

State Disclosure Forms



Fiscal Year 2017
OFM, Accounting Division
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Agenda

- General information
- Review each of the 21 state disclosure forms in detail
- What data should be reported?
- How and where should it be reported?
- Practice exercises

General: What are they & why do we need them?

- It's a web based application.
- Forms are completed on-line.
- All state agencies complete the forms, as applicable.
- The forms provide information that is not available in AFRS for the CAFR and the Federal Single Audit report.

General, continued

- All financial information reported in the disclosure forms should be reconciled to AFRS.
- Detailed instructions are in SAAM Section 90.40.
- Disclosure Form changes are communicated via:
 - SAAM directive, email, this training

General, continued

- It's a one year system so save or print out your forms so you have a copy to refer to next year.
- Why do we make changes to the application every year?
 - New accounting standards
 - Enhancements
 - Fix bugs

General, continued

FYI - How to pdf a disclosure form:

1. File, Print
2. Select Adobe PDF, instead of your default printer
3. Save the pdf in the appropriate folder on your computer

General, continued

- 21 state disclosure forms.
- Not every form will apply to your agency.
- Some of the forms are questionnaires with Yes/No buttons.
- Other forms prefill with your AFRS beginning & ending GL balances and you must fill in the actual increase and/or decrease activity for the FY.

General, continued

- Tips screen – includes helpful hints.
- Reconciliation boxes – Compare what you entered to the AFRS amount. Differences should be zero, or provide an explanation.
- Save button – Use it before you leave the form so that you don't lose the data that you've entered. Save it!
- **Error messages** – Display in red at the top of the form. Must be addressed before you can continue.

Security

Each agency has 1 or more security administrators (form required).

They can:

- Add new users (Edit/View access)
- Change a user's status (Active/Inactive)
- Change a user's role (Edit/View)
- Reset a user's password

Log in after 7/14 to verify that your username & password are working.

Disclosure Form Dates

7/14 – 9/1/17	Application is open
8/18/17	Early Phase 1B forms are due
9/1/17	Phase 2 closes, remaining state and federal forms are due*
9/13/17	State Certification form is due

*May be re-opened for agency corrections on a day by day basis if needed, contact SWA.

When is the application open? How often is it updated?

Data may be entered in the DF application 24/7.

AFRS data is updated nightly (Monday - Friday).

The updated AFRS data is displayed in the disclosure forms the following working day.

Start Early

Start working on your disclosure forms early, as they may highlight adjustments that you need to make in AFRS before Phase 2 close.

“Procrastination makes easy things hard, hard things harder.”

3 Required Forms

3 forms are required to be completed by all agencies:

- Financial Disclosure Certification
- Miscellaneous
- Cash and Investments Restricted

Certain forms are specific to certain agencies: OST, DRS, Higher Education.

Quick Quiz

1. What chapter & section in SAAM has the state DF instructions?
2. When does the DF application open?
3. What is the early Phase 1B due date?
4. What is the Phase 2 due date (remaining state & federal forms are due)?

Quick Quiz

5. What if I find an error after Sept 1st? Can I fix it?
6. Name a form that every agency has to complete.
7. What date is the state certification form due?
8. The key to success with Disclosure Forms is to start _ _ _.

Lead Sheet

- View or Edit access is based on your security.
- Forms are grouped by when they are due (3 due dates).
- Links to form instructions in SAAM.
- If a form pre-fills with AFRS data it will be marked "Required" on the Lead Sheet.

Lead Sheet

Read the instructions in SAAM for each form to determine if a form applies to your agency this FY.

Do not rely on the Lead sheet or you might miss a form that is required for your agency.

“Completed” status column.

Please mark each form Yes, No, or N/A!

Phase 1B Forms Due 8/18/17

3 Bond forms

4 Cash forms

COPs (Certificates of Participation)

*Request an extension if you'll be late.
Can't be later than Phase 2 close on
9/1/17.

