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1.1

Purpose of Manual

The purpose of this manual is to provide a resource and guide for the community and technical college system for accounting policies and procedures. The manual references established accounting policy and presents conventional practices adopted by the colleges to implement those polices. In many instances throughout the manual alternate practices or methods are presented.

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10.10

College administrative systems and the SBCTC-IT

The college core administrative systems are maintained and enhanced through the work of the SBCTC-IT. This entity is funded and controlled as a consortium to support the administrative functions of the Washington community and technical college system. The remainder of this section describes the major functional areas of the administrative systems maintained by SBCTC-IT.

10.10.10 Administrative Systems

2006-03-02

The community and technical colleges in the State of Washington employ a set of common administrative systems to manage their fiscal affairs. They are the Financial Management System (FMS), Payroll, Personnel Management System (PPMS), and the Fixed Asset (FAE) systems.

These systems were developed and are maintained specifically for this purpose and are interfaced to the human resource, student and financial aid systems. The core financial systems were developed to comply with the accounting and reporting requirements established by Office of Financial Management (OFM), the state agency with authority to establish accounting policies and procedures for Washington state agencies.

10.10.10.a How does college data get reported to the state?

Fiscal information generated by the colleges is summarized and crosswalked to the state reporting conventions and sent to OFM on a monthly basis. Based on this information and that from all other state agencies, OFM prepares annual financial statements in compliance with generally accepted accounting principles (GAAP). Because the individual colleges in the system do not prepare audited financial statements, the statements published by OFM are the official statements for the colleges.

The community and technical college system has been granted authority by OFM to establish its own chart accounts. However, the data must be translated or cross-walked to OFM's Accounting and Financial Reporting

System (AFRS). With only a few exceptions, the college system chart of accounts matches that of AFRS. Those differences, as noted in the pertinent sections of this manual, are designed to address the unique environment of the community and technical college system.

[10.10.10.b](#) **Do colleges have options recording and classifying accounting information?**

To allow the data from the colleges to be easily rolled up into a single entity, the system has determined that much of the chart of accounts coding is established at the system level. There are however, significant options for colleges to utilize optional coding fields to further define and classify its revenues and expenditures.

[10.10.10.c](#) **Where can I find state accounting policies?**

Accounting policies followed by the community and technical colleges are prescribed by the state through OFM. Those policies and procedures are presented in the State Administrative and Accounting Manual (SAAM) found at the following web site: <http://www.ofm.wa.gov/policy/default.asp>.

[10.10.20](#) **How job scheduling controls the systems.**

2004-11-30

The Job Scheduling System provides the ability to control all aspects of batch production processing in a centralized and decentralized environment. A series of formatted screens facilitate scheduling of production processes, modifying jobs/job groups, establishing default parameters for reports and processes, defining job groups, and prioritizing daily schedules.

The Main Menu Screen (JM1001)

The Main Menu Screen (JM1001) provides a list of all functions available, and a field to designate the function selection. The available screens and the number used for the process selection are:

[10.10.20.a](#) **Schedule Job Groups Screen**

The Job Group Scheduling Screen is used to schedule groups of jobs that must run in a certain sequence to produce the desired results.

[10.10.20.b](#) **Schedule Jobs Screen**

The Job Scheduling Screen is used to schedule individual jobs that are not part of a job group.

[10.10.20.c](#) **Inquire About Scheduled Jobs**

The Job Scheduling Inquiry Screen is used to review all jobs scheduled to run on a particular day.

[10.10.20.d](#) **Prioritize Today's Schedule**

The Job Prioritization Screen is used by the scheduling manager at each agency to review all jobs scheduled by various users.

[10.10.20.e](#) **Maintain Report Formatting Defaults**

The Report Defaults Screen is used to assign the parameter values to be used each time a particular job/job group is run.

[10.10.20.f](#) **Maintain Parameter Defaults**

The Parameter Default Screen is used to assign the parameter values to be used each time a particular job/job group is run.

[10.10.20.g](#) **The Job Group Definition Screen**

This screen is used to create unique job groups by the users in addition to the job groups provided by the data processing center.

[10.10.20.h](#) **What are valid statuses for entering jobs or job groups?**

The system-generated status of the job group is a protected field. Valid statuses are:

Requested	The job group is being added.
Adding	The job group is being scheduled.
Changing	The job group is being changed.
Scheduled	The job group is ready to process.
Streamed	The job group is picked up by the job initiator.
Active	The job group is being processed.
Completed	The job group has completed processing.
Deleted	The job group was deleted by the computer operator.

Fatal	The job group did not complete normally.
Flushed	The job was bypassed because a prior job did not complete normally or did not produce the necessary data for this job to complete.
Groupfail	The job did not complete normally. Dependent jobs within job group will be bypassed (Flushed). Dependent jobs outside the job group will be launched and the next process level will be initiated.
Jobfail	The job did not complete normally. Dependent jobs will be launched and the next process level will be initiated.
Nodata	The job completed normally but did not produce the data necessary for dependent jobs to complete. Dependent jobs within the job group will be bypassed (Flushed). Dependent jobs outside the job group will be launched and the next process level initiated.

[10.10.20.i](#) **Coordination of scheduled jobs.**

When scheduling jobs or job groups the user determines:

- The priority, which is the order jobs or job groups should be processed within each process level and execution time. For example, number 01 indicates the highest priority and first job or job group to be processed.
- The execution time, which determines whether the processing mode is “O” Online, “B” Batch/online, “P” Production, or “I” Immediate.
- The process level, which is the level at which the job or job group processes. For example, Code A is the highest and would be used for the first job/job group to be processed, and code Z is the lowest and last job/job group to be processed.
- The copy frequency (FREQ), which is used to identify how often a job/job group must be processed. For example, a “D” will cause the job/job group to process daily.

[10.10.30](#) **What is the purpose of application security?**

2004-11-30

Application security provides a flexible method for controlling on-line access to all user applications and preventing unauthorized access to the databases.

[10.10.30.a](#) **What are the responsibilities of the application security manager?**

The Application Security manager is responsible for:

- Managing access to different application systems.
- Establishing the user identification codes as well as identifying the process and/or screens accessible by each individual user.
- Identifying which actions the user can take on each screen (i.e., add,

update, delete).

[10.10.30.b](#) **System Menu Screen (ZX9000)**

The System Menu Screen (ZX9000) is the screen that provides a list of all processes available for the specific user identification, and a field to designate the process selection.

[10.10.30.c](#) **Which screens are used to add a new user to the system?**

When a new user is added to application Security, the User ID Maintenance Screen (ZX0201) should be used to establish the user identification code, password, and user type for application security. Once a user ID and password have been established, the User-Process Maintenance Screen (ZX0204) is used to assign the screens and/or processes available for specific user identification. The information from this screen creates a process menu for this user identification.

[10.10.30.d](#) **User-Terminal Maintenance Screen (ZX0203)**

The User-Terminal Maintenance Screen (ZX0203) is an optional screen used to assign specific terminals to a user. If this screen is not used for user identification, the user can access all authorized processes from any terminal.

[10.10.30.e](#) **Available Application Security Reports**

There are no programmed reports in the Application Security module. However DataExpress can be used to create Application Security reports.

[10.10.30.f](#) **What is the database for Application Security?**

The database for Application Security is TERMSC. Access to TERMSC is controlled by a special database password, and that password is released to Application Security managers only.

10.10.40 Database Reports

2004-11-30

[10.10.40.a](#) **What software is used to produce Reports?**

DataExpress is the software used to produce customized reports using application data (for example, SMS, FMS, PPMS) on the HP 3000. To

capture the desired information for DataExpress procedures and reports, the structure of the data elements, data sets, and databases that contain the data must be understood.

[10.10.40.b](#) **Procedures created using DataExpress can:**

- Extract data from multiple data sets, files, and databases on the HP 3000.
- Manipulate the data and perform calculations to create temporary values.
- Reformat the output for use in another application, such as Microsoft Excel.

[10.10.40.c](#) **When running a procedure, the extracted report data can be directed to:**

- A screen for viewing.
- A PC or terminal printer for a hardcopy report.
- A system printer for a hardcopy report.

[10.10.40.d](#) **Downloading Extracted Report Data**

Using Reflection or Minisoft the extracted report data can be downloaded to a PC. Once the data has been extracted, it can be reused without rerunning the procedure that produced it.

[10.10.50](#) Archival Purge Process

2004-11-30

Monthly and year-end batch processes are provided to archive and/or remove accounting records from the Account Detail, Account Summary, Subsidiary and the Account Receivable files. These processes also remove Chart of Account entries from the fiscal year tables.

[10.10.50.a](#) **Types of batch processes**

- Account Detail File
Detail accounting transactions for a specific year/month can be stored on tape for historical purposes and physically removed from the on-line General Ledger database. The following batch processes are provided:
 - GA1309J Copy Account Detail for Archival
 - GA1304J Delete Monthly Transactions
- Account Summary File

Summary accounting transactions for a specific fiscal year can be stored on tape for historical purposes and physically removed from the on-line General Ledger database.

The following batch jobs are provided:

- GA1412J Archive Account Summary Extract
- GA1418J Account Summary Archival
- GA1411J Annual Account Summary Purge
- Subsidiary Files
 - Job Group FG009M (Subledger Purge) removes transactions where the balance is zero from the subsidiary ledgers (e.g., encumbrance, deferred revenue, advance). FG009M contains the following jobs:
 - GA1305J Build Subledger Work File
 - GA1306J Compute Subledger Balances
 - GA1307J Reload Subledger

[10.10.50.b](#) **Annual Subledger Purge Process**

Job GA1410J (Annual Subledger Purge) removes all transactions from a subsidiary ledger for a specified fiscal year if the Subledger Life Indicator field is “F” (restart subledger each fiscal year) on the Subledger Table (GA1078).

[10.10.50.c](#) **Accounts Payable Purge Process**

Job BM3201J (Accounts Payable Purge Process) removes paid invoices from the on-line Accounts Payable module. Based on the retention period defined on ZX0050 (Online Storage Management Screen), all checks, corresponding invoices, credit/debit memos with zero balances and canceled invoices are extracted and removed.

[10.10.50.d](#) **Control Tables**

Job GA1220J (Purge a Fiscal Year from the Chart of Accounts Tables) removes Chart of Account tables for a specific fiscal year from the Table 1 database.

- Once data has been archived and/or purged, it is no longer accessible for on-line review or ad hoc reporting.
- The amount of data maintained online at any one time is dependent upon available disc space and/or the Online Storage Management Screen (ZX0050).

[10.10.50.e](#) **Customer Accounts Archival Process**

Job Group FG068Q (Customer Accounts Archival) extracts qualified records from the active file (CUST-ACTV-D) and moves those records to the history file (CUST-HIST-D) based on the retention value defined on the Online Storage Management Table (ZX0050). When scheduling FG068Q, the user specifies the year/session of the records to be moved from the active file to the history file. FG068Q contains the following jobs:

- BM1753J Move Customer Activity Data to History – Phase I
- BM1754J Move Customer Activity Data to History – Phase II
- BM1755J Move Customer Activity Data to History – Phase III

[10.10.50.f](#) **Customer Accounts Purge Process**

Job Group FG071Q (Customer Accounts Purge) extracts and physically removes records from the Customer Account and History file. Records are removed based on the retention value defined on the Online Storage Management Table (ZX0050) for CUST-HIST-D (e.g., 365 days). This job group can optionally perform the Invoice Purge Process, the Customer Purge Process, and the Sponsorship Purge Process. Purged records can be reported either on a hard copy report or on microfiche. FG071Q contains the following jobs:

- BM1765J Customer Accounts Purge – Phase I
- BM1766J Customer Accounts Purge – Phase II
- BM1767J Customer Accounts Purge – Phase III
- BM1751J Sponsorship Purge Process
- BM1749J Invoice Purge Process
- BM1750J Customer Purge Process

[10.10.50.g](#) **Cashiering POS Purge**

Job Group FG067R (POS Purge) removes transactions from the POS (Point of Sale) database. A journal tape report will be printed prior to removing the transactions. Because the journal tape will include all transactions from the last purge to the date entered on parameter BM1761-END-DATE, we recommend that this report be printed on microfiche. FG067R contains the following jobs:

- BM1703J Journal Tape Report
- BM1761J Cashiering POS Purge

10.10.60 Online Storage Management Screen (ZX0050)

2004-11-30

The Online Storage Management Screen (ZX0050) is the screen used to identify the type and amount of data that will be accessible online to users.

10.10.60.a What are the fields on the online storage management screen used for?

The Data Set Name is used to identify the data set, the Quantity field establishes the number of units, and the Unit field determines how the data will be measured. For example, for POS purges you could enter “POS” in the Data Set Name field, “180” in the Quantity field, and “Days” in the Unit field. When you schedule the POS Purge job group (FG067R) all charges meeting the purge criteria that are older than 180 days, would be purged.

10.10.70 System Interfaces with SMS, PPMS, MIS

2004-11-30

An interface is the logical or physical surface where one system meets another system - each with its own distinct internal organization. An interface could be an overnight job (i.e., batch process) that updates other applications or modules; or it could be a “real time” process (i.e., fee calculation) that updates other applications or modules on line.

10.10.70.a How does the student management systems interface with the financial management system?

The student and financial management systems (SMS & FMS) are interfaced through the fee calculation process. This automated process calculates student fees and records that information in the FMS customer accounts.

10.10.70.a.1 Fee Calculation Process

The fee calculation process calculates tuition and fee charges for a student’s current enrollment each time registration activity occurs on the Registration Screen (SM7001), in the Touchtone Registration process, or in the Web Registration process. (See Also FAM 50.50)

[10.10.70.a.2](#) **Where can I get the results of the fee calculation process?**

The results of the fee calculation process are displayed on the Registration Screen (SM7001) and on a web page for students using Web Registration, and are verbally reported to students using Touchtone Registration. In FMS, fee calculation amounts are displayed on the Cashiering Screen (BM1600), the Customer Accounts Activity Screen (BM1625), and on the Customer Maintenance Screen (BM1620).

[10.10.70.a.3](#) **What are tuition calculations based upon?**

Tuition is calculated based on the student's fee pay status (assigned in the admissions or registration process) and the class fee pay status (assigned in the course management process).

[10.10.70.a.4](#) **What is a fee pay status?**

A fee pay status is the tuition category of a student, class, or student's enrollment in a class. For example, 01 fee pay status indicates resident tuition at a community college; A6 fee pay status indicates adult basic education at a technical college.

[10.10.70.a.5](#) **What are tuition and fees based upon?**

The amount of the tuition and fees a student is charged is based on the value entered for a specific fee code on the Fee Code Table (BM1001).

[10.10.70.a.6](#) **How is the fee code determined?**

The fee code to be used is determined from the Tuition Calculation Table (BM1010), by the class fee pay status and the student fee pay status fields on the student's enrollment record.

[10.10.70.a.7](#) **Additional fee codes**

Up to two additional fee codes can be attached to a class and will be charged when the student registers for the class. The amount charged for these additional fee codes can be defined on the class record or default to the amount defined on the Fee Code Table (BM1001).

[10.10.70.a.8](#) **Where does fee calculation interface to FMS?**

The results of the fee calculation process are posted to the Customer Accounts database and displayed on various FMS screens in the Cashiering Module. When the Registration Screen (SM7001) is used for INQUIRY ONLY transactions, the results of fee calculation are not updated to the Customer Accounts File. If there is a tuition waiver assigned to the student/class fee pay status combination on the Tuition Calculation Table (BM1010), both a charge and a payment (using the FAPC as the payment method) are updated to the Customer Accounts database.

[10.10.70.a.9](#) **Refunding**

The default refund dates and percentiles are established on the Fee Code Table (BM1001).

[10.10.70.a.10](#) **Overriding refund percentiles**

The refund percentiles may be overridden for a specific student on the Registration Screen (SM7001), by typing a “Y” (yes) in the UPD CA field, entering a different percentage than is on the Fee Code Table, and then pressing ENTER. Customer Accounts will be updated with the new refund amount based on the percent entered on SM7001.

[10.10.70.a.11](#) **When are student records updated by fee calculation?**

Each time a student’s record is accessed on the Registration Screen (SM7001), all of the FMS and SMS fee calculation tables are edited. If the refund percentage on the Fee Code Table (BM1001) is different from the calculated percentage displaying on SM7001 (either because refund periods have changed or the default refund percentage has been overridden), fee calculation will recalculate the refund amount based on the default percentage on BM1001 and post the new amount to the Registration Screen (SM7001).

Each time a student’s record is accessed on the Registration Screen (SM7001), all of the FMS and SMS fee calculation tables are edited. If the refund percentage on the Fee Code Table (BM1001) is different from the calculated percentage displaying on SM7001 (either because refund periods have changed or the default refund percentage has been overridden), fee calculation will recalculate the refund amount based on the default percentage on BM1001 and post the new amount to the

Registration Screen (SM7001).

[10.10.70.b](#) **MIS - SBCTC's Management Information System**

[10.10.70.b.1](#) **What is MIS reporting?**

At the end of each quarter, all colleges schedule processes that extract and edit all student, enrollment, class, and staff data for that quarter. Extracted data that meets the reporting requirements is written to files, and sent electronically to the system MIS reporting databases located on the SBCTC's HP3000 processor. Each quarter's reporting data is final and no adjustments can be made after the data has been released to the MIS reporting database.

[10.10.70.b.2](#) **MIS Calendar**

Each year SBCTC posts a calendar to the SBCTC web site with the dates the colleges need to schedule the MIS Finals and other SBCTC jobs. The Standard Policy and Procedures Manual with the rules for reporting college data to SBCTC is also on the SBCTC web site.

[10.10.70.b.3](#) **What does SBCTC do with the MIS data?**

The SBCTC Management Information System (MIS) is the primary source of data used in the SBCTC Data Warehouse. The SBCTC MIS is derived from data collected by the college system and includes student, course, personnel, facilities and equipment, and completions. The SBCTC Data Warehouse is comprised of MIS, student transcript, and financial aid data that is collected from the colleges along with other related data from community based organizations, GED testing centers, universities, and other state agencies.

The SBCTC Data Warehouse supports external agency requests for data and information used for executive policymaking and decision support in the areas of funding and enrollment allocation, enrollment forecasting, and mandated studies by state statutes. Some external agencies include the Office of Financial Management, the Higher Education Personnel Board, the National Center for Education Statistics, the Department of Education, and the Washington State Legislature.

[10.10.70.b.4](#) **Why must class data be verified?**

In order for a college to report information on a quarterly offering of a course, the course coding must be verified by the SBCTC. This approval process verifies that the course coding information you have entered for the course is correct.

[10.10.70.c](#) **PPMS/FMS Interface**

[10.10.70.c.1](#) **Payroll Banking: The Payroll Personnel Management System**

The Payroll Personnel Management System (PPMS) is designed around a multi-college environment that utilizes a single central payroll banking account. This payroll account is separate from each of the college's bank accounts, and is utilized for the sole purpose of disbursement of payroll checks.

[10.10.70.c.2](#) **How is money transferred into the central payroll account?**

Money is transferred into the central payroll account from both the State Treasurer's bank account and each college's bank account. The total gross payroll and related costs (employer contributions) is calculated between "State" and "Local" funds. The "State" portion is manually transferred from the state treasurer's office, and the "Local" portion is withdrawn automatically from each college's bank account. These transfers into the central payroll account, on the payroll check effective date, cover 100% of the payroll cost.

[10.10.70.c.3](#) **How do I verify individual payroll dollars to be transferred?**

To verify individual payroll dollars to be transferred refer to reports PS1245 Payroll Expense EFT and PS 1410 FMS Payroll Reconciliation. These reports can be used to determine whether or not there are sufficient funds in an individual's local bank account.

[10.10.70.c.4](#) **Payroll Accounting Options**

For each payroll process, the following two options are available for recording the payroll expense into FMS:

- Expenditure Payroll

An expenditure payroll will record the expense in the FMS accounting month for the payroll check date.

- Accrued payroll

An accrued payroll will generate the proper entries to record the accrual in the accounting month for the payroll pay period and reverse the accrual, expense the payroll in the month following, or the month of the payroll check date. The accrual option pertains only to the recording of the employee expenditures into FMS; the entries created for the EFT transfer of monies and vendor liabilities are always recorded into the accounting month/year of the payroll schedule check date.

[10.10.70.c.5](#) **Benefit Costs**

Employer staff benefit costs (oasi, retirement, medical aid, industrial insurance and health insurance) are prorated over the employee accounts from which they are paid. The following two options are available for recording the expenditures in FMS:

- Detail
Record at the PRG/ORG INDX at which they are charged.
- Summary
Record at a “pooled” PRG/ORG INDX.

[10.10.70.c.6](#) **FMS transaction codes used in payroll processing**

The FMS transaction codes used to record the transferring of monies between bank accounts (EFT’S) and expensing payroll costs are contained on the PPMS Institution Parameter Table. The FMS transaction codes used to record the payroll vendor liabilities/expenses are contained on the PPMS Deduction Code Table for each payroll deduction to be processed.

[10.10.70.c.7](#) **FMS batch id's for payroll**

FMS Batch ID’S are obtained from the PPMS Institutional Parameter Table in order to classify payroll accounting transactions within FMS into logical groupings. The following table depicts the FMS batch id's generated for payroll accounting transactions:

PARAM #	NAME	BATCH ID	DESCRIPTION
329	EXP-BTCH-ID	06	Payroll Expenditures
330	ACCR-BTCH-ID	07	Accrued Payroll Expenditures
331	YR-END-BTCH-ID	08	Year End Payroll Expenditures
332	EFT-BTCH-ID	09	EFT’S

[10.10.70.c.8](#) FMS FAPC codes for payroll

Financial Aid Program Codes (FAPC'S) are passed to FMS for employee gross pay expenses (i.e., workstudy) only (Obj "A") based on the employees earnings type on the employee account line. See the payroll earnings table PS9007 for the link between earnings type and the FAPC (i.e., earnings type FWS is an 008 FAPC).

[10.10.70.c.9](#) Determining the FMS year/quarter (YRQ) of the Financial Aid Earnings

The FMS year/quarter (YRQ) of the financial aid earnings is determined from the FMS fiscal year and FMS batch post period of the payroll. The PPMS Institutional Parameter Table allows for the identification of up to 9-quarter codes associated with an FMS batch post period month.

[10.10.70.c.10](#) FMS Payroll Clearing and Liability Account (FUND 790)

The transferring of monies between the central payroll bank account and each college's local bank account requires the establishment of an account code in FMS to monitor the transfers. The withdrawal of local funds from the college bank account to the central payroll bank account and the deposit back of the total vendor liability is made from and to the account established in FMS. The amount transferred back is 100% of the college's vendor payment liability and is then immediately transferred to each individual vendor liability account by payroll deduction code. Thus this account becomes a "Payroll Clearing Account" or a "zero balance account".

[10.10.70.c.11](#) Reconciling the Payroll Clearing Account

The Payroll Clearing Account should be reconciled on a regular basis. When reconciling this account, the Vendor Liability Report #PS1425 should be used to identify the liabilities that are pending.

[10.10.70.c.12](#) FMS Payroll Prepaid Account

Prepaid accounts are payrolls where "multiple" deductions for a particular deduction code are taken from an employee for later disbursement to the vendor over subsequent payroll schedules. Prepaid accounts are processed at certain times of the year, normally at a fiscal year end or at end of a

faculty contract year.

[10.10.70.c.13](#) **What is the FMS batch post period?**

The FMS Batch Post Period identifies the FMS accounting month and year in which PPMS payroll accounting transactions are to be posted.

[10.10.70.c.14](#) **When is the FMS batch post period?**

The Batch Post Period for payroll EFT entries and payroll vendor liability entries is always the Payroll Check Date Month/Year. The Batch Post Period for employee expenditures is determined from the month of the PAYR-SCHD code and, either the year of the schedule code check date, or pay period end date.

If the payroll schedule is an accrued payroll, the accrual is posted to the PAYR-SCHD-MO/YEAR and the reversal and expenditure is made to the month/year following.

[10.10.70.c.15](#) **What is the FMS batch date?**

The FMS Batch Date for all transactions created is the process date of the payroll schedule.

[10.10.70.c.16](#) **Payroll EFT Accounting**

To record the EFT'S between the central payroll account and each college' bank account, entries are created at both the college level and system level

For each account line for each employee, the total gross and the five employer cost benefit amounts charged are totaled for state and local funds. When all funds are totaled, entries are created at both the college level account and the system level.

Once the EFT is sent through the Central Payroll process, any changes made in FMS will not be reflected in PPMS.

10.20 **Fund Accounting**

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.

10.20.10 **Funds**

2003-08-15

10.20.10.a **What is a fund?**

A fund, as defined by GASB, is a fiscal and accounting entity with a self-balancing set of accounts 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.

10.20.20 **Fund Categories**

2011-12-28

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.

10.20.20.a **Governmental Funds**

Governmental funds are used to account for the 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:

10.20.20.a.1 **General Funds**

General funds are funds that are used to account for all financial resources of the state that are not required to be accounted for in some other fund.

[10.20.20.a.2](#) **Special Revenue Funds**

Special revenue funds are funds that 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 expenditures for specified purposes.

[10.20.20.a.3](#) **Debt Service Funds**

Debt service funds are funds that are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

[10.20.20.a.4](#) **Capital Projects Funds**

Capital projects funds are funds that are used to account 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).

[10.20.20.a.5](#) **Permanent Funds**

Permanent funds are funds that are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the state or its citizenry.

[10.20.20.b](#) **Proprietary Funds**

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:

[10.20.20.b.1](#) **Enterprise Funds**

Enterprise funds are funds that are 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:

- The activity is financed with debt that is secured solely by pledge of the net revenues from fees and charges of the activity
- 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.
- The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

[10.20.20.b.2](#) **Internal Service Funds**

Internal service funds are funds that are 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.

[10.20.20.c](#) **Fiduciary Funds**

Fiduciary funds are funds that 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:

[10.20.20.c.1](#) **Pension (and other employee benefit) Trust Funds**

Pension trust funds are funds that are 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.

[10.20.20.c.2](#) **Investment Trust Funds**

Investment trust funds are funds that are used to report the external portion of the Local Government Investment Pool, which is reported, by the state as the sponsoring government.

[10.20.20.c.3](#) **Private-Purpose Trust Funds**

Private-Purpose trust funds are funds that are 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.

[10.20.20.c.4](#) **Agency Funds**

Agency funds are funds that are used to account for resources held by the state in a purely custodial capacity for other governments, private organizations or individuals.

[10.20.20.d](#) **Subsidiary Accounts**

In addition to three broad categories listed above, fund accounting has a separate classification known as the subsidiary accounts. Subsidiary accounts are used to establish accounting control over the general fixed assets and the general long-term liabilities of governmental funds. Subsidiary accounts are not funds in that they do not reflect available financial resources and related liabilities. There are two account subsidiary accounts:

[10.20.20.d.1](#) **The General Capital Assets Subsidiary Account**

The general capital assets subsidiary account accounts for fixed assets in governmental funds and is generally used as record keeping to track state assets.

[10.20.20.d.2](#) **The General Long Term Obligations Subsidiary Account**

The general long term obligations subsidiary account accounts for long-term liabilities financed from governmental resources.

Note: Proprietary funds and fiduciary funds account for fixed assets and long-term liabilities within their specific fund.

[10.20.30](#) Measurement Focus and Basis of Accounting

2003-08-15

[10.20.30.a](#) **What is measurement focus?**

Measurement Focus is concerned with what financial transactions and

events will be recognized in the accounting records and reported in the financial statements. It 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:

[10.20.30.a.1](#) **What is meant by “flow of economic resources focus”?**

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.

[10.20.30.a.2](#) **What is meant by “flow of current financial resources focus”?**

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.

[10.20.30.b](#) **What is basis of accounting?**

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.

[10.20.30.b.1](#) **Accrual Basis**

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.

[10.20.30.b.2](#) **Modified Accrual Basis**

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.

[10.20.30.c](#) **Measurement Focus and Basis of Accounting by Fund Type**

Under generally accepted accounting principles, the measurement focus and basis of accounting applied varies with fund type category. There are three fund type categories.

[10.20.30.c.1](#) **Governmental Funds**

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 recognized when incurred, if measurable, except for unmatured interest on general long-term obligations, which is recognized when due.
- Prepayments and capital expenditures are not recorded as deferred costs to be allocated over future periods, but rather as current expenditures.
- Assets and liabilities reported on the financial statements are limited to those representing current available resources or requiring expenditure of said resources.

[10.20.30.c.2](#) **Proprietary funds**

Proprietary funds focus on the determination of net income, the changes in net assets (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.
- This approach recognizes the deferral and capitalization of expenditures and the deferral of revenues.

- Assets and liabilities reported represent all of the assets available and all of the liabilities outstanding.

[10.20.30.c.3](#) **Fiduciary funds**

Fiduciary funds focus on net assets and changes in net assets. 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.

[10.20.30.d](#) **Fund Basis Matrix**

The following matrix reflects the relationship between the fund categories, basis of accounting and measurement focus:

Fund Category	Fund Type	Basis of Accounting	Measurement Focus
Governmental	General, Special Revenue, Debt Service, Capital Projects, Permanent Funds	Modified Accrual	Flow of current financial resources
Proprietary	Enterprise, Internal Service	Accrual	Flow of economic resources
Fiduciary	Pension Trust, Investment Trust, Private-Purpose Trust, Agency Funds	Accrual	Flow of economic resources (Agency funds do not involve a measurement focus)

[10.20.40](#) **Application of Fund Accounting using FMS**

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Cash types are used to indicate the custody, restrictions or usage of cash and investments within an account. Funds are either local or treasury depending upon whether the cash balance is under the control of the local college (local bank account) or under the custody of the Office of the State Treasurer (OST).

- **Treasury account (T)** has cash on deposit in and under the control of the State Treasurer. Treasury accounts are subject to appropriation unless specifically exempted.
- **Local account (L)** has cash on deposit in a local bank account under the control of the college. The local bank must be an approved public depository as designated by the Public Deposit Protection Commission. Local accounts are not appropriated.

- **Treasury Trust account** 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 appropriation. Currently, Fund 743-Faculty Awards Trust (SBCTC only) is the only Treasury Trust account used by the CTC system.

[10.20.40.a](#) **Budgeted or Nonbudgeted Funds**

For state purposes, funds are either budgeted or nonbudgeted. Budgeted funds are subject to the state's appropriation and/or allotment process. (refer to Section [20.10](#) of FAM, SAAM 75.30.20, and SAAM 85.10)

[10.20.40.b](#) **Fund Type Codes**

The FMS system abbreviates fund categories (which differ from OFM fund categories) by a numeric indicator. These numeric codes were established to conserve space and efficiently reference computer tables for fund types, which share a common classification. In addition, they are used within the Transaction Codes to determine the general ledgers that will be debited and credited in accordance with the basis of accounting used for the individual fund.

[10.20.40.b.1](#) **FMS Type 1**

Type 1 funds are governmental appropriated and allotted funds. [See FAM 10.20.20.a.1](#)

[10.20.40.b.2](#) **FMS Type 2**

Type 2 funds are Permanent Funds. [See FAM 10.20.20.a.5](#)

[10.20.40.b.3](#) **FMS Type 3**

Type 3 funds are Special Revenue Funds (local allotted) funds as well as the two subsidiary accounts (General Capital and General Long Term Obligations). [See FAM 10.20.20.a.2](#) and [10.20.20.d.1](#) and [10.20.20.d.2](#).

[10.20.40.b.4](#) **FMS Type 4**

Type 4 funds are proprietary funds. There are two types of proprietary funds: enterprise funds and internal service funds. [See FAM 10.20.20.b](#).

[10.20.40.b.5](#) **FMS Type 5**

Type 5 funds are agency funds. (790, 840-841) [See FAM 10.20.20.c.4.](#)

[10.20.40.c](#) **FMS Classification Matrix**

The fund classification matrix below shows the funds used by the community and technical colleges and their respective classifications (refer also to SAAM 75.30 for OFM classifications).

FMS FUND	TITLE	OFM CATEGORY	OFM FUND TYPE	FMS FUND TYPE	OFM FUND TYPE CODE	CASH TYPE	BUDGETED OR NONBUDGETED IN AFRS
001	STATE GENERAL FUND	GOVERNMENTAL	GENERAL FUND	1	AA	T	B
057	ST BLD CONSTR ACCT	GOVERNMENTAL	CAPITAL PROJECTS FUND	1	DA	T	B
060	COMMUNITY AND TECHNICAL COLLEGE CAPITAL PROJECTS	GOVERNMENTAL	CAPITAL PROJECTS FUND	1	DA	T	B
08A	EDUCATION LEGACY TRUST	GOVERNMENTAL	SPECIAL REVENUE FUND	1	BA	T	B
11A	EMPLOYMENT TRNG FINANCE	GOVERNMENTAL	SPECIAL REVENUE FUND	1	BA	T	B
120	ADMINISTRATIVE CONTINGENCY ACCT.	GOVERNMENTAL	SPECIAL REVENUE FUND	3	BA	T	B
145	GRANTS AND CONTRACTS	GOVERNMENTAL	SPECIAL REVENUE FUND	3	BA	L	B
147	HIGHER ED LOCAL PLANT ACCT	GOVERNMENTAL	SPECIAL REVENUE FUND	3	BA	L	N
148	HIGHER ED DEDICATED LOCAL	GOVERNMENTAL	SPECIAL REVENUE FUND	3	BA	L	N
149	HIGHER ED OPERATING FEES ACCT	GOVERNMENTAL	SPECIAL REVENUE FUND	3	BA	L	B
14T	GREEN INDUSTRIES JOBS TRNG ACCT	GOVERNMENTAL	SPECIAL REVENUE FUND	1	BA	T	B
253	EDUCATION CONST ACCT	GOVERNMENTAL	SPECIAL REVENUE FUND	1	BA	T	B
290	SAVINGS INCENTIVE ACCT. (SBCTC ONLY)	GOVERNMENTAL	SPECIAL REVENUE FUND	3	BA	T*	B
357	GARDNER-EVANS HIGHER ED CONSTR ACCT	GOVERNMENTAL	CAPITAL PROJECTS FUND	1	DA	T	B
440	STORES	PROPRIETARY	INTERNAL SERVICE	4	GA	L	N

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			FUND				
443	DATA PROCESSING	PROPRIETARY	INTERNAL SERVICE FUND	4	GA	L	N
444	SBCTC-IT CONTROL (SBCTC ONLY)	Rolls to 443 for AFRS Reporting		4			N
448	PRINTING	PROPRIETARY	INTERNAL SERVICE FUND	4	GA	L	N
450	OTHER FACILITIES	PROPRIETARY	INTERNAL SERVICE FUND	4	GA	L	N
460	MOTOR POOL	PROPRIETARY	INTERNAL SERVICE FUND	4	GA	L	N
489	PENSION FUNDING STABILIZATION ACCT	GOVERNMENTAL	SPECIAL REVENUE FUND	1	BA	T	B
522	ASSOCIATED STUDENTS	PROPRIETARY	ENTERPRISE FUND	4	FA	L	N
524	BOOKSTORE	PROPRIETARY	ENTERPRISE FUND	4	FA	L	N
528	PARKING	PROPRIETARY	ENTERPRISE FUND	4	FA	L	N
569	FOOD SERVICES	PROPRIETARY	ENTERPRISE FUND	4	FA	L	N
570	AUXILIARY ENTERPRISES	PROPRIETARY	ENTERPRISE FUND	4	FA	L	N
571	OVERSEAS PROGRAMS	Rolls to 570 for AFRS Reporting		4			
572	OVERSEAS PROGRAMS	Rolls to 570 for AFRS Reporting		4			
573	HOUSING AND FOOD SERVICES	PROPRIETARY	ENTERPRISE FUND	4	FA	L	N
743	FACULTY AWDS TRST (SBCTC ONLY)	GOVERNMENTAL	SPECIAL REVENUE FUND	3	BA	T*	N
790	COLLEGE PAYROLL CLEARING	FIDUCIARY	AGENCY FUND	5	HD	L	N
840	AGENCY	FIDUCIARY	AGENCY FUND	5	HD	L	N
841	CASH CONTROL	Rolls to 840 for AFRS reporting		5			N
843	EXCEPTIONAL FACULTY AWDS ENDOWMT	GOVERNMENTAL	PERMANENT FUND	2	EA	L	N
846	GRANTS IN AID	GOVERNMENTAL	SPECIAL REVENUE FUND	3	BA	L	N
849	STUDENT LOAN ACCT	GOVERNMENTAL	SPECIAL REVENUE FUND	3	BA	L	N
850	WORK STUDY ACCT	GOVERNMENTAL	SPECIAL REVENUE FUND	3	BA	L	N
859	ENDOWMENT LOCAL ACCT	GOVERNMENTAL	PERMANENT FUND	2	EA	L	N
860	INSTITUTIONAL FINANCIAL AID FUND	GOVERNMENTAL	SPECIAL REVENUE FUND	3	BA	L	N
991	NDSL FUND	Rolls to 849 for AFRS Reporting		3			

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	SCCC					
992	NURSES LOAN FUND SCC	Rolls to 849 for AFRS Reporting		3		
993	NDSL FUND NSCC	Rolls to 849 for AFRS Reporting		3		
995	NDSL FUND SCCC	Rolls to 849 for AFRS Reporting		3		
997	GENERAL CAPITAL ASSETS SUBSIDIARY ACCT	GENERAL CAPITAL ASSET AND LT OBLIGATIONS	GENERAL CAPITAL ASSETS SUBSIDIARY ACCOUNT	3	IA	L N
999	GENERAL LONG-TERM OBLIGATIONS SUBSIDIARY ACCT	GENERAL CAPITAL ASSET AND LT OBLIGATIONS	GENERAL LONG-TERM OBLIGATIONS SUBSIDIARY ACCOUNT	3	JA	L N
Footnotes:						
T* Treasury trust account - see SAAM 75.30.20-2						

10.30 Chart of Accounts

Overview

The accounting structure required by FMS provides the information necessary for reporting to AFRS. For this reason, there is no local discretion in many of the account code elements, and the corresponding FMS control tables are centrally maintained. Some elements are locally defined, or are optional, so districts have some flexibility to tailor to their needs. The following sections explain which elements are system or locally defined.

See FMS account structure documentation at the [SBCTC-IT web site](#) for explanation of the tables, table maintenance, reporting relationships, on-line edits, etc.

10.30.10 FMS 2003-08-15

10.30.10.a What is the account structure of the FMS?

The FMS account structure contains the following fields. The various fields listed below are more fully defined later in this section.

- Transaction Code (TC) 3 characters, alpha-numeric (system)
 - Appropriation Index (Appr/Indx) 3 characters, alpha-numeric (system)
 - Program Index (Prog/Indx) 3 characters, numeric (system)
 - Comprised of Major Program (2) and Element (1)
 - Organization Index (Org/Indx) 4 characters, alpha-numeric (local)
 - Comprised of Campus (1), Division (1), Department (2)
- To the basic account code structure is attached either expenditure object coding or revenue source coding as follows:
- Subobject (SubObj) 2 characters, alpha (system)
 - Comprised of Object (1), Subobject (2)
 - Sub-SubObject 2 characters, alpha-numeric (locally defined optional field)
 - Source of Revenue (SRC) 4 characters, numeric (system)
 - Comprised of Major Group (2), Major Source (2)

- Sub-Source (SubSRC) 2characters, alpha-numeric (locally defined optional field)
- Reimbursable (REIM) 2 characters, alpha-numeric (locally defined optional field)
- Subsidiary Account (SUBSID) 10 characters, alpha-numeric (local)
 - Comprised of A/R Unique ID (6) FAPC identifier (1) and FAPC number or Due To/From fund code. Note: When the seventh position is blank, FMS reads the final three digits as a fund code or an agency code depending on the transaction code used.

[10.30.10.b](#) **Cross-walk to AFRS**

Some elements in the chart of accounts used in FMS by the community and technical colleges are agency specific. Those items are cross-walked to appropriate codes in AFRS (Washington State's "Agency Financial Reporting System") for summary reporting.

