

#### **85.74.20.c.(2)**

Deposits in an interest bearing account are to be in the name of the agency and are not allowed to be withdrawn without the agency's written authorization.

#### **85.74.20.c.(3)**

Interest earned on deposits is to be paid to the contractor as said interest becomes payable under the terms of the deposit. The agency is to notify the institutions to withhold all further payments of interest in the event claims are filed against the contractor. After such notice, all unpaid interest is to be subject to the conditions of [Chapter 60.28 RCW](#). The account is to be appropriately noted by the public depository to enable that institution to report interest payments made to the contractor to the Internal Revenue Service in the proper format.



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### 85.74.20.d Retainage Placed in Escrow

#### 85.74.20.d.(1)

When the contractor elects to place amounts withheld in escrow, the contractor selects a bank or trust company as the escrow agent. The agency, contractor, and escrow agent are to then jointly execute an Escrow Agreement approved as to form by the Attorney General. The Escrow Agreement, in addition to other requirements, is to provide for payment of all escrow services and brokerage fees by the contractor and is to stipulate that the contractor agrees to assume all risks in connection with the investment of the retained percentages. A copy of the completed Escrow Agreement is to be provided to the escrow agent, contractor, and agency prior to the time the first progress payment is made.

#### 85.74.20.d.(2)

When the moneys withheld are placed in escrow, the warrant or check representing the sum of the monies withheld is to be made payable to the bank or trust company and the contractor jointly. Such monies are to be converted into bonds and securities and held in escrow. The bonds and securities are to be chosen by the contractor and approved by the agency. Interest on the bonds and securities shall be paid to the contractor as said interest becomes payable under the terms of the Escrow Agreement.

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

#### 85.74.20.d.(3)

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

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## 85.74.30 Unclaimed property

July 1, 2008

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

The state uses Account 527 "Administrator for Intestate Estates Account" for escheat property. Property escheats to the state from the estates of persons who die intestate without any known or discoverable heirs. Account 527 is used to account for the escheat property pending identification of rightful heirs.

Refer to [RCW 63.29.130](#) for unclaimed property held by courts and public agencies, and [RCW 63.29.150](#) for unclaimed wages.





### 85.74.40 Claims and judgments

Oct. 1, 2011

#### 85.74.40.a

Agencies are to record a liability for claims and judgments when all four of the following criteria are met:

- The event giving rise to the claim occurred prior to the end of the fiscal year,
- It is probable that a claim will be asserted,
- It is probable that the claim will prevail, and
- The amount of the loss is measurable or estimable.

#### 85.74.40.b

In governmental fund type accounts, a claim or judgment is recognized as an expenditure and a liability as of the date that payment became due pursuant to the terms of a settlement agreement or court judgment (assuming there is no appeal) regardless of whether or not there are sufficient available spendable resources to liquidate them. The remaining portion of the liability is recorded in Account 999 "General Long-Term Obligation Subsidiary Account."

#### 85.74.40.c

In proprietary and trust fund type accounts, claims and judgments are always fund liabilities. They are separated into short-term GL Code 5113 "Claims and Judgments Payable" and long-term GL Code 5213 "Claims and Judgments Payable."

#### 85.74.40.d

An example of a claims liability involves disallowed costs on federal programs. At the point that the agency determines that it is probable that a repayment will be made to the federal government and the amount is measurable, a claims liability is to be recorded. Additionally, an adjustment for the amount of the repayment is to be recorded to reduce both the federal revenue and expenditure/expense initially charged. Refer to [Subsection 85.85.65](#) for an illustrative entry.

#### 85.74.40.e

In instances where it is reasonably possible that a loss has occurred or an asset has been impaired, or a loss is probable but not measurable, a liability should not be recorded. These contingent obligations are reported by means of the year-end disclosure form process and disclosed in the notes to the state's financial statements.

### 85.74.45 Asset Retirement Obligations

June 1, 2019





### 85.74.45.a

Asset retirement obligations are legally enforceable liabilities associated with the retirement of a tangible capital asset. A liability and corresponding deferred outflow of resources should be recognized in the financial statements.

### 85.74.45.b

When both an external obligating event and an internal obligating event resulting from normal operations occur, agencies must attempt to estimate the expected current value of outlays expected to be incurred.

### 85.74.45.c

An external obligating event is one of the following:

- Approval of federal, state or local laws or regulations.
- Creation of a legally binding contract.
- Issuance of a court judgement.

### 85.74.45.d

An internally obligating event is an action taken by the government that requires the government to apply legal requirements to the government's specific circumstances.

An internally obligating event is one of the following:

- Contamination resulting from normal operations and is not in the scope of GASB statement 49 (Pollution Remediation).
- Non-contamination related:
  - Consuming a portion of the usable capacity by the normal operations of that capital asset.
  - Placing into operation a tangible capital asset that is required to be retired.
  - Permanent abandonment of an asset before it is placed into operation.
  - Acquiring a tangible capital asset that has an existing asset retirement obligation.

### 85.74.45.e

The liability for an asset retirement obligation should be measured at current value (not present value) using all available evidence. The current value is the amount that would be paid if all equipment, facilities, and services included in the estimate were acquired at the end of the current reporting period. The liability should be adjusted annually if there is a significant change in the estimate.

Best estimates should be determined by probability weighting of potential outcomes when sufficient evidence is available or can be obtained at reasonable cost.

When probability weighting cannot be accomplished at reasonable cost, the most likely amount in the range of potential outcomes should be used.



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### 85.74.45.f

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

This is accomplished by debiting the appropriate Fund Equity GL Code and crediting GL Code 9265 “Restricted for Asset Retirement Obligations.” The remaining portion of the liability is recorded in Account 999 “General Long-Term Obligation Subsidiary Account.”

### 85.74.45.g

In proprietary and trust fund type accounts, asset retirement obligations are always fund liabilities. They are separated into short-term liabilities using appropriate general ledger codes (for example, accounts payable or accrued salaries) and long-term liabilities using GL Code 5289 “Asset Retirement Obligation.”

### 85.74.45.h

Agencies should recognize deferred outflow of resources equal to the same amount of the corresponding liability upon initial measurement using GL Code 1976 “Deferred Outflows on Asset Retirement Obligations.”

A reduction of the deferred outflow should be recognized in a systematic and rational manner over a period of time. That is, either over the entire estimated useful life of the tangible asset or over the remaining estimated useful life of the tangible asset starting from when the outflow is initially recognized.

### 85.74.45.i

Agencies that have or believe they may have asset retirement obligations should contact their OFM Accounting Consultant for assistance. Refer to [Subsection 90.40.75](#) for fiscal year-end disclosure requirements related to asset retirement obligations.

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## 85.74.50 Pollution remediation obligations

July 1, 2009

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### 85.74.50.a

Pollution remediation obligations are liabilities related to the State’s responsibility to clean up pollution or contamination. They do not include obligations for pollution prevention or control activities.

### 85.74.50.b



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When one of the following five events or circumstances occurs, agencies must attempt to estimate the expected pollution remediation outlays:

- Pollution poses an imminent danger to the public or environment and the agency has little choice but to take action.
- The agency violates a pollution prevention-related permit or license.
- A regulator identifies the agency as responsible or potentially responsible for cleaning up pollution.
- The agency is named (or evidence indicates that it will be named) in a lawsuit to compel it to address pollution.
- The agency begins or legally obligates itself to begin clean up or post-clean up activities.

### **85.74.50.c**

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

### **85.74.50.d**

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

### **85.74.50.e**

In governmental fund type accounts, goods and services that are used for pollution remediation activities should be recognized as liabilities of the operating accounts only to the extent that the goods and services have been received and the liabilities are expected to be liquidated with current available spendable resources. The remaining portion of the liability is recorded in Account 999 "General Long-Term Obligation Subsidiary Account."

### **85.74.50.f**

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

### **85.74.50.g**



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

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### **85.74.55 Other post employment benefit (OPEB) obligations**

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July 1, 2008

Obligations for other post employment benefits (OPEB), such as retiree medical and dental insurance subsidies, are recognized as the benefits are being earned. Even though Washington's OPEB are not formalized in a contract or plan document, GAAP require that the actuarially determined value of the annual required contribution be recognized on an annual basis. To the extent that the annual required contribution is not funded, an OPEB obligation accrues.

In governmental fund type accounts, the OPEB obligation is recorded in Account 999 "General Long-Term Obligation Subsidiary Account.

In proprietary and trust fund type accounts, the OPEB obligation is recorded as a fund liability.



## 85.80 Fund Equity

Section	Title	Effective Date	Page Number
85.80.10	Fund equity	June 1, 2013	<a href="#">869</a>

### 85.80.10 Fund equity

June 1, 2013

#### 85.80.10.a

Fund equity represents the difference between fund assets and fund liabilities. Fund equity is reported differently for governmental and proprietary fund types.

#### 85.80.10.b

In governmental fund type accounts, fund equity is called fund balance. Fund balance is classified as [nonspendable](#), [restricted](#), [committed](#), [assigned](#) or [unassigned](#). These classifications reflect the extent to which the state is bound to honor constraints on the purposes for which the amounts can be spent. Adjustments to fund balance are made at the account level to identify the degree of constraint.

#### 85.80.10.c

In proprietary fund type accounts, fund equity is called net position. Net position is comprised of three components - net investment in capital assets; restricted; and unrestricted.

#### 85.80.10.d

For reporting at the government-wide level, fund equity is presented in the net position format consistent with proprietary funds.

#### 85.80.10.e

Except under specific circumstances, direct entries to fund equity, other than adjustments to record amounts that are nonspendable, restricted, committed or assigned, are not allowed. Examples of circumstances where direct entries to fund equity are allowed include implementation of new accounting standards and correction of material prior period errors. Refer to [Subsection 90.20.15](#).

#### 85.80.10.f

Refer to [Subsection 75.40.20](#) of this manual for a description of the various net asset general ledger codes.



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## 85.85 Liabilities and Equity - Illustrative Entries

Section	Title	Effective Date	Page Number
85.85.10	General	July 1, 2003	<a href="#">870</a>
85.85.15	Establishment of short-term liabilities	May 1, 1999	<a href="#">871</a>
85.85.20	Payment of short-term liabilities	May 1, 1999	<a href="#">871</a>
85.85.22	Long-term to short-term reclassification	June 1, 2004	<a href="#">871</a>
85.85.24	Unavailable revenues	June 1, 2013	<a href="#">872</a>
85.85.25	Unearned revenues	June 1, 2015	<a href="#">872</a>
85.85.30	Fund bond debt issuance and servicing	June 1, 2013	<a href="#">873</a>
85.85.35	General obligation bond debt issuance and servicing	Jan. 1, 2011	<a href="#">875</a>
85.85.37	Right-to-use lease agreements	July 1, 2021	<a href="#">878</a>
85.85.40	Lease-to-own agreements	July 1, 2021	<a href="#">884</a>
85.85.45	Equipment Certificates of Participation (COP)	June 1, 2013	<a href="#">889</a>
85.85.50	Real Estate Certificates of Participation (COP)	June 1, 2013	<a href="#">895</a>
85.85.52	Real Estate Certificates of Participation (COP) refunding	Jun 1, 2013	<a href="#">904</a>
85.85.55	Vendor payment advances	July 1, 2003	<a href="#">906</a>
85.85.60	Retention of payments	July 1, 2012	<a href="#">909</a>
85.85.65	Claims and judgments	July 1, 2001	<a href="#">910</a>

### 85.85.10 General

July 1, 2003

The entries in this section illustrate the recording of liabilities and equity in the accounting records. The entries are for illustrative purposes **only** and should **not** be considered all-inclusive. Entries posted to GL



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Code Series 71XX “In-Process” in treasury and treasury trust accounts also require an entry from the Office of the State Treasurer (OST) as illustrated below to clear the In-Process GL Codes.

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

## 85.85.15 Establishment of short-term liabilities

May 1, 1999

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

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

## 85.85.20 Payment of short-term liabilities

May 1, 1999

To record payment of a short-term liability.

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

## 85.85.22 Long-term to short-term reclassification

June 1, 2004

To record unavailable revenue. For example, taxes due are accrued but will not be collected within the next 12 months. Refer to [Subsection 85.70.50](#). May be used only in governmental fund type accounts.

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



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### 85.85.24 Unavailable revenues

June 1, 2013

#### 85.85.24.a

To record unavailable revenue. For example, under a sales tax deferral program, taxes are accrued but will not be collected within the next 12 months. Refer to [Subsection 85.70.40](#). May be used only in governmental fund type accounts.

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

#### 85.85.24.b

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

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

### 85.85.25 Unearned revenues

June 1, 2015

#### 85.85.25.a

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

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

#### 85.85.25.b

To record recognition of revenue once earning process is complete.

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





## 85.85.30 Fund bond debt issuance and servicing

June 1, 2013

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

An agency issues revenue bonds with:

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

Details of the bond debt service are:

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

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

### 85.85.30.a

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

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

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



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### 85.85.30.b

To record as short term that portion of principal due within the next fiscal year.

	Dr.	Cr.
Revenue Bonds Payable (5262)	500	
Revenue Bonds Payable (5162)		500

### 85.85.30.c

To record the payment of the first year's debt service.

	Dr.	Cr.
Revenue Bonds Payable (5162)	500	
Cash Expenditures/Expenses (6510) (Subobject PB Interest)	300	
Cash in Bank (1110)		800

### 85.85.30.d

To record annual amortization of original issue **discount** (OID) on a straight-line basis.

	Dr.	Cr.
Amortization Expense (6512) (Subobject WB)	20	
Unamortized Discount on Bonds Sold (1910)		20

### 85.85.30.e

At fiscal year-end for reporting purposes, to reclassify as short-term that portion of principal due within the next fiscal year. At fiscal year-end, the amount in GL Code 5162 should agree with the next year's principal payment on the bond amortization schedule.

	Dr.	Cr.
Revenue Bonds Payable (5262)	600	
Revenue Bonds Payable (5162)		600

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



## 85.85.35 General obligation bond debt issuance and servicing

Jan. 1, 2011

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

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

Details of the bond debt service are:

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

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

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

### 85.85.35.a

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

#### Office of the State Treasurer:

#### State Building Construction Account (Account 057):

	Dr.	Cr.
Receipts In-Process (7110)	5,140	
Cash Expenditures/Expenses (6510)		
Subobject ER - Other Purchased Services (UD)	60	
Cash Revenues (3210) Revenue Source Code (0863)		
Original Issue Premium - Bonds (OIP)		200
Cash Revenues (3210) Revenue Source Code (0860) Bonds Issued or (0864) Taxable Bonds Issued (Par)		5,000
Cash Expenditures/Expenses (6510) with appropriate subobject for COI In-Process (71XX)	20	20



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

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

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

### 85.85.35.b

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

## Office of the State Treasurer (Agency 010):

### Operating (Reimbursing) Account:

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

### General Fund (Account 001):

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

### Debt Service Account (Account 381 or Account 383):

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

### 85.85.35.c

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

## Office of the State Treasurer (Agency 010):



# State Administrative and Accounting Manual

## General Fund (Account 001):

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

## Debt Service Account (Account 3XX):

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

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

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

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

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

### 85.85.35.d

To record the first debt service payment.

## Debt Service Account (Account 3XX):

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

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

	Dr.	Cr.
General Obligations Bonds Payable (5161)	500	
Amount to be Provided for Retirement of Long-Term Obligations (1820)		500



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Amount to be Provided for Retirement of Obligations (1820)	800	
Amount Available in Debt Service Funds (1810)		800

## 85.85.35.e

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

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

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

## 85.85.37 Right-to-use lease agreements

July 1, 2021

### 85.85.37.a Governmental Fund Type Accounts

The following example is used to illustrate the entries for leased assets that meet the capitalization threshold in a governmental fund type account. Refer to [Subsection 85.72.25](#).

An agency operating from a governmental fund type account entered into an agreement to lease equipment for 60 months at the rate of \$10,000 per month. The current interest rate is 3 percent and the present value of the minimum lease payments is \$557,915 (annuity due). Since this lease meets the state's capitalization threshold, a lease liability and an intangible right-to-use asset must be recorded (refer to [Subsection 30.20.30](#) for further information on capitalization criteria for leases). Therefore, the entries to be recorded are as follows:

#### 85.85.37.a.(1)

To record the acquisition of an intangible right-to-use lease asset in the Operating Account equal to the value of the lease liability, and the lease asset and liability in the capital asset and long-term obligations subsidiary accounts.

#### Operating Account:

	Dr.	Cr.
Capital Asset Acquisitions by Lease Agreements or Certificates of Participation (6514) Subobject JS – Intangible Right-to-Use Lease Asset		
Capital Outlay	557,915	



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Other Financing Sources (3221) Revenue Source Code (0810)

Right-to-Use Lease Acquisition 557,915

## General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Lease Asset - Equipment (2650)	557,915	
Investment in General Capital Assets (9850)		557,915

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

	Dr.	Cr.
Amount to be Provided for Retirement of Long-Term Obligations (1820)	557,915	
Right-to-Use Lease Liability (5174)		106,128
Right-to-Use Lease Liability (5274)		451,787

### 85.85.37.a.(2)

To record the first month's payment of lease liability. Note: No interest is accrued because the first lease payment is made at the beginning of the first month of the lease.

#### Operating Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Sub-subobject EH/H200 – Rentals and Leases – Furnishings and Equipment/Lease Principal		
	10,000	
Cash in Bank (1110) or In-Process (71XX)		10,000

To reduce the lease liability by the amount of periodic payment on the principal due. The entire payment is recorded to the current right-to-use lease liability.

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

	Dr.	Cr.
Right-to-Use Lease Liability (5174)	10,000	
Amount to be Provided for Retirement of Long-Term Obligations (1820)		10,000

### 85.85.37.a.(3)

To record the second month's payment of lease liability. A portion of the payment is allocated to principal and a portion to interest based on the lease liability amortization schedule.

#### Operating Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Sub-subobject EH/H200 – Rentals and Leases – Furnishings and Equipment/Lease Principal		
	8,630	



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Cash Expenditures/Expenses (6510) Sub-subobject EH/H201 –  
Rentals and Leases – Furnishings and Equipment/Lease Interest

1,370

Cash in Bank (1110) or In-Process (71XX)

10,000

To reduce the lease liability by the amount of periodic payment on the principal due. The amount to be recorded is the portion of the payment applicable to the principal.

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

	Dr.	Cr.
Right-to-Use Lease Liability (5174)	8,630	
Amount to be Provided for Retirement of Long-Term Obligations (1820)		8,630

#### 85.85.37.a.(4)

To record the amortization of the asset for the first month. Amortization should be calculated using the straight-line method over the shorter of the lease term or the useful life of the asset. *Note: amortization expense must be recorded at least annually.*

### General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Depreciation/Amortization Expense (6591) (Subobject WA)	9,299	
Allowance for Amortization – Equipment Lease Asset (2660)		9,299

#### 85.85.37.a.(5)

To reclassify as short term that portion of the liability due within the next fiscal year. At fiscal year-end, the amount in GL Code 5174, should agree with the next year's principal payment on the agency's lease agreement amortization schedule.

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

	Dr.	Cr.
Right-to-Use Lease Liability (5274)	107,922	
Right-to-Use Lease Liability (5174)		107,922

#### 85.85.37.a.(6)

To record a variable lease payment.

### Operating Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Sub-subobject EH/H202 – Rentals and Leases – Furnishings and Equipment/Variable Lease Payment		
	xxx	
Cash in Bank (1110) or In-Process (71XX)		xxx





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## 85.85.37.a.(7)

To remove a capital asset when the asset is returned to the lessor. If the lease is cancelled early and the asset was not fully amortized (i.e. the cost is greater than the accumulated amortization), debit GL Code 6597 "Capital Asset Adjustment (General Capital Assets Subsidiary Account Only)" for the difference between the initial cost of the asset and the accumulated amortization.

### General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Allowance for Amortization – Equipment Lease Asset (2660)	455,630	
Capital Asset Adjustment (General Capital Assets Subsidiary Account Only) (6597) Subobject WF		102,285
Lease Asset - Equipment (2650)		557,915

## 85.85.37.b Proprietary and Trust Fund Type Accounts

The following example is used to illustrate the entries for capital asset leases in proprietary and trust fund type accounts. Refer to [Subsection 85.72.25](#).

An agency operating from a proprietary fund type account entered into an agreement to lease equipment for 60 months at the rate of \$10,000 per month. The current interest rate is 3 percent and the present value of the minimum lease payments is \$557,915 (annuity due). Since this lease meets the state's capitalization threshold, a lease liability and an intangible right-to-use asset must be recorded (refer to [Subsection 30.20.30](#) for further information on capitalization criteria for leases). Therefore, the entries to be recorded are as follows:

### 85.85.37.b.(1)

To record the acquisition of an intangible right-to-use lease asset and the lease liability. The current lease liability represents that portion of the lease obligation due within one year and the long-term portion represents lease obligations maturing thereafter.

	Dr.	Cr.
Lease Asset - Equipment (2650)	557,915	
Right-to-Use Lease Liability (5174)		106,128
Right-to-Use Lease Liability (5274)		451,787

### 85.85.37.b.(2)

To record the first month's payment of lease liability. The entire payment is recorded to the current right-to-use lease liability. Note: No interest is accrued because the first lease payment is made at the beginning of the first month of the lease.

	Dr.	Cr.
Right-to-Use Lease Liability (5174)	10,000	
Cash in Bank (1110) or In-Process (71XX)		10,000



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Budgeted proprietary and trust fund type accounts require an additional entry to record the appropriated disbursement (GL Code 6510 entry) and an offsetting entry to eliminate the appropriated disbursement for financial reporting purposes (GL Code 6525 entry).

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Sub-subobject EH/H200 – Rentals and Leases – Furnishings and Equipment/Lease Principal	10,000	
Expense Adjustments/Eliminations (GAAP) (6525) Sub-subobject EH/H200 – Rentals and Leases – Furnishings and Equipment/Lease Principal		10,000

### 85.85.37.b.(3)

To record the second month's payment of lease liability. A portion of the payment is allocated to principal and a portion to interest based on the lease liability amortization schedule. The principal portion of the payment is recorded to the current right-to-use lease liability.

	Dr.	Cr.
Right-to-Use Lease Liability (5174)	8,630	
Cash Expenditures/Expenses (6510) Sub-subobject EH/H201 – Rentals and Leases – Furnishings and Equipment/Lease Interest	1,370	
Cash in Bank (1110) or In-Process (71XX)		10,000

Budgeted proprietary and trust fund type accounts require an additional entry to record the appropriated disbursement (GL Code 6510 entry) and an offsetting entry to eliminate the appropriated disbursement for financial reporting purposes (GL Code 6525 entry). The amount to be recorded is the portion of the payment applicable to the principal.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Sub-subobject EH/H200 – Rentals and Leases – Furnishings and Equipment/Lease Principal	8,630	
Expense Adjustments/Eliminations (GAAP) (6525) Sub-subobject EH/H200 – Rentals and Leases – Furnishings and Equipment/Lease Principal		8,630

### 85.85.37.b.(4)

To record the amortization of the asset for the first month. Amortization should be calculated using the straight-line method over the shorter of the lease term or the useful life of the asset. *Note: amortization expense must be recorded at least annually.*

	Dr.	Cr.
Depreciation/Amortization Expense (6511) (Subobject WA)	9,299	
Allowance for Amortization – Equipment Lease Asset (2660)		9,299



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### 85.85.37.b.(5)

To reclassify as short term that portion of the liability due within the next fiscal year. At fiscal year-end, the amount in GL Code 5174, should agree with the next year's principal payment on the agency's lease agreement amortization schedule.

	Dr.	Cr.
Right-to-Use Lease Liability (5274)	107,922	
Right-to-Use Lease Liability (5174)		107,922

### 85.85.37.b.(6)

To record a variable lease payment.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Sub-subobject EH/H202 – Rentals and Leases – Furnishings and Equipment/Variable Lease Payment	xxx	
Cash in Bank (1110) or In-Process (71XX)		xxx

### 85.85.37.b.(7)

To remove a capital asset when the asset is returned to the lessor. If the lease is cancelled early and the asset was not fully amortized (i.e. the cost is greater than the accumulated amortization), debit GL Code 3213 "Gains and Losses on Sales of Capital Assets" for the difference between the initial cost of the asset and the accumulated amortization.

	Dr.	Cr.
Allowance for Amortization – Equipment Lease Asset (2660)	455,630	
Gains and Losses on Sales of Capital Assets (3213) Revenue Source Code (0418) Gain or Loss on Sale of Capital Assets		102,284
Lease Asset – Equipment (2650)		557,915

### 85.85.37.c

#### Leases that do not meet Capitalization Requirements

To record lease payments for leases that do not meet the capitalization requirements in [Subsection 30.20.30](#).

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

### 85.85.37.d

#### Acquisition of leased asset that originally did not meet the capitalization requirements

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



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## 85.85.37.d.(1)

### Governmental Fund Type Accounts

An agency operating in a governmental fund type account records the fair value in Account 997 "General Capital Assets Subsidiary Account."

#### General Capital Assets Subsidiary Account (Account 997):

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

## 85.85.37.d.(2)

### Proprietary and Trust Fund Type Accounts

An agency operating in a proprietary or trust fund type account records the fair value in the operating account. Any lease payments made in the current biennium should be recorded as a recovery of expenditure (GL Code 6510 entry) and any lease payments made in prior biennia should be recorded as a recovery of prior expenditure authority (GL Code 3210, Revenue Source Code 0486 entry).

	Dr.	Cr.
Furnishings and Equipment (2410)	xxx	
Cash Expenditures/Expenses (6510) Subobject ED or other subobject as appropriate		xxx
Cash Revenues (3210) Revenue Source Code (0486) Recoveries of Prior Expenditure Authority Expenditures		xxx

## 85.85.40 Lease-to-own agreements

July 1, 2021

### 85.85.40.a

#### Governmental Fund Type Accounts

The following example is used to illustrate the entries to record a lease-to-own agreement in a governmental fund type account. Refer to [Subsection 85.72.30](#).

An agency operating from the General Fund (governmental fund type account) entered into an agreement to lease a copy machine with a fair value of \$17,000 for 60 months at the rate of \$300 per month. The current interest rate is 4 percent and the present value of the minimum lease payments is \$16,344 (annuity due). Since the value of the asset meets the state's capitalization threshold, this lease-to-own agreement must be capitalized (refer to [Subsection 30.20.30](#) for further information on capitalization criteria). The amount to be capitalized is \$16,344, which is the lesser of the fair value and the net present value. Therefore, the entries to be recorded are as follows:



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### 85.85.40.a.(1)

To record the acquisition of a capital asset through a lease-to-own agreement in the Operating Account, and the asset and lease liability in the capital asset and long-term obligations subsidiary accounts.

#### Operating Account:

	Dr.	Cr.
Capital Assets Acquisition by Lease-Purchase Agreements or Certificates of Participation (6514) Subobject JC – Furnishings and Equipment or other appropriate subobject	16,344	
Other Financing Sources (3221) Revenue Source Code (0809) Lease-to-Own Acquisition		16,344

#### General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Furnishings and Equipment (2410)	16,344	
Investment in General Capital Assets (9850)		16,344

#### General Long-Term Obligations Account Group (Account 999):

	Dr.	Cr.
Amount to be Provided for Retirement of Long-Term Obligations (1820)	16,344	
Lease-to-Own Agreements Payable (5172)		1,541
Lease-to-Own Agreements Payable (5272)		14,803

**Note:** Contact the Office of the State Treasurer for the current rate of interest for computing present value. Lease-to-own agreements are computed as annuities due because the payments are made at the first of the month; other capital purchases may be computed as ordinary annuities.

### 85.85.40.a.(2)

To record the first periodic payment of the lease-to-own agreement.

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

#### Operating Account:

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

To reduce the liability by the amount of periodic payment on the principal due. The entire payment is charged to the current lease-to-own agreements payable.



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

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

### 85.85.40.a.(3)

To record the second periodic payment of the lease-to-own agreement. A portion of the payment is allocated to principal and a portion to interest based on the lease amortization schedule.

## Operating Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject PA - Principal	247	
Cash Expenditures/Expenses (6510) Subobject PB - Interest	53	
Cash in Bank (1110) or In-Process (71XX)		300

To reduce the liability by the amount of periodic payment on the principal due. The amount to be recorded is the portion of the payment applicable to the principal.

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

	Dr.	Cr.
Lease-to-Own Agreements Payable (5172)	247	
Amount to be Provided for Retirement of Long-Term Obligations (1820)		247

### 85.85.40.a.(4)

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

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

	Dr.	Cr.
Lease-to-Own Agreements Payable (5272)	3,064	
Lease-to-Own Agreements Payable (5172)		3,064

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

The following example is used to illustrate the entries to record a lease-to-own agreement in proprietary and trust fund type accounts. Refer to [Subsection 85.72.30](#).

An agency operating from a proprietary fund type account entered into an agreement to lease a copy machine with a fair value of \$17,000 for 60 months at the rate of \$300 per month. The current interest rate is 4 percent and the present value of the minimum lease payments is \$16,344 (annuity due). Since the value of the asset meets the state's capitalization threshold, this lease-to-own agreement must be



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capitalized (refer to [Subsection 30.20.30](#) for further information on capitalization criteria). The amount to be capitalized is \$16,344, which is the lesser of the fair value and the net present value. Therefore, the entries to be recorded are as follows:

### 85.85.40.b.(1)

To record the acquisition of a capital asset through a lease-to-own agreement and the lease liability. The current lease liability represents that portion of the lease obligation due within one year and the long-term portion represents lease obligations maturing thereafter.

	Dr.	Cr.
Furnishings and Equipment (2410)	16,344	
Lease-to-Own Agreements Payable (5172)		1,541
Lease-to-Own Agreements Payable (5272)		14,803

**Note:** Contact the Office of the State Treasurer for the current rate of interest for computing present value. Lease-to-own agreements are computed as annuities due because the payments are made at the first of the month; other capital purchases may be computed as ordinary annuities.

### 85.85.40.b.(2)

To record the first periodic payment of the lease-to-own agreement. The entire payment is charged to the current lease-to-own agreements payable. Note: No interest is accrued because the first lease payment is made at the beginning of the first month of the lease.

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

Budgeted proprietary and trust fund type accounts require an additional entry to record the appropriated disbursement (GL Code 6510 entry) and an offsetting entry to eliminate the appropriated disbursement for financial reporting purposes (GL Code 6525 entry).

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

### 85.85.40.b.(3)

To record the second periodic payment of the lease-to-own agreement. A portion of the payment is allocated to principal and a portion to interest based on the lease amortization schedule. The principal portion of the payment is recorded to the current lease-to-own agreements payable.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject PB - Interest	53	
Lease-to-Own Agreements Payable (5172)	247	
Cash in Bank (1110) or In-Process (71XX)		300



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Budgeted proprietary and trust fund type accounts require an additional entry to record the appropriated disbursement (GL Code 6510 entry) and an offsetting entry to eliminate the appropriated disbursement for financial reporting purposes (GL Code 6525 entry). The amount to be recorded is the portion of the payment applicable to the principal.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject PA - Principal	247	
Expense Adjustments/Eliminations (GAAP) (6525)		
Subobject PA - Principal		247

### 85.85.40.b.(4)

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

	Dr.	Cr.
Lease-to-Own Agreements Payable (5272)	3,064	
Lease-to-Own Agreements Payable (5172)		3,064

### 85.85.40.c Computation of Present Value Annuities

Any annuity is a series of equal payments made at regular intervals of time. The time intervals between payments are called payment periods. An annuity is a compound interest situation with periodic payments. When the payments are made at the end of the payment periods, the annuity is called an ordinary annuity. When the payments are made at the beginning of the payment periods, the annuity is called an annuity due.

Computation of present value may be achieved by use of the following formulas:

**Where:**

**Pv = present value factor**

**I = interest rate**

**n = number of periods**

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

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

**Annuity Due/Present Value Formula** - Rent or lease situations are common examples of this type of annuity. The present value of the rent or lease can be computed by multiplying the periodic rent/lease





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payments by the present value factor. The present value factor is calculated by using the following formula:

(However, the formula need not be used, since tables showing present values computed with the formula at various interest rates are readily available.)

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

## 85.85.45 Equipment Certificates of Participation (COP)

June 1, 2013

### 85.85.45.a Governmental Fund Type Accounts (Agency Entries)

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

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

Details of the COP issue are:

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

Details of the COP debt service are:

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

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

### 85.85.45.a.(1)

To record the COP liability, original issue discount, underwriter's discount, and the expense of the costs of issuance (paid by OST). When the COP is sold by OST, it becomes an obligation of the agency even if



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the cash proceeds have not yet been received by the agency. The time period between the COP sale date and closing date is generally two weeks or less.

### Operating Account:

	Dr.	Cr.
Due from Other Agency – OST (1354)	10,000	
Capital Asset Acquisitions by Lease-Purchase Agreements of Certificates of Participation (6514) Subobject PC - Other Debt Costs (UD + COI)	125	
Other Financing Sources (3221) Revenue Source Code (0869)		
Original Issue Premium - COPs (OIP)*		10
Other Financing Sources (3221) Revenue Source Code (0807)		
Certificates of Participation (Par)		10,115

\*If the COP had an OID instead of an OIP Revenue Source Code 0868 “Original Issue Discount - COPs” would be debited.

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

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

### 85.85.45.a.(2)

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

### Operating Account:

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

### General Capital Assets Subsidiary Account (Account 997):

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

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

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

## 85.85.45.a.(3)

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

### Operating Account:

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

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

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

## 85.85.45.a.(4)

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

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

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



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## 85.85.45.b Proprietary and Trust Fund Type Accounts (Agency Entries)

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

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

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

Details of the COP debt service are:

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

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

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

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

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

### 85.85.45.b.(1)

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

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject JC Furnishings and Equipment	10,000	



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

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

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

### 85.85.45.b.(2)

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

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

### 85.85.45.b.(3)

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

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



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## 85.85.45.c Office of the State Treasurer (Agency 010 Entries)

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

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

Details of the COP issue are:

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

**Note:** The actual par value of the COP is slightly higher than the proceeds required by the agency to cover issue costs, such as the original issue discount (OID), the underwriter's discount (UD), and costs of issuance (COI). The COI is included in the proceeds but not the OID or the UD.

While agency entries differ if the equipment is acquired by a governmental or proprietary fund type account, the OST entries are the same.

### 85.85.45.c.(1)

To record the closing of the COP sale with the underwriter.

#### Certificate of Participation and Other Financing – State (Account 739):

	Dr.	Cr.
Receipts-In-Process (7110) (Par +OIP - UD)	10,075	
Cash Revenues (3210) Revenue Source Code (0499) Other		
Revenues (COI)		75
Due to Other Agency (5154)		10,000

### 85.85.45.c.(2)

To distribute the COP proceeds to the state agency and pay the costs of issuance.

#### Certificate of Participation and Other Financing – State (Account 739):

	Dr.	Cr.
Due to Other Agency (5154)	10,000	
In-Process (71XX)		10,000
Accrued Expenditures/Expenses (6505) with appropriate subobject (COI)	75	
Accounts Payable (5111) (COI)		75
Cash Expenditures/Expenses (6510) (appropriate subobject) (COI)	75	



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Accrued Expenditures/Expenses (6505) with appropriate subobject (COI) 75

Accounts Payable (5111) (COI) 75  
In-Process (71XX) (COI) 75

## 85.85.45.c.(3)

To record the receipt of the first debt service payment from an agency.

### Certificate of Participation and Other Financing – State (Account 739):

	Dr.	Cr.
In-Process (71XX)	2,600	
Due to Fiscal Agents (5130) (principal and interest)		2,600

**Note:** OST temporarily invests the payments received from agencies for 30 days until the debt service payment is due to the fiscal agent. This activity is recorded by transferring In-Process (71XX) in and out of the Local Government Investment Pool (1206).

## 85.85.45.c.(4)

To record payment to the fiscal agent.

### Certificate of Participation and Other Financing – State (Account 739):

	Dr.	Cr.
Due to Fiscal Agents (5130)	2,600	
In-Process (71XX)		2,600

## 85.85.50 Real Estate Certificates of Participation (COP)

June 1, 2013

### 85.85.50.a

#### Governmental Fund Type Accounts (Agency Entries)

The following example is used to illustrate entries for real estate certificates of participation (COP) in a governmental fund type account. Refer to [Subsection 85.72.40.d](#).

An agency operating in a governmental fund type account obtains proper legislative approval for construction of a new state office building and applies to the Office of the State Treasurer (OST) for COP financing. OST sells a COP. Proceeds of the COP are used to pay for construction costs and interest incurred during the construction period.