3 Bond Forms

90.40.55

Agencies that issue bonds and/or pay bond debt service must complete the 3 Bond forms.

Required for these agencies:

- 010 OST
- 163 CTS
- 179 DES
- 310 DOC
- Colleges & Universities

3 Bond Forms

90.40.55

Bond Debt by Major Class:

Table 1 Reconciliation to AFRS

Prefills with AFRS beginning & ending balances by Account.

Type of Bonds:	GLs:
GO Bonds	5161, 5261
GO zero coupon bonds	5164, 5264
Revenue bonds	5162, 5262, 5167, 5267, 1667
Other bonds payable	5169, 5269

Bond Debt by Major Class

Table 1 Bond Debt GLs reconciliation to AFRS

- Enter Debits (Retirements/Principal paid)
- Enter Credits (New bond issues)
- In Account 999
 - Debits = subobject PA "Principal"
 - Credits = new bond issues (revenue source codes 0860, 0864, 0865, 0859)
- In Proprietary type accounts Credits (increases) = Par of the new bond issue

Bond Debt by Major Class

Table 1 continued:

- Ignore reclassifications between ST & LT GLs when entering debit/credit activity.

Modified questions:

If your agency issue General Revenue Bonds:

- Of the June 30 principal amount reported above, what amount is for General Revenue bonds?
- What is the amount of General Revenue bond interest on these bonds?

What types of revenue are considered “general revenues” for purpose of paying General Revenue debt service (student tuition, etc)?

Bond Debt by Major Class

Table 2 Debt Service Schedule

- An amortization schedule of principal & interest to be paid in future years.
- Separate columns for GO & Revenue Bonds.
- Enter data by FY for the life of the bond(s).

Table 3 Reconciliations

- Compares the total Ending Balances in Table 1 to the total Principal amount in Table 2.
- Compares the ST principal amount (next FY) to ST GL amount.

Bond Debt by Major Class

Table 4 Type and Interest Rate

Enter type of bond, low & high interest rates.

Table 5 Bonds Authorized but Unissued

Enter purpose, type of bond & amount authorized but unissued at 6/30. (Typically only OST & UW complete this).

Bond Debt by Major Class

Table 6 Reconciliation of Other Bond Related GL Codes to AFRS

- Prefills with AFRS beginning & ending balances for GLs 5165, 5212, 1910 & 5910 (accrued interest, unamortized discounts & premiums).
- Enter debit & credit activity.
- Related amortization should be in GL 6512 or 6593 subobject WB.

Bond Debt by Major Class

Table 7 For Revenue bonds only

Enter details about pledged revenues:

- Source of revenue pledged
- Current & future revenues pledged
- Description of debt
- Purpose of debt
- Ending year of commitment
- If "other" is chosen explain in the Comments box

Bond Debt by Major Class

Table 8 Reconciles Tables 1, 2, & 7

Revenue bond principal + interest (Table 2)
less General Revenue bonds principal (Table 1)
less General Revenue bonds interest (Table 1)

new

is compared to Future Pledged Revenues
(Table 7).

Future pledged revenue should be \geq future
debt service.

Bond Payable General Disclosure

Answer each question Yes or No:

- Does arbitrage apply to your bonds?
- Do you have issues with the IRS about the tax exempt status of your bonds?
- Do you have variable interest rate debt?
- Did you capitalize bond interest expense in an enterprise fund type account this FY?

Bond Sales

new last year

Complete the Bond Debt by Major Class form first, before you work on this form.

For Proprietary type accounts credits in AFRS in GLs 516x & 526x are prefilled.

For Governmental type accounts AFRS revenue data is prefilled by Account:

Bond sales (rev source 0859, 0860, 0864, 0865)

Bond Prem/Discount (rev source 0856, 0858, 0862, 0863)

Bond Sales

new last year

- Did your agency issue bonds this fiscal year? If yes, provide information, grouped by Proprietary type accounts & Governmental type accounts (some data prefills).
- Additional information is required for Refunding bonds issued this FY.
- Do you have any Defeased bonds outstanding at June 30?
- Are you planning to issue any bonds between July 1 and December 31?