- See section [50.60.10](#) for a discussion of crosswalk differences for AFRS.
- See the table following the fund definitions for a complete listing of funds used by the community and technical colleges grouped by GAAP fund type and including their respective Program codes.

[10.30.20](#) **Funds**

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[10.30.20.a](#) **Funds Currently used in FMS**

The following are the funds currently used in FMS. See SAAM [75.30.50](#) and [75.30.60](#) for a complete list of fund account codes used by the State of Washington. See section [10.20.20](#) of this manual for fund classification and fund type codes.

- **001 State General** – Accounts for state general funds appropriated for community and technical college operations.
- **057 State Building Construction** – Appropriated by the Legislature, these funds are generated from the sale of state general obligation bonds to pay for capital projects authorized by bonding authorities.
- **060 Community and Technical College Capital Projects** – This is a general fund bond issue and construction account used for deposits of the legally prescribed percentage of general tuition for community and technical colleges, and for the proceeds from the sale of bonds for the State Board for Community and Technical Colleges. Refer to

Chapter [28B.15.069\(3\)](#) RCW.

- **08A Education Legacy Trust Account** - Used only for deposit into the student achievement fund and for expanding access to higher education through funding for new enrollments and financial aid, and other educational improvement efforts.
- **11A Employment Training Finance Account** - To provide training assistance to employers locating or expanding in the state.
- **120 Administrative Contingency Account** - Used for the administration of this title.

AUTHORITY:RCW 50.16.010

- **145 Grants and Contracts** Accounts for programs that are funded from a grant or contract, are restricted to use as designated by the grantor, and have an educational mission rather than community service focus. They include college work-study funds.

The source of funds could originate from the following:

- a. Other state agencies (WTC, DSHS, L&I, ESD, etc.)
 - b. Federal agencies
 - c. Local governments
 - d. Private entities (PACCAR, Boeing, Weyerhaeuser, etc.)
- Typical programs that might appear in this fund are:
 - Cooperative Education
 - Emergency Medical Grant
 - Kellogg Foundation Grant
 - Foster Care (DSHS)
 - International Students
 - Even Start
 - Running Start
 - Small Business Administration
 - Contracted training for a private company
 - WorkFirst federal grants
 - **147 Local Plant** – Accounts for revenue from local sources to be expended for capital improvements.
 - **148 Dedicated Local** – Accounts for self-sustaining programs, accommodation sales and mandatory student fees.

The source of funds typically originate from two main areas:

 - a. Dedicated revenues – sales of services created as an adjunct to the instruction program; community education programs; and accommodation sales (i.e. sales of dental tools to dental hygiene students).
 - b. Incidental fees – special fees established by the college to cover

- specific costs such as matriculation, transcribing, testing, etc.
- **149 Local General** – Accounts for general operating expenses, and the revenue from operating portion of tuition, and interest on investments of fund balance. Fund 149 may be used for any and all program expenses that could otherwise be funded from state general funds (001). NOTE: With very limited exceptions, only revenue source codes 0424 (tuition) and 0409 (interest) are allowed in fund 149.
 - **14T Green Industries Jobs Training Account** - To supplement the state opportunity grant program. Grant funds may be used for: curriculum development, transitional jobs strategies for dislocated workers in declining industries who may be retrained for high-wage occupations in green industries, workforce education to target populations, and adult basic and remedial education as necessary linked to occupation skills training.
 - **17C Opportunity Express** - Used for worker retraining programs, training programs administered by labor and management partnerships, industry-prioritized training programs, training programs that facilitate career progression in health care occupations, the opportunity internship program, and the opportunity grant program.
 - **253 Education Construction** – College's periodically receive capital appropriations from this emergency reserve for school and higher education construction. (RCW 43.135.045)
 - **357 Gardner-Evans Higher Education Construction Account** - Used to account for capital improvements for the institutions of higher education.
 - **359 School Construction and Skill Centers Building Account** - For providing school construction assistance grants and capital improvements for skill center facilities.
 - **440 Stores** – Accounts for expenditures and revenues to provide supplies to other units of the college on a self-sustaining basis.
 - **443 Data Processing** – Accounts for expenditures and revenues generated by providing data processing services to other units of the college on a reimbursement basis. Also accounts for equipment reserve funds held by the SBCTC-IT for colleges.
 - **444 SBCTC-IT Control Fund** – Accounts for revenues and expenditures of the SBCTC-IT. (SBCTC use only)
 - **448 Printing Fund** – Accounts for revenues and expenditures generated from providing printing supplies and services to other units

- of the college on a reimbursement basis.
- **450 Other Facilities** – Accounts for revenues and expenditures generated from providing services and supplies not otherwise covered to other units of the college on a reimbursement basis.
 - **460 Motor Pool** – Accounts for revenues and expenditures generated from providing transportation services to other units of the college on a reimbursement basis.
 - **489 Pension Funding Stabilization Account** - For the payment of state government employer retirement contributions for members.
 - **522 Associated Students** – Accounts for the revenues and expenditures associated with locally approved student body activities. Local college governing boards may distribute a percentage of tuition collections to this fund, under authority of Chapter 28B.15.069(4) RCW .
 - **524 Bookstore** – Accounts for the revenues and expenditures associated with operating a college bookstore.
 - **528 Parking** – Accounts for the revenues and expenditures associated with the business of providing parking services.
 - **561 Innovation** – Used to implement the college board’s strategic technology plan to improve strategic technology plan to improve student achievement, student services, and increase system wide administrative efficiencies.
 - **569 Food Services** – Accounts for the revenues and expenditures associated with the business of providing cafeteria services to students.
 - **570 Auxiliary Enterprises** – Those self-sustaining activities that are not related to the educational mission of the college, but have a community theme relating to or of a cultural or recreational nature. The source of funds is primarily user fees.
 - Typical programs that might appear in this fund are:
 - Art galleries
 - Parent cooperative
 - Tour group programs
 - Concert bands
 - Sports camps
 - Fund raising
 - Seminars
 - **571 Overseas Programs** – Accounts for self-support programs or campuses operated in another country. Crosswalks to fund 570 for AFRS. Colleges may use this fund for significant enterprise activities

that they want to track separately.

- **572 Overseas Programs** – Accounts for self-support programs or campuses operated in another country. Crosswalks to fund 570 for AFRS. Same uses as fund 571.
- **573 Housing and Food Services** – Accounts for the revenue and expenditures associated with the business of operating local housing and food services for students.
- **743 Faculty Awards Trust Account** – Accounts for funds appropriated by the legislature for exceptional faculty awards program and invested by the State Treasurer. Only the SBCTC has activity in this fund.
- **790 Community College Payroll Clearing** – Accounts for funds temporarily in college possession, but not necessarily belonging to it. These are restricted to payroll activities.
- **840 Agency** – Accounts for funds in the custody of the college, but not belonging to it, or for funds in suspense status for clearing. It includes tuition receipts prior to distribution to other funds or state treasurer. Vendor payment advance activity also tracks through this fund. It does not include activities defined below in fund 843, 846, and 849.
- **841 Cash Control** – Accounts for college's pooled cash and investments. See FAM Section [40.10.10](#). Crosswalks to fund 840 for AFRS reporting.
- **843 Exceptional Faculty Awards Endowment Account** – A permanent trust fund used to account for faculty awards funded by private donations and state match. (Ref RCW [28B.50.839](#))
- **846 Grants in Aid** – Used to account for all funds placed in the custody of the college for use as scholarships or fellowships.
- **849 Student Loan** – Used to account for all funds placed in the custody of the college for use as loans to students.
- **850 Work Study** – Used to account for all funds placed in the custody of the college for use as work-study payments to students.
- **859 Endowment Local** – A permanent trust fund used to account for the gifts and bequests that the donors have specified must remain intact. Interest earned should be transferred to a private purpose trust account to offset related expenditures.
- **860 Institutional Financial Aid Fund** – Accounts for the revenue from the 3½% portion of tuition designated for aid to students. See SAAM [75.30.50](#) and RCW [28B.15.820](#) for complete descriptions and restrictions on use.

- **991 NDSL** – Accounts for federal student loan programs (NDSL – National Defense Student Loans). Crosswalked to fund 849 for AFRS reporting.
- **992 Nurses Loan** – Accounts for federal student nursing loan programs. Crosswalked to fund 849 for AFRS reporting.
- **993 NDSL** – Accounts for federal student loan programs. Crosswalked to fund 849 for AFRS reporting.
- **995 NDSL** – Accounts for federal student loan programs. Crosswalked to fund 849 for AFRS reporting.
- **997 General Fixed Asset Subsidiary Account** – Accounts for all assets and related depreciation of Governmental Funds, and Private Purpose and Pension Trust Funds.
- **999 Long-term Obligation Subsidiary Account** – Accounts for all long-term debt incurred by Governmental Funds, Private Purpose Trust Funds and Agency Funds.

[10.30.20.b](#) **FUNDS by Group and Title**

Name	Fund Number	FMS FundType	Program Number	GAAP FundType
General and Capital Project				
General	001	1	011-094	Governmental
Building Construction	057	1	9xx	Governmental
Comm. Coll. Cap. Project	060	1	9xx	Governmental
Education Construction	253	1	9xx	Governmental
Refunding Bond Retirement	329	1	SBCTC only	Governmental
Special Revenue				
Local General	149	3	011-094,500	Governmental
Dedicated Local	148	3	011-094,500	Governmental
Grant and Contract	145	3	1xx	Governmental
Local Plant	147	3	9xx	Governmental
Faculty Awards Trust	743		SBCTC only	Governmental
Financial Aid	860	3	27x	Governmental
Internal Service Funds				
Central Stores	440	4	254	Proprietary
Data Processing	443	4	253	Proprietary
SBCTC-IT Control	444	4	SBCTC Only	Proprietary
Printing	448	4	255	Proprietary
Other Service Activities	450	4	256	Proprietary
Motor Pool	460	4	251	Proprietary
Enterprise Funds				
Student and Activities	522	4	264	Proprietary
Bookstore	524	4	261	Proprietary
Parking	528	4	252	Proprietary

Food Service	569	4	262	Proprietary
Other Auxiliary Enterprises	570	4	265	Proprietary
Overseas Programs	571/572	4	265	Proprietary
Housing/Food Service	573	4	262	Proprietary
Agency Funds				
College Payroll Clearing	790	5	300	Fiduciary
Innovation and Quality Fund	791	5	300	Fiduciary
Agency	840	5	28x	Fiduciary
Cash Control	841	5	280	Fiduciary
Permanent Funds				
Exceptional Faculty Awards	843	2	290	Governmental
Endowment Local	859	2	290	Governmental
Private Purpose Trust Funds				
Scholarships & Grants in Aid	846	4	271,275	Fiduciary
Student Loans	849	4	272	Fiduciary
NDSL	991	4	272	Fiduciary
Nursing Loans	992	4	272	Fiduciary
NDSL	993	4	272	Fiduciary
NDSL	995	4	272	Fiduciary
State Work Study	850	4	273	Fiduciary
Subsidiary Accounts				
General Capital Assets	997	3	210,9xx,500	General Capital Asset & Long-term Liabilities
General Long-term Obligations	999	3	500	

10.30.25 General Ledgers

2006-01-10

10.30.25.a Where can I get a list of general ledgers?

Following is a listing of all general ledgers with brief descriptions. FMS control table GA1031 also contains all the GL's, with titles and other attributes, used by the community and technical colleges. To obtain this list from FMS, run cataloged DATA report GA1031R (group name INFORM, account PLIB). The table is maintained by the SBCTC-IT. See SAAM 75.40.10 & 75.40.20 for a complete list of general ledgers used by the State of Washington.

10.30.25.b General Ledger Codes Defined

10.30.25.b.1 0000 - Staff Months

- **0120 - Payroll Staff Months**

This is a non-fiscal general ledger used for recording payroll staff

months within the FMS system. Do not use in agency funds. It is unique to the CTC system and not therefore not found in the SAMM manual.

- **0130 - Accrued Staff Months**
This is a non-fiscal general ledger used for recording accrued payroll staff months within the FMS system. Do not use in agency funds. It is unique to the CTC system and not therefore not found in the SAMM manual.
- **0998 - Clearing Account for Staff Months**
This general ledger is used as the off set for GL 0120. It is unique to the CTC system and not therefore not found in the SAMM manual.

[10.30.25.b.2](#) **1000 - Current Assets**

- **1110 - Cash in Bank**
This account is used to record all cash in the bank. GL 1110 must be reconciled to equal the general ledger 1150.
- **1120 - State Agency Deposits In-Transit**
This account is used to record all revenue received from another state agency in July with a check/warrant dated June 30th or before.
- **1130 - Petty Cash**
This account is used to record petty cash issued for the purpose of making change or paying small obligations. In Special Revenue, Endowment and Agency funds the GL 1130 and 9556 must be equal to each other.
- **1140 - Deposits with Escrow Agents and Trustees**
This account is used to record cash held in escrow by a trustee bank and represents the retained earnings percentage of capital contacts payable. GL 1140 and 5116 must be equal to each other.
- **1150 - Summary Cash**
This account is used to record cash deposited or expensed at the summary level. Must equal general ledger 1110.
- **1151 - Summary Cash Contra**
This account is contra to the Summary Cash ledger 1150.

[10.30.25.b.3](#) **1200 - Investments**

- **1205 - Pooled Cash Investments**
This account is used to record the investment of pooled cash balances. Generally this GL is only used in fund 841.
- **1206 - Investment with Local Government Investment Pool**
Money invested in the Local Government Investment Pool, which is

maintained by the Office of State Treasurer (OST).

- **1210 - Investments Non Current**
This account is used to record the face value of long-term investment securities.
- **1220 - Unamortized Premiums on Investments**
This account is used to record that portion of the excess of the amount paid for securities over their face value which has not yet been amortized.
- **1230 - Unamortized Discounts on Investments**
This account is used to record that portion of the excess of the face value of securities over the amount paid for them which has not yet been amortized.
- **1280 - Valuation Allowance - Investments**
This account is used to record market value changes relating to long-term investments.

[10.30.25.b.4](#) **1300 – Short-Term Receivables**

Receivables that are due within twelve months.

- **1312 - Accounts Receivable – Short-Term**
The balance of this account represents amounts owed on open accounts from private individuals or organizations for goods and services furnished by the college. Any uncollectible accounts will be written off by using GL 1342.
- **1314 - Loans Receivable – Short-Term**
The balance of this account represents the uncollected portion of loans receivable. Loans are defined as amounts that have been loaned to individuals or organizations external to the college, including notes taken as security for such loans.
- **1316 - Interest Receivable on Investments – Short-Term**
The balance of this account represents the amount of interest receivable on investments.
- **1317 - Other Interest Receivables – Short-Term**
The balance of this account represents the amount of interest receivable on current assets except for investments where the interest receivable is recorded under GL 1316.
- **1318 - Unbilled Receivables – Short-Term**
The balance of this account represents the estimated amount of accounts receivable not yet invoiced.
- **1319 - Other Receivables – Short-Term**

The balance of this account represents other receivables billed or supported by other evidence of indebtedness. Can be used for bookstore, NSF checks, payroll advances, or travel advances. Any uncollectible accounts will be written off by using GL 1349.

- **1342 - Allowance for uncollectible Accounts Receivable – Short-Term**

The balance of this account represents the portion of accounts receivable estimated to be uncollectible. See GL 1312.

- **1344 - Allowance for Uncollectible Loans Receivable – Short-Term**

The balance of this account represents the portions of loans receivable estimated will never be collected. See GL 1314.

- **1349 - Allowance for Uncollectible Other Receivables – Short-Term**

The balance of this account represents the portion of other receivables estimated to be uncollectible. See GL 1319.

- **1350 - Due From Other Funds – Vender Payment Advances (V.P.A)**

The balance of this account represents the vendor payment advance due from other funds within a college. This account is to be accompanied by a valid fund code in the general ledger subsidiary. Within an agency, all GL 1350 and 5150 must be equal to each other.

- **1351 - Due from Federal Government – Short-Term**

The balance of this account represents amounts due from federal agencies.

- **1352 - Due from Other Governments – Short-Term**

The balance of this account represents amounts due counties, municipalities, school districts, or other local units of government.

- **1353 - Due From Other Funds – Short-Term (Internal)**

The balance of this account represents amounts due from other funds within the college. This account is to be accompanied by a valid fund code in the general ledger subsidiary field. Within a college, all GL 1353 and 5153 must be equal to each other.

- **1354 - Due from Other State Agencies – Short-Term**

The balance of this account represents amounts due from other state agencies. This account is to be accompanied by a valid state agency code in the general ledger subsidiary field. Statewide, all GL 1354 and 5154 are to be in balance; therefore, every effort should be made to communicate with the other state agencies involved.

- **1355 - Due from Other Funds – Pooled Cash – Short-Term**

The balance of this account represents amounts of cash, summarized by fund, within a college. Surplus cash balances from all funds are pooled for the purpose of making investments. Within an agency, all GL 1355 and 5155 must be equal to each other.

- **1360 - Federal Student Loans**
The balance in this account represents the gross amount loaned to students since the program's inception. These amounts are not reported to AFRS and are used for federal reporting.
- **1361 - Federal Student Loans – Principle Collected**
The balance in this account represents the total amount of principal collected since the program's inception. These amounts are not reported to AFRS and are used for federal reporting.
- **1362 - Federal Student Loans – Principal Canceled**
The balance in this account represents the total amount of principal canceled since the program's inception. These amounts are not reported to AFRS and are used for federal reporting.
- **1363 - Federal Student Loans – Interest Canceled**
The balance in this account represents the total amount of interest canceled since the program's inception. These amounts are not reported to AFRS and are used for federal reporting.
- **1364 - Federal Student Loans – Assigned to Federal Government**
The balance in this account represents the total amount of loan principal assigned to the federal government since the program's inception. These amounts are not reported to AFRS and are used for federal reporting.
- **1365 - Federal Student Loans – Interest Assigned**
The balance in this account represents the total amount of loan interest assigned to the federal government since the program's inception. These amounts are not reported to AFRS and are used for federal reporting.
- **1383 – Travel Advances**
This general ledger is used to record the value of travel advances outstanding at year-end. Amounts posted to this ledger are also posted to the A/R sub-ledger under Sub-Ledger Code 10. Sub-ledger details can be obtained using FMS process GA1337J.
- **1399 - Payroll Handwrites**
This general ledger is used by **Community and Technical Colleges only** to record payroll handwrites. It is not included in SAAM manual. This general ledger rolls up into GL 1319 for reporting to AFRS. Sub-ledger details can be obtained using FMS process

GA1337J with Sub-Ledger Code 07.

[10.30.25.b.5](#) **1400 – Inventories**

- **1410 - Consumable Inventories**
The balance of this account represents the cost of inventories for consumable materials, supplies, and foodstuffs on hand at the close of business on June 30th, when those balances exceed \$25,000. Also considered “consumable” are airline tickets purchased before June 30th, but used in the new fiscal year.
- **1420 - Merchandise Inventories**
The balance of this account represents the cost of goods held for resale rather than for use in operations, which are on hand at the close of business on June 30. This GL must only be used when object code F and major revenue source 0450 are used as well.
- **1440 - Raw Materials Inventories**
The balance of this account represents the cost of raw materials inventories. Used for Proprietary funds only.

[10.30.25.b.6](#) **1500 - Prepaid Expenses**

- **1510 - Prepaid Expenses**
The balance of this account 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. Note: This ledger is allowed in 4xx and 5xx funds only.

[10.30.25.b.7](#) **1600 – Long-Term Receivables**

Long-Term Receivables are those not due within 12 months.

- **1614 - Loans Receivable – Long-Term (Such as Perkins Loan)**
The balance of this account represents the long-term portion of loans receivable. Loans are defined as amounts that have been loaned to individuals or organizations external to the state. Any uncollectible accounts will be written off by using GL 1644.
- **1619 - Other Receivables – Long-Term**
The balance of this account represents long-term other receivables billed or supported by other evidences of indebtedness. Any uncollectible accounts will be written off by using GL 1649.
- **1644 - Allowance for Uncollectible Loans Receivable – Long –Term**
The balance of this account represents the portion of long-term loans

receivable that is estimated will never be collected. See GL 1614.

- **1649 - Allowance for Uncollectible Other Receivables – Long-Term**

The balance of this account represents the portion of long-term other receivables which is estimated will never be collected. See GL 1619.

- **1653 - Due from Other Funds Internal – Long-Term**

The balance of this account represents long-term amounts due from other funds within an agency. This account is to be accompanied by a valid fund code in the general ledger subsidiary. Within an agency, all GL 1653 and 5253 are to equal each other.

[10.30.25.b.8](#) **1800 – General Long-Term Obligations Valuation Accounts**

- **1810 - Amount Available in Debt Service Funds**

The balance of this account represents the balance available in debt service funds for the retirement of general long-term obligations. The liability balance is recorded in the General Long-Term Obligations Account Group (fund 999).

- **1820 - Amount to be Provided for Retirement of Long-Term Obligations**

The balance of this account represents the amount to be provided from general revenues to retire outstanding general long-term obligations. General ledger liability credits are offset with a debit to GL 1820 within the General Long-Term Obligations Account Group (fund 999).

[10.30.25.b.9](#) **1900 - Other Assets**

- **1910 - Unamortized Discounts on Bonds Sold**

The balance of this account represents the original issue discount (OID) on the sale of bonds that remains to be amortized over the remaining life of the bonds. This account is used when OID in proprietary and trust funds is material. Governmental funds record OID to GL Code 3210 Revenue Source Code 0862 "Original Issue Discount."

- **1911 - Unamortized Discounts on Certificates of Participation**

The balance of this account 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 account is used when OID in proprietary and trust funds is material. Governmental funds record OID to GL Code 3210 Revenue Source Code 0856 "Original Issue Discount Refunding Bonds."

[10.30.25.b.10](#) **2000 – Fixed Assets**

Fixed assets used in activities of enterprise, internal service, private purpose trust funds are accounted for in the funds themselves. Capital fixed assets of general, special revenue, and capital projects, are accounted for in the General Fixed Assets Account Group (fund 997). See GL 9810 to 9830 for credit entries to the General Fixed Assets Account Group. Never record fixed assets in agency funds.

- **2110 - Land**
The balance of this account 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. Land is never depreciated.
- **2140 - Intangible Assets (non-land use) with Indefinite Useful Lives**
The balance of this account represents the cost of purchased or constructed intangible assets for which there are no factors that limit the useful life of the asset.
- **2210 - Buildings**
The balance of this account represents the cost of permanent buildings and any material (\$100,000 or more) capital improvements to such buildings. It does not include furniture, fixtures, or other equipment not an integral part of the building.
- **2220 - Allowance for Depreciation – Building**
The balance of this account represents accumulated credits made to reflect the expiration of the estimated service life of improvements of building.
- **2310 - Improvements Other Than Buildings (Infrastructure)**
The balance of this account represents the cost of permanent improvements other than buildings that add value to the college.
- **2320 - Allowance for Depreciation – Improvements Other Than Buildings**
The balance of this account represents accumulated credits made to reflect the expiration of the estimated service life of improvements other than building.
- **2410 - Furnishings and Equipment**
The balance of this account represents the acquisition cost of furnishings or equipment with a life of more than one year (other than

land, buildings, improvements other than buildings and library resources.) Each item must have a value equal or greater than \$5,000.

- **2420 - Allowance for Depreciation – Furnishings and Equipment**
The balance of this account represents accumulated credits made to reflect the expiration of the estimated service life of furnishings and equipment.
- **2430 - Library Resources**
The balance of this account represents the cost of items that are loaned out, such as books, periodicals, and microfilm, that become unusable or dated and will require replacement. There are items whose useful lives are diminished by display, educational or research applications, or use. (It generally does not include library reserve collections, which are considered inexhaustible in that their value does not diminish over time and are therefore not depreciated.)
- **2440 - Allowance for Depreciation - Library Resources**
The balance of this account represents accumulated credits made to reflect the expiration of the estimated service life of library resources.
- **2470 - Intangible Assets with Definite Useful Lives**
The balance of this account represents the costs of purchased or internally developed intangible assets such as software 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.
- **2480 - Allowance for Amortization = Intangible Assets**
The balance of this account represents accumulated credits made to reflect the expiration of the estimated service life of intangible assets.
- **2510 - Construction in Progress**
The balance of this account represents the cost of construction work undertaken but not yet completed.

[10.30.25.b.11](#) **3000 - Revenues**

- **3110 - Approved Estimated Revenues - Allotment only**
The balance of this account represents revenues estimated to be received during the biennium.
- **3205 - Accrued Revenues**
This account is used to record accrued revenues when the GAAP revenue recognition criterion, pertinent to the fund type, is met. This account is to be used with an offsetting entry to the appropriate receivable or liability account.
- **3210 - Cash Revenues**

This account is used to record all revenue receipts received from July 1 to June30.

- **3213 - Gains and Losses on Sales of Capitalized Fixed Assets**
This account is used to record differences between the net book value of fixed assets and the actual compensation received in disposing of the assets. Revenue source code 0418 “Gains and Losses on Sales of Capitalized Fixed Assets” is to be used with this general ledger. (Used only in enterprise, and internal service, funds.)
- **3215 - Immaterial Adjustments to Prior Periods**
This account is used to record immaterial adjustments to beginning fund equity accounts. Entries posting to this general ledger require the use of revenue source code 0485 “Immaterial Prior Period Adjustments”.
Note: Except with OFM approval, debit 3215 balances are not allowed in treasury funds. Debits balances in local funds may result in an OFM request to provide explanation for the entry.
- **3220 - Non-cash Revenues**
This account is used to record all non-cash revenues (e.g., investment valuation, amortization of premiums and/or discounts on investments.) This account is not to be used for revenue that will be received in a future.
- **3221 - Non-cash Other Financing Sources (used only with COP and Lease/Purchase)**
This account is used to record all non-cash financing sources, such as acquisitions of capital fixed assets through Certificate of Participation (COP), lease-purchase or installment-purchase contracts. An offsetting entry to GL 6514 is to be made. (Used only in general, special revenue, and capital projects funds.)
- **3225 - Revenue Adjustments/Eliminations (GAAP) rare**
This account is used in allotted funds when a difference occurs in the GAAP and budgetary recording of an accounting event. For example, when recording the sale of a capital fixed asset in an allotted enterprise fund; it is necessary to debit cash and accumulated depreciation and credit the fixed asset, then debit or credit, as appropriate, GA 3213. For budgetary reporting, it is also necessary to debit this account and credit GL 3210 for the cash received.
- **3260 - Estimated Accrued Revenues (At a biennium close only)**
This account is used to record accrued revenues when the GAAP revenue criteria pertaining to the fund type is met but the exact amount is not known, or is in dispute.

[10.30.25.b.12](#) **4300 – Cash In Custody Of State Treasurer**

- **4310 - Current Treasury Cash Activity (Any State Treasurer's office activity)**
This account is used to record all treasure cash activity from July 1 to June 30 that has been recorded by the State Treasurer. The in-process control accounts (GL series 7xxx) affected.
- **4320 - Beginning Treasury Cash Balance (OFM Only)**
This is a system generated account that represents the prior fiscal year's June 30 ending treasury cash balance for a fund as presented in the state's Comprehensive Annual Financial Report.

[10.30.25.b.13](#) **5000 – Liabilities****5100 – Short-Term Liabilities**

Short-Term Liabilities generally are those expected to be paid within twelve months.

- **5111 - Accounts Payable – Short-Term**
The balance of this account represents amounts owing on open accounts for goods and services received by June 30.
- **5112 - Interest Payable – Short Term**
The balance of this account represents the amount of interest owed on accounts and contracts payable.
- **5116 - Retained Earnings Payable – Short-Term**
The balance of this account represents the percentage of the total contract price due to the contractor pending final inspection or the lapse of a specified time period. GL 1140 and GL 5116 must be equal to each other.
- **5117 - Construction Contracts Payable – Short-Term**
The balance of this account represents amounts due on contracts for the construction of buildings and other improvements.
- **5124 - Accrued Salaries and Fringe Benefits Payable – Short-Term (monthly)**
The balance of this account represents salaries and fringe benefits earned but not paid.
- **5125 - Accrued Vacation Leave Payable – Short-Term**
The balance of this account represents the current portion of salaries for the amount of leave owed but not paid.
- **5127 - Accrued Sick Leave Payable – Short-Term**
The balance of this account represents the current portion of salaries

for the amount of leave owed but not paid.

- **5150 - Due to Other Funds – Vendor Payment Advance – Short-Term**
The balance of this account represents the vendor payment advances due to other funds within a college. This account is to be accompanied by a valid fund code in the general ledger subsidiary field. Within a college, all GL 1350 and 5150 must be equal to each other.
- **5151 - Due to Federal Government – Short-Term**
The balance of this account represents obligations due to federal agencies.
- **5152 - Due To Other Government – Short Term**
The balance of this account represents obligations due to countries, municipalities, school districts, other local units of governments, Indian tribes and other states.
- **5153 - Due to Other Funds – Internal, Short-Term**
The balance of this account represents amounts due to other funds within a college. This account is to be accompanied by a valid fund code in the general ledger subsidiary field. Within a college, all GL 1353 and 5153 must be equal to each other.
- **5154 - Due to Other State Agencies – Short-Term**
The balance of this account represents amounts due to other state agencies. This account is to be accompanied by a valid state agency code in the general ledger subsidiary field. Statewide, all GL 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 – Short-Term (only in 841 fund.)**
The balance of this account represents pooled cash amounts due to other funds within a college. All GL 1355 and 5155 must be equal to each other.
- **5158 - Due To Department of Revenue – Sales and Use Taxes, Short – Term**
The balance of this account represents sales and use taxes collected but not yet remitted to the Department of Revenue. This account is to be used in lieu of GL 5154 and is not to be accompanied by an entry in the general ledger subsidiary field.
- **5162 - Revenue Bonds Payable – Short-Term**
The balance of this account represents the face value of bonds maturing within one year for which a specific revenue source has

been dedicated to fund debt service.

- **5171 - Installment-Purchase Contracts Payable – Short-Term**
The balance of this account represents the current portion payable by June 30th of the present value of total future payments on installment-purchase contracts.
- **5172 - Lease-Purchase Agreement Payable – Short-Term**
The balance of this account represents the payments due on lease-purchase agreements within one year.
- **5173 - Certificate of Participation (COP) – Thru Office of State Treasury. – Short-Term**
The balance of this account represents the payments on a COP agreement within one year.
- **5181 - Employee Insurance Deduction Payable, Short-Term**
The balance in the account represents amounts held for future insurance payments.
- **5188 - Saving Bond Deductions Payable – Short – Term**
The balance in this account represents amounts held for future purchases of U.S. Government Saving Bonds. The moneys are derived from miscellaneous deductions from employees' pay.
- **5189 - Garnishment Deductions Payable – Short-Term**
The balance in this account represents amounts deducted from employees' pay for garnishments and levies and held for subsequent distribution as ordered by the courts.
- **5191 - Deposits Payable – Short-Term**
The balance of this account represents amounts payable for deposits made by student or contractors.
- **5192 - Deferred Revenues – Short-Term**
The balance of this account represents amounts for which the revenue recognition criteria have not been met. Included is all summer and fall tuition revenue received on or before June 30th.
- **5194 - Liability for Cancelled Warrants/Checks – Short-Term**
This account is used to record liabilities arising from the cancellation of warrants or checks.
- **5198 - Loans Payable – Short-Term**
This account is used to reflect the balances of any other outstanding short-term loans payable authorized by statute to meet current obligations.
- **5199 - Other Liabilities – Short-Term**
The balance of this account represents other current liabilities.

[10.30.25.b.14](#) **5200 – Long-Term Obligations**

Long-Term Obligations generally are those not expected to be paid within the next twelve months. Long-term obligations resulting from activities in enterprise, internal service, and agency funds are accounted for in the funds themselves. Long-term obligations in general, special revenue and capital projects, are accounted for in the General Long-Term Obligations Account Group.

- **5225 - Vacation Leave Payable – Long-Term**
The balance of this account represents the noncurrent portion of salaries for the amount of leave owed but not paid.
- **5227 - Sick Leave Payable – Long-Term**
The balance of this account represents the noncurrent portion of salaries for the amount of leave owed but not paid.
- **5251 - Due To Federal Government – Long-Term**
The balance of this account represents long-term obligations due to federal agencies.
- **5253 - Due To Other Funds – Long-Term**
The balance of this account represents long-term amounts due to other funds within a college. This account is to be accompanied by a valid fund code in the general ledger subsidiary field. Within an agency, the total of GL 1653 debits must be equal to GL 5153 credits.
- **5262 - Revenue Bonds Payable – Long-Term**
The balance of this account represents the face value of bonds maturing beyond one year for which a specific revenue source has been dedicated to fund debt service.
- **5271 - Installment-Purchase Contracts Payable – Long-Term**
The balance of this account represents the long-term portions of the present value of total future payments on installment-purchase contracts.
- **5272 - Lease-Purchase Agreements Payable – Long-Term**
The balance of this account represents the long –term portions of the present value of total future payments on lease-purchase agreements made with a private or municipal entity.
- **5273 - Certificate of Participation Payable**
The balance of this account represents the long-term portions of the present value of total future payments on certificate of participation agreements made with the Office of the State Treasurer.
- **5299 - Other Obligations – Long-Term**

The balance of this account represents long-term portions of other long-term obligations.

[10.30.25.b.15](#) **6000 – Expenditures**

- **6110 - Approved Unallotted Appropriations – Allotment Only**
The balance of this account represents the unallotted portion of legislative appropriations or the estimate of nonappropriated expenditures/expenses.
- **6210 - Approved Allotments – Allotment Only**
The balance of this account represents authorized allotments of appropriated funds for the biennium.
- **6120 - Approved Lapsing – Allotment Only**
The balance of this account represents the portion of legislative appropriations for which the expenditure authority no longer exists.
- **6310 - Approved Reserve – Allotment Only**
The balance of this account represents amounts transferred from allotted or appropriated status to reserve status for legislative appropriations.
- **6410 - Encumbrances**
This account is used to record encumbrance activity from July 1 to June 30 each year. GL 9510 “Reserved for Encumbrances” is the offsetting entry to this account. At the end of a biennium, this account should equal to zero.
- **6505 - Accrued Expenditures**
This account is used to record expenditures/expenses for goods and/or services which meet the GAAP expense recognition criteria of the fund type but remain unpaid.
- **6510 - Cash Expenditures**
This account is used to record all expenditures/expenses paid from July 1 to June 30.
- **6511 - Depreciation/Amortization Expense**
This account is used to record the amount of depreciation and amortization computed on capital fixed assets owned by enterprise, internal service and private purpose trust funds in which expenses, net income, and/or capital maintenance are measured. This account is to be offset by an entry to the appropriate GL series 2xxx, "Allowance for Depreciation" or "Allowance for Amortization – Intangible Assets".
- **6514 - Fixed Asset Acquisitions by COP /Lease/Installment Purchase**

This account is used to record acquisitions of capital fixed assets through Certificates of Participations, lease-purchase or installment-purchase contracts. This account must be used with an offsetting entry to GL 3221. (Used only in general, special revenue and capital projects funds.)

- **6515 - Bad Debts Expense**

This account is used to record the expense recognized in the process of accounts receivable which had revenue as the offsetting entry. It indicates the portion of funds receivables which is estimated never to be collected. (Used in only enterprise, internal service and private purpose trust funds.)

- **6516 - Cost of Goods Sold- Merchandise Inventory only**

This account is used to record the inventory cost incurred upon sale of purchased or produced merchandise held for resale.

- **6525 - Expense Adjustments/Eliminations (GAAP) rare**

This account is used in allotted funds when a difference occurs in the GAAP and budgetary recording of an accounting event. For example, when purchasing a capital fixed asset in an allotted enterprise fund, it is necessary to debit the appropriate fixed asset account and credit cash or accounts payable. For budgetary accounting, it is also necessary it debit GL 6505 or 6510 and credit this account.

- **6560 - Estimated Accrued Expenditures/expenses (At Biennium close only)**

This account is used to record estimated expenditures/expenses for goods and/or services received by June 30th for which the exact amount is not known, or is in dispute.

- **6591 - Depreciation/Amortization Expense (General Capital Assets Subsidiary Account Fund 999 only)**

This account is used to record and amortization depreciation computed on capital assets owned by governmental fund type accounts. 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".

[10.30.25.b.16](#) **7100 – In-Process Control Accounts**

- **7110 - Receipts In-Process**

This account is used for all treasury funds to record all cash received and recorded by a college, but not yet posted by the State Treasurer.

- **7120 - Disbursements In-Process**

This account is used for all treasury funds to record the amount of all

disbursements prepared and recorded by a college, but not yet posted by the State Treasurer.

- **7130 - Disbursement Cancellations In-Process**
This account is used for all treasury funds to record the amount of all disbursement cancellations recorded by a college, but not yet posted by the State Treasurer.
- **7140 - Journal Vouchers In-Process**
This account is used for all treasury funds to record the amount of all interfund or interagency Journal Vouchers (form A7) for cash transfers which have been recorded by or on behalf of a college, but not yet posted by the State Treasurer, or posted by the State Treasurer but not yet posted by the college.

[10.30.25.b.17](#) **8100 – Federal Student Loan Offset**

- **8160 - Federal Student Loan Offset. (Used with GL 136x)**
This account is an offset to amounts recorded to GL 1360, 1361, 1362 and 1364. This amount is not reported to AFRS and is used for federal reporting.
- **8163 - Student Loan Offset. (Used with GL 136x)**
This account is an offset to amounts recorded to GL 1363 and 1365. This amount is not reported to AFRS and is used for federal reporting.

[10.30.25.b.18](#) **9000 – Fund Equity Accounts**

- **9100 - Budgetary Control Summary – Allotment Only**
The balance of this account represents offsetting differences for budgetary account entries. This account is the Contra-account for GL 3100 series, “Estimated Revenues” and GL 6100 series.
- **9223 - Fixed Asset Adjustment**
The balance of the account represents changes to the capitalization levels, as approved and directed by OFM.
- **9300 - No Longer Used**
- **9400 - Accumulated Earnings (only in 4xx and 5xx fund balance)**
The balance of this account represents accumulated unrestricted earnings. Used only in enterprise, internal service and private purpose trust funds.
- **9410 - Reserved Retained Earnings**
The balance of the account represents accumulated earnings restricted for specific future purposes. Agencies having a balance in this account at year-end will be required to disclose the purpose of the

reserve.

- **9510 - Reserved for Encumbrances**
This account represents the portion of fund balance legally restricted during the fiscal year for encumbrances accumulated in GL 6410, “Encumbrances” or GL 9513, “Encumbrances for Reappropriated Capital Appropriations.”
- **9513 - Encumbrances for Reappropriated Capital Appropriations**
The balance of this account represents encumbrances outstanding at June 30th of the second fiscal year of the biennium that relate to capital appropriations which are reappropriated in the new biennium.
- **9530 - Reserved for Permanent Funds – Nonexpendable Portion**
The balance of this account represents that portion of fund balances in permanent funds that is legally restricted and may not be expended for any purpose.
- **9531 - Reserved for Permanent Funds – Expendable Portion**
The balance of this account represents that portion of fund balance in permanent funds that is derived from earnings and may be used for purposes that benefit the state or its citizens.
- **9540 - Reserved for Consumable Inventories**
The balance of this account represents the portion of fund balance restricted to indicate that consumable inventories do not represent available spendable resources even though they are a component of net current assets. This account is the contra account for GL 1410 “Consumable Inventories.”
- **9545 - Reserved for Unemployment Compensation**
The balance of this account represents the portion of fund balances restricted for future payments of unemployment compensation benefits.
- **9556 - Reserved for Petty Cash**
The balance of this account represents the portion of fund balance restricted for petty cash accounts. For Special Revenue funds the GL 9556, must equal the GL 1130.
- **9560 - Reserved for Student Loans Receivable**
The balance of this account represents the portion of fund balance restricted to indicate that net student loans receivable do not represent available spendable resources even though they are a component of net current assets.
- **9557 - Reserved for Investments**
The balance of this account represents the portion of fund balance

restricted to indicate the portion of long-term investments that does not represent available spendable resources. For Special Revenue funds, GL 9557 must equal GL 1210.