Details of the COP issue are:

- Par amount of \$73.6 million,



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- Original issue premium (OIP) of \$.7 million,
- Underwriter's discount (UD) of \$.2 million,
- Costs of issuance (COI) of \$.1 million,
- COP proceeds for construction \$60 million,
- COP proceeds for interest costs \$14 million, and
- Net COP proceeds held by OST for the agency \$74 million (\$60 million for construction costs and \$14 million for construction period interest).

**Note:** Original issue discount (OID) results when the par of the COP is more than the purchase price. An OIP results when the par of the COP is less than the purchase price. Discounts that are related to underwriters' fees are handled consistent with other issue costs. COI are generally included in the proceeds and paid separately. OST receives cash proceeds for the COI, but not for the UD and the OID.

Details of the first year:

- \$10 million is expended on construction,
- Debt service is \$4 million, interest only, and
- Unspent construction funds earn \$.8 million in interest revenue.

Unspent proceeds are held by OST and invested in the Local Government Investment Pool (LGIP) or with a trustee.

**Note:** Construction period interest is recognized as an expense in the period incurred.

### 85.85.50.a.(1)

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

#### Construction Account:

	Dr.	Cr.
Due from Other Agency-OST (1354)	74 mil	
Capital Asset Acquisitions by Lease Agreements or Certificates of Participation (6514 ) Subobject PC – Other Debt Costs (UD + COI)	.3 mil	
Other Financing Sources (3221) Revenue Source Code (0807)		
Certificates of Participation (Par)		73.6 mil
Other Financing Sources (3221) Revenue Source Code (0869)		
Original Issue Premium - COPs		.7 mil

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

	Dr.	Cr.
Amount to be Provided for Retirement of Long-Term Obligations (1820)	73.6 mil	
Certificates of Participation Payable (5273)		73.6 mil





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**Note:** Because interest only is due during the construction period, the entire obligation is initially coded long-term.

### 85.85.50.a.(2)

To record construction expenditures and reimbursement from OST.

#### Construction Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Object J –Capital Outlays	10 mil	
Cash in Bank (1110) or In-Process (71XX)		10 mil
Capital Asset Acquisitions by Lease Agreements or Certificates of Participation (6514) Subobject JF -Buildings	10 mil	
Cash Expenditures/Expenses (6510) Object J – Capital Outlays		10 mil
Cash in Bank (1110) or In-Process (71XX)	10 mil	
Due from Other Agency – OST (1354)		10 mil

**Note:** If a COP has been authorized and construction project costs are incurred in one fiscal year but the COP is not issued until the subsequent year, agencies should debit a receivable, such as GL Code 1352 Due from Other Governments, and credit expenditures to GL Code 6510 in the year the project costs are initially incurred. When the COP is issued in the subsequent year, the agency should credit the GL Code 1352 and establish the GL Code 1354 from the OST.

### 85.85.50.a.(3)

To record first year interest-only debt service payment. This payment is made by OST from the COP proceeds held by OST to cover interest expense during the construction period.

#### Construction Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject PE –Interest COP		
Lease-Purchase Agreements	4 mil	
Due from Other Agency-OST (1354)		4 mil

### 85.85.50.a.(4)

To recognize interest earned on unspent COP proceeds held by OST and reported to the agency monthly.

#### Construction Account:

	Dr.	Cr.
Due from Other Agency-OST (1354)	.8 mil	
Cash Revenues (3210) Revenue Source Code (0401) Investment Income		.8 mil



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85.85.50.a.(5) To record an adjusting entry for construction in progress. At a minimum, this entry should be made at fiscal year-end. Construction in progress is equal to the sum of construction expenditures (\$10 million) and COI and UD(\$.3 million) less OIP (\$.7 million).

### General Capital Assets Subsidiary Account (Account 997):

	Dr.	Cr.
Construction in Progress (2510)	9.6 mil	
Investment in General Capital Assets (9850)		9.6 mil

### 85.85.50.a.(6)

At fiscal year-end for reporting purposes, to reclassify as short-term that portion of principal due within the next fiscal year. At fiscal year-end (based on the assumptions in 85.85.50.a.(7)), the amount in GL Code 5173 Certificates of Participation Payable should agree with the next year's principal payment on the agency's COP amortization schedule.

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

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

### 85.85.50.a.(7)

In a subsequent period, assume that a debt service payment is scheduled:

- Principal \$2 million,
- Interest expense \$3.5 million, and
- Total COP debt service payment \$5.5 million.
- Payment components:
- \$2 million is paid by OST from the remaining COP proceeds held by OST to cover interest incurred during the construction period,
- \$1.1 million is paid by OST from interest earned on COP proceeds held by OST during the construction period,
- \$2.4 million is paid in cash by the agency to OST, and
- OST makes the full COP debt service payment of \$5.5 million to the fiscal agent.
- Refer to [Subsection 85.85.50.c.\(6\)](#).

### Construction Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject PD - Principal COP Lease-Purchase Agreements	2.0 mil	
Cash Expenditures/Expenses (6510) Subobject PE - Interest COP Lease-Purchase Agreements	3.5 mil	
Cash in Bank (1110) or In-Process (71XX)		2.4 mil
Due from Other Agency-OST (1354)		3.1 mil



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

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

### 85.85.50.b Proprietary and Trust Fund Type Accounts (Agency Entries)

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

An agency operating in a budgeted proprietary fund type account obtains proper legislative approval for construction of a new state office building and applies to the Office of the State Treasurer (OST) for COP financing. OST sells a COP. Proceeds of the COP are used for to pay for construction costs and interest incurred during the construction period.

Details of the issue are:

- Par amount of \$73.6 million,
- Original issue premium (OIP) of \$.7 million,
- Underwriter's discount (UD) of \$.2 million,
- Costs of issuance (COI) of \$.1 million,
- COP proceeds for construction \$60 million,
- COP proceeds for interest costs \$14 million, and
- Net COP proceeds held by OST for the agency \$74 million (\$60 million for construction costs and \$14 million for construction period interest.

**Note:** Original issue discount (OID) results when the par of the COP is more than the purchase price. An OIP results when the par of the COP is less than the purchase price. Discounts that are related to underwriters' fees are handled consistent with other issue costs. COI are generally included in the proceeds and paid separately. OST receives cash proceeds for the COI, but not for the UD and the OID.

Details of the first year:

- \$10 million is expended on construction,
- Debt service is \$4 million, interest only, and
- Unspent COP proceeds earn \$.8 million in interest revenue.

This example assumes that net construction period interest is material and is therefore capitalized, and that the OIP is immaterial, and therefore expensed. UD and COI are always expensed as issuance costs. (If the OIP had been deemed material, it would be deferred in GL Code 5920 "Unamortized Premiums on Certificates of Participation" and amortized over the life of the COP using GL Code 6512 "Amortization Expense" Subobject WB "Amortization").

Unspent proceeds are held by OST and invested in the Local Government Investment Pool (LGIP) or with a trustee.

**Note:** Construction period interest is recognized as an expense in the period incurred.

### 85.85.50.b.(1)



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

### Agency Operating/Construction Account:

	Dr.	Cr.
Due from Other Agency-OST (1354)	74 mil	
Cash Expenditures/Expenses (6510) Subobject PC – Other Debt Costs ( <i>UD + COI - OIP</i> )*		.4 mil
Certificates of Participation Payable (5273) ( <i>Par</i> )		73.6 mil

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

**Note:** Because interest only is due during the construction period, the entire obligation is initially coded long-term.

### 85.85.50.b.(2)

To record construction expenditures, reimbursement by OST, and elimination of budgeted expenditures.

### Agency Operating/Construction Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Object J - Capital Outlays	10 mil	
Cash in Bank (1110) or In-Process (71XX)		10 mil
Cash in Bank (1110) or In-Process (71XX)	10 mil	
Due from Other Agency-OST (1354)		10 mil
Construction in Progress (2510)	9.6 mil	
Expense Adjustment/Elimination (6525) Subobject PC – Other Debt Costs ( <i>UD + COI - OIP</i> )	.4 mil	
Expense Adjustment/Elimination (6525) Object J – Capital Outlays		10 mil

### 85.85.50.b.(3)

To record interest earned on unspent COP proceeds held by OST and reported to the agency monthly.

### Agency Operating/Construction Account:

	Dr.	Cr.
Due from Other Agency-OST (1354)	.8 mil	
Construction in Progress (2510)		.8 mil

### 85.85.50.b.(4)

To record first year interest expense only debt service payment – this payment is made by OST from the proceeds held by OST to cover interest expense during the construction period.



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## Agency Operating/Construction Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject PE – Interest COP		
Lease/Purchase Agreements	4 mil	
Due from Other Agency-OST (1354)		4 mil

Once the COP proceeds held by OST to cover interest expense during the construction period are expended, the interest payments will be paid by the agency to OST.

### 85.85.50.b.(5)

At fiscal year-end for reporting purposes, to reclassify as short-term that portion of principal due within the next fiscal year. At fiscal year-end (based on the assumptions in 85.85.50.b.(6)), the amount in GL Code 5173 should agree with the next year's principal payment on the agency's COP amortization schedule.

## Agency Operating/Construction Account:

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

### 85.85.50.b.(6)

In a subsequent period, assume that a debt service payment is scheduled:

- Principal \$2 million,
- Interest expense \$3.5 million, and
- Total COP debt service payment \$5.5 million.

Payment components:

- \$2 million is paid by OST from the remaining COP proceeds held by OST to cover interest incurred during the construction period,
- \$1.1 million is paid by OST from interest earned on the COP proceeds held by OST during the construction period,
- \$2.4 million is paid in cash by the agency to OST,
- OST makes the full COP debt service payment of \$5.5 million to the fiscal agent.

Refer to Subsection 85.85.50.c.(6).

## Agency Operating/Construction Account:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject PD – Principal COP		
Lease-Purchase Agreements	2 mil	
Cash Expenditures/Expenses (6510) Subobject PE -Interest COP		
Lease-Purchase Agreements		3.5 mil
Cash in Bank (1110) or In-Process (71XX)		2.4 mil
Due from Other Agency – OST (1354)		3.1 mil



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Certificates of Participation Payable (5173) Principal	2 mil
Expense Adjustments/Elimination (6525) Subobject PD - Principal	
COP Lease-Purchase	2 mil

## 85.85.50.c

### Office of the State Treasurer (Agency 010 Entries)

Using the same example as in Subsection 85.85.50 a and b above, an agency obtains proper legislative approval for the construction of a new state office building and applies to the Office of the State Treasurer (OST) for COP financing. OST sells a COP. Proceeds of the COP are used to pay for construction costs and interest incurred during the construction period.

Details of the issue are:

- Par amount of \$73.6 million,
- Original issue premium (OIP) of \$.7 million,
- Underwriter's discount (UD) of \$.2 million,
- Costs of issuance (COI) of \$.1 million,
- COP proceeds for construction \$60 million, and
- COP proceeds for interest costs \$14 million.

**Note:** Original issue discount (OID) results when the par of the COP is more than the purchase price. OIP results when the par of the COP is less than the purchase price. Discounts that are related to underwriters' fees are handled consistent with other issue costs. COI are generally included in the proceeds and paid separately. OST receives cash proceeds for the COI, but not for the UD and the OID.

Details of the first year:

- \$10 million is expended on construction,
- Debt service is \$4 million, interest expense only, and
- Unspent COP proceeds earn \$.8 million in interest revenue.

The entries for OST are as follows:

All entries are made to Account 739 (Certificates of Participation and Other Financing Account - State):

### 85.85.50.c.(1)

To record the closing of the COP sale with the underwriter, and investment of the proceeds in the LGIP. OST receives cash for the construction proceeds, the interest expense due during construction, and the costs of issuance.

	Dr.	Cr.
Receipts-In-Process (7110) ( <i>Par + OIP – UD</i> )	74.1 mil	
Due to Other Agency (5154)		74 mil
Cash Revenue (3210) Revenue Source Code (0499) Other Revenues ( <i>COI</i> )		.1 mil

Investments with Local Government Investment Pool (1206) or Cash and



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Investments with Escrow Agents and Trustees (1140)	74 mil	
In-Process (71XX)		74 mil

### 85.85.50.c.(2)

To record payment of costs of issuance.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) with the appropriate Subobject	.1 mil	
In-Process (71XX)		.1 mil

### 85.85.50.c.(3)

To record withdrawal from the LGIP (or trustee), and payment to the agency for construction costs incurred.

	Dr.	Cr.
Receipts-In-Process (7110)	10 mil	
Investments with Local Government Investment Pool (1206) or Cash and		
Investments with Escrow Agents and Trustees (1140)		10 mil
Due to Other Agency (5154)	10 mil	
In-Process (71XX)		10 mil

### 85.85.50.c.(4)

To record interest earnings of \$.8 million on unspent COP proceeds.

	Dr.	Cr.
Investments with LGIP (1206)	.8 mil	
Due to Other Agency (5154)		.8 mil

### 85.85.50.c.(5)

To record the first debt service payment made to the fiscal agent by the OST on behalf of the agency. This first payment is made from the amount held by OST to cover interest expense during the construction period.

	Dr.	Cr.
In-Process (71XX)	4 mil	
Investments with Local Government Investment Pool (1206) or Cash		
and Investments with Escrow Agents and Trustees (1140)		4 mil
Due to Other Agency (5154)	4 mil	
Due to Fiscal Agent (5130)		4 mil
Due to Fiscal Agent (5130)	4 mil	
In-Process (71XX)		4 mil



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## 85.85.50.c.(6)

To record debt service in a subsequent period. OST receives a cash payment from an agency of \$2.4 million and uses the remaining COP proceeds held to cover interest expense during the construction period of \$2 million and the accumulated interest earned on the COP proceeds held on deposit of \$1.1 to pay the total debt service of \$5.5 million.

	Dr.	Cr.
In-Process (71XX)	2.4 mil	
Due to Fiscal Agent (5130)		2.4 mil
In-Process (71XX)	3.1 mil	
Investments with LGIP (1206)		3.1 mil
Due to Other Agency (5154)	3.1 mil	
Due to Fiscal Agent (5130)		3.1 mil
Due to Fiscal Agent (5130)	5.5 mil	
In-Process (71XX)		5.5 mil

## 85.85.52 Real Estate Certificates of Participation (COP) refunding

June 1, 2013

### 85.85.52.a

#### Governmental Fund Type Accounts (Agency Entries)

The following example is used to illustrate entries for an **advance refunding** of a real estate certificate of participation (COP) in a governmental fund type account. Refer to [Section 85.72.40.f](#).

Details of the old (refunded) COP are:

- Principal balance \$250,000, and
- Interest due \$1,400

Details of the new (refunding) COP are:

- Principal balance \$239,000,
- Original issue premium (OIP) \$15,000,
- Underwriter's discount (UD) \$1,600,
- Costs of issuance (COI) \$1,000, and
- Total reacquisition price \$251,400 (\$239,000 + 15,000 – 1,600 – 1,000).

### 85.85.52.a.(1)

To record the liability for the new (refunding) COP, the original issue premium, underwriter's discount, and the expense of the costs of issuance (paid by OST), and the payment to the escrow agent bank. When the new COP is sold by OST, it becomes an obligation of the agency. An amount equal to the principal





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balance of the old (refunded) COP plus any interest due is sent to the escrow agent bank to refund the old COPs. When the old COP is refunded, it is no longer an obligation of the agency and it is removed from Account 999.

### Operating Account:

	Dr.	Cr.
Cash Revenue (3210) Revenue Source Code (0850) Payments to Refunded COP Escrow Agents (par of old COPs + interest due on the old COPs)**	251,400	
Cash Revenue (3210) Revenue Source Code (0852) Underwriter's Discount/Costs of Issuance – Refunding COPs	2,600	
Cash Revenue (3210) Revenue Source Code (0854) Proceeds of Refunding COPs		239,000
Cash Revenue (3210) Revenue Source Code (0853) Original Issue Premium – Refunding COPs*		15,000

\*If the COP had an Original Issue Discount (OID) instead of an OIP, Revenue Source Code 0851 “Original Issue Discount – Refunding COPs” would be debited.

\*\*If this was a **current refunding** of a COP (instead of an advance refunding), the amount to be paid to the escrow agent would be recorded as an expenditure to subobject PA “Principal” and/or PB “Interest.”

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

	Dr.	Cr.
Certificates of Participation (5173/5273)	250,000	
Amount to be Provided for Retirement of Long-Term Obligations (1820)		250,000
Amount to be Provided for Retirement of Long-Term Obligations (1820)	239,000	
Certificates of Participation (5173/5273)		239,000

### 85.85.52.b

#### Proprietary and Trust Fund Type Accounts (Agency Entries)

The following example is used to illustrate entries for an **advance refunding** of a real estate certificate of participation (COP) in a proprietary fund type account. Refer to [Section 85.72.40.f](#).

Details of the old (refunded) COP issue are:

- Principal balance \$251,000 (5 years remaining),
- Details of the new (refunding) COP are:
- Principal balance \$250,000 (10 years),
- Original issue premium (OIP) \$10,000 (assume material),
- Underwriter's discount (UD) \$2,600,
- Costs of issuance (COI) \$2,400, and



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- Total reacquisition price \$255,000 ( $\$250,000 + 10,000 - 2,600 - 2,400$ )

### 85.85.52.b.(1)

To record the new (refunding) COP, the removal of the old (refunded) COP, and the deferred amount on the COP refunding.

#### Operating/Construction Account:

	Dr.	Cr.
COP (old) Payable (5173/5273)	251,000	
Cash Expenditures/Expenses (6510) Subobject PC - Other Debt Costs (UD + COI)	5,000	
Deferred Outflow on COP Refunding (1971)*	4,000	
COP (new) payable (5173/5273)		250,000
Unamortized Premiums on COPs sold (5920)		10,000

\*If the deferred amount was a credit, it would be recorded to GL Code 5266 "Deferred Inflow on COP Refunding."

### 85.85.52.b.(2)

To record the annual amortization of the Deferred Outflow on the COP Refunding on a straight-line basis over 5 years (the remaining life of the old COP).

	Dr.	Cr.
Amortization Expense (6512) Subobject WB	800	
Deferred Outflow on COP Refunding (1971)		800

### 85.85.52.b.(3)

To record the annual amortization of the original issue premium (OIP) on a straight-line basis over 10 years (the life of the new COP).

	Dr.	Cr.
Unamortized Premiums on COPs sold (5920)	1,000	
Amortization Expense (6512) Subobject WB		1,000

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## 85.85.55 Vendor payment advances

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July 1, 2003

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To record vendor payment advance transactions. Refer to [Subsection 85.74.10](#).

### 85.85.55.a Initial Advance



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### 85.85.55.a.(1)

To record the issuance of a vendor payment advance to the State Board for Community and Technical Colleges (SBCTC) or an individual college.

#### General Fund (Account 001):

	Dr.	Cr.
Due from Other Funds - Advances (1350) (with appropriate subsidiary)	xxx	
In-Process (71XX)		xxx

### 85.85.55.a.(2)

To record the deposit of the vendor payment advance by the SBCTC or an individual college.

#### Institutions of Higher Education - Agency Account (Account 840):

	Dr.	Cr.
Cash in Bank (1110)	xxx	
Due to Other Funds - Advances (5150) (with appropriate subsidiary)		xxx

### 85.85.55.b      Payment for Goods and Services and the Expenditure Recognition

#### 85.85.55.b.(1)

To record the payment to a vendor by the SBCTC or an individual college with the advance.

#### Institutions of Higher Education - Agency Account (Account 840):

	Dr.	Cr.
Due from Other Funds - Advances (1350) (with appropriate subsidiary)	xxx	
Cash in Bank (1110)		xxx

#### 85.85.55.b.(2)

To charge the General Fund for disbursements made from the vendor payment advance.

#### General Fund (Account 001):

	Dr.	Cr.
Accrued Expenditures/Expenses (6505)	xxx	
Due to Other Funds – Advances (5150) (with appropriate subsidiary)		xxx

### 85.85.55.c      Reimbursement of Advance Account

#### 85.85.55.c.(1)

To record the reimbursement of the vendor payment advance.



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## General Fund (Account 001):

	Dr.	Cr.
Due to Other Funds – Advances (5150)	xxx	
Accrued Expenditures/Expenses (6505)		xxx
Cash Expenditures/Expenses (6510)	xxx	
In-Process (71XX)		xxx

### 85.85.55.c.(2)

To record the deposit of reimbursement received by an individual college.

## Institutions of Higher Education - Agency Account (Account 840):

	Dr.	Cr.
Cash in Bank (1110)	xxx	
Due from Other Funds – Advances (1350)		xxx

### 85.85.55.d Close of Advance Account and Return Outstanding Balance - Early in New Biennium

#### 85.85.55.d.(1)

To close the vendor payment advance at the close of the biennium. Example assumes June expenditures against the advance were less the initial advance.

## Institutions of Higher Education – Agency Account (Account 840):

	Dr.	Cr.
Due to Other Funds – Advances (5150)	xxx*	
Due from Other Funds – Advances (1350)		xxx*
Due to Other Funds – Advances (1350)	xxx	
Cash in Bank (1110)		xxx

\*Amount of the initial advance.

#### 85.85.55.d.(2)

To record the transmittal to the Office of the State Treasurer of the outstanding cash balance in the vendor payment advance.

## General Fund (Account 001):

	Dr.	Cr.
Receipts In-Process (7110)	xxx	
Due from Other Funds – Advances (1350)		xxx



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## 85.85.60 Retention of payments

July 1, 2012

To record entries related to payments on public works contracts including retained percentages. Refer to [Subsection 85.74.20](#).

### 85.85.60.a Payment to Contractor

To record the amount paid to the contractor on a progress billing.

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

### 85.85.60.b Retained in State Account

To record the amount retained by the state, in a treasury/treasury trust or local account, from a progress billing.

	Dr.	Cr.
Cash Expenditures/Expenses (6510)	xxx	
Retained Percentages Payable (5116)		xxx

### 85.85.60.c Payment of Amounts Retained in State Account

To record the payment of amounts retained by the state in a treasury/treasury trust or local account.

	Dr.	Cr.
Retained Percentages Payable (5116)	xxx	
In-Process (71XX) or		
Cash in Bank (1110)		xxx

### 85.85.60.d Retained in Escrow or Interest Bearing Account

To record the amount of retained percentages placed in escrow or in an interest bearing account from a progress billing.

	Dr.	Cr.
Cash Expenditures/Expenses (6510)	xxx	
In-Process (71XX) or		
Cash in Bank (1110)		xxx
Cash and Investments with Escrow Agents and Trustees (1140)	xxx	
Retained Percentages Payable (5116)		xxx



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### 85.85.60.e Payment of Amounts Retained in Escrow or an Interest Bearing Account

To record the payment of amounts retained in escrow or in an interest bearing account.

	Dr.	Cr.
Retained Percentages Payable (5116)	xxx	
Cash and Investments with Escrow Agents and Trustees (1140)		xxx

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### 85.85.65 Claims and judgments

July 1, 2001

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This illustrative entry of a claims liability displays the accrual of a dispute with the federal government over questioned program costs when it is probable that the state will be required to refund federal revenue. Refer to [Subsection 85.74.40](#).

**Note:** The second entry is made to reverse activity previously coded as federal, which is now supported by state funds.

	Dr.	Cr.
Cash Revenues (3210) Federal Source Code (03XX)	xxx	
Claims and Judgments Payable (5113)		xxx
Cash Expenditures/Expenses (6510) Subobject (XX) (using a state appropriation)	xxx	
Cash Expenditures/Expenses (6510) Subobject (XX) (using a federal appropriation)		xxx



## 85.90 Interfund/Interagency Activities

Section	Title	Effective Date	Page Number
85.90.10	Interfund/interagency activities	July 1, 2008	<a href="#">911</a>
85.90.20	Interfund loans	July 1, 2001	<a href="#">911</a>
85.90.30	Interfund/interagency services provided and used	Jan. 1, 2012	<a href="#">911</a>
85.90.40	Payment procedures for selected central services agency charges	June 1, 2016	<a href="#">912</a>
85.90.50	Transfers	Jul 1, 2008	<a href="#">915</a>
85.90.60	Reimbursements (Objects S & T)	July 1, 2009	<a href="#">917</a>
85.90.70	Agency vendor payment revolving account charges	July 1, 2001	<a href="#">920</a>

### 85.90.10 Interfund/interagency activities

July 1, 2008

There are two major categories of interfund/interagency activities: reciprocal and nonreciprocal.

**Reciprocal** interfund/interagency activity is the internal counterpart to exchange and exchange-like transactions. It includes interfund loans (refer to [Subsection 85.90.20](#)), and interfund services provided and used (refer to [Subsection 85.90.30](#)).

**Nonreciprocal** interfund/interagency activity is nonexchange in nature. It includes interfund transfers (refer to [Subsection 85.90.50](#)), and reimbursements (refer to [Subsection 85.90.60](#)).

For information on paying interfund/interagency billings, refer to [Subsection 85.36.20](#).

### 85.90.20 Interfund loans

July 1, 2001

Interfund loans are reciprocal in nature. They are amounts provided with a requirement for repayment within a reasonable time. Interfund loans are reported as interfund receivables ("due from") in lending funds and interfund payables ("due to") in borrowing funds. Loans due within one year should be classified as short-term and loans due beyond a year should be classified as long-term. Refer to [Subsection 85.54.30](#).



### 85.90.30 Interfund/interagency services provided and used

Jan. 1, 2012

Interfund/interagency services provided and used are also reciprocal in nature. They were previously termed "quasi-external transactions." Interfund/interagency services provided and used are transactions within the state that are similar to and reported as though they had occurred with organizations external to the state. Interfund/interagency services provided and used are to be accounted for consistently by the accounts involved.

At the end of each fiscal period, any unpaid or unsettled amounts are reported as either interagency or interfund receivables and payables. Refer to [Subsection 85.90.40](#) for illustrative entries.

To record interfund/interagency services provided and used, the paying agency records an expenditure/expense using an appropriate object of expenditure. The receiving agency records revenue using either Revenue Source Code 0420 "Charges for Services," 0450 "Sales of Goods and Supplies - Proprietary Funds," or another appropriate revenue source code. Interfund/interagency services provided and used are budgeted and accounted for in this manner.

The following are examples of interfund/interagency services provided and used:

Internal service fund billings for goods or services, such as mail services from the Department of Enterprise Services and legal services provided by the Office of the Attorney General. Refer to [Subsection 85.90.40](#).

Routine employer contributions from operating accounts to a pension trust fund.

Routine service charges for inspection, engineering, utilities, or similar services provided by one account/agency to another.

### 85.90.40 Payment procedures for selected central services agency charges

June 1, 2016

#### 85.90.40.a

The following are selected central services agencies which require the use of unique object codes by the paying agency. A listing of services provided is as follows:

**Office of the Secretary of State** - Archives, records storage, and microfilm services.

**Office of the State Auditor** - Auditing services.

**Office of the Attorney General** - Legal services.

**Department of Enterprise Services** - Office space, janitorial services, utilities, buildings and grounds maintenance, campus delivery and mail service, parking, motor pool, procurement, mainframe print services, web services, secure file services, risk management, printing, small agency budgeting/





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accounting/human resources/payroll services, and personnel services for general government classified employees.

**Office of Administrative Hearings** - Administrative hearings examiner services.

**Office of Financial Management** - Statewide financial and payroll systems, personnel services for state agency classified employees, higher education classified employees, and Statewide Accounting, Budgeting, and Forecasting.

**Office of Minority and Women's Business Enterprises (OMWBE)** - Certification of minority business enterprises, socially and economically disadvantaged business enterprises, and women's business enterprises statewide.

**Consolidated Technology Services** - Computer and telecommunication services.

## 85.90.40.b

The following object codes and payment schedules are to be used by the paying agency for transactions with selected central services agencies:

Central Service Agency			Paying Agency		
Agency No. and Name		Account	Revenue Source Code	Object Code	Billing/Payment Schedule
(085) Office of the Secretary of State					
	Archives and Records Management	006	0420	EW	Billed quarterly in advance (July, October, January and April).
	Microfilm Services	006	0428	EW	Monthly actuals billed after month end.
(095) Office of the State Auditor		483	0420	ET	Monthly actual time and expenses billed after month end for accountability and whistleblower audits. ACFR and statewide single audits billed quarterly for actual time and expense.
(100) Office of the Attorney General		405	0420	EM	Monthly actuals for billable staff time and direct litigation costs are billed by the end of the following month.
(105) Office of Financial Management					
	Personnel Services - State agencies other than higher education	415	0420	EN	July, October, January and April (Quarterly billings in advance based on classified salaries).
	Labor Relations	436	0420	EN	July, October, January and April (Quarterly billings in advance based on .1% of salaries of employees covered by a bargaining unit).
	Enterprise Systems Fee	472	0420	EL	Billed monthly based on budgeted FTEs.
	Core Financials System Replacement	466	0420	EL	Billed quarterly based on budgeted FTEs.
	Personnel Services - Higher Education	455	0420	EN	July, October, January and April (Quarterly billings in advance) based on classified salaries.
	Statewide Accounting, Budgeting, and Forecasting	468	0420	EZ	Billed quarterly based on budgeted FTEs.



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<u>Central Service Agency</u>			<u>Paying Agency</u>	
Agency No. and Name	Account	Revenue Source Code	Object Code	Billing/Payment Schedule
<b>(110) Office of Administrative Hearings</b>	484	0420	EV	Monthly actuals for billable staff time are billed by the end of the following month.
<b>(147) OMWBE</b>	453	n/a	n/a	Covered by vendor-paid contract management fee assessed on all contracts managed within DES Contracts and Legal Division.
<b>(163) Consolidated Technology Services</b>				
Computer Services	458	0420	EL	Monthly actuals billed after month end.
State Data Center Allocation	458	0499	EL	Billed monthly based on budgeted IT expenses.
Telecommunications	458	0420	EB	Monthly actuals billed after month end.
Geospatial Portal	458	0420	EL	Weighted Factor 4-part index (portal downloads, number of GIS staff, agency FTEs, annual ESRI maintenance costs).
OCIO	458	0420	EL	Billed monthly based on budgeted FTEs in IT job classifications.
<b>(179) Dept. of Enterprise Services</b>				
Parking Services	045	0402	EK	Prepaid, and billed monthly, quarterly and annually.
Engineering & Architectural Services	057	n/a	JK	Varies by agency.
Capital Campus Maintenance and Operations	422	0420	EK	Billed monthly following services performed.
Capital Campus Utilities and Fixed Price Contracts	422	0420	EK	Billed monthly following services performed.
Consolidated Mail Services	422	0420	EK	Outgoing mail monthly actuals billed after month end; Incoming/Campus mail billed according to agencies' agreements.
Facilities & Services (Seat of Government)	422	0420	EK	Billed monthly based on budgeted FTEs located in Thurston County.
Facilities Engineering Services	422	0420	EK	Invoiced upon completion of service.
Federal and State Surplus	422	0420	JA/JC	Invoiced upon purchase.
Motor Pool	422	0420	GN	Monthly actuals billed after month end.
Personnel Services - State agencies other than higher education	422	0420	EN	Billed monthly based on budgeted FTEs. Separate training fees continue to apply.
Printing Services	422	0450	EF	Billed following services performed.
Production Services	422	0420	EL	Monthly actuals billed after month end.
Property Management	422	0402	ED	Rent billed monthly at month end.
Purchasing Administration Fee	422	n/a	n/a	Covered by vendor = paid contract
Small Agency Financial Services	422	0420	ER	Billed monthly based on budgeted formula.
Small Agency Human Resource Services	422	0420	ER	Billed monthly based on budgeted FTEs.
Risk Management Administration	546	0420	EP	Administration costs billed monthly based on formula. Commercial insurance costs billed as purchased.



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Central Service Agency			Paying Agency		
Agency No. and Name	Account	Revenue Source Code	Object Code	Billing/Payment Schedule	
Self-Insurance Liability Premiums	547	0496	EP	Billed annually at the beginning of the fiscal year.	

## 85.90.40.c

Unless otherwise provided above, central service agencies are to present invoices for payment to receiving agencies within 15 calendar days after the end of each billing period. However, at fiscal year-end, all bills (actual and estimates) are to be invoiced per the current fiscal year closing calendar in [Subsection 90.20.05](#).

## 85.90.40.d

When problems arise with the collection of interagency receivables, the following steps are to be taken:

1. The interagency receivables/payables personnel are to contact each other to resolve the problems.
2. If (1) fails, the accounting chiefs are to contact each other to find a resolution.
3. If (2) fails, the agencies are to contact their assigned OFM Accounting Consultants.

## 85.90.50 Transfers

July 1, 2008

### 85.90.50.a

Transfers are nonreciprocal in nature. Transfers of equity, formerly known as residual equity transfers, are non-recurring, non-routine transfers of equity between accounts. Two examples of equity transfers are contributions to or return of contributions from proprietary fund type accounts and transfer of residual equity balances from discontinued accounts.

Transfers of equity are generally infrequent. The key to identifying equity transfers is their non-recurring or non-routine nature. If transactions are recurring or routine, particularly if they involve a subsidy relationship, they are reported as operating transfers. Refer to [Subsection 85.90.50.b](#)

Equity transfers are recorded in governmental fund type accounts using Revenue Source Codes 0678 "Equity Transfers In" or 0679 "Equity Transfers Out." Equity transfers in proprietary fund type accounts are recorded to Revenue Source Code 0820 "Capital Contributions." Refer to [Subsection 85.95.20](#) for illustrative entries.

All equity transfers are to be in balance at the agency level, except for the following:

- Transfers to/from subsidiary accounts, and
- Transfers between state agencies.



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### 85.90.50.b

Operating transfers include the following:

- Transfers from accounts required by statute to collect resources to accounts legally authorized to expend them,
- Transfers of resources designated for debt service from the accounts collecting the receipts to the debt service accounts that will make the debt service payments,
- Transfers of unrestricted revenues collected in the General Fund to finance various programs accounted for in other accounts in accordance with budgetary authorization,
- Operating and equity transfers as required by law, and
- Transfers of profits from certain enterprise activities (Liquor and Lottery) to other accounts as required by law.

Operating transfers are recorded as expenditures using Object M or as revenues using the 06XX revenue source codes. Refer to [Section 75.80](#) for a listing and description of all transfer revenue source codes. Refer to [Subsection 85.95.30](#) for illustrative entries.

Operating transfers net to zero at the agency level.

### 85.90.50.c

Special budgeted allocations generally give agencies additional spending authority, but no additional cash is provided for federal, private/local or dedicated operating accounts. Two examples of these budgeted, noncash allocations are the Salary and Insurance Contribution Increase Allocation and the Special Retirement Contribution Increase Allocation. An expenditure transfer is required for the General Fund - State account allocation. Two transfer transactions - one for the expenditure transfer and one for the revenue transfer - out of the operating account and into the allocation account are required for the federal, private/local and dedicated operating account allocations. Refer to [Subsection 85.95.35](#) for an illustrative entry.

### 85.90.50.d

In governmental fund type accounts, transfers are reported as other financing uses in the funds making the transfers and as other financing sources in the funds receiving the transfers. In proprietary funds, transfers are reported in a separate section below nonoperating revenues and expenses.

In instances where transfers are appropriated as expenditures, GAAP and budgetary accounting treatments will differ. For budgetary reporting, appropriated operating transfers are considered "expenditures," while for GAAP reporting purposes, as noted above, they are considered other financing uses.



## 85.90.60 Reimbursements (Objects S & T)

July 1, 2009

Reimbursements are recorded when one agency and/or account initially charges an expenditure/expense that is subsequently charged to another. Generally, the reimbursement is recorded as an expenditure/expense in the reimbursing account and as a reduction of a corresponding expenditure/expense in the reimbursed account. Accounting for reimbursements in this manner results in the expenditure/expense being reported only once and in the proper account. Reimbursements are to be appropriately documented and approved.

Reimbursement reporting is to be used only in circumstances as described above. It is not to be used for interfund loans, interfund transfers, or other interfund activities. Additionally, payments received by proprietary funds for goods and services are normally recorded as revenue with appropriate revenue source codes rather than as reimbursements.

As described below, reimbursements are coded with Object S or Object T. The subobject coding should reflect the object of expenditure being offset with the reimbursement, except Subobject JA "Noncapitalized Assets" and Subobject JB "Noncapitalized Software" which are coded to Subobjects SE and TE. Although Subobjects SZ and TZ "Unidentified" are available for use, it is preferable that an agency allocates charges to the appropriate subobject of expenditure within Objects S and T on a monthly basis.

Reimbursements are classified into two types:

### 85.90.60.a

**Intra-agency reimbursements (Object T)** - Intra-agency reimbursements are used to charge for services or supplies provided by one account to another and to distribute administrative overhead charges. In accounting for intra-agency reimbursement transactions, the reimbursed account other than a non-budgeted proprietary type account is to credit expenditures using object T. The reimbursing account is to account for intra-agency materials supplied or services rendered as object T and the appropriate sub-object.