4 Cash forms

90.40.20

The 4 Cash forms are due early, Phase 1B 8/18/17.

If all of your agency's cash & investments are in treasury accounts with OST (GLs 43xx) these cash forms won't apply to you.

If you have Local accounts or Cash and Investments (GLs 11xx or 12xx) you'll need to complete the 4 Cash forms (as applicable).

Cash and Investments

General Disclosure

The form will prefill with Accounts that contain data in AFRS in the applicable Cash & Investment GLs.

Questions 4 & 5

- Applies to deposit accounts (checking, CDs, Money Market), not investments or LGIP.
- List the current bank name(s).

Cash & Investments

Restricted Disclosure

AFRS June 30 balances are prefilled for GLs:

- 1140 & 1240 (Restricted Cash & Investments)
- 1150 (Cash with Fiscal Agents)

Provide an explanation of all amount(s).

Does it meet the definition of “restricted”?

Also report any unspent bond proceeds & any other externally restricted cash & investments recorded in AFRS at June 30.

New - Required to be completed by all Agencies.

Cash & Investments Restricted Disclosure

Blue Practice Exercise A

**Use Pink Disclosure
Form, page 1**

Cash on Hand and in Bank

- Prefills with AFRS data for GLs 1110, 1120, 1130, 1140, 1150 and 1240.
- The total of the amounts in the Insured/Collateralized & Uninsured/Uncollateralized columns should equal the cash balance on your June 30 bank statement(s).
- Insured or Collateralized includes: FDIC, PDPC, NCUA.

Cash on Hand and in Bank

- Uninsured/Uncollateralized includes: Out-of-state banks and alien banks (rare) (requires a Comment about the reason/nature.)
- Usually the book and bank balance are different due to outstanding checks or deposits in transit.
- All Variances require a "Comment".

Cash on Hand and in Bank

Blue Practice Exercise B

**Use Pink Disclosure
Form, page 2**

Certificates of Deposit (Non-negotiable) 90.40.20

- CDs held by agencies other than SIB are generally non-negotiable. They usually have a penalty if redeemed prior to maturity.
- Includes GLs: 1140, 1150, 1205, 1209, 1210, 1240.
- Same notes apply as above about Insured or Collateralized or Uninsured/Uncollateralized.

COPs – Agencies 90.40.45.c

Certificates of Participation (COP)

- Debt financing through OST for a capital asset purchase.
- GLs 5173 (Short-term: principal due next FY) and 5273 (Long-term).
- Must agree with OST year-end COP report.
- Decreases = Principal paid.
- Increases = New COP issues this FY.
- Ignore ST/LT reclassification activity.

COPs – Agencies

Governmental vs. Proprietary fund type accounts

New COP issue (increase to GL 5173/5273)

- In Account 999 (Governmental fund type accounts) should = revenue source codes 0807 + 0854.
- In Proprietary fund type accounts the increase (credit) should = the Par amount of the new COP.

COPs – Agencies

Blue Practice Exercise C

**Use Pink Disclosure
Form, page 3**

COPs – OST

90.40.45.d

Completed by Agency 010 OST only

Provides data about future debt service payment for COPs statewide that we use in a CAFR footnote.

Quick Quiz

1. Name a form that is due early (Phase 1B)?
2. What if you can't meet the early Phase 1B due date? What should you do?
3. What's the latest date you can ask for as an extension?

Phase 2 Disclosure Forms

Due 9/1/17 Phase 2 close

Capital Assets

90.40.38

Table 1 Capital Assets Reconciliation to AFRS

Prefills with AFRS beginning & ending balances by Account for GLs 2xxx.