- **9578 -Designated for Debt Service**
The balance of this account represents fund balances in debt service, or a portion of fund equities in enterprise, and internal service funds where resources, although not legally restricted, are expected to be used for the payment of long-term debt principal and interest amounts maturing in future years.
- **9580 - Other Designated Fund Balance**
The balance of this account represents other designated portions of fund balances. This is primarily used as fund balance in capital projects funds.
- **9590 - Unreserved/Undesignated Fund Balance**
The balance of this account represents the unreserved and undesignated portion of the excess of assets over liabilities. Used as fund balance for state general fund and Special Revenue funds.

[10.30.25.b.19](#) **9800 – General Fixed Assets Subsidiary Accounts – Fund 997 Only**

- **9810 - Investment in General Fixed Assets – General Fund**
The balance of this account represents the amount of fund equity in general fixed assets constructed or purchased with general fund monies.
- **9820 - Investment in General Fixed Assets – Special Revenue Funds**
The balance of this account represents the amount of fund equity in general fixed assets constructed or purchased with special revenue fund monies.
- **9830 - Investment in General Fixed Assets – Capital Projects Funds**
The balance of this account represents the amount of fund equity in general fixed assets constructed or purchased with capital projects fund monies.

[10.30.25.b.20](#) **9900 – Clearing Accounts**

- **9910 - Current Period Clearing Account (Account Groups Only)**
This account is used in AFRS as an offset for entering activity to general ledger accounts. The balance of this account should be zero.
- **9999 - FMS Beginning Balance Clearing Account**
This account is used in FMS for entries to beginning general ledger

account balances. The balance of this account by fund should be zero. This GL is not in the SAAM manual.

[10.30.25.c](#) **How are general ledgers entered into FMS?**

General ledgers are not entered into FMS as discrete items, but are entered in pairs (debits and credits) using Transaction Codes (see FAM [10.40](#)). The Transaction Code Table (GA1093) contains the indicators that classify general ledgers to groups. For example, GL 5111 (accounts payable) is classified as a current liability and a payable in this table.

10.30.30 Appropriations and Appropriation Indexes

2003-08-15

[10.30.30.a](#) **What is an appropriation?**

An appropriation is the legal authority to spend on behalf of the state for prescribed purposes an amount not to exceed authorized limits. An appropriation code, assigned by the Office of Financial Management during the budget process, identifies each legislative authorization. Appropriation codes are numeric or alphanumeric.

[10.30.30.b](#) **What funds are subject to the appropriation process?**

Budgeted funds (see FAM Section [10.20](#), Fund Classification Matrix) are subject to the appropriation process.

[10.30.30.c](#) **How is an appropriation classified?**

An appropriation may be classified as operating or capital (appropriation character type). Operating appropriations are for ongoing programs, and capital appropriations are for acquisition, renovation or construction of capital assets. See also SAAM [75.50](#).

[10.30.30.d](#) **What is the appropriation index code?**

The appropriation index is a system-defined three-character code in FMS representing the fund and appropriation code. Appropriation indexes are assigned by the SBCTC. For local and non-appropriated funds, the appropriation index is generally the same as the fund code. The following table depicts examples of Appropriation Index codes.

Fund	Appropriation	apprIndex
------	---------------	-----------

001	011	101
057	E10	E10
145	145	145
522	-n/a-	522

10.30.30.e Where can I get a list of appropriation index codes?

See FMS table GA1090 Fund/Appropriation Table. Run cataloged DATA report GA1090R (group INFORM, account PLIB) for a current list of appropriation index codes with title, fund, appropriation and other attributes.

10.30.30.f How are appropriation index codes determined?

Allocations made by the state legislature in the budget process are assigned an appropriation code by OFM. The appropriation for operating funds is generally different in the first and second year of the biennium. For instance, the general operating allocation for year one of the biennium will be Fund 001, Appropriation 011. In year two, it will be Fund 001, Appropriation 012.

For ease of use, the Community and Technical Colleges often request that the FMS appropriation index for both years of the biennium remain the same, and the appropriation reported to AFRS be cross-walked in the second year of the biennium to the OFM-assigned code. This makes account maintenance for state-funded activities easier in FMS and PPMS, and reduces errors. For instance, if the fund/appropriation in the first year of the biennium is 001-011, and in the second is 001-012, the appropriation index code used in FMS will be 101 in both years. The FMS contains tables that cross-walk information to report correctly in AFRS.

10.30.40 Program Code/Program Index

2003-08-15

10.30.40.a What are program codes used for?

The program code identifies the primary activities of an organization. In higher education, a uniform program structure has evolved that allows colleges to monitor activities and compare them nationwide with other higher education institutions. The Washington State community and technical colleges have adapted NACUBO (National Association of

College and University Business Officers) guidelines for their accounting program structure.

[10.30.40.b](#) **What is the program index?**

The program index is a three-digit code in FMS that represents the combination of major program, sub-program and activity.

[10.30.40.c](#) **Where can I get a list of program indexes?**

The SBCTC-IT maintains FMS table GA1091 (Program Index Table). A list of program indices used by community and technical colleges with definitions follows in this section. Cataloged DATAX report GA1091R (group INFORM, account PLIB) lists all active program indexes with their titles.

[10.30.40.d](#) **What are major programs?**

Each organizational activity for which financial information is accumulated is assigned a specific major program. The major program is the first two digits of the program index in FMS. The major programs used in FMS are:

- 01x Instruction
- 02x Research
- 03x Public Service
- 04x Primary Academic Support
- 05x Library
- 06x Student Services
- 07x Corrections
- 08x Institutional Support
- 09x Plant Operations
- 10x Sponsored Programs
- 21x Capital Improvements
- 25x Service Operations
- 26x Auxiliary Operations
- 27x Student Aid
- 28x Agency and Suspense
- 29x Endowment
- 30x Debt Services/Payroll Holding
- 32x Cash Transfers: Pooled Cash

- 50x Revenues
- 90x State Capital Projects

[10.30.40.e](#) **What are subprograms?**

While the major programs (above) are broad activity categories, the subprogram classifies activities for standardized college/university fiscal reporting and is the last digit of the program index in FMS. The subprograms used by the community and technical colleges in Washington are recommended by SBCTC and approved by OFM. The SBCTC monitors colleges' compliance with standardized coding, to help ensure consistent data and reporting.

The following is a list of the program indexes used in FMS with examples of activities accounted for in each.

- **01x Instruction**
- **011 Instruction and General Research – Funds 001, 148 and 149**
Program 011 includes activities that are part of the institution's instructional programs including credit and noncredit courses; academic, vocational and technical instruction; and regular, special and extension sessions. Subprogram 011 excludes activities in which the primary function is administration of instructional programs (Academic Deans, etc., see subprogram 043), but includes expenditures for department chairs.
- **013 Summer Quarter Self-Support – Fund 148**
Program 013 includes activities associated with college districts that elect to operate their summer quarter on a self-support basis rather than as a state-funded program. Colleges may retain fees collected from self-support activities. (See Chapter [28B.15.515](#) RCW)
- **014 Community Education – Fund 148**
Program 014 includes formally organized or separately budgeted noncredit, community-interest instruction to students, faculty, staff and the general public. It may also include professional development seminars or workshops offered on a self-support basis.
- **015 Excess Enrollment – Fund 148**
Program 015 includes activities related to student over enrollments (beyond state allocation levels) for which the fee pay status of affected students has been converted to '89' and tuition re-classed to a fee (revenue source 0433). Use of subprogram 015 is optional. It is permissible to track excess enrollment separately in subprogram 015

or to combine excess enrollment with subprogram 011 to better maintain historical information on state-funded programs. (See section [40.50.15](#)).

- **02x Research**(Not applicable to community & technical colleges.)
Program 020 is used in FMS posting of payroll benefits charges. Activity nets to zero, and is not reported anywhere outside of FMS.
- **03x Community Service**
- **031 Community Service (Spokane only) – Fund 001**
Program 031 includes activities of the Spokane Intercollegiate Research & Technology Institute.
- **04x Academic Support Services – Funds 001, 148, 149**
- **041 Academic Computing Services**
Program 041 includes organized activities to support instruction, research and public service. Administrative data processing is excluded from Academic Computing Services Subprogram (see subprogram 083). Also excluded are instructional/vocational programs in computing technologies.
- **042 Ancillary Support Services – Fund 148**
Program 042 includes organized activities to support instruction, research and public service that result in the production of products or services associated with instructional programs. Revenues resulting from the sale of these products or services to the community are used to support the instructional activities. Examples include Printing Labs; Child Care Labs, Dental Clinics, Apple Orchards, Auto Mechanics Labs, and Food Preparation Labs.
- **043 Academic Administration**
Program 043 includes administrative support and management for instructional programs. On the organization charts for community and technical colleges, the third level management and their staff represents academic administration. Titles include Deans, Associate Deans and Directors. Department chairpersons are excluded (included in 011). The reporting structure may omit Academic Administration in organizations without this level of instructional management, and it is permissible to have no expenditures in subprogram 043. The Dean of Instruction, if not reporting directly to the president, but to a second level administrator, is included in 043. (See subprogram 081 for Dean reporting directly to the president.)
- **05x Libraries – Funds 001, 148, 149**
- **051 Learning Resources**
- Program 051 includes activities that directly support the operation of

catalogued or classified collections of published material, including audio, video and other media. Examples include archives, audiovisual equipment, rental and repair of audiovisual equipment, books, bookbinding and repair, newspaper and periodical collections, and telecommunications center.

- **06x Student Services – Funds 001, 148, 149**
- **061 Student Services**
Program 061 includes activities outside of formal instructional programs that support students' emotional, intellectual and physical well being. Examples include academic probation review officer, admissions office, advising, college placement testing(assessment) programs, career counseling, certificates and diplomas, Dean of Students, Director of Student Activities, Financial Aid services, student health services, ID cards, registrar, Veteran's Office, and work-study administration.
- **062 Educational Opportunities Program**
Program 062 includes student activities that provide special services and education opportunities to minority, disadvantaged, physically impaired, or foreign students. Examples include Coordinator of Deaf Programs, Foreign Student's Office, Minority Affairs Coordinator, and Women's Programs Office.
- **063 Other Special Programs and Services – Fund 148**
Program 063 includes costs and revenues associated with administering pre-college testing as a special service to another agency. It excludes inter-college placement or vocational testing. Examples include GED Testing, Washington Pre-College Testing, and exam proctoring services.
- **07x Department of Corrections Contract – Fund 001**
Activities related to the Department of Corrections (DOC) contract instruction programs.
- **071 DOC Instruction**
- **074 DOC Academic Support**
- **076 DOC Student Services**
- **078 DOC General Administration**
- **08x Institutional Support – Funds 001, 148, 149**
- **081 Institutional Management**
The Institutional Management program includes executive-level activities concerned with the management and long-range planning of the entire institution, including the governing board, chief executive (president), and the positions that report directly to the president

(second-level management) and their staffs. Examples include academic senate, accreditation, institutional research, board of trustees, vice-presidents and deans, legal counsel, and planning and development.

- **082 Fiscal Operations**
The Fiscal Operations program includes activities related to the institution's fiscal control for financial operations, including accounting and budgeting. Examples include auditing, cashiering, cash management, controller, and payroll office.
- **083 General Support Services**
General Support Services includes activities that provide central administrative support to college internal operations. Examples include administrative data processing, human resources administrator and staff, general liability insurance, ombudsman, records management, risk management, and room scheduling.
- **084 Logistical Services**
Logistical Services includes activities related to general administrative services, including procurement, control and movement of materials and communications services. It excludes fiscal operations (see subprogram 082) and administrative data processing (see subprogram 083).
- **085 Community Relations and Development**
Community Relations and Development includes activities to maintain relations with the community, alumni or other constituents and activities related to development and fund raising. Examples include advertising class offerings, alumni records, catalogs, graduation, development, fund raising, parent activities, and public information services.
- **09x Plant Operation and Maintenance – Funds 001, 148, 149**
- **091 Utilities and Other Fixed Costs**
Program 091 includes costs of heating, cooling, light, power, water, gas, hazardous waste removal, sewer, and other utilities. Facility lease/rent payments are also accounted for here.
- **092 Building and Equipment Maintenance**
Program 092 includes activities in support of routine repair and maintenance of buildings, structures and equipment. Examples include the machine shop, paint shop, remodeling and alterations, and normally recurring repairs.
- **093 Custodial and Grounds Services**
Program 093 includes building custodial services and landscape

operation and maintenance. Examples include custodial staff, cleaning supplies, elevator operation, grounds keepers, grounds maintenance, landscape architects, snow removal, and recycling program.

- **094 Physical Plant Administration**

Program 094 includes management and administration of the physical plant. Examples include the Director of Physical Plant, the campus architect, campus security or police, safety programs, fire prevention, and property insurance.

- **1xx Sponsored Research and Programs – Fund 145**

These programs include research and program activities performed according to a specific grant or contract with an external entity. The last two digits of the program/subprogram field for sponsored research and programs (1xx where xx = the last two digits) mimic the subprogram that benefits from the grant/contract. Example: Disadvantaged student counseling grant activities would use subprogram 162 (major program = 1 and subprogram = 62, Educational Opportunities Program).

In program 100, the detail level (162 in the example above) is only used at the college/agency level. FMS summarizes and crosswalks the detail to AFRS as program 100. Subprograms associated with Sponsored Research and Programs include:

- 111 Instruction and General Department Research
- 119 Overseas Program
- 123 Individual or Project Research
- 13x SBCTC-IT
- 141 Academic Computing Services
- 142 Ancillary Support Services
- 143 Academic Administration
- 151 Learning Resources
- 161 Basic Student Services
- 162 Educational Opportunities Program
- 163 Other Special Programs and Services
- 181 Institutional Management
- 182 Fiscal Operations
- 183 General Support Services
- 184 Logistical Services
- 185 Community Relations and Development
- 191 Utilities and Other Fixed Costs
- 192 Building and Utility Maintenance

- 193 Custodial and Grounds Services
- 194 Operations and Maintenance Support
- **13x SBCTC-IT – Fund 444**
This program includes activities related to the operation of the SBCTC-IT. (SBCTC Only)
- **21x Capital Improvements – Fund 997**
Use of this program code series is optional. It can be used to distinguish between various classifications of capital assets and their accumulated depreciation.
- **25x Service Operations**
- **251 Motor Pool – Fund 460**
Program 251 includes motor pool services and activities performed on a self-sustaining basis for other organizational units of the college.
- **252 Parking – Fund 528**
Program 252 includes self-supporting parking services and activities, including maintenance of parking lots.
- **253 Computer Services – Fund 443**
Program 253 includes self-supporting data processing and information technologies services and activities (excluding computer technologies instructional programs). Costs are recharged to the programs and activities that use the services.
- **254 Central Stores – Fund 440**
- **255 Print Shop – Fund 448**
- **256 Other Service Operations – Fund 450**
- **26x Auxiliary Enterprises**
These programs include activities that furnish a service to students, faculty or staff for a direct fee that is equal to or greater than the cost of the services.
- **261 Bookstore – Fund 524**
- **262 Food Services – Fund 569, 573**
- **263 Residence (Student Housing) – Fund 573**
- **264 Student Activities – Fund 522**
Program 264 includes activities and programs of the associated students of a college including cultural, entertainment, sports, student government, and club activities.
- **265 Other Auxiliary Enterprises – Fund 570**
Program 265 includes activities other than those described above that furnish a service to students, faculty or staff for a direct fee that is equal to or greater than the cost of providing the service.
- **27x Student Financial Aid**

These programs include scholarships, fellowships and grants-in-aid to students, faculty or staff, or student/employee loans.

- **271 Scholarships/Grants – Fund 846**
- **272 Loans – Funds 849, 860, 991-995**
- **273 Work Study – Fund 850**
- **275 Tuition and Fee Waivers – Fund 846**
- **28x Agency and Suspense– Funds 840, 841**
- These programs include funds that are pending transmittal to the appropriate program or ledger, and/or are in custody of the institution but do not belong to it. Examples include registration deposits, student insurance, unidentified receipts or disbursements and the vendor payment advance (VPA) from state treasurer.
- **280 Agency Accounts**
- **281 Summer Tuition and Operating Fees**
- **282 Fall Tuition and Operating Fees**
- **283 Winter Tuition and Operating Fees**
- **284 Spring Tuition and Operating Fees**
- **Endowments – Fund 859**
- **290 Endowments**
- Program 290 includes funds received from donors and administered by the college with the restriction that the principal is not expendable. The funds may be classified as Permanent or Term Endowments. Permanent endowments are characterized by covenants requiring the principal to remain inviolate in perpetuity. Term Endowments specify a period of time over which the principal is inviolate.
- **30x Debt Service (SBCTC only)**
- **300 Debt Service/Payroll Holding/Clearing**
- Program 300 includes activities connected with the receipt, retention and disbursement of funds for the payment of principal and interest on long-term debt. It Includes bond retirement and is also used in fund 790 for payroll holding accounts.
- **32x Cash Transfers**
- **320 Cash Transfers – Pooled Cash – Local Funds**
- **321 Cash Transfers – Pooled Cash – Fund 841**
- These subprograms are used in connection with organization 1B00 (prog/org index), general ledger 1355 (local funds) and general ledger 5155 (fund 841) to identify local fund ownership of cash deposited in a single bank account. (See pooled cash procedures, Section 40.10.10.)
- **50x Revenues**

- **500 Revenues – Funds 148, 149 and Account Group 999**
This program includes revenue for funds 148 and 149 that result from the proportionate distribution of interest income or other miscellaneous source. FMS edits block expenditures from posting to this program code. Only revenue transactions are allowed. (Remember, in fund 149, revenue is allowed only from tuition and interest.)
- **9xx State Capital Projects – Funds 057, 060, 253, 997**
This program includes accounts for capital projects activities.
- **Appropriation Index/Program Index Link**
FMS requires that a valid combination of appropriation index and program index be used in accounting activity. The combinations are established and maintained on FMS table GA1061.
Generally, local and state operating funds (001, 148,149) are associated with primary operations program (011-094). Other combinations are restricted by the definitions of the individual codes (like appropriation index 846, program 271).

[10.30.40.f](#) **What is an organization index?**

The organization index is a four-character, college-defined code that represents a location or cost center within the institution (campus, division, or department). The organization index is linked with the program index for agency-level budgeting and monitoring. FMS system edits will only allow established program index, organization index combinations to be posted. Organization codes are not required by OFM, and are excluded from AFRS summary reporting.

[10.30.40.g](#) **Coding Conventions for the Organization Index**

The organization index is unique to each college. The following conventions exist for establishing the alpha/numeric organization index code.

- a. The first character of the four-character filed represents the campus for multi-campus districts. It can also be used by single-campus districts to identify major activity areas or types of accounts.
- b. The second character represents the division (a sub-section of the campus).
- c. The third and fourth characters identify a department within division and campus. Generally, it is the lowest level for capturing budget and accounting activity.

[10.30.40.h](#) **Coding Conventions for Grants/Contracts/Capital Projects Organization Indexes**

The coding convention for grants/contracts/capital projects is different from other organization index conventions because the contract life usually does not coincide with a fiscal year. Project numbers are assigned to facilitate project-to-date reporting (as opposed to fiscal year-to-date). The project number may be the same as the organization index. See FMS documentation on Grant/Contract Control Table PM1001, Project Type, GA1041, and Project Number, GA1042. SBCTC assigns project numbers for all capital projects.

[10.30.50](#) **Object/Subobject of Expenditure**

2011-12-28

[10.30.50.a](#) **What is an object and a subobject?**

In a two-digit alpha field, the first digit represents the major object; the second position represents an expanded definition for the major object and means nothing on its own. The combination of the first and second characters is known as the subobject. For example, the major object A represents the expenditure classification for salaries and wages. When K is used in the second position of the code, AK represents salaries and wages for classified staff.

[10.30.50.b](#) **Where can I find subObject codes?**

Subobject coding is system-defined in FMS on table GA1011, for the community and technical colleges. Some of the subobjects, particularly salaries and wages, and employee benefits, are CTC system specific and are not the same as the OFM chart of accounts (SAAM 75.70.20). FMS crosswalks community and technical college subobject coding to the standardized statewide codes for AFRS reporting.

Run cataloged DATAX report GA1011R (group INFORM, account PLIB) for a complete list of subobjects used in FMS.

[10.30.50.c](#) **What are the major objects?**

The major objects are:

- A Salary and Wages

- B Employee Benefits
- C Personal Services Contracts
- E Goods and Services
- F Cost of Goods Sold (proprietary funds only)
- G Travel
- J Capital Outlays – Fixed Assets
- N Grants, Benefits and Client Services
- P Debt Service
- S Interagency Reimbursements
- T Intra-agency Reimbursements (Transfer of Charges)
- W Depreciation, Amortization and Bad Debts

[10.30.50.d](#) **Subject Definitions**

The subobject codes used by the CTC system are listed below with definitions and examples of the how the codes are used.

[10.30.50.d.1](#) **Exempt Classifications**

The Higher Education Personnel Law [RCW 28B.16](#) specifically exempts from the coverage of the merit system members of the board of trustees, presidents, vice presidents, their confidential secretaries, administrative and personal assistants, deans, directors, academic personnel, and executive heads of major administrative or academic divisions. The statute also exempts students, part-time or temporary employees, consultants, and the State Board director, the confidential secretary, assistant directors, and professional education employees of the State Board. In addition, the college board of trustees may exempt, subject to the right of appeal, classifications of employees performing research, counseling of students, extension or continuing education activities, graphic arts or publications activities, and principal assistants to the heads of major administrative or academic divisions. The following represent the sub-object codes that should be used for these individuals:

- AA Exempt - Executive
- AB Exempt - Managerial
- AC Exempt - Prof. / Tech
- AZ Exempt Support Staff
- AD Exempt Temp. Other:

SBCTC recommends use of sub-object AD for part-time, hourly employees who are exempt from Washington Personnel Resource Board

(WPRB) rules. Examples include, but are not limited to, security (weekend shift), paraprofessional, lab assistants, temporary replacements, ground maintenance (summer), part-time cashiers, registration assistants, and teacher aides.

10.30.50.d.2 Faculty Classifications

Employees/positions in higher education institutions whose primary responsibilities are teaching, research or public service or any combination of these. Also included are librarians and counselors when these positions are designated by contract as faculty. The term of employment can be for a quarter, academic year, annual/fiscal year or longer.

- AE Faculty Permanent Full-time
- AF Faculty Permanent Part-time
 - Faculty paid off the full-time salary schedule should be coded as permanent faculty. Faculty paid at a full-time rate that is reduced proportionately to coincide with a reduced workload should be coded as permanent part-time faculty. For example, full-time faculty whose workload is 50 percent of a full-time load and whose salary is reduced proportionately to 50 percent should be coded as Faculty Permanent Part-time (subobject AF).
 - Summer Quarter Exceptions: If a permanent full-time faculty member elects to instruct summer quarter, there are three alternatives, depending upon the contractual stipulations.
 - If the summer quarter contract specifies that faculty members will be compensated from the part-time faculty schedule, the staff monthly should be coded to the part-time faculty subobject code, AH.
 - If the summer or annual contract specifies that faculty members will be compensated a certain percent of a salary from the full-time salary schedule proportional to workload, the staff month should be coded to the permanent part-time faculty subobject code, AF.
 - If the summer quarter contract specifies that faculty members will be compensated from the full-time salary schedule, but at a reduced rate (i.e. FT rate x % reduction x % of load), the staff months should be coded to the part-time subobject code, AH.

Note: In order to specifically identify summer quarter faculty that are

included in subject AH or AE, use sub-subobject or organization index account coding.

- AG Faculty Temporary Full-time
 - AH Faculty Temporary Part-time
- Faculty compensated from the part-time faculty schedule should be coded as temporary faculty (subobject AG or AH). Temporary faculty paid from the part-time faculty schedule and assigned a full-time load should be coded as AG.

[10.30.50.d.3](#) **Stipends, Moonlighting and Overload Payments**

- Stipends: Payments for specific tasks, projects or activities, generally for a limited period of time. Because payment is related to completion of a specific project or activity as opposed to a specific time commitment, no staff months are associated with stipends.
 - Stipends for curriculum development or continuing ed. assignments are coded to subobject AH.
 - Division chair assignments, also commonly paid through stipends are coded to subobject AE.
 - Stipends for non-instructional activity should be coded to subobject AD.
- Moonlighting: Moonlighting refers to the practice of allowing full-time faculty to teach additional courses beyond the full-time load. Payments for these assignments are made at the part-time faculty rate, should be coded to subobject AH, and should also have appropriate staff months reported.
- Overload: Overload compensation is that amount paid to full-time faculty for additional duties assigned and paid at the full-time rate. These amounts should be coded to subobject AE and should have the appropriate staff months reported.

[10.30.50.d.4](#) **Administrative Responsibility Payments or Stipends**

- Division Chairs
- Depending on faculty contracts, treatment of division chairs should fall into one of the following categories:
- a. Stipend - The additional compensation awarded for this responsibility should be added to the regular salary of the faculty member, remain coded to subobject AE, and does not generate additional staff month effort.
 - b. Release Time - A full-time faculty member given release time to perform division chair responsibilities remains coded to

subobject AE and the staff months are unchanged.

- c. Full-time Administrative Responsibility - A division chair with full-time administrative responsibility is coded to subobject AA. An administrator who also teaches remains coded to AA, but his/her instructional effort is to be identified as a separate job coded to AE or AH (depending upon the pay schedule used to compute the pay.)

[10.30.50.d.5](#) **Classified Staff Classifications**

- AK WPRB/Community College Classified (full/part-time): Employees/positions classified under the civil service system as defined by [RCW 28B.16](#) receive salaries based on schedules approved by the WPRB.
- AQ Non-WPRB/Technical College Classified (full/part-time): Employees/positions who are not under the higher education civil service system and whose wages, hours and working conditions are governed by local collective bargaining of technical colleges.

[10.30.50.d.6](#) **Other Employee Classifications**

- AM Students:
Student employees that do not fall into the categories of graduate assistants, work study students, or those covered by WPRB.
- AN Other:
This classification is used to pay stipends or other nonrecurring, one-time activity. This sub-object is not used for employees governed by WPRB or local collective bargaining.
- AP Work Study Students:
Students employed by the college under either the federal or state work-study programs.
- AS Sick Leave Buyout
- AT Terminal Leave
- AU Overtime & Call-back
- AV Exempt OASI Sick Leave
- AW Faculty OASI Sick Leave
- AX Classified OASI Sick Leave
- AY Other OASI Sick Leave

[10.30.50.d.7](#) **Employee Benefits**

- BA Old Age and Survivor's Insurance (OASI)
- BB Retirement and Pensions

- BC Medical Aid and Industrial Insurance
- BD Health, Life and Disability Insurance
- BE Allowances (Special Payments: Board Quarters, Clothing)
- BF Unemployment Compensation
- BG Supplement Retirement Payments
- BH DRS System Audit Payments
- BT Shared Leave Provided - Sick Leave
- BU Shared Leave Provided - Personal Holiday
- BV Shared Leave Provided - Vacation Leave
- BW Shared Leave Received
- BZ Other Employee Benefits

[10.30.50.d.8](#) **Personal Services Contracts**

Personal service means professional or technical expertise provided by a consultant to accomplish a specific study, project, task, or other work statement. This includes both new contracts and amendments and/or renewals of existing contracts.

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.

Do not include amounts expended for architectural and engineering services on capital projects under Object C. Record these amounts as Subobject JK. Also excluded are client services, whether paid directly to the client or to the provider. Record these amounts as Subobject NA or NB.

Personal services contracts for state agencies are subject to requirements of [RCW 39.29](#). Please see [SAAM Section 15](#) for state guidelines concerning the acquisition, procurement, recordkeeping and reporting requirements for personal services contracts.

- CA Management and Organizational Services
- CB Legal and Expert Witness Services
- CC Financial Services
- CD Computer and Information Services
- CF Technical Services
- CG Marketing Services
- CH Communication Services

- CJ Employee Training Services
- CK Recruiting Services
- CZ Other Personal Services

[10.30.50.d.9](#) Goods and Services

- EA Supplies and Materials
Amounts expended for materials/supplies consumed or expended within a year after being put into service; converted in the process of construction or manufacture; or used to form a minor part of equipment or fixed property. Examples include, but are not limited to:
 - Athletic & Recreational Supplies
 - Graduation Supplies
 - Ground Supplies
 - Instructional Supplies
 - Janitorial Supplies
 - Landscaping Supplies
 - Laundry Supplies
 - Library Supplies
 - Media Supplies
 - Office Supplies
 - Plant Maintenance and Operation Supplies
- EB Communications
Amounts expended for message transmission, including contractual charges. Examples include, but are not limited to:
 - Audio-Visual Communications
 - Messenger Services
 - Facsimile Services
 - Land Telegraph Service
 - Letter Postage
 - Post Office Box Rental
 - Postage Meters/Mailing Machines
 - Telephone/Teletype/Telegraph
 - Telephone Installation
 - Switchboard Service
- EC Utilities
Amounts expended for utility services (but not energy costs - see subobject EU):
 - Garbage (refuse)
 - Hazardous Waste Removal (noncapitalized)

- Sanitation/Sewage
- Storm Water Utilities
- Water
- ED Rentals and Leases – Land and Buildings
Amounts expended for leases and rentals for the occupancy and continued use of property owned by GA and other state agencies, private landlords, and other public and non-profit entities. Refer to subobject EH for temporary use of space for conferences and meetings, and rental and leases for furnishings and equipment, and to subobject EY for rentals and leases of software.
 - Land
 - Buildings
 - Other Structures
- EE Repairs, Alterations and Maintenance
Amounts expended for 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. Refer to Subobject EY for repairs to software.
 - Audio Visual Repairs
 - Building Repairs
 - Book Repair
 - Equipment Repair
 - Ground Repairs
 - Maintenance Contracts
 - Miscellaneous Repairs/Alterations/Maintenance
- EF Printing and Reproduction
Amounts expended for contractual printing and reproduction, binding operations and all common processes of duplication performed by the State Printer or commercial printers:
- EG Employee Professional Development and Training
Amounts expended for payment of tuition, fees and/or other related expenses for individuals engaged in or conducting educational or training programs but does not include lodging or subsistence costs except where meals and/or lodging are included as an integral part of the fee. Also includes amounts expended for individual and/or agency participation in associations, organizations, conventions, and the cost of subscriptions that accompany these memberships. Also included are 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.

- Books/Subscriptions
- Employee Recognition and Productivity Awards
- Faculty Development
- Professional Growth
- Staff Development
- Tuition and Fees
- Association Fees
- Convention Fees
- Dues
- Membership Fees
- 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.
 - Copier Leases
 - Conference Facilities Use fees
 - Dues
 - Maintenance Equipment Rental Fees i.e. backhoes, trenchers, etc.
- EJ Subscriptions
Amounts expended for subscriptions to newspapers, periodicals, and databases and/ or services providing informational reports. Excludes subscriptions accompanying individual and/or agency memberships. Includes items purchased for use in state libraries that do not have a useful life greater than one year. Excludes 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.
 - Magazines/Periodical Subscriptions
 - Newspapers
 - Reference Services
- EK Facilities and Services
Department of General Administration (GA) charges for central services.
- EL Data Processing Services (interagency)

Data Processing installation service or other data processing service costs, including but not limited to:

- Computer report costs
- CTC data processing services
- DIS data processing services
- Other state agency data processing costs
- Outside data processing vendors
- Payroll processing costs
- EM Attorney General Services
Legal services charges by the Office of the Attorney General.
- EN Personnel Services
Charges by the Department of Enterprise Services and the Office of Financial Management, Office of the State Human Resources for services in connection with appointment, training, promotion, transfer, layoff, recruitment, retention, classification, compensation, removal, discipline, labor relations, and welfare of state classified and higher education classified employees. Also includes charges by the Office of Financial Management for labor relations.
- EP Insurance (Excludes Employee Insurance Benefits)
 - Accident Insurance
 - Fire Insurance
 - Liability and Property Damage
 - Vehicle Insurance
- ER Purchased Services
Contractual services not otherwise mentioned. Do **not** include Personal Service Contracts (Object C); Grants, Benefits and Client Services (Object N); and Architectural and Engineering Services (Subobject JK).
 - Guest Speakers/Lecturers
 - Lawn Maintenance Contract
 - Security Services Contract
- ES Vehicle Maintenance and Operating Costs
Amounts expended for the maintenance and operation of state-owned vehicles includes but is not limited to:
 - Gasoline
 - Oil
 - Parts
 - Tires
 - Supplies
- ET Audit Services

- Charges by the Office of the State Auditor (OSA) for audit services.
- EU Energy Costs (State Owned/Leased Facilities)
Amounts expended to heat, cool, light and operate state owned/leased facilities.
Note: Energy costs which are included as part of a contractual facilities lease are coded to Subobject ED (Subprogram 091).
 - Electricity
 - Liquid Petroleum
 - Natural Gas
 - Petroleum
 - Propane
 - Steam Energy
- 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 Maintenance and Leases
Amounts expended for repairs, alterations and maintenance on software (previously accounted for in Subobject EE) and expended for rentals and leases of software (previously accounted for in FMS Subobject KE). Includes software licenses and maintenance agreements.
- EZ Other Goods and Services
Amounts expended for other goods and services, including:
 - Advertising
 - Bonds
 - Freight (Not allocable to purchases)

[10.30.50.d.10](#) **Cost of Goods Sold - Proprietary Funds Only**

Major object F is used with general ledger code 6516 (Cost of Goods Sold). Revenue from the sale of goods and supplies is coded to source 0450 (Sales of Goods and Supplies - Proprietary Funds).

- FA Net Cost of Goods Sold
For agencies which do not elect to use subobjects FB through FF for

costing goods for resale. Amounts expended for merchandise purchased for resale include:

- Purchase Costs
- Freight-in Costs
- Inventory Adjustments Less Returns
- Discounts
- FB Purchases (Gross)
Amounts expended for merchandise purchased for resale. For use by agencies which elect to record purchase returns (FC), freight (FD) and purchase discounts (FE) separately from gross purchase costs. See FA for alternative coding.
 - Bookstore Purchases for Resale
 - Food Service Purchases for Resale
- FC Returned Purchases.
Amounts recovered from total purchase costs for the return of merchandise to the vendor.
- FD Freight-In
Disbursements to common carriers for the delivery of merchandise purchased for resale.
- FE Discounts
Prompt payment or cash discounts which are deducted from resale merchandise invoices.
- FF Inventory Adjustments
Increases or decreases to cost of goods sold which are caused by inventory losses or gains recognized during the accounting period.
- FG Direct Labor
Labor expended directly on materials for finished product production.
- FH Raw Materials (Direct Materials)
Materials that are an integral part of the finished product and can be calculated as a direct product cost.
- FJ Manufacturing Overhead
Manufacturing expenses that are not job, unit or product specific.
 - Indirect Labor
 - Indirect Materials
 - Overhead

[10.30.50.d.11](#) **Travel Classifications**

The subobject codes under major object G record travel expenses for state employees; members of boards, commissions, councils, committees and

task forces; volunteers; and others authorized to receive travel reimbursement subject to state travel regulations and local agency policy. Exception: When travel expenses are authorized as part of a contract or grant, the payment is recorded under the appropriate subobject code for the contract or grant.

- GA In-State Subsistence and Lodging
Lodging and subsistence for official state (in-state) business travel.
 - Lodging
 - Meal Allowance
- GB In-State Air Transportation
Air transportation (in-state) disbursements for official state business.
- GC Private Automobile Mileage
Reimbursement for private auto mileage incurred while traveling on official state business.
- GD Other Travel Expenses
All other costs incurred for official state travel, including but not limited to:
 - Bus, Ferry or Taxi Fees
 - Employee Relocation Services
 - Parking Fees
 - Rental Vehicles
- GF Out-of-State Subsistence and Lodging
Amounts paid for lodging and subsistence while traveling outside the state on official state business.
 - Lodging
 - Meal Allowance
- GG Out-of-State Air Transportation
Amounts paid for air transportation while traveling outside the state on official state business.
- GN Motor Pool Services
Amounts expended for vehicle use from either the central or agency operated motor pool.
 - Field Trips
 - Permanently Assigned Vehicle

[10.30.50.d.12](#) Capital Outlays

Amounts expended for the acquisition of, or addition to, capital assets intended to benefit future periods and which meet the state's capitalization

policy [See SAAM 30.20.20l](#). Include fixed assets acquired through capital leases. [See SAAM 30.20.30](#) for capital lease criteria.

- **JA Non-Capitalized Capital Outlays**
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 capitalization policy. Excludes minor items with a useful life of more than one year such as staplers, waste containers and tape dispensers.
This subobject is used for costs falling under the capitalization limit in the following categories:
 - Infrastructure
 - 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 SAAM 30.20.20
- **JB Non-Capitalized Software**
The amounts expended for purchased or internally developed computer software with a useful life of greater than one year and not considered a capital asset in accordance with the state's capitalization policy in SAAM 30.20.20. (Previously reported in FMS Subobject KB.)
- **JC Furnishings and Equipment**
Amounts expended for furnishings and equipment meets the state's capitalization policy.
- **JD Library Resources**
Amounts expended for the cost of books, maps, and films formally catalogued by a library or audio-visual center. Excludes items with a useful life less than one year, whether they are cataloged or not.
 - Audio/Video Collections
 - Books
 - Maps
 - Periodicals
 - Slide Sets
 - Transparency Sets
- **JE Land**
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
Amounts expended for the acquisition of constructed buildings; the construction or modernization of buildings; and/or the installation of equipment as an integral part of the structure (whether purchased or constructed). **Exclude** equipment under subobject JC Furnishings and Equipment.
 - Acquisition of Constructed Buildings:
 - Broker and Appraisal Fees
 - Legal Expenses
 - Repairs to Condition Building for Intended Use
 - Base Contracts for Construction:
 - Additions or Alterations
 - General, Mechanical or Electrical Costs
 - Separately Negotiated Contracts
 - Change Orders or Contract Extensions
 - Loan Interest Accrued During Construction Period
- JG Highway Construction
Amounts expended for the construction, improvement or addition to a highway, a highway building or related plant structure.
- JH Improvements Other than Buildings
Amounts expended for construction, addition and/or alteration of improvements other than buildings, including but not limited to:
 - Tunnel and Utility Systems
 - Water and Sewer Systems
 - Streetlights and Signs
 - Braces and Retaining Walls
 - Parking Facilities
 - Toll Bridge Construction
 - Shoreline Protection Projects
- JJ Grounds Development
Amounts expended for landscaping and grounds development unrelated to a building or other facility for aesthetic or weed control purposes.
- JK Architectural and Engineering Services
Amounts expended for architectural engineering services related to the construction of a specific capital project.
- JL Capital Planning

Amounts expended for feasibility study or planning a specific capital project.

- JM Artworks and Historical Landmarks
Acquisition and maintenance of permanent art works and historical landmarks.
- JN Relocation Costs
Reimbursements for personal moving costs for individual relocation or associated with capital project relocation.
- JQ Capitalized Software
The amounts expended for purchased and internally developed computer software considered a capital asset in accordance with the state's capitalization policy. (Previously recorded in FMS Subobject KD.)
- JR Intangible Assets
The amounts expended for the purchase or construction of intangible assets considered a capital asset in accordance with the state's capitalization policy. Excludes Software Sobj JQ and any intangible land use rights included in Land Sobj JE.
Examples of intangible assets include:
 - Patents, trademarks, copyrights
 - Land use rights having definite useful lives if the cost can be separately identified from the land purchase.
- JZ Other Capital Outlays
Amounts expended for capital projects not itemized elsewhere.