Intra-agency reimbursements are to be used to record special budgeted allocations involving accounts 239 "Tort Defense Service Revolving Account," 406 "Salary and Insurance Increase Revolving Account," 426 "Digital Government Revolving Account," and 427 "Special Account Retirement Contribution Increase Revolving Account." Refer to [Subsection 85.90.50.c](#).

Agencies may request a waiver from complying with specific requirements of this section. The request is to be in writing and be approved in writing by OFM before the waiver takes effect. Waivers automatically expire at the end of the fiscal biennium for which they were granted and are to be re-approved in writing to remain in force.

### 85.90.60.a.(1) Accounts other than non-budgeted proprietary fund type accounts



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All accounts other than non-budgeted proprietary fund type accounts are to use Object T transfers to record intra-agency transfers between said accounts. Reimbursements to accounts for expenditures/expenses initially made from it which are properly applicable to another account are to be recorded as a credit to expenditures/expenses using Object T. The reimbursing account other than a non-budgeted proprietary fund type account is to debit expenditures/expenses using Object T.

When transfers of salaries are made with Subobject TA, the FTEs are to remain with the original Object A expenditure.

The total for Object T transfers at the subobject level is to equal zero for all accounts within a fiscal year except as noted below for GL Code 6525 transfers and for non-budgeted proprietary fund type accounts. Refer to [Subsection 85.95.50.a](#) and [b](#) for illustrative entries.

Intra-agency reimbursements received by **budgeted** proprietary fund type accounts are recorded as credits to expense using Object T. Therefore, an additional entry is necessary to adjust to proper GAAP accounting. The GAAP adjustment debits GL Code 6525 "Expense Adjustments/Eliminations (GAAP)," using Object T with the appropriate sub-object and credits GL Code 3225 "Revenue Adjustments/Eliminations (GAAP)" with the appropriate revenue source code. Only in the case of GL Code 6525 transfers is there no corresponding Object T offset. Refer to [Subsection 85.95.50.c](#) for an illustrative entry.

### 85.90.60.a.(2) Non-budgeted proprietary fund type accounts

For non-budgeted proprietary fund type accounts (excluding accounts 443 and 505 which are subject to (1) above), reimbursements are not coded as credits to expenses using object T. They are coded directly to revenue with appropriate revenue source codes. Refer to [Subsection 85.95.50.d](#) for an illustrative entry.

### 85.90.60.b Interagency reimbursements (Object S)

All transactions between state agencies are to be properly accounted for as prescribed in [RCW Chapter 39.34](#).

The following procedures are to be followed in those instances where a **budgeted account or certain account used by higher education agencies** - accounts 143, 145, 147, 148, 149, 443, and 505 which are included with budgeted accounts for purposes of this section - provides goods or services to another agency:

#### 85.90.60.b.(1)

In accounting for interagency reimbursement transactions, the reimbursed agency is to credit expenditures/expenses using Object S - Interagency Reimbursements. The reimbursing agency is to account for expenditures for interagency materials supplied or services rendered as though they were purchased from an outside vendor. Refer to [Subsection 85.95.60.a](#) and [b](#) of this manual for illustrative entries.

**Note:** In budgeted accounts, interagency reimbursements are not to be recorded as revenue or as recovery of current appropriation expenditures using Revenue Source Code 0902 "Recoveries of Current Expenditure Authority Expenditures." Refer to [Subsection 85.95.60.a](#) and [b](#) for illustrative entries.



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### 85.90.60.b.(2)

The amounts billed to other agencies and uncollected at the end of the month and work in process costs not billed at the end of the month are to be recorded as a credit to the appropriate GL code series 65XX "Expenditures/Expenses" with object S and a debit to GL code 1354 "Due from Other Agencies."

### 85.90.60.b.(3)

For GAAP reporting purposes, payments to budgeted proprietary fund type accounts should be recorded as revenues with appropriate revenue source codes. However, as discussed above, interagency reimbursements to budgeted proprietary fund type accounts are recorded as credits to expense (object S). Therefore, an additional entry is necessary to adjust to proper GAAP accounting. The GAAP adjustment debits GL code 6525 "Expense Adjustments/Eliminations (GAAP)," using object S with the appropriate sub-object and credits GL code 3225 "Revenue Adjustments/Eliminations (GAAP)" with the appropriate revenue source code. Refer to [Subsection 85.95.60.c](#) for an illustrative entry.

For nonbudgeted proprietary fund type accounts (excluding accounts 443 and 505 which are subject to (1) above), interagency reimbursements are not coded as credits to expenses (object S). They are coded directly to revenue with appropriate revenue source codes. Refer to Subsection [Subsection 85.95.60.d](#) for an illustrative entry.

### 85.90.60.c

Agencies are to establish procedures to ensure timely, accurate, and cost effective payment of obligations to agencies. Refer to [Subsection 85.36](#) for information on payment methods.

Special attention by all agencies is to be given to the following:

**Due Dates** - Dates for payments are established by the terms of contracts between the state agencies. If the contract is silent concerning terms or there is no written contract, the terms are net 30 days. The 30 days, or other terms, begin upon receipt of the goods or services or a properly completed invoice, **whichever is later**. Agency payments are to be made by the due date.

**Combined Payments** - The number of payments to an agency are to be kept to a minimum by processing the maximum number of invoices with a single payment.

**Partial Payments** - When agencies accept partial delivery of goods or services without reservation, prompt payment is to be made for the goods or services received upon receipt from the agency of a properly completed invoice or in accordance with contract terms covering the partial delivery.

**Disputes** - Prompt and proper notification to an agency of receipt of unsatisfactory goods or services or an incorrect invoice defers the due date. The due date is recalculated from the date the problem is corrected. Proper authorization is required when material changes are made.

**Records** - Billings are to reflect the cost of labor, material and overhead. Records are to be maintained by the vendor agency that provides complete cost billing information and also an audit trail for post auditing. Source documentation should be made available, upon request, for review by the billed agency.





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When problems arise with the collection of interagency receivables, agencies are to follow the steps in [Subsection 85.90.40.d](#).

Vendor agencies are not to request or require advances from receiving agencies unless the advance was approved in writing by the OFM Director or authorized designee ([RCW 39.34.150](#)).

Refer to [Section 90.20](#) for additional requirements applicable to fiscal year end cutoff.

Refer to [Subsection 85.90.30](#) for discussion of interfund services provided and used and [Subsection 85.90.50](#) for transfers.

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### **85.90.70 Agency vendor payment revolving account charges**

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July 1, 2001

#### **85.90.70.a**

Account 720 "Agency Vendor Payment Revolving Account" may be used by agencies ([RCW 42.26](#)), with the approval of OFM, for the payment of goods or services which are payable from monies other than those maintained in the Office of the State Treasurer.

#### **85.90.70.b**

Use of Account 720 by agencies is to be authorized in writing by the Director of OFM or authorized designee.

#### **85.90.70.c**

Amounts disbursed from Account 720 must be from amounts previously deposited by the agency using the account. These deposits must be from local accounts which are properly chargeable with the disbursement. **Amounts to cover disbursements must be deposited prior to actual disbursement.** Refer to [Subsection 85.95.70](#) for illustrative entries.

#### **85.90.70.d**

All amounts accruing to Account 720 as a result of the cancellation of warrants are to be re-deposited in the agency's appropriate local account.

#### **85.90.70.e**

Only the following accounts are to be maintained in the general ledger of Account 720: GL Codes 4310 "Current Treasury Cash Activity (OST Only)," 4325 "Beginning Treasury Cash Balance - Agency Funds," 5199 "Other Liabilities," and the 71XX "In-Process" Series. Subsidiary ledgers are not required. Refer to [Subsection 85.95.70](#) for illustrative entries.





# State Administrative and Accounting Manual

## 85.95 Interfund/Interagency Activities - Illustrative Entries

Section	Title	Effective Date	Page Number
85.95.10	These entries are for illustrative purposes	July 1, 2001	<a href="#">921</a>
85.95.20	Transfers of equity	July 1, 2003	<a href="#">921</a>
85.95.30	Operating transfers	July 1, 2003	<a href="#">922</a>
85.95.35	Special budgeted allocation transfers	July 1, 2008	<a href="#">923</a>
85.95.40	Interfund/interagency services provided and used	Jul 1, 2008	<a href="#">924</a>
85.95.50	Intra-agency reimbursements (Object T)	July 1, 2008	<a href="#">925</a>
85.95.60	Interagency reimbursements (Object S)	July 1, 2008	<a href="#">926</a>
85.95.70	Agency vendor payment revolving account	July 1, 2001	<a href="#">927</a>

### 85.95.10 These entries are for illustrative purposes

July 1, 2001

The situations in this section illustrate the accounting treatment of some typical interfund/interagency activities. These entries are for illustrative purposes **only** and should **not** be considered all-inclusive. Entries posted to GL Code Series 71XX "In-Process" in treasury and treasury trust accounts also require an entry from the Office of State Treasurer as illustrated below to clear the GL In-Process codes.

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

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

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

### 85.95.20 Transfers of equity

July 1, 2003



# State Administrative and Accounting Manual

To record the transfer of a fund balance from a discontinued local account to the General Fund. For purposes of this example, assume there is cash as well as outstanding receivables and payables in the discontinued account and that the discontinued account is a governmental fund type account. Refer to [Subsection 85.90.50.a](#).

## Discontinued Account:

	Dr.	Cr.
Payables - Short-Term (51XX)	xxx	
Cash Revenue (3210) or Noncash Revenue (3220)		
Revenue Source Code (0679) Equity Transfers Out	xxx	
Cash In Bank (1110)		xxx
Receivables - Short-Term (13XX)		xxx

## General Fund - Basic Account (001):

	Dr.	Cr.
In-Process (71XX)	xxx	
Receivables - Short-Term (13XX)	xxx	
Payables - Short-Term (51XX)		xxx
Cash Revenue (3210) or Noncash Revenue (3220)		
Revenue Source Code (0678) Equity Transfers In		xxx

## 85.95.30 Operating transfers

July 1, 2003

### 85.95.30.a

To record an operating transfer in. Refer to [Subsection 85.90.50.b](#).

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX)	xxx	
Cash Revenue (3210) Revenue Source Code (0621) Operating Transfers In		xxx

### 85.95.30.b

To record an operating transfer out. Refer to [Subsection 85.90.50.b](#).

	Dr.	Cr.
Cash Revenue (3210) Revenue Source Code (0622) Operating Transfers Out	xxx	
Cash in Bank (1110) or In-Process (71XX)		xxx



# State Administrative and Accounting Manual

## 85.95.35 Special budgeted allocation transfers

July 1, 2008

### 85.95.35.a

To record a special budgeted allocation transfer for an increase allocation to either the Salary and Insurance Increase Revolving Account (Account 406) or the Special Account Retirement Contribution Increase Revolving Account (Account 427). In this entry, the original disbursement was recorded as a cash expenditure to Object A or B in the agency's operating account. Refer to [Subsection 85.90.50.c](#).

#### Allocation Account:

	Dr.	Cr.
Cash Expenditure (6510) Subobjects TA and/or TB	xxx	
Current Period Clearing Account (9920)		xxx
Current Period Clearing Account (9920)	xxx	
Cash Revenues (3210) Revenue Source Code (0626*)		xxx

#### Operating Account (other than General Fund):

	Dr.	Cr.
Current Period Clearing Account (9920)	xxx	
Cash Expenditure (6510) Subobjects TA and/or TB		xxx
Cash Revenues (3210) Revenue Source Code (0626*)	xxx	
Current Period Clearing Account (9920)		xxx

\*The Revenue Source Code would be 03XX for federal or 05XX for private/local when non-state expenditure authority is involved.

**Note:** This is an in-house non-cash journal voucher entry only. Do not send it to the Office of the State Treasurer. Entries are reversed for a negative allocation.

### 85.95.35.b

Special allocation accounts are not used for allocations in the General Fund. Instead, the allocation is made through an allocation appropriation.

#### General Fund:

	Dr.	Cr.
Current Period Clearing Account (9920)	xxx	
Cash Expenditure (6510 Operating Appropriation)		
Subobjects TA and TB		xxx
Cash Expenditure (6510 Allocation Appropriation)		
Subobjects TA and TB	xxx	
Current Period Clearing Account (9920)		xxx



## State Administrative and Accounting Manual

### 85.95.40 Interfund/interagency services provided and used

July 1, 2008

#### 85.95.40.a

To record amounts billed for goods and services delivered to another agency or account. Refer to [Subsection 85.90.30](#).

	Dr.	Cr.
Due From Other Agencies (1354) or Due From Other Funds (1353)	xxx	
Revenue (32XX) Revenue Source Code (as appropriate)		xxx

#### 85.95.40.b

To record receipt of amount previously billed for goods and services delivered to another agency or account. Refer to [Subsection 85.90.30](#).

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX)	xxx	
Due From Other Agencies (1354) or Due From Other Funds (1353)		xxx

#### 85.95.40.c

To record liability for goods and services rendered by another agency or account. Refer to [Subsection 85.90.30](#).

	Dr.	Cr.
Expenditures/Expense (65XX) (with appropriate sub-object)	xxx	
Due To Other Agencies (5154) or Due To Other Funds (5153)		xxx

#### 85.95.40.d

To record disbursement of amount previously booked as liability for goods and services rendered by another agency or account. Refer to [Subsection 85.90.30](#).

	Dr.	Cr.
Due To Other Agencies (5154) or Due To Other Funds (5153)	xxx	
Cash in Bank (1110) or In-Process (71XX)		xxx



# State Administrative and Accounting Manual

## 85.95.50 Intra-agency reimbursements (Object T)

July 1, 2008

### 85.95.50.a

To record amounts **received** by an account other than a **non-budgeted proprietary fund type account** from another account to reimburse for goods and services rendered on behalf of the reimbursing account. Refer to [Subsection 85.90.60.a.\(1\)](#).

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX)	xxx	
Expenditures/Expenses (65XX) Object T		xxx

### 85.95.50.b

To record amounts **paid** by one **budgeted account** to another account to reimburse for goods and services rendered on behalf of the reimbursing account. Refer to [Subsection 85.90.60.a.\(1\)](#).

	Dr.	Cr.
Expenditures/Expenses (65XX) Object T	xxx	
Cash in Bank (1110) or In-Process (71XX)		xxx

### 85.95.50.c

The additional entry needed for an Object T reimbursements **received** by a **budgeted proprietary fund type account** to meet GAAP reporting requirements. Refer to [Subsection 85.90.60.a.\(1\)](#).

	Dr.	Cr.
Expense Adjustment/Eliminations (GAAP) (6525) Object T	xxx	
Revenue Adjustments/Eliminations (GAAP) (3225) Revenue Source Code (as appropriate)		xxx

### 85.95.50.d

To record an intra-agency reimbursement **received** by a **non-budgeted proprietary fund type account**. Refer to [Subsection 85.90.60.a.\(2\)](#).

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX)	xxx	
Cash Revenues (3210) Revenue Source Code (0420) Charges for Services		xxx



## State Administrative and Accounting Manual

### 85.95.60 Interagency reimbursements (Object S)

July 1, 2008

#### 85.95.60.a

To record amounts **received** by an account **other than a non-budgeted proprietary fund type account** in one agency from another agency to reimburse for goods and services rendered on behalf of the reimbursing agency. Refer to [Subsection 85.90.60.b.\(1\)](#).

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX)	xxx	
Expenditures/Expenses (65XX) Object S		xxx

#### 85.95.60.b

To record amounts **paid** by one agency to another agency to reimburse for goods and services rendered on behalf of the reimbursing agency. Refer to Subsection [Subsection 85.90.60.b.\(1\)](#).

	Dr.	Cr.
Expenditures/Expenses (65XX) Object E	xxx	
Cash in Bank (1110) or In-Process (71XX)		xxx

#### 85.95.60.c

The additional entry needed for Object S reimbursements to a **budgeted proprietary fund type account** to meet GAAP reporting requirements. Refer to Subsection [Subsection 85.90.60.b.\(1\)](#).

	Dr.	Cr.
Expense Adjustments/Eliminations (GAAP) (6525) Object S	xxx	
Revenue Adjustments/Eliminations (GAAP) (3225) Revenue Source Code (as appropriate)		xxx

#### 85.95.60.d

To record an interagency reimbursement **received** by a **non-budgeted proprietary fund type account**. Refer to [Subsection 85.90.60.b.\(3\)](#).

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX)	xxx	
Cash Revenues (3210) Revenue Source Code (0420) Charges for Services		xxx



## State Administrative and Accounting Manual

### 85.95.70 Agency vendor payment revolving account

July 1, 2001

#### 85.95.70.a

To record deposits of monies in the Agency Vendor Payment Revolving Account. Refer to [Subsection 85.90.70](#).

#### Operating Account:

	Dr.	Cr.
Expenditures/Expenses (65XX) (with appropriate sub-object)	xxx	
Cash in Bank (1110)		xxx

#### Agency Vendor Payment Revolving Account (720):

	Dr.	Cr.
Receipts In-Process (7110)	xxx	
Other Liabilities (5199)		xxx

#### 85.95.70.b

To record disbursements from the Agency Vendor Payment Revolving Account. Refer to [Subsection 85.90.70](#).

#### Agency Vendor Payment Revolving Account (720):

	Dr.	Cr.
Other Liabilities (5199)	xxx	
In-Process (71XX)		xxx



# **Chapter 90**

# **State Reporting**





## 90.10 General State Reporting Policies

Section	Title	Effective Date	Page Number
90.10.10	Purpose and scope of these policies	June 1, 2016	<a href="#">929</a>
90.10.20	Authority for these policies	June 1, 2016	<a href="#">929</a>
90.10.30	Applicability	June 1, 2016	<a href="#">929</a>
90.10.40	Using the Agency Financial Reporting System (AFRS) - roles and responsibilities	June 1, 2019	<a href="#">930</a>
90.10.50	Some agencies have component unit reporting requirements	June 1, 2016	<a href="#">931</a>
90.10.60	Agency prepared reports must reconcile with AFRS and the ACFR	June 1, 2016	<a href="#">932</a>
90.10.70	Agencies must comply with reporting due dates	June 1, 2016	<a href="#">932</a>

### 90.10.10 Purpose and scope of these policies

June 1, 2016

Chapter 90 establishes the state reporting policies and procedures governing the accumulation of accounting data for reporting purposes and the preparation of the state of Washington's Annual Comprehensive Financial Report (ACFR).

### 90.10.20 Authority for these policies

June 1, 2016

All agencies are required by [RCW 43.88.110](#) to maintain accounting records and report thereon in a manner prescribed by the Budget and Accounting Act or associated regulations. Additionally, [RCW 43.88.027](#) requires the Governor, through the Director of the Office of Financial Management (OFM), to prepare and publish within six months of the end of the fiscal year, as a matter of public record, an annual financial report that encompasses all funds and account groups of the state.

### 90.10.30 Applicability

June 1, 2016

This chapter is applicable to and binding on all agencies of the state of Washington, unless otherwise exempted by statute or rule. The Budget and Accounting Act ([RCW 43.88.020](#)) defines the term "agency"



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to mean and include “every state office, officer, each institution, whether educational, correctional or other, and every department, division, board and commission, except as otherwise provided.” Agencies may request a waiver from complying with specific requirements of this chapter. Refer to [Subsection 1.10.40](#) for information on how to request a waiver.

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### **90.10.40 Using the Agency Financial Reporting System (AFRS) - roles and responsibilities**

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June 1, 2019

The Agency Financial Reporting System (AFRS) functions as the statewide financial [accounting system](#). The financial data collected in AFRS is used to prepare a variety of reports including analyses for state level executive management and responses to inquiries for information from parties outside OFM. Because of the importance of financial reports in the management of state operations, it is essential that complete and accurate data be submitted to AFRS monthly.

To this end, the following roles and responsibilities have been established:

#### **90.10.40.a**

**OFM** is responsible for assisting agencies in complying with AFRS reporting and processing requirements.

This includes:

1. Training and consulting services regarding state policies, procedures, and regulations, as well as the processing of transactions and reporting of data in AFRS;
2. Assistance in resolving certain processing problems related to accounting and financial reporting standards, system functionality (including batch interface processing); and
3. Notification of missing or erroneous data, substantial system modifications and processing issues where possible.

#### **90.10.40.b**

**Agencies** are responsible for:

1. Ensuring that accurate and complete data is submitted to AFRS monthly.
2. Ensuring that they are in a position to respond to problems encountered with the integrity and/or transmission of agency data, especially during critical times such as AFRS month-end cut-off and during the fiscal year-end closing process.
3. Exercising appropriate control over data security.
4. Verifying the completeness, accuracy, and integrity of data submitted.



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5. Notifying their assigned OFM Accounting Consultant if data or other problems arise.
6. Reviewing balances in AFRS for accuracy and completeness and, as applicable, reconciling balances to subsidiary records.

### 90.10.40.c

**Administering agencies** are responsible for:

1. Reviewing the reasonableness of the asset, liability and equity balances of the accounts that they administer.
2. Alerting the assigned OFM Budget Analyst if any fund balance issues are noted.
3. Bringing to the attention of the administering agency's OFM Accounting Consultant all other unusual activity and/or balances. Refer to [Subsection 80.10.90](#).

### 90.10.40.d

**Agencies that use the batch interface process to submit data** are responsible for:

1. Ensuring that data is transmitted in a secure and reliable manner consistent with AFRS requirements.
2. Coordinating with OFM ITS on matters regarding the transmission and processing necessary to make the data available for processing by AFRS.

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## 90.10.50 Some agencies have component unit reporting requirements

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June 1, 2016

Reporting requirements prescribe two methods for reporting component units of the state in the ACFR. Depending upon a component unit's relationship with the state, it is either blended or reported discretely.

- **Blended component units** are reported as part of the primary state government just like a normal state agency. Data for blended component units is included in AFRS.
- **Discretely reported component units** are reported in a column separate from the primary state government. Component units discretely reported need to submit audited financial statements to OFM.

The OFM Accounting Consultant assigned to agencies identified as (or having) component units will work with agency personnel to provide additional information and assistance as needed to satisfy reporting requirements. If questions exist regarding component units or potential component units, contact the assigned OFM Accounting Consultant.



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### **90.10.60 Agency prepared reports must reconcile with AFRS and the ACFR**

June 1, 2016

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Agencies preparing and/or publishing agency financial statements are to use data submitted to AFRS and the Disclosure Forms application for inclusion in the state's ACFR. Any variance between the final AFRS data and agency issued financial statements is to be reconciled and disclosed in the notes of the agency's financial statements. However, if the separately issued report uses different reporting standards, the agency is to clearly indicate in the notes to their financial statements which standards were used and how they differ from those used in the state's ACFR.

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### **90.10.70 Agencies must comply with reporting due dates**

June 1, 2016

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Agencies are to adhere to the published due dates. This adherence allows the data to be consolidated by OFM and reported in accordance with prescribed time frames.



## State Administrative and Accounting Manual

### 90.20 Fiscal Year-End Cut-Off Procedures

Section	Title	Effective Date	Page Number
90.20.05	Introduction	June 1, 2022	<a href="#">933</a>
90.20.10	Cash cut-off date and policies	June 1, 2016	<a href="#">934</a>
90.20.15	Prior period adjustments and corrections	July 1, 2020	<a href="#">935</a>
90.20.20	Revenue recognition	July 1, 2020	<a href="#">938</a>
90.20.25	Expenditure/expense recognition	July 1, 2020	<a href="#">940</a>
90.20.30	Expenditure/expense accruals for single year operating expenditure authority - mid-biennium	June 1, 2016	<a href="#">940</a>
90.20.35	Expenditure/expense accruals for biennial expenditure authority - mid-biennium	June 1, 2016	<a href="#">941</a>
90.20.40	Expenditure/expense accruals - end of biennium	June 1, 2016	<a href="#">942</a>
90.20.45	Unliquidated estimated accrued expenditures/expenses – immaterial prior period adjustments	June 1, 2016	<a href="#">943</a>
90.20.47	Shortages in estimated accrued expenditures/expenses in appropriated accounts – belated claims	June 1, 2016	<a href="#">943</a>
90.20.50	Interagency accruals	June 1, 2019	<a href="#">943</a>
90.20.55	Accounting estimates	June 1, 2016	<a href="#">946</a>
90.20.60	Interfund accruals	June 1, 2022	<a href="#">947</a>
90.20.62	Fund balance	June 1, 2016	<a href="#">948</a>
90.20.70	Adjustment and reconciliation activity	June 1, 2022	<a href="#">948</a>
90.20.80	Office of Financial Management analysis and ACFR preparation	June 1, 2016	<a href="#">956</a>
90.20.90	State Auditor’s Office audit	June 1, 2016	<a href="#">956</a>



## 90.20.05 Introduction

June 1, 2022

This section provides policies and procedures for closing a [fiscal year](#) and for the preparation of the state of Washington's [Annual Comprehensive Financial Report \(ACFR\)](#). 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 2022 is as follows:

- The last regular working day of the fiscal year is **June 30, 2022**. Refer to the Office of the State Treasurer's (OST) closing schedule for cutoff dates for treasury activity.
- **Interagency invoices** must be mailed by **July 25, 2022**. Refer to [Subsection 90.20.50](#).
- **Phase 1** is for agencies to record revenue and expenditure/expense accruals. Phase 1 closes **July 29, 2022**. Refer to [Subsections 90.20.20](#) through [Subsection 90.20.62](#).
- **Phase 2** is for agencies to record adjustments necessary to correct year end totals. Phase 2 closes **September 2, 2022**. 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 ACFR.
- SAO audits the accounting data and the state's ACFR.

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/ACFR Closing Schedule and other year-end closing resources at: <https://ofm.wa.gov/accounting/administrative-accounting-resources/year-end-closing>.

## 90.20.10 Cash cut-off date and policies

June 1, 2016

### 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.



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### 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 cutoff. Refer to [Subsection 90.30.50](#) 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.

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## 90.20.15 Prior period adjustments and corrections

July 1, 2020

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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.



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- [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 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 over liquidated 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."





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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

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

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



## 90.20.20 Revenue recognition

July 1, 2020

### 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 fiduciary fund type accounts

Revenues for proprietary and fiduciary 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.



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### 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 fiduciary 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 fiduciary 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



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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.”

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### 90.20.25 Expenditure/expense recognition

July 1, 2020

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#### 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 fiduciary fund type accounts

In proprietary and fiduciary 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.

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

June 1, 2016

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#### 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](#).



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**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)

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

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## 90.20.35 Expenditure/expense accruals for biennial expenditure authority - mid-biennium

June 1, 2016

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### 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**



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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.

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### 90.20.40 Expenditure/expense accruals - end of biennium

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June 1, 2016

#### 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.





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### 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 Unliquidated estimated accrued expenditures/ June 1, 2016 expenses – immaterial prior period adjustments

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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 Shortages in estimated accrued expenditures/ June 1, 2016 expenses in appropriated accounts – belated claims

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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 Interagency accruals

June 1, 2019

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#### 90.20.50.a



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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 [Subsection 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.





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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
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:



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## **Component Units**

## **Agency Code**

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:

<b>Agency Name</b>	<b>Agency Code</b>	<b>Use Subsidiary GL Code</b>
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](#).

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## **90.20.55 Accounting estimates**

June 1, 2016

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### **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.



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### 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.”

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## 90.20.60 Interfund accruals

June 1, 2022

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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 and Washington State University 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 Fund balance

June 1, 2016

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.

## 90.20.70 Adjustment and reconciliation activity

June 1, 2022

### 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 “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/amortization 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



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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/amortization occurring during the year. Adjusting entries to capital assets and accumulated depreciation/amortization 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 Leases – Governmental Accounts*

4. **Depreciation/amortization adjustment.** Record depreciation/amortization 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*



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### **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



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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: Accounting/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.





## State Administrative and Accounting Manual

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.





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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 fiduciary 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 lease-to-own agreements 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 “Lease-to-Own Acquisition.” Refer to [Subsection 85.72.30.b](#).

For governmental fund type accounts, ensure that the amount of all new right-to-use lease agreements 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 0810 “Right-to-Use Lease Acquisition.” Refer to [Subsection 85.72.25.c.\(1\)](#).

*ER report to use: Accounting/Exceptions/COPs and 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 fiduciary 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 fiduciary 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).



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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*



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21. **Receivable adjustments and reconciliation.** Report receivables as the net amount expected to be collected. An adjusting entry to the related accounts may be required to properly reflect the net estimated realizable value of the receivables. [Subsection 85.54.55](#) describes the 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 Expenditures 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](#).



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### 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 ACFR preparation

June 1, 2016

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### 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 ACFR in accordance with generally accepted accounting principles and works with the State Auditor's Office (SAO) throughout the ACFR audit.

### 90.20.80.c

Once the SAO issues their opinion on the state's ACFR, 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

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### 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



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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.



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## 90.30 Fiscal Year-End Cut-Off - Illustrative Entries

Section	Title	Effective Date	Page Number
90.30.10	These entries are for illustrative purposes	June 1, 2016	<a href="#">958</a>
90.30.20	Cash revenues	June 1, 2016	<a href="#">958</a>
90.30.30	Material prior period adjustments	June 1, 2016	<a href="#">959</a>
90.30.35	Immaterial prior period adjustments and corrections	June 1, 2016	<a href="#">960</a>
90.30.40	Accrued, unavailable and unearned revenues	June 1, 2016	<a href="#">962</a>
90.30.50	Vendor payment transactions	June 1, 2016	<a href="#">963</a>
90.30.60	Encumbrance transactions	June 1, 2016	<a href="#">965</a>
90.30.70	Interagency reimbursements (Object S)	June 1, 2016	<a href="#">965</a>
90.30.80	Intra-agency reimbursements (Object T)	June 1, 2016	<a href="#">966</a>
90.30.90	Fund balance reclassification	June 1, 2016	<a href="#">967</a>

### 90.30.10 These entries are for illustrative purposes

June 1, 2016

The following entries illustrate the recording of year-end financial transactions. These entries are for illustrative purposes only and should not be considered all-inclusive.

Entries posted to GL Code series 71XX "In-Process" in treasury and treasury trust accounts also require an entry from the Office of the State Treasurer (OST) to clear the In-Process GL codes, as illustrated below.

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

This OST entry would be reversed for In-Process debit amounts.



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## 90.30.20 Cash revenues

June 1, 2016

### 90.30.20.a

To record cash revenues earned and received during the fiscal year (between July 1 and June 30) and **deposited** in the State Treasury (for treasury accounts) or a local bank account (for local accounts) **by June 30**. Refer to [Subsections 85.20.10](#) and [90.20.10](#).

	Dr.	Cr.
Cash in Bank (1110) or	xxx	
Receipts In-Process (7110) or		
Journal Vouchers In-Process (7140)		
Cash Revenues (3210) (with appropriate revenue source code)		xxx

### 90.30.20.b

To record cash revenues earned and **received by June 30** and recorded by the AFRS June cut-off, but not deposited/receipted in the State Treasury (for treasury accounts) or a local bank account (for local accounts) **by June 30**.

<b>Operating agency - concluding fiscal year:</b>	Dr.	Cr.
Undeposited Local Cash (1120) or	xxx	
Receipts In-Process (7110) or		
Journal Vouchers In-Process (7140)		
Cash Revenues (3210) (with appropriate revenue source code)		xxx

<b>OST - ensuing fiscal year - for treasury accounts:</b>	Dr.	Cr.
Current Treasury Cash Activity (OST Only) (4310)	xxx	
Receipts In-Process (7110) or		
Journal Vouchers In-Process (7140)		xxx

<b>Operating agency - ensuing fiscal year - for local accounts:</b>	Dr.	Cr.
Cash in Bank (1110)	xxx	
Undeposited Local Cash (1120)		xxx

## 90.30.30 Material prior period adjustments

June 1, 2016

**Material prior period adjustment entries have the effect of adjusting beginning fund balance/equity. These entries must be submitted to the OFM Accounting Consultant assigned to the agency for approval and entry. Full footnote disclosure must accompany these adjustments.**



# State Administrative and Accounting Manual

## 90.30.30.a

To record **material** prior period adjustments to beginning real account balances (equity). Refer to [Subsection 90.20.15.a](#).

Office of Financial Management:	Dr.	Cr.
GL Code to be Adjusted (XXXX)	xxx	
Prior Period Material Corrections (OFM Only) (9720)		xxx

## 90.30.30.b

To record material prior period adjustments to the Subsidiary Accounts 997 and 999, debit and credit adjustments are offset to GL Code 9910 “Current Period Clearing Account (Subsidiary Accounts Only).” Refer to [Subsection 90.20.15.b](#).

For purposes of this example, assume that an agency discovers that \$5.0 million of equipment, with associated allowance for depreciation of \$4.4 million, remains in the Capital Assets Subsidiary Account 997 long after the equipment has become obsolete and effectively retired.

Office of Financial Management:	Dr.	Cr.
Allowance for Depreciation (2420)	4.4M	
Current Period Clearing Account (Subsidiary Accounts Only) (9910)	0.6M	
Furnishings and Equipment (2410)		5.0M
Investment in Capital Assets (9850)	0.6M	
Current Period Clearing Account (Subsidiary Accounts Only) (9910)		0.6M

**Note:** The ending balance in GL Code 9910 must be zero.

## 90.30.35 Immaterial prior period adjustments and corrections

June 1, 2016

## 90.30.35.a

To write off an unliquidated prior year estimated payable accrual. For purposes of this example, assume that an agency recorded an estimated accrual in the amount of \$20,000 and received actual bills in the subsequent fiscal year totaling \$19,500. The residual balance of \$500 in GL Code 5111 “Accounts Payable” should be adjusted through GL Code 3215 “Immaterial Adjustments to Prior Periods,” Revenue Source Code 0486 “Recoveries of Prior Expenditure Authority Expenditures.” Refer to [Subsection 90.20.45](#).

	Dr.	Cr.
Accounts Payable (5111)	500	
Immaterial Adjustments to Prior Periods (3215) Revenue Source Code (0486) “Recoveries of Prior Expenditure Authority Expenditures”		500





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### 90.30.35.b

To clear an over liquidated prior year estimated payable accrual. For purposes of this example, assume that an agency recorded an estimated accrual in a prior year in the amount of \$10,000 and received actual bills in the subsequent year totaling \$12,000. The balance (\$2,000) in excess of the estimated accrual is a current year expenditure and, if the account involved is appropriated, the expenditure may be a belated claim. Refer to [Subsections 90.20.15.e](#) and [85.40.10](#).

	Dr.	Cr.
Accounts Payable (5111)	10,000	
Cash Expenditures/Expenses (6510) (with appropriate Subobject)	2,000	
Warrants/ACH Payments In-Process (7120)		12,000

### 90.30.35.c

To record the recovery of an expenditure charged against a prior period expenditure authority. For purposes of this example, assume that an agency paid their electric bill in the amount of \$5,000. In the subsequent fiscal year the agency received a refund for an energy credit in the amount of \$500. The \$500 is recorded in the current fiscal year using GL Code 3210 "Cash Revenues" with Revenue Source Code 0486 "Recoveries of Prior Expenditure Authority Expenditures." Refer to [Subsection 90.20.15](#).

	Dr.	Cr.
Cash in Bank (1110) or	500	
Receipts In-Process (7110)		
Cash Revenues (3210) Revenue Source Code (0486) "Recoveries of Prior Expenditure Authority Expenditures"		500

### 90.30.35.d

To adjust a receivable that was overestimated. For purposes of this example, assume that an agency recorded an estimated receivable in the amount of \$25,000 and in the subsequent year received payment in full of \$20,000. After liquidating the receivable for the amount received, the residual balance is adjusted through current year revenue. Refer to [Subsection 90.20.20.e](#).

	Dr.	Cr.
Accrued Revenues (3205) (with appropriate source code)	5,000	
Accounts Receivable (1312)		5,000

### 90.30.35.e

To adjust a receivable that was underestimated. For purposes of this example, assume that an agency recorded an estimated receivable in the amount of \$20,000 and in the subsequent year received payment in full of \$30,000. After liquidating the receivable for the amount received, the residual balance is adjusted through current year revenue. Refer to [Subsection 90.20.20.e](#).



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	Dr.	Cr.
Accounts Receivable (1312)	10,000	
Accrued Revenues (3205) (with appropriate source code)		10,000

### 90.30.35.f

To record an immaterial prior period adjustment to the General Capital Assets Subsidiary Account 997. Assume that the agency discovers that equipment cost is understated in AFRS by \$10,000. Refer to [Subsection 90.20.15.f](#). If the agency discovers that the equipment cost is overstated, the entry would be reversed.

	Dr.	Cr.
Furniture and Equipment (2410)	10,000	
Capital Asset Adjustment (General Capital Asset Subsidiary Account Only) (6597) Subobject WF "Capital Asset Adjustment"		10,000

### 90.30.35.g

To record an immaterial prior period adjustment to the General Capital Assets Subsidiary Account 997. Assume that the agency discovers that the allowance for depreciation is understated in AFRS by \$7,500. Refer to [Subsection 90.20.15.f](#).