Enter DR Additions (Acquisitions)

Enter CR Deletions (Disposals)

Capital Assets

Table 1 Capital Assets Reconciliation to AFRS

Enter Adjustments* * (if any)

- Immaterial prior year corrections
- Transfers between Agencies and/or Accounts
- Impairments (SAAM 30.20.90)

Difference from AFRS must be zero.

* * See SAAM for sample entries for Account 997 immaterial prior period adjustments (90.30.35.f-h).

Capital Assets

Table 2 Depreciation and Allowance for Depreciation

- Prefills with AFRS data for Depreciation Expense GLs 6511 & 6591
- Enter the DR and CR activity
- Generally the debit to Depreciation Expense should equal the credit to Allowance for Depreciation

Difference from AFRS must be zero.

Capital Asset Reminders

- **Don't net activity!** Record acquisitions and disposals separately.
- Check increases against capitalized subobject codes JC – JZ.
- Check GL 2510 CIP (Construction in Progress). If a project is complete and placed in service the costs should be moved from CIP to the appropriate capital asset GL (buildings, software, etc).

Capital Assets Reminders

- Reconcile AFRS to CAMS (capital asset mgt system) or internal approved system – beginning & ending balances and current year activity every FY!
- Do a physical inventory at least once every other fiscal year.
- When making adjusting entries use the “R” code when appropriate.

Capital Assets Reminders

- The ending balance amount for each capital asset GL must be \geq to the associated allowance for depreciation GL (an easy check).
- Be careful when selling or disposing of capital assets, remember to remove the associated allowance for depreciation.
- Website reference documents
www.ofm.wa.gov/resources/capitalassets.asp

Capital Assets

Blue Practice Exercise D

Use Pink Disclosure
Form, page 4

Inventory

90.40.35

Prefills AFRS data:

- Consumable inventories GLs 1410, 1415
- Merchandise inventories GLs 1420, 1430, 1440, 1450

Choose what valuation method you use: FIFO, LIFO, Weighted Average, Other (describe).

SAAM requires a physical count

- Perpetual system - at least every other FY
- Periodic system - annual count

And an AFRS adjustment (35.10.50.b & 35.10.65).

Lease form

90.40.45.a

Report data by fund type: Governmental and Internal Service or Enterprise.

Table 1 Operating Leases

- Prefills AFRS data for subobjects ED and EH by Account and fund type.
- Enter Payments to External Entities.
- Enter Payments to Other State Agencies and Internal Payments within your Agency.
- Explain any difference (ex – ST rentals).

Lease form

Table 2 Future Minimum Operating and Capital Lease payments

- Enter future payments to **external entities** (not state agencies) by FY.
- **Report only existing leases. Do not project into the future** if there is not a current existing lease with those terms, even if you will renew the lease when it expires.
- Reconciliation of capital leases to AFRS: agrees amount entered to GL 5172/5272 balance in AFRS. Difference should be zero.

Lease form

Table 3 Capital Leases & Capital Assets

The state is the lessee.

Report by type of capital asset (land, buildings, equipment).

Generally the net value of assets reported here should be \geq the Net Present Value of future minimum lease payments in Table 2.

Lease form

Table 4 Future Operating and Capital Lease Receipts

It's rare that the state is a lessor.

Enter data if leasing to **external entities** is a **significant** part of your agency's business in terms of revenues or assets.

Lease form

Blue Practice Exercise E

Use Pink Disclosure
Form, pages 5 - 6

Liabilities by Major Class

90.40.45.b

Liability GL reconciliation to AFRS

Prefills with AFRS beginning & ending balances by Account for certain Liability GLs 5xxx.