[10.30.50.d.13](#) **Computer Hardware and Software**

In July 2006 the community and technical college system have adopted unique subobject codes to track expenditures for computer related hardware. These codes were crosswalked when reported to AFRS to JA and JC and ED as defined by OFM. In July 2009 OFM followed our example and defined its own subobjects for computer software..

- KA Computers and related hardware purchases not meeting the state criteria for capitalization. Still used for Non-Capitalized Hardware. Purchases coded to KA will be crosswalked to JA for AFRS reporting purposes.
- KB Software purchases not meeting the state criteria for capitalization. Now recorded under Sobj JB.
- KC Computers and related hardware purchases with a cost greater than \$5,000. Still used for Capitalized Hardware. Purchases coded to

- KC will be crosswalked to JC for AFRS reporting purposes.
- KD Software purchases with a cost greater than \$5,000. Now recorded under Sobj EY

[10.30.50.d.14](#) **Interfund Operating Transfers**

Subobjects MA and MB are not used by community and technical colleges. Interfund operating transfers are coded using revenue source codes 0621 and 0622.

[10.30.50.d.15](#) **Grants, Benefits and Client Services**

Client services (Major Object N) are distinguished from personal services (Major Object C) in that the services are provided to state clients for whom the state agency has statutory responsibility; and/or the client is the primary beneficiary (rather than the agency); and the services are provided directly to the client.

- NA Direct Payments to Clients
Amounts paid directly to clients for such items as income maintenance, child support, child care, food stamps, job counseling and training, medical and mental health treatments, 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
Service contracts entered into for professional, technical, or other services, which will result in the delivery of direct services to individual clients. 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. The services may be provided to 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 and teachers, if they meet the requirements of a “client” as noted above. Client services include such items as medical and mental health treatments, and related transportation; job counseling and training; childcare; foster care; and chore services. (Note: For payments related to federal assistance programs, refer to Section 50.30 for vendor versus subrecipient information.)
- NZ Other Grants and Benefits

The amounts expended for grants and benefits other than those described above. Also includes taxable employee recognition and productivity awards which are in the form of cash or cash equivalents, such as gift certificates. (Note: For payments related to federal assistance programs, refer to Section 50.30 for vendor versus subrecipient information.)

[10.30.50.d.16](#) **Debt Services**

Amounts expended to relieve indebtedness, including payment of principal and interest. Exclusion: Fund Type 4 (proprietary funds) should debit a liability (rather than an expenditure) for the repayment of principal.

- **PA Debt Service - Principal**
Amounts expended for the payment of principal on various forms of indebtedness incurred by the state. Excludes principal payments for lease/purchase agreements financed through the Office of the State Treasurer (See subobject PD).
 - Energy Conservation Equipment Loans
 - Other Debt Service
- **PB Debt Service - Interest**
Amounts expended for interest on various forms of indebtedness incurred by the state. Excludes interest accrued on lease/purchase agreements financed through the Office of the State Treasurer (OST); see subobject PE.
- **PD Principal - COP Lease/Purchase**
Amounts expended for repayment of principal for lease/purchases financed through the Office of the State Treasurer.
- **PE Interest - COP Lease/Purchase**
Amounts expended for interest payments for lease/purchases financed through the Office of the State Treasurer.

[10.30.50.d.17](#) **Interagency Reimbursements**

Payments received by a state agency as reimbursement of expenditures/expenses incurred for another state agency.

Conventions: Interagency Reimbursement subobjects are a combination of two major object codes. The first digit is always S. The second digit is the alpha code for another major object category. For example, object S represents an interagency reimbursement. Major object A represents salaries and wages. SA (S + A = SA) represents the code for interagency

reimbursement of salaries and wages. Caution: Internal service funds customarily credit revenue for their services to other state agencies. See [Section 2.4.2.3.4 of the OFM Manual](#) for an overview.

- SA Interagency reimbursement for salaries/wages.
- SB Interagency reimbursement for employee benefits.
- SC Interagency reimbursement for personal services contracts.
- SE Interagency reimbursement for goods and services.
- SG Interagency reimbursement for travel.
- SJ Interagency reimbursement for capital outlays. Doesn't include noncapitalized furnishings and equipment (sobj JA) and noncapitalized software (sobj JB). For reimbursements of JA and JB expenditures, use sobj SE, Goods and Services.
- SK Interagency reimbursement for noncapitalized fixed assets.
- SN Interagency reimbursement for grants, benefits and client services.
- SP Interagency reimbursement for debt service.
- SX Inter-college/SBCTC reimbursements for contracts between the colleges or between SBCTC and the colleges. These amounts are reported as NZ in AFRS.

[10.30.50.d.18](#) **Intra-Agency Reimbursements**

The reallocation of **budgeted** expenditures within an agency by transfers between programs and/or capital projects.

Exclusion: Object T may not be used for payment of services or recovery of expenditures from a nonbudgeted proprietary fund. The college/agency total for all Object T entries must equal zero.

Coding Conventions: Intra-agency expenditure subobjects are a combination of two major objects. The first digit is always T. The second digit represents another major object classification. For example, major object T (Intra-Agency Reimbursement) is combined with object A, salary and wages, (T + A = TA), the combination represents an Intra-Agency Reimbursement for salaries and wages.

- TA Intra-agency reimbursements for salaries/wages.
- TB Intra-agency reimbursements for employee benefits.
- TC Intra-agency reimbursements for personal services contracts.
- TE Intra-agency reimbursements for goods and services.
- TG Intra-agency reimbursements for travel.

- TJ Intra-agency reimbursements for capital outlays. Doesn't include noncapitalized furnishings and equipment (sobj JA) and noncapitalized software (sobj JB). For intra-agency reimbursements of JA and JB expenditures, use sobj TE, Goods and Services.
- TJ Intra-agency reimbursements for noncapitalized fixed assets.
- TN Intra-agency reimbursements for grants, benefits and client services.
- TP Intra-agency reimbursements for debt service.

[10.30.50.d](#).19 **Depreciation, Amortization and Bad Debts**

- WA Depreciation Expense
The service-expiration cost of **tangible** fixed assets that occurs from usage/obsolescence during an accounting period. Use subobject WA with general ledger code 6511, depreciation expense.
- WB Amortization Expense
The service-expiration cost of **intangible** assets.
- WC Bad Debts Expense
The portion of receivable balances (the offset of which was revenue) which has been deemed to be uncollectible. Use subobject WC with general ledger code 6515, bad debt expense.
- WD Depreciation Expense Associated With Change in Capitalization Policy

[10.30.50.e](#) **What are sub-subobjects?**

In FMS, the sub-subobject is a two-character field immediately after the subobject that can be used to further define expenditure information. See FMS control table GA1012. For instance, at some colleges, the sub-subobject is used in salary and wage budgeting to identify specific employees or positions.

For example, two classified employees in one department will both be coded to the same program/organization index and subobject, but will have different sub-subobjects so budgets and expenditures can be monitored within the financial system. (This same information is available within the payroll system (PPMS) with significantly more detail than FMS)

Another example is establishing sub-subobjects to monitor type of supplies used. All supplies purchases are coded to subobject EA. To provide further detail sub-subobject 10 could be used for office supplies,

20 for instructional supplies and 30 for janitorial supplies, etc.

[10.30.50.f](#) **Where can I find a list of sub-subobjects?**

Cataloged DATA report GA1012R (group INFORM, account PLIB) lists the sub-subobjects established by a college.

[10.30.60](#) **Revenue Source Codes**

2003-08-15

[10.30.60.a](#) **What are revenue source codes?**

The revenue source code is a four digit code that represents the major group and major source for revenue transactions. It is assigned by OFM to identify the origin of cash receipts and defines the revenue source classifications.

[10.30.60.b](#) **Parts of the Revenue Source Code**

The revenue source code is comprised of the following parts:

- **Major Group**
 - The major group is the first two characters in the major source code and identifies the type of revenue. For example, the major group 03 represents federal grant revenue, 04 indicates charges for services by an agency, and 05 indicates state revenue for distribution, etc.
- **Major Source** – The major source is the last two characters in the revenue source code and further defines the major group. For example, in major group 03 (federal grants), major source 10 indicates Department of Agriculture. The revenue source code for Department of Agriculture is 0310.

[10.30.60.c](#) **Where can I find a list of revenue source codes?**

For a complete list of revenue source codes used by the State of Washington see SAAM [75.80.10](#) and [75.80.20](#). FMS source codes are defined in the OFM chart of accounts. Some codes unique to the FMS system are crosswalked the CTC codes to the state standardized codes for AFRS reporting. FMS table GA1035 contains revenue source codes used by the community and technical colleges. Cataloged DATA report GA1035R (group INFORM, account PLIB) lists them.

See FAM section [40.50](#) for revenue and cash receipting procedures.

[10.30.70](#) Revenue Subsource

2003-08-15

[10.30.70.a](#) What is the revenue subsource code?

The revenue subsource is a college-defined (for all but common tuition codes) two-character code to identify types of revenue within a revenue source. For example, tuition and fees (revenue source 0424) is further defined by subsource TA for apprentice, TR for resident student, and TN for non-resident students. When the revenue subsource is used with cashiering, it is called a fee code and defines the full account code for revenue transactions.

[10.30.70.b](#) Where can I find a list of subsource codes?

The subsource codes used for tuition are standardized for the community and technical colleges, but subsource codes for other activities are college defined. FMS control table GA1036 contains the active subsource list for a college district. Cataloged DATAX report GA1036R (group INFORM, account PLIB) lists the subsource codes established by a college.

[10.30.80](#) Reimbursable Code

2003-08-15

[10.30.80.a](#) What is the reimbursable code?

The reimbursable code is a two-character user-defined field on FMS table GA1075 that allows a user to mark transactions for future reference or classification. The reimbursable code flags transactions for reporting purposes like IRS 1099 reporting. The codes may be alpha or numeric and are not reported to AFRS.

[10.30.80.b](#) Conventions for assigning Reimbursable Codes

Certain conventions exist for assigning reimbursable codes.

- a. Numeric codes are usually used to flag expenditures to be submitted for reimbursement.
- b. Alpha codes are conventionally used to track activity for reporting purposes, ie. energy consumption reports.

[10.30.80.c](#) Where can I find a list of reimbursable codes?

Cataloged DATA report GA1075R (group INFORM, account PLIB) lists the reimbursable codes established by a college.

[10.30.90](#) Subsidiary Account Code

2006-03-02

[10.30.90.a](#) What is the subsidiary account Code?

The subsidiary account code in FMS is a ten-character field. Since the Customer Accounts module was activated, the field is no longer used for accounts receivable ID. However, the last four characters are still important for FMS processing, as explained below.

[10.30.90.b](#) Parts of the Subsidiary Account Code

The Subsidiary Account Code is broken down into the following parts:

- Position 7 of the subsidiary account code can be used to identify the source of a financial aid transaction.

These are identified as:

- F Manual financial aid check (screen BM3005)
- M Adjusting entry
- P Payroll transaction
- C Automatic financial aid check (SMS process SM9407)
- Z Tuition/fee transfer in cashiering
- W Tuition and fee waivers

Note that if an entry is made through general ledger accounting (entries into screen GA1103), only code M will update financial aid expenditure reporting database.

- Positions (8 – 10) of the subsidiary account code are used on financial aid transactions to identify the financial aid program code (FAPC). (See FMS Table BM1002.) Codes 001-050 are system-defined, and codes 051-999 are user-defined. The required alpha code for a particular FAPC must be coded in position (7) for FMS to recognize this as financial aid data.

In order to interface with the Payroll/Personnel Management System (PPMS), the Financial Aid Program Codes (FAPCs) for student work programs must be assigned to the appropriate earnings type on the Earnings Table (PS9007) in PPMS.

Positions (8 – 10) of the subsidiary account code are also used on transactions that record an amount as due to or from another fund or another state agency. The fund codes are listed in FMS table GA1022. Other agency codes are on ZX0060. FMS reads data in positions (8 – 10) as due to/from only if position (7) is blank.

10.40 Accounting Transaction Codes

10.40.10 Transaction Codes

2003-08-15

10.40.10.a What is a transaction code?

A transaction code (T/C), in association with the account code will generate one or more pairs of general ledger entries. When an accounting transaction is needed, a transaction code is selected from the Transaction Code Table (FMS GA1093) that will debit and credit the appropriate general ledgers. Both the AFRS and the FMS are transaction code driven. FMS crosswalks CTC-specific transaction codes to applicable AFRS transaction codes for state summary reporting.

The FMS Transaction Code Table (GA1093) identifies the title, edits, default coding, file posting routines and general ledgers associated with each transaction code. Transaction codes are system defined, and the SBCTC-IT adds or deletes codes. Certain defaults or edits may be college defined. **CAUTION:**Care should be taken in making changes, however, as they can adversely affect your college's records and the AFRS crosswalk. See SBCTC-IT documentation for table GA1093 for more information.

10.40.10.b How do fund types affect general ledgers generated by transaction codes?

Transaction codes are intended to represent various accounting events and their affect on the account ledgers. For example a travel advance payment transaction is identified by transcode 063. In this example the ledgers affected would be a debit to 1319 (Other Receivables) and a credit to either 4310 (Treasury Cash) or 1110 (Cash). 4310 is credited in the case of fund type one (GAAP type Governmental) because it is an advance of treasury cash. For all other fund types, the credit is to 1110. It is helpful to keep three different listings of active transactions codes to use for selecting the code needed for any specific transaction, one sorted in numeric order by transaction code, one in order by debit general ledger, and one in order by credit general ledger. (DATAx can be used to create the listings.)

[10.40.10.c](#) **Where can I find a list of transaction codes?**

Cataloged DATAX report GA1093RE, GA1093RF and GA1093RG (group INFORM, account PLIB) lists the transactions codes and their attributes.

20 Operating Budget

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20.10

State-Wide Budgeting Process

20.10.10 Statutory Requirements-State Level Process

2003-08-15

20.10.10.a What is the authority for development of a state-wide budget?

The Budget and Accounting Act (effective July 1, 1987, 43.88 RCW) requires the Governor, through the Director of the Office of financial Management (OFM), to establish a budget and allotment system in conformance with generally accepted accounting principles as applied to state government. Additionally, the Budget and Accounting Act grants authority to develop and issue regulations to properly administer the budget and allotment system. The system is used by all state agencies to properly and systematically account for all revenues, expenditures, receipts, disbursements, resources, and obligations of the state.

20.10.10.a.1 The State-Wide Budget Phases

The budget development process is broken down into phases beginning with information gathering for budget preparation and concluding with the execution phase. Summaries of each of the phases are presented below.

20.10.10.a.2 Preparation Phase

To develop a budget proposal for the Legislature, the Governor requests detailed estimates and other information from agency officials. The Governor's budget is the formal estimate of revenue and expenditures for the forthcoming biennium. The budget is formulated and presented to the Legislature for enactment at odd-year sessions preceding the start of each new biennium. When subsequent developments require changes to the original biennial budget, the Governor may submit "supplemental" budgets at any session of the Legislature.

The Governor submits the original biennial budget to the Legislature by December 20 preceding an odd-year session. Supplemental budget requests are submitted 20 days before the start of the session that is to consider that budget. As part of the budget, the Governor submits a bill

that defines the proposed appropriations set forth in the budget.

[20.10.10.a.3](#) **Adoption Phase**

The Legislature is responsible for the adoption phase. This phase consists of the review, analysis, modification and approval of the budget, and the enactment of the appropriations which provide the authorization for expenditures during the budget period. Adoption of the appropriation or budget bill by the Legislature and a signature by the Governor constitutes adoption of the budget and the appropriations.

[20.10.10.a.4](#) **Execution Phase**

The execution phase of the budget process is the responsibility of the Office of Financial Management. For control and reporting purposes, OFM requires the agency to establish fund accounts for revenue and allotment breakdown of expenditures.

Before the beginning of the fiscal period, all agencies submit a statement of proposed agency expenditures to the Governor. The statement of proposed expenditures will show, among other things, the requested allotments of public funds on a monthly basis for the next fiscal year. The Governor's staff will review the statement and may revise or alter agency allotments. The aggregate of the allotments must not exceed the total appropriation.

20.10.20 **Operating Budget Request**

2003-08-15

[20.10.20.a](#) **Requirements**

To help the Governor prepare his budget for submittal to the Legislature, OFM requires that agencies submit a detailed operating budget request on a biennial basis. Budget requests consist of the following general elements: a description of the agency's existing responsibilities and programs; a plan of activities, goals and objectives for the next biennium; fiscal detail on the differences between current biennium and ensuing biennium expenditure levels; an explanation and justification of these differences; and budget requests for new or additional funding for new programs or program enhancements. The budget is formatted for executive review according to OFM Instructions.

20.10.20.b Budget Request Preparation

As contained in chapter 28B.50.090 RCW, the State Board for Community and Technical Colleges prepares, approves, adopts, and submits a single budget for the college system. The State Board prepares a budget request that includes fiscal detail reports reflecting the expenditures for the prior, current and upcoming biennia. The data is provided at both an agency summary level and at the program level. Revenue data from all sources that have been or will be credited to budgeted funds in the current and ensuing biennia are included.

Districts assist in the preparation of the system budget by responding to data requests from the State Board office. The data requests normally include, but are not limited to, information on district salary bases, revenues, new facilities, and other data requests needed to support the budget. The budget data is submitted to OFM via the Budget and Allotment Support System (BASS). This electronic system aids state agencies in the preparation and submittal of their budget requests to OFM.

20.10.20.c Budget Request Content

The budget submittal process estimates expenditures for each year of the current biennium and arrives at a base level cost for the next biennium. The agency budget request is the total of the current level and the policy level requests as described below:

- **Current Level** – OFM determines the additional expenditures necessary to carry forward legislative funding decisions for the current biennium. This includes adding in the full biennial costs of statewide salary increases and any other programs that were explicitly appropriated for only part of the current biennium. Programs intended by the Legislature to be one-time costs are deleted. Agencies identify and add incremental costs for legally mandated workload increases and for rate changes outside the agency’s control. The result is the “current level”.
- **Policy Level** – The agency identifies and determines the cost of changes in proposed agency activities in the next biennium. Justification must focus on the specific policy decisions and their effect on agency objectives, costs, and clientele. These individual items of the budget request comprise what are termed “policy level.”

As part of the budget request, a narrative describing the agency, programs, and goals and objectives is included. Detailed information on federal programs, tuition waivers, revolving funds, salary bases, pension and insurance data is also required. After approval by the State Board, the agency's budget request is submitted to the Governor in the September preceding an odd-year session.

20.10.30 Allotment – Preparation and Approval

2003-08-15

20.10.30.a Requirements

Before the beginning of each biennium, and following enactment of the biennial budget, all agencies submit to the Office of Financial Management a statement of proposed agency expenditures. This statement of proposed expenditures shows the requested allotments of appropriations available to that agency for the next biennium.

The allotment is part of the execution phase of the state budget process and exists to provide agencies the authority to obligate and spend state funds. The allotment process incorporates controls to ensure that obligation and expenditures are within applicable appropriations; that appropriation purposes conform to legislative intent; that sufficient funds exist to allow the state to incur financial obligations; and that changes in planned expenditures can be proposed, evaluated, and authorized in a manner consistent with state law.

Agencies submit biennial proposed expenditure plans within 45 days after the beginning of the fiscal period, or within 45 days after the Governor signs the Omnibus Appropriations Bill, whichever is later. The Governor determines form and submittal dates. OFM reviews the requested allotments in light of the agency work plan and may approve the allotment in part or in whole, authorizing the agency to spend within an appropriation. As required by law, OFM continuously reviews and evaluates the revenue and expenditure relationship so that expenditures do not exceed available revenues.

20.10.30.b What is included in the budget allotment?

The submittal for the initial biennial allotment and any subsequent amendments consists of the appropriation amount; monthly estimated

allotment charges by object and fund/appropriation for each budgeted program; monthly estimates of full-time equivalents (FTEs) (separated into General Fund-State and Other Funds); and monthly estimates of cash disbursements by fund.

The allotments must match both the dollar amounts and appropriation codes shown in the appropriation schedule as provided by OFM. Only public funds specifically exempted by OFM are excluded from the allotment process. After initial approval, expenditure plans can be revised quarterly. Legislative changes in appropriation levels or across-the-board reductions mandated by the Governor will also result in revised allotments. Retroactive operating allotment revisions are not allowed.

[20.10.30.c](#) **How does SBCTC prepare a biennial allotment for the system?**

The State Board for Community and Technical Colleges prepares and submits the biennial allotment for the system. The State Board prepares monthly allotments by object of expenditure and fund/appropriation for the General Fund-State (fund 001) for the following budgeted programs:

- 010 – Instruction
- 040 – Primary Support Service
- 050 – Libraries
- 060 – Student Services
- 080 – Institutional Support
- 090 – Plant Operation and Maintenance
- 110 – State Board Office
- 120 – State Board Special Projects

Historical expenditure data derived from the Financial Management System (FMS) for the college system is used to determine the monthly allotments. Monthly estimates of staff FTEs by program for General Fund – State (fund 001) are prepared. Actual staff month data from FMS are used as the basis for determining the monthly estimates.

The State Board submits the system allotments to OFM via the Budget and Allotment Support System (BASS). This system aids state agencies in the preparation, reporting and maintenance of their initial allotment expenditure plans and subsequent amendments to those plans.

[20.10.30.d](#) **Who approves the Allotments?**

OFM reviews and approves the State Board system allotments, thus authorizing expenditures within an appropriation.

[20.10.30.e](#) **What is meant by Allotment Lapsing?**

The term “lapse” means the termination of an appropriation. To the extent they have not been expended or lawfully obligated, all appropriations and allotments automatically lapse at the end of the fiscal year for which the appropriations were made.

[20.10.40](#) **Allocations to Districts**

2003-08-15

[20.10.40.a](#) **State Boards Authority to Allocate Funds**

The State Board for Community and Technical Colleges is authorized (Chapter 28B.50.090 RCW) to receive and disburse funds for the maintenance, operation and capital support of the college districts and to establish guidelines for fund disbursement.

[20.10.40.b](#) **Budget Allocation Process Described**

The community college system historically used a formula allocation method for the annual distribution of operating budget funds. Over time, portions of the allocation formula were frozen; salaries in 1995, plant in 1997, and finally, the formula itself in 1999. The presidents, at their May 2000 meeting, decided upon a new formula that:

- maintains predictable base funding and does not reallocate base funding
- keeps colleges’ base funding independent of other colleges’ actions and/or circumstances
- has fewer variables
- is understandable
- uses a single formula for both community and technical colleges
- does not local consider revenues in the allocation of state funds

Allocation terms were defined, base budgets were calculated, and incremental allocations began in fiscal year 1999-00. The current definitions are as follows:

- **Base budget:** The starting point budget for a fiscal year, including carryforward funding, and prior to the addition of new funding. The

base budget is calculated by removing all one-time and variable funding from each district's prior year allocation. The base budget may contain earmarked funds for specific programs or projects, such as Outcomes Assessment.

- **Carryforward funding:** Annualization of prior year funding where allocation was less than twelve months. For example: if a district received a partial year's funding – such as for maintenance of a new facility that opened in the course of a fiscal year – then additional funds – carryforward funding – are added as part of the calculation of the base budget so that the district has a full year's funding in the ensuing fiscal year.
- **New funding:** New appropriations from the legislature for that fiscal year. Examples: funding for new enrollments, salary increases, faculty increments.
- **One-time funding:** Funds that will be part of a district's budget for only one fiscal year, but will not be rolled into the district's base budget for the following year. Example: Workforce development projects.
- **Variable funding:** Funds that are allocated based upon enrollment profiles, so that the amount each district receives may vary somewhat from one year to another. The total amount of funding available is the same from one year to the next, but each district's relative share may vary. Example: Students of color funding.
- **Earmark:** Allocated funds that may only be spent for a particular purpose. Example: Outcomes assessment.
- **“Skim”:** Funds that are removed from districts' budgets for a particular purpose. Generally, skims occur as a result of a collaborative decision within the college system. Examples: Washington Online support and Labor Liaisons support.
- **Revolving funds:** Funds for services provided by other state agencies that are paid throughout the fiscal year by the State Board on behalf of the colleges. These funds and their respective charges are transferred from the State Board's records to the colleges' just prior to the close of the fiscal year. Examples: Attorney General fees, Risk Management.
- **Differential funding:** When available, new funding that is directed to districts that are funded relatively low compared to other districts of similar size.

20.20 **Local Budgets**

20.20.10 **Local Budget Development Processes and Calendar**

2003-08-15

20.20.10.a **Description of Budget Development Process**

Financial planning and budgeting are ongoing processes driven by the mission and goals of the institution. Each district prepares an annual budget for its internal management. The management process used for budget development varies from district to district based on the unique governance structure. The planning and budget development process should be clearly defined and followed. Each district has an approval process that includes approval by the local Board of Trustees. The Board of Trustees is the authorizing body at the college level for expenditure or transfer of college funds.

20.20.10.b **What funds are budgeted at the local level?**

Budgets are prepared at the fund level. Districts may also chose to consolidate State Fund (001), Local Fund (149) and Dedicated Local Fund (148) to Appropriation Index 000 to form an ‘operating’ budget. Budgets adopted by the Board of Trustees should also include Grants and Contracts (145) and local capital (147) as well as the Students and Activity Fund (522). It is at the discretion of the individual college if they choose to budget other funds. All budget revisions should be made promptly and, when applicable, a revised budget or schedule of budget changes should be approved by the local Board of Trustees.

20.20.10.c **How to Begin**

Colleges typically begin the budget development process in January. The State Board staff provides scenarios that include anticipated allocation levels given a set of assumptions. Districts vary in their method of anticipating State allocation and local revenue collection.

20.20.10.d **What tools are available for budget development?**

There are three processes available to enter the budget into the FMS

system. The three processes include the FMS budget process directly in the FMS budget, the Budget Development Module, and the Budget Upload process. Additional tools used during budget development generally include a combination of spreadsheets and external databases. Budget development can be started from zero or the current year's budget can be used as a starting point. The SBCTC-IT provides information and instructions for use of the FMS software and job scheduling on their web site.

20.20.20

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Procedures prior to entering the budget into the FMS system.

Whichever process is selected to enter the budget into the FMS system you must complete the Annual Accounting/Budget Archival Purge (FG043A), Purge and Rebuild COA Tables for the New Fiscal Year (FG046R) and Budget Initialization before the budget can be entered. If using the Budget Development Module or the Budget Upload process you do not have to complete Budget Initialization steps 8 and 9 unless you plan to bring forward the project budget amounts for grant, contract and capital funds.

20.20.20.a**Job Group Annual Accounting /Budget Archival and Purge (FG043A)**

You must run job group FG043A (Annual Accounting /Budget Archival and Purge) before you build your tables for the next fiscal year. This job group extracts and optionally purges the previous fiscal years online Chart of Accounts tables, accounting files, and budget files. The job group then stores this information on tape for archival purposes. Detail information is available on the SBCTC-IT website under Job Scheduling.

Do not select the FG096R subgroup when scheduling FG043A if you need to retain more than one fiscal year of data online. The FG096R will purge the previous year's data. If you are using the Budget Development process do not purge the previous year's data until it has been loaded into Budget Development.

20.20.20.b**Job Group Purge and Rebuild COA Tables For New Fiscal Year (FG046R)**

You must run job group FG046R (Purge and Rebuild COA Tables for

New Fiscal Year) before you begin the budget initialization process. This job group removes the previous year's Chart of Accounts tables and creates a new set of tables from the current year's tables for the new fiscal year. Detail information is available on the SBCTC-IT website under Job Scheduling.

20.20.30 Putting an Approved Budget Into FMS

2003-08-15

Budget Initialization (implementation of the approved budget into the FMS system) consists of the following steps. Each step provides the associated screen or table name and required information.

20.20.30.a Build the System Calendar for the New Year

- Screen GA1070
This process builds a calendar for the entire year with default values. Verify that holidays are correct and make any changes.

20.20.30.b Update the Chart of Accounts (COA) Table for the New Year (Job FG046R)

- Screen GA0002
You must change the fiscal year on the FYR Change Screen (GA0002) to update the Chart of Accounts tables for a fiscal year other than the current year. Changing the fiscal year is in effect only for the terminal or PC where you make the changes.

20.20.30.c Change Budgeting and Report Levels (only if making a change from previous year)

- Object Table (GA1010)
- Program Object Table (GA1065)
- Major Source Table (GA1035)
The Obj Bdgt Level and the Obj Rpt Level fields on the previous tables determine budgeting and reporting levels. The level of budgeting and the level of reporting do not need to be the same. You cannot change budgeting levels once a fiscal year begins.

20.20.30.d Change Budget Indexes

- Fund/Appropriation Table (GA1090)
- Program Information Table (GA1091)
- Organization Index Table (GA1092)

You can change budgeted indexes (codes identifying how an accounting index is to be budgeted) as needed. Budgeting index values are located on the following tables. Note: Job Group FG017R COA Processing must be run after changing any budget index. Changes are not physically made until FG017R has been processed. Detail information regarding job group FG017R is available on the SBCTC-IT website under Job Scheduling.

[20.20.30.e](#) **Change Expenditure/Revenue Sort Codes**

- Category expenditure/revenue sort code Table (GA1066)
 - Object Table (GA1010)
 - Major Group Table (GA1034)
- Expenditure/revenue sort codes (codes that group and total expenditure and revenue categories for budget status reporting) are established on the previous tables.

[20.20.30.f](#) **Change Salary Encumbrance Options**

- Salary Encumbrance (GA1011)
- The salary encumbrance option for salaries and wages is located on the Subobject Table (GA1011). This option allows the agency to choose whether salary and wage subobjects are to be encumbered.

[20.20.30.g](#) **Build the Budget Initialization Tables**

- Budget Initialization Table by Fund (BA1003)
- Budget Initialization Table by Fund (BA1003) provides for bringing the prior year's budget forward either at current level or at zero. Only funds identified on this table will be activated in the budget.
- Budget Initialization Table by Object (BA1004)
- Budget Initialization Table by Object (BA1004) is an optional table that provides the ability to budget records for the new year at a lower object level than the current fiscal year.

[20.20.30.h](#) **Budget Initialization Phase I (Job Group FG025R)**

- Job Group FG025R
- This job group creates a budget-planning file for the new year from the current year's budget file and produces a report of budget records NOT brought forward. An option provides for printing of budget planning sheets. Multiple users can use this working file.

[20.20.30.i](#) **Budget Initialization Phase II (Job BA1302J)**

- Job BA1302J

This job loads the budget-planning file created in Budget Initialization Phase I (FG025R) into the FMS budget database.

Detailed information and procedures are available by fiscal year on the SBCTC-IT website.

20.20.40 Budget Upload (from Excel spreadsheet) Process

2003-08-15

20.20.40.a The budget upload process.

The Budget Upload Process (Job BA1320) is used to upload budget development data from excel spreadsheet files created on your PC directly into the FMS Budget module. The Budget Upload Process consists of the following three stages.

1. Prepare the Spreadsheet in Excel.
You can originate the spreadsheet to be uploaded in several ways. Use Data Express to download budget data into an Excel SYLK file, modify a currently used spreadsheet or create a new spreadsheet.
2. Run the Budget Upload Process (BA1320)
The Budget Upload Process (BA1320) uploads a spreadsheet file to the FMS Budget. The process begins by validating the spreadsheet file against the FMS tables and writes any budget records that are not accepted by the FMS tables to an error file. After the records have been validated, the BA1320 process gives the user the option of either updating the budget database or canceling the upload.
3. Review the error file for records not accepted by the upload process.
The upload process will display in a file the number of records that contained editing errors that were not uploaded. This file can then be reviewed to determine the reasons that each record could not be uploaded. Once you have corrected the errors in the spreadsheet or FMS tables, you can rerun the Budget Upload Process (BA1320) to load the remaining records.

Detailed information and procedures are available on the SBCTC-IT website.

20.20.50 Budget Development Module

2003-08-15

The Budget Development Module provides a tool for users, administrative and departmental, to prepare multiple budgets for the budget development

process. The tool can also be used for modeling or comparison to a previous year's budget or expenditures and revenues. Through job scheduling the Budget Development Module can upload data from the Budget Development Module into the FMS budget as well as, download data from FMS budget into the Budget Development Module.

[20.20.50.a](#) **How are reports generated?**

There are ten columns available to enter data or download a previous year's data. These columns can be configured to contain the previous years' expenditure or revenue data, budget data, or use them to enter new budgets. The Budget Development Module also contains a standard report that can be generated through job scheduling (FG068R). The user can select data from any of the ten columns on the report.

[20.20.50.b](#) **What does the budget development module consist of?**

The Budget Development Module consists of the following four on-line table screens and one on-line data entry screen.

1. The Budget Development Configuration Table (BA1006)
This table is used to customize the headings and titles of the ten available budget development columns.
2. The Budget Development Group Table (BA1007)
This table is used to classify budget structures into budget groups (e.g. instruction, student services). Individual user ID's can then be attached to a specific budget group thereby giving the user access only to the budget structures contained within their assigned budget group.
3. The Budget Development User Configuration Table (BA1008)
This table is used to assign the budget group(s) that is accessible for a specific user ID.
4. The Budget Development Report Configuration Table (BA1009)
This table is used to define the report format (e.g. which budgets to display, the width of the report, total options, sorting sequence and selection criteria) for the Budget Development Report (BA1113).
5. Budget Development Screen (BA1010)
This screen is used to enter and access data in the Budget Development Modules' ten columns.

Detail information is not available on the SBCTC-IT website for the

Budget Development Module. Information and procedures are only available in written format from SBCTC-IT.

[20.20.50.c](#) **How does the budget development module upload data?**

The upload of the budget into the FMS budget from the Budget Development Module is processed through job scheduling. The following jobs must be run in order to upload the data from the Budget Development Module into the FMS budget.

1. Bdgt Devl Update to Bdgt Phase I (Job BA1312J)
This job extracts the data in one of the budget development columns and creates a temporary budget initialization file (BA1301S). This job also gives the user the option to first run the job in Edit mode. Edit mode does not extract the data. Edit mode only prints an error report displaying the records that contain errors and a description of the errors based on the FMS tables. These records can be corrected in the Budget Development Module and this job can be rerun as many times in Edit mode as necessary until all records are corrected. This job should then be run again choosing one of the three actual load options.
2. Bdgt Devl Update To Bdgt Phase II (BA1313J)
This job loads the temporary budget initialization file created in Bdgt Devl Update to Bdgt Phase I (BA1312J), into the actual FMS budget for on-line access via the Budget Update Screen BA1001.

[20.20.60](#) **Appropriations and Allotments**

2003-08-15

[20.20.60.a](#) **Entering Your State Appropriation**

Districts are required to enter their appropriation allocations into FMS using General Ledger 6210 (Allotment) as a credit and General Ledger 9100 (Budgetary Fund Balance) as a debit. These entries are posted using the GA1103 (General Accounting) screen using transaction code 653. These entries must equal your allocation schedule by appropriation as received from the SBCTC.

[20.20.60.b](#) **Allotments in the FMS system**

The FMS system includes an optional feature providing for Allotments by Fund/Appropriation. Allotments can be entered into FMS on screen

BA2002 (Allotment by Fund/Appropriation). Allotments by object can be entered into FMS on screen BA2003 (Allotment by Object). Allotments on screens BA2002 and BA2003 must balance. Report BA2101 (Allotment File List) provides an error message if the Fund/Appropriation and Object are out of balance. Districts may also use the optional screen BA2001 (Allotment by Staff Month) to allot staff years. Amendments are entered as changes into FMS on the same screens as the original entries.

[20.20.60.c](#) **Budget Monitoring**

The FMS Report GA3233 (G/L Allotment Balances by Fund/Appropriation) is used to monitor state appropriations to expenditures. FMS Report BA2105 (Allotment Balances by Fund/Appropriation) can also be used to monitor expenditures if allotments have been entered using the optional screen BA2002. Allotments cannot be over expended at fiscal year-end or at the end of the biennium.

The SBCTC-IT Web Site under job scheduling (BAXXXXJ) provides a list of budget reports from summary level to detail level that can be used to monitor budgets, or budget and accounting information. Appropriate controls should be in place to verify that the internal budgets and allotments balance to the State Board allocation schedule. The on-line budget screen BA1005 can be used to access detailed expenditure, encumbrance and revenue information on a real-time basis.

[20.20.70](#) **Associated Student Body Budget Process**

2003-08-15

The legislature recognizes that students pay services and activities fees for the express purpose of funding student services and programs. It is the intent of the legislature that governing boards ensure that students have a strong voice in recommending budgets for services and activities fees. The Board of Trustees must adopt guidelines governing the establishment and funding of programs supported by services and activities fees. Such guidelines must stipulate procedures for budgeting and expending services and activities fee revenue. Refer to RCW 28B.15.045 for additional guidance on ASB budget development recommendations and requirements.

[20.20.70](#).a **Is the ASB process the same for each college?**

Each college, operating within legislative guidelines, will have a slightly different process. The timeline for ASB budget development will generally parallel the timeline for general fund budget development. The same procedures as previously outlined are used to enter the ASB budget into the FMS system. While Fund 522 (ASB) is not included in the allotment process, FMS budget and accounting reports are available to monitor Fund 522 activity.

30
Capital Budget

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[30.30.10](#) [GA Approvals](#) 2003-08-15

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[30.30.30](#) [OFM](#) 2003-08-15

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[30.30.40](#) [Legislative](#) 2003-08-15

[30.30.40.a](#) [Legislative Approval](#)

[30.40](#) [Purchase of Real Property](#)

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[30.40.10.a](#) [Where should requests be made?](#)

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[30.40.20.a](#) [SBCTC Approvals](#)

[30.40.30](#) [HECB Approvals](#) 2003-08-15

[30.40.30.a](#) [Acquisitions via Condemnation.](#)

[30.50](#) [Development Projects](#)

[30.50.10](#) [Lease Development Projects](#) 2003-08-15

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30.60.20 Easements 2003-08-15

30.60.20.a Granting of Easements

30.70 Gifts and Joint Use Facilities

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30.10

Capital Fund types and Required Approvals

30.10.10 Appropriated Funds

2003-08-15

Community colleges typically receive three types of appropriated funds.

- Project-specific appropriations. These funds are identified in both the system capital budget request and in the legislative appropriation act for a particular project.
- Omnibus appropriations. These funds are made for a group of similar projects at a number of colleges. The individual projects are specifically described in the system capital budget request, but not in the legislative appropriation.
- Minor works – Preservation appropriations. These funds, such as RMI (repair and minor improvements), are nonspecific capital funds provided for unforeseen repairs, contingencies, emergencies or minor improvements. Only a general purpose (not specific projects) is specified for these funds in the system capital budget request and the legislative appropriation act.

30.10.10.a How are funds acquired?

State capital funds are provided by legislative appropriation and must have approved electronic allotments by OFM prior to expenditure.

Appropriations are also approved by the SBCTC prior to allotment and expenditure. The electronic allotment process is done by the SBCTC using documentation prepared by the college. When the allotments are approved by OFM the SBCTC allocates funds to the colleges for expenditure. The expenditures must be consistent with the SBCTC Capital Budget Request as approved and/or modified by the Legislature.

30.10.10.b How long does an appropriation stay in affect?

An appropriation is spending authority for one biennium only.

Expenditure of remaining state capital funds in any biennium following an initial appropriation requires reappropriation by the Legislature, re-allotment by OFM, and re-allocation by the SBCTC. Omnibus projects and Minor Works projects can only be reappropriated once.

30.10.10.c What are the sources of state funds?

Since 1985 funding has been provided by the Legislature from state general obligation (GO) bonds within the state's debt ceiling, from Education Construction Account dollars, and building/tuition fees (Fund 060) remitted by the colleges. Other funds may be determined by the Legislature for use by the community and technical colleges. Fund sources are defined in the appropriation bill.

30.10.20 Non-appropriated Funds

2003-08-15

30.10.20.a What are non appropriated funds?