	Dr.	Cr.
Depreciation/Amortization Expense (General Capital Asset Subsidiary Account Only) (6591) Subobject WA "Depreciation/Amortization"	7,500	
Allowance for Depreciation – Furnishings and Equipment (2420)		7,500

### 90.30.35.h

To record an immaterial prior period adjustment to the General Capital Assets Subsidiary Account 997. Assume that the agency discovers that the allowance for depreciation is overstated in AFRS by \$8,500. Refer to [Subsection 90.20.15.f](#).

	Dr.	Cr.
Allowance for Depreciation – Furnishings and Equipment (2420)	8,500	
Capital Asset Adjustment (General Capital Asset Subsidiary Account Only) (6597) Subobject WF "Capital Asset Adjustment"		8,500

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## 90.30.40 Accrued, unavailable and unearned revenues

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June 1, 2016

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### 90.30.40.a

To record revenues earned but not received by **June 30**. Refer to [Subsection 90.20.20](#).



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	Dr.	Cr.
Appropriate Receivable GL Code (13XX)	xxx	
Accrued Revenues (3205) (with appropriate revenue source code)		xxx

## 90.30.40.b

To record receipt of accrued revenues in the ensuing fiscal year and deposit in the State Treasury (for treasury accounts) or a local bank account (for local accounts). Refer to [Subsection 90.20.20.](#)

	Dr.	Cr.
Cash in Bank (1110) or Receipts in-Process (7110) or Journal Vouchers In-Process (7140)	xxx	
Appropriate Receivable GL Code (13XX)		xxx

**Note:** For revenue accrued at the end of the first fiscal year of the biennium, this entry is accompanied by a reversal of the accrued revenue - debit GL Code 3205 “Accrued Revenues,” and credit GL Code 3210 “Cash Revenues” in the second fiscal year.

## 90.30.40.c

To record a long-term receivable in a governmental fund type account for revenue which meets the asset recognition criteria but is not expected to be collected within one year. Refer to [Subsection 90.20.20.e.](#)

	Dr.	Cr.
Appropriate Long-term Receivable GL Code (16XX)	xxx	
Unavailable Revenues (5292)		xxx

## 90.30.40.d

To record the receipt of cash or to record a receivable for which the earnings process is not yet complete. Refer to [Subsection 90.20.20.f](#)

	Dr.	Cr.
Appropriate Cash or In-Process GL Code (1110) or (7110) or Appropriate Receivable GL Code (13XX) or (16XX)	xxx	
Unearned Revenues (5190) or (5290)		xxx

## 90.30.50 Vendor payment transactions

June 1, 2016

Refer to [Subsection 85.36.20](#) for information on payment methods available to state agencies.



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## 90.30.50.a

To record cash expenditures/expenses for goods and services received and paid for during the fiscal year (prior to June 30). Refer to [Subsection 90.20.10](#).

	Dr.	Cr.
Cash Expenditures/Expenses (6510) (with appropriate Subobject)	xxx	
Cash in Bank (1110) or		
Warrants/ACH Payments In-Process (7120) or		
Journal Vouchers In-Process (7140)		xxx

## 90.30.50.b

To record the accrual of actual expenditures/expenses for goods and services received but not paid for by June 30. Refer to [Subsections 90.20.25](#) through [90.20.40](#).

	Dr.	Cr.
Accrued Expenditures/Expenses (6505) (with appropriate Subobject)	xxx	
Appropriate Payable GL Code (51XX)		xxx

## 90.30.50.c

To record payment of accrued expenditures/expenses in the **ensuing fiscal year**.

This entry is system generated in AFRS agencies when using payment producing transaction codes:

	Dr.	Cr.
Appropriate Payable GL Code (51XX)	xxx	
Cash in Bank (1110) or		
Warrants/ACH Payments In-Process (7120) or		
Journal Vouchers In-Process (7140)		xxx

**Note:** For expenditures charged to a biennial expenditure authority accrued at the end of the first fiscal year of the biennium, this entry is accompanied by a reversal of the accrued expenditure - debit GL Code 6510 "Cash Expenditures/Expenses," and credit GL Code 6505 "Accrued Expenditures/Expenses."

## 90.30.50.d

To record the accrual of estimated expenditures/expenses for goods and services received but not paid for by June 30. Usually the invoice has not been received by Phase 1 close. Estimated expenditures/expenses may also be items for which you anticipate an invoice amount based upon expenditure trend information, such as regular quarterly invoices. Refer to [Subsections 90.20.30](#) through [90.20.40](#) and [90.20.55](#).

Concluding fiscal year at expenditure authority end:	Dr.	Cr.
Estimated Accrued Expenditures/Expenses (6560) (with appropriate Subobject)	xxx	
Appropriate Payable GL Code (51XX)		xxx



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<b>Ensuing fiscal year:</b>	<b>Dr.</b>	<b>Cr.</b>
Appropriate Payable GL Code (51XX)	xxx	
Cash in Bank (1110) or		
Warrants/ACH Payments In-Process (7120)		xxx

**Note:** At the end of the first year, estimated accruals against biennial expenditure authorities are recorded in GL Code 6505 “Accrued Expenditures/Expenses.”

## 90.30.60 Encumbrance transactions

June 1, 2016

### 90.30.60.a

To record encumbrances for budgeted accounts during the fiscal year. Refer to [Section 85.30](#) and [Subsections 90.20.25](#) through [90.20.40](#).

	<b>Dr.</b>	<b>Cr.</b>
Encumbrances (6410)	xxx	
Reserved for Encumbrances (9510)		xxx

### 90.30.60.b

To record liquidations of encumbrances for budgeted accounts when paid or accrued.

	<b>Dr.</b>	<b>Cr.</b>
Reserved for Encumbrances (9510)	xxx	
Encumbrances (6410)		xxx

### 90.30.60.c

To record the **end-of-biennium** capital appropriation encumbrances for projects that have been **reappropriated** in the ensuing biennium. Refer to [Subsection 90.20.40.d](#).

<b>Concluding fiscal year at biennium end:</b>	<b>Dr.</b>	<b>Cr.</b>
Reserved for Encumbrances for Reappropriated Capital Appropriations (9513)	xxx	
Encumbrances (6410)		xxx

<b>Ensuing fiscal year:</b>	<b>Dr.</b>	<b>Cr.</b>
Encumbrances (6410)	xxx	
Reserved for Encumbrances for Reappropriated Capital Appropriations (9513)		xxx

## 90.30.70 Interagency reimbursements (Object S)

June 1, 2016



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## 90.30.70.a

To record an interagency reimbursement received by a **budgeted proprietary fund type account** for salaries and benefits during the fiscal year. Refer to [Subsections 85.90.60.b](#), [85.95.60](#) and [90.20.70.b](#).

	Dr.	Cr.
Cash in Bank (1110) or	xxx	
Receipts In-Process (7110) or		
Journal Vouchers In-Process (7140)		
Cash Expenditures/Expenses (6510) Subobject SA (Salaries)		xxx
Cash Expenditures/Expenses (6510) Subobject SB (Benefits)		xxx
Expense Adjustments/Eliminations (GAAP) (6525) Subobject SA (Salaries)	xxx	
Expense Adjustments/Eliminations (GAAP) (6525) Subobject SB (Benefits)	xxx	
Revenue Adjustments/Eliminations (GAAP) (3225)		
(with appropriate revenue source code)		xxx

## 90.30.70.b

To record an interagency reimbursement received by a **non-budgeted proprietary fund type account** during the fiscal year.

	Dr.	Cr.
Cash in Bank (1110) or	xxx	
Receipts In-Process (7110) or		
Journal Vouchers In-Process (7140)		
Cash Revenues (3210) (with appropriate revenue source code)		xxx

## 90.30.70.c

To record an interagency reimbursement received by accounts **other than proprietary fund type accounts** for salaries and benefits during the fiscal year.

	Dr.	Cr.
Cash in Bank (1110) or	xxx	
Receipts In-Process (7110) or		
Journal Vouchers In-Process (7140)		
Cash Expenditures/Expenses (6510) Subobject SA (Salaries)		xxx
Cash Expenditures/Expenses (6510) Subobject SB (Benefits)		xxx

## 90.30.80 Intra-agency reimbursements (Object T)

June 1, 2016

## 90.30.80.a



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To record an intra-agency reimbursement received by a budgeted proprietary fund type account for salaries and benefits during the fiscal year. Refer to [Subsections 85.90.60.a](#), [85.95.50](#) and [90.20.70.b](#).

	Dr.	Cr.
Cash in Bank (1110) or	xxx	
Receipts In-Process (7110) or		
Journal Vouchers In-Process (7140)		
Cash Expenditures/Expenses (6510) Subobject TA (Salaries)		xxx
Cash Expenditures/Expenses (6510) Subobject TB (Benefits)		xxx
Expense Adjustments/Eliminations (GAAP) (6525) Subobject TA (Salaries)	xxx	
Expense Adjustments/Eliminations (GAAP) (6525) Subobject TB (Benefits)	xxx	
Revenue Adjustments/Eliminations (GAAP) (3225)		
(with appropriate revenue source code)		xxx

### 90.30.80.b

To record an intra-agency reimbursement received by a **non-budgeted proprietary fund type account** during the fiscal year.

	Dr.	Cr.
Cash in Bank (1110) or	xxx	
Receipts In-Process (7110) or		
Journal Vouchers In-Process (7140)		
Cash Revenues (3210) (with appropriate revenue source code)		xxx

### 90.30.80.c

To record an intra-agency reimbursement received by accounts **other than proprietary fund type accounts** for salaries and benefits during the fiscal year.

	Dr.	Cr.
Cash in Bank (1110) or	xxx	
Receipts In-Process (7110) or		
Journal Vouchers In-Process (7140)		
Cash Expenditures/Expenses (6510) Subobject TA (Salaries)		xxx
Cash Expenditures/Expenses (6510) Subobject TB (Benefits)		xxx

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## 90.30.90 Fund balance reclassification

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June 1, 2016

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To record a reclassification of fund balance. For purposes of this example, assume that bond proceeds are deposited in Account 064, that some proceeds remain unspent at year end and that the bond resolution restricts the use of the unspent proceeds. Per [Subsection 75.30.50](#), Account 064 has a designated closing GL Code of 9310 “Committed for Higher Education.” In light of the bond resolution and the descriptions



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of the fund balance GL codes in [Subsection 75.40.20](#), the agency determines that the unspent bond proceeds portion of the amount in GL Code 9310 should be reclassified to GL code 9230 "Restricted for Higher Education." This entry increases the restricted fund balance GL code and decreases the committed fund balance GL code.

	<b>Dr.</b>	<b>Cr.</b>
Committed for Higher Education (9310)	xxx	
Restricted for Higher Education (9230)		xxx





## 90.40 State Disclosure Forms

Section	Title	Effective Date	Page Number
90.40.10	Introduction to state disclosure forms and lead sheet	June 1, 2022	<a href="#">969</a>
90.40.20	Cash and investments disclosure	June 1, 2021	<a href="#">971</a>
90.40.30	Taxes receivables disclosure	June 1, 2022	<a href="#">973</a>
90.40.35	Inventory disclosure	June 1, 2016	<a href="#">974</a>
90.40.38	Capital assets – summary of activity disclosure	June 1, 2022	<a href="#">975</a>
90.40.40	Long-term construction commitments disclosure	June 1, 2016	<a href="#">976</a>
90.40.45	Leases, liabilities by major class – summary of activity, and Certificates of Participation (COPs) disclosure	June 1, 2022	<a href="#">977</a>
90.40.50	Unavailable and unearned revenues disclosure	June 1, 2022	<a href="#">979</a>
90.40.55	Bond debt disclosure	June 1, 2022	<a href="#">981</a>
90.40.60	Transfer disclosure	June 1, 2016	<a href="#">985</a>
90.40.70	Pension disclosure	June 1, 2016	<a href="#">986</a>
90.40.75	Miscellaneous disclosure	June 1, 2019	<a href="#">987</a>
90.40.80	Internal control/internal audit questionnaire disclosure	June 1, 2019	<a href="#">988</a>
90.40.95	Financial disclosure certification	June 1, 2022	<a href="#">988</a>

### 90.40.10 Introduction to state disclosure forms and lead sheet

June 1, 2022

Information collected in the state Disclosure Forms application facilitates the preparation of the state of Washington's [Annual Comprehensive Financial Report \(ACFR\)](#) by the Office of Financial Management (OFM).



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The state Disclosure Forms application is an electronic way of capturing detail data for various aspects of an agency's activities. Each of the disclosure forms covers specific detail or other information that is not readily available from the data collected in AFRS.

All forms are completed online. The signed Financial Disclosure Certification form including attachments, as necessary, is to be emailed to [OFMAccounting@ofm.wa.gov](mailto:OFMAccounting@ofm.wa.gov).

Due Dates	Reporting Items
August 19, 2022	Phase 1B Close: <ul style="list-style-type: none"><li>• Certain state disclosure forms*</li><li>• Pollution Remediation site status report, refer to Subsection 90.40.75</li><li>• Asset Retirement Obligation report, refer to Subsection 85.74.45</li><li>• Interagency Receivable/Payable balancing, refer to Subsection 90.20.50</li></ul>
September 2, 2022	Phase 2 Close - remaining state and all federal disclosure forms
September 14, 2022	Financial Disclosure Certification form
February 28, 2023	Federal Assistance Certification form

\*Phase 1B is the due date for the following state disclosure forms:

- Bond Debt by Major Class – Summary of Activity Disclosure
- Debt General Disclosure
- Bond Sales Disclosure
- Cash and Investments General Disclosure
- Cash and Investments Restricted Disclosure
- Cash on Hand and in Bank Disclosure
- Certificates of Deposit (Non-negotiable) Disclosure
- Certificates of Participation Disclosure - Agencies
- Certificates of Participation Disclosure – OST
- Internal Control Questionnaire Disclosure
- Miscellaneous Disclosure

If your agency cannot complete some or all of the Phase 1B forms listed above by the due date, you need to request an extension by sending a memo to your assigned OFM Accounting Consultant. The memo should list the form(s) for which an extension is needed and the date by which your agency can complete the form(s).

In order to accurately complete the disclosure forms by the due date, agencies should review the information in the Agency Financial Reporting System (AFRS) that is associated with the information on the disclosure forms and make necessary adjustments in AFRS prior to the end of Phase 2.

Each agency is **required** to complete the following state disclosure forms

- Cash and Investments Restricted Disclosure
- Internal Control Questionnaire
- Miscellaneous Disclosure
- Financial Disclosure Certification



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The remainder of the disclosure forms may or may not apply to your agency.

Specify on the lead sheet if a form is completed or not applicable by selecting “Yes” or “N/A” in the “Completed” column. If there is AFRS data pre-filled on a disclosure form for your agency, the Lead sheet will identify the form as “Required” and you must complete it.

All reporting of financial information is to be in **whole dollars**. Do not enter pennies, decimal points, dollar signs, etc. Refer to the “Tips” screen in the Disclosure Form application for more helpful information.

All financial information reported is to be reconciled to AFRS. Reports in Enterprise Reporting (ER) are available to assist in the reconciliation process. Agencies are encouraged to use these reports throughout the year to monitor reconciliation status.

To complete the state disclosure forms, access the Disclosure Forms application at: <http://www.ofm.wa.gov/systems/default.asp>. Click on the Disclosure Forms link. Use an authorized User ID, agency number, and password to log in, and then select the “State Forms” tab.

If you have a question regarding disclosure form reporting, contact your assigned OFM Accounting Consultant.

[State Disclosure Form Lead Sheet](#)

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### 90.40.20 Cash and investments disclosure

June 1, 2021

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#### General Instructions

**Local and treasury accounts.** Agencies with **balances at June 30** in the following general ledger (GL) codes are required to complete the cash and investments disclosure forms as applicable:

- 1110 Cash in Bank
- 1120 Undeposited Local Cash
- 1130 Petty Cash
- 1140 Restricted Cash and Investments, Current Operations
- 1150 Cash with Fiscal Agents
- 1205 Temporary and/or Pooled Cash Investments
- 1209 Short-Term Portion of Long-Term Investments
- 1210 Investments
- 1215 Investments under Reverse Repurchase Agreements
- 1216 Collateral held under Securities Lending Agreements
- 1220 Unamortized Premiums on Investments
- 1230 Unamortized Discounts on Investments
- 1240 Restricted Cash and Investments, Noncurrent
- 1280 Valuation Allowance - Investments



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Amounts covered by the Federal Deposit Insurance Corporation (FDIC), the Public Deposit Protection Commission (PDPC), or the National Credit Union Administration (NCUA) are considered to be insured or collateralized. In general,

- FDIC insurance separately covers demand deposits and interest bearing deposits up to \$250,000 each, per taxpayer identification number (TIN), per bank.
- PDPC provides for a collateral pool for protection of balances in excess of the FDIC limits on deposit with Washington public depositories.
- NCUA insurance covers federal and state-chartered credit union accounts up to \$250,000 per TIN, per credit union. Per chapter 39.58 RCW, \$250,000 is the maximum deposit allowed in any one credit union, and excess deposits are not covered by the PDPC.

Uninsured/uncollateralized balances would include those deposited in out-of-state and alien banks.

There are three cash and investment disclosure forms:

### **90.40.20.a Cash and Investments General Disclosure**

This form contains general questions concerning an agency's cash and investment activity. Information provided should be on an agency-wide basis.

[Cash and Investment General Disclosure](#)

### **90.40.20.b Cash and Investments Restricted Disclosure**

All agencies are required to complete the Cash and Investments Restricted Disclosure form. This form contains questions about restricted cash. Balances in GL Codes 1140 and 1240 "Restricted Cash and Investments" and GL Code 1150 "Cash with Fiscal Agents" are prefilled from AFRS and agencies are asked to provide a description of the nature of the restriction. The form also asks agencies to report unspent bond proceeds and any other externally restricted cash and investments recorded in AFRS at **June 30**.

[Cash and Investment - Redistricted Disclosure](#)

### **90.40.20.c Cash on Hand and in Bank Disclosure**

This form requests information concerning an agency's cash in bank by GL code as well as information on petty cash funds and undeposited receipts held in cash. Agencies are to report the following:

1. The June 30 total cash on hand.
2. The June 30 cash balance in bank as stated by the bank (i.e., bank statement), categorized by:
  - Insured or Collateralized
  - Uninsured/Uncollateralized
3. The June 30 book balance as reported in Agency Financial Reporting System (AFRS).



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Except for accounts with very little activity, book and bank balances will normally be different due to outstanding checks and/or deposits in transit.

Explain the reason for any differences between book and bank balances in the comment box. Also explain in the comment box the reason and/or nature of any amounts listed in the Uninsured/Uncollateralized column.

### [Cash on Hand and in Bank Disclosure](#)

#### **90.40.20.d Certificates of Deposit (Non-negotiable) Disclosure**

This form is required to be completed if an agency has non-negotiable certificates of deposit reported in GL Codes:

- 1140 Restricted Cash and Investments, Current Operations,
- 1150 Cash with Fiscal Agents,
- 1205 Temporary and/or Pooled Cash Investments,
- 1209 Short-Term Portion of Long-Term Investments,
- 1210 Investments, or
- 1240 Restricted Cash and Investments, Noncurrent.

Certificates of Deposits (CDs) held by agencies (other than the State Investment Board) are generally non-negotiable. One of the features of non-negotiable certificates of deposit is a penalty when it is redeemed prior to maturity. Such certificates of deposits should be reported on this disclosure form. (Historically, only SIB has held negotiable CDs. Negotiable certificates of deposits should not be reported on this disclosure form.)

### [Certificate of Deposit \(Non-negotiable\) Disclosure](#)

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## **90.40.30 Taxes receivables disclosure**

June 1, 2022

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### **General Instructions**

All agencies with taxes as of fiscal year-end are required to complete the [Taxes Receivable Disclosure](#) form.

The balances in the following tax related GL Codes are to be reported by account and by type.

- 1311 - Taxes Receivable
- 1328 - Tax Liens Receivable
- 1611 - Long-Term Taxes Receivable

The types of taxes receivable include the following:

- Beer and wine
- Business and occupation



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- Cannabis
- Estate
- Fuel
- Hazardous substance
- Insurance premium
- Other (a description is required)
- Property
- Public utility
- Real estate excise tax
- Sales

The amounts for each related allowance GL Code need only be reported by account.

- 1341 - Allowance for Uncollectible Taxes Receivable
- 1348 - Allowance for Uncollectible Tax Liens Receivable
- 1641 - Allowance for Uncollectible Long-Term Taxes Receivable

### [Taxes Receivable Disclosure](#)

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## 90.40.35 Inventory disclosure

June 1, 2016

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### General Instructions

All agencies with balances at fiscal year-end in inventory GL codes are required to complete the [Inventory Disclosure](#) form for all accounts regardless of the value. Identify the method used to value each type of inventory.

There are two types of inventories - consumable inventories (GL Codes 1410 and 1415) and merchandise inventories (GL Codes 1420, 1430, 1440, and 1450). Consumable inventories are assets that are consumed in the course of an agency's business. Merchandise inventories, on the other hand, are assets held for resale. Merchandise and consumable inventories are mutually exclusive and are accounted for separately.

Refer also to Subsections [35.10.40](#) and [35.10.45](#).

For inventories on hand, other than donated consumable inventories, agencies are to select the applicable valuation method. Donated consumable inventories are recorded at fair value at time of acquisition.

Inventory methods include:

- **First-in, first-out (FIFO)** – This method allocates costs on the assumption that goods are consumed/sold in the order in which they were acquired. In other words, the first goods purchased are assumed to be the first used or sold. Thus, inventory on-hand is assumed to represent the most recent acquisitions.



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- **Last-in, first-out (LIFO)** – This method allocates costs on the assumption that the last units acquired are the first units consumed/sold. Thus, inventory on-hand is assumed to come from earlier acquisitions.
- **Weighted average (W.A.)** – In general, this method values ending inventory based on the average cost per unit for the period.
- **Other** – An agency may use an inventory valuation method other than those described above as defined in writing by the agency inventory officer. If an agency uses another method, list the valuation method used.

### [Inventory Disclosure](#)

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## 90.40.38 Capital assets – summary of activity disclosure

June 1, 2022

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### General Instructions

All agencies with capital assets (GL Code series 2XXX) are required to complete the [Capital Assets - Summary of Activity Disclosure](#) form.

The debit and credit amounts shown on a trial balance report may not reflect true additions and/or deletions due to certain transactions and adjustments that inflate true activity. An example of inflated activity would be when an erroneous transaction is not backed out using a reverse code with the original transaction code. Agencies should **adjust AFRS to reflect their true activity** during the fiscal year, as reported in the disclosure form. For information and tools related to capital asset transactions, refer to our resources website at: <https://ofm.wa.gov/accounting/administrative-accounting-resources/capital-assets>.

**Additions** to capital assets should be those purchases or reclassifications that meet the state's capitalization policy.

**Deletions** should reflect the sale or disposal of an asset.

**Adjustments** may include:

- Immaterial prior year corrections, such as an adjustment to the cost of an asset (increase or decrease) using GL Code 6597 Subobject WF in Account 997
- Transfers between agencies and/or accounts
- Impairments

Refer to [Sections 30.20](#) and [85.60](#) and [Subsection 90.20.15.f](#).

Increases to **allowance for depreciation/amortization** should be the result of and equal to increases in depreciation/amortization expense. Reductions in allowance for depreciation/amortization should be related to the sale or disposal of an asset.

**Adjustments** may include:



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- Immaterial prior year corrections, such as a decrease to the allowance for depreciation/amortization using GL Code 6597 Subobject WF in Account 997
- Transfers between agencies and/or accounts
- Impairments

Agencies reporting activity in Account 997 “General Capital Assets Subsidiary Account” should review their capital asset activity coded to **Subobjects JC – JZ, SJ and TJ** in their governmental fund type account(s) and compare them to the activity in Account 997.

Additionally, capital asset GL balances reported in AFRS are required to be **reconciled to the agency’s subsidiary capital asset system** (for example, Capital Asset Management System (CAMS)). Refer also to [Subsection 85.60.60](#).

[Example of Completed Capital Assets - Summary of Activity Disclosure](#)

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### 90.40.40 Long-term construction commitments disclosure

June 1, 2016

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#### General Instructions

All agencies with long-term construction commitments are required to complete the [Long-Term Construction Commitments Disclosure](#) form. The state is required to disclose significant long-term commitments that are not reported in the financial statements. Construction commitments are the most common commitment of this type.

The form is designed to collect both the construction-in-progress project information for the fiscal year-end as recorded in AFRS (GL Code 2510) as well as remaining commitment information. A commitment is viewed as the estimated dollars necessary to complete a project.

Agencies are to list each significant project on a separate line by the account where it is recorded or will be recorded in AFRS. A project is considered significant if the amount of GL Code 2510 “Construction-in-Progress” at fiscal year-end exceeds \$2 million or if the remaining commitment exceeds \$10 million. All projects that do not meet the criteria for a significant project are to be aggregated and entered at the bottom of the form as “Other Miscellaneous.”

The Department of Transportation should disclose commitments made for on-going infrastructure projects regardless of GL code used.

**Note:** Those amounts to be shown in the “Remaining Commitment” column are those remaining commitments not recorded in AFRS; i.e., not recorded as a disbursement or accrual in fiscal year-end agency financial activity. Occasionally, an agency may have a construction project that involves a significant commitment for the future, but no construction-in-progress has been recorded in AFRS. Such commitments should be disclosed by recording the information on a separate line with zero (\$0) in the current “Fiscal Year-End Construction-in-Progress” column.

[Long-Term Construction Commitments Disclosure](#)





## 90.40.45 Leases, liabilities by major class – summary of activity, and Certificates of Participation (COPs) disclosure

June 1, 2022

### General Instructions

All agencies with liability activity and/or balances are required to complete the [Liabilities by Major Class – Summary of Activity Disclosure](#) form. Agencies with leases are also required to complete the [Lease Disclosure](#) form. Agencies with Certificates of Participation (COPs) are to complete the [Certificate of Participation Disclosure – Agencies](#) form. OST (Bond Retirement and Interest Agency) is to complete the [Certificates of Participation \(COPs\) Disclosure – OST](#) form.

### 90.40.45.a Lease Disclosure

This form collects information about leases.

#### Right-to-Use Lease Agreement

A right-to-use lease agreement is a contract that conveys control of the right to use another entity's capital asset, as specified in the contract, for a specific period of time in an exchange or exchange-like transaction. A lease liability and intangible right-to-use lease asset must be recorded for leases that meet the state's capitalization policy. Refer to [Subsection 30.20.35](#).

#### Lease-to-Own Agreement

A lease-to-own contract that transfers ownership of the underlying asset to the lessee by the end of the contract and does not contain termination options should be reported as a financed purchase of the underlying asset by the lessee and a sale of the asset by the lessor. Refer to [Subsection 30.20.40](#).

Agencies are to report the following:

#### 1. Right-to-Use Lease Agreement Future Payments (state agency is lessee) - Principal and Interest to Maturity:

For leases paid to external entities (not state agencies) having initial noncancelable lease terms in excess of one year, report the future payments, by principal and interest, as of **June 30**, for each of the five succeeding fiscal years and in five-year increments thereafter. **Reporting should be limited to existing leases. Do not project leases into future periods.**

The future lease payments for right-to-use lease agreements is compared to the AFRS balances in GL Codes 5174 and 5274, including balances in Account 999 "General Long-Term Obligations Subsidiary Account." Any difference must be explained.

#### 2. Any right-to-use lease agreements that exceed the capitalization threshold entered into after June 30.



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### 3. Lease-to-Own Agreement Future Payments (state agency is lessee) - Principal and Interest to Maturity:

For leases paid to external entities (not state agencies) having initial noncancelable lease terms in excess of one year, report the future payments, by principal and interest, as of June 30, for each of the five succeeding fiscal years and in five-year increments thereafter. **Reporting should be limited to existing leases. Do not project leases into future periods.**

The future lease payments for lease-to-own agreements payable is compared to the AFRS balances in GL Codes 5172 and 5272, including balances in Account 999 "General Long-Term Obligations Subsidiary Account." Any difference must be explained.

#### [Lease Disclosure](#)

#### 90.40.45.b Liabilities by Major Class – Summary of Activity Disclosure

This form summarizes liability activity by major class. For purposes of this disclosure, **major class** is defined as follows:

Liability - Major Class	GL Codes
Claims and judgments payable	5113, 5118, 5119, 5149, 5213, 5285, 5286
Lease-to-own agreements payable	5172, 5272
Right-to-use lease liability	5174, 5274
Other obligations	5116, 5117, 5247, 5297, 5298, 5299
Pollution remediation liability	5287
Tuition benefits payable	5184, 5284

- All agencies with liability balances (beginning or ending) and/or activity during the fiscal year in any of the GL codes noted above are required to complete this disclosure form by account.
- Beginning and ending balance columns are automatically filled with data from AFRS. The ending balance will agree with the total column on a Trial Balance report.
- Adjustments can be either debit or credit amounts. Examples of adjustments include: transfers between agencies and/or accounts, and certain immaterial prior year corrections. Adjustments require an entry in the Comment field.
- For this form, reclassifications between long-term and short-term GL codes are to be disregarded, and should not be included in the increases (CR) or decreases (DR) columns.
- For lease-to-own agreements (GL Codes 5172 and 5272) recorded in Account 999 "General Long-Term Obligations Subsidiary Account," new issues (increases) are to agree to amounts reported in governmental fund-type accounts in Revenue Source Code 0809 "Lease-to-Own Acquisition."
- For right-to-use lease agreements (GL Code 5174 and 5274) recorded in Account 999 "General Long-Term Obligations Subsidiary Account," new issues (increases) are to agree to amounts



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reported in governmental fund-type accounts in Revenue Source Code 0810 "Right-to-Use Lease Acquisition."

### [Liabilities by Major Class - Summary of Activity Disclosure](#)

#### 90.40.45.c Certificates of Participation (COPs) Disclosure – Agencies

- All agencies with COP balances (beginning or ending) and/or activity during the fiscal year in GL Codes 5173, 5273, 5920, and/or 1911 are required to complete this disclosure form by account.
- Agencies are **required** to reconcile COP fiscal year activity and year-end GL balances to OST's records. An OST COP fiscal year activity and year-end balances report is provided to agencies in July. All COP balances must be reconciled by the close of Phase 1B.
- Beginning and ending balance columns are automatically filled with data from AFRS. The ending balance will agree with the total column on a Trial Balance report.
- For this form, **reclassifications** between long-term and short-term GL codes are to be disregarded, and should not be included in the increases (CR) or decreases (DR) columns.
- For COP (GL Codes 5173 and 5273) recorded in Account 999 "General Long-Term Obligations Subsidiary Account," **new issues** (increases) are to agree to amounts reported in governmental fund type accounts in Revenue Source Codes 0807 "Certificates of Participation" and 0854 "Refunding COPs Issued."
- In proprietary fund type accounts, **new issues** (increases) should equal the par amount of the new COP.
- For GL Code 1911 "Unamortized Discounts on Certification of Participation", the balance is normally a debit, increases are normally debits, and decreases are normally credits. Enter increases in the Increase column, as positive amounts. Enter decreases in the Decrease column, as negative amounts.

### [Certificates of Participation \(COPs\) Disclosure - Agencies](#)

#### 90.40.45.d Certificates of Participation (COPs) Disclosure - OST

This form is completed by OST. OST reports debt service requirements to maturity for Certificates of Participation (COPs) as well as related arbitrage rebate requirements, if any. Principal amounts entered for the fiscal years disclosed must agree in total to the related GL codes in AFRS.

### [Certificates of Participation \(COPs\) Disclosure - OST](#)

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## 90.40.50 Unavailable and unearned revenues disclosure

June 1, 2022

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### General Instructions



## State Administrative and Accounting Manual

All agencies with unavailable/unearned balances as of fiscal year-end must complete the [Unavailable and Unearned Revenues Disclosure](#) form.

Balances in the following GL Codes are to be reported by account and type:

- 5190 and 5290 Unearned Revenues
- 5192 and 5292 Unavailable Revenues

Choose from the following list the type that is most applicable:

- Charges for services
- Donable goods
- Grant or donation
- Miscellaneous/Other\*
- Other taxes
- Premiums and assessments
- Property taxes
- Timber sales
- Tolls
- Transportation related charges

\* Limit your use of the Miscellaneous/Other type. If Miscellaneous/Other is used, a description is required in the Comments or Description column.

Also complete these fields on the form:

- Recognition Criteria
- Source of Funds (federal, state, private/local)

### **Unearned Revenues (GL Codes 5190 and 5290):**

Revenues that are unearned are recorded to GL Codes 5190 and 5290, and may be reported in both governmental and proprietary type accounts. Unearned means that the earnings process is not yet complete.

Examples of revenues not yet earned include:

- Federal assistance received in advance,
- Insurance premiums received in advance,
- Prepaid tolls,
- Prepaid tuition and fees (summer school), and
- Prepayments made pursuant to agreements.

Refer also to [Subsections 85.70.45](#).

### **Unavailable Revenues (GL Codes 5192 and 5292):**

Revenues that are unavailable are recorded to GL Codes 5192 and 5292, and may only be reported in governmental fund type accounts.



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GL Code 5292 should be used to offset a receivable for which the asset recognition criteria has been met, but the governmental fund revenue recognition criteria has not been met. Generally, in governmental funds, accrued revenue sources are deemed unavailable if collectible beyond one year. Examples include long term receivables and contracts associated with the harvest of timber that extend beyond 12 months.

GL Code 5192 should be used only in limited instances where revenue associated with a receivable does not meet the revenue recognition criteria and will be collected within one year. An example where GL Code 5192 is properly used is to offset property taxes receivable that are expected to be collected after 60 days following year end but within one year.

Refer also to [Subsection 85.70.40](#).

[Unavailable and Unearned Revenues Disclosure](#)

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## 90.40.55 Bond debt disclosure

June 1, 2022

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### General Instructions

The state is required to disclose certain information about bond debt activity, debt service requirements, and refunding activity. Agencies that issue bonds and/or pay bond debt service are required to complete these disclosure forms.

The state issues four types of bonds: General Obligation Bonds, Revenue Bonds, Zero Coupon General Obligation Bonds, and Refunding Bonds. Refer to [Subsection 85.72.20](#).

### 90.40.55.a Debt General Disclosure

This form contains **general questions** concerning arbitrage rebate requirements, IRS communications, variable rate demand obligations, and direct borrowings or placements.

[Debt General Disclosure](#)

### 90.40.55.b Bond Debt by Major Class – Summary of Activity Disclosure

This form summarizes the **current year activity of bond debt** by debt class.

OST will summarize and report their bond activity that is recorded in Account 999 “General Long-Term Obligations Subsidiary Account,” as well as for other agencies where OST pays the actual debt service (currently L&I).

**All other agencies are required** to complete this disclosure form for bond debt activity where the debt service is paid by their agency, **not** by OST.

### Table 1 - Bond Debt GL Codes Reconciliation to AFRS

For purposes of this disclosure form, debt class is defined as follows:



# State Administrative and Accounting Manual

Debt Class	GL Codes
General obligation bonds	5161, 5261
GO zero coupon bonds-principal	5164, 5264
Revenue bonds	5162, 5262, 5167, 5267, 1667
Other bonds payable	5169, 5269

- Beginning and ending balance columns are automatically filled with data from AFRS. The ending balance will agree with the total column on a Trial Balance report.
- Normally, bond debt liabilities will have **credit** balances.
- Normally, **retirements** are payments of bond debt principal and will be **debit** amounts and should be entered as positive numbers.
- Normally, **new issues** in bond debt liabilities will be credit amounts and should be entered as negative numbers.
- For this form, **reclassifications between long-term and short-term GL codes are to be disregarded** and should not be included in the “New Issues” (increases in bond debt liability) or “Retirements” (decreases of bond debt liability) columns.
- For bonds recorded in Account 999 “General Long-Term Obligations Subsidiary Account:” **new issues** (increases in bond debt) are to equal amounts reported in governmental fund type accounts in Revenue Source Codes 0860 “Bonds Issued,” 0864 “Taxable Bonds Issued,” 0865 “Note Proceeds” and 0859 “Proceeds of Refunding Bonds,” and **retirements** (decreases in bond debt) are to equal amounts reported in governmental fund type accounts in Subobject P “Principal.”
- Additionally, if applicable, disclose the portion of the revenue bonds that are **general revenue bonds** and list what types of revenues (for example student tuition, sales and service revenue, interest) are considered general revenues for the purpose of paying debt service.