- Enter Decreases (DR)
- Enter Increases (CR)

Liabilities by Major Class

- Adjustments, if any (**new last year**)
 - Immaterial prior year corrections
 - Transfers between Agencies and/or Accounts
- Added GLs 5116 – Retained Percentages Payable and 5117 – Construction Contracts Payable to the list of GLs included in Other Obligations (**new**)
- Ignore ST/LT reclassification activity

Difference from AFRS must be zero

Long-Term Construction Commitments

90.40.40

Enter data about CIP (GL 2510) projects and remaining commitments.

List each significant project separately:

- CIP > \$2 million or
- Remaining commitment > \$10 million

Add non-significant projects together and enter as one line titled "Other Miscellaneous".

Miscellaneous

90.40.75

Answer each question Yes or No.

Depending on your agency, most or all of the questions may not apply to you.

Q #1: Grants/contributions restricted for
capital purposes

Q# 2: Art, Library or Reserve collections
not capitalized

Q #3: Donor restricted endowments

Miscellaneous

Q#4: Other Entities

- Discretely reported component units or related organizations
- Blended component units
- Joint ventures
- Segments

Q #5: Capital Assets that are permanently impaired and idle

Q #6: Pollution Remediation

Q #7: Nonexchange Financial Guarantees

Q #8: Internal Control Officer (new)

Pension - Higher Ed 90.40.70

- Completed by 4 year Higher Ed institutions, SBCTC and SAC.
- Information for Higher Ed Retirement and Supplemental Plans.
- Significant decrease in information requested in FY16.

Pension - DRS

Completed by the Department of Retirement Systems. **Reinstated form in FY16.**

Provides data about our state retirement plans for our CAFR footnote.

Taxes Receivables 90.40.30

Prefills AFRS data by Account and GL:

Taxes Receivable: 1311, 1328, 1611

Allowance for Uncollectible: 1341, 1348, 1641

Choose what type of tax it is:

Property, Sales, B&O, Estate, Fuel, Real Estate
Excise Tax, Insurance Premium, Beer & Wine,
Marijuana, Other (description required)

Difference from AFRS must be zero

Transfers

90.40.60

Used to collect information about transfers between Accounts.

- Inter-fund (Accounts within your own agency) ** *most common*
- Inter-agency (between Agencies)

Transfers

The Reconciliation box prefills with the AFRS credit activity in the Receiving Account for:

- GL 65xx Object M (interfund operating transfer)
- GL 32xx revenue sources 0613-0699 and 0484 (excludes sources 0623, 0649, 0677, 0683, 0690)

Transfers

- You may need to fix your data in AFRS before you can complete this disclosure form.
- Describe if transfer is > \$20 million.
- Difference from AFRS must be zero by Account.

Check your ER Transfer Report

- The Debit column should only have debit amounts.
- The Credit column should only have credit amounts.
- Each line should have either a debit or credit amount, but not both.
- Total Debits = Total Credits, net to zero.
- If the ER Transfer report is ok the disclosure form will be much easier to complete.

Transfers

For Inter-agency transfers:

- Paying account is blank.
- List agency # the transfer was received from.
- This form is filled out by the agency that received the transfer in.
- The agency that paid the transfer out does not report it in disclosure forms.

Transfers

**Blue Practice Exercise F,
use ER transfer report
(pg 4)**

**Use Pink Disclosure
Form, page 7**

Unavailable and Unearned Revenue

90.40.50

Prefills AFRS data by Account & GL

- 5190/5290 Unearned Revenue
- 5192/5292 Unavailable Revenue

For each Account/GL choose:

- Revenue Type
- Recognition Criteria
- Source of Funds
(Federal/State/Private/Local)

Unavailable and Unearned Revenue

Type choices: Charges for services, Donable goods, Grants or donations, Taxes, Property taxes, Timber sales, Tolls, Transportation related charges, Miscellaneous (limit misc).

Recognition criteria choices (choices depend on the GL): Prepaid revenue, Advance payments, LT receivables, etc.

Source of funds: Federal, State, or Private/Local.

Difference from AFRS must be zero.