Non-appropriated funds are local funds. There are several types of non-appropriated fund sources that may be identified for local capital purposes:

- Proprietary funds – These are funds generated by the various college auxiliary enterprises such as the Associated Student Body, parking, bookstore, and food services. They can also be generated by fee based activities such as voluntary student fees or the Services and Activities (S & A) fee.
- Local operating funds – These funds generated by college tuition, fees, and interest income (i.e., Fund 148 and Fund 149).
- Local capital funds – These funds are almost exclusively generated by interest income on fund balances and transfers of fund balances from other local and proprietary funds for capital purposes.
- External Sources of funds – External source of funds come from gifts, grants, bequests, Certificates of Participation (COP), revenue bond proceeds, loan proceeds and other similar sources external to the college.

30.10.20.b Expenditures of non-appropriated funds.

Expenditures of non-appropriated funds for a capital purpose are not subject to legislative appropriation. However if such funds are used to acquire real property, then acquisitions may be subject to legislative approval.

30.10.20.c How are acquisitions approved?

Once the college identifies funds to be used for a capital purpose, a “recommendation to approve” must be made. Recommendations to approve are made through an explicit resolution by the college district board of trustees, or by college staff under an authority clearly delegated by the college district board for that project or category of capital expenditure. The “recommendation to approve” is forwarded to the SBCTC via completion of Form C-8. Authority has been delegated to the SBCTC Executive Director for project requests up to \$400,000. Requests for approval of projects over \$400,000 are submitted to the State Board for consideration at a regularly scheduled meeting.

[30.10.20.d](#) **How are funds spent?**

Upon approval by the SBCTC, funds may be spent directly from a proprietary fund for capital purposes. At the end of the biennium, in which the local capital funds have been approved for expenditure, the SBCTC should be notified as to the status of projects so that the SBCTC staff can re-allocate the funds as necessary. Occasionally, in unique circumstances, local operating funds can be used directly for capital purposes without prior approval of the SBCTC. However, as a general rule, local operating funds to be used for capital purposes should be transferred to fund 147 for expenditure by action of the college district board of trustees. The transfer of funds into fund 147 for expenditure on a capital project does not require SBCTC approval. However, the expenditure of funds from fund 147 does require SBCTC approval. Remaining local capital project funds in fund 147 must be resubmitted for allotment in each subsequent biennium. The SBCTC staff does this automatically unless otherwise advised by the college’s staff.

[30.10.30](#) Borrowed Funds

2003-08-15

With approval from the college district boards of trustees, college districts may borrow funds to be used for capital improvements from commercial sources, or through the Certificate of Participation (COP) program of the Washington State Treasurer’s Office. Any loan from the State Treasurer or other financing contract for real property acquisition or improvement requires explicit prior approval by the Legislature and the State Finance Committee (see RCW 39.94). Loans arranged through the State Treasurer’s Lease Purchase Program or Energy Conservation Program,

managed by General Administration, do not require additional legislative or State Board approval. Twenty years is considered the maximum term to pledge student fee income to repay a loan made for capital purposes.

[30.10.30.a](#) **How are alternatively financed projects approved?**

Alternatively financed capital projects are normally approved by the SBCTC through the capital budget process or if necessary by separate resolution. The expenditure of the proceeds of such an alternative financing is approved by the SBCTC in accordance with the rules for local fund expenditures. The college requests authority to spend local capital dollars on Form C-8.

[30.10.30.b](#) **Certificates of Participation**

Certificates of Participation (COP) require coordination with the State Treasurer to ensure the intent letter to use a COP, and supporting documentation are properly prepared and filed in a timely manner. There are other restrictions in the use of COPs that need to be understood if the intended COP funded project includes both public and private use.

30.20 **Capital Project Approval Process**

30.20.10 **Approval Process for State Funded Projects**

2003-08-15

The shared responsibility for capital improvements as outlined in RCW 28B.50.090 and RCW 28B.50.140 requires that both the college district board of trustees and the State Board approve capital projects. WAC 131-24-010 describes the SBCTC approval needed for capital improvement projects and for acquisition of rights to real property. The State Board will consider approval of a capital project at the request of a college district board of trustees that has forwarded a “recommendation for approval” of a proposed capital project.

30.20.10.a **Capital Appropriations**

Projects to be funded from specific state capital appropriations must be requested by the college district board of trustees for inclusion by the State Board in the system capital budget request. System capital budget requests are prepared periodically (usually each biennium) in accordance with SBCTC and OFM capital budget instructions. The State Board affirms general approval of a project by including the project in the system budget request.

30.20.10.b **Legislative Appropriation**

Capital project funds appropriated by legislature are allocated to the colleges by a direct action of the State Board. The allocation of funds to the colleges, by the State Board, is accomplished by distributing a capital allocation schedule to each college detailing the financial specifics of each of the college’s capital projects. At this time each of the college’s capital projects is assigned a State Board project number. This project identifier is used to uniquely identify each project and to track financial and other activity associated with the project.

30.20.10.c **Emergency/Discretionary Appropriations**

The SBCTC sometimes receives appropriations of emergency, or other

unspecified capital funds, to be used at SBCTC discretion within the guidelines established for use of such funds. District requests for such funds will be considered according to guidelines established for emergency funding, asbestos abatement, or other hazardous material remediation.

30.20.20 Approval Process for Local-Funded Projects

2003-08-15

30.20.20.a Non-appropriated (Local) Funding

Projects to be funded from non-appropriated (local) capital funds must be approved by the SBCTC. Approvals will be documented by the assignment of an SBCTC project number for the local capital project being requested and the inclusion of the project in the college's Capital Allocation Schedule.

Projects of \$400,000 or more require specific State Board action. Projects under \$400,000 can be approved by the State Director under authority delegated to State Director in SBCTC Resolution 97-10-58.

30.20.20.b Projects Costing Over \$400,000

With Projects of \$400,000 or more SBCTC action is based on an agenda item developed for the State Board by the SBCTC staff. The agenda item describes the background and rationale for the project from information that has been supplied by the college. The college alerts State Board staff of the need for such project approval at least 60 days in advance (see [*SBCTC Policies, Chapter 6 Capital Expenditures and Real Property Transactions/Types of Capital Funds/Non-appropriated Funds, Page 3 Approved 9/19/02*](#)) of the desired date to award a construction contract after bid opening (and preferably before the bid-open date is set).

30.20.20.c Recommended Types of Approval

For most local fund projects over \$400,000, a two-stage SBCTC approval is recommended.

- The Executive Director can approve design funds for expenditure if under \$400,000.
- After bid opening and evaluation, the final project budget, incorporating actual construction costs plus contingency, can be

recommended for SBCTC action.

[30.20.20.d](#) **Matching Fund Projects – Clarification of Expenditure and Allowable Match**

While it is prudent to accept in-kind contributions, the Legislature only recognizes cash as a match to appropriated funds. Furthermore, OFM requires that the use of state funds will be proportional to the State's share of total project costs. State funds cannot be spent out first while local funds are retained!

[30.20.30](#) **Approval Authority**

2003-08-15

[30.20.30.a](#) **Approval Authority Delegated to SBCTC Staff**

Under RCW 28B.50.090 and .140, all capital actions require State Board approval. In October 1997, the State Board delegated to the State Director (Resolution 97-10-58) the power to exercise the Board's authority in approving the following types of capital actions:

- Projects up to \$400,000 in total cost
- Acquisition of real property adjacent to an existing community college campus or facility and within the master plan boundary of the college.
- Granting of easements to public agencies or utility companies.

District requests for delegated actions should be addressed to the SBCTC capital budget officer.

[30.20.40](#) **Special SBCTC Considerations**

2003-08-15

Colleges are encouraged to hire a campus architect to assist in the budget planning and development, as well as to help package and manage capital project delivery in an efficient manner.

[30.20.40.a](#) **Can elements of capital projects be split or combined to improve efficiency?**

The college and the Division of Engineering and Architectural Services (E & AS) have wide latitude to split or combine elements of state and local capital projects into efficient public works project packages. Among the

benefits of such combinations are the economies of scale, reduced friction of multiple contractors on the campus, and increased flexibility of applying combined appropriations for multiple elements of work to a single contract to expedite the project.

[30.20.40.b](#) **Alternative Construction Delivery Method**

For technically complex projects or when timesavings are paramount, the college may explore with E & AS the feasibility of using an alternative construction method using a General Contractor/Construction Manager (GCCM) or design/build approach in lieu of the normal design-bid-build process.

30.30 **Rent/Lease of Real Property**

30.30.10 **GA Approvals**

2003-08-15

Within the state Department of General Administration, the Division of Real Estate Services (RES) is responsible for all rental, lease, or purchase acquisitions of real property by/for community colleges.

Initial requests to lease or rent real property should be made to the Division of Real Estate Services. RES may thereafter, delegate some acquisitions or lease renewals to the college.

30.30.20 **SBCTC**

2003-08-15

30.30.20.a **SBCTC Approvals**

State Board approval is required before any college enters into an option to purchase, a right of first refusal, or a letter of intent to purchase real property. The State Board would normally act on such leases as part of either the system biennial or supplemental capital budget requests.

30.30.20.b **HEC Board Approvals**

Approval by the Higher Education Coordinating Board (HECB) is required for any lease arrangement for off-campus educational space which (1) is 3,000 square feet or more of building space, (2) cost \$30,000 or more per year to rent/lease, (3) has a total value/price of \$30,000 or more, or (4) is property which exceeds one-half acre in size (undeveloped property).

30.30.30 **OFM**

2003-08-15

30.30.30.a **OFM Approvals**

Approval by OFM is required for any lease agreement (1) for use of a building to be built for state occupancy or for use of an existing facility for

more than ten years, (2) that includes an option to purchase, or (3) that establishes a future purchase price.

30.30.40 **Legislative**

2003-08-15

30.30.40.a **Legislative Approval**

Approval by the Legislature is required for any lease agreement that includes an option to purchase (RCW 39.94). Lease/purchase agreements are normally handled during the budget or supplemental budget processes and are acted on by the Legislature as part of the system budget submittal.

30.40 **Purchase of Real Property**

30.40.10 **GA Approvals**

2003-08-15

The general administration, division of Real Estate Services (RES), is responsible for all purchase or option to purchase arrangements by community colleges to acquire real property. “Prior approval of the State Board or State Director is also required before any college enters into an option to purchase, a right of first refusal, or a letter of intent to purchase real property.” (SBCTC Policy Manual, Chapter 6, page 4)

30.40.10.a **Where should requests be made?**

Requests to acquire property should be made to the Real Estate Services Division using the appropriate RES form. An appraisal, paid for by the college, is required by RES as part of the preparation for negotiating a purchase price. An environmental evaluation of the property is also required. RES will charge the acquiring college for its staff services and expenses.

30.40.10.b **Who holds the title to state owned real property?**

“Under RCW 28B.50, the SBCTC holds title to the state owned real property of the community and technical colleges. College districts may acquire or alter property for the purpose of carrying out any approved program or activity provided prior approval of the State Board based on the recommendations of state board staff and the board of trustees of the benefiting college has been granted. Properties shall be acquired in the name of the State Board for Community and Technical Colleges through the Department of General Administration Division of Real Estate Services as required by RCW 43.82.”

30.40.10.c **How are repairs and remodeling handled?**

Repairs or remodeling costs associated with a real property acquisition is the responsibility of the acquiring college at the time the acquisition is contemplated. The State Board will not support any request to the

Legislature for renovation or replacement funds on property until the college for has owned it at least 20 years.

30.40.20 SBCTC Approvals

2003-08-15

30.40.20.a SBCTC Approvals

The SBCTC or its Director must approve all real property purchases or options. Types of purchases and the required approval needed.

- Purchases (or options) to be made with appropriated capital funds will be made and approved in the capital budget request and allocation process.
- Purchases (or options) to be made with non-appropriated (local) funds are reviewed and approved individually.
- The State Director may approve local fund acquisitions up to \$400,000 that are adjacent to existing community college (state) property.

Other acquisitions require specific SBCTC review and approval.

30.40.30 HECB Approvals

2003-08-15

All purchases (or options) more than one mile from a college campus is approved by the Higher Education Coordinating Board (HECB). The power of eminent domain is granted by statute to the State Board (RCW 28B.50.090 (15)).

30.40.30.a Acquisitions via Condemnation.

Acquisitions requested by a college district board of trustees via condemnation must meet the legal requirements for condemnation and demonstrate a state use for the property. Except in extraordinary circumstances and as a last resort, SBCTC prefers to transact land acquisition with willing sellers. The State Board expects that the colleges will negotiate acquisition and use condemnation only as a last resort.

30.50 **Development Projects**

30.50.10 Lease Development Projects

2003-08-15

OFM has defined the following as lease development projects:

1. leases for more than ten years
2. purchases
3. options to purchase
4. future purchase price establishment
5. building contract for state use facility

All such projects must be included on an approved list of lease development projects before RES can acquire such space.

30.50.10.a How is the approved list of lease development projects created?

The lease development list is to be prepared and reviewed/approved by OFM and the Legislature as part of the biennial capital budget. Such alternative financing projects are part of the SBCTC capital request. Although OFM has the authority to add projects to the lease development list between legislative sessions, such action is likely only in extreme emergencies and will not be easily accomplished. The lease development list can be updated in each supplemental legislative session.

30.60**Disposition of State Owned Real Property**

30.60.10 Sale, Trade or Similar Disposition of Fee Title

2003-08-15

The State Board for Community and Technical Colleges (SBCTC) has legal authority to dispose of state-owned real property held for the community and technical college system. All sales or exchanges of real property must be approved by the SBCTC.

30.60.10.a How is approval of sale granted?

SBCTC approval is normally granted upon the finding of a college district board that the property will not be needed and that the disposition terms are in the best interests of the state, the college system and the college.

30.60.10.b Who administers sales of state-owned real property?

“Sales transactions should be administered by or with the advice of the Department of General Administration Division of Real Estate Services staff when technical concerns are significant or when the value of the property is high. An appraisal is normally required by the Division of Real Estate Services to establish the value of the property, even though disposition of the property may vary

30.60.10.c Who gets the proceeds generated by sales?

Proceeds of the sale or exchange of real property normally remain with the local college, and may be expended or committed to college use with SBCTC approval.” (See [SBCTC Policies, Chapter 6 page 6](#))

30.60.20 Easements

2003-08-15

30.60.20.a Granting of Easements

The SBCTC may grant easements for access to and use of state owned college property in response to a positive recommendation from the college district board of trustees. By delegation, the State Director may

approve easements to utility companies and public or municipal entities.

30.70

Gifts and Joint Use Facilities

The SBCTC has established a policy to guide its consideration of gift or joint use facilities that may be proposed on state land or as public/private or multi-agency facilities (see SBCTC policy dated September 19, 2002, [Chapter 6 Appendix D, E & F](#)).

30.70.10 Non-Educational Service

2003-05-15

30.70.10.a SBCTC Approval

Real property received by a community college as a bequest, grant or gift is not subject to SBCTC review and approval until or unless it is put into service as an educational resource. Non-educational use and the related management or disposition of such gifts is the sole responsibility of the college district board of trustees and is exempt from SBCTC; HECB; and OFM approval.

40 Accounting

40.10 **Current Assets**

40.10.10 **Cash** 2005-10-18

40.10.10.a **Cash in Bank**

[40.10.10.a.1](#) [What is included as cash in college accounting?](#)

[40.10.10.a.2](#) [What is the procedure for handling cash?](#)

40.10.10.b **Deposits in Transit**

[40.10.10.b.1](#) [What are deposits in transit?](#)

[40.10.10.b.2](#) [Recording Deposits in Transit](#)

[40.10.10.b.3](#) [Monitoring General Ledger 1120 Deposits in Transit](#)

40.10.10.c **Pooled Cash**

[40.10.10.c.1](#) [What is pooled cash?](#)

[40.10.10.c.2](#) [What is the procedure for handling pooled cash?](#)

[40.10.10.c.3](#) [How do I track pooled cash?](#)

[40.10.10.c.4](#) [Entries to the pooled cash general ledger.](#)

[40.10.10.c.5](#) [Illustrative Entries](#)

[40.10.10.c.6](#) [FMS Pooled Cash Process](#)

[40.10.10.c.7](#) [Pooled Cash Out of Balance Conditions](#)

40.10.10.d **Cash Reconciliations**

[40.10.10.d.1](#) [Reconciliation of Cash](#)

[40.10.10.d.2](#) [Reconciliation Tools](#)

[40.10.10.d.3](#) [Sample Cash Reconciliation Worksheets](#)

40.10.20 **Petty Cash** 2006-03-02

[40.10.20.a](#) [What is petty cash?](#)

[40.10.20.b](#) [Where can I find petty cash regulations?](#)

[40.10.20.c](#) [Who controls the petty cash account?](#)

[40.10.20.d](#) [Establishing a Petty Cash Account](#)

[40.10.20.e](#) [Authorized Uses of Petty Cash Accounts](#)

[40.10.20.f](#) [Disbursement of Petty Cash](#)

[40.10.20.g](#) [Reconciliation of Petty Cash](#)

[40.10.20.h](#) [Reimbursement of Petty Cash Fund](#)

[40.10.20.i](#) [Abolishment of Local Petty Cash Account](#)

[40.10.20.j](#) [Illustrative Entries](#)

2005-02-25

40.10.30 **Investments****40.10.30.a** **Investing**

- [40.10.30.a.1](#) [What are short term investments?](#)
- [40.10.30.a.2](#) [What are non-current investments?](#)
- [40.10.30.a.3](#) [What are the internal controls for investments?](#)

40.10.30.b **Allowable Investments**

- [40.10.30.b.1](#) [Acceptable Investment Options](#)
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<u>40.50.70</u>	<u>Prior Biennium Recoveries</u>	2003-08-15
<u>40.50.70.a</u>	<u>Where do I record prior biennium recoveries?</u>	
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40.60 **Expenditures**

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<u>40.60.10.b</u>	<u>What should be included on a purchase requisition?</u>	
<u>40.60.10.c</u>	<u>What is a purchase order?</u>	
<u>40.60.10.d</u>	<u>What is a purchase order used for?</u>	
<u>40.60.10.e</u>	<u>Competitive Bidding Requirements</u>	
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<u>40.60.10.g</u>	<u>Budget Authority/Coding</u>	
<u>40.60.10.h</u>	<u>Where should deliveries be made?</u>	
<u>40.60.10.i</u>	<u>Process for handling deliveries.</u>	
<u>40.60.10.j</u>	<u>When is an invoice considered approved?</u>	

<u>40.60.20</u>	<u>Encumbrances</u>	2003-08-15
<u>40.60.20.a</u>	<u>What is an encumbrance?</u>	
<u>40.60.20.b</u>	<u>Where do I record encumbrances?</u>	
<u>40.60.20.c</u>	<u>Which funds are subject to encumbrance accounting</u>	
<u>40.60.20.d</u>	<u>Encumbrance Policies</u>	
<u>40.60.20.e</u>	<u>Liquidating an encumbrance.</u>	
<u>40.60.20.f</u>	<u>Types of liquidations</u>	
<u>40.60.20.g</u>	<u>Where do I record liquidations?</u>	

<u>40.60.30</u>	<u>Paying the Bills</u>	2003-08-15
<u>40.60.30.a</u>	<u>What source documents are required when paying bills?</u>	
<u>40.60.30.b</u>	<u>Who authorizes expenses for goods and services?</u>	
<u>40.60.30.c</u>	<u>Where do I record accounts payable documents?</u>	
<u>40.60.30.d</u>	<u>How to verify accounts payable documents</u>	
<u>40.60.30.e</u>	<u>When should payments be reconciled?</u>	
<u>40.60.30.f</u>	<u>How do I verify payments on goods and services?</u>	
<u>40.60.30.g</u>	<u>When should payments be made?</u>	
<u>40.60.30.h</u>	<u>How are due dates for payments determined</u>	
<u>40.60.30.i</u>	<u>Internal control elements for disbursements</u>	

40.60.30.j	What should be done with blank vendor check stock?	
40.60.40	Payroll Vendor Payments	2003-08-15
40.60.40.a	FMS Pending Payment Report (BM3105)	
40.60.40.b	FMS Processed Batch Reports (GA1201 and GA1202)	
40.60.40.c	What are the general ledger's batch identifiers?	
40.60.40.d	When are payroll vendor payments processed?	
40.60.40.e	Where are payroll vendor payments displayed?	
40.60.50	Recovery of Expenses	2003-08-15
40.60.50.a	Recovery of Expenses	
40.60.60	Sales and use tax	2003-08-15
40.60.60.a	What is sales tax?	
40.60.60.b	What is use tax?	
40.60.70	Belated Claims	2003-08-15
40.60.70.a	What are belated claims?	
40.60.70.b	Requesting payment for belated claims.	
40.60.70.c	Criteria for valid belated claims.	
40.60.80	Affidavit of Lost Checks	2003-08-15
40.60.80.a	How to report a lost or destroyed check	
40.60.80.b	How to report a check that has been forged	
40.60.90	Independent Contractors	2003-08-15
40.60.90.a	What are independent contractors?	
40.60.90.b	Considering hiring a consultant/contractor?	

40.10

Current Assets

What are current assets?

Current Assets are those assets that are available or can be made readily available, to meet the current obligations of the organization (expenditures and current liabilities). Current assets are either cash or “near cash” assets that can be easily and quickly converted to cash.

40.10.10 Cash

2005-10-18

40.10.10.a Cash in Bank

40.10.10.a.1 What is included as cash in college accounting?

Cash for the purposes of financial reporting includes currency, coin, payments received in the form of warrants, checks, postal and express money orders, bankers' drafts on hand or on deposit with an official or agency designated as the custodian, bank deposits and treasury deposits not classified as investments

40.10.10.a.2 What is the procedure for handling cash?

OFM prescribes the procedures for cash handling and depositing in SAAM 85.50.20, .30 & .40. Those sections establish the requirement that receipts will be deposited intact within 24 hours with limited exceptions, and that they are deposited in qualified public depositories. In addition, these sections describe undeposited receipts as well as daily and monthly cash receipts and deposit reconciliation procedures.

40.10.10.b Deposits in Transit

40.10.10.b.1 What are deposits in transit?

Deposits in transit are those payments received by the close of business of a given fiscal period but not recorded in the accounting system and not deposited until the next fiscal period. General ledger 1120 is used to record this activity and is also used for payments received from other state

agencies after the close of the fiscal period but where the other agency has processed the payment prior to the close of that period.

[40.10.10.b.2](#) **Recording Deposits in Transit**

Typically, all cash received is recorded in the accounting system on the day received and deposited with the bank on the following day. These amounts are classified as cash in general ledger 1110 even though the funds are not actually deposited until the first day of business of the new fiscal period.

[40.10.10.b.3](#) **Monitoring General Ledger 1120 Deposits in Transit**

General Ledger 1120 (Deposits in Transit) requires additional monitoring due to the impact on reconciling receivables and liabilities between state agencies (Ref FAM [50.80.20](#)).

[40.10.10.c](#) **Pooled Cash**

[40.10.10.c.1](#) **What is pooled cash?**

Pooled cash is the cash of all local funds combined and maintained in one central bank account recorded in Fund 841. Fund 841 is the only fund allowed to have a balance in General Ledger 1110 at the fund level.

[40.10.10.c.2](#) **What is the procedure for handling pooled cash?**

Since the amount of cash in the bank is maintained in one fund, some method must be used to track the amount of cash that belongs to each individual fund. At the same time individual accounts or departments (program /organization index) must know how much cash they have.

[40.10.10.c.3](#) **How do I track pooled cash?**

The Financial Management System will track cash through a process called “pooled cash”. It will also track four general ledgers that are unique to the community and technical college system. These ledgers are GL 1355 (Due From Other Funds - Pooled Cash and Investments) GL 5155 (Due to Other Funds – Pooled Cash and Investments). Additionally, general Ledgers 1150 (Cash in Bank Control) and 1151 (Contra Cash Control) are recorded in Fund 841.

40.10.10.c.4 Entries to the pooled cash general ledger.

Entries to the pooled cash general ledgers are system generated in FMS any time a transaction code is used that debits or credits GL 1110 and has a pooled cash indicator of “1” or “-1” on FMS Transaction Code Table GA1093. These system-generated entries occur each day when the daily posting job group FG001D is run.

40.10.10.c.5 Illustrative Entries

Original Entry	Transaction Code	Transaction Amount	Debit GL	Credit GL	Fund
Bookstore Sales Revenue	023	\$3,000.00	1110	3210	524
Bookstore Sales Tax Liability collected	200	\$264.00	1110	5158	524
Cash in Bank	040	\$3,264.00	1150	1151	841
Pooled Cash Entry Generated					
Due to Fund 524 from Fund 841	020	\$3,264.00	1355	1110	524
Due from Fund 841 to Fund 524	025	\$3,264.00	1110	5155	841

Sample Trial Balance	Account Code	G/L	Amount
Bookstore Operations 1	524-261-1E00	1110	\$2,264.00
	524-261-1E00	3210	(\$2,000.00)
	524-261-1E00	5158	(\$264.00)
Bookstore Operations 2	524-261-1E99	1110	\$1,000.00
	524-261-1E99	3210	(\$1,000.00)
System Generated	524-320-1B00	1110	(\$3,264.00)
	524-320-1B00	1355 (841)	\$3,264.00
System Generated	841-321-1B00	1110	\$3,264.00
Pooled Cash	841-321-1B00	5155 (524)	(\$3,264.00)

40.10.10.c.6 FMS Pooled Cash Process

The pooled cash process reverses GL1110 in the original fund and moves the cash to Fund 841. The system does this by generating an offsetting GL1110 entry with a receivable entry to GL 1355 (Due from Other Funds – Pooled Cash) in the original fund using program 320 (Cash Transfers-Pooled Cash – Local Funds). At the same time, it establishes a liability in GL5155 (Due to Other Funds – Pooled Cash) and offsetting GL1110 entry for the same amount in Fund 841 in program 321 (Cash Transfers-Pooled Cash – Fund 841).

After the entries have been generated for the example above, the net balance of GL1110 in Fund 524 is zero. Fund 524 has no bank account of

its own. The cash balance has been replaced with a corresponding balance in GL1355 (Due from Other Funds – Pooled Cash). This amount due to Fund 524 is reflected in Fund 841 in GL 5155 (Due to Other Funds – Pooled Cash).

System generated pooled cash entries for the example above using transaction codes 020 for Fund 524 and 025 for Fund 841 are as follows: The pooled cash process generates both a debit and a credit to GL1110. Cash has not been increased nor decreased. Only the location of the cash within the fund ledgers has changed from Fund 524 to Fund 841. An interfund receivable has been established in 524-320-1B00 to show that Fund 524 is owed this money from the central bank account. An offsetting payable has been established in 841-321-1B00 to show that the central bank account, Fund 841 owes the money to the bookstore. Program 320 and program 321 should be used strictly for the automated pooled cash entries.

The total of GL 1355 in all funds must equal the total of GL 5155 in Fund 841. This has solved the problem of identifying how much money in the central bank account belongs to each individual fund as well as identifying how much money within each fund belongs to each department (prog/org) by reflecting GL 1110 at the department level.

[40.10.10.c.7](#) **Pooled Cash Out of Balance Conditions**

When pooled cash out of balance conditions are encountered, verify that any manual pooled cash transactions occurred in Fund 841 instead of Fund 840. Review the system generated tuition distribution process and other month end processing to confirm that jobs affecting cash were run prior to Pooled Cash processing. Posting a cash transaction such as tuition revenue directly to fund 841 can also cause pooled cash to be out of balance.

Corrections to pooled cash errors need to be posted manually through the GA1103 process using the above referenced transaction codes.

[40.10.10.d](#) **Cash Reconciliations**

Cash activity should be monitored on a daily basis in FMS and cash in the bank must be reconciled to the General ledger at least monthly

[40.10.10.d.1](#) **Reconciliation of Cash**

The cash balance of accounts maintained in commercial or governmental banking institutions, including petty cash accounts and investments, are to be promptly reconciled to the accounting records on a monthly basis.

The balance shown on the bank statement may not agree with the book balance. Variances occur because of outstanding checks, deposits in transit and/or bank service charges. Any necessary adjusting entries are to be promptly prepared and recorded in the agency's records (Ref. FAM [60.40](#)).

[40.10.10.d.2](#) **Reconciliation Tools**

General Ledger 1110 Cash in Fund 841 plus General Ledger 1205/1206/1220/1230/1280 Investments equals General Ledger 5155 in Fund 841 Due to Other Funds – Pooled Cash. (1110 + 1205/06/20/30/80 = 5155). GL 1110 must equal GL1150 and GL 1355 must equal GL 5155. Reviewing report GA1333 will help identify cash out of balance conditions by batch number. The SMART checklist page 403 provides a convenient way to confirm 1355 and 5155 balances by fund. Page 101 does the (1110 + 1205/06/20/30/80 = 5155) analysis and reports any out of balance conditions.

[40.10.10.d.3](#) **Sample Cash Reconciliation Worksheets**

The following link will access sample cash reconciliation worksheets used by colleges: <http://apps.sbctc.ctc.edu/fam/docs/cashreconwksht.xls>

There is not one way to accomplish cash reconciliations and the attached samples should not be considered "official" or "approved" methods but rather workable options.

[40.10.20](#) **Petty Cash**

2006-03-02

[40.10.20.a](#) **What is petty cash?**

Petty Cash is cash held to make change or pay small obligations when the issuance of a formal voucher and/or check would be cost prohibitive and time consuming to produce. Petty cash includes change funds, used solely for making change in across-the-counter cash transactions. It also includes petty cash imprest accounts, used to make payments when issuing a check

may not be practical or timely. Imprest accounts may be in the form of cash or separate imprest checking accounts.

[40.10.20.b](#) **Where can I find petty cash regulations?**

Petty cash account regulations are prescribed in RCW 42.26. Agencies are to establish internal control procedures for petty cash in accordance with OFM's prescribed regulations and procedures.

[40.10.20.c](#) **Who controls the petty cash account?**

The agency head, unless otherwise restricted by law, has the authority to establish and control a petty cash account secured by local funds, which are under the control of the agency head. The petty cash fund amount should be minimal. 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 for which the monies will be spent. The agency head or authorized designee is responsible for the proper use of the petty cash fund.

Petty cash must be physically secured in a safe, vault or other locked location. If a State Auditor's report discloses that the agency's amount of petty cash is excessive, or its use is in violation of regulations, the Director of OFM may require the elimination of or reduction in petty cash funds.

[40.10.20.d](#) **Establishing a Petty Cash Account**

The agency is to produce a check to reclassify Local Cash in Bank to Petty Cash. If the agency is making a petty cash advance from a non-proprietary local fund, an additional entry is required to reserve a portion of fund balance to indicate that the petty cash is not available for appropriation.

[40.10.20.e](#) **Authorized Uses of Petty Cash Accounts**

Petty Cash expenditures may be made for local market purchases of supplies and materials within the limitations prescribed by the Department of General Administration. The items purchased cannot be expediently paid through regular disbursement procedures. Petty cash may be used for payment of postage due, and rail, air, courier and bus express charges where carriers require payment at the time of delivery. Additional guidance on authorized uses of petty cash can be found in SAAM

85.50.60.b.

[40.10.20.f](#) **Disbursement of Petty Cash**

All disbursements from petty cash accounts are to be documented and supported by receipts or vouchers bearing the signature of the payee. The document must include the date, name of payee, purpose of disbursements, amount paid, signature of the person authorizing disbursement and the proper account distribution. A register or log reflecting the balance of the account is to be maintained to aid in replenishing the fund. The total cash on hand, plus the amount of expenditures according to the documentation is to equal the amount originally advanced to establish the petty cash account.

[40.10.20.g](#) **Reconciliation of Petty Cash**

Petty cash disbursement records should be reconciled at least monthly. Frequent, periodic audits are to be performed by agency personnel other than the petty cash custodian as designated by the agency head. Additional disbursement and reconciliation procedures are provided by [OFM in 85.50.60.d.](#)

[40.10.20.h](#) **Reimbursement of Petty Cash Fund**

To replenish a petty cash account for disbursements made, the appropriate voucher must be prepared with the name of the agency and the custodian as trustee in place of the vendor name. All documents supporting the disbursements are to be attached. The account code distribution is to be summarized and entered on the voucher. The voucher must be reviewed and approved for payment by someone other than the trustee. The voucher total plus the cash remaining in the account is to equal the authorized petty cash fund amount. Reimbursement procedures are also available in SAAM at 85.50.60.e.

[40.10.20.i](#) **Abolishment of Local Petty Cash Account**

The agency head or authorized designee has the authority to abolish a petty cash account secured by local funds. When the need for the petty cash account no longer exists and the petty cash fund is to be reduced or abolished, a reconciliation should be performed and the money returned to the local fund from which it was advanced. Further guidance for reduction

or abolishment of a petty cash account can be found at SAAM 85.50.60.f.

[40.10.20.j](#) **Illustrative Entries**

Establishing a petty cash fund:	Transaction Code	Fund Types	Debit GL	Credit GL
In proprietary or agency funds	001	2, 4 and 5	1130	1110
In other local funds	007	3	1130	1110
			9590	9556
Replenishing a petty cash fund:	002	2,3,4,5	6510	1110
Abolishing a petty cash fund:				
In proprietary or agency funds	001R	2, 4 and 5	1110	1130
In other local funds	007R	3	1110	1130
			9556	9590

40.10.30 Investments

2005-02-25

[40.10.30.a](#) **Investing**

Not conflicting the provisions of any other statute of the state of Washington, it is lawful for Community and Technical Colleges to invest surplus funds in eligible investments, as defined by RCW 39.60.050.

[40.10.30.a.1](#) **What are short term investments?**

Short Term Investments are investments of surplus balances in short-term securities and other investments that can be converted to known amounts of cash without prior notice or penalty. Short-term investments also include the portion of long-term investment that will mature within one year.

Examples include Notes, bonds, debentures of savings and loan associations, money market accounts, investments with the Local Government Investment Pool, and certificates of deposit.

[40.10.30.a.2](#) **What are non-current investments?**

Non-Current Investments are investments with a maturity date of one year or greater.

Examples include real estate held as an investment, participating interest-earning investment contracts, and investments in non-participating

interest-earning investments (non-negotiable certificates of deposit, guaranteed investment contracts with redemption terms that do not consider market rates).

[40.10.30.a.3](#) **What are the internal controls for investments?**

The internal controls for investments are as follows:

- The authority to purchase, exchange or sell investments and securities is to be clearly defined by the agency.
- Custody of securities is to be separate from the individual who is authorized to purchase, exchange or sell securities. Securities maintained by the agency shall be kept in a safe deposit box or locked vault with no one person having complete control over the combination or keys. Separation of duties is also achieved if securities are maintained by an outside agent.
- Subsidiary ledgers are to be maintained to record the details of each investment. Subsidiary ledgers are to be balanced to the general ledger at least monthly and at fiscal year end.
- A schedule of maturities and interest payment dates is to be maintained and closely monitored to assure that all income due has been received.
- Periodic reviews of the investments are to be made and documented by authorized personnel.

[40.10.30.b](#) **Allowable Investments**

The State of Washington closely defines those investment options that the Community and Technical Colleges are able to participate in.

[40.10.30.b.1](#) **Acceptable Investment Options**

Acceptable Investments as prescribed by RCW 39.60.050 include notes, bonds, or debentures of savings and loan associations, banks, mutual savings banks, savings and loan service corporations operating with approval of the federal home loan bank, and corporate mortgage companies, provided that:

- The notes, bonds or debentures are rated not less than “A” by a nationally recognized rating agency, or are insured or guaranteed by an agency of the federal government or by private insurer authorized to do business in the state and

- The notes, bonds and debentures insured or guaranteed by a private insurer shall also be backed by a pool of mortgages equal to the amount of the notes, bonds or debentures.

[40.10.30.b.2](#) **Local Government Investment Pool**

The Local Government Investment Pool (LGIP) is a voluntary investment vehicle operated by the State Treasurer. The LGIP provides a safe, competitive investment option for local governments that allows an entity to utilize the LGIP's resources to safely invest while achieving a competitive rate of return. Refer to <http://www.wa.gov/tre/lqip.htm>.

[40.10.30.c](#) **Investment Valuation**

[40.10.30.c.1](#) **Short Term Investments**

Investments classified as short-term are valued at fair value, except for time deposits, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates, or 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. The latter are to 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. Refer to [SAAM 85.52.20](#):

[40.10.30.c.2](#) **Long Term Investments**

Valuation of non-current investments depends on the type and purpose of the investment. Real estate held as an investment is reported at cost; Participating interest-earning investment contracts purchased with more than one year of maturity are to be reported at fair value; Investments in non-participating interest-earning investments are to be reported at amortized cost. Refer to [SAAM 85.52.30.b](#)

[40.10.30.c.3](#) **Accounting for Investments**

Pooled investments are recorded in fund 841. Short-term investments are held in GL 1205 and non-current investments are held in GL 1210.

Occasionally premiums and discounts are paid at the date of purchase. When this occurs, the unamortized portion is held in fund 841 using GL 1220 for premiums and GL 1230 for discounts. With each interest

payment a portion of the discount or premium will be amortized. Amortization of a discount increases the accrued interest earned and conversely, amortization of a premium decreases the accrued interest earned each period.

Investments in bonds are often made between interest dates. In such cases the purchaser pays for the previous interest earned (accrued interest) on the bonds since the last interest receipt. Accrued interest paid at the acquisition date should be booked as a debit to interest revenue. On the first payment date the full interest payment will be booked as a credit to interest revenue. The net revenue will be the actual bond earning for that period.

At the end of each fiscal year, investment balances are compared to fair market value. If a material difference (greater than 1% of the value of the portfolio) occurs, an entry for the difference is to be recorded using GL 1280 (investment valuation) and GL 3220 (non-cash revenue).

[40.10.30.c.4](#) **Illustrative Entries:**

\$100,000 short-term investment (no premium, discount or accrued interest):

T/C	APPR INDEX	GL DR	GL CR	Amount (\$)
021	841	1205	1110	100,000.00
040	841	1151	1150	100,000.00

\$100,000 non-current investment (no premium, discount or accrued interest):

T/C	APPR INDEX	GL DR	GL CR	Amount (\$)
010	841	1210	1110	100,000.00
040	841	1151	1150	100,000.00

\$100,000 short-term investment with a \$10,000 premium:

T/C	APPR INDEX	GL DR	GL CR	Amount (\$)
021	841	1205	1110	100,000.00
017		1220	1110	10,000.00
040	841	1151	1110	110,000.00

\$100,000 short-term investment with a \$10,000 discount:

T/C	APPR INDEX	GL DR	GL CR	Amount (\$)
021	841	1205	1110	100,000.00
018	841	1110	1230	10,000.00
040	841	1151	1150	90,000.00

\$100,000 short-term investment and \$5,000 accrued interest paid at time of purchase:

T/C	APPR INDEX	GL DR	GL CR	Amount (\$)
021	841	1205	1110	100,000.00
048	841	1316	1110	5,000.00
040	841	1151	1150	105,000.00

Amortize premium on a monthly basis (example \$500 monthly):

T/C	APPR INDEX	GL DR	GL CR	Amount (\$)
017	841	1110	1220	500.00
023	840	3210	1110	500.00

Amortize discount on a monthly basis (example \$500 monthly):

T/C	APPR INDEX	GL DR	GL CR	Amount (\$)
018	841	1230	1110	500.00
023	841	1110	3210	500.00

If a fund maintains its own investment, the entries will be recorded within that fund using the same mechanics as above.

[40.10.30.d](#) **Investment Interest Distribution**

Investment earnings are to be distributed proportionately to the amount invested by a fund. The investment amount of a fund is determined by that fund's GL 1355 cash balance, or in the case of a fund that holds its own investment, GL 1205 or GL 1210.

If a fund experiences a negative cash balance at month end, that fund is to be charged interest expense using sub-object PB. Colleges may determine a "significance" level and then charge or credit interest to funds only with significant positive or negative cash balances.