## **Table 2 - Debt Service Requirements**

Agencies should disclose their upcoming debt service by fiscal year based on the information in their bond amortization schedules. The amount reported as principal in fiscal year 2023 should agree to the amount in the short term GL Codes 5161, 5162, 5163, 5164, 5167, or 5169.

## **Table 3 – Reconciliations**

These reconciliations identify potential discrepancies between Tables 1 and 2, and the bond debt GL codes in AFRS.

- Compares the total ending principal in Table 1 to the principal total in Table 2.
- Compares the short term GL codes to the fiscal year 2023 principal reported in Table 2.

## **Table 4 - Bonds Outstanding – Type and Interest Rate**



# State Administrative and Accounting Manual

For bonds outstanding at **June 30**, disclose the types of bonds and the range of bond interest rates for the bond issues.

## **Table 5 - Bonds Authorized but Unissued**

For bonds authorized but **unissued at June 30**, please disclose the purpose of the bond issues, the types of bonds, and the total amount of bonds authorized but unissued at June 30.

## **Table 6 - Other Bond Related GL Codes Reconciliation to AFRS**

<b>GL Title</b>	<b>GL Codes</b>
Zero coupon bonds – Accreted Interest Payable	5165/5212
Unamortized discounts on bonds sold	1910
Unamortized premiums on bonds sold	5910

Complete the table to disclose activity related to unamortized bond premiums and discounts, and accreted interest payable (GL Codes 1910, 5165, 5212 and 5910) **as of June 30**. Current year amortization activity should be recorded in GL Codes 6512 or 6593 “Amortization Expense”

Subobject WB “Amortization.”

## **Table 7 – Pledged Revenue for Revenue Bonds**

For revenue bonds outstanding at year end for which specific revenues have been pledged, disclose information about the pledged revenues including: account, source of revenue pledged, current year revenues pledged, current year debt service, future revenues pledged, a description of the debt, the purpose of the debt, and the ending year of the commitment. List the year(s) the bond(s) were issued in the “Purpose of the Debt” column.

## **Table 8 – Reconciliation of Future Revenue Pledged**

Reconcile the revenue pledged amounts reported in Table 7 to the revenue bond principal and interest amount totals in Table 2.

## [Bond Debt by Major Class - Summary of Activity Disclosure](#)

### **90.40.55.c Bond Sales Disclosure**

This form collects required disclosure information about **current year bond sales** including refunding issues, defeased debt outstanding at year end, and bond issues subsequent to year end.

### **Current year bond sales**

For bond sales, disclose the following information by Proprietary or Governmental fund type:

- Account the bonds were recorded in AFRS
- Name of bond series



## State Administrative and Accounting Manual

- Delivery date of bond series
- Type of Bond
- Is it a Refunding Bond?
- Is it a Taxable Bond?
- Purpose of the Bonds
- Par amount for the Bond series per the official statement
- Bond series premium/discount

This form will check the amounts disclosed against the amounts reported in the Bond Debt by Major class disclosure form and against AFRS data.

This form also collects required disclosure information on bond debt refunding activities.

The state is required to disclose bond debt refunding activity for bond debt refunded in the current year and for bond debt refunded in prior years that remains outstanding.

- **For all agencies other than OST**, this disclosure form is required to be completed **only** if your agency had a bond debt refunding that was not part of a refunding done by OST, **or** if your agency had bond debt refunded in prior years that remains outstanding and that was **not** part of a refunding done by the OST.
- **OST Bond Retirement and Interest Agency (Agency 0100)** is required to complete this disclosure form for General Obligation Bond debt refundings.

In addition to a general description of the bond refunding, two additional items are required to be disclosed:

- **The difference between the cash flows required to service the old bond debt and the cash flows required to service the new bond debt and complete the refunding.** When measuring the difference between the two cash flows, additional cash used to complete the refunding paid from resources other than proceeds of the new bond debt (for example, for issuance costs or payments to the escrow agent) should be added to the new bond debt cash flows. Accrued interest received at the bond issuance date should be excluded from the new bond debt cash flows. If the new bond debt is issued in an amount greater than that required for the refunding, only that portion of bond debt service applicable to the refunding should be considered.
- **The economic gain or loss resulting from the transaction.** Economic gain or loss is the difference between the present value of the old bond debt service requirements and the present value of the new bond debt service requirements, discounted at the effective interest rate and adjusted for additional cash paid, as noted above.

The **effective interest rate** is the rate that, when used to discount the debt service requirements on the new debt, produces a present value equal to the proceeds of the debt (including accrued interest) net of any





## State Administrative and Accounting Manual

premiums or discounts and any underwriting spread and issuance costs that are not recoverable through escrow account earnings. Issuance costs include all costs incurred to issue the bonds, including but not limited to insurance costs (net of rebates from the old debt, if any), financing costs (such as rating agency fees), and other related costs (such as printing, legal, administrative, and trustee expenses).

### Defeased bonds

The state is required to disclose debt defeased in substance that remains outstanding, regardless of how the cash and monetary assets were acquired, in an advance refunding.

If your agency has performed your own bond debt refunding (not through OST) disclose the amount **at June 30** of debt defeased in substance and the amount for which essentially risk-free monetary assets were substituted for not essentially risk-free monetary assets. The amounts disclosed should include any remaining prepaid insurance related to the extinguished debt.

### Bonds issued subsequent to year end

The state is also required to disclose debt issued **subsequent to June 30**. Disclose requested information about debt issued in the period between July 1 and December 31 of the current fiscal year.

### [Bond Sales Disclosure](#)

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## 90.40.60 Transfer disclosure

June 1, 2016

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### General Instructions

GAAP requires the state to disclose in the notes to the financial statements certain details about transfers including:

- Amounts transferred between accounts, and
- A general description of the principal purposes of the transfers.

Transfers to be reported on the disclosure form:

- Revenue Source Codes 0613 – 0699 and 0484 (excluding 0623, 0649, 0677, 0683, and 0690)
- GL Code 65XX Object M

The majority of the transfers reported by an agency on this form will be intra-agency transfers (transfers between accounts within the same agency).

If applicable, an agency may also need to report an inter-agency transfer in (a transfer received from another agency). The agency making the interagency transfer out should not report the transaction on this form.



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For inter-agency transfers in only, choose the agency number of the paying agency from the “Inter-agency Transfer In” column drop down box on the form. In the comment box indicate the reason for the inter-agency transfer in. No entry is allowed in the “Paying Account” column. Refer to the example below.

For transfers over \$20 million, please provide a general description of the purpose of the transfer.

[Example of Completed Transfers Disclosure](#)

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### 90.40.70 Pension disclosure

June 1, 2016

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#### General Instructions

The pension disclosure forms are used to accumulate the information required to calculate the state’s Net Pension Assets and Liabilities, pension related deferred outflows and deferred inflows of resources and pension expense as well as to prepare note disclosures and required supplementary information for the state’s ACFR. The information provided in the ACFR is intended to aid the reader of the financial statements in assessing:

- The stewardship of pension plan resources and the ongoing ability of the plan to pay pension benefits when due,
- The effect of pension plan operations and benefit commitments on the need for contributions by plan members, employers and other contributors,
- The state’s net pension assets/liabilities related to its participation as an employer in sole employer pension plans as well as its proportionate share of pension obligations related to cost sharing plans,
- Compliance with finance-related statutory, regulatory and contractual requirements.

Pension disclosure information is required from the following agencies:

- Department of Retirement Systems
- All four-year higher education institutions, State Board for Community and Technical Colleges (SBCTC), and Student Achievement Council (SAC)

#### 90.40.70.a Pension Information – Department of Retirement Systems

The Department of Retirement Systems (Agency 124) is required to complete a disclosure form including these data elements:

- Covered Payroll
- Employer Contributions
- Member Contributions



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- State Contributions

Include the following retirement plans:

- Public Employees' Retirement System (PERS) Plans 1 Defined Benefit (DB), 2/3 (DB), and 3 Defined Contribution (DC);
- Teachers' Retirement System (TRS) Plans 1 (DB), 2/3 (DB), and 3 (DC);
- School Employees Retirement System (SERS) Plans 2/3 (DB), and 3 (DC);
- Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plans 1 and 2 (DB);
- Washington State Patrol Retirement System (WSP) Plans 1 and 2 (DB);
- Judicial Retirement System (JRS) (DB);
- Judges' Retirement Fund (Judges) (DB);
- Public Safety Employees' Retirement Account (PSERS) Plan 2 (DB); and
- Judicial Retirement Account (JRA) (DC).

### 90.40.70.b Pension – Higher Education Institutions, SBCTC, and SAC

This form is required to be completed by all four-year higher education institutions, SBCTC, and SAC. The information required pertains to Higher Education Retirement Plan participants and the Higher Education Supplemental Retirement Plan.

1. **Higher Education Retirement Plan (Defined Contribution Plan):** The total covered payroll is to reflect amounts for Higher Education Retirement Plan participants only. This amount should not include those on “waiting” status. “Waiting” status employees are those who are eligible, but have not yet elected to join the Higher Education Retirement Plan. The member and employer contributions are to reflect amounts contributed by each into the Higher Education Retirement Plan.
2. **Higher Education Supplemental Retirement Plan (Defined Benefit Plan):** Information for the Higher Education Supplemental Retirement Plan should be obtained from your actuarial valuations and payroll records. Disclose payments to beneficiaries in the current fiscal year.

[Pension Disclosure - Department of Retirement Systems](#)

[Pension Disclosure - Higher Education Institutions](#)

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## 90.40.75 Miscellaneous disclosure

June 1, 2019

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### General Instructions



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All agencies are required to complete the [Miscellaneous Disclosure](#) form.

Information is required related to:

1. Grants and contributions restricted for capital purposes.
2. Art collections, library reserve collections and/or museum or historical collections that are not capitalized.
3. Donor restricted endowments.
4. Component units, joint ventures, segments, or related organizations.
5. Capital assets that are permanently impaired and/or idle.
6. Pollution remediation. The site status report is due at Phase 1B close.
7. Nonexchange financial guarantees.
8. Irrevocable split-interest agreements.
9. Asset retirement obligations

[Miscellaneous Disclosure](#)

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### **90.40.80 Internal control/internal audit questionnaire disclosure**

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June 1, 2019

#### **General Instructions**

All agencies are required to complete the [Internal Control/Internal Audit Questionnaire Disclosure](#) form.

Information is required related to:

1. Internal control officer.
2. Risk assessment.
3. Internal audit program.

[Internal Control/Internal Audit Questionnaire Disclosure](#)

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### **90.40.95 Financial disclosure certification**

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June 1, 2022

#### **General Instructions**



## State Administrative and Accounting Manual

All agencies are required to complete the [Financial Disclosure Certification](#).

As required by audit standards, OFM provides, on behalf of the state, a letter of representation to the State Auditor's Office certifying certain financial, compliance, and internal control information. To enable OFM to make the representations required in that letter, each Agency Head and Chief Financial Officer must certify, to the best of their knowledge, that the statements listed in the Financial Disclosure Certification form are true for their agency.

Any exceptions to the certifications are to be attached with a narrative detailing the variance(s) and any proposed or completed corrective actions.

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
- Internal audit certification
- 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

The signed Financial Disclosure Certification form including attachments, as necessary, is to be emailed to [OFMAccounting@ofm.wa.gov](mailto:OFMAccounting@ofm.wa.gov) by **September 14, 2022**.

OFM will accept official electronic signatures using electronic signature software such as DocuSign or Adobe Acrobat Pro E-sign. Agencies must follow their own internal policies regarding the form of signature.

[Financial Disclosure Certification](#)



# **Chapter 95**

# **Federal Assistance**

# **Reporting**



## 95.10 Federal Assistance Reporting Policies and Procedures

Section	Title	Effective Date	Page Number
95.10.10	Purpose of the policies	June 1, 2016	<a href="#">991</a>
95.10.15	Authority for these policies	June 1, 2022	<a href="#">991</a>
95.10.20	Applicability of these policies	June 1, 2016	<a href="#">992</a>
95.10.30	Federal revenues	June 1, 2022	<a href="#">992</a>
95.10.40	Federal clusters	June 1, 2022	<a href="#">994</a>

### 95.10.10 Purpose of the policies

June 1, 2016

Chapter 95 establishes the federal reporting policies and procedures governing the accumulation of accounting data for preparation of the state of Washington's *Statewide Single Audit Report*.

The Federal Single Audit Act of 1984, most recently amended in 1996, establishes uniform requirements for audits of federal assistance and promotes the efficient and effective use of audit resources. In addition, the federal Office of Management and Budget (OMB) has published the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). The Uniform Guidance, which replaced the OMB A-133 Circular effective December 26, 2014, further delineates requirements for single audits of federal assistance. Under the provisions of the Act and Uniform Guidance, Washington has exercised the option to obtain a statewide Single Audit to satisfy the single audit requirements for federal assistance received and administered by all agencies of the State.

The Office of Financial Management (OFM) utilizes Chapter 95 to compile the Schedule of Expenditures of Federal Awards and the Data Collection Form in accordance with OMB Uniform Guidance requirements.

### 95.10.15 Authority for these policies

June 1, 2022

The authority for these policies is [RCW 43.88.160 \(1\)](#).

The Uniform Guidance, [§200.510](#) Financial statements, requires the state to report the total federal awards expended to be reported on the Schedule of Expenditures of Federal Awards.



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Federal awards expended are determined in accordance with [§200.502](#) of the Uniform Guidance.

Federal awards, as defined in [§200.101](#) of the Uniform Guidance, include Federal financial assistance that a non-Federal entity receives directly from a Federal awarding agency or indirectly from a pass-through entity, or cost-reimbursement contracts under the Federal Acquisition Regulations that a non-Federal entity receives directly from a Federal awarding agency or indirectly from a pass-through entity.

Federal financial assistance is defined in [§200.1](#) of the Uniform Guidance.

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## 95.10.20 Applicability of these policies

June 1, 2016

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This chapter is applicable to all agencies of the state of Washington as defined in [RCW 43.88.020](#) unless otherwise exempted by statute or rule.

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## 95.10.30 Federal revenues

June 1, 2022

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### 95.10.30.a

Federal revenues are recorded in the Agency Financial Reporting System (AFRS) as follows:

- Revenue Source Codes 0301 through 0353 and 0357 through 0399 identify reportable direct federal assistance activity.
- Revenue Source Code 0546 identifies federal assistance received from other state and local governments or private entities.
- Revenue Source Code 0355 identifies federal revenue that is not classified as federal assistance.
- Revenue Source Code 03DS identifies the distribution of certain federal revenues by the State Treasurer.

With the exception of Revenue Source Code 0355, all federal revenues (Revenue Source Codes 0301-0399 plus 0546) are to be reported on the federal disclosure forms.

**Revenue Source Code 0355 - Federal Revenue - Non-Assistance** includes receipts from a federal agency when a state agency provides vendor services and the related expenditures are charged to a federal expenditure authority code, or other receipts from federal agencies that are not classified as federal assistance, even though the related expenditures are charged to federal expenditure authority codes. Revenue Source Code 0355 facilitates the matching of federal revenues and expenditures for budget purposes.

As for **Revenue Source Code 03DS - Federal Revenue Distributions**, distributions of reportable federal revenues need to be reported as expenditures of those program revenues on the applicable federal





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disclosure form. Revenue Source Code 03DS distributions applicable to revenues coded to Revenue Source Code 0355 should not be reported.

### 95.10.30.b

#### **Accounting for federal assistance activity between state agencies**

When one state agency makes a subaward of federal assistance to another state agency, the originating state agency records and reports the federal revenue and corresponding expenditure/expense using Object N "Grants, Benefits, and Client Services" for the amount paid to the subrecipient agency.

The subrecipient state agency records program expenditures offset by an interagency reimbursement (Object S) for the moneys received from the original agency. This results in no net revenue or expenditure/expense to the subrecipient agency.

### 95.10.30.c      **AFRS changes made after the disclosure forms are closed**

For federal reporting purposes, if adjustments to federal revenues or expenditures are posted to AFRS subsequent to closure of federal disclosure forms, the agency is required to correct the applicable disclosure forms. Contact your assigned OFM Accounting Consultant to have the disclosure forms reopened if corrections are needed.

### 95.10.30.d      **Immaterial prior period adjustments and corrections**

Refer to [Subsection 90.20.15.e](#). If a write-off of receivables involves federal revenues, agencies should contact their assigned OFM Accounting Consultant.



## 95.10.40 Federal clusters

June 1, 2022

### 95.10.40.a

#### **Designation of clusters:**

- 01 - Programs Not Clustered
- 02 - Research and Development
- 03 - Student Financial Assistance
- 04 - SNAP
- 05 - Food Distribution
- 06 - Child Nutrition
- 08 - Section 8 Project-Based
- 09 - Fish and Wildlife
- 10 - Employment Service
- 11 - WIOA
- 12 - Federal Transit
- 13 - Highway Safety
- 14 - Special Education (IDEA)
- 15 - TRIO
- 16 - Aging
- 17 - CCDF
- 18 - Medicaid
- 19 - Forest Service Schools and Roads
- 20 - Foster Grandparent/Senior Companion
- 21 - Disability Insurance/SSI
- 22 - Highway Planning and Construction
- 23 - Economic Development
- 24 - Foreign Food Aid Donation
- 26 - Transit Services Programs
- 27 - CDBG – Entitlement Grants
- 39 - Housing Voucher- 39
- 43 - Head Start
- 57 - Community Facilities Loans and Grants
- 58 - Health Center Program
- 59 - HOPE VI
- 60 - Clean Water State Revolving Fund
- 61 - Drinking Water State Revolving Fund- 61
- 62 - Hurricane Sandy Relief
- 63 - CDBG – Disaster Recovery Grants – Pub. L. No. 113-2
- 66 - Federal Motor Carrier Safety Assistance

### **95.10.40.b Definition of clusters (includes [assistance listing numbers](#) and federal programs):**



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1. **Programs Not Clustered** includes all federal assistance programs not specifically included in the remaining clusters.
2. **Research and Development (R&D)** cluster includes all research activities, both basic and applied, and all development activities that are performed by a nonfederal entity with federal financial assistance.
  - *Research* is a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. Research also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function.
  - *Development* is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including the design and development of prototypes and processes.
3. **Student Financial Assistance (SFA)** cluster includes those programs of general financial assistance, such as those authorized by Title IV of the Higher Education Act of 1965, as amended, (20 U.S.C. 1070 et seq.) which are administered by the U.S. Department of Education, and similar programs provided by other federal agencies. It does not include programs which provide fellowships or similar federal awards to students on a competitive basis, or for specified studies or research. The following federal assistance programs will be reported in the SFA cluster:

### Department of Education (ED)

- 84.007 Federal Supplemental Educational Opportunity Grants
- 84.033 Federal Work-Study Program
- 84.038 Federal Perkins Loan Program
- 84.063 Federal Pell Grant Program
- 84.268 Federal Direct Student Loans
- 84.379 Teacher Education Assistance for College and Higher Education Grants
- 84.408 Postsecondary Education Scholarships for Veteran's Dependents

### Department of Health and Human Services (HHS)

- 93.264 Nurse Faculty Loan Program
- 93.342 Health Professions Student Loans, Including Primary Care Loans and Loans for Disadvantaged Students
- 93.364 Nursing Student Loans
- 93.925 Scholarships for Health Professions Students from Disadvantaged Backgrounds – Scholarships for Disadvantaged Students

## 4. SNAP Cluster

### Department of Agriculture (USDA)

- 10.551 Supplemental Nutrition Assistance Program



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10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

## 5. Food Distribution Cluster

### Department of Agriculture (USDA)

10.565 Commodity Supplemental Food Program  
10.568 Emergency Food Assistance Program (Administrative Costs)  
10.569 Emergency Food Assistance Program (Food Commodities)

## 6. Child Nutrition Cluster

### Department of Agriculture (USDA)

10.553 School Breakfast Program  
10.555 National School Lunch Program  
10.556 Special Milk Program for Children  
10.559 Summer Food Service Program for Children

## 8. Section 8 Project-Based Cluster

### Department of Housing and Urban Development (HUD)

14.182 Section 8 New Construction and Substantial Rehabilitation  
14.195 Section 8 Housing Assistance Payments Program  
14.249 Section 8 Moderate Rehabilitation Single Room Occupancy  
Lower Income Housing Assistance Program - Section 8 Moderate  
14.856 Rehabilitation

## 9. Fish and Wildlife Cluster

### Department of the Interior (DOI)

15.605 Sport Fish Restoration  
15.611 Wildlife Restoration and Basic Hunter Education  
15.626 Enhanced Hunter Education and Safety Program

## 10. Employment Service Cluster

### Department of Labor (DOL)

17.207 Employment Service/Wagner-Peyser Funded Activities  
17.801 Disabled Veterans' Outreach Program (DVOP)  
17.804 Local Veterans' Employment Representative (LVER) Program

## 11. WIOA Cluster

### Department of Labor (DOL)

17.258 WIA/WIOA Adult Program  
17.259 WIA/WIOA Youth Activities  
17.278 WIA/WIOA Dislocated Worker Formula Grants



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## 12. Federal Transit Cluster

### Department of Transportation (DOT)

- 20.500 Federal Transit - Capital Investment Grants
- 20.507 Federal Transit - Formula Grants
- 20.525 State of Good Repair Grants Program
- 20.526 Bus and Bus Facilities Formula Program

## 13. Highway Safety Cluster

### Department of Transportation (DOT)

- 20.600 State and Community Highway Safety
- 20.601 Alcohol Impaired Driving Countermeasures Incentive Grants I
- 20.602 Occupant Protection Incentive Grants
- 20.609 Safety Belt Performance Grants
- 20.610 State Traffic Safety Information System Improvements Grants
- 20.611 Incentive Grant Program to Prohibit Racial Profiling
- 20.612 Incentive Grant Program to Increase Motorcyclist Safety
- 20.613 Child Safety and Child Booster Seat Incentive Grants
- 20.616 National Priority Safety Programs

## 14. Special Education Cluster (IDEA)

### Department of Education (ED)

- 84.027 Special Education - Grants to States (IDEA, Part B)
- 84.173 Special Education - Preschool Grants (IDEA Preschool)

## 15. TRIO Cluster

### Department of Education (ED)

- 84.042 TRIO - Student Support Services
- 84.044 TRIO - Talent Search
- 84.047 TRIO - Upward Bound
- 84.066 TRIO - Educational Opportunity Centers
- 84.217 TRIO - McNair Post-Baccalaureate Achievement

## 16. Aging Cluster

### Department of Health and Human Services (HHS)

- 93.044 Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers
- 93.045 Special Programs for the Aging - Title III, Part C - Nutrition Services
- 93.053 Nutrition Services Incentive Program



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## 17. CCDF Cluster

### Department of Health and Human Services (HHS)

- 93.489 Child Care Disaster Relief
- 93.575 Child Care and Development Block Grant  
Child Care Mandatory and Matching Funds of the Child Care and  
Development Fund
- 93.596

## 18. Medicaid Cluster

### Department of Health and Human Services (HHS)

- 93.775 State Medicaid Fraud Control Units  
State Survey and Certification of Health Care Providers and  
Suppliers (Title XVIII) Medicare
- 93.777
- 93.778 Medical Assistance Program

## 19. Forest Service Schools and Roads Cluster

### Department of Agriculture (USDA)

- 10.665 Schools and Roads – Grants to States
- 10.666 Schools and Roads – Grants to Counties

## 20. Foster Grandparent/Senior Companion Cluster

### Corporation for National and Community Service (CNS)

- 94.011 Foster Grandparent Program
- 94.016 Senior Companion Program

## 21. Disability Insurance/SSI Cluster

### Social Security Administration (SSA)

- 96.001 Social Security - Disability Insurance (DI)
- 96.006 Supplemental Security Income (SSI)

## 22. Highway Planning and Construction Cluster

### Department of Transportation (DOT)

- 20.205 Highway Planning and Construction
- 20.219 Recreational Trails Program
- 20.224 Federal Lands Access Program
- 23.003 Appalachian Development Highway System

## 23. Economic Development Cluster

### Department of Commerce (DOC)

- Investments for Public Works and Economic Development  
Facilities
- 11.300
- 11.307 Economic Adjustment Assistance



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## **24. Foreign Food Aid Donation Cluster**

### U.S. Agency for International Development (USAID)

98.007 Food for Peace Development Assistance Program

98.008 Food for Peace Emergency Program

### Department of Agriculture (USDA)

10.606 Food for Progress Program

## **26. Transit Services Program Cluster**

### Department of Transportation (DOT)

20.513 Enhanced Mobility for Seniors and Individuals with Disabilities

20.516 Job Access and Reverse Commute Program

20.521 New Freedom Program

## **27. CDBG – Entitlement Grants Cluster**

### Department of Housing and Urban Development (HUD)

14.218 Community Development Block Grants/Entitlement Grants

14.225 Community Development Block Grants/Special Purpose Grants/  
Insular Areas

## **39. Housing Voucher Cluster**

### Department of Housing and Urban Development (HUD)

14.871 Section 8 Housing Choice Vouchers

14.879 Mainstream Vouchers

## **43. Head Start Cluster**

### Department of Health and Human Services (HHS)

93.356 Head Start Disaster Recovery from Hurricanes Harvey, Irma, and  
Maria

93.600 Head Start

## **57. Community Facilities Loans and Grants Cluster**

### Department of Agriculture (USDA)

10.766 Community Facilities Loans and Grants

10.780 Community Facilities Loans and Grants (Community Programs)

## **58. Health Center Program Cluster**

### Department of Health and Human Services (HHS)

93.224 Health Center Program (Community Health Centers, Migrant  
Health Centers, Health Care for the Homeless, and Public Housing  
Primary Care)



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93.527 Grants for New and Expanded Services under the Health Center Program

### 59. HOPE VI Cluster

#### Department of Housing and Urban Development (HUD)

14.866 Demolition and Revitalization of Severely Distressed Public Housing (HOPE VI)  
14.889 Choice Neighborhoods Implementation Grants

### 60. Clean Water State Revolving Fund Cluster

#### Environmental Protection Agency (EPA)

66.458 Capitalization Grants for Clean Water State Revolving Funds  
Disaster Relief Appropriations Act (DRAA) Hurricane Sandy  
66.482 Capitalization Grants for Clean Water State Revolving Funds

### 61. Drinking Water State Revolving Fund Cluster

#### Environmental Protection Agency (EPA)

66.468 Capitalization Grants for Drinking Water State Revolving Funds  
Disaster Relief Appropriations Act (DRAA) Hurricane Sandy  
66.483 Capitalization Grants for Drinking Water State Revolving Funds

### 62. Hurricane Sandy Relief Cluster

#### Department of Health and Human Services (HHS)

93.095 HHS Programs for Disaster Relief Appropriations Act – Non-Construction  
93.096 HHS Programs for Disaster Relief Appropriations Act – Construction

### 63. CDBG – Disaster Recovery Grants – Pub. L. No. 113-2 Cluster

#### Department of Housing and Urban Development (HUD)

14.269 Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)  
14.272 National Disaster Resilience Competition

### 66. Federal Motor Carrier Safety Assistance Cluster

#### Department of Transportation (DOT)

20.218 Motor Carrier Safety Assistance Program  
20.237 Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements





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## 95.20 Federal Assistance Disclosure Forms

Section	Title	Effective Date	Page Number
95.20.10	Introduction to federal disclosure forms and lead sheet	June 1, 2022	<a href="#">1001</a>
95.20.20	Federal Financial Assistance – Direct	June 1, 2022	<a href="#">1005</a>
95.20.30	Federal Analytical Review	June 1, 2022	<a href="#">1005</a>
95.20.40	Federal Nonfinancial Assistance	June 1, 2022	<a href="#">1005</a>
95.20.50	Federal Nonfinancial Assistance Inventory Balances	June 1, 2022	<a href="#">1006</a>
95.20.60	Federal Loan Balances	June 1, 2022	<a href="#">1006</a>
95.20.70	Federal Assistance Received from Nonfederal Sources (Pass-Through)	June 1, 2022	<a href="#">1007</a>
95.20.80	Federal Identification Numbers	June 1, 2022	<a href="#">1007</a>
95.20.90	Federal Assistance Certification	June 1, 2022	<a href="#">1008</a>

### 95.20.10 Introduction to federal disclosure forms and lead sheet

June 1, 2022

Information collected in the Disclosure Forms application facilitates the preparation of the annual state of Washington Schedule of Expenditures of Federal Awards by the Office of Financial Management (OFM).

The federal Disclosure Forms application is an electronic way of capturing detail data for various aspects of an agency's federal assistance activities. It incorporates federal reporting rules and regulations.

All forms are completed online. The signed Federal Assistance Certification form including attachments, as necessary, is to be emailed to [OFMAccounting@ofm.wa.gov](mailto:OFMAccounting@ofm.wa.gov).

Due Dates	Reporting Items
September 2, 2022	Phase 2 close and federal disclosure forms
February 28, 2023	Federal Assistance Certification form

In order to accurately complete the disclosure forms by the due date, agencies should review the information in the Agency Financial Reporting System (AFRS) that is to be reported on the disclosure



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forms and make necessary adjustments in AFRS **prior to the end of Phase 2**. With the exception of the Federal Assistance Certification form, early completion is encouraged.

### 95.20.10.a General Instructions

Each state agency that expends awards of federal assistance during a state fiscal year must complete federal disclosure forms.

Agencies expending federal awards are **required** to complete two federal disclosure forms:

1. Federal Identification Numbers
2. Federal Assistance Certification

The remainder of the disclosure forms may or may not apply to your agency. If there is AFRS data pre-filled in a disclosure form, your agency is required to complete the form. Specify on the federal lead sheet if a form is completed by selecting “Yes” or “N/A” for each form in the “Completed” column.

All financial information reported should be rounded to the **dollar**. Do not enter pennies, decimal points, dollar signs, etc. Refer to the “Tips” screen in the Disclosure Form application for more helpful information.

All financial information reported should be reconciled to AFRS. The following reports in Enterprise Reporting (ER) are available to assist in the reconciliation process. Agencies are encouraged to use these reports throughout the year to monitor reconciliation status.

*Financial Reports/Accounting/Federal/Federal Expenditures*  
*Financial Reports/Accounting/Federal/Federal Indirect Cost Recovery*  
*Financial Reports/Accounting/Federal/Federal Revenue*  
*Financial Reports/Accounting/Federal/Federal Revenues & Expenditures*  
*Financial Reports/Accounting/Federal/Non-Financial Revenues & Expenditures (GL 3225 & 6525)*  
*Financial Reports/Accounting/Federal/Other Grant Assistance*  
*Financial Reports/Accounting/Federal/State Agency Reimbursements*

To complete the federal disclosure forms, access the Disclosure Forms application at: <https://disclosureforms.ofm.wa.gov/>. Click on the Disclosure Forms link. Use an authorized User ID, agency number, and password to log in, and then select the “Federal Forms” tab.

If you have a question regarding federal assistance reporting, contact your agency’s assigned OFM Accounting Consultant.

### 95.20.10.b Disclosure Form Instructions:



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### **Column Heading**   **Instructions**

**Assistance Listing Number (ALN)** From the drop down box, choose the five-digit code for a federal assistance program. This number should be listed in your grant award document. It can also be found in [SAM.gov](http://SAM.gov).

Based on the ALN chosen from the drop down box, the following fields are automatically filled in: federal funding agency, major subdivision, program title, and cluster.

In the absence of an ALN where the agency has a federal award number, the last three digits of the ALN should be zeros preceded by the federal agency code (i.e. XX.000) and the federal award number must be provided.

In the absence of both an ALN and a federal award number, the last three digits of the ALN should be nines preceded by the federal agency code (i.e. XX.999)

Note: The XX.000 and XX.999 ALNs are temporary numbers which will be assigned a different number (i.e. XX.UXX or XX.RD) after Phase 2 close. If these numbers are used, an OFM accounting consultant will contact you with further instructions.

**Federal Funding Agency** Name of the federal agency awarding the federal financial assistance. This field is automatically filled in based on the ALN entered.

**Major Subdivision** Name of the organizational unit, within the federal agency, awarding the federal financial assistance. Except as noted below, this field is automatically filled in based on the ALN entered. It can also be found in [SAM.gov](http://SAM.gov).

When using ALN XX.000 and XX.999, the subdivision is not automatically filled in. State agencies are required to enter the major subdivision name when reporting federal financial assistance under the Research and Development (R&D) program cluster.

**Program Title** Title of the federal program providing the federal financial assistance. This field is automatically filled in based on the ALN entered. It can also be found in [SAM.gov](http://SAM.gov).

Entry of the ALN XX.000 automatically generates "Contract Number Only Provided" in the program title field and requires entry of an award contract number in the appropriate box.

Entry of the ALN XX.999 automatically generates "Undetermined" in the program title field.



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## Column Heading   Instructions

Cluster	<p>Cluster numbers are cross-referenced to the ALN in the disclosure form application. This field is automatically filled in based on the ALN entered.</p> <p>ALNs that cross-reference to the Research and Development Cluster (02) should be individually reviewed. If your federal award document does not specify R&amp;D, it may be appropriate to change the cluster to 01-Programs Not Clustered.</p> <p>Refer to <a href="#">Subsection 95.10.40</a> for cluster designations and definitions.</p>
Award Contract Number	<p>The award document number is assigned by a federal awarding agency or a pass-through entity providing federal assistance to a state agency. The award contract number is limited to a maximum of 22 characters.</p> <p>Award contract number is required for all awards reported on the Federal Assistance received from Nonfederal Source (pass-Through) disclosure form and for any awards where the ALN is unknown ( i.e. XX.000 and XX.999).</p>
Revenue Amount	<p>Amount of federal revenues recognized in the federal assistance program for the state fiscal year. Amounts should be rounded to the <b><u>dollar</u></b>.</p>
Expenditure Amount	<p>Amount of federal expenditures in the federal assistance program for the state fiscal year. Includes both direct expenditures and agency indirect expenditures (charged in accordance with a federally approved indirect rate cost pool or cost allocation plan). Amounts should be rounded to the <b><u>dollar</u></b>.</p>
Difference	<p>Variance between the revenue amount entered and the expenditure amount entered. This field is automatically filled based on the amounts entered. Generally the difference should be zero.</p>
Expenditure Amounts Passed Through to Subrecipients	<p>That portion of federal award expenditures passed through to subrecipients. Do not include amounts passed through to other agencies of the state of Washington, except when a portion of the amount passed through is subsequently passed through to a non-state entity (subrecipient). The amount passed through to the non-state entity should be reported as a pass-through expenditure by the original state agency. Amount should be rounded to the <b><u>dollar</u></b>.</p>
COVID-19	<p>From the drop down box, select “Yes” to identify federal awards received in response to the COVID-19 pandemic. For all other awards select “No.” If a program has both COVID and non-COVID amounts, include two separate lines with the same ALN on the form.</p>

[Federal Assistance Disclosure Form Lead Sheet](#)



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## 95.20.20 Federal Financial Assistance – Direct

June 1, 2022

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Use this form to report all expenditures of federal financial assistance received or expected to be received directly from a federal agency. This encompasses the majority of the federal financial assistance received by the state of Washington. In addition, the form is used to reconcile reported amounts to financial information recorded in the state Agency Financial Reporting System (AFRS).

Financial information is summarized by assistance listing number (ALN). List both accrued and received federal revenue (Revenue Source Codes 0301 through 0354, 0356 through 0399 and 03DS) and the related expenditures for federal assistance. Agencies are also required to report the portion of expenditures passed through to subrecipients.

If an ALN is unknown, the award contract number is required.

Refer to [Subsection 95.20.10.b](#) for general disclosure form instructions.

[Federal Financial Assistance - Direct](#)

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## 95.20.30 Federal Analytical Review

June 1, 2022

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This form is automatically populated based on federal financial assistance reported on the Direct, Pass-Through, Nonfinancial Assistance and Loan Balances forms if there has been material change in balances reported for an assistance listing number since last fiscal year.

For assistance listing numbers XX.000 and XX.999 that are assigned a different number (i.e. XX.UXX or XX.RD) after Phase 2 close, the analytical review will be performed for the total for each federal agency. For example, all 93.UXX expenditures reported in the current year are combined and compared to all 93.UXX expenditures reported in the prior year.

OFM will establish the materiality thresholds annually. After completion of the other federal forms, review this form to see if material changes have been identified. All material changes on this form require an explanation.

Refer to [Subsection 95.20.10.b](#) for general disclosure form instructions.

[Federal Analytical Review](#)

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## 95.20.40 Federal Nonfinancial Assistance

June 1, 2022

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# State Administrative and Accounting Manual

Washington receives federal nonfinancial assistance in the form of surplus property and donated inventories (for example food commodities and immunization supplies).