Unearned Revenue

Unearned means the earnings process is not yet complete. You received the cash, but you haven't earned it yet. **Key: \$ has been received, not yet earned.**

Allowed in both Governmental and Proprietary fund type accounts.

Examples:

- A grant received in advance
- Prepaid tuition and fees
- Prepaid tolls

Unavailable Revenue

Unavailable revenue –You've earned the revenue but you won't receive the cash in the next 12 months. **Limited Usage.**

Allowed only in Governmental fund type accounts.

Example:

Revenues associated with a LT receivable such as a contract for the harvest of timber that extends beyond 12 months.

State Certification

Due 9/13/17

Financial Disclosure Certification

90.40.95

- Required for all agencies.
- Signed by your Agency head & CFO.
- The form includes 28 items that they are certifying to.
- Check for required attachments.
- Substantially revised the State Certification for FY17.

Service Organizations & SOC reports

Question 21

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

Examples:

- Software as a Service (Provider 1- HCA).
- 3rd party Toll Collection business – DOT.

SOC reports

Service Organization Control Reports are reports prepared by CPAs on the internal controls 3rd party providers (service organizations) have over outsourced services or processes that impact a user state agency.

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

Service Organizations & SOC reports

If your agency uses a service organization and

- 1) The dollar value of the transactions processed by the service organization is **material** to the CAFR, or
- 2) A SOC report is required by federal regulation (Title 45 CFR 95.621).

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

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

Service Organizations & SOC reports

If a SOC report has not been obtained, or a report for the current period is not available, attach a narrative about the service provided and the reason why a SOC report has not been obtained or is not available.

- For questions about materiality contact your OFM accounting consultant.
- Is a 3rd party processing credit card receipts for you? Ask for a PCI DSS certification. Contact Ryan Pitroff at OST for more information.
- Refer to our webpage: “Internal Control”.

Services of a Specialist

Question 22

If your agency utilizes the services of a specialist, such as an actuary, who

- 1) Determined amounts which are recorded in AFRS or
- 2) Are reported through the disclosure form application

Then attach a representation to the state certification detailing:

Findings of specialist, financial statement element or disclosure information evaluated, your consideration of specialists qualifications, information provided to specialist, that you are unaware of any matters that could impact the independence or objectivity of the specialist.

Financial Disclosure Certification

Print out the form by 9/1/17.

Email it (and any required attachments)
to: OFMAccounting@ofm.wa.gov
by September 13, 2017.

Re-sign and re-send this form if
significant changes are made after your
original submission.

Common Disclosure Form Problems

- Users can't access the application.
- Agencies don't start early.
- Changes are made in AFRS but the related disclosure form isn't updated.
- Variances aren't explained or the explanation isn't complete.
- Generally the difference from AFRS must be zero.

Common Disclosure Form Problems, continued

- Form instructions aren't followed. For example, credits must be entered with a minus sign.
- Certification form isn't submitted by the due date.
- Attachments aren't included with the certification.

Conclusion

- Start working on your disclosure forms early.
- Remember the early Phase 1B forms are due 8/18/17.
- Use the “Feedback” link to send us comments or suggestions for improvements.
- Call OFM/SWA (not WA Tech) with questions. SWA is the help desk.

Quick Quiz

1. The general rule is that increases & decreases should be reported separately, not netted (T/F)?
2. Name an example of a capital asset adjustment.
3. Name one of the attachments to the state financial certification form.

Feedback

- Please fill out the evaluation form
- What worked well?
- What didn't work very well?
- Next year include _____?
- Next year don't include _____?

Contacts and Resources

Disclosure form application

<https://disclosureforms.ofm.wa.gov>

WA Tech Disclosure form access webpage

Log in inside & outside the State Intranet

<http://watech.wa.gov/solutions/it-systems/disclosure-forms-application-df>

SAAM Chapter 90.40

<http://www.ofm.wa.gov/policy/90.40.htm>

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