[40.10.30.d.1](#) **Pooled Interest distribution concept**

Earnings from an investment portfolio, which pays dividends daily or in the monthly accounting period, are to be recorded in the month in which the dividends were earned. Bank charges and merchant fees are to be accounted for separate of interest income. The fees are typically not netted against interest income.

The earned interest portion of the investment portfolio that does not pay out dividends until the maturity date, semi-annual payment date, or other scheduled date that differs from daily or monthly is recorded as interest receivable. The posting should be made in the month in which the interest was earned.

Investment interest is to be distributed or charged to all funds with a significant positive or negative cash balance. Funds that are used for revolving purposes only, for example fund 790 (the payroll revolving fund) are not to be included in the interest distribution. Fund 148 absorbs interest charges for funds that do not allow interest charges as allowable costs, like Grants and Contracts. For colleges that do not distribute tuition on a monthly basis, any cash balance in fund 840 resulting from undistributed tuition is to be added to fund 149's GL 1355 balance when distributing interest earnings.

OPTION 1: (Accumulate cash and accrued interest in fund 840 and distribute the cash portion only to the funds):

Record Cash Interest:

T/C	Fund	Debit	Credit
023	840-280-0000-0409	1110	3210
040	841-281-1B00	1150	1151

Record Accrued Interest:

T/C	Fund	Debit	Credit
058	840-280-0000-0409	1316	3205

At the maturity date, interest earned during the current year that was previously recorded as an account receivable should be recorded as follows:

T/C	Fund	Debit	Credit
059	840-280-0000-0409	1110 &	1316 &

		3205	3210
040	841-281-1B00	1150	1151

Interest earned in a previous fiscal year should be recorded as follows:

T/C	Fund	Debit	Credit
048	840-280-0000-0409	1110	1316
040	841-281-1B00	1150	1151

Interest is distributed to the funds based on their GL 1355 balance.

T/C	Fund	Debit	Credit
023R	840-280-0000-0409	3210	1110
023	147-XXX-XXXX-0409	1110	3210
023	148-XXX-XXXX-0409	1110	3210
023	149-XXX-XXXX-0409	1110	3210

ETC...

OPTION 2: (Distribute cash & accrued interest directly to the funds based on their 1355 balance): Record Cash Interest:

T/C	Fund	Debit	Credit
023	147-XXX-XXXX-0409	1110	3210
023	148-XXX-XXXX-0409	1110	3210
023	149-XXX-XXXX-0409	1110	3210
ETC...			
040	841-281-1B00	1150	1151

Record Accrued Interest:

T/C	Fund	Debit	Credit
058	147-XXX-XXXX-0409	1316	3205
058	148-XXX-XXXX-0409	1316	3205
058	149-XXX-XXXX-0409	1316	3205

ETC...

At the maturity date, interest earned during the current year that was previously recorded as an account receivable should be recorded as follows:

T/C	Fund	Debit	Credit
-----	------	-------	--------

059	147-XXX-XXXX-0409	1110 & 3205	1316 & 3210
059	148-XXX-XXXX-0409	1110 & 3205	1316 & 3210
059	149-XXX-XXXX-0409	1110 & 3205	1316 & 3211
ETC...			
040	841-281-1B00	1150	1151

Interest earned in a previous fiscal year should be recorded as follows:

T/C	Fund	Debit	Credit
059	147-XXX-XXXX-0409	1110 & 3205	1316 & 3210
059	148-XXX-XXXX-0409	1110 & 3205	1316 & 3210
059	149-XXX-XXXX-0409	1110 & 3205	1316 & 3210
ETC...			
040	841-281-1B00	1150	1151

[40.10.30.d.2](#) **Bank Analysis Earnings**

Through the process of compensating balances, some colleges receive interest earnings that are intended to offset banking charges. Though it is not mandated, it is proper to recognize those earnings and expenditures in the accounting records of the college.

Colleges choosing to record these transactions should establish an account within a fund that allows revenues and expenditures (for instance, fund 148). Each month as revenues and expenditures are calculated by the bank, the college records revenue using transcode 023 with revenue source 0409 and expenditures using transcode 002 with a sub-object that represents "bank fees," (for instance, EZ 02). The entry will result in a debit or credit balance to GL 1110. The offset will be recorded by using a transaction code 801 (or 801R), which establishes an 1110/5111 (or 5111/1110).

If the net of all GL 5111 activity results in a credit, this represents the amount the college will owe the bank at year-end. If the net of all GL 5111 activity results in a debit, this represents the excess revenue that was earned. Since in most cases the excess revenue is absorbed by the bank, it is proper to re-class the debit 5111 at year end to an expenditure.

40.10.40 Accounts Receivable

2003-08-15

Establishing a receivable is the process of recording the necessary entries when it is determined, based on established policy that an accounts receivable exists.

40.10.40.a When and how are account receivables recorded?

Receivables are to be promptly recorded when the asset or revenue recognition criteria have been met or the underlying accounting event has occurred and the amount is determinable. The revenue recognition criteria are as follows:

1. i. In governmental and expendable trust funds revenue is recognized in the period in which it becomes both available and objectively measurable. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.
2. ii. In proprietary, nonexpendable trust and pension trust funds revenue is recognized when it is earned.

40.10.40.a.1 What is included on an invoice?

Upon completion of the transactions, invoices are to be prepared and sent to the debtors. Sequentially numbered invoices are to be used. At a minimum invoices are to contain the following:

- A description of the goods or services provided.
- The date provided.
- The amount of debt.
- 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 invoices.

40.10.40.a.2 Which general ledgers are involved with A/R activity?

To establish a current receivable, debit the appropriate 13xx general ledger code and credit either accrued revenue or accrued expenditure, depending upon the type of transaction

40.10.40.a.3 Which FMS processes are used to record A/R transactions?

The current FMS system allows for three different methods of establishing

a current receivable. The methods are as follows:

- BM1600 Cashiering
- BM1620 Customer Accounts
- GA1103 General Accounting Transactions

For instructions on the procedures to set up the screens, tables, and necessary information regarding the Customer Accounts system, see the FMS manuals.

[40.10.40.a.4](#) **Using FMS Customer Accounts (BM1620) to process A/R activity.**

One method is to use Customer Accounts to generate accounting entries and automatically print the invoices. An amount may be entered into the system with instructions to print the invoice at a later date.

When the amount is first entered as an Unbilled Receivable, G/L codes to debit Unbilled Accounts Receivable (GL 1318) and credit Accrued Revenue (GL 3205) will be generated. The General Ledger used is determined by the Debt Type (FMS table BM1020) assigned to the Customer, Fee Code or manually entered on Customer Accounts.

Generated entries:

T/C	Fund Types	Rev Src	Debit	Credit
051	1,2,3,4,5	XXXX	1318	3205

If another general ledger should be credited, such as a recovery of expenditures, use of a different Debt Type is necessary. (BM1020).

T/C	Fund Types	Rev Src	Exp Obj	Debit	Credit
141	1,2,3,4,5		XX	1318	6505

To record deferred revenue:

T/C	Fund Types	Rev Src	Exp Obj	Debit	Credit
053	2,3,4,5			1318	5192
055	2,3,4,5			1312	5192
194	3			1362	5192

On the date invoices have been scheduled to print, the system will automatically credit Unbilled Accounts Receivable (GL 1318) and debit whatever accounts receivable general ledger was set up on the Debt Type Table (BM1020).

T/C	Fund Types	Debit	Credit	Due to/from
052	1,2,3,4,5	1312	1318	
073	2,3,4,5	1314	1318	
084	1,2,3,4,5	1319	1318	
085	1,2,3,4,5	1351	1318	
086	1,2,3,4,5	1352	1318	
163	1,2,3,4,5	1354	1318	XXX

Generated entries for negative expenditures:

T/C	Fund Types	Exp Obj	Debit	Credit	Due to/from
056	1,2,3,4	XX	1312	6505	
141	1,2,3,4,5	XX	1318	6505	
057	1,3	XX	1352	6505	
T/C	Fund Types	Exp Obj	Debit	Credit	Due to/from
144	1,2,3,4,5	XX	1353	6505	XXX
147R	1,2,3,4	XX	1354	6505	XXX
416	1,3	XX	1354	6560	XXX**

**Used only at the end of a biennium.

If another general ledger should have been credited the change must take place on Customer Accounts, if the original entry was made on Customer Accounts.

[40.10.40.a.5](#) **Using the General Accounting Transaction (GA1103) for A/R activity.**

A third method is to enter the accounting entries through the general accounting transactions screen (GA 1103) and manually produce the invoice. Entries are made via this screen will not update Customer Accounts but will appear in the accounts receivable sub ledger as long as the ARID field contains a valid account number.

To record as accrued revenue:

T/C	Fund Types	Rev Src	Debit	Credit	Due to/from
061	1,2,3,4,5	XXXX	1312	3205	
058	1,2,3,4,5	XXXX	1316	3205	
050	2	XXXX	1317	3205	
051	1,2,3,4,5	XXXX	1318	3205	
080	1,2,3,4,5	XXXX	1319	3205	
120	1,2,3,4,5	XXXX	1351	3205	
130	1,2,3,4,5	XXXX	1352	3205	
140	1,2,3,4,5	XXXX	1353	3205	XXX

150	1,2,3,4,5	XXXX	1354	3205	XXX
061	1,2,3,4,5	XXXX	1312	3205	

To record as negative accrued expenditure

T/C	Fund Types	Exp Obj	Debit	Credit	Due to/from
056	1,2,3,4,5	XX	1312	6505	
141	1,2,3,4,5	XX	1318	6505	
057	1,3	XX	1352	6505	
144	1,2,3,4,5	XX	1353	6505	XXX
147R	1,2,3,4,5	XX	1354	6505	XXX
416	1,3	XX	1354	6560	XXX**
**Used only at the end of a biennium.					

40.10.40.a.6 Recording Receipts on Accounts Receivable

Whenever a payment is received the appropriate accounting entries must be made. Payments can be made by cash, check, money order, credit card, EFT, or a state journal voucher.

Daily receipts applicable to receivables are to be entered in detail to a daily cash journal. Detailed listings are to support summary totals. The detail is to disclose the following:

- The name of payee or account number.
- The amount received.
- The invoice number if available.
- The mode of payment.
- The check number if applicable.

To record the receipt of payment on a current receivable, credit the appropriate receivable general ledger (GL 13xx). The offsetting entry/entries will depend on whether the payment is for a receivable established in a current or prior biennium.

- **Current Biennium:** If the payment is for a receivable established during the current biennium, four or more general ledgers may be affected. First cash is debited and the receivable is credited. In addition, if either accrued revenue or accrued expenditures were originally used as the offset, they must be reclassified to cash revenue or cash expenditures.
- **Prior Biennium:** If the payment was for an accounts receivable established during a prior biennium, only two entries are necessary.

Debit cash and credit the 13xx general ledger.

The FMS system allows for the following three methods of recording the payment of a receivable:

- BM1600 Cashiering.
- BM1620 Customer Accounts.
- GA1103 General Accounting Transactions.

For instructions on the procedures to set up the screens, tables, and necessary information regarding the Customer Accounts, please see the FMS manuals.

[40.10.40.a.7](#) **Using the FMS Customer Accounts process to record payments received on account.**

Customer Accounts module will allow both partial payments and full payments to be recorded. It credits the receivable (13xx) and debits cash (1110) and, for all but GL 1314, debits accrued revenue (3205) and credits cash revenue (3210). Use the Debt Type table to establish the required G/L entries to record the receipt of payment.

[40.10.40.a.8](#) **Using the Unofficial Enrollment Report to identify accounts receivable**

The unofficial enrollment report (BM1741J) is a product of the registration (SMS) process. This job provides a list of students who have one or more classes, whose schedules are marked unofficial. The information displayed for the student includes the classes, unusual action codes and open charge information (fee code, fee class, charge date, charge amount). Its purpose is to determine those students who have not paid for Tuition/Fees for the current Year/Session.

The registrar sets the parameters as to which Fee Codes are to be reflected on the unofficial enrollment report. Either the Cashier or Registration personnel should review the unofficial enrollment at least weekly. Depending on the policy of the institution individuals listed on the report should be removed from class as unpaid. It is recommended that the two departments work closely together to prevent students from being pulled from class who have funds available.

The unusual action code can be used to mark financial aid/agency students for whom a method of payment has been determined so they will not be

dropped from class inadvertently. Some students may have an administrative hold or other documentation holding the students position in class pending receipt of funds availability.

Review of the Unofficial Enrollment Report should be completed prior to the end of each quarter to ensure that all students enrolled have paid the required fees. Identification at this point allows for blocking student grades and further registration until all fees are paid.

[40.10.40.a.9](#) **Using OBIS to invoice SBCTC**

OBIS is a SBCTC “On-line Budgeting and Invoicing System” that allows access to grants administered by SBCTC. OBIS users access SBCTC on-line files for billing purposes, which forgoes the normal billing process through Customer Accounts. Colleges are authorized to make budget adjustments between grant expenditure line items of up to 10% of the original budget. Additionally, balances of grants based on billings vs. budgeting are available for college review.

Recording amounts due from the SBCTC based on billings in OBIS are recorded in one of two ways.

- When the underlying grant is from a source other than another state agency, the following coding is required:

T/C	Fund	DR	CR	SubObj
147	145	1354	6505	SX

- When the underlying source of grant funds to the college is another state agency the subobject coding follows the standard convention established by OFM. SA is used for reimbursements of salary costs; SB is used for benefits; and SE is used for goods and services; etc.

[40.10.40.b](#) **NSF Check Procedures**

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 Office of State Procurement, Department of General Administration, for letter writing services and NSF 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 the Office of State Procurement Department of General Administration 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, UCC rules allow the agency to 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.

[40.10.40.c](#) **Allowance for Doubtful Accounts**

The amount that is actually expected to be collected should be reflected on the financial statement as accounts receivable. Therefore, the amount that is determined uncollectible must be noted and recorded as estimated uncollectible, an offset to the receivable balance. Estimates of total uncollectible receivables, using the allowance method, are made at least quarterly and at fiscal year end to reflect the amount of receivable balances estimated to be collectible.

[40.10.40.d](#) **Collection/Write Off Procedures**

See SAAM

- 85.54.50 Receivable collection procedures
- 85.54.52 Collecting NSF Checks
- 85.54.55 Uncollectible receivables
- 85.54.60 (A/R)Documentation

[40.10.40.d.1](#) **Requirement for Written Collection Procedures**

Colleges are required to develop written procedures "...to ensure that past

due receivables are followed up promptly and in a manner that is cost-effective for the overall collection program." (SAAM 85.54.50.b)

[40.10.40.d.2](#) **Accounts Receivable Aging Reports**

When a college's past due receivables exceeds \$50,000, the college is required to prepare for management's review, aging reports on at least a monthly basis. See SAAM 85.54.50.a

[40.10.40.d.3](#) **Requirement to Assess Interest on Past-due Receivables**

State law requires, with limited exceptions that interest of 1% per month be charged on past due receivables. See SAAM 85.54.50.c

[40.10.40.d.4](#) **Sample Policies**

Several colleges have established extensive accounts receivable, collection and write-off procedures. Those are available for use as a model for other colleges by submitting a "change request" via this on-line manual.

[40.10.40.e](#) **Accounts Receivable Aging**

Aging of receivables is a process used to assist in collection and/or write-off of delinquent accounts. Essentially, aging classifies receivables in terms of their delinquency status, i.e. 30, 60 or 90 days past due. The concept being that the collection is more likely for less delinquent accounts than those held for longer periods.

Aging reports are required to be conducted at least annually. 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 reviews documented on the report. Refer to SAAM. 85.54.5a.

[40.10.40.e.1](#) **Using the Customer Accounts A/R Aging Report**

Method 1: Use FMS report BM1710, Customer Accounts Aging Report. Use the FMS manuals for documentation.

Note: The potential shortcoming to this method is that receivables not recorded using customer accounts, will not appear on this aging report.

[40.10.40.e.2](#) **Aging receivables using the FMS A/R Subledger.**

Method 2: Download the Accounts Receivable Subledger to a spreadsheet sorted by general ledger, fund, and batch posting date. This method will age all items in the Accounts Receivable regardless of which program was used: Customer Accounts BM1620, Cashiering, or General Accounting Transaction, GA1103.

Review the aging report and set procedures in place to ensure receivables are handled to protect the assets of the college.

- Turn over to collection those items, which are more than 90 days past due or are deemed to be uncollectible by the college
- Set up Allowance Accounts.
- Set up write-offs to clear uncollectible accounts.

[40.10.40.f](#) **Travel Advances**

A travel advance is an issuance of monies to an individual to forgo personal outlay for college business while in travel status. 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. General Ledger 1319 is the General Ledger to record various types of advances. OFM procedures for travel advances are found in SAAM 10.80.60.

Advances are to be promptly recorded when the advance is issued. The advance must be cleared as soon as the next Payroll is run or at the end of the travel event. Agencies are to establish written policies prescribing a reasonable amount for which such advances may be written. The statutory authority for travel advances can be found in RCW 43.03.150. The agency head or designee should authorize advances.

[40.10.40.f.1](#) **How do I submit and account for travel advances?**

The traveler shall submit a fully itemized Travel Expense Voucher on or before the tenth day following each month in which a travel advance was furnished. 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. Refer to RCW 43.03.180 for more information.

[40.10.40.g](#) **Accounts Receivable Reconciliation**

[to be provided]

40.10.50 Inventories

2003-08-15

[40.10.50.a](#) **Systems of Accountability for Inventory**

The purpose of an inventory system is to gather and present information needed for the preparation of financial statements and to provide control and accountability over consumable and merchandise inventories. The agency head is to designate, in writing, one or more individuals who are to be responsible for the maintenance of inventories. The agency is to document the methods selected for inventory accounting and reporting.

Refer to SAAM 35.10 – Inventories for additional guidance and minimum state requirements for inventory maintenance and control. Colleges are encouraged to formally adopt policies for inventory issues that meet the college's unique needs and the state minimum standards.

[40.10.50.b](#) **Are there different requirements for merchandise and consumable inventories?**

Merchandise and consumable inventories are mutually exclusive assets to be accounted for separately. Different methods may be used to account for different inventories but, once the methods are established, they must be applied consistently.

[40.10.50.b.1](#) **Allowable Inventory Tracking Methods for Merchandise**

Merchandise inventories are maintained using either a perpetual or periodic method. See SAAM 35.10.50 for more details.

[40.10.50.b.2](#) **Consumable Inventory Accounting Methods**

Consumable inventories must be physically counted annually if the estimated value exceeds \$25,000. They are to be maintained on either a

Accounting

perpetual or periodic method or procedure with a periodic or revolving physical count completed, at least, annually. Items with high turnover and low cost such as nuts, bolts, screws, washers, etc. may be excluded when calculating the balance on hand.

[40.10.50.b.3](#) **What are the requirements for conducting a physical count of inventory?**

Staff responsibilities, physical count planning and procedures, and instructions to be used are to be documented in writing. If a perpetual inventory is maintained, it is to be reconciled with the physical count. The inventory officer must certify in writing that the inventory was substantiated by counting and reconciliation. When a perpetual inventory is not maintained, the physical inventory listing is adequate documentation. The inventory officer is to certify in writing that the inventory was substantiated by an actual count and fair price to determine total cost. See SAAM 35.10.55-60 for more information.

[40.10.50.c](#) **What are some standard internal controls for inventories?**

Only authorized individuals are to be responsible for receiving and issuing supplies and merchandise. They are responsible for inspecting all goods received to verify they conform to specifications. In addition, they are responsible for the enforcement of all policies necessary for the internal control of these assets. Local policies should address the following issues: (This is not intended to be an exhaustive list.)

- Specific central points for receiving and issuing supplies and equipment are established. All loading and unloading operations are to be closely supervised.
- Purchases are approved by authorized personnel prior to placing an order.
- Receiving and issue reports are prepared for all receipts and issues.
- Quantities received are compared to the bill of lading and receiving report.
- Effective control procedures are established to ensure that state supplies are for authorized purposes and used properly.
- State supplies not currently in use are to be stored in areas where access is limited to authorized personnel only. Storerooms or warehouses where such property is kept are to be locked during other than normal working hours and when not occupied. Special

protective measures should be taken for items having a high pilferage rate or a high value.

- An actual physical count of all state supplies is made periodically. Causes for differences between quantities determined by physical inspection and those shown on accounting records are to be investigated and, to the extent possible, improvements in procedures are made to prevent future error or losses. Accounting records are to be brought into agreement with the physical inventories after authorization by the responsible official.
- Physical inventories are taken and certified by competent personnel acting under written instructions.
- Inventory takers are to be personnel other than those normally responsible for inventories.
- A perpetual inventory record is to be maintained to reflect dollar value and quantities of merchandise for resale and significant supplies inventories.
- Supplies and merchandise should be arranged so that the earliest received or produced will be issued first.
- Damaged and obsolete goods are to be physically segregated.
- Supplies and merchandise are to be kept neat and in order.

[40.10.50.d](#) **Unique Requirements for Managing Consumable Inventories.**

Consumable inventories are those supplies or materials consumed daily in the course of an agency's business. Some examples would be supplies on hand, supplies in a central storerooms, supplies under the control of a central storeroom, or supplies for subsequent use in operations.

[40.10.50.d.1](#) **Which general ledger is used to record consumable inventories?**

General ledger 1410 is used to record the amount of consumable inventories on hand and is valid in Fund Types 1, 3, and 4. Select and consistently apply one of two validation methods to account for consumable inventories. See SAAM 35.10.45 for more information about valuation methods.

[40.10.50.d.2](#) **How are ongoing purchases and uses of consumable inventory recorded?**

As items are purchased during the year record them by debiting 6510 (Cash Expenditures) using object E and crediting 1110 or 4310 (Cash).

Fund Type	T/C	Debit	Credit
3	002	6510	1110
1	503	6505	5150

- No entry is made to record inventory items used during the year.
- A physical count of the inventory will be taken on the last working day of the fiscal year. A cost is assigned to each item by the LIFO, FIFO, or Weighted Average Value methods.
- After the value of the inventory is determined an entry is made to adjust the records. Use object E for the expenditure. Illustrative entries to record an increase in inventory:

Fund Type	T/C	Debit	Credit
1	003	1410	4310
	002R	4310	6510
3,4	254	1410	6510

To record a decrease in inventory, reverse these entries.

40.10.50.d.3 Reservation of Fund Balance for Consumable Inventories

An additional entry is required in governmental fund types 1 and 3, to adjust the reserved portion of the fund balance for the amount of consumable inventories which are not available for operation.

Fund Type	T/C	Debit	Credit
1,3	255	9590	9540

Refer to SAAM 85.56 - Inventories for additional examples.

40.10.50.d.4 Is there special treatment required for donated consumable inventories?

Assets, which are donated for daily consumption in the course of an agency's business or operation, have specific accounting requirements. Refer to SAAM 85.65.46 Donations of consumable inventories for additional information.

40.10.50.d.5 What account coding is used for donated consumable inventories?

General ledger 1415 is used to record donated consumable inventories on hand and is valid in Fund Types 1, 3, and 4. Record the donated items at fair market value by debiting G/L 1415 and crediting G/L 3225 (Revenue

Adjustments/Eliminations), Source 0812 (Donations of Commodities). If they were donated by the federal government use the appropriate 03xx Source instead.

See SAAM 85.56.40 and SAAM 85.65.46 for detailed instructions for coding the receipt and use of donated consumable inventories.

[40.10.50.e](#) **Accounting Requirements for Merchandise Inventories.**

Merchandise inventory is defined as assets for sale or resale to other agencies, other governmental entities, or the public. General ledger 1420 is used to record the amount of merchandise inventory on hand and is valid in Fund Type 4. Select and consistently apply the perpetual or periodic inventory method to account for merchandise inventories. Only the typically used periodic method is shown below. For information on the perpetual method, refer to SAAM 85.65.44 Perpetual Inventory Method.

[40.10.50.e.1](#) **Merchandise Inventory Illustrative Entries**

- As items are purchased during the year they are recorded by debiting 6516 (Cost of Goods Sold) and crediting 1110 (Cash) using Object F.

Fund Type	T/C	Debit	Credit
4	339	6516	1110

- Sales of merchandise during the year are recorded by debiting 1110 (Cash) and crediting 3210 (Cash Revenue) using source 0450.

Fund Type	T/C	Debit	Credit
4	023	1110	3210 Source 0450

- At the end of the fiscal year a physical inventory count is taken. A cost is assigned to each item by the LIFO, FIFO, or Weighted Average methods. After the value is determined, an adjustment is made to GL 1420 in the accounting records to reflect the correct inventory balance.

Note: An inventory valuation method is to be applied consistently. If changed, that information along with the accounting affects must be reported to OFM at year end. See SAAM 35.10.45.

To increase inventory:

Fund Type	T/C	Debit	Credit
4	330	1420	6516 Object

			F
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To decrease inventory:

Fund Type	T/C	Debit	Credit
4	330R	6516	1420 Object F

40.10.60 Prepaid Expenses

2003-08-15

Prepaid expenses are those supplies and/or services acquired or purchased in one fiscal year but not consumed or used by the end of that year. Prepaid expenses do not include inventory. This classification of expenses as an asset is used in proprietary funds for the purpose of matching costs with the accounting period benefited.

40.10.60.a What general ledger is used with prepaid expenses?

General ledger 1510 is used to record the balance of prepaid expenses and is valid only in Fund Type 4. Only that portion of supplies or services consumed or used during the fiscal year is recorded as an expense. The balance is recorded as an asset until consumed or used.

40.10.60.b Illustrative Entries for Prepaid Expenses

To record prepayment of goods and services:

T/C	Debit	Credit
750	1510	1110

To record portion of prepaid goods and services used during the period:

T/C	Debit	Credit
750R	1110	1510
002	6510	1110

40.20

Fixed Assets

- **What are fixed assets?**

Fixed Assets are long-lived assets of a relatively fixed or permanent nature, they are tangible, used in the operation of the college, and are not held for resale. Fixed assets include land, buildings, and improvements other than buildings, equipment/furniture, library resources and construction in progress.
- **What is the standard life of a fixed asset?**

Although the State of Washington has a standard criterion of one (1) year as a minimum length of life necessary for classification as a fixed asset, such assets must be capable of repeated use and are ordinarily expected to last more than a year. However, the asset may not actually be used continuously or even often. Stand-by equipment held for use in the event of an equipment breakdown or used only during periods of non-current activity are also included in fixed assets.
- **How can they be acquired?**

The college acquires fixed assets through donation, purchase, capital lease, or self-construction. Fixed assets do not include consumable resources such as minerals or timber.

40.20.10 Definitions of Terms Used with Fixed Assets

2003-08-15

40.20.10.a Capital Leases

Capital leases are leases that transfer all the benefits and risks inherent in the ownership of an asset to the college where the title will eventually be owned by the college. Capital leases are accounted for as an acquisition of an asset and the incurrence of a liability. To qualify as a capital lease, the lease must meet one or more of the following four (4) criteria:

1. By the end of the lease term, ownership of the leased asset is transferred to the college.
2. The lease contains a bargain purchase option.
3. The lease term is equal to 75 percent of the estimated useful life of the leased asset. This lease term would require prior approval by GA and OFM.

4. The item qualifies as a capital lease if at the inception of the lease the present value of the minimum lease payments excluding executory costs (usually insurance, maintenance, and taxes paid in connection with the leased property, including any profits) is 90 percent or more of the fair value of the leased asset.

If the lease does not meet any of the criteria it is considered an operational lease.

[40.20.10.b](#) **Capitalizing**

Capitalizing is the act or process of converting or reclassifying an expenditure to a fixed asset. It is entered into the FAE inventory system and into FMS general ledgers.

[40.20.10.c](#) **Certificate of Participation (COP)**

COPs are a funding method used for the purchase or construction of a fixed asset. They are essentially loans with the Office of the State Treasurer, which are backed by bonds issued by the state. They require semi-annual payments on principal and interest. See SAAM 85.85.45 (equipment) or SAAM 85.85.50 (construction) for illustrative entries.

[40.20.10.d](#) **Commodity Code**

This is a four digit indicator that defines the type and useful life of a capitalized fixed asset. A complete list of commodity codes can be found in SAAM 30.50.

[40.20.10.e](#) **Depreciation**

Depreciation is an expense resulting from the use of long-lived assets. It is measured by prorating the net cost of the asset over its estimated useful life. For proprietary funds, the entire cost of the fixed asset is ultimately charged off as an expense. In a governmental fund, the depreciation will be accumulated, not expensed. See also [40.20.70](#)

[40.20.10.f](#) **Facilities And Equipment-(FAE)**

Facilities And Equipment, (FAE) is the electronic inventory system used by the community and technical colleges for tracking equipment, facilities (buildings and infrastructure), land and room usage. The data maintained

in this system feeds college information used in the capital budget model at the State Board as well as depreciation information for year-end reporting. FAE provides on-line and batch processing support for the maintenance of physical inventories. The FAE system is menu driven and has on-line accessibility for inquiry, updates and additions. Items recorded in FAE are updated to the Statewide Asset Reporting System (SARS) on a quarterly basis. The following types of assets are maintained via the FAE system: Land, Buildings, Improvements Other Than Buildings, Equipment, Library Resources, and Construction in Progress.

[40.20.10.g](#) **Market Valuation Index**

The Market Valuation Index (Market Index) is a proprietary composite index which calculates “Reproduction or Replacement Costs” and the “Estimated Actual Cash Value” of commercial, residential, and institutional building structures. Four index construction classifications crosswalk to our FAE construction-type classifications: Fireproof, Semi-fireproof, Brick, and Frame. The index has both a material component and a labor component.

[40.20.10.h](#) **Operational Lease**

A lease where the risks of ownership have not been transferred. Accounting for an operating lease consists of recording rental payments as normal operating expenditures (subobject ED or EH) on a periodic basis.

[40.20.10.i](#) **SARS**

Statewide Asset Reporting System. The system used by the State of Washington to collect data on state owned assets for reporting purposes. All agencies must report to SARS on a quarterly basis. The FAE system will automatically upload into SARS when the appropriate job is scheduled as directed by SBCTC-IT.

40.20.20 **Types and Descriptions of Fixed Assets**

2003-08-15

[40.20.20.a](#) **Land (general ledger 2110)**

A fixed asset reflecting the cost of land owned by the college. If land is purchased the transaction is recorded using subobject JE. If land is

acquired by donation, the account reflects its appraised value at the time of acquisition. It is capitalized and entered into FAE and FMS. In FAE, land is entered on screen MM5001, using commodity code A0xx. The third and fourth digits describe the type of land being capitalized. Land is never depreciated.

The cost of land includes not only the negotiated price, but all ancillary expenses. These include broker's commissions, title fees, surveying fees, legal fees, excavation costs, and other expenditures connected with securing title. If unwanted buildings are located on land acquired, the cost of their razing or removal, less any salvage recovered, is properly chargeable to the land account.

[40.20.20.b](#) **Building (general ledger 2210) (Purchased/Self-Constructed/Donated)**

These are considered permanent structures with an expected life of around 50 years. Buildings acquired by purchase are coded to subobject JF. Self-constructed buildings may use A, B, E, JF, JJ, JK, JL, JN, and JZ objects/subobjects. Donated buildings are recorded directly into the fixed asset general ledgers. Buildings are capitalized and entered into FAE and FMS. In FAE, buildings are entered on screen MM5002, using commodity code 05xx. The third and fourth digits indicate the useful life (i.e. 30 years = 0530). The exception to this is 0500, which is used for a useful life of 50 years. Buildings are depreciated.

The buildings' value includes loading docks, heating and air conditioning equipment, refrigeration equipment, and all other items permanently attached as an integral part of the structure. It does not include furniture, fixtures, or other movable equipment. Extraordinary repairs, additions or replacements may be included and capitalized. See SAAM 30.20.20c. and d. Repairs to the roof, floor coverings and HVAC system, etc. are not, for they are not considered to extend the life of the building.

[40.20.20.c](#) **Improvements Other Than Buildings (IOTB) or Infrastructures (general ledger 2310)**

Amounts coded to this account reflecting the cost of permanent improvements (other than buildings) that add value to the land. IOTB's can be purchased, donated or self-constructed, and are capitalized and recorded in both FAE and FMS. In FAE, Improvements Other Than

Buildings are entered on the buildings screen MM5002, IOTB's using commodity code 06xx. The third and fourth digits indicate the useful life (i.e. 30 years = 0630). IOTB's are depreciated.

IOTB's include structures and surface improvements (roads, sidewalks, parking lots, retaining walls), site amenities (lighting, signage, security phones, public art), utility systems (phone system, high voltage transformers, sewer or storm water system, central boiler plants, chilled water systems, wells), and other miscellaneous improvements (dams, piers, ponds, athletic fields).

[40.20.20.d](#) **Equipment, Furnishings and Software (general ledger 2410)**

Equipment, Furnishings and Software recorded in GL 2410 are capitalized tangible property, valued at \$5,000 or greater, with a life of more than one year. Subobject code JC is used to record these purchases, which are recorded in both FAE and FMS. In FAE, equipment is entered on screen MM5011, and uses a variety of commodity codes as described in SAAM 30.50. Equipment, furnishings and software are depreciated. Such assets include, but are not limited to, office or media equipment, furniture, machines, tools and motor vehicles. Equipment may be attached to a structure for the purpose of securing the item, but unless it is permanently attached and is an integral part of the building or structure, it will be classified as equipment rather than buildings.

[40.20.20.e](#) **Library Resources (general ledger 2430)**

Fixed assets reflecting the acquisition cost, including ancillary costs of sales tax, freight and insurance during transit, for library and media articles. Subobject Code JD is used to record these purchases, which are capitalized and entered into FAE and FMS. The purchases may be recorded in FAE at the summary level, by year and by fund or fund type. In FAE, library resources are entered on equipment screen MM5011, using commodity code 0400. Library resources are depreciated.

Library resources include books, maps, and film formally cataloged by a library or audiovisual center; sound film strips, slide sets, prepared transparencies, and prerecorded audio or video recordings; and periodicals purchased and cataloged for libraries. The library resources do not include art collections, reserve collections, and museum or historical collections.

Those are considered inexhaustible and their value does not diminish over time. OFM still requires these items to be catalogued. (SAAM 30.20.22)

[40.20.20.f](#) **Construction in Progress (general ledger 2510)**

A fixed asset reflecting the cost of construction work undertaken but not yet completed on capital projects. Such costs are capitalized and entered into FAE and FMS. When the project is completed it will need to be reclassified to a building or infrastructure, both in FAE and FMS. In FAE, construction in progress is entered on the building screen MM5002, (this is true for either building or IOTB construction projects) using commodity code 0200. Construction in Progress is never depreciated.

40.20.30 Physical Inventory Procedures

2003-08-15

[40.20.30.a](#) **How often are physical inventories taken?**

Physical inventories are to be conducted at least every two years. They may be conducted on a revolving basis or at a specific point in time depending on the needs of the agency. In order to ensure the objective reporting of inventory items, physical inventories are to be performed by personnel having no direct responsibility for the assets subject to the inventory count.

[40.20.30.b](#) **What are the source documents for counting inventory?**

The inventory office is to obtain the inventory listing from the FAE inventory system for use during the counting phase. The inventory listing is to be divided into manageable portions and personnel are to be assigned responsibility for counting the listed assets. It is recommended that your listing for equipment would be the FAE 5211 Equipment Detail Listing Report using sort 03 (by building and room).

[40.20.30.c](#) **What happens to untagged equipment?**

During the physical inventory, each participant is to be particularly alert for untagged equipment that is required to be inventoried. If such equipment is located, it is to be tagged and recorded in the inventory.

[40.20.30.d](#) **Who is responsible for equipment co-owned with SBCTC-IT?**

For colleges that own co-own equipment with SBCTC-IT, a representative from the SBCTC-IT will complete the physical inventory requirements.

[40.20.30.e](#) **Written Inventory Instructions Required**

Written inventory instructions are to be developed, distributed, and explained to each person participating in the inventory process. They are to include instructions as to how and where each item counted is to be recorded, what information is to be recorded, what to do when they have a question, what procedures are to be followed when equipment is located but is not listed, etc. The person counting the listed assets is to attest to the accuracy of the count by signing his or her name at the bottom of each inventory page.

[40.20.30.f](#) **Reconciling the Physical Inventory to the Inventory Records**

After the physical count is completed, the reconciliation process is to be performed by the inventory officer. Reconciliation is defined to mean the process of identifying, explaining, and correcting the differences occurring between the physical inventory and the inventory records. The physical inventory is considered reconciled when all differences have been identified, explained, and corrected.

[40.20.30.g](#) **How are discrepancies between the inventory records and the physical inventory dealt with?**

During the reconciliation process, the inventory lists are to be searched to determine whether inventory noted during the count as unrecorded is, in fact, listed on another portion of the inventory. Unrecorded assets are to be entered 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 inventory officer is to determine why the problem is occurring and correct it. Also, during the reconciliation process, an effort is to be made to locate assets noted during the count as missing. For those assets not located and after complying with the procedures for handling lost or stolen assets, inventory officers are to determine whether to delete the assets from the inventory or take other action as necessary.

[40.20.30.h](#) **Certification of Inventory Reconciliation Required**

After the inventory is reconciled, the 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 inventory supervisor is to determine the appropriate course of action.

The certification, together with the inventory listing, is to be retained by the agency as documentary support of its inventory. This documentation is to be retained in accordance with the agency's retention schedules developed pursuant to guidelines issued by the Secretary of State, Archives and Records Management Division.

40.20.40 Fixed Asset Identification Policy\Numbering System

2003-08-15

40.20.40.a Inventory Officer's Responsibility for Tagging Assets.

The inventory officer controls the issuance of asset tag numbers and accounts for each tag number issued. Annual reconciliation with the accounting inventory records is to be made to determine if all tagged assets are being properly entered in the inventory. The inventory officer also maintains a permanent list of lost or destroyed control numbers.

One person has ultimate responsibility for controlling all the agency's inventory tag numbers. In agencies having more than one inventory officer, one inventory officer is to be appointed the responsible controlling official for the agency's tag numbers. This official may assign other inventory officers the responsibility of controlling certain series of tag numbers, but ultimate responsibility is to be with one person.

40.20.40.b Standard Numbering System for Fixed Assets

Each tag number assigned to an agency's fixed assets is to consist of seven characters, the first of which is an alpha character. The tags are to be controlled and assigned by the agency's inventory officer in a sequential numbering order to ensure that each fixed asset has a unique tag number. Each tag number remains with the asset until the asset is removed from the agency's inventory records. If the item is transferred to another state agency, it is to be renumbered according to the new agency's number system.

40.20.40.c Assigning Responsibility When Assets are Shared, or Owned and Located Externally.

Co-owned assets are assets that have been purchased from more than one funding source. For example, assets purchased with both state and federal funds would be considered co-owned assets. When ownership of an asset is split between two funding sources, ownership resides with the agency having the majority of the expenditure distribution.

Example: Federal Grant documentation may specify that assets purchased from a federal grant and other local funds should be classified as ownership status #3 on FAE, Federally Owned, provided that more than 50 percent of the asset cost is attributed to federal funds.

40.20.40.d Assets Owned by External Agencies

The college has custodial responsibility for all assets under its control but owned by external agencies. Externally owned assets should be included on the FAE system, but excluded from General Ledger Accounting since the general ledger only includes equipment to which the agency holds title. If the college is not the legal owner of the equipment, ownership code #3 (federally owned or leased) or #6 (not owned, but made available to college at little or not cost) should be used for input to FAE. This will keep federally owned or leased type of equipment and equipment on loan from being reported in SARS and will not be included on the CR2128 report.

Note: Title to assets purchased entirely from Federal Vocational Funds resides with the grant recipient; therefore, the assets are recorded as college owned, ownership code #1 in FAE, rather than federally owned. Carl Perkins Vocational Act or other statutes contain no provisions that specify the federal government is to maintain title to equipment purchased with federal vocational education funds.