State agencies with federal nonfinancial programs use this form to report the expenditure or usage of this assistance by assistance listing number (ALN) for the fiscal year ending June 30. The ALNs of the nonfinancial assistance programs are prelisted for convenience. If an ALN number is not listed, contact your agency's assigned OFM Accounting Consultant.

Custodial state agencies, such as the Department of Enterprise Services, that transmit portions of their donated inventories to other state agencies for eventual use, should not record expenditures upon transmission (refer to [Subsection 85.56.40.c](#)).

Refer to [Subsection 95.20.10.b](#) for general disclosure form instructions.

## [Federal Nonfinancial Assistance](#)

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### **95.20.50 Federal Nonfinancial Assistance Inventory Balances**

June 1, 2022

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Use this form to report the dollar value of year-end balances of federally donated inventories. The inventory balances reported on this form must equal the respective asset and the corresponding unearned revenue amounts as recorded in AFRS in GL Code 1415 "Donated Inventories" and GL Code 5190 "Unearned Revenue."

Refer to [Subsection 95.20.10.b](#) for general disclosure form instructions.

## [Federal Nonfinancial Assistance Inventory Balances](#)

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### **95.20.60 Federal Loan Balances**

June 1, 2022

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Use this form to report activity and balances of loans. These loans provide a measurement of audit risk for the federal assistance loan or loan guarantee programs.

The beginning balance, administrative allowance, and new loan amount must be entered as positive numbers, and the repayment amount must be entered as a negative number. The ending loan balance is a calculated field.

The reconciliation to the Federal Direct form is automatically populated based on the assistance listing numbers entered on the Federal Loan Balance form and the Federal Direct form. If there is a difference, provide a detailed explanation including the related assistance listing number.

Refer to [Subsection 95.20.10.b](#) for general disclosure form instructions

## [Federal Loan Balances](#)



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## 95.20.70 Federal Assistance Received from Nonfederal Sources (Pass-Through)

June 1, 2022

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All state agencies are required to separately record and report all federal financial assistance received from entities other than federal or Washington state awarding agencies. Agencies account for this indirect federal assistance using Revenue Source Code 0546 “Federal Revenue - Pass-Through.” Generally, the associated expenditures are accounted for as private/local expenditure authority charges.

This form provides a means for entering federal assistance received from nonfederal entities, and reconciling the entered amount to revenue recorded in AFRS.

Agencies are to include the assistance listing number, pass-through entity name and grant agreement or award contract number, all federal financial assistance and associated expenditures from non-federal and other Washington state agencies (Revenue Source Code 0546). Agencies are also required to report the portion of expenditures passed through to subrecipients.

Refer to [Subsection 95.20.10.b](#) for general disclosure form instructions.

[Federal Assistance Received from Nonfederal Sources \(Pass-Through\)](#)

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## 95.20.80 Federal Identification Numbers

June 1, 2022

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Agencies are required to list all federal, nine-digit Employer Identification Numbers (EINs) covered by the state of Washington Single Audit. OFM interprets this requirement to mean all EINs related to program expenditures for which single audit requirements are satisfied by the state of Washington Single Audit.

Agencies are also required to provide a federal universal grant identifier number for their agency. This number, Unique Entity Identifier (UEI), can be obtained from [SAM.gov](#). It is required on all federal grant applications and federal expenditure reporting.

Both EIN and UEI are reported to the federal government in a statewide listing with no attempt made to correlate individual number with specific assistance listing number.

The agency code field will prefill with the agency’s four digit code and name.

Enter the EIN. Some agencies may have more than one EIN. Report as many EINs as needed for the total federal assistance activities for the year. If an agency is involved in federal assistance activities with other state agencies that have their own EIN(s), **do not report** EIN(s) for the other state agencies.



## State Administrative and Accounting Manual

Enter the agency's UEI. Agencies that have more than one UEI must designate one number as the master UEI for federal assistance purposes. Only the Community and Technical College System will report multiple numbers (one for each institution).

[Federal Identification Number](#)

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### 95.20.90 Federal Assistance Certification

June 1, 2022

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**All agencies receiving federal assistance are required to complete the Federal Assistance Certification form.**

The Agency Head and the Chief Financial Officer must certify, to the best of their knowledge, that the statements included in the Federal Assistance Certification form are true for their agency.

Any exceptions to the certifications are to be attached with a narrative detailing the variance(s) and any proposed or completed corrective actions.

The signed Federal Assistance Certification form including attachments, as necessary, is to be emailed to [OFMAccounting@ofm.wa.gov](mailto:OFMAccounting@ofm.wa.gov) by **February 28, 2023**.

OFM will accept official electronic signatures using electronic signature software such as DocuSign or Adobe Acrobat Pro E-sign. Agencies must follow their own internal policies regarding the form of signature.

[Federal Assistance Certification](#)





# Glossary



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**ABSOLUTE TITLE** - Clean title, free of liens or attachments, replacing all previous titles. Accepted as the sole document of title, it is defensible against claims by third parties.

**ACCESS** - Physical accessibility, as well as the provision of appropriate accommodations to ensure use of programs by persons with disabilities.

**ACCOUNT** - A fiscal and accounting entity with a self-balancing set of general ledger codes in which cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, are recorded and segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. For reporting purposes, the state identifies certain accounts as major funds, and administratively combines all remaining accounts into roll-up funds. Refer to [MAJOR FUND](#), and [ROLL-UP FUND](#).

**ACCOUNT CODE** - The three-character alpha/numeric code assigned by the Office of Financial Management to identify each account. Refer to [ACCOUNT](#).

**ACCOUNTING PERIOD** - Any period of time designated for which financial statements are prepared. Refer to [FISCAL PERIOD](#).

**ACCOUNTING PROCEDURES** - All procedures that discover, identify, record, classify, maintain, and summarize financial information to either produce financial reports or to provide internal control.

**ACCOUNTING SYSTEM** - The methods and records established to identify, assemble, analyze, classify, record, and report the state's transactions and to maintain accountability for its assets and liabilities.

**ACCOUNTS PAYABLE** - Amounts owed to private persons or organizations for goods and/or services received by the state. Accounts Payable does not include amounts due to other agencies, funds, or other governments. Refer to [DUE TO](#).

**ACCOUNTS RECEIVABLE** - Amounts due from private persons or organizations for goods, and/or services furnished by the state. Accounts Receivable does not include amounts due from other agencies, funds, or other governments. Refer to [DUE FROM](#).

**ACCREDITED VALUE** - A valuation basis for certain investments and debt instruments that reports on the balance sheet only that portion of their face value that reflects principal and interest accrued to date.

**ACCRUAL BASIS** - The basis of accounting whereby revenues are recognized when earned and measurable regardless of when collected; and expenses are recorded on a matching basis when incurred. All proprietary and fiduciary funds use the accrual basis of accounting.

**ACCRUE** - To record revenues and expenditures/expenses when they meet the recognition criteria of the fund type involved regardless of when the cash activity occurs.

**ACCRUED EXPENDITURES/EXPENSES** - Expenses or expenditures that meet the appropriate recognition criteria of the fund type involved but have not been paid. Accrued expenditures are expected to be paid in a subsequent accounting period. Refer to [ACCRUAL BASIS](#) and [ACCRUE](#).

**ACCRUED LIABILITIES** - Liabilities reflecting the obligation to pay for goods or services that have been incurred or received but not paid for by the end of the accounting period.

**ACCRUED REVENUES** - Revenues that meet the appropriate recognition criteria of the fund type involved, but are not realized during the accounting period. Refer to [ACCRUAL BASIS](#), [ACCRUE](#), and [MODIFIED ACCRUAL BASIS](#).



# State Administrative and Accounting Manual

**ACCUMULATED DEPRECIATION** - A contra-asset valuation account used to record the accumulation of periodic credits made to reflect the expiration of the estimated useful life of capital assets.

**ACQUISITION VALUE** - The price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

**ACTUARIAL BASIS** - A basis used in computing the amount of contributions to be made periodically to a fund or account so that the total contributions plus the compounded earnings thereon will equal the required payments to be made out of the fund or account. A Pension Trust Fund for a public employee retirement system is an example of a fund concerned with actuarial basis data.

**ADA** - An acronym for the Americans with Disabilities Act of 1990.

**ADMINISTERING AGENCY** - An agency designated by the Office of Financial Management to provide general oversight of financial accounting activity. An administering agency is also responsible for the cash management of the funds it administers.

**ADVANTAGEOUS** - Direct non-financial, work-related benefits accruing to the state.

**AFFILIATED ORGANIZATION** - An affiliated organization is a nonprofit corporation whose purpose is to raise funds or conduct other activities primarily in support of a governmental entity.

**AFRS** - Refer to [AGENCY FINANCIAL REPORTING SYSTEM](#).

**AGENCY** - Every state agency, office, board, commission, department, state institution, or state institution of higher education, which includes all state universities, regional universities, The Evergreen State College, and community and technical colleges.

**AGENCY CODE** - The four character numeric code assigned by the Office of Financial Management to designate the distinct operational units of state government. Agency codes are used for the identification of state agencies. Agencies are to use only the code assigned to their agency unless specified elsewhere in this manual. Refer to [AGENCY](#).

**AGENCY FINANCIAL REPORTING SYSTEM (AFRS)** - The statewide accounting system maintained by the Department of Enterprise Services. AFRS is the state of Washington's official accounting system.

**AGENCY PROGRAM ADMINISTRATOR** – An individual, designated by the agency, responsible for the management and oversight of the purchase card program within an agency. This includes: the issuance and cancellation of purchase cards; the monitoring of approving officials, cardholders, card custodians, and designated card users; and, the development and enforcement of agency policy, procedures and training.

**ALIEN BANK** - A bank organized under the laws of a foreign country and having its principal place of business in that country, the majority of the beneficial ownership and control of which is vested in citizens or countries other than the United States of America ([RCW 30A.42.020](#)).

**ALLOCATE** - To divide a lump-sum appropriation into parts that are designated for expenditure by specific governmental units and/or for specific purposes, activities, or objects. Refer to [ALLOCATION](#).

**ALLOCATION** - A part of a lump-sum appropriation that is designated for expenditure by specific governmental units and/or for specific purposes, activities, or objects. Refer to [EXPENDITURE AUTHORITY](#).

**ALLOTMENT** - An agency's plan of estimated expenditures, revenues, cash disbursements, and cash receipts for each month of the biennium.

**ALLOWABLE MOVING COSTS** - Except as noted in [Subsection 60.20.20](#) and within certain limitations, allowable moving costs include the costs associated with moving household goods, personal effects, and property used in a dwelling, and normal



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equipment and supplies used to maintain a dwelling from a residence to a new station within the state. Refer to [HOUSEHOLD GOODS](#) and [Chapter 60](#).

**ALLOWANCE FOR DEPRECIATION** - Refer to [ACCUMULATED DEPRECIATION](#).

**ALLOWANCE FOR UNCOLLECTIBLES** - A contra-asset valuation account used to indicate the portion of accounts receivable that is estimated to be uncollectible.

**AMORTIZATION** - The gradual reduction or liquidation of an amount over a period of time according to a specified schedule (such as, the retirement of a debt by serial payments to the creditor or in a sinking fund) either by a direct credit, or debit; or through the use of a valuation account.

**AMORTIZED COST** - The par value of the investment increased or decreased by any unamortized premium or discount.

**AMOUNT AVAILABLE IN DEBT SERVICE FUNDS** - An "other debit" general ledger code used in the General Long-Term Obligations Subsidiary Account that designates the amount of assets available in debt service funds for the retirement of outstanding general obligation debt.

**AMOUNT TO BE PROVIDED FOR RETIREMENT OF LONG-TERM OBLIGATIONS** - An "other debit" general ledger code used in the General Long-Term Obligations Subsidiary Account that represents the amount to be provided from taxes or other general revenues to retire outstanding general long-term obligations debt.

**ANCILLARY COSTS** - Costs that are directly attributable to asset acquisition, such as freight and transportation costs, site preparation costs, and professional fees, that are necessary to place a capital asset into its intended state of operation. Ancillary costs are capitalized as part of the cost of a capital asset. For an investment, ancillary costs include legal fees and commissions and are included as part of the cost of the investment.

**ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)** - The official annual financial report of the state encompassing all funds and component units of the state. It includes an introductory section, management's discussion and analysis (MD&A), basic financial statements, required supplementary information other than MD&A, combining and individual fund statements, schedules, and a statistical section.

**ANNUITY** - A series of equal money payments made or received at equal intervals over a designated period of time.

**APPRAISAL** - (1) The act of appraising. (2) The estimated value resulting from such action. Refer to [APPRAISE](#).

**APPRAISE** - To make an estimate of value of an asset, for example an investment or capital asset, particularly of the value of property.

**APPROPRIATION** - A legislative authorization for an agency to make expenditures for specific purposes from designated resources available or estimated to be available during a specified time period.

**APPROPRIATION CODE** - Refer to [EXPENDITURE AUTHORITY CODE](#).

**APPROVING OFFICIAL** - An individual, designated by the agency and the agency program administrator to, in a timely manner, monitor, review and approve the purchases of assigned cardholders or designated card users via purchase cards.

**ART COLLECTION** - An individual work of art or group of items of original artwork such as paintings, sculptures, craftwork or other materials commonly identified as a work of art. Art collections that are considered inexhaustible and meet certain criteria are not required to be capitalized. Agencies meeting the criteria for not capitalizing a collection have the option of capitalizing art collections as non-depreciable capital assets. Art collections that are exhaustible (such as those whose useful lives are diminished by display or educational/research applications) are to be capitalized and depreciated.



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**ASSETS** - Resources with present service capacity that the government presently controls as a result of past transactions or events. These resources can be tangible or intangible.

**ASSET RETIREMENT OBLIGATION** - A legally enforceable liability associated with the retirement of a tangible capital asset.

**ASSIGNED FUND BALANCE** - A classification for governmental fund balance reporting that includes amounts that the state intends to use for specific purposes.

**ASSISTANCE LISTING NUMBER** - Formerly known as the Catalog of Federal Domestic Assistance (CFDA) Number, is a five-digit number assigned in the awarding document for all federal assistance award mechanisms, including federal grants and cooperative agreements.

**AUDIT** - A systematic collection of the sufficient, competent evidential matter needed to attest to the fairness of management's assertions in the financial statements or to evaluate whether management has efficiently and effectively carried out its responsibilities. The auditor obtains this evidential matter through inspection, observation, inquiries, and confirmations with third parties. Refer to [COMPLIANCE AUDIT](#), [CORRECTIVE ACTION PLAN](#), [FINANCIAL AUDIT](#), [PERFORMANCE AUDIT](#), and [SINGLE AUDIT](#).

**AUTHORIZED TRAVEL PERIOD** - That period of time when the traveler is in authorized travel status away from the official station and official residence. Refer to [OFFICIAL STATION](#), [OFFICIAL RESIDENCE](#), and [TRAVELER](#).

**AUTOMATED CLEARING HOUSE (ACH)** - A nationwide payment and collection system that provides for electronic distribution and settlement of funds. Although the term Electronic Fund Transfer (EFT) is technically more inclusive than the term ACH, the term EFT is often used synonymously with ACH.

**AUTOMATED TELLER MACHINE (ATM)** - Computer controlled terminals located at a bank branch or other location, which enable a customer to perform basic banking activities (such as, withdrawals, deposits, or transferring funds) as they would through a bank teller.

**BALANCE SHEET** - A financial statement that discloses the assets, liabilities, and equities of an entity at a specified date in conformity with generally accepted accounting principles (GAAP).

**BASIS OF ACCOUNTING** - This refers to the methodology and timing of when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Refer to [ACCRUAL BASIS](#), [MODIFIED ACCRUAL BASIS](#) and [CASH BASIS](#).

**BETTERMENT** - An addition made to, or change made in, a capital asset, other than maintenance, that is anticipated to prolong its expected useful life or to increase its capacity, efficiency, or quality of output.

**BIENNIUM** - A 24-month fiscal period. In Washington, the biennium extends from July 1 of odd numbered years to June 30 of odd numbered years.

**BLENDED COMPONENT UNIT** - A type of component unit that is so intertwined with the state that it functions, for all practical purposes, as an integral part of the state. Financial data of a blended component unit is merged (blended) with the state's financial data and is not separately distinguishable. Refer to [COMPONENT UNIT](#).

**BLOCK GRANT** - A federal grant that consolidates, for a broad purpose, funding previously awarded for a wide range of activities.

**BOND** - A debt instrument issued through a formal legal procedure and secured either by the pledge of specific properties or revenues or by the general credit of the state.



## State Administrative and Accounting Manual

**BOND DISCOUNT** - The excess of the face value of a bond over the price for which it is acquired or sold resulting from a disparity between the market rate of interest and the stated rate of interest on the bonds, also referred to as original issue discount (OID). In governmental funds, bond discount associated with a bond sale is reported as an other financing use.

**BOND ISSUE** - A reference indicating the particular classification or quantity of bonds issued at a given time.

**BOND PREMIUM** - The excess of the price for which a bond is acquired or sold over its face value resulting from a disparity between the market rate of interest and the stated rate of interest on the bonds, also referred to as original issue premium (OIP). In governmental funds, bond premium associated with a bond sale is reported as another financing source.

**BOND REDEMPTION** - The regaining of possession of bonds formerly issued by payment of amount due to the holder.

**BONDS PAYABLE** - The face value of bonds issued and unpaid. In the case of zero-coupon bonds, however, only the accreted value of the bond is reported as bonds payable on the balance sheet.

**BOOK VALUE** - The net amount at which an asset or asset group appears on the books of account, as distinguished from its market or intrinsic value. In the case of assets subject to reduction by valuation allowances, book value refers to cost or stated value less the appropriate allowance.

**BOOKS OF ORIGINAL ENTRY** - Books of original entry are a record in which the various transactions are initially and formally recorded and serve as the direct source of postings to ledgers (e.g. payroll register).

**BUDGET** - A plan of financial operation embodying an estimate of proposed expenditures for a given period of time and the proposed means of financing them.

**BUDGETARY ACCOUNTS** - Accounts used to enter the adopted budget into the general ledger as part of the management control technique of formal budgetary integration.

**BUDGETARY CONTROL** - The control or management of a governmental unit in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

**BUDGETED ACCOUNTS** - Accounts that are subject to the appropriation and/or allotment process. Refer to [APPROPRIATION](#) and [ALLOTMENT](#).

**BUILDINGS** - Permanent structures owned or held by the state. The cost of buildings includes both acquisition costs (historical cost, ancillary costs, and, for proprietary and trust funds, net interest during construction) and capital improvement costs (betterments). Buildings include not only structures in the form of office buildings, storage quarters, or other facilities, but also associated items such as loading docks, heating and air-conditioning equipment, refrigeration equipment, and all other property permanently attached to or forming an integral part of the structure. Buildings can be capitalized as a single unit, or by individual component. Buildings do not include furniture, fixtures, or other equipment, which are not integral parts of the building. Refer to [BETTERMENT](#).

**BUSINESS CLASS AIR COMMON CARRIER** - a premium class of travel on a air common carrier which is greater than coach class but other than first class.

**BUSINESS CLASS NON-AIR COMMON CARRIER** - a premium class of travel on a non-air common carrier which is greater than coach class and less expensive than coach class airfare for the same route.

**BUSINESS-TYPE ACTIVITIES** - Reported in the government-wide financial statements. Financed in whole or in part by fees charged to external parties for goods or services that are usually reported in enterprise funds. Refer to [GOVERNMENT-WIDE FINANCIAL STATEMENTS](#).

**CAPITAL ASSETS** - Tangible or intangible assets held and used in state operations, which have a service life of more than one year and meet the state's capitalization policy. Capital assets of the state include land, infrastructure, improvements to land,



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buildings, leasehold improvements, vehicles, furnishings, equipment, collections, and all other tangible and intangible assets that are used in state operations.

**CAPITAL BUDGET** - The portion of a budget, or a separate budget, devoted to proposed additions to capital assets and the means of financing those additions.

**CAPITAL EXPENDITURE** - Refer to [CAPITAL OUTLAYS](#).

**CAPITAL GRANTS** - Grants that are restricted for the acquisition, construction, or renovation of capital assets associated with a specific program. Refer to [GRANTS](#) and [OPERATING GRANTS](#).

**CAPITAL OUTLAYS** - A budgetary or financial reporting term to indicate the expenditures for the acquisition of, addition to, or major repair of capital assets intended to benefit future periods. Expenditures may be from either Operating or Capital sources, and may be either capitalized or not capitalized.

**CAPITAL PROJECTS FUNDS** - Capital projects funds are used to account for the acquisition and/or construction of major capital facilities (other than those financed by proprietary funds and trust funds). Refer to [GOVERNMENTAL FUNDS](#).

**CAPITALIZATION POLICY** - The criteria used to determine which capital outlays should be reported as capital assets on the state's financial statements.

**CARD CUSTODIAN** – An individual, designated by the agency program administrator, to administer and control the use of department purchase cards by authorized designated card users within the card custodian's workgroup. (For agencies choosing to utilize department cards rather than individually assigned cards.)

**CARD STATEMENT** - The detailed itemized monthly statement of purchase card charges provided by the purchase card issuing bank to the agency.

**CARD USER AGREEMENT FORM** – This form states that the purchase card user has read and understands the policies and procedures of the State and his/her agency relative to purchase card use and agrees to comply with all of these established procedures. This form must be signed by the card user prior to issuance and use of the purchase card.

**CARDHOLDER** – An individual, designated by the agency program administrator and approving official, to make purchases using an individually assigned purchase card. (For agencies choosing to utilize individually assigned cards rather than department cards.)

**CASH BASIS** - A basis for accounting whereby revenues are recorded only when received and expenses are recorded only when paid without regard to the period in which they were earned or incurred.

**CASH DISBURSEMENTS** - Cash disbursements are any moneys (e.g., checks, cash, warrants, credit or debit card amounts, IAP's (interagency payments), and EFTs (Electronic Fund Transfers)) paid by a state agency during a period regardless of when the related obligations are incurred.

**CASH DISCOUNT** - An allowance received or given if payment is completed within a stated period of time. Refer to [TRADE DISCOUNT](#).

**CASH EQUIVALENT** - Short-term, highly liquid investments that are both (1) readily convertible to known amounts of cash and (2) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally only investments with original maturities of three months or less meet this definition.

**CASH RECEIPTS** - Cash receipts are any moneys (e.g., checks, cash, warrants, credit or debit card amounts, IAP's (interagency payments), or EFTs)) received by a state agency during a period regardless of when the moneys are earned.

**CASH/INVESTMENTS WITH ESCROW AGENT** - An asset account reflecting deposits with escrow agents.





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**CATEGORICAL GRANTS** - Federal grants that are awarded for specific limited purposes.

**CENTRAL TRAVEL ACCOUNT** - Terminology used by the credit card company for a "ghost billing account."

**CERTIFICATE OF PARTICIPATION (COP)** – A debt financing program administered by the Office of the State Treasurer. A COP is an instrument evidencing a pro rata share in a specific pledged revenue stream, usually lease payments by the issuer that are subject to annual appropriation. The certificate generally entitles the holder to receive a share, or participation, in the lease payments from a particular project. The lease payments are passed through the lessor to the certificate holders. The lessor typically assigns the lease and lease payments to a trustee, which then distributes the lease payments to the certificate holders.

**CHANGE ACCOUNTS** - Accounts used solely for making change in across-the-counter cash transactions. Refer to [IMPREST ACCOUNT](#).

**CHECK** - A written order on a bank to pay on demand a specified sum of money to a named person, out of money on deposit to the credit of the maker. A check differs from a warrant in that the latter is not necessarily payable on demand and may not be negotiable. It also differs from a voucher in that the latter is not an order to pay. Refer to [WARRANT](#).

**CHECK REGISTER** - The document used to record pertinent details relating to expenditure/expense vouchers and coding for each check issued.

**CHILD CARE FACILITY** - Space used by a child care provider to provide child care services for state government employees.

**CHILD CARE PROVIDER** – An entity that is, or commits to becoming, licensed to operate a Washington State day care facility, an entity that regularly provides care for children for periods of less than twenty-four hours.

**CLEARANCE PATTERN** - The proportion of the total amount disbursed that is debited against the state's bank account each day after the disbursements.

**CLEARING ACCOUNT** - An account used to accumulate total charges or credits so that they can be distributed later among the accounts to which they are allocable or so that the net differences can be transferred to the proper account.

**CLIENT** - For travel regulation purposes, a person or entity that is entitled to receive agency services.

**CLIENT SERVICES** - Services provided directly to agency clients including, but not limited to, medical and dental services, employment and training programs, residential care, and subsidized housing. Clients are considered to be those individuals who the agency has statutory responsibility to serve, protect, or oversee.

**COFFEE AND LIGHT REFRESHMENTS** - For state purposes, coffee encompasses any non-alcoholic beverage, such as tea, soft drinks, juice, or milk. For state purposes, a light refreshment is an edible item that may be served between meals, for examples, doughnuts, sweet rolls, and pieces of fruit or cheese.

**COLLECTIONS** - Refer to [LIBRARY RESERVE COLLECTIONS](#), [MUSEUM AND HISTORICAL COLLECTIONS](#), and [ART COLLECTIONS](#).

**COMMERCIAL LODGING FACILITY** - A business, non-profit, or governmental entity that provides lodging accommodations for a fee. A commercial lodging facility other than a hotel must be supported by a tax ID number and must be available to the general public to qualify as commercial lodging. Reimbursement for lodging at a private residence not meeting the criteria above is not allowed.





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**COMMITTED FUND BALANCE** - A classification for governmental fund balance reporting that includes amounts that can only be used for specific purposes pursuant to constraints imposed by state law. The commitment of fund balance remains in place until the Legislature changes or eliminates the state law.

**COMMODITY CLASS CODE** - The code assigned to an inventoriable capital asset that correlates to a descriptive title.

**COMMON CARRIER** - A person or company that transports passengers or goods for a fee.

**COMMUTER RIDE-SHARING** - A car pool or van pool arrangement whereby a fixed group, not exceeding fifteen persons including passengers and driver, is transported between their residences or other designated place, and their places of employment, educational, or other institutions, in a single daily round trip where the driver is also on the way to or from the place of employment, educational, or other institution.

**COMMUTE** - Travel between the official residence (OR) and other domicile of a state officer or employee and their official station (OS) or other place of work. When the travelers OR and OS is the same, then their first and last trip within their OR/OS would be considered their normal commute. Normally, an employee would only have one round trip commute each work day. However, there are some work schedules that may require an employee to commute multiple times in a day due to call back, split shifts, or on-call situations. Refer to [OFFICIAL RESIDENCE](#) and [OFFICIAL STATION](#).

**COMPENSATORY TIME** - Time worked by certain state employees that, if not used for paid time off, results in compensation to be cashed out in accordance with regulations or agency policy.

**COMPETITIVE SOLICITATION** - A documented formal process providing an equal and open opportunity to qualified parties and culminating in a selection based on criteria which may include such factors as the consultant's fees or costs, ability, capacity, experience, reputation, responsiveness to time limitations, responsiveness to solicitation requirements, quality of previous performance, and compliance with statutes and rules relating to contracts or services.

**COMPLIANCE AUDIT** - An examination leading to the expression of an opinion on the audited governmental unit's compliance with the various finance-related legal and contractual provisions. Refer to [AUDIT](#).

**COMPONENT UNIT** - A unit legally separate from the state but financially accountable to the state, or that has a relationship with the state such that exclusion would cause the state's financial statements to be misleading. For reporting purposes, depending upon the nature of component unit and its relationship with the state, financial data may be either discretely presented or blended. Refer to [BLENDED COMPONENT UNIT](#).

**COMPOSITE METHOD** - A method used to calculate depreciation expense that groups similar assets (such as library resources) or dissimilar assets of the same class (such as all roads and bridges in a park) using the same depreciation rate. Refer to [DEPRECIATION](#).

**CONSTRUCTION IN PROGRESS** - A general ledger account that reflects the cost of construction work undertaken on capital projects, but not completed as of the end of the accounting period.

**CONSULTANT** - An independent individual or entity contracting with an agency to perform a professional service or render an opinion or recommendation according to the consultant's methods and without being subject to the control of the agency except as to the result of the work. The agency monitors progress under the contract and authorizes payment.

**CONSUMABLE INVENTORIES** - Supplies consumed in the course of an agency's operations; or incidental items held for resale.

**CONSUMPTION METHOD** - The method under which inventories are recorded as an expenditure/expense when used. Refer to [PURCHASES METHOD](#).

**CONTINENTAL BREAKFAST** - Either (1) a breakfast generally consisting of juice, bread, fruit and a hot beverage (typically coffee or tea), or (2) a light meal defined in agency policy.



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**CONTINENTAL USA** - As used in this manual, all areas in the 48 contiguous states and the District of Columbia.

**CONTINGENT LIABILITY** - Items which may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending law suits, judgments under appeal, unsettled disputed claims, unfilled purchase orders, and uncompleted contracts.

**CONTRACT MANAGEMENT** – Activities related to contracting, including the decision to contract, contractor screening and selection, contract preparation, contract monitoring, auditing and post-contract follow-up.

**CONTRACT MANAGER** – Any state agency staff involved in the contracting process who is responsible for oversight of a contract (e.g. contract specialists, program managers, state agency executives, etc).

**CONTRACT MONITORING** – Planned, ongoing or periodic activity that measures and ensures contractor compliance with the terms, conditions, and requirements of a contract.

**CONTRACTS PAYABLE** - Amounts due on contracts for public improvements on work done for a governmental unit are to be recorded as Contracts Payable. Amounts withheld from that which is due the contractor and are intended to serve as a guarantee on the contracts are to be recorded separately as retainage payable. Refer to [RETAINAGE PAYABLE](#).

**CONTROL ACCOUNT** - An account in the general ledger in which the aggregate of all debit and credit postings to a number of related accounts (called the subsidiary accounts) are recorded. For example, the Accounts Receivable account is a control account supported by the aggregate of the individual customer subsidiary accounts. Refer to [GENERAL LEDGER](#) and [SUBSIDIARY ACCOUNTS](#).

**CORRECTIVE ACTION PLAN** - An agency response to audit findings that documents how deficiencies are to be corrected, how improvements are to be made, or demonstrates that audit findings are invalid or do not warrant any subsequent action. Refer to [AUDIT](#).

**COST ACCOUNTING** - That method of accounting which provides for accumulating and recording of all the elements of cost incurred to accomplish a purpose, to carry on an activity or operation, or to complete a unit of work or a specific job.

**COST-BASED MEASURE** - Value of investment that is based on the cost of the investment.

**COST RECORDS** - All ledgers, supporting records, schedules, reports, invoices, vouchers, and other records and documents reflecting the cost of projects, jobs, production centers, processes, operations, products, or services, or the cost of any of the component parts thereof.

**CREDIT CARD** - A card entitling the holder to buy services or goods on credit.

**CURRENT ASSETS** - Resources that are available, or can readily be made available, to meet the cost of operations or to pay current liabilities.

**CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS** - Measurement focus used by governmental funds that accounts for the near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. Refer to [MEASUREMENT FOCUS](#).

**CURRENT LIABILITIES** - Those obligations which are payable within one year from current assets or current resources.

**CUSTODIAL FUNDS** - Custodial funds are used to account for resources held by the state in a purely custodial capacity for other governments, private organizations, or individuals that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Refer to [FIDUCIARY FUNDS](#).



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**CUT-OFF DATE** - A selected date whereby transactions generally are stopped to provide for closing of the books of accounts for a given period, or for audit purposes.

**DEBIT CARD** - A card that draws funds directly from a deposit account.

**DEBT** - An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of the state include bonds, accounts payable, and other liabilities. Refer to [BONDS PAYABLE](#), [ACCOUNTS PAYABLE](#), [LIABILITIES](#), [LONG-TERM OBLIGATIONS](#) and [GENERAL LONG-TERM OBLIGATIONS](#).

**DEBT SERVICE FUNDS** - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term obligation principal and interest. Refer to [GOVERNMENTAL FUNDS](#).

**DEFERRED INFLOWS OF RESOURCES** - An acquisition of fund equity by the government that is applicable to a future reporting period.

**DEFERRED OUTFLOWS OF RESOURCES** - A consumption of fund equity by the government that is applicable to a future reporting period..

**DEFICIT** - (1) The excess of the liabilities and reserves of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period or, in the case of proprietary funds, the excess of expenses over revenues during an accounting period.

**DEPARTMENT CARD LOG** – A record kept by the card custodian to track the use of department purchase cards within a designated workgroup within an agency. Designated card users must check out and check in use of the purchase card on this log and record the business purpose for each use in order to make a purchase. (For agencies choosing to utilize department cards rather than individually assigned cards.)

**DEPOSIT** - Money or securities held in a bank or other financial institution. In the context of required note disclosures, deposits include cash and near cash items placed on account with a financial institution or fiscal agent. Some deposits (e.g., checking accounts) are subject to withdrawal upon demand without notice or penalty (demand deposits) and others (e.g., certificates of deposit) can only be withdrawn without penalty upon completion of a fixed period (time deposits).

**DEPRECIABLE CAPITAL ASSETS** - Capital assets that are depreciated because they are exhaustible in that their useful lives diminish over time. Exceptions to this include infrastructure assets reported using the modified approach to depreciation. Refer to [DEPRECIATION](#) and [MODIFIED APPROACH TO DEPRECIATION](#).

**DEPRECIATION** - The portion of the cost of a capital asset representing the expiration in the useful life of the capital asset attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence which is charged off during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is prorated over the estimated useful life of such an asset. Refer to [COMPOSITE METHOD](#) and [STRAIGHT-LINE METHOD](#).

**DERIVATIVES** - Financial securities whose value is derived from another "underlying" financial security. Options, futures, swaps, swaptions, and structured notes are all examples of derivative securities.

**DESIGNATED CARD USER** – An individual, designated by the agency program administrator, the approving official, and the card custodian to make purchases using a department purchase card. (For agencies choosing to utilize department cards rather than individually assigned cards.)

**DIRECT COSTS** - Costs that include direct materials and labor. Refer to [DIRECT EXPENSES](#).

**DIRECT EXPENSES** - Expenses which are charged directly as a part of the cost of a product or service, or of a department or operating unit, as distinguished from overhead and other indirect costs which must be prorated among several products or services, departments, or operating units.



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**DISBURSEMENT** - Payment by cash, warrant, check, journal voucher, ACH, or any other technological payment method approved by OFM.

**DISCLOSURE FORMS** - The state Disclosure Forms application is an electronic way of capturing the detail data for various aspects of an agency's activities. Each of the disclosure forms covers a specific activity or area of information that is not readily available from the data collected in the state's Agency Financial Reporting System (AFRS). Agencies complete these forms at fiscal year end.

**DISPOSAL AUTHORIZATION** - The policies and processes established by the Department of Enterprise Services (Surplus Operations), as applicable, by which an agency is authorized to dispose of a specific asset or as provided by specific statutory authority.

**DISPOSAL DATE** - With proper approval, the date that an agency officially disposes of or relinquishes responsibility for an asset.

**DISPUTED ITEM** - An item in question or lacking agreement by parties involved, such as an item appearing on a purchase card statement that the agency disagrees with.

**DIVISION OR COST CENTER CODE** - A code assigned by an agency to further identify its organizational structure.

**DOMESTIC PARTNER** - Effective July 22, 2011, [RCW 26.60.090](#) authorizes a legal union of two persons of the same sex that was validly formed in another jurisdiction, and that is substantially equivalent to a domestic partnership under state law, to be recognized as a valid domestic partnership and treated the same as a domestic partnership registered in the state of Washington regardless of whether it bears the name domestic partnership.

For more information about state registered domestic partnerships, refer to the Office of the Secretary of State's website at: <http://www.sos.wa.gov/corps/domesticpartnerships>.

**DONATED ASSETS** - Assets acquired by gift, donation, or payment of a nominal sum, which is not reflective of the assets' true market value.

**DONATED INVENTORIES** - Food or other items held for future distribution.

**DONATED LEAVE** - The dollar value of the hours of leave a donor donates through the Shared Leave Program. Refer to [SHARED LEAVE](#).

**DOUBLE ENTRY BOOKKEEPING** - A system of record keeping which requires two entries to the records (a debit and a credit) for every accounting event.

**DRAWDOWN** - Process whereby a state requests and receives federal funds.

**DUE FROM FEDERAL GOVERNMENT** - An asset account reflecting amounts due to the state from the federal government. These amounts may represent grants-in-aid, shared revenues, loans, and/or charges for services rendered by the state for the federal government.

**DUE FROM OTHER AGENCIES** - An asset account reflecting amounts billed or otherwise due for materials or services rendered by one Washington state agency to another Washington state agency.

**DUE FROM OTHER FUNDS** - An asset account reflecting amounts owed to a particular fund by another fund in the same agency for goods sold or services rendered. This account includes only short-term obligations on open account and not non-current portions of long-term loans.