40.20.40.e Assets Located at External Agencies

Occasionally, a college will own equipment located at external agencies. The equipment should be recorded, inventoried and capitalized on the college's records upon receipt of the invoice.

Example: Equipment may be purchased for a college but located at

SBCTC-IT. The college should send a state tag and inventory input form to the SBCTC-IT. The state tag will be applied to the asset to identify it as agency-financed equipment located at the SBCTC-IT. The completed FAE inventory form will then be sent back to the college for entry into the FAE equipment inventory screen MM5011.

On the equipment inventory screen one of the input fields is building number. In order to correctly identify the SBCTC-IT in this field, the SBCTC-IT must first be assigned a building number unique to the college on the building screen MM5002. That building number, identifying the SBCTC-IT, is input as an ADD on FAE screen MM5002-Building and Improvements Other Than Buildings selection screen, with an ownership status, in this case, of 6 (not owned but made available to the college at little or no cost). When the ownership status is 6 the building is not reported to SARS. After the building has been added to MM5002, the information on the equipment input form can then be input on screen MM5011-Equipment Inventory.

40.20.50
2003-08-15

Capitalization Policy

40.20.50.a

Determining whether or not to capitalize an expense.

The determination of whether or not to capitalize an expense will depend upon the type of asset, its value and its projected life. Not all expenses made from capital project allocations should be capitalized. Likewise, expenses made from local operating funds can also be capitalized. The following list describes the types of assets and criteria for capitalizing.

- **Land**
All land is capitalized at cost or, if donated, the fair market value at time of acquisition. Include ancillary costs and any indefinite land use rights acquired with the purchase of the underlying land.
- **Buildings.**
All buildings are to be capitalized at cost or, if donated, the fair market value at time of acquisition. Include ancillary costs. Extraordinary repairs, additions or replacements may be included and capitalized. These might include extensive building renovation projects, adding a wing or constructing a mezzanine to an existing building. See SAAM 30.20.20c. and d. Repairs to the roof, floor coverings and HVAC system are not, for they do not extend the life

of the building.

Maintenance and general repair expenditures are for activities and items that maintain property at, or contribute to, a normal operating condition without increasing the useful life or productive capacity. Such normal expenditures are part of the regular operating cost of a building or piece of equipment during its useful life, and are not capitalized.

- **Improvements Other Than Buildings or Infrastructure**
Capitalize only those infrastructures with a value of \$100,000 or greater. SAAM 30.20.20
- **Intangible Assets.**
Capitalize intangible assets not acquired with the purchase of land with a cost of \$1,000,000 or more that are “identifiable” by meeting the following conditions:
 - the asset is capable of being separated or divided from the state 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 from the state.
- **Equipment.**
All equipment and furnishings valued at \$5,000 or greater must be capitalized, and entered into the FAE inventory. The subobject code used to identify capitalized equipment is JC. Donated equipment is capitalized if the asset’s estimated fair market value exceeds \$5,000. The FAE and the FMS subobject JC must be reconciled, and donated equipment is an acceptable difference.
Equipment valued under \$5,000 is not capitalized, but may be entered into the inventory. The subobject code used is JA, and does not need to be reconciled to the inventory entries.
- **“Small and Attractive”**
These are items under \$5,000 which are not capitalized, but are deemed valuable or sensitive in nature, and must be inventoried. Each college is responsible for developing internal procedures to monitor and control the use and distribution of items designated by the college as small and attractive.
- **Library Resources.**
These items are not restricted by a dollar value. The subobject code used to identify capitalized library resources is JD. They are recorded in FAE at the summary level by fund or fund type.
- **Construction in Progress.**

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Expenses in this category are any and all costs associated with a building or infrastructure, which will be recorded as a capitalized fixed asset upon completion. For a state appropriated building these costs may be accumulated over the six-year acquisition cycle.

40.20.50.b Splitting out the costs for a combined project.

A combined project occurs when a single construction contract contains several work elements, some capitalized, and some expensed. Contractor invoices make no distinction as to how much of the invoice is charged as a current expense and how much as a capital; therefore, college staff experience difficulty in coding expenditures. When the expenditures combine both capital and non-capitalized items, it is best to prorate based upon the overall proportion of capital to non-capitalized expenditures connected with the project. Review the prorated expenses near the end of a year. The capitalized portion should be coded with a J object code, and the non-capitalized portion coded with an E object code.

40.20.50.c How to Determine an Asset's Value**40.20.50.c.1 Valued at Cost**

Capital (fixed) assets should be valued at cost including all ancillary charges necessary to place the asset in its intended location and condition for use.

40.20.50.c.2 Ancillary Charges Included

Ancillary charges include sales tax (not included for lease purchases), transportation charges, and insurance while the asset is in transit, special foundations, and site preparation and installation costs. These should be added to the purchase price when valuing the asset. Similarly, when purchasing a secondhand asset, the initial costs of getting it ready for use, such as expenditures for new parts, repairs, and painting should be added to the value. Expenditures resulting from carelessness or errors in installing the asset, from vandalism, from maintenance contracts, or from other unusual occurrences do not increase the usefulness of the asset and are not capitalized, but should be allocated to the period as an expense.

For a further definition of what is considered ancillary costs, please refer to SAAM 30.20.10.c

40.20.50.d How are trade-ins accounted for?

When an asset is traded-in to the vendor for the purchase of a new asset, the value given to the trade-in reduces the expenditure for the new asset. The new asset is inventoried at its invoiced price or if not known, its Fair Market Value, not at the net expenditure.

Note: The discrepancy between the recorded FAE and the expenditure (JC) will be a valid FAE and FMS reconciliation difference. All J_ expenditures (except JA) in internal service/proprietary fund must be reclassified to GL 2xxx. The inventory records of the disposed asset are adjusted when the execution of the transfer between the parties has occurred. See FAM [40.20.30.f](#).

40.20.60 Recording Fixed Assets in the Financial Management System (FMS)

2006-06-12

The recording of fixed asset acquisitions into the FMS depends upon the fund from which they were purchased or constructed. Capital fixed assets funded from the state general fund, state capital projects funds, or special revenue funds are recorded in the General Capital Assets Subsidiary Account, Fund 997. Capital fixed asset acquired by internal service funds (4xx's) and proprietary funds (5xx's), are recorded within the fund acquiring the asset.

40.20.60.a General Capital Assets Subsidiary Account (fund 997)

All fixed assets acquisitions in governmental funds (those not in Funds 4xx or 5xx - except 489) are recorded within fund 997 with an offset to general ledger 9850, (Investment in General Capital Assets).

Land	T/C 764	2110 / 9850
Buildings	T/C 765	2210 / 9850
Improvements Other Than Buildings	T/C 766	2310 / 9850
Equipment	T/C 767	2410 / 9850
Library Resources	T/C 768	2430 / 9850
Construction in Progress	T/C 769	2510 / 9850

40.20.60.b Internal Services and Proprietary Funds (fund type 4)**40.20.60.b.1 How are fund type 4 acquisitions of land, buildings, improvements,**

library resources and construction in progress recorded?

Typically, costs associated with purchase of land, buildings, improvements other than buildings, library resources and construction in progress are recorded as expenses when issuing a check to the vendor. These costs are later reclassified into the appropriate fixed asset general ledger using the coding below.

Land	T/C 700	2110 / 1110
Buildings	T/C 701	2210 / 1110
Improvements Other Than Buildings	T/C 702	2310 / 1110
Library Resources	T/C 364	2430 / 1110
Construction in Progress	T/C 705	2510 / 1110
With an offset to:		
Reclassify Obj J expense	T/C 002-R	1110 / 6510

[40.20.60.b.2](#) **Equipment purchases in proprietary funds**

For equipment these funds may be coded in one of two ways:

1. Code the equipment purchase as an expenditure using subobject JC and transfer lump sums during the year, or at the end of the year, to the fixed asset general ledger.

Description	T/C	DR / CR	Obj
Equipment	704	2410 / 1110	See Note
Reverse Expense	002-R	1110 / 6510	JC

2. On the payment document, code the JC item directly to the capital fixed asset general ledger within the fund.

Description	T/C	DR / CR	Obj
Equipment	704	2410 / 1110	JC

[40.20.60.b.3](#) **Reporting GL 2410 Expenditures on the BA 1201 Budget Status Report**

For Proprietary funds you may choose either of the above methods for reporting purposes. If the second method is chosen, the activity in GL

2410 can appear on the Budget Status report: by 1) setting the GL-BDGT-UPD-IND to "2" on the GA 1031-General Ledger Table. and 2) setting the appropriate DR or CR indicator to "Y" (yes) for posting routine number BUDGET for the applicable transaction codes on the GA1093-Transaction Code Table.

Note: When using this option, transactions affecting GL 2410 must include the object/sub-object coding in order to be correctly reflected on the budget status reports. Otherwise, entries to this GL will appear at the top of the budget status report page as "unknown".

[40.20.60.c](#) **How do I record the fixed asset of a construction COP that uses multiple funding sources?**

Future principal and interest payments for a Certificates of Participation (COP) may be funded from multiple revenue sources. However, the fixed asset and the liability do not need to be split into these multiple funding sources. The debt service payments do not have to come from the same fund that records the fixed asset. There are no hard rules to follow, but the following are accepted practices:

[40.20.60.c.1](#) **One Source of Funding**

If the COP payments are funded primarily from a single proprietary fund (parking, bookstore, etc.) then it is best to record the construction expenses, fixed asset and the liability all in that fund.

[40.20.60.c.2](#) **Two Sources of Funding**

If the COP is split between two proprietary funds (50/50, 40/60 etc.) then you may want to divide the expenses and prorate the fixed asset and the liability into both of the funds.

[40.20.60.c.3](#) **Multiple Sources of Funding**

If the COP is funded from a mixture of contributions then it would be best to record the construction expenses out of fund 147. The State Treasurer's office will reimburse the COP expenses to fund 147. The fixed asset would then be recorded in fund group 997 and the liability in fund group 999.

Accounting**40.20.60.c.4 How to handle the future principal and interest payments for multiple source COPs?**

There are a variety of ways to make these payments. The way your college chooses might be based upon acquired fund balance or revenue streams, or quarterly cash flows. Below are three examples currently being used.

- Two proprietary funds are contributing to the future payments of principal and interest, however the two funds want to contribute in a different manner. It was decided to record construction expenses in fund 147, the fixed asset in fund 997, and the liability in fund 999. One fund (522) wanted all its share of the future payments to be deducted upfront from fund balance and transferred into fund 147. Their portions of the future payments are coded directly to fund 147, subobjects PD (principal) and PE (interest). The other fund (524) wanted to contribute semi-annually from current year revenues. Their portion of the principal payment would also be coded to fund 147 subobject PD, and be funded by an operating revenue transfer from fund 524 using revenue sources 0621 and 0622. (See FAM section [50.10.10](#)) They wanted the interest (PE) to be charged directly to fund 524. The operating revenue transfer would coincide with the COP payment dates. Note: Since this transaction creates expenses in fund 147, a C8 must be submitted to the SBCTC each year, for the amount to be expensed. See FAM section [30.10.20](#) Capital Budgeting, Non-appropriated Funds.
- Two proprietary funds (522 and 524) and the international education (fund 145) are contributing to the future payments of principal and interest. It was decided to record construction expenses in fund 147, the fixed asset in fund group 997, and the liability in 999. An additional student Building Fee transfers revenue from fund 522 into fund 147 as part of the monthly tuition distribution process. The other revenues are transferred quarterly (July, October, January and April to coincide with cash flows) to fund 147. Investment interest earned on the moneys held in fund 147 contributes to the semi-annual payments. Due to the added value of investment interest, the Building Fee is reviewed annually to judge when it can be discontinued. Note: Since this transaction creates expenses in fund 147, a C8 must be submitted to the SBCTC each year, for the amount to be expensed. See FAM section [30.10.20](#) Capital Budgeting, Non-appropriated Funds.

- The COP was used to construct a building. Upon the completion of the building several leases could be terminated. The local general fund 149 is redirecting its allotment budgeted for rental / leases to fund the COP payment. It was decided to record construction expenses in fund 147, the fixed asset in fund group 997, and the liability in 999. Each of the future payments are then coded directly to 149, subobjects PD (principal) and PE (interest). With the expense in fund 149, no C8's need to be submitted to SBCTC.

40.20.70

2005-11-04

Depreciation of Fixed Assets

Depreciation is an expense resulting from the use of long-lived assets and is measured by prorating the net cost of the asset over its estimated useful life. In a Proprietary Fund, the entire cost of the fixed asset will ultimately be expensed; in a Governmental Fund, the depreciation will be accumulated, not expensed.

40.20.70.a Are all fixed assets depreciated?

Fixed assets can be divided into two groups.

- **Non-Depreciable**, such as Land and Construction In Progress.
- **Depreciable**, such as Buildings; Improvements Other Than Buildings; Equipment, Furnishings and Software; and Library Resources.

40.20.70.b Where is depreciation recorded?

Depreciation is to be recorded in the General Capital Assets Subsidiary Account(Fund 997) for State General Fund, Special Revenue Funds, and Capital Project Funds. For Enterprise Funds and Internal Services Funds the depreciation is recorded in the originating Fund.

40.20.70.c How is depreciation recorded in FMS?

Depreciation must be recorded annually, though it may be recorded quarterly. Using the straight-line depreciation method (with no salvage value), the Facilities and Equipment System (FAE) calculates all depreciation.

FAE Report CR2128, the Fixed Asset Report, provides the amount to be reported, by fund, in the column labeled Annual Depreciation (Depr.)

At the close of the fiscal year, the Allowance for Depreciation general ledgers (2XXX) must equal the amount shown as the Ending Balance Depreciation on the CR2128 FAE report. Further, in Fund 997, the amount recorded to general ledger 6591, Depreciation Expense must equal the amount on CR2128 in the column labeled Annual Depreciation. For Enterprise and Internal Service Funds (type 4) the column titled Annual Depreciation must equal general ledger 6511, depreciation expense. All depreciation expense entries must use subobject WA.

[40.20.70.d](#) **Depreciation in General Fixed Asset Account Group (fund 997)**

Depreciation expense for assets recorded in Fund 997 is recorded in fund 997. This entry debits GL Code 6591 "Depreciation Expense" with Subobject WA "Depreciation Expense," and credits GL Code Series 2XXX "Allowance for Depreciation."

Buildings	T/C 760	6591-WA / 2220
Improvements Other Than Buildings	T/C 761	6591-WA / 2320
Equipment	T/C 762	6591-WA / 2420
Library Resources	T/C 763	6591-WA / 2440

[40.20.70.e](#) **Depreciation in Internal Services and Proprietary Funds (fund type 4):**

The current year's depreciable amount is recorded as an expense in the accounts of each fund. This amount is from the Annual Depreciation column of the CR2128 report.

Buildings	T/C 745	6511-WA / 2220
Improvements Other Than Buildings	T/C 746	6511-WA / 2320
Equipment	T/C 742	6511-WA / 2420
Library Resources	T/C 369	6511-WA / 2440

[40.20.80](#) Disposals and Changes of Fixed Assets

2005-08-01

As a fixed asset ages, breaks down, disappears or is obsolete, it will

become necessary to remove it from the inventory system. The authority to dispose of information technology related equipment or proprietary software resides in the Department of Information Services (DIS), or the Office of Commodity Redistribution (OCR) of the Department of General Administration (GA) for all other capital assets. Refer to [RCW 43.105.041](#) for DIS, [RCW 43.19.1919](#) for OCR and [RCW 28B.10.029](#) for GA. Many colleges today have been granted local authority to surplus or sell equipment which is no longer of any use to them, as long as it falls beneath certain value thresholds. In general we are encouraged to first offer the assets to other state agencies, school districts, and other nonprofits prior to selling to the general public. Information on asset disposal can be found in SAAM 30.40.45 to 30.40.80.

[40.20.80.a](#) **Record Maintenance for Disposed Assets**

Removal of a fixed asset from the FAE and the fixed asset general ledgers does not mean all accountability for the asset is eliminated. It means the inventory officer is no longer responsible for the physical security of the asset and the asset is no longer reflected in the college's financial records. The college is to retain the information for assets disposition based upon the approved agency records retention schedules.

[40.20.80.b](#) **How are disposals recorded in FMS?**

Disposals occur as a normal function of physical inventory management. All capitalized assets being removed from active service must be deleted in the FAE system. To reflect these FAE disposals, corresponding entries must also be made in the FMS fixed assets general ledgers. This can be done quarterly, annually, or in the case of a sold asset, at the time of its sale.

Annual or quarterly adjustment disposal amounts can be found in the Disposals column of the FAE report CR2128. All disposals will be listed by fund, and will have the amount of accumulated depreciation associated with it. Summary entries in the FMS will need to take into account any individual entries previously recorded for sold or transferred assets. Note: the disposals on the CR2128 do not show as bracketed (credit) items, but they are subtracted from the beginning balance.

[40.20.80.b.1](#) **Disposals in General Fixed Assets Account Group (fund 997)**

This would include the state general fund, capital project funds, and special revenue funds. For disposals or changes of assets recorded in Fund Group 997, the entry would be to reverse the asset, and the accumulated depreciation, to the equity account. There is never any net entry made to a revenue or expense general ledger in fund group 997.

The transcodes to record the disposal of an asset and its associated accumulated depreciation in fund 997 are below. (Note that there are separate transcodes for asset disposals that are not merely the reversal of the acquisition transcodes.)

Land Disposal	T/C 770	9850 / 2110
Buildings Disposal	T/C 771	9850 / 2210
Improve - Non Bldg Disp	T/C 772	9850 / 2310
Furn & Equip Disposal	T/C 773	9850 / 2410
Library Res Disposal	T/C 774	9850 / 2430
CIP Disposal	T/C 775	9850 / 2510

Bldg AD Disposal	T/C 776	2220 / 9850
Impr-Non Bldg Disp	T/C 777	2320 / 9850
Furn & Equip Disposal	T/C 778	2420 / 9850
Library Res AD Disp	T/C 779	2440 / 9850

If the fixed asset was sold, the proceeds realized from the sale of property are to be deposited into the fund from which such property was purchased or if such fund no longer exists, into the local dedicated fund (148). Proceeds derived from state general or state capital funds assets, which are not budgeted trade-ins, must be remitted to the Office of State Treasurer to revenue source 0416. If proceeds are received from state general or state capital fund assets which are budgeted trade-ins, the college must record the deposit as a reduction of expenditure, and apply the credit toward the purchase of the replacement item.

[40.20.80.b.2](#) **Disposals in Proprietary and Internal Service Funds (fund type 4)**

The transcodes to record the disposal of an asset and its associated depreciation in proprietary and internal service funds are below. (Note that there are separate transcodes for asset disposals that are not merely the reversal of the acquisition transcodes.)

Land Disposal	T/C 770	3213 / 2110
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Buildings Disposal	T/C 771	3213 / 2210
Improve - Non Bldg Disp	T/C 772	3213 / 2310
Furn & Equip Disposal	T/C 773	3213 / 2410
Library Res Disposal	T/C 774	3213 / 2430
CIP Disposal	T/C 775	3213 / 2510

Bldg AD Disposal	T/C 776	2220 / 3213
Impr-Non Bldg Disp	T/C 777	2320 / 3213
Furn & Equip Disposal	T/C 778	2420 / 3213
Library Res AD Disp	T/C 779	2440 / 3213

Gain on sale of asset	T/C 743	1110 / 3213
Loss on sale of asset	T/C 743R	3213 / 1110

Any gain or loss from the disposal of the asset would be recorded in GL 3213 revenue source 0418 (Gain or Loss on Sale of Capital Assets.)

For disposals or changes, no expense is recorded. The Changes and Disposals column of the CR2128 report should be recorded by reversing out the asset and the accumulated depreciation with the difference to general ledger 3213 with revenue source 0418, Gain or Loss on Sale of Capital Assets.

The following shows an example of an asset removed before it was fully depreciated.

Description	T/C	DR	CR	MS
Equipment	773	3213	2410	0418
Accum. Depr.	778	2420	3213	0418

If the asset was sold for a profit, then the net gain would be the net of all the entries to GL 3213. For example, an asset originally recorded for \$6,000 has \$5,500 depreciation charged to it, now has been sold for \$800. The net gain was only \$300, because of the \$500 salvage value.

Description	T/C	DR	CR	MS	Dollars Recorded
Equipment	773	3213	2410	0418	\$6,000.00
Accum. Depr.	778	2420	3213	0418	\$5,500.00
Gain or Loss	743	1110	3213	0418	\$800.00
Summary Cash	040	1150	1151		\$800.00

[40.20.80.b.3](#) **How do I find the accumulated depreciation?**

If the amount of depreciation is not known, then go to FAE find the asset's commodity code and acquisition date/year. In SAAM 30.50.10, look up the commodity code to find the useful life (years) that particular asset is expected to have. (Straight line depreciation is used.) Divide the asset's value by the commodity code's useful life, and then multiply that answer by the number of years you've owned the asset.

40.20.90 **Reconciliation of FMS to FAE**

2003-08-15

Fixed asset reconciliation insures that capitalized facilities and equipment acquired through purchase, construction, capital lease or donation are properly recorded on both FAE and FMS. Most fixed asset transactions are recorded in FMS as expenditures in the current period, and are reclassified later as an asset. A corresponding entry in FAE should reflect the transaction as an addition, a disposal or a change.

40.20.90.a **How do FMS and FAE function together?**

The FMS asset general ledger acts as the control account with subsidiary detail being provided in FAE. In order to maintain integrity between FMS and FAE, adjustments to FMS, to FAE or to both will be necessary. The adjustment may arise from activity during the current year or from a prior period. Three equipment examples of this are:

1. An expenditure of \$8,000 was coded to subobject JC (capitalized fixed asset). However the physical inventory staff report that the item purchased was really four items at \$2,000. The expenditure should be recoded to subobject JA (non-capitalized equipment).
2. A piece of equipment was entered into FAE at \$10,000. In comparing this to the expenditure in FMS for \$10,890, it was discovered that the sales tax was not included into the inventoried amount. The FAE should be increased by the amount of the sales tax. Now the FAE entry will equal the JC entry in FMS.
3. In conducting the annual physical inventory, it is discovered that a piece of equipment was entered wrong in the FAE system. An entry for \$660 should have been \$6,600. The FMS entry was coded to JA and this mistake was never caught last year. The item in FAE should be increased. This will appear in the Changes Column on the CR2128 report, and should be recorded as a fixed asset in FMS. See FAM section [40.20.30](#) Disposals and Changes.

40.20.90.b What records need to agree between FMS and FAE for governmental fund types?

For state general, special revenue and capital project funds, the FAE year end balances for cost and depreciation, as reflected on CR2128, should equal the year-end asset and depreciation general ledger balances in Fund 997 (General Capital Assets Subsidiary Account).

40.20.90.c What records need to agree between FMS and FAE for proprietary fund types?

Proprietary and internal service funds must record their assets within their own fund. The FAE year-end balances for cost and depreciation, as listed on the CR2128, should equal the year-end asset and depreciation general ledger balances in each of those funds. The State Auditor may request reconciliation detail to allow verification of fixed assets.

40.20.90.d How do I manage and reconcile facilities entries on FAE?

Facilities generally refer to fixed assets, which are not equipment or library resources. These include land, buildings, improvements other than buildings, and construction in progress.

One method of managing facility fixed assets (other than equipment) is to keep a list of projects that will be capitalized and included in the FAE system and the fixed asset general ledgers. Work with your Facilities Director to refine this list. For each project, list the project name, its acronym, which it will use to identify it in the FAE system, and what type of fixed asset it is. The commodity code is also useful. Then by fiscal year, list the account code, SBCTC assigned capital project number, and the amount. (When expensing a capital allocation, the pro/org. number can be the assigned project number.) This list can be started at any time during the fiscal year, and completed at year-end when fiscal year dollar totals are available. Forward a copy of this list to next year's file. This list is very useful for maintaining cost records during the six-year building construction cycle. The information on the list can be used when entering facilities expenditure data into FAE, and for recording the facility into the FMS fixed asset general ledgers.

The following is an example of a building construction project, which has been completed. It has for the last two years been recorded as a

construction in progress. Now with the current year expenses the entire project will be reclassified as a building.

[40.20.90.d.1](#) **Example of Asset Constructed over Multiple Years**

Instruction Lab Bldg. (ILB) was a CIP (0200 commodity code) now Bldg (0500)

6/30/01 147-BC9G	1,204,369	recorded in 06/07 2510 / 9850
6/30/02 147-BC9G	2,746,859	recorded in 07/08 2510 / 9850
subtotals	3,951,228	needs fund 997 – 2210 / 2510
6/30/03 147-BC9G	322,433	needs fund 997 – 2210 / 9850
total project in FAE & FMS	4,273,661	

[40.20.90.d.2](#) **What reports show activity posted in FAE?**

The following reports will show the non-equipment facility activity (both current and prior years) posted to the FAE system.

- MM5104 Land Listing
- MM5102 Building Listing
- MM5103 Improvement Other Than Buildings Listing
- MM5121 Construction In Progress Listing

Visit the SBCTC-IT website for a complete list of all Facilities reports.

[40.20.90.e](#) **How to manage and reconcile equipment entries on FAE?**

The following reconciliation procedures are directed primarily toward equipment. However, many aspects of the reconciliation process apply to other fixed asset commodity groupings such as land, buildings, improvements other than buildings, library resources or construction in progress. These procedures are intended for monthly reconciliation processes.

[40.20.90.f](#) **How do I obtain summary totals of activity in FAE?**

Report CR2128 (Fixed Asset Report) summarizes FAE activity by fund. Run this report to coincide with FMS month end. In addition to beginning balances, this report displays fiscal year-to-date totals of additions, disposals and changes by commodity grouping within each fund.

[40.20.90.f.1](#) **Calculating Monthly Totals**

Calculate the current month activity totals by comparing the current month ending balance with the prior month ending balance (CR2128 Attachment I).

[40.20.90.f.2](#) **Reconciling Monthly FAE Totals to FMS**

Compare the FAE monthly additions cost total in CR2128 to the total Subobject JC transactions processed through FMS. Reconcile differences in monthly totals on a monthly basis. Regarding CR2128, note that only activity with a current year acquisition or disposal date will be reflected in the 'addition' or 'disposal' columns. Activity with a prior year acquisition date will be reflected in the "change" column. CR2128 excludes inventory items costing less than \$5000.

In order to perform monthly reconciliations between FAE and FMS it will be necessary to obtain monthly transaction detail for both FAE and FMS.

[40.20.90.g](#) **Ways to Obtain FAE Detail**

The monthly detail in FAE can be obtained in a variety of ways. A detail listing of the additions, disposals and changes may be obtained by running the following FAE reports:

[40.20.90.g.1](#) **MM5202 Equipment Transaction Log (produced by job MM5202J).**

This report can be scheduled to only include activity within a period of time. For instance, if the report has been run and reconciled already for the period of July to Feb, then you could list the start date as March 1st, and the end date as March 31st to receive only what has happened in the last month.

Report MM5202 will also include inventory items costing less than \$5000). Equipment items costing less than \$5,000 do not have to be reconciled to any object code. They exist only for physical inventory management purposes.

[40.20.90.g.2](#) **DATA Reports**

By creating or running DATA reports which produce the detail supporting the current year additions or disposals column of CR2128

[40.20.90.g.3](#) **MM5211 Equipment Detail Listing**

FAE report MM5211, Equipment Detail Listing, assists with FAE transaction detail. A monthly period may be specified for this report.

[40.20.90.h](#) **How do I obtain transaction detail in FMS?**

The monthly detail in FMS can be obtained in a variety of ways. One of the latest is the FMS Query. By using the selection criteria for expenses you can select all expenses that have used the subobject code JC. This will provide you with a complete list, which can be compared to the additions in FAE. DATAX jobs, which select on the object and general ledgers, can also be used. Run these reports subsequent to month-end processing, but prior to the purging of monthly detail.

[40.20.90.i](#) **How do I correct miscoded state tag numbers for equipment recorded in FAE?**

If a tag number is transposed when entered into FAE, the error can be corrected by deleting it on the Disposal Screen. Use an “E” as the disposal status. An “E” will reverse the equipment amount out of the Additions column of the CR2128. Do not use deletion status “9” (meaning “other”) as the mistake will appear on the CR2128 in both the Additions and Disposals columns. Furthermore, you will create another Addition column item when the equipment is re-entered under the correct state tag number.

[40.20.90.j](#) **Reconciling the FMS/FAE Differences**

The additions per FAE may differ from the expenditures totals in FMS. Most of these differences can be located and fixed, either in FAE or in the FMS. Some differences have to remain as reconciling items. Reconciling items must be noted. Some of these include:

- **Donated assets.** Record donated items on FAE at fair market value. This value should also be recorded in FMS as an asset. However, since there is no expense involved, there will be a reconciling item between FAE and the FMS expenditure ledgers.
- **Assets purchased with a trade-in.** The amount to record in FAE is the actual value of the equipment you’re purchasing. The FMS will expense the cost, less the trade-in value. This difference will be a reconciling item between FAE and the FMS expenditure ledgers.
- **Capital leases.** Capital leases of greater than \$10,000 are recorded on FAE at the inception of the lease at its present value. The only

expense for FMS will be the recorded monthly or annual payments, according to the terms of the lease. This will be a reconciling item. (Alternatively, capital leases of less than \$10,000 are to be treated as operating leases and recorded on FAE at the end of the lease period. Meanwhile, monthly or annual lease payments are to be expensed in object E.)

- **Assets purchased by others, but reside at the college.** An example is the case of a building constructed by capital allotments from two colleges. One college will maintain possession of the asset, even though it was purchased by the other college. The asset is recorded in FAE as owned by an outside agency, but there is no expense in FMS. See FAM section [40.20.40.c](#). This will be a reconciling item.

40.30 Liabilities

40.30.10 Accounting for Liabilities

2003-08-15

40.30.10.a What are liabilities?

Liabilities are legal obligations (often payables or debt) which have arisen from past transactions and which will be liquidated in the future.

Liabilities are classified into the following two categories:

- Current Liabilities:
These obligations are due within one year and are payable from the fund's current assets or resources
- Long-Term Liabilities:

These obligations mature at a future date and unlike current liabilities will not be liquidated from current resources. Proprietary type (Enterprise and Internal Service), and Private Purpose Trust Funds account for long-term liabilities within the fund itself. Governmental type (General, Special Revenue, Debt Service) and Permanent Funds account for long-term liabilities in the General Long-Term Obligations Subsidiary Account (999).

To find more information on Liabilities see [SAAM 85.70](#) for explanations on Short Term Liabilities; See [SAAM 85.72](#) for explanations on Long-Term Liabilities; See [SAAM 85.74](#) for explanations on Special Liabilities.

40.30.10.b Where can I find information on liability general ledgers?

See FAM Section [10.30.25.a](#) and The State Administrative and Accounting Manual (SAAM) at <http://www.ofm.wa.gov/policy/75.40.htm> for references concerning general ledgers used for Short-Term and Long-Term accounting of the following:

- Accounts Payable
- Sick and Annual Leave Payable
- Deferred Revenues
- Bonds Payable

- Lease Purchase Agreements
- Certificates of Participation

[40.30.10.c](#) **What are accrued liabilities?**

Accrued liabilities are amounts owed but not yet due. They consist of expenditures, not necessarily encumbered, which have been incurred by the agency for goods, materials or services received but not yet paid for by the end of the accounting period.

40.30.15 Payable Accruals

2011-12-28

[40.30.15.a](#) **Where are accounts payable accruals entered?**

Accounts Payables accrued at year-end may be accrued in FMS using the General Accounting Transaction form (GAT) and entering on GA1103 screen or automatically via job BM3200J. These entries are booked using GL6505 with contra GL5111 (or 5154 for another State Agency). At the college's option, reversal of these liabilities might differ from the first year of the biennium to the second year. The following example shows entries for interagency payables.

To record AP accruals:

T/C	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	Due To/From	GL DR	GL CR	Amount (\$)
407	101	0xx	xxxx	xx	300	6505	5154	0
407	148	0xx	xxxx	xx	325	6510	5154	0
407	5xx	2xx	xxxx	xx	250	6510	5154	0

To record payment of AP accruals in subsequent year:

T/C	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	Due To/From	GL DR	GL CR	Amount (\$)
408	101	0xx	xxxx	xx	300	5154	6505	0
						6510	4310	0
409	148	0xx	xxxx	xx	325	5154	1110	0
409	5xx	2xx	xxxx	xx	350	5154	1110	0

[40.30.15.b](#) **How are estimated accruals recorded?**

Estimated expenditures/expenses may be items for which you anticipate an invoice amount based upon expenditure trend information, such as regular quarterly invoices. Estimated accruals should be booked, monitored and

reversed according to the following entry in fund types 1 and 3 only.

T/C	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	Due To/From	GL DR	GL CR	Amount (\$)
414	001	0xx	xxxx	xx		6560	5111	0
415	1451	xx	xxxx	xx	375	6560	5154	0

In the ensuing fiscal year record payment of the actual liability as follows:

T/C	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	Due To/From	GL DR	GL CR	Amount (\$)
303	001	0xx	xxxx	xx		5111	4310	0
						6510	6505	0
409	1451	1xx	xxxx	xx	375	5154	1110	0

Any difference between actual and estimated expense should be recorded as an immaterial prior period adjustment. In appropriated funds, all prior period adjustments must be reviewed and approved by OFM prior to posting. Those entries should be submitted to the SBCTC for coordination of the approval process.

40.30.20 Payroll Accruals

2003-08-15

40.30.20.a Where are payroll accruals performed?

Accounting transactions for payroll accruals are executed throughgenerated by the Payroll/Personnel Management System (PPMS). PPMS interfaces with the Financial Management System to update general ledgers and to provide and record banking transactions and payments to vendors.

40.30.20.b How do I record sick, and annual and compensatory leave accruals?

The Office of Financial Management (OFM) requires that colleges book the value of sick and annual leave accruals as well as any compensatory leave accumulations on the system. The accrued liability for non-proprietary funds (Funds 001, 149, 145, 148, State and Local Capital) is booked to Fund 999 with contra to GL 1820. The liabilities for proprietary funds are booked to the individual funds using GL6505 Subobjects AT and BZ for Annual Leave and Subobjects AS and BZ for Sick Leave. Guidance for implementing OFM policy within the FMS system is currently under development accommodate recent changes. As

soon as those processes are available they will be included in this manual.

[40.30.20.c](#) **Interagency Payables and Receivables**

Interagency payables and interagency receivables should equal at the state level. These amounts are required to be reconciled at year-end. The balancing of these is monitored using GL5154 for payables and GL1354 for receivables with the valid state agency indicators in the FMS system provided subsidiary field. The valid agency number must be on FMS table ZX0060. Communication is necessary with the other state agencies. SBCTC will send out lists to the colleges and other state agencies to facilitate balancing with each other during the closing process.

40.30.30 Deferred Revenues

2003-08-15

[40.30.30.a](#) **What are deferred revenues?**

Amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met are recorded as Deferred Revenues. Additionally, under the modified accrual basis of accounting, amounts which are measurable but not “available” are also deferred.

[40.30.30.b](#) **When is deferred revenue recorded?**

Community and technical colleges record deferred revenue when tuition and fees are collected before July from students who have registered for Summer or Fall quarters (Summer and Fall revenue are recognized in the new year).

[40.30.30.c](#) **Recording Deferred Revenue**

When student registers and pays for classes as indicated above the following entry will be generated if the debt type table (BM1020) is set up to defer new year revenue:

T/C	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	SRC	GL DR	GL CR	Amount (\$)
198	840	282	xxxx	0424	TR	1110	5192	0

[40.30.30.d](#) **Reversing Deferred Revenue**

Although a revenue source code is not normally used with a liability

ledger, it is used in this case for tracking purposes and for the automatic reversal process. To reverse deferred revenue transactions and recognize as current-year revenue, schedule Job FG034A. This will generate the following:

T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	SRC	GL DR	GL CR	Amount (\$)
192	R	840	282	xxxx	0424	TR	5192	1110	0
023		840	282	xxxx	0424	TR	1110	3210	0

40.30.40 Escrows/Retainage

2003-08-15

[to be provided]

40.30.45 Sales and Use Tax

2003-08-15

See [FAM section 70.20.30](#)

40.30.50 Unemployment Compensation

2004-11-10

If a person has been laid off or lost their job through no fault of their own, they may qualify for unemployment insurance benefits. These benefits are a temporary source of income while they look for work - or in limited, approved cases - while they retrain. Employers pay quarterly taxes based on the wages paid to eligible workers. When a qualifying employee is laid off and establishes eligibility, they receive monthly unemployment compensation benefits. On a quarterly basis, the former employer of the laid off worker receives a bill for the difference between the actual UC benefit paid and amount covered by the UC taxes paid by the employer.

40.30.50.a What source of funds is used to pay the quarterly billings for UC benefits?

The college has basically two options.

- Option 1 - Direct Pay; the college simply pays the charges from the account where the laid-off worker was previously paid.
- Option 2 - UC Reserve; the college establishes a UC reserve from which to pay the quarterly claims.

40.30.50.a.1 What are the advantages of Direct Pay versus using a UC Reserve?

- Option 1 - Direct Pay is a simpler process that places the charge on the account where the former employee's services were used. However, the drawback to this option is that frequently colleges find that charges for unemployment benefits arise after a program has been closed and no funding is available in the original account to cover the charges. In these circumstances, the only option left to colleges is to fund those charges from uncommitted local funds.
- Option 2 - The UC Reserve process has the advantage of spreading the cost for unemployment benefits over all accounts and no one account is adversely impacted by large, unanticipated UC benefit charges. The disadvantage is that the process carries a higher administrative burden.

[40.30.50.b](#) **What are the steps for creating an Unemployment Compensation Reserve?**

This option requires that the college determine a rate or rates that is(are) applied to the wages paid to all employees or groups of employees. The charge is recorded as a benefit expense for each employee and the money is deposited into a reserve account from which the quarterly claims are paid.

[40.30.50.b.1](#) **How do I determine the rate for contributions to my UC Reserve account?**

Determine the percentage needed to cover a college's quarterly unemployment charges by analyzing the total payroll for the past one or more years in comparison to the actual unemployment charges for those same periods. UC Reserve rate is the percentage of total unemployment charges to total salary and wages. For example, if the total wages paid for the last two years was \$10,000,000 and the total UC charges for the same period was \$50,000, then the UC reserve rate for the next year would be $\$50,000/\$10,000,000$ or 0.5%. This percentage or rate must be reviewed annually and must be adjusted to reflect the most recent data.

[40.30.50.c](#) **How is the UC reserve rate applied to salary and wage charges?**

Colleges have two options for applying the UC reserve rate to salary and wages:

- Automated - A process is available in the PPMS system to apply the UC reserve rate to all payroll charges. The resulting benefit charge is

Accounting

applied to the same budgetary accounts as other benefit charges for the associated payroll charges.

- Manual - College accounting staff periodically (at least quarterly) calculate the UC Reserve charge based on actual salary and wage expenditures and the current UC Reserve rate. The resulting amount is recorded as a benefit expense to object BF and an offsetting liability is recorded in fund 840. When the quarterly UC benefit billing is received from Employment Security, the entire invoice is paid from the Fund 840 liability account.

[40.30.50.d](#) **Automatic Unemployment Compensation Reserve**

Within the payroll system is a process to establish a deduction code and set-up tables to automatically transfer a defined percentage to a liability account. Currently there is not a way to exclude certain types of employees -- it is an all or none transfer. All employee types and all funds are assessed the same rate.

[40.30.50.d.1](#) **Where are the UC Reserve contribution recorded?**

The liability is recorded in fund 840. It is from this account that the quarterly payments to Employment Security Department are made. These payments reduce the liability and cash balances created through the UC Reserve contribution process.

[40.30.50.d.2](#) **How do I set up the UC Reserve contribution percentage in PPMS?**

The UC Reserve contribution percentage as described in 40.30.50.b.1 is recorded as a numeric parameter value in PS9001 - Parameter Number 1104 in PPMS.