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**DUE FROM OTHER GOVERNMENTS** - An asset account reflecting amounts due to the state from another government (e.g., county or municipality). These amounts may represent grants-in-aid, shared revenues, loans, and charges for services rendered by the state for another governmental entity.

**DUE TO FEDERAL GOVERNMENT** - A liability account reflecting amounts owed by the state to the federal government.

**DUE TO OTHER AGENCIES** - A liability account reflecting amounts owed by one Washington state agency to another Washington state agency.

**DUE TO OTHER FUNDS** - A liability account reflecting amounts owed by a particular fund to another fund in the same agency. These amounts include only short-term obligations on open account.

**DUE TO OTHER GOVERNMENTS** - A liability account reflecting amounts owed by the state to another government (e.g., county or municipality).

**ECONOMIC FEASIBILITY** - An application is economically feasible when, over a reasonable period of time, the application's cumulative benefits outweigh or are equivalent to the application's cumulative costs.

**ECONOMIC FEASIBILITY STUDY (EFS)** - A cost/benefit analysis of a state agency's proposed electronic payment acceptance and/or disbursement project that should demonstrate the economic feasibility (net benefit) of the proposed project. Refer to [Section 40.40](#).

**ECONOMIC RESOURCES MEASUREMENT FOCUS** - Measurement focus that considers all of the assets available for the purpose of providing goods and services and reports all inflows, outflows, and balances affecting or reflecting an entity's net position. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for government-wide financial reporting. Refer to [MEASUREMENT FOCUS](#).

**ECONOMICAL** - Direct financial, work-related costs that occur at the least cost to the state and which the state is responsible to pay.

**EFFECTIVE INTEREST RATE** - The rate of earning on a bond investment based on the actual price paid for the bond, the coupon rate, the maturity date and the length of time between interest dates, in contrast with the nominal interest rate.

**ELECTRONIC BENEFIT TRANSFER (EBT)** - The electronic transfer of government benefit funds to individuals through the use of automated card technology, automated teller machines (ATM) and point of sale (POS) terminals.

**ELECTRONIC COMMERCE (E-COMMERCE)** - The commercial transaction of services in an electronic format.

**ELECTRONIC DATA INTERCHANGE (EDI)** - A computer-to-computer exchange of information that is both computer-readable and computer-processable.

**ELECTRONIC DATA PROCESSING (EDP)** - Data processing by means of high-speed electronic equipment.

**ELECTRONIC FLIGHT BAG (EFB)** - EFBs provide replacement for the paper reference material pilots typically carry. In order to qualify as an EFB, the system must be capable of displaying information equivalent to the paper products they replace.

**EMERGENCY** - A set of unforeseen circumstances beyond the control of an agency that either: (a) presents a real, immediate threat to the proper performance of essential functions; or (b) may result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken.

**EMERGENCY RIDE HOME** - An assured ride home for employees participating in a commute trip reduction program who are not able to use their alternative commute mode on a particular day because of a personal emergency. Alternative commute modes include walking, bicycling, carpooling, vanpooling, bus, ferry and train. ([Chapter 43.01 RCW](#)).



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**EMINENT DOMAIN** - The power of a government to acquire private property for public purposes. It is frequently used to obtain real property that cannot be purchased from owners in a voluntary transaction. Where the power of eminent domain is exercised, owners are compensated by the state in an amount determined by the courts.

**ENCUMBRANCE** - Commitments related to unperformed (executory) contracts for goods or services. Used in budgeting, encumbrances are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

**ENDOWMENT** - Refer to [PERMANENT FUNDS](#).

**ENTERPRISE FUNDS** - Used to account for any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds, in the context of the activity's principal revenue sources, if any one of the following criteria is met: a) the activity is financed with debt that is secured solely by pledge of the net revenues from fees and charges of the activity; 2) laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues. Refer to [PROPRIETARY FUNDS](#).

**ENTITLEMENT** - A service or grant that, under federal law, must be provided to all eligible applicants.

**ENTITY** - The basic unit upon which accounting and/or financial reporting activities are focused.

**ENTRY** - The record of a financial transaction in the appropriate books of account.

**EQUIPMENT** - Tangible property other than land, buildings, improvements other than buildings, or infrastructure, which is used in operations and with a useful life of more than one year. Examples are furnishings, equipment, and software. Equipment may be attached to a structure for purposes of securing the item, but unless it is permanently attached to, or an integral part of, the building or structure, it is to be classified as equipment and not buildings.

**EQUITY INVESTMENTS** - Equity investments include, but are not limited to, any instruments representing ownership shares in an enterprise (e.g., common, preferred, and other capital stock).

**EQUITY TRANSFERS** - Nonrecurring or nonroutine transfers of equity between funds. An example of an equity transfers is the transfer of residual equity from a discontinued fund. Refer to [INTERFUND TRANSFERS](#).

**ESTIMATED REVENUE** - This is a budgetary term that identifies revenues expected to be received or accrued during a given period.

**EVIDENCE OF COMPETITION** - Documentation demonstrating that an agency has solicited responses from multiple firms in selecting a consultant.

**EXCHANGE TRANSACTIONS** - Transaction in which each party receives and gives up essentially equal values.

**EXCHANGE-LIKE TRANSACTIONS** - Transaction in which there is an identifiable exchange between the state and another party, but the values exchanged may not be quite equal or the direct benefits of the exchange may not be exclusively for the parties to the exchange.

**EXHAUSTIBLE CAPITAL ASSETS** - Refer to [DEPRECIABLE CAPITAL ASSETS](#) and [MODIFIED APPROACH TO DEPRECIATION](#).

**EXIT PRICE** - The price that would be received to sell an asset or paid to transfer a liability.

**EXPENDITURE AUTHORITY** - Permission for agencies to disburse moneys or accrue liabilities during specific fiscal periods, up to specified amounts, from specific accounts. Authority is provided by the Legislature through appropriations or





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inclusion of nonappropriated account moneys in the legislative budget; by the executive through allocations, approval of unanticipated receipts, or across-the-board spending reductions.

**EXPENDITURE AUTHORITY CODE** - The three-character code assigned by the Office of Financial Management (OFM) to identify each legislative or executive authorization to incur expenditures. Agencies are to use only those expenditure authority codes that have been authorized in writing by OFM. The assigned codes are valid only for the biennium for which they are established. Refer to [EXPENDITURE AUTHORITY](#), [APPROPRIATION](#), [UNANTICIPATED RECEIPT](#), and [ALLOCATION](#).

**EXPENDITURES** - Decreases in net current financial resources. Expenditures include disbursements and accruals of the current period. Expenditures do not include encumbrances.

**EXTERNALLY RESTRICTED** - Refer to [RESTRICTED NET ASSETS](#).

**EXPENSES** - Decreases in net total assets. Expenses represent the cost of operation incurred during the current period regardless of the timing of the related disbursements.

**FACE VALUE** - As applied to securities, this term designates the amount of an insurer's liability stated in the security document.

**FAIR VALUE** - The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the exit price. For publicly traded securities, this is usually the price at which the security is currently being traded on a national market. For investment instruments that are not publicly traded, fair value is based on the use of other relevant observable and nonobservable inputs.

**FEDERAL FINANCIAL ASSISTANCE** - Assistance that nonfederal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, or other assistance. It does not include amounts received for provision of vendor services to federal agencies or reimbursements for services rendered directly to individuals.

**FIDELITY BOND** - A written promise to indemnify against losses from theft, embezzlement, defalcation, and misappropriation of public moneys by government officers and employees. Refer to [SURETY BOND](#).

**FIDUCIARY FUNDS** - Fiduciary funds are used to account for assets held by the state in a trustee capacity, or as an agent for others and that cannot be used to support the state's own programs. There are four types of fiduciary funds: private-purpose, pension (and other employee benefit), and investment trust funds, and agency funds. Refer to [PRIVATE-PURPOSE TRUST FUNDS](#), [PENSION \(AND OTHER EMPLOYEE BENEFIT\) TRUST FUNDS](#), [INVESTMENT TRUST FUNDS](#), and [AGENCY FUNDS](#).

**FIELD ORDER (A17-A, A17-1A)** - A document used by agencies to order, encumber, liquidate, and authorize payment for local purchases. This form is used when an agency has general or specific authority to make the purchase or when the item being purchased falls within the statewide contracts.

**FINAL AMENDED BUDGET** - The original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, whenever signed into law or otherwise legally authorized.

**FINANCIAL AUDIT** - An audit made by an independent external auditor for the purpose of issuing an audit opinion on the fair presentation of the financial statements of the state in conformity with GAAP. Refer to [AUDIT](#).

**FIRST-IN, FIRST-OUT (FIFO)** - An inventory valuation method, which allocates cost on the assumption that goods are consumed or sold in the order that they were acquired.



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**FISCAL PERIOD** - Any period at the end of which a governmental unit determines its financial position and the results of its operations. Refer to [ACCOUNTING PERIOD](#).

**FISCAL YEAR** - In Washington State, a 12-month period extending from July 1 of one calendar year to June 30 of the next calendar year.

**FIXED ASSETS** - Refer to [CAPITAL ASSETS](#).

**FIXED INCOME INVESTMENTS** - Fixed income investments consist of those non-equity assets (e.g., bonds) where earnings are derived from interest that is a fixed percentage of the asset's par, stated, or face value. These may include investments purchased at a discount that do not have coupon payments.

**FIXTURES** - Attachments to buildings, which are not intended to be removed, and which cannot be removed without damage to the buildings. Those fixtures with useful lives presumed to be as long as that of the building itself are considered a part of the building; all others are classified as equipment.

**FOOD STAMPS** - For financial reporting purposes, the dollar value of food stamps on hand for future distribution.

**FOREIGN TRAVEL** - Travel in all areas of the world outside of the United States of America and its possessions.

**FULL-TIME EQUIVALENT (FTE)** - Equivalent of 2088 hours of work in a fiscal year.

**FUNCTION** - A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible.

**FUNCTION AND PROGRAM CODES** - Codes assigned by an agency with the concurrence of the Office of Financial Management to identify an agency's functional areas and the various major activities within an agency. Refer to [FUNCTION](#) and [PROGRAM](#).

**FUND** - For state purposes, a fund is referred to as an account. Refer to [ACCOUNT](#).

**FUND BALANCE** - In governmental funds, this is the difference between fund assets and fund liabilities. Governmental fund balances should be reported in classifications that reflect the extent to which the state is bound to honor constraints on the purposes for which amounts can be spent. Refer to fund classifications: [NONSPENDABLE FUND BALANCE](#), [RESTRICTED FUND BALANCE](#), [COMMITTED FUND BALANCE](#), [ASSIGNED FUND BALANCE](#), and [UNASSIGNED FUND BALANCE](#).

**FUND CAPITAL ASSET** - Capital assets recorded in proprietary and trust funds and used in the production of the goods or services provided or sold. Depreciation on fund capital assets is charged as an expense of the fund.

**FUND EQUITY** - The difference between a fund's assets and liabilities. In governmental funds, it is referred to as fund balance. In proprietary funds, it is referred to as net position. Refer to [FUND BALANCE](#) and [NET POSITION](#).

**FUND FINANCIAL STATEMENTS** - Financial statements presented for the state's governmental, proprietary and fiduciary funds. They display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial statements for fiduciary funds. Each of the three fund categories is reported using the measurement focus and basis of accounting required for that category. Refer to [GOVERNMENTAL FUNDS](#), [PROPRIETARY FUNDS](#), and [FIDUCIARY FUNDS](#).

**FUND LONG-TERM OBLIGATIONS** - Fund long-term obligations are directly related to and payable from proprietary and trust funds and are recorded in such funds. They are generally not expected to be paid within the next twelve months. Fund long-term obligations may be backed by a lien on a specific fund asset or by the full faith and credit of the state.





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**FUND TYPE (GAAP)** - One of 11 classifications into which all individual accounts can be categorized. Governmental fund types include the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. Proprietary fund types include enterprise funds and internal service funds. Fiduciary fund types include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

**FUNDING TECHNIQUE** - Procedures to minimize the time between the transfer of funds from the federal government and the payment of funds for program purposes by the state.

**FURNISHINGS AND EQUIPMENT** - Refer to [EQUIPMENT](#).

**GAAP** - Refer to [GENERALLY ACCEPTED ACCOUNTING PRINCIPLES](#).

**GAAS** - Refer to [GENERALLY ACCEPTED AUDITING STANDARDS](#).

**GAGAS** - Refer to [GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS](#).

**GENERAL CAPITAL ASSETS** - Used in operations of governmental funds that are not assets of any fund, but of the government as a whole. Most often, general capital assets are acquired through the expenditure of the financial resources of governmental funds. General capital assets include all capital assets not accounted for in proprietary funds. The state accounts for general capital assets in the General Capital Assets Subsidiary Account and reports them in the governmental activities column in the government-wide financial statement of net position.

**GENERAL CAPITAL ASSETS SUBSIDIARY ACCOUNT** - A record keeping mechanism that provides a basis for accountability and control over the state's general capital assets.

**GENERAL FUND** - The general fund is used to account for the financial activities of the general government not required to be accounted for in another account. Refer to [GOVERNMENTAL FUNDS](#).

**GENERAL JOURNAL** - The journal in which all entries not recorded in special journals are recorded.

**GENERAL LEDGER** - A ledger containing the accounts in which are recorded, in detail or in summary, all transactions of the state. Refer to [CONTROL ACCOUNT](#) and [SUBSIDIARY ACCOUNTS](#).

**GENERAL LEDGER CODE** - The four-character numeric codes assigned by the Office of Financial Management to identify the titles of those accounts that classify, in summary form, all financial transactions of the state.

**GENERAL LEDGER TRIAL BALANCE** - Shows both the debit and credit general ledger balances for an account or related group of accounts at the close of an accounting period.

**GENERAL LONG-TERM OBLIGATIONS** - All long-term indebtedness of the state that is not classified as a fund obligation is accounted for as general long-term obligations. General long-term obligations are secured by the general credit and revenue raising capacity of the state and will not be paid by expending available resources as of the end of the current fiscal year. The state accounts for general long-term obligations in the General Long-Term Obligations Subsidiary Account and reports them in the governmental activities column in the Government-wide Financial Statement of [NET POSITION](#).

**GENERAL LONG-TERM OBLIGATIONS SUBSIDIARY ACCOUNT** - A record keeping mechanism that provides a basis for accountability and control over the state's long-term obligations other than those accounted for in proprietary and fiduciary funds.

**GENERAL OBLIGATION BONDS** - Statewide bond issues that are secured by an unconditional pledge of the full faith, credit and taxing power of the state.

**GENERAL REVENUES** - Revenues that are not matched to specific program expenses are required to be reported as general revenues.



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**GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)** – These are the uniform minimum standards for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules, and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board.

**GENERALLY ACCEPTED AUDITING STANDARDS (GAAS)** – These are the standards established by the AICPA for the conduct and reporting of financial audits. There are 10 basic GAAS, classed into three broad categories: general standards, standards of fieldwork and standards of reporting. The GAAS set forth the objectives of the audit and establish measures that can be applied to judge the quality of its performance.

**GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (GAGAS)** – These standards are for the conduct and reporting of both financial and performance audits in the public sector. The basic GAGAS standards are classed into three broad categories: general standards, fieldwork standards, and reporting standards.

**GHOST BILLING ACCOUNT** - A cardless billing program offered by many charge card and credit card companies that is designed to primarily accommodate airline ticket purchases.

**GOODS** - Products, materials, supplies, or equipment provided by a contractor or vendor.

**GOVERNMENTAL ACCOUNTING** - The composite activity of analyzing, recording, summarizing, reporting, and interpreting the financial transactions of a governmental entity.

**GOVERNMENTAL ACTIVITIES** - Activities generally financed through taxes, intergovernmental revenues, and other nonexchange revenues. These activities are usually reported in governmental funds and internal service funds. Refer to [GOVERNMENT-WIDE FINANCIAL STATEMENTS](#).

**GOVERNMENTAL EXTERNAL INVESTMENT POOL** - An arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio; one or more of the participants not being part of the sponsor's reporting entity. The sponsoring government reports the external investment pool in an Investment Trust Fund. Refer to [INVESTMENT TRUST FUNDS](#).

**GOVERNMENTAL FUNDS** - Governmental funds are used to account for most typical governmental functions focusing on the acquisition, use, and balances of a state's expendable financial resources and the related current liabilities. The accounting for governmental funds has a budget orientation using the current financial resources measurement focus and the modified accrual basis of accounting. There are five types of governmental funds: General, Special Revenue, Debt Service, Capital Projects, and Permanent Funds. Refer to [GENERAL FUND](#), [SPECIAL REVENUE FUNDS](#), [DEBT SERVICE FUNDS](#), [CAPITAL PROJECTS FUNDS](#), and [PERMANENT FUNDS](#).

**GOVERNMENT-WIDE FINANCIAL STATEMENTS** - Financial statements that incorporate all of the state's governmental and business-type activities, as well as its nonfiduciary component units. There are two basic government-wide financial statements: the Statement of Net Position and the Statement of Activities. Both basic government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Refer to [BUSINESS-TYPE ACTIVITIES](#) and [GOVERNMENTAL ACTIVITIES](#).

**GRANTS** - Awards of financial assistance, including cooperative agreements, in the form of money, or property in lieu of money, to an eligible grantee. The term does not include technical assistance which provides services instead of money, or other forms of assistance such as revenue sharing, loans, loan guarantees, interest subsidies, insurance or direct appropriations. Also, the term does not include assistance, such as fellowship or other lump sum awards, which the grantee is not required to account for. Refer to [CAPITAL GRANTS](#) and [OPERATING GRANTS](#).

**HIGH COST LOCATIONS** - Continental USA - Specific cities or areas within the continental USA as displayed in Subsection 10.90.10. Refer to [CONTINENTAL USA](#).



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**HIGH COST LOCATIONS** - Noncontinental USA and Foreign Travel - Specific cities or areas within the noncontinental USA and foreign nations or localities throughout the world as contained in Subsection [10.90.10](#). Refer to [NONCONTINENTAL USA](#).

**HISTORICAL COLLECTIONS** - Refer to [MUSEUM AND HISTORICAL COLLECTIONS](#).

**HOSTING ACTIVITIES** - Social rather than governmental business events, such as lobbying.

**HOUSEHOLD GOODS** - All household goods, personal effects and property used in a dwelling, and normal equipment and supplies used to maintain the dwelling.

**IMPREST ACCOUNT** - An account into which a fixed amount of money is placed for the purpose of making change or minor disbursements. As disbursements are made, a voucher is completed to record the date, amount, nature, and purpose of the disbursement. At periodic intervals, or when the money is completely expended, a report with substantiating vouchers is prepared and the account is replenished for the exact amount of the disbursements, and appropriate general ledger accounts are charged. The total of cash and the substantiating vouchers should always equal the total fixed amount of money set aside in the imprest account. Refer to [CHANGE ACCOUNTS](#) and [PETTY CASH](#).

**IMPROVEMENTS OTHER THAN BUILDINGS** - Capital assets that reflect the cost of permanent improvements other than buildings which add value to land such as fences and retaining walls.

**INCIDENTAL EXPENSES** - Fees and tips given to porters, baggage carriers, hotel and restaurant staff, flight attendants, and others for personal services performed. This is not a miscellaneous expense. An allowance for incidental expenses is included within the daily subsistence rates for the area of travel.

**INCOME STATEMENT** - Refer to [OPERATING STATEMENT](#); [STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE](#); and [STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION OR FUND EQUITY](#).

**INDEPENDENT AUDIT** - An audit performed by an independent auditor. Refer to [FINANCIAL AUDIT](#), [PERFORMANCE AUDIT](#), and [INTERNAL AUDIT](#).

**INDIRECT CHARGES** - Refer to [OVERHEAD](#).

**INDIRECT COSTS** - Costs that cannot be directly charged to an activity (e.g. depreciation and other administrative and support costs).

**INEXHAUSTIBLE CAPITAL ASSETS** - Refer to [NON-DEPRECIABLE CAPITAL ASSETS](#).

**INFORMATION TECHNOLOGY (IT)** - For purposes of tracking IT expenditures required by SAAM [Section 75.65](#), IT includes the electronic capture, collection, storage, manipulation, transmission, calculation, retrieval, and presentation of information.

**INFRASTRUCTURE ASSETS** - Long lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, sidewalks, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. With the exception of the state highway system operated by the Department of Transportation, which uses the modified approach to depreciation, infrastructure assets are to be depreciated.

**INHERENT RISK** - The exposure arising from a specific risk before any action has been taken to manage it.

**IN-STATE TRAVEL** - Travel within the state of Washington. However, with respect to the requirement for prior authorization of out-of-state travel in [Subsection 10.10.50.a](#)) travel to counties and/or cities in the states of Idaho and Oregon



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that are contiguous to the border between Washington-Idaho or Washington-Oregon, or b) out-of-state employees traveling within the same state as their official station shall not be considered out-of-state.

**INTANGIBLE ASSETS** - Assets that possess the following characteristics: (a) lack of physical substance; (b) non-financial nature in that it is not in monetary form and represents neither a claim or right to assets in a monetary form; (c) initial useful life extends beyond a single reporting period. Examples of intangible assets are easements, water rights, timber rights, mineral rights, patents, trademarks, copyrights and computer software. Refer to [INTERNALLY GENERATED INTANGIBLE ASSETS](#) and [INTERNALLY DEVELOPED COMPUTER SOFTWARE](#).

**INTEGRAL PART OF THE MEETING** - An activity within a meeting that is essential to the completeness of the meeting.

**INTERAGENCY PAYMENT (IAP)** - An automated payment to another state agency using treasury accounts (requires a statewide vendor number).

**INTEREST PAYABLE** - A liability account reflecting the amount of interest owed by the state. In governmental funds, interest is to be recognized as an expenditure in the accounting period in which it becomes due and payable and the liability is to be recorded as interest payable at that time. In proprietary and trust funds, interest payable is recorded as it accrues, regardless of when payment is actually due.

**INTEREST RECEIVABLE** - An asset account reflecting the amount of interest due to the state.

**INTERFUND ACCOUNTS** - Accounts in which activity between funds are reflected. Refer to [INTERFUND ACTIVITY](#).

**INTERFUND ACTIVITY** - Activity between funds of the state, including blended component units. Interfund activities are divided into two broad categories: reciprocal and nonreciprocal. Reciprocal interfund activity is comprised of interfund loans and interfund services provided and used. Nonreciprocal interfund activity is comprised of interfund transfers and interfund reimbursements. Refer to [INTERFUND LOANS](#), [INTERFUND SERVICES PROVIDED AND USED](#), [INTERFUND TRANSFERS](#) and [INTERFUND REIMBURSEMENTS](#).

**INTERFUND LOANS** - Loans made by one fund to another with a requirement for repayment. Refer to [INTERFUND ACTIVITY](#).

**INTERFUND REIMBURSEMENTS** - Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Refer to [INTERFUND ACTIVITY](#).

**INTERFUND SERVICES PROVIDED AND USED** - Sales and purchases of goods and services between funds for a price approximating their external exchange value. Refer to [INTERFUND ACTIVITY](#).

**INTERFUND TRANSFER (IFT)** - An automated transfer between treasury accounts within the same agency.

**INTERFUND TRANSFERS** - Nonreciprocal transfers made without a requirement for repayment. Refer to [EQUITY TRANSFERS](#), [OPERATING TRANSFERS](#), and [INTERFUND ACTIVITY](#).

**INTERGOVERNMENTAL REVENUES** - Revenues from other governments in the form of grants, entitlements, shared revenues, or payments in lieu of taxes.

**INTERIM FINANCIAL STATEMENT** - A financial statement prepared before the end of the current fiscal period and covering only financial transactions during the period to date.

**INTERNAL AUDIT** - An appraisal activity conducted by auditors working for and within an organization of the diverse operations and controls within the organization to determine whether prescribed policies and procedures are followed, established standards are met, resources are used efficiently and economically, and the organization's objectives are being achieved.



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**INTERNAL CONTROL** - A process effected by those charged with governance, management, and other personnel designed to provide reasonable assurance about the achievement of the entity's objectives. The state's objectives per [RCW 43.88.160](#) fall into separate but related categories: safeguard its assets; check the accuracy and reliability of its accounting data; promote operational efficiency; and encourage adherence to policies for accounting and financial controls.

**INTERNAL CONTROL FRAMEWORK** - An integrated set of policies and procedures, based on a common structure of components, concepts and definitions, designed to assist management to achieve its goals and objectives. To be truly comprehensive, a government's internal control framework must (a) provide a favorable control environment, (b) provide for the continuing assessment of risk, (c) provide for the design, implementation, and maintenance of effective control-related policies and procedures, (d) provide for the effective communication of information, and (e) provide for the ongoing monitoring of the effectiveness of control-related policies and procedures as well as the resolution of potential problems identified by controls.

**INTERNAL SERVICE FUNDS** - Internal service funds are used to report activities that provide goods or services to other funds, departments or agencies of the state on a cost reimbursement basis. Internal service funds are used where the state is the predominant participant in the activity.

**INTERNALLY DEVELOPED COMPUTER SOFTWARE** - Software developed in-house by the state's personnel or by a third-party contractor on behalf of the state. Also includes commercially available software purchased or licensed by the state and modified using more than minimal incremental effort before being placed into operation.

**INTERNALLY GENERATED INTANGIBLE ASSETS** - Assets that are created or produced by the state or an entity contracted by the state. Also includes assets acquired from a third party but require more than minimal incremental effort on the part of the state to begin to achieve their expected level of service capacity. Examples include patents, copyrights, trademarks, and computer software.

**INVENTORY CONTROL POINT** - A specific location, area, building, account, inventory type, etc., as defined in writing by the agency inventory officer where consumable inventories are aggregated for distribution, valuation, and/or reporting threshold purposes.

**INVESTMENT TRUST FUNDS** - Fiduciary funds used by the sponsor to report the external portion of investment pools. Refer to [FIDUCIARY FUNDS](#).

**INVESTMENTS** - Securities, real estate and other instruments held for the production of income or profit.

**INVOICE** - A document submitted by a vendor, showing the character, quantity, price, terms, nature of delivery, and other particulars of goods delivered or of services rendered.

**INVOICE VOUCHER (A19-1A)** - A form used by agencies to substantiate and authorize payment when a purchase order or field order is not involved and where vendor invoices are not employed. The invoice voucher is to be signed by the vendor on the space provided.

**ISSUANCE COSTS** - Fees associated with the issuance of debt that may be withheld from the proceeds or paid separately including underwriter's fees and bond counsel fees. Issuance costs are reported as expenditures/expenses.

**ISSUING BANK** - An individual, company, firm, or combination thereof with which the state of Washington contracts for purchase card services.

**JOINT VENTURE** - Legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest, or (b) an ongoing financial responsibility.



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**JOURNAL VOUCHER (A7-A)** - A form used to generate EFT payments through the Office of the State Treasurer. It can also be used to transfer funds between agencies and between funds within treasury and/or treasury trust accounts, and to record accruals and other adjustments to account balances.

**JUDGMENT** - An amount to be paid or collected by the state as the result of a court decision, including a condemnation award in payment for private property taken for public use.

**LAST-IN, FIRST-OUT (LIFO)** - An inventory valuation method that allocates cost on the assumption that the last units acquired are the first units consumed or sold.

**LEASEHOLD** - The right to the use of real estate by virtue of a lease, usually for a specified term of years, for which consideration is paid.

**LEASE-PURCHASE AGREEMENTS** - Contractual agreements which are termed "leases," but in substance they are purchase contracts.

**LEDGER** - A group of accounts in which are recorded the financial transactions of the state. Refer to [GENERAL LEDGER](#) and [SUBSIDIARY LEDGER](#).

**LEGAL OPINION** - (1) The opinion of an official authorized to render it (e.g., attorney general). (2) In the case of governmental bonds, the opinion of a specialized bond attorney as to the legality of a bond issue.

**LIABILITIES** - Present obligations to sacrifice resources that the government has little or no discretion to avoid.

**LIBRARY RESERVE COLLECTIONS** - Items of historical or literary significance, such as documents, maps, photos, and original books. Library reserve collections that are considered inexhaustible and meet certain criteria are not required to be capitalized. Agencies meeting the criteria for not capitalizing library reserves have the option of capitalizing them as non-depreciable capital assets. Library reserve collections that are exhaustible (such as those whose useful lives are diminished by display or educational/research applications) are to be capitalized and depreciated.

**LIBRARY RESOURCES** - Exhaustible items used for reference or lending such as books, periodicals, and microfilm that have a useful life greater than one year. Library resources are capitalized, depreciated and controlled by a recognized cataloging system.

**LIMITED OBLIGATION BONDS** - These bonds, while backed by the full faith and credit of the state, are payable primarily from dedicated revenues of the state's motor vehicle fuel excise tax and other miscellaneous dedicated revenues.

**LIQUIDATION** - Payment of debt, cancellation of encumbrance, or conversion into cash.

**LOANS RECEIVABLE** - An asset account reflecting amounts that have been loaned to individuals or organizations external to the state, including notes taken as security for such loans. Loans to other governments should be recorded and reported separately.

**LOCAL AIRPORT** - The airport that offers commercial air service that is closest to the point from which travel begins. In most situations it would be the airport closest to the traveler's residence. For out-of-state destinations, the closest airport that provides direct out-of-state flights may be considered the local airport for this purpose.

**LOCAL ACCOUNTS** - Accounts under the control of an agency with cash on deposit in a local bank account and requiring the signature of agency officials on a check for disbursement. Some local funds are on deposit with the State Treasurer as a matter of convenience or statutory requirement.

**LOCATION CODE** - The identification code of the county in which the fixed asset is located.





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**LOCKBOX SERVICES** - A post office box opened in the name of a depositor but accessed and serviced by a remittance processor. Banks and other non-bank processors offer lock box services to process incoming mail and prepare the state's deposits at a time of day and in a manner that accelerates the availability of funds to the state.

**LONG-TERM OBLIGATIONS** - Those obligations expected to mature at some future date and therefore not expected to be liquidated with currently existing resources or current assets. The long-term liabilities of specific enterprise, internal service, and fiduciary funds are to be accounted for through those funds. All other unmatured general long-term liabilities are to be accounted for in the General Long-Term Obligations Subsidiary Account.

**MACHINERY AND EQUIPMENT** - Refer to [EQUIPMENT](#).

**MAJOR FUND** - A governmental or enterprise account reported as a separate column in the basic fund financial statements. The General Fund is always a major fund. Otherwise, major funds are those accounts with revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) that are at least 10 percent of corresponding totals for all governmental and enterprise accounts for the same item.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)** - A component of Required Supplementary Information that introduces the basic financial statements and provides an analytical overview of the state's financial activities. In the state's ACFR, the MD&A precedes the basic financial statements. Refer to [REQUIRED SUPPLEMENTARY INFORMATION](#).

**MANUFACTURER** - The name of either the manufacturer or the commonly accepted trade name.

**MEASUREMENT FOCUS** - The accounting convention which determines: (1) which assets and which liabilities are included on the governmental unit's balance sheet; and (2) whether its operating statement presents "financial flow" information (revenue and expenditures) or "capital maintenance" information (revenues and expenses). Refer to [CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS](#) and [ECONOMIC RESOURCES MEASUREMENT FOCUS](#).

**MERCHANDISE INVENTORIES** - Merchandise held for resale to other agencies, other governmental units, or the public.

**MID PERIOD TRANSFER** - Occurs when an employee transfers to a new agency in the middle of a pay period other than the 1st working day after the end of pay cycle.

**MODIFIED ACCRUAL BASIS** - The basis of accounting under which expenditures, whether paid or unpaid, are formally recognized when incurred against the account, but revenues are recognized only when they become both measurable and available to finance expenditures of the current accounting period. All governmental funds use the modified accrual basis of accounting.

**MODIFIED APPROACH TO DEPRECIATION** - A method of accounting whereby capital assets that are part of a network or subsystem of a network, i.e. the state highway system, are not required to be depreciated as long as certain requirements are met. Requirements include managing the eligible assets in an asset management system and documenting that these assets are being preserved approximately at or above a condition level established and disclosed. Refer to [INFRASTRUCTURE ASSETS](#).

**MONEY MARKET INVESTMENTS** - A short-term, highly liquid debt security, including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations. (Asset-backed securities, derivatives, and structured notes are not included in this term.)

**MOTOR VEHICLE** - Any vehicle licensed to be operated on the roadway.

**MUSEUM AND HISTORICAL COLLECTIONS** - An individual item or group of items of historical or natural history significance. These items could be located in state museums or in any state agency. They include items such as photographs, negatives, letters, blueprints, antique furniture, historical documents, miscellaneous artifacts, and other similar items. Museum and historical collections that are considered inexhaustible and meet certain criteria are not required to be capitalized. Agencies meeting the criteria for not capitalizing a collection have the option of capitalizing museum and historical collections as non-



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depreciable capital assets. Museum and historical collections that are exhaustible (such as those whose useful lives are diminished by display or educational/research applications) are to be capitalized and depreciated.

**NADA VALUE** - The average trade-in value shown in the current issue of the NADA Official Used Car Guide, Pacific Northwest edition, published by the National Automobile Dealers Used Car Guide Company.

**NET BOOK VALUE** - Refer to [BOOK VALUE](#).

**NET INCOME** - A term used in accounting for proprietary funds to designate the excess of total revenues and operating transfers in over total expenses and operating transfers out for an accounting period.

**NET INVESTMENT IN CAPITAL ASSETS** - One of the three components of net position reported in government-wide and proprietary fund financial statements. It is comprised of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of capital assets of the state. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt also should be included. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included.

**NET POSITION** - An element of the statement of financial position measured by the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

**NOMINAL INTEREST RATE** - The contractual interest rate shown on the face and in the body of a bond and used to compute the amount of interest to be paid, in contrast to the effective interest rate.

**NONAPPROPRIATED FUNDS** - Moneys that can be expended without legislative appropriation. Only funds in accounts specifically established in state law as being exempt from appropriation fall into this category. Nonappropriated accounts can be either budgeted (and subject to OFM allotment approval) or nonbudgeted.

**NONBUDGETED ACCOUNTS** - Accounts that are not subject to either the appropriation or allotment process.

**NONCONTINENTAL USA** - As used in this manual, all areas in Alaska, Hawaii, the Commonwealth of Puerto Rico, and all areas in possession of the United States of America throughout the world.

**NON-DEPRECIABLE CAPITAL ASSETS** - Capital assets that are inexhaustible or where the useful life does not diminish or expire over time, such as land and land improvements. Infrastructure assets reported using the modified approach to depreciation are also not depreciated. Refer to [MODIFIED APPROACH TO DEPRECIATION](#).

**NONEXCHANGE TRANSACTIONS** - A transaction in which a government either gives value (benefit) to another party without directly receiving equal value in exchange or receives value (benefit) from another party without directly giving equal value in exchange.

**NONEXCHANGE FINANCIAL GUARANTEE** - Represents a commitment on the part of a government (without receiving equal value in return) to indemnify a third party if the entity that issues the guaranteed obligation does not fulfill its requirements under the obligation. A liability is recognized for a nonexchange financial guarantee when qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment related to the guarantee.

**NONOPERATING EXPENSES** - Expenses of a proprietary fund that are not directly related to the fund's principal operations.

**NONOPERATING INCOME (LOSS)** - In a proprietary fund, the net difference between nonoperating revenues and nonoperating expenses. Refer to [NONOPERATING REVENUES](#) and [NONOPERATING EXPENSES](#).





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**NONOPERATING REVENUES** - Proprietary fund revenues that are incidental to, or by-products of, the fund's principal operations.

**NONRECIPROCAL INTERFUND ACTIVITY** - Transactions that are nonexchange in nature. Nonreciprocal interfund activity includes interfund transfers and interfund reimbursements.

**NONREVENUE** - Collections of amounts that do not represent revenue, such as recoveries of current appropriation expenditures.

**NONSPENDABLE FUND BALANCE** - A classification for governmental fund balance reporting that includes amounts that cannot be spent either because they are (a) in a nonspendable form (e.g., inventories) or (b) legally or contractually required to be maintained intact.

**NON-STATE FACILITY** - A facility, barrier-free or non-barrier-free, owned and/or operated by an entity other than a state agency, including private for-profit organizations, not-for-profit organizations, and other public entities such as cities, counties, and junior or special taxing districts.

**NORMAL RETURN NIGHT** - That night of travel on which it was anticipated prior to the trip, that the traveler would return either to the official duty station or official residence after the completion of official state business.

**NOTES PAYABLE** - A liability account reflecting amounts owed by the state from an unconditional written promise to pay a certain sum of money upon demand or at a fixed or determinable time.

**NOTES RECEIVABLE** - An asset account reflecting amounts owing to the state from an unconditional written promise to pay a certain sum of money on demand or at a fixed or determinable time.

**NOTES TO THE FINANCIAL STATEMENTS** - The summary of significant accounting policies and other disclosures required for a fair presentation of the financial statements of the governmental unit in conformity with generally accepted accounting principles (GAAP) which are in addition to and not included on the face of the financial statements themselves. The notes to the financial statements are an integral part of the financial statements.

**OBJECT OF EXPENDITURE** - As used in expenditure classification, this term applies to the character of the article purchased or the service obtained (rather than the purpose for which the article or service was purchased or obtained). Examples are salaries and employee benefits.

**OBJECT/SUB-OBJECT OF EXPENDITURE CODE** - The two character alpha code assigned by the Office of Financial Management to identify expenditures/expenses according to the character of the goods or services involved. Refer to [OBJECT OF EXPENDITURE](#) and [SUBOBJECT](#).

**OFFICIAL RESIDENCE** - The city, town, or other location where a state official or employee maintains a residence that is used as their primary domicile. Determinations by the agency head or authorized designee regarding a state official or employee's official residence are to be based on items such as voter registration, ownership, or long-term rental of a personal residence, and the permanent address carried in the state official or employee's personnel or other file.

**OFFICIAL STATE BUSINESS** - Activities performed by an official or state employee, authorized volunteer, or contractor, work experience program participant, student or employee of another governmental jurisdiction as directed by his or her supervisor in order to accomplish state programs or as required by the duties of his or her position or office.

**OFFICIAL STATION** - The city, town, or other location where the state official or employee's office is located, or the city, town, or location where the state official or employee's work is performed on a permanent basis. For the purposes of these travel regulations, Olympia, Tumwater and Lacey are considered to be the same official station. A state official or employee's official station is to be designated by the agency. It is to be determined by the needs of the agency and not assigned because it is the home or preferred living area of a state official or employee.



# State Administrative and Accounting Manual

**OPERATING BUDGET** - A plan of current expenditures and the proposed means of financing them. The operating budget is the primary means to ensuring that the financing, acquisition, spending, and service delivery activities of the state are controlled.

**OPERATING EXPENSES** - Proprietary fund expenses that are directly related to the fund's principal operations.

**OPERATING GRANTS** - Grants that support all or a portion of current operating expenses within a certain program. Refer to [GRANTS](#) and [CAPITAL GRANTS](#).

**OPERATING INCOME** - The excess of proprietary fund operating revenues over operating expenses.

**OPERATING REVENUES** - Proprietary fund revenues that are directly related to the fund's principal operations. They consist primarily of user charges for goods and services.

**OPERATING STATEMENT** - The financial statement disclosing the financial results of operations of a governmental unit during an accounting period in conformity with generally accepted accounting principles (GAAP).

**OPERATING TRANSFERS** - All interfund transfers other than equity transfers, e.g., legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended. Refer to [INTERFUND TRANSFERS](#).

**ORDER NUMBER** - The number of the purchasing document used for an acquisition of an asset.

**ORGANIZATION OF STATE EMPLOYEES** - As relates to contracting for child care services, a group of state employees who affiliate as a non-profit organization under [Chapter 24.03 RCW](#) and Section 501(c)(3) of the United States Internal Revenue Code for such purposes or a state employee labor organization.

**ORIGINAL BUDGET** - The first complete appropriated budget. The original budget may be adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes before the beginning of the fiscal year.

**ORIGINAL ISSUE DISCOUNT (OID)** - The amount by which the par value of a security exceeds its public offering price at the time it was originally offered to an investor.

**ORIGINAL ISSUE PREMIUM (OIP)** - The amount by which the price paid for a security exceeds the security's par value.

**OUT-OF-STATE TRAVEL** - Travel anywhere outside the boundaries of the state of Washington is to be considered out-of-state and should be coded as out-of-state travel. However, with respect to the requirement for prior authorization of out-of-state travel in [Subsection 10.10.50.a\)](#) travel to counties and/or cities in the states of Idaho and Oregon that are contiguous to the border between Washington-Idaho or Washington-Oregon, or b) out-of-state employees traveling within the same state as their official station shall not be considered out-of-state.

**OUTSIDE CONSULTANT** - An independent contractor providing professional services.

**OUTSTANDING WARRANT RECORD** - A record used to record warrants issued by an agency which are not yet redeemed by the State Treasurer.

**OVERHEAD** - Those elements of cost necessary in the production of a good or service which are not directly traceable to the product or service. Usually these costs relate to objects of expenditure that do not become an integral part of the finished product or service, such as rent, heat, lights, management, and supervision.

**OWNERSHIP STATUS** - An indication as to who is responsible for possible claims against the asset by outside parties; e.g., federal government.



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**PARCEL LOCATION IDENTIFIER (FOR LAND ONLY)** - The county assessor's parcel number of the land, or other code used by the agency to specifically identify the location of the land.

**PAR VALUE** - In the case of bonds, the amount of principal that must be paid at maturity. Par value is referred to as the face value of the security.

**PAYROLL CARDS** - A card for which employee's net pay is loaded and made accessible to an employee. Payroll cards are a form of a prepaid debit card. Refer to [Section 25.70](#) for more information regarding employee payment options.

**PEER-TO-PEER PROPERTY RENTAL** - The process whereby a homeowner makes their home or a room within their home available for others to rent for short periods of time as an alternative form of accommodation.

**PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS** - A fiduciary fund type used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post employment benefit plans, or other employee benefit plans. Refer to [FIDUCIARY FUNDS](#).

**PER DIEM EXPENSES** - Daily travel costs covering both lodging expenses and subsistence expenses while in travel status.

**PERFORMANCE-BASED CONTRACT** - A written document detailing an agreement between parties and identifying expected deliverables, performance measures or outcomes with payment contingent on their successful delivery. Performance-based contracts also use appropriate techniques, which may include, but are not limited to, consequences and/or incentives to ensure that agreed upon value to the state is received.

**PERFORMANCE AUDIT** - A systematic process of objectively obtaining and evaluating evidence regarding the performance of an organization, program, function, or activity. Evaluation is made in terms of its economy and efficiency of operations and effectiveness in achieving desired goals. The performance audit function provides an independent review of management's performance and the degree to which actual performance meets pre-stated goals. Refer to [AUDIT](#).

**PERIODIC INVENTORY** - An inventory system whereby the agency performs a physical count of its inventory periodically, at least annually at fiscal year end.

**PERMANENT FUNDS** - Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for the purposes that benefit the state or its citizens. Permanent funds include endowments where the funds or property donated to the state are required by contract, agreement or trust instrument to be maintained in tact. Refer to [GOVERNMENTAL FUNDS](#).

**PERMANENTLY ASSIGNED VEHICLE** - A motor vehicle that has been assigned to a state agency or an individual for a period greater than thirty days.

**PERPETUAL INVENTORY** - An inventory system whereby the inventory quantities and values for all purchases and issues are recorded directly in the inventory system as they occur.

**PETTY CASH** - A sum of money set aside on an imprest basis. Cash held for making change or paying small obligations when the issuance of a formal voucher and warrant/check would be too expensive and time consuming. Petty cash includes both change and imprest accounts. Refer to [IMPREST ACCOUNT](#).

**POINT OF SALE** - An electronic payment system in a merchant location where consumers pay for retail goods and services, through the use of credit cards and/or debit cards that directly access and deduct funds from the customer's bank account.

**POSTING** - The process of transferring to a ledger account the data, either detailed or summarized, contained in a book or document of original entry.



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**PREPAID DEBIT CARD** - A card for which the prefunded value is associated with a bank account, which must be accessed for payment authorization. These cards can be reloadable or disposable, and include cards such as prepaid cards, payroll cards, flexible spending account cards, government benefit cards, etc.

**PREPAID EXPENSES** - Payments made for those supplies and/or services (not inventory) acquired or purchased during an accounting period but not consumed or used during that accounting period.

**PRINTING REQUISITION (A21-A)** - A form used by agencies to order, encumber, liquidate, and authorize payment for goods and services from the Department of Enterprise Services.

**PRIVATE-PURPOSE TRUST FUNDS** - A fiduciary trust fund type used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments. The resources held under these arrangements are not available to support the government's own programs. Refer to [FIDUCIARY FUNDS](#).

**PRIVATELY OWNED VEHICLE (POV)** - A vehicle privately owned, leased, or borrowed by a state driver for which the driver receives or is entitled to receive monetary reimbursement or per diem when the vehicle is used to conduct official state business. The state driver is responsible to maintain vehicle insurance on the POV in compliance with Washington mandatory liability insurance requirements as defined in [RCW 46.29](#) and [RCW 46.30](#).

**PROFESSIONAL SERVICES** - Consulting or technical expertise provided to accomplish a specific study, project, task, or other work statement. Refer to [PROFESSIONAL SERVICE CONTRACT](#) and [SERVICES](#).

**PROFESSIONAL SERVICE CONTRACT** - An agreement, or any amendment thereto, with a consultant or technical expert for the rendering of professional services to the state which is consistent with state law. Professional service contracts may render services to state agencies, businesses, providers, other contractors, etc. If, however, services are provided directly to agency clients, the contracts are classified as client service contracts. Refer to [PROFESSIONAL SERVICE CONTRACT](#) and [SERVICES](#).

**PROGRAM** - Any of the major activities of an agency expressed as a primary function or organizational unit. Agencies may not alter their program structure without the explicit approval of the legislature and the Office of Financial Management.

**PROGRAM CODE** - The three character alpha/numeric code used to identify the agency functional area and the major activities within an agency. Generally, program codes are assigned by an agency with the concurrence of the Office of Financial Management. However, there are a limited number of mandatory statewide program codes used to identify special functions.

**PROGRAM REVENUE** - Term used in connection with the government-wide Statement of Activities. Revenues that derive directly from the program itself or from parties outside the state's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the state's general revenues.

**PROJECT TYPE CODE** - The one character alpha/numeric code assigned by OFM to identify specified information technology expenditures/expenses and to classify them as new acquisition or maintenance and operations.

**PROPRIETARY FUNDS** - Proprietary funds are used to account for the state's ongoing organizations and activities that are similar to those often found in the private sector. These funds are considered self-supporting in that the services rendered by them are generally financed through user charges or on a cost reimbursement basis. Proprietary funds use the economic resources measurement focus and the accrual basis of accounting. There are two types of proprietary funds: enterprise funds and internal service funds. Refer to [ENTERPRISE FUNDS](#) and [INTERNAL SERVICE FUNDS](#).

**PROSPECTIVE EMPLOYEE** - Applicants for the position of director, deputy director, assistant director, state supervisor or equivalent or higher position, engineers or other personnel having both executive and professional status. In the case of institutions of higher education, prospective employees are limited to applicants being considered for academic positions above the rank of instructor, and professional or administrative employees in supervisory positions. In the case of community and



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technical colleges, such travel expenses may be paid for applicants being considered for full-time faculty positions or administrative employees in supervisory positions.

**PUBLIC DEPOSITARY** - A national or state chartered commercial bank or trust company, savings bank, or savings association, approved by the Public Deposit Protection Commission (PDPC) as a depository of public funds. Solely for the purpose of receiving public deposits that may total no more than the maximum deposit insured by the national credit union share insurance fund, a state-chartered credit union or a credit union chartered under federal law is a public depository. The maximum deposit applies to all funds attributable to any one depositor of public funds in any one credit union. The PDPC maintains a list of public depositories on the Office of the State Treasurer's website .

**PUBLIC FUNDS** - Moneys under the control of a treasurer or custodian belonging to, or held for the benefit of, the state or any of its political subdivisions, public corporations, municipal corporations, agencies, courts, boards, commissions, or committees, including moneys held as trustee, agent or bailee. [RCW 39.58.010](#).

**PURCHASE** - The acquisition of goods or services, including the leasing or renting of facilities or goods.

**PURCHASE CARD** - A charge card issued to a card custodian for the purpose of making authorized purchases on behalf of the agency.

**PURCHASE CARD TRANSACTION LOG** - A record kept by the cardholder, card custodian, or designated card user that lists purchase card transactions in detail. This may be either a manual log that the agency develops and/or maintains, or an online tracking log.

**PURCHASE ORDER (A16, A16-A)** - A document that authorizes the delivery of specified merchandise or the rendering of certain services. This form is used by agencies to encumber, liquidate, and authorize payment for such purchase requisition requests.

**PURCHASE REQUISITION (A15-A)** - A form used by agencies to request the Department of Enterprise Services, to order materials, supplies, and equipment, or to request an amendment of a previous requisition. This form is used when an agency does not have general or specific authority to make the purchase or when the item does not fall within the statewide contracts.

**PURCHASED BANKING SERVICES** - Standard depository services that a financial institution provides an agency for a demand deposit account such as monthly maintenance charge, credits posted, debits posted, cash deposited/purchased, returned items, re-deposited items, basic balance reporting capabilities, and checks deposited. Accounting related services such as "deposit source reporting" are not considered regular purchased banking services and are the responsibility of the state agency requesting this type of service.

**PURCHASES METHOD** - The method under which inventories are recorded as expenditures when acquired. Refer to [CONSUMPTION METHOD](#).

**PURCHASING DOCUMENTS** - Documents approved for use by agencies having local purchasing authority.

**QUALIFIED TRAVEL PROVIDER** - An internet travel provider, qualified travel agent, or other vendor under contract with the state to provide travel services to state employees.

**REALIZED GAIN OR LOSS** - The difference between the net proceeds received and the cost, or amortized cost, or fair value of an investment when the investment is sold.

**RECEIPTS** - Refer to [CASH RECEIPTS](#).

**RECEIVABLES** - Amounts due from private persons, businesses, agencies, funds, or governmental units that are expected to be collected in the form of moneys, goods, and/or services.



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**RECEIVING REPORT - PARTIAL DELIVERY (A18, A18-A)** - A form used by agencies to document and authorize payment for partial deliveries of goods or services ordered by a single Purchase Order or Field Order.

**RECIPROCAL INTERFUND ACTIVITY** - Internal counterpart to exchange and exchange-like transactions. Reciprocal interfund activity includes interfund loans and interfund services provided and used. Refer to [INTERFUND LOANS](#) and [INTERFUND SERVICES PROVIDED AND USED](#).

**RECONCILIATION** - The process of correlating one set of records with another set of records and/or a physical inventory count that involves identifying, explaining, and correcting differences.

**RECOVERY OF EXPENDITURE** - Those receipts which represent the recovery of current period expenditures and which are offset against the expenditure account.

**REFUND** - An amount paid back or credit allowed because of an over-collection or because of the return of merchandise.

**REFUNDING BONDS** - Bonds issued to retire bonds already outstanding. In a current refunding, outstanding bonds are called or mature within 90 days of the issuance of the refunding bonds. In an advanced refunding, the net proceeds of the refunding issue are used to purchase U.S. Government securities that are placed in irrevocable trusts with escrow agents to provide for all future debt service payments on the refunded bonds until the bonds are called or mature.

**REGISTER** - A record for the consecutive entry of events, documents, or transactions, with proper notation of all the required information. The form is designed so that the entries are distributed, summarized, and aggregated for convenient posting to the accounts.

**REGULAR WORKPLACE** - The location where a state employee or state official normally performs his/her work (excludes meeting and conference rooms).

**REIMBURSEMENT** - (1) Repayments of amounts remitted on behalf of another party. (2) Interfund/Interagency transactions that constitute reimbursement to a fund/agency for expenditures/expenses initially made from it but that properly apply to another. These transactions are recorded as expenditures/expenses in the reimbursing fund/agency and as reductions of expenditures/expenses in the fund/agency reimbursed.

**RELATED ORGANIZATION** - An organization for which the state is not financially accountable even though the primary government appoints a voting majority of the organization's governing board.

**RELOCATION AUTHORIZATION (A33)** - A form used to authorize moving household goods of employees to a new official residence. The authorization may be for new employees and transferred employees.

**REMOTE DEPOSIT SERVICES** - The use of a scanner and software to capture and transfer an image of a paper check to the bank for deposit. The paper check is stored by the agency for a predetermined amount of time and then destroyed. Remote deposit services may also be referred to as Check 21 deposits.

**REPLACEMENT COST** - The amount of cash or other consideration that would be required today to obtain the same asset or its equivalent.

**REQUEST FOR PROPOSAL (RFP)** - A written solicitation document which identifies the agency's need or problem, and consultants are invited to submit proposals which outline their solution to the need or problem, their qualifications and experience to provide the services, and their costs or fees.

**REQUEST FOR QUALIFICATIONS/QUOTATIONS (RFQQ)** - A solicitation document in which the agency describes the services needed and invites consultants to provide their qualifications to perform the services and to specify their costs or fees.





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**REQUIRED SUPPLEMENTARY INFORMATION** - Required supplementary information consists of schedules, statistical data, and other information that the GASB has determined are an essential part of financial reporting and should be presented with, but are not part of, the basic financial statement of a governmental entity.

**RESIDUAL TITLE** - The legal right to control or dispose of the asset after the end of its useful life.

**RESTRICTED ASSETS** - Assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

**RESTRICTED FUND BALANCE** - A classification for governmental fund balance reporting that includes amounts that have constraints placed on their use that are (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by enabling legislation (state constitution).

**RESTRICTED NET POSITION** - One of the three components of net position reported in government-wide and proprietary fund financial statements. Net position should be restricted when constraints are placed on use either: 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation.

**RETAINAGE PAYABLE** - A liability reflecting amounts due on construction contracts not paid pending final inspection of the project or the lapse of a specified period, or both. The unpaid amount is usually a stated percentage of the contract price. Refer to [CONTRACTS PAYABLE](#).

**RETIREMENT FUND** - Refer to [PENSION \(AND OTHER EMPLOYEE BENEFIT\) TRUST FUNDS](#).

**REVENUE** - In governmental fund type accounts, revenues are increases in net current assets and are recognized in the accounting period in which they become measurable and available. In proprietary fund and trust fund type accounts, revenues are increases in net total assets and are recognized in the period in which they are earned and become measurable.

**REVENUE BONDS** - Bonds whose principal and interest are secured by specific sources of revenue and do not involve a pledge of the full faith and credit of the state. Revenue bonds are payable from identified sources of revenue which are generally derived from the assets acquired or constructed with bond proceeds. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

**REVENUE SOURCE CODE** - The four character alpha/numeric code assigned by the Office of Financial Management to identify the origin, or originating categories, from which revenues/receipts are derived.

**REVENUE SUB-SOURCE CODE** - Optional coding assigned by the agency to identify particular items or item categories within a single major source of revenue source code.

**REVOLVING FUND/ACCOUNT** - (1) An internal service fund established to carry out a cycle of operations. The amounts expended from the fund are restored thereto from earnings from operations or by transfers from other funds, so that it is always intact. (2) An imprest account into which a fixed amount of money is placed for change-making purposes or minor disbursements. Refer to [IMPREST ACCOUNT](#).

**ROLL-UP FUND** - A roll-up fund is a reporting entity. It is comprised of the various accounts that generally fall within the generic activity/nature of the roll-up fund's title.

**SALVAGE VALUE** - An estimate of the amount that will be realized at the end of the useful life of a depreciable asset.

**SCHEDULES** - Refer to [SUPPORTING SCHEDULES](#).

**SCIENTIFIC AMORTIZATION METHOD** - Under the scientific amortization method, the total discount or premium is prorated to interim periods on the basis of a constant rate (as opposed to a constant dollar) to produce a level rate of yield.



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**SECURITIES** - Bonds, notes, mortgages, or other forms of negotiable or nonnegotiable instruments.

**SEGMENT** - A segment is an identifiable activity within an enterprise fund that has one or more bonds or other debt instruments outstanding with a revenue stream pledged in support of that debt and an external party that requires a separate accounting of revenues, expenses, gains, losses, assets and liabilities.

**SERIAL BONDS** - Bonds for which the principal is repaid in periodic installments over the life of the issue.

**SERVICE ORGANIZATION** - An entity that processes information or handles business transactions on behalf of its customers (user entities).

**SERVICE ORGANIZATION CONTROLS (SOC) REPORTS** - Are designed to help service organizations build trust and confidence in their service delivery processes and controls through a report by an independent Certified Public Accountant. Each type of SOC report is designed to help service organizations meet specific user needs.

**SERVICES** - Labor, work, analysis, or similar activities provided by a contractor or vendor to accomplish a specific scope of work. Refer to [PROFESSIONAL SERVICES](#) and [PROFESSIONAL SERVICE CONTRACT](#).

**SHARED LEAVE** - The donated leave converted to hours by the receiving agency at the donee's rate of pay. This may be more or less than the literal hours donated depending on the relative salary rates of the respective employees.

**SHORT-TERM LIABILITIES** - Short-term liabilities are legal obligations of the state that arise upon the receipt of goods or services. In governmental fund type accounts, they are payable from current financial resources. In proprietary fund type accounts, short-term liabilities are payable within one year.

**SINGLE AUDIT** - A financial, internal control, and compliance audit of a nonfederal entity administering federal assistance awards including the financial statements of the entity.

**SMALL AND ATTRACTIVE ASSETS** - Assets that do not meet the state's capitalization policy but that an agency considers particularly vulnerable to loss, thus subject to special property control. Absent a risk assessment and written procedures, agencies must include certain specified assets in their "small and attractive" inventory. Refer to specific limitations in [Subsection 30.40.20](#).

**SOLE SOURCE** - A contractor providing goods or services of such a unique nature or sole availability at the location desired that the contractor is clearly and justifiably the only practicable source to provide the goods or services.

**SOURCE DOCUMENT** - Document used to initiate an individual accounting transaction.

**SPECIAL REVENUE FUNDS** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations or other governments or for major capital projects) that are legally restricted to expenditure for specified purposes. Refer to [GOVERNMENTAL FUNDS](#).

**STATE DRIVER** - Person authorized by the agency head or authorized designee to operate a state vehicle used for conducting official state business. State drivers can include: state employees, volunteers, students (high school or college students that are 18 years of age and have minimum two years of driving experience), Department of Correction inmates (under the control of the Department of Corrections), and contractors (refer to [Subsection 10.50.20.a](#).)

**STATE VEHICLE** - A motor vehicle owned, rented, leased, or otherwise under the possession and control of the State. A rental vehicle is a state vehicle if it is rented by a duly authorized employee at the cost of the State and is solely for official state business. The use of a state vehicle must be authorized by the agency head or authorized designee and used only for official state business.





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**STATEMENT OF ACTIVITIES** - A government-wide financial statement that reports the net (expense) revenue of its individual functions. An objective of using the net (expense) revenue format is to report the relative financial burden of each of the reporting government's functions on its taxpayers.

**STATEMENT OF CASH FLOWS** - A GAAP financial statement for proprietary funds that provides relevant information about the cash receipts and cash payments of a government during a period. It categorizes cash activity as resulting from operating, noncapital financing, capital financing and investing activities.

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION** - The financial statement that is the GAAP operating statement for pension and investment trust funds. It presents additions and deductions in net position held for pension benefits and investment pool participants. It reconciles net position held at the beginning and end of the financial period, explaining the relationship between the operating statement and the balance sheet.

**STATEMENT OF FIDUCIARY NET POSITION** - The fund financial statement that presents information about the assets, deferred outflows, liabilities, deferred inflows, and net position for each fiduciary fund type.

**STATEMENT OF NET POSITION** - A government-wide financial statement that reports the difference between assets and deferred outflows and liabilities and deferred inflows as net position, not fund balance or equity. Assets are reported in order of liquidity, or how readily they are expected to be converted to cash and whether restrictions limit the government's ability to use the resources. Liabilities are reported based on their maturity, or when cash is expected to be used to liquidate them. Net position is displayed in three components – net investment in capital assets; restricted; and unrestricted.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE** - The financial statement that is the GAAP operating statement for governmental funds. It presents the inflows, outflows, and balances of current financial resources. It reconciles fund balance at the beginning and end of the financial period, explaining the relationship between the operating statement and the balance sheet.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION OR FUND EQUITY** - The financial statement that is the GAAP operating statement for proprietary funds. It distinguishes between operating and nonoperating revenues and expenses and separately presents revenues from capital contributions and additions to the principal of permanent and term endowments, special and extraordinary items, and transfers. It reconciles fund net position or fund equity at the beginning and end of the financial period, explaining the relationship between the operating statement and the balance sheet/statement of net position.

**STATEWIDE PROGRAM ADMINISTRATOR** – Acts as the statewide purchase card program administrator for agencies participating in the statewide purchase card contract administered by the Department of Enterprise Services (DES). The responsibilities of DES include negotiating all contract terms and conditions with the issuing bank, and managing and administering the statewide program.

**STATEWIDE VENDORS** – A vendor with a common vendor record maintained by the Department of Enterprise Services that can be used by any agency making a payment to that vendor. A Statewide Vendor (SWV) code is required for certain payment types (IAP and AFRS ACH).

**STATUTE** - A written law enacted by the Legislature and signed by the Governor.

**STRAIGHT-LINE METHOD** - Under the straight-line method of amortization, the premium or discount is prorated in equal dollar amounts to interim periods between the date of purchase and the maturity. The straight-line method of depreciation allocates the cost of a capital asset systematically over the useful life of the asset by way of the following formula: (cost less salvage value) divided by estimated useful life in years. Refer to [AMORTIZATION](#) and [DEPRECIATION](#).

**STORED VALUE CARD** - A card for which the prefunded value is associated with a bank account, which must be accessed for payment authorization. These cards can be reloadable or disposable, and include cards such as prepaid cards, gift cards, payroll cards, flexible spending account cards, government benefit cards, etc.



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**SUBJECT** - A refined breakdown of object of expenditures relating to particular items or item categories. Refer to [OBJECT/SUBJECT OF EXPENDITURE CODE](#).

**SUB-PROGRAM** - A general term describing specific activities within an agency program.

**SUB-PROGRAM CODE** - A code assigned by the agency to identify specific activities or organizational units within a single program.

**SUBRECIPIENT** - A non-federal entity that expends federal awards received from a pass-through entity to carry out a federal program, but does not include an individual that is a beneficiary of such a program. It also excludes vendors that receive federal funds in exchange for goods and/or services in the course of normal trade or commerce.

**SUBSIDIARY ACCOUNTS** - A group of related accounts supporting in detail the balance of a controlling account, usually kept in a subsidiary ledger. Refer to [SUBSIDIARY LEDGER](#) and [CONTROL ACCOUNT](#).

**SUBSIDIARY LEDGER** - A group of subsidiary accounts, the sum of the balances of which is equal to the balance of the related control account. Refer to [GENERAL LEDGER](#) and [SUBSIDIARY ACCOUNTS](#).

**SUBSISTENCE** - Daily travel expenses covering meals, taxes, tips for meals and incidental expenses.

**SUBSTANTIAL CONTRACT AMENDMENT** - Changes to contracts wherein the value of the amendment, singly or cumulatively, exceeds fifty percent of the value of the original contract and/or when the amendments significantly changes the scope of work of the contract or of the original solicitation document.

**SUB-SUB-OBJECT OF EXPENDITURE CODE** - Optional code assigned by an agency to further identify a particular expenditure item within a sub-object of expenditure.

**SUITABLE SPACE FOR A CHILD CARE FACILITY** - Space that is, or, with an identified financial resource, can be made, sufficient to meet licensing requirements as a child care facility. It must be able to set aside exclusively for use as a child care facility, including provision for a food preparation area, storage areas sufficient for the program, and restroom and changing facilities. It must be able to be made secure, and must be convenient to the place of employment of the state employee parents or guardians of children enrolled in the program.

**SUNDRY CLAIMS** - Sundry claims represent injury and property loss for which the State of Washington may be responsible, but the injury or loss was not caused by the tortious activities of state employees. These claims include self-defense claims and wildlife damage claims.

**SUPPLIES** - Assets consumed in the course of an agency's operations.

**SUPPORTING SCHEDULES** - Financial presentations used: (1) to demonstrate compliance with finance-related legal and contractual provisions; (2) to aggregate and present in greater detail information spread throughout the financial statements that can be brought together and shown in greater detail (e.g., cash balances, investments, current and delinquent taxes); (3) to present greater detail information reported in the financial statements (e.g., additional revenue sources detail); and (4) to present information not disclosed in the GAAP financial statements.

**SURETY BOND** - A written promise to pay damages or to indemnify against losses caused by the party or parties named in the document, through nonperformance or through embezzlement defalcation. Surety bonds also include fidelity bonds covering governmental officials and employees. Refer to [FIDELITY BOND](#).

**SUSPENSE ACCOUNT** - An account that carries charges or credits temporarily pending the determination of the proper account or accounts to which they are to be posted. It does not appear in financial statements.

**TAXES** - Compulsory charges levied by a government for the purpose of financing services performed for the common benefit.



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**TAXES RECEIVABLE** - An asset account reflecting the uncollected portion of taxes that have been levied.

**TELEWORKING** - Involves the use of telephones and computers to enable an employee to work at a location other than their regular workplace. Teleworking is a Commute Trip Reduction strategy that must be approved by an employee's agency.

**TEMPORARILY ASSIGNED VEHICLE** - A motor vehicle that has been assigned to a state agency or an individual for a period of 30 days or less.

**TEMPORARY DUTY STATION** - A fixed location where a state official or employee has been temporarily assigned to work for a specific period of time which is less than one year.

**TERM BONDS** - Bonds whose entire principal matures on one date.

**TERMINATION BENEFITS** - Benefits given to employees when they leave state service either voluntarily (i.e. early retirement) or involuntarily (i.e. reduction in force). Examples of benefits include cash payments, enhancements to defined benefit pension or other postemployment benefit formulas, continued access to health insurance, severance pay, career counseling, and/or outplacement services.

**TDD** - An acronym for Telecommunication Devices for the Deaf.

**TRADE DISCOUNT** - An allowance, usually varying in percentage with the volume of transactions, made without respect to the time when the account is paid. These discounts are commonly considered a reduction of the sales or purchase price and not earnings. The term is not to be confused with cash discount. Refer to [CASH DISCOUNT](#).

**TRANSPORTATION EXPENSES** - Those costs covering a) travel by commercial carriers such as bus, train, ship, and airplane; b) travel by privately owned motor vehicles, such as cars, motorcycles, vans, or trucks; c) travel by rental motor vehicle; d) or some combination of a), b), and/or c).

**TRAVEL EXPENSE VOUCHER (A20-A, A20-2A)** - Form A20-A, in electronic or paper form, is used by agencies to substantiate and/or authorize payment of travel costs for state employees. In the absence of a vendor relationship, this form can also be used to substantiate and/or authorize payment of travel costs for nonstate employees such as prospective employees; individuals who serve on boards, commissions, councils, committees, and task forces; volunteers and other individuals who are authorized to receive travel expense reimbursement. When a vendor relationship exists and the A20-A is used by nonstate employees to substantiate travel costs, it must be attached to an Invoice Voucher (A19-1) to authorize payment. Form A20-2A is used only for reimbursing travel expenses of commission members who are reimbursed on a per diem basis.

**TRAVEL EXPENSES** - Those costs covering per diem expenses; transportation expenses; meals and/or coffee and light and miscellaneous refreshment business expenses regardless of travel status; and miscellaneous business expenses related to official state travel.

**TRAVEL STATUS** - The official status of a traveler when the traveler is away from both the official residence and the official station, exclusive of commuting between the traveler's official station and official residence, on state-related business.

**TRAVELER** - A person in travel status who is on official state business.

**TREASURY ACCOUNTS** - Accounts which have cash on deposit in and under the control of the State Treasurer and are disbursed by means of a warrant or electronic means. Treasury accounts are subject to appropriation unless specifically exempted.

**TREASURY TRUST ACCOUNTS** - Accounts not required by law to be within the treasury and not subject to appropriation, but placed in the custody of the state treasurer due to certain circumstances.

**TRIAL BALANCE** - A list of balances of the accounts in a ledger kept by double entry with the debit and credit balances shown in separate columns.



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**TRUST AND AGENCY FUNDS** - Refer to [FIDUCIARY FUNDS](#).

**UNALLOTTED** - Appropriation authority not specifically scheduled for expenditure.

**UNAMORTIZED DISCOUNTS ON BONDS SOLD** - Excess portion of the face value of bonds over the amount received from their sale that remains to be amortized over the life of the bonds.

**UNAMORTIZED DISCOUNTS ON INVESTMENTS** - An asset account used to reflect the excess portion of the face value of securities over the amount paid for them that remains to be amortized over the remaining life of such investments.

**UNAMORTIZED PREMIUMS ON BONDS SOLD** - Excess portion of proceeds over the face value of the bonds that remains to be amortized over the remaining life of such bonds. Refer to [BOND DISCOUNT](#).

**UNAMORTIZED PREMIUMS ON INVESTMENTS** - An asset account used to reflect the excess portion of the amount paid for securities over their face value that remains to be amortized over the remaining life of such investments. Refer to [BOND PREMIUM](#).

**UNANTICIPATED RECEIPTS** - Money received which has not been appropriated by the Legislature. The Governor has the authority to approve the allotment of such money within the guidelines of the intent in which they were received.

**UNASSIGNED FUND BALANCE** - The residual classification used for reporting spendable fund balance in the General Fund that represents amounts that have not been restricted, committed, or assigned. Additionally, any deficit fund balance within other governmental funds is reported as unassigned.

**UNAVAILABLE REVENUE** - Amounts that meet the asset recognition criteria but will not be collected and recognized as revenue either within the current period or soon enough after the end of the period to pay current year liabilities. May be used only in governmental fund type accounts which use the modified accrual basis of accounting which recognize revenues in the period in which they become measurable and available.

**UNDERWRITER'S DISCOUNT** - The fee an underwriter charges when purchasing bonds or certificates of participation (COPs) for resale to the public. The underwriter assumes the risk of ownership until the bonds are sold.

**UNEARNED REVENUES** - Unearned revenues are amounts for which asset recognition criteria have been met, but for which the earning process is not complete.

**UNEXPENDED ALLOTMENT** - Portion of an allotment not yet expended.

**UNEXPENDED APPROPRIATION** - Portion of an appropriation not yet expended.

**UNIFIED BUSINESS IDENTIFIER (UBI)** - A standard nine digit sequential number used by all state agencies to uniquely identify a business entity.

**UNLIQUIDATED ENCUMBRANCES** - Outstanding encumbrances which have not been paid or approved for payment. Refer to [ENCUMBRANCE](#).

**UNREALIZED GAIN OR LOSS** - Term used in connection with the valuation of investments. It represents the cumulative difference between the cost of the investment and its market value prior to its disposition.

**UNRESTRICTED NET POSITION** - One of the three components of net position reported in government-wide and proprietary fund financial statements. It represents that portion of net position that is neither restricted nor invested in capital assets.

**USEFUL LIFE** - An estimate of the total time that an asset is usable and in service.



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**VENDOR** - An entity selling a good or service to the State. Vendors include, but are not limited to, retail businesses, consultants, contractors, manufacturers, credit card companies. A vendor may be an individual, corporation, non-profit organization, federal government, or federal agency, local government or local agency, another state or another state agency, a Washington state agency, or Indian nation. For travel reimbursement purposes, a vendor may include an employee, a board member, or volunteer.

**VENDOR'S REMITTANCE ADVICE** - A form used to accompany each warrant/check to notify the payee of what is being paid. The vendor's remittance advice is to reference the warrant/check number and the invoice number as appropriate.

**VOUCHER** - A written document that evidences the propriety of transactions and usually indicates the accounts in which they are to be recorded.

**VOUCHER DISTRIBUTION FORM (A19-2, A19-2A)** - A form used by agencies to substantiate and authorize payment when a Purchase Order or Field Order is not involved but where vendor invoices are employed.

**VOLUNTEER** - A volunteer is a person, other than an emergency services worker as described by [Chapter 38.52 RCW](#), who, of his/her own free choice, performs any assigned or authorized duties for the state or any agency thereof. A volunteer receives no wages, and is registered and accepted as a volunteer by the state or any agency thereof, for the purpose of engaging in authorized volunteer service.

**WARRANT** - A payment instrument for each invoice voucher or other evidence of indebtedness validated by the State Treasurer for payment. Refer to [CHECK](#).

**WARRANT REGISTER (A1)** - A form used to record expenditure/expense vouchers and account classifications of each transaction in detail certified and issued by the State Treasurer. It is also used to summarize the information documented on the detailed warrant register.

**WEIGHTED AVERAGE (W.A.)** - An inventory valuation method which values ending inventory based on the average cost per unit for the period.

**WIRE TRANSFER** - A type of electronic fund transfer that guarantees immediate available funds or same day settlement. The payments are conducted on the Federal Reserve System's federal wire (Fed Wire) network.

**ZERO-COUPON GENERAL OBLIGATION BONDS** - Bonds secured by an unconditional pledge of the full faith, credit and taxing power of the state. They are sold at a deep discount without coupons and appreciate to full value at maturity.