[40.30.50.d.3](#) **Establishing the PPMS UC Reserve tables.**

Consult SBCTC-IT prior to establishing your tables. They need to be aware of a college's plan to implement the automated UC Reserve process in PPMS.

This process isn't perfect - a couple of problem areas:

1. As mentioned above, it is an all or none transfer -- for example, student employees can't be excluded.
2. The initial transfer is automatic; any corrections or reversals will have to be completed manually as the payroll system will NOT pick

up the employment percentage. Manual transfers are done through the GA 1103 screen in the FMS system, correcting the object BF code and the 840-liability account.

3. There is no detail information on this transfer from the payroll system; it is all in the background. It doesn't reflect on the PPMS payroll expense distribution form or on the FMS salary and wage reports.
4. Year-end accrual reversals for 001 appropriation indexes must be monitored extremely closely.

[40.30.50.d.4](#) SBCTC-IT documentation for UC Reserve process in PPMS

The unemployment compensation process provides a means to automate the expensing of unemployment compensation costs to individual departments.

To activate the unemployment compensation process, a number of institutional parameters need to be defined by the college on the Institutional Parameter table (PS9001). These are:

Parameter Number	Parameter ID	Data Element Name	Parameter Value	Definition
0333	UI-SOBJ	Unemployment Insurance Subobject	BF	Two character subobject to be used when expensed to the employer for the unemployment insurance.
1022	UI-OPT	Unemployment Insurance Option	Y=Yes or N=No	One character field identifying wheter or not to expense unemployment insurance costs.
1023	UI-PRGORG	Unemployment Insurance Program/Organization	xxxxxxx	User defined seven character progorg index combination to use to recalculate total unemployment cost for payroll by each appropriation index.
1104	UI-PCT	Unemployment Insurance Percentage	xxxx	Four digit field identifying percentage to use to expense unemployment insurance costs (e.g., 6600 would represent .0066%) .
1107	UI-APPR-IND	Expenditure "Reversal" Fund	xxx	User defined three character fund to use when recalculating total unemployment cost for a payroll.
1108	UI-TRNS-CD	Expenditure "Reversal" Transaction Code	xxxx	Three character transaction code to use when recalculating total unemployment cost for a payroll. Add "R" after entered trasaction code for transaction reverse.

Once the parameters have been identified and the college elects to implement the process (i.e., institutional parameter 1022 has a value of "Y"), for each appropriation/program/organization combination, a summary expenditure is created in subobject BF to record the unemployment compensation based on the percentage defined in

institutional parameter 1104. A reverse entry is also generated by appropriation index as an offset.

Example entries for fund 148:

"All payrolls"

T/C	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	GL DR	GL CR	Amount (\$)
002	148	xxx	xxxx	BF	6510	1110	0.00
801	840	xxx	xxxx	BF	1110	5199	0.00

Example entries for fund 001:

" All payrolls"

T/C	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	Due To/From	GL DR	GL CR	Amount (\$)
503	101	xxx	xxxx	BF	840	6505	5150	0.00
502	840	xxx	xxxx	BF	001	1350	1110	0.00
801	840	xxx	xxxx	BF		1110	5199	0.00

The accrual entries for treasury funds (e.g., 001) would be reversed in the next month and replaced with expenditure(s) by processing 504 transaction code(s).

The liability in fund 840 and general ledger 5199 would be reversed or reduced when a payment is initiated to Employment Security.

40.30.60 Bonds Payable

2003-08-15

40.30.60.a What are bonds?

Bonds are long-term notes (debt instruments) that are issued under a formal legal procedure and secured by either a pledge of specific properties or revenues or by the general credit of the state. Following are bonds for the community and technical college or the SBCTC:

- **General Obligation Bonds:**
General Obligation Bonds are debt instruments backed by the “full faith and credit” of a governmental unit (state-wide bond issues). They are obligations of the unit rather than the individual fund. Bonds issued for capital projects financed by the backing of the state

general fund from tax revenues are general obligation bonds.

- Revenue Bonds:
Revenue Bonds are debt instruments secured by special revenues other than general tax revenue. Revenue bonds may be general or local. An example of a general revenue bond is the general tuition and fee bond, which are supported by a portion of regular tuition and fees. Examples of “local” revenue bonds include Olympic College’s Housing and Dining Service debt instrument and Tacoma Community College’s Student Services debt instrument. In these examples, specific future revenues, housing and dining fees and S&A fee revenues are pledged to support debt service on the bonds.
- Refunding Bonds:
Refunding Bonds are those issued for the refinancing of general obligation or revenue bonds, generally to obtain a more favorable rate.

[40.30.60.b](#) **Recording Bond Proceeds**

For local governmental (Fund Type 3) funds, record bond proceeds as revenue source 0460 in issuing the fund and as a long-term liability in the General Long Term Obligations Subsidiary Account (999). The amount recorded as revenue and the amount recorded as long-term liability must equal the issuance value of the bonds. For propriety and private purpose trust funds (fund type 4) or Permanent and Agency funds (fund types 2 and 5), record bond proceeds as a liability in the issuing fund.

40.30.65 Lease Purchase Agreements

2003-08-15

A lease may be classified as an operating lease or a capital lease. An operating lease is defined as a rental of an asset over a term of more than one year where the business purpose is not the acquisition of an asset. A capital lease is a lease that transfers substantially all the benefits and risks inherent in the ownership of the property to the state. A lease must meet one or more of the following criteria to be classified as a capital lease:

- By the end of the lease term, ownership of the leased property is transferred to the state.
- The lease contains a bargain purchase option.
- The lease term is equal to 75 percent or more of the estimated useful life of the leased property.
- At the inception of the lease, the present value of the minimum lease

payments, excluding executor costs (usually insurance, maintenance, and taxes paid in connection with the lease property, including any profit thereof) is 90 percent or more of the fair value of the leased property.

[40.30.65](#).a **Recording Capital Lease Obligations**

It is the state's policy to record capital lease obligations only for those capital leases where the net present value of the future minimum lease payments is \$10,000 or more. Leases below that limit are treated like operating leases.

40.30.70 **Lease Accounting**

2003-08-15

[40.30.70](#).a **What are the types of lease accounting available?**

Following are types of lease accounting available:

- Operating Lease
Accounting for an operating lease consists of recording rental payments as a normal operating expenditure/expense (sub-object ED) on a periodic basis.
- Capital Lease Accounting for a capital lease consists of:
 1. Recording the capital lease at its inception.
 2. Adding to the Inventory System (FAE).
 3. Separating periodic payments into principal and interest portions.
 4. Applying payments to the correct object of expenditure.See SAAM [85.60.70](#) for accounting requirements for capital leases in governmental, and proprietary and trust fund types.

40.30.75 **Certificates of Participation (COP)**

2003-08-15

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 (COPs) as a financing mechanism.

[40.30.75](#).a **What are the types of COPs?**

The two types of COPs are:

- Equipment/Real Estate Acquisition Program
Under this program, a capital asset is generally acquired with a single transaction.
- Construction Program
Under this program, an asset is constructed. The construction activity takes place over a period of time and involves multiple transactions. If the construction period is lengthy and debt service on the COP is required during the construction phase, interest costs may require capitalization.
See also SAAM [85.60.80](#).

[40.30.75.b](#) **When are the proceeds of the COP available to the college?**

The date of the initial entry on college books is the date that the treasurer places the funds in an LGIP* construction account in the college name (as per the illustrative entry[to be provided]). That is the date when the proceeds of the COP issued are “available” to the college. See the Illustrative Entry (D) [to be provided] * Note: LGIP is the Local Government Investment Pool operated by the State Treasurer. Local governments as well as colleges are allowed to invest available cash in this pooled investment fund. Click here (LGIP) for more information.

40.40 Fund Balance/Retained Earnings

40.40.10 Fund Balance/Retained Earnings

2003-08-15

40.40.10.a What is fund equity?

Fund Equity represents the difference between fund assets and fund liabilities. Fund equity is reported differently for government and proprietary fund types.

General Ledger Account Classifications

40.40.10.a.1 Fund balance account (governmental funds)

The Fund Balance account reflects the fund equity of individual governmental funds.

Types of Fund Balance Accounts:

- **GL9580 – Other designated fund balance** The balance of this account represents other designated portions of fund equities. It is primarily used in capital project funds in Fund Type 1
- **GL9590 – Unreserved/undesignated fund balance** The balance of this account represents the unreserved and undesignated portion of the excess of assets over liabilities. It is used in general, special revenue, and expendable trust funds in Fund Types 1 and 2

40.40.10.a.2 Proprietary type fund equity accounts

- **GL9400 - Accumulated Earnings (Losses)** The balance of this account represents the accumulated earnings (losses) of a proprietary fund. It is only used in proprietary funds in Fund Type 4.
- **GL9300 – Contributed Capital** is no longer used. All proprietary fund balance should be recorded in GL 9400.

40.40.20 Reservation of Fund Balance

2003-08-15

40.40.20.a What is a reserve?

A Reserve is a portion of fund balance that is not available for expenditure or is legally segregated for a specific future use.

[40.40.20.b](#) **Types of reserve accounts**

- **GL9510 – Reserve for Encumbrances** The Reserve for Encumbrances account offsets GL6410 and represents the portion of the fund balance legally restricted for encumbrances during the fiscal year.
- **GL9530 – Reserved for Permanent Funds – Nonexpendable Portion** The balance of this account represents that portion of fund balances in permanent funds that is legally restricted and may not be expended for any purpose. This GL account is used with Fund Type 2.
- **GL9531 – Reserved for Permanent Funds – Expendable Portion** The balance of this account represents that portion of fund balance in permanent funds that is derived from earnings and may be used for purposes that benefit the state or its citizens. This account is used with Fund Type 2.
- **GL9540 – Reserve for Consumable Inventories** Reserve for Consumable Inventories is the offset for Consumable Inventories (GL1410 in Fund Type 3). Reserve for Consumable Inventories represents the portion of fund balance restricted to indicate that Consumable Inventories do not represent available, spendable resources even though they are a component of net current assets.
- **GL9556 – Reserve for Petty Cash and Imprest Accounts** The balance in the Reserve for Petty Cash and Imprest Accounts represents the portion of fund equities restricted for petty cash accounts and imprest accounts (GL1130 in Fund Types 1 and 3).
- **GL9557 – Reserve for Investments** is no longer appropriate in governmental accounts unless it is legally restricted.

For a complete listing of all reserve accounts see SAAM [75.40](#).

[40.40.30](#) Capital asset valuation accounts.

2006-03-02

[40.40.30.a](#) What is asset valuation?

These accounts reflect the total value of fixed assets less their accumulated depreciation as recorded within the General Capital Assets Subsidiary

Account – Fund 997. All assets for the state general, capital projects, special revenue and permanent funds in Fund Types 1, 2, 3 are recorded in Fund 997.

[40.40.30](#).b **GL9850 – Investment in General Capital Assets**

The balance of this account 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.)

40.50 Receipts/Revenue

What are cash receipts?

Cash receipts are any cash items, e.g. cash, check, money order, or credit card payments received by the college for any intended purpose. All cash receipts are to be deposited within 24 hours of receipt. For information on internal controls of cash receipts refer to FAM 60.40 {link}, (SAAM 85.50.20), and (RCW 43.88.195).

What are revenues?

Revenues are cash receipts and receivables from tuition, sale of goods, rendering of a service, interest earned on investments, etc. Revenues are measured by the charge made to clients, customers or other parties for goods and/or services provided to or for them. Revenue is that addition to cash or other current asset, which does not result in an increase of any liability or equity account nor represent the recovery of an expenditure.

40.50.10 Tuition Revenue

2011-12-28

40.50.10.a What is tuition revenue?

Tuition revenue is that amount collected in payment for course fees established by statute for various classes of students enrolled in state supported instructional programs. For more information on fees and tuition reference WAC 131-28-025, RCW 28B.15, and FAM 50.50 Fee Calculation.

40.50.10.b Where does tuition and fee revenue get deposited?

For community colleges tuition and fee revenue is initially deposited into Fund 840 until it can be distributed into the appropriate funds. Technical colleges may choose to deposit tuition directly into fund 149. Further, the distribution of fees for technical colleges may be unique from community colleges except for the 3.5% deposited to the Institutional Financial Aid Fund 860. For community colleges the operating fee portion is distributed to Fund 149; the building fee portion to Fund 060; the services and

activities fee to Fund 522; the innovation Fund portion to Fund 561; and the Institutional Financial Aid portion to Fund 860.

The percentage of the total collected that is distributed to Funds 149, 060 and 860 is determined by the legislature and is subject to annual change. The portion due to Fund 522 is determined by the local board of trustees within the parameters established by the legislature. The portion due to Fund 561 is set by the SBCTC each year within the parameters of RCW 28B.15.031(2). The Innovation Fund portion accumulated in Fund 561 must be remitted to the State Treasurer on a monthly basis. The building fee portion accumulated in Fund 060 must be remitted to the State Treasurer within 35 days of the start of each quarter. Colleges are only required to deposit amounts actually collected as of the start of the quarter. Some colleges may choose to have other fees attached to tuition and distributed that have been established and voted on through their student government. These might be comprehensive fees such as single fee including, transcripts, graduation and grounds, or a specific fee such as for parking.

[40.50.10.b.1](#) **Initial Tuition Receipt**

The initial receipt and deposit of tuition and fees is made into Fund 840 for community colleges and 149 for technical colleges by crediting GL3210 (Cash Revenue) and debiting GL1110 (Cash). Tuition and fees must be deposited using revenue source 0424, the appropriate program to indicate quarter (Prog 501-Summer, Prog 502-Fall, Prog 503-Winter, Prog 504-Spring), and the appropriate fee code (i.e. TR resident, TN non-resident, etc.).

[40.50.10.b.2](#) **Tuition Distribution at End-of-Month**

When the month end jobs are completed, schedule FMS Job Group FG021M (Monthly Tuition Distribution) to automatically distribute the tuition and fee amounts to the appropriate funds. If all appropriate coding has been used, this job will reverse all tuition and fee amounts (recorded in GL3210) from Fund 840 or 149 and distribute to each fund based on the percentages established in the Tuition and Fee Distribution Table.

[40.50.10.c](#) **Tuition and Fee Distribution Table**

The Tuition and Fee Distribution Table (GA2001) contains the

percentages distributed to each fund for the various fee codes. This table is manually maintained and must be updated annually to reflect current tuition and fee rates. New rates adopted by the legislature become effective with fall quarter. The tuition distribution process reverses the original posting to Fund 840 and distributes the revenue and cash to funds 149, 522 and 860. For Community Colleges it sets up accounts payable (G/L 5153) in fund 840 due to fund 060 and fund 561 and accounts receivable (G/L 1353) in fund 060 and fund 561 due from fund 840 for the building fee portion. These amounts are not transferred as cash because for fund 060 they must be remitted to the State Treasurer within 35 days from the start of each quarter and for fund 561 monthly.

[40.50.10.c.1](#) **How is a State Treasurer payment recorded?**

When payment is made to the State Treasurer for the building fee portion and the innovation portion, the cash is reduced in fund 840; the receivables and payables are cleared; and accrued revenue is changed to cash revenue in fund 060 and fund 561. All these entries must be made manually through the General Accounting Batch Header Screen (GA1103).

Additionally, the amounts must be wire transferred to the State Treasurer with prior notification to inform them of the amount being wired and when it will be sent. Additionally, an A-8, Cash Receipts Voucher is prepared and faxed to the State Treasurer providing the college name and agency number, the amount being deposited, the fund receiving the deposit and the date the monies will be transferred. Follow the procedures established by your college and the bank for a wire transfer of funds.

[40.50.10.c.2](#) **How is unpaid tuition recorded?**

If the tuition and fees due from students or outside entities have not been paid in full, the amount owed should be recorded by debiting the appropriate GL 13XX (Receivable) and crediting GL3205 (Accrued Revenue) in Fund 840 or 149 for technical colleges. The amounts in GL 3205 are not distributed when Job Group FG021M is run.

[40.50.10.c.3](#) **How is advance revenue recorded?**

Revenue collected in advance of being earned will be recorded as Deferred Revenue (GL5192). For example: Revenue collected from a student in March for a class beginning in September (Fall Quarter) of the following

fiscal year is recorded in GL5192.

At the beginning of Fall Quarter, the deferred revenue is reversed and recognized as current year revenue by running Job Group FG034A (Reverse Deferred Revenue). Summer Quarter deferred revenue may be reversed after July 1.

40.50.10.d Illustrative Example Entries:

(For Community Colleges only, Technical Colleges may distribute fees differently.)

40.50.10.d.1 Tuition Revenue Receipt

T/C	APPR INDEX	PRG INDEX	SRC	GL DR	GL CR	Amount (\$)
023	840	501	0424	1110	3210	233

Summer quarter, Resident (Prog 501 - Summer, Prog 502 – Fall, Prog 503 – Winter, Prog 504 - Spring)

40.50.10.d.2 Automatic Distribution

After month-end the tuition will be automatically distributed.

(Direct Transfer of the revenue to Funds 522 and 860)

T/C	R	APPR INDEX	PRG INDEX	SRC	GL DR	GL CR	Amount (\$)
023	R	840	501	0424	3210	1110	560.08
023		149	501	0424	1110	3210	487.23
023		522	264		1110	3210	51.15
023		860	279		1110	3210	21.70

(To establish the receivable in fund 561 and fund 060 and the payable in fund 840 for that portion of the revenue, this must be paid to the Treasurer.)

T/C	R	APPR INDEX	PRG INDEX	SRC	Due To/From	GL DR	GL CR	Amount (\$)
023	R	840	501	0424		3210	1110	110.02
410		840	501	0424	060	1110	5153	60.02
140		060	501	0424	840	1353	3205	60.02
410		840	501	0424	561	1110	5153	50.00
140		561	501	0424	840	1353	3205	50.00

[40.50.10.d.3](#) **State Treasurer Payment**

To record payment to the State Treasurer of those monies due to Funds 561 and 060:

T/C	R	APPR INDEX	PRG INDEX	SRC	Due To/From	GL DR	GL CR	Amount (\$)
040		841	281			1151	1150	0.00
410	R	840	501	0424	060	5153	1110	60.02
142		060	501	0424	840	4310	1353	60.02
410	R	840	501	0424	561	5153	1110	50.00
142		561	501	0424	840	4310	1353	50.00

A wire transfer must be made to the State Treasurer’s Office. Fund 060 is to receive \$60.02 and fund 561 is to receive \$50.00.

[40.50.10.d.4](#) **Advance and deferred Revenue**

When money is received:

Deferred Revenue

T/C	APPR INDEX	PRG INDEX	SRC	GL DR	GL CR	Amount (\$)
192	840	502	0424	1110	5192	0

(Although a revenue source code is not normally used with a liability ledger, it is used in this case with the year-quarter for tracking purposes and for the automatic reversal process.)

Schedule FG034A (Reverse Deferred Revenue) to reverse dollars out of deferred revenue and recognize those dollars as current year revenue. See the FMS manual for the job parameters.

Deferred Revenue

T/C	R	APPR INDEX	PRG INDEX	SRC	GL DR	GL CR	Amount (\$)
192	R	840	502	0424	5192	1110	0

Cash Revenue

T/C	APPR INDEX	PRG INDEX	SRC	GL DR	GL CR	Amount (\$)
023	840	502	0424	1110	3210	0

40.50.15 Excess Enrollment

2003-08-15

Excess Enrollment process was developed in 1991 under compliance guidelines of SBCTC for Community Colleges. Refer to RCW 28B.15.515. By this process, revenue from over enrollments, (those enrollments exceeding the base enrollments allotted to each college) are reclassified from tuition to fees and the associated student records are updated to reflect this change. This process is used only if a college will be exceeding 100% of its enrollment allocation target. Eligibility for subsequent enrollment allocation growth may be jeopardized if the excess enrollment process causes a college not to enroll at least 100% of its target.

The Excess Enrollment process flags those students who meet the qualification to be excess and calculates the amount of the revenue transfer. When the Excess Enrollment process is scheduled during MIS Finals, the selected students' enrollment Fee Paying Status is changed from blank to 89. Note; Excess enrolled students are counted as state-supported FTES.

40.50.15.a What is the advantage of excess enrollments?

The advantage of Excess Enrollments is that colleges retain more revenue – they do not have to remit building, S & A fees, or deposit to the “needy” student fund.

40.50.15.b What are college requirements for excess enrollments?

College requirements for excess enrollments are:

1. Report student FTEs converted to Excess.
2. Identify revenues retained by the college from Excess Enrollments.
3. Provide an audit trail from the MIS enrollment process.

40.50.15.c What are the excess enrollment rules?

Excess enrollment rules are:

1. Colleges may excess each quarter.
2. Colleges may not go back to a preceding quarter and “excess” or “un-excess”.
3. Colleges cannot count excess enrollments towards achievement of its allocated enrollment.

4. Reclassification of tuition to fees must be based on the amount reported on SM4301J run during MIS finals.
5. Only enrollments in excess of 100% of a college's target are eligible for this process.

[40.50.15.d](#) **How does the excess enrollment process work?**

The rules for Excess Enrollment were modified effective fiscal year 2009. The changes were prompted by a review of then existing rules and a determination that processes could be simplified to provide additional flexibility to the colleges within the requirements of RCW 25B.15.515(2).

To utilize the Excess Enrollment process the general process is as follows:

1. Use prescribed coding for revenues retained by the college from Excess Enrollments (Revenue Source 0433 in Fund 148)
2. Retain documentation supporting that total annual amount retained from Excess Enrollments does not exceed the amount authorized by SBCTC for the year reported.
3. Utilize the maximum value of an annualized full time equivalent student for purposes of excess enrollments as provided annually by SBCTC.

Following are more detailed steps in the Excess Enrollment process :

1. SBCTC will advise colleges of the authorized estimated excess enrollments in early June of each year. That communication will include a schedule displaying the total estimated excess enrollment FTEs as well as the maximum amount of tuition that may be reclassified as fees based on SBCTC estimates. It will also include a breakdown between amount of operating fee, building fee and S&A fee making up the maximum amounts allowable for excessing. The value of excess enrollments is set at the standard resident tuition rate for one credit times the total excess enrollment credits.

Colleges are encouraged to make quarterly transfers of estimated excess enrollment amounts. Delaying the transfer for all excess enrollments until June is not advised as the result could create a negative balance with the State Treasurer for fund 060. This is not a fatal issue but requires additional accounting and timing can be critical to keep in-process in balance at year end. (See sections 4.& 5. Below)

To process a quarterly transfer of funds, colleges can analyze their quarterly final enrollment numbers and estimate how many will likely

Accounting

be exceeded for the year. For example, if fall quarter actual enrollments exceeded planned target enrollments by 30 FTE, a college using the CC rate of \$3,411 could transfer up to \$34,110 from tuition revenue to excess enrollment revenue. ((30 FTE x 15 credits) /45) x \$3,411) Note: The MIS jobs associated with excessing are no longer useful for this process and have been retired.

Even though colleges are encouraged to make excess enrollment revenue transfers quarterly based on their own estimates, they must reconcile the total amount transferred for any fiscal year to the amount authorized by SBCTC for that year. Each year following receipt of the final spring quarter enrollment numbers, SBCTC will issue final excess enrollment authorizations. **Colleges will need to make any necessary adjusting revenue transfers prior to closing**

2. The amount of tuition associated with the exceeded FTEs is transferred from revenue source 0424-TR to fund 148 source 0433. This is a business office process using FMS screen GA1103.

Note: The following sample entries assume the college records all tuition revenue initially in Fund 840 and subsequently processes the tuition distribution job in FMS to distribute revenue among funds 149, 060, 522 and 860. That is not the case for most technical colleges. Also, these entries would not be appropriate for a college that chooses not to sweep S&A fees associated with excess enrollment.

- a. For community colleges retaining all portions of tuition (operating, building, S&A and IFA) as excess enrollment revenue, the following entries are posted to transfer the revenue:

	T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	SRC	Amount (\$)
	023	R	840	28X	XXXX	0424	0
	023		148	0xx	XXXX	0433	0

- b. Technical colleges use a different process for distributing tuition and fees. Also, those CCs opting to leave S&A and/or IFA in those accounts require different accounting as well. For these colleges, following are the recommended entries:

	T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	SRC	Amount (\$)
	023	R	149	xXX	xXXX	0424	0
	023	R	060	xXX	xXXX	0424	0
	023	R	522	xXX	xXXX	0424	0
	023	R	860	xXX	xXXX	0424	0
	023		148	0xx	xXXX	0433	0

3. The required documentation to support the amounts recorded in (2) above is a copy of the SBCTC excess enrollment authorization letter. Use the following processes only if, as a result of excessing enrollments, the transfer to the State Treasurer for fund 060 is negative.
4. To reimburse the college in the current year see SBCTC IT directions for scheduling job GA2109J as an optional run. Note: All refunds from the State Treasurer processed in June for the current fiscal year need to be input into FMS prior to June 30.
5. To record the tuition refund from the State Treasurer’s office:

T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	SRC	Due To/From	Amount (\$)
142	R	060	xxx	xxx	0424	840	0
406	R	840*	28x*	xxx	0424	060	0

Note: These codes are only used when the transfer to excess results in a negative balance in the college’s 060 tuition account.

*TCs will use different codes appropriate to their distribution process.

40.50.20 Intergovernmental Receipts

2011-12-28

40.50.20.a Due from Federal Government

Revenue received from the federal government, as part of a grant or contract will be recorded using revenue source 03XX. All other receipts will be recorded to the appropriate source of revenue. For information on accounting for these receipts refer to FAM 50.30.20 Federal Grants and Contracts.

For example:

- a. Tuition receipts
Federal agency payments for tuition (Department of Veterans Affairs paying tuition for veterans) will be recorded like all other tuition using revenue source 0424. For further instructions refer to FAM 50.50 Fee Calculation.
- b. Books sales receipts
Federal agency payments for purchase of books will be recorded as bookstore revenue using revenue source 0450. For further instructions refer to FAM 10.20.20 Proprietary Funds.
- c. Non-credit class fees

Accounting

Federal agency payments for non-credit classes will be recorded using revenue source 0430. For further information refer to FAM 50.50 Fee Calculation.

40.50.20.b Due from Other State Agencies

Revenue received from a State Agency other than interagency reimbursements as part of a Grant and Contract will be recoded using revenue source 0543. Fellowships received from any State Agency that are deposited into fund 846 will also use revenue source 0543. All other receipts will be recorded into the appropriate source of revenue (i.e. tuition, 0424; books, 0450; class fees, 0431 and 0430).

For example:

- a. Quasi-external transactions
Quasi-external transactions are recorded in the receiving fund as though they had been transacted with an external (non-state) party. The revenue is reported in the earning fund.
- b. Interagency reimbursements
The vendor agency (agency supplying the material or rendering service to another agency) is to identify interagency reimbursement receipts by crediting object S, with a sub-object representing the actual object of expenditure as charged; for example SA for reimbursement of salaries and wages, SB for reimbursement of benefits, SE for reimbursement of expenditures for goods or services, etc. Amounts received as interagency reimbursements are not to be shown as revenue or recorded as a credit to any other object codes. Amounts billed to other agencies and uncollected at the end of the accounting period are to be recorded as a credit to Accrued Expenditures (general ledger 6505, object S) and a debit to Due from Other Agencies (general ledger 1354), with the agency number as the due to/from indicator.
- c. Federal pass-through state agency
The agency receiving the federal grant directly will code the revenue to the appropriate 03XX revenue source. If those funds are transferred to another community or technical college – or original agency will expense the disbursement as NX and the receiving agency will record the revenue as SX. Both the NX and SX will be reported to AFRS as NZ and net to zero. Examples of this type of grant are from SBCTC for Federal ABE, JSP, NOAA, Family

Literacy, Youth Offender, EL Civics, and Volunteer Literacy.

[40.50.20.c](#) **Illustrative Entries**

[40.50.20.c.1](#) **Quasi-External**

Quasi-external transactions are recorded exactly as if the receipts were from a payer other than a state agency. For illustrative examples, refer to appropriate section.

[40.50.20.c.2](#) **Interagency Reimbursements**

To record cash received from another agency as reimbursement for expenditures paid on behalf of that agency.

Fund Type 1 – Use transaction code 503 to record original expenditure.

If the agency is reimbursing through a Journal Voucher – such as the Department of Corrections record the reimbursement as:

T/C	R	OBJ/ SUB	GL DR	GL CR	Amount (\$)
431	R	S*	4310	6510	0

(The total of general ledger 6510 credits must equal the amount reimbursed)

If the agency is reimbursing through the issuance of a check deposit the check in a local bank account, and record the reimbursement as:

T/C	R	OBJ/ SUB	GL DR	GL CR	Amount (\$)
503	R	S*	5150	6505	0
502	R		1110	1350	0

Fund Type 3 – Use transaction code 002 to record original expenditure.

To record the reimbursement by check or EFT:

T/C	R	OBJ/ SUB	GL DR	GL CR	Amount (\$)
002	R	S*	1110	6510	0

(The total of GL6510 credits must equal the amount reimbursed)

Federal Pass – through from SBCTC to College to Fund Type 3.

T/C	R	OBJ/ SUB	GL DR	GL CR	Amount (\$)
002	R	SX	1110	6510	0

To record amounts uncollected at the end of an accounting period for expenditures made on behalf of another state agency.

T/C	R	APPR INDEX	OBJ/ SUB	Due To/From	GL DR	GL CR	Amount (\$)
147	R	1,3	S*	XXX	1354	6505	0

[40.50.20.d](#) **Due from Local Government**

Revenue received from local governments as part of a Grant or Contract will be recorded using revenue source 0542. All other receipts will be recorded to the appropriate source of revenue.

For example:

- a. Tuition Revenue
Revenue designated for tuition (such as a city paying tuition for an employee) will be recorded using source 0424. For further information refer to FAM 50.50, Fee Calculation.
- b. Book Sales Revenue
Revenue designated for books will be recorded as bookstore revenue using revenue source 0450. For further information refer to FAM 10.20.20, Sales – Proprietary Funds.

40.50.30 Income from Property

2004-11-30

[40.50.30.a](#) **What is income from property?**

Income from Property encompasses all revenues received from the rental or lease of college owned building, land, or equipment. Included are such collections as parking fees, pool rental, classroom rental, and housing. Rental revenue will be recorded using revenue source 0402.

For example:

[40.50.30.a.1](#) **Parking and Housing**

Revenue from parking fees is to be deposited to fund 528. Revenue from housing is to be deposited to fund 573. Revenue is recognized when it is earned.

40.50.30.a.2 Facility Rental

There are various acceptable methods of recording expenses and revenues for facility rentals. The main issue is to allow for costs that are part of the facility that must be recovered in the account where the expense occurred.

You may choose to charge all staff, facility software, overhead fees, and record revenues in fund 570. If that is the situation you must recover the expense that applies to 149 or 001 such as for utility, garbage, and building cost.

Incremental Costs

Incremental costs associated with the rental of college property (such as custodial, security, heat, light, sales tax and other related expenses) that are not normally budgeted, may be charged to fund 570 (Other Auxiliary Enterprises). Sufficient revenues shall be deposited in this fund to offset expenditures.

1. If the original payment for the incremental expenses was charged to a fund other than fund 570, that portion applicable to the rental may be transferred to fund 570. Since revenue cannot be recorded as such in fund 149, the expenses must be reduced.
2. The portion applicable to the rental may be charged directly to fund 570 at the time payment is made.
3. The revenue from the rental may be deposited to fund 570 to the extent that it covers the related charges.

40.50.30.a.3 Dedicating the Revenue

If a district wishes to dedicate the revenue, it may be done by transferring the revenue using revenue sources 0621 and 0622.

Establish college procedures for in-house facility rentals, such as for theater production after college normal operating hours, etc.

40.50.40 Income from Sale of Bonds

2003-08-15

Bond Proceeds encompass revenue received from the issuance of a bond.

For local governmental funds (fund type 3), bond proceeds should be

recorded as revenue source 0460 in the issuing fund and as a long-term liability in the General Long-term Debt Account Group (fund 999). The amount recorded as Revenue and the amount recorded as Long-term Liability must be equal to the issuance value of the bonds.

For Proprietary funds (fund type 4) or Trust and Agency funds (fund types 2 and 5) bond proceeds should be recorded as a liability in the issuing fund.

[40.50.40.a](#) **Illustrative Entries**

[40.50.40.a.1](#) **Bond Issue Receipt**

To record the receipt of money from a bond issue in a local governmental fund (fund type 3):

Cash Deposit

T/C	SRC	GL DR	GL CR	Amount (\$)
023	0460	1110	3210	0

(face value)

To record the long-term liability in the General Long-term Debt Account (Fund 999):

Record long-term

T/C	GL DR	GL CR	Amount (\$)
315	1820	5280	0

Debt (face value of bonds)

[40.50.40.a.2](#) **Receipt from Bond Issue**

To record the receipt of money from a bond issue in a proprietary (fund type 4) or trust and agency fund (fund type 2 and 5):

Cash Deposit

T/C	GL DR	GL CR	Amount (\$)
Z34*	1110	5263	0

*Note yet available for funds types 2 and 5.

40.50.50 Cash Over and Short

2003-08-15

Cash is to be counted and reconciled with the day's transactions at the close of each business day. The difference between the cash received and the total sales is to be recorded as Cash Over or Cash Short.

40.50.50.a How do I record cash shortages and overages?

- a. Use revenue source 0490 (Cash Over and Short) to record the amount of shortage or overage so that the total recorded agrees with the amount deposited
- b. Process recovery of cash shortages or redistribution of overages through revenue source 0490.

40.50.50.b Illustrative Entries

40.50.50.b.1 Cash Over

T/C	APPR INDEX	SRC	GL DR	GL CR	Amount (\$)
023	2,3,4,5	0490	1110	3210	0

40.50.50.b.2 Cash Short

T/C	R	APPR INDEX	SRC	GL DR	GL CR	Amount (\$)
023	R	2,3,4,5	0490	3210	1110	0

40.50.60 Unidentifiable Receipts

2003-08-15

Deposit of moneys is not to be delayed because of difficulty in determining account and source. Those receipts not immediately identifiable are to be deposited into an Undistributed Receipts Account or Suspense Account.

At a subsequent date when receipts deposited in the Undistributed Receipts Account are identified as to the source and account, a General Accounting Transaction Coding Form (GAT sheet) may be completed, transferring these funds from the holding account to the proper account and revenue source code.

[40.50.60.a](#) **Illustrative Entries**

To record deposit of moneys pending identification of the proper account and revenue sources:

T/C	GL DR	GL CR	Amount (\$)
800	1110	5199	0

To record reversal once the proper account and revenue sources are identified:

T/C	R	GL DR	GL CR	Amount (\$)
800	R	5199	1110	0

To record deposit of receipts in the proper accounts and revenue sources:

T/C	SRC	GL DR	GL CR	Amount (\$)
023	Appr. Code	1110	3210	0

[40.50.70](#) **Prior Biennium Recoveries**

2003-08-15

Recovery of Expenditures Prior Biennium encompasses monies paid in a prior biennium for materials returned for credit, or for services not rendered. It also encompasses adjustments for current year actual invoices differing from prior year estimated accruals.

[40.50.70.a](#) **Where do I record prior biennium recoveries?**

Record prior biennium recoveries of expenditure in the original disbursing fund, using revenue source 0716. Amounts credited to this revenue source cannot be re-spent. If they represent amounts recovered for materials not yet received; materials received for credit; or for services not yet rendered, use general ledger 3210 (Cash Revenue). If they represent amounts used to adjust estimated accruals to actual, use general ledger 3215 (Immaterial Prior Adjustments) with a revenue source of 0485 and notify SBCTC that the entry is being made if it is in a Treasury Fund.

[40.50.70.b](#) **Illustrative Entries**

Recovery for materials not received, returned for credit, or services not

rendered.

40.50.70.b.1 Local Funds

Cash Revenue

T/C	APPR INDEX	SRC	GL DR	GL CR	Amount (\$)
023	2,3,4	0716	1110	3210	0

40.50.70.b.2 Treasury Funds

Cash Revenue

T/C	APPR INDEX	SRC	GL DR	GL CR	Amount (\$)
023	840	0731	1110	3210	0

Then, either issue a check or EFT the funds to the State Treasurer. Record the deposit into the Treasury Fund.

Cash Revenue

T/C	R	APPR INDEX	SRC	GL DR	GL CR	Amount (\$)
023	R	840	0731	3210	1110	0
023		OXX	0716	4310	3210	0

Adjust estimated accruals to actual.

Refer to FAM 50.80.80 Closing Process, Accruals for entries.

40.50.75 Immaterial Prior Period Adjustment

2003-08-15

Refer to FAM 40.40.20

40.50.80 Interest Income

2003-08-15

If monies are pooled in local funds for investment purposes, interest earnings on those investments must be credited back to the appropriate fund. Those funds with a negative cash balance should be charged the appropriate interest amount.

If a college invests excess cash by the individual fund, the interest earned

is credited to that fund.

Interest earned on loans receivable is credited to the fund issuing the loan.

[40.50.80.a](#) **Illustrative Entries**

[40.50.80.a.1](#) **Pooled Investment Interest**

To deposit interest income:

T/C	APPR INDEX	SRC	GL DR	GL CR	Amount (\$)
023	1,2,3,4,5	0409	1110	3210	0

For distribution to individual funds refer to FAM 40.10.33.

[40.50.80.a.2](#) **Accrued Interest**

To accrue interest on loans:

T/C	APPR INDEX	SRC	GL DR	GL CR	Amount (\$)
050	2	0409	1317	3205	0

For more information refer to FAM 40.10.32 Investment Valuation for accruals.

[40.50.80.a.3](#) **Payment of Interest**

To record receipt of payment of interest on loans:

T/C	R	APPR INDEX	SRC	GL DR	GL CR	Amount (\$)
050	R	2	0409	3205	1317	0
023		2	0409	1110	3210	0

40.60 Expenditures

Expenditures include disbursements and accruals, which reflect the cost of goods, services, interest, or other operating charges during the current period. They do not include encumbrances. Expenditures decrease net financial resources (Refer to SAAM 85.32 Goods/Services Expenditures)

- A disbursement is a payment by cash, check, journal voucher, purchase card, EFT, or any other payment method approved by OFM. (Refer to SAAM 45 Purchase Cards)
- Methods for recording expenditures
 - **Cash** - A method of accounting where expenditures are recorded when paid, regardless of the accounting period in which the activity was incurred.
 - **Accruals** - A method of accounting where expenditures are recorded when a liability is incurred, but not paid for by the end of the accounting period.

40.60.10 **Purchasing**

2003-08-15

40.60.10.a **What are purchase requisitions?**

Purchase requisitions are internal agency documents that are created at a department/program level and used to request that a purchase be made. Purchases are to be made for college business only

40.60.10.b **What should be included on a purchase requisition?**

A Purchase Requisition should include all information pertinent to the purchase request, such as vendor name, merchandise/service to be ordered, quantity, price, etc. A requisition also needs an account/budget code and a signature from the budget authority for the account/budget being charged.

40.60.10.c **What is a purchase order?**

A purchase order is a document created by the Purchasing department from an approved Purchase Requisition.

40.60.10.d **What is a purchase order used for?**

A Purchase Order is sent to a requested vendor to place an order and serves as the authorization to deliver specified merchandise, or render services. The document is used in Accounts Payable to encumber, pay, and subsequently liquidate. (Note: “Reality”, a purchasing software package available to colleges, has Purchase Orders encumbered through a file upload.)

[40.60.10.e](#) **Competitive Bidding Requirements**

The following bidding requirements apply to general goods and services. Different rules apply to purchases from Central Stores, direct purchases from Office of State Procurement (OSP), Dept of Information Services (DIS), Cooperative Purchasing Agreements, and OFM personal and client services contracts.

- For purchases under \$3000, colleges have the local authority to buy without competitive quotes, based upon the buyer’s experience, knowledge of the market, and current pricing conditions.
- For purchases over \$3000, but under \$41,000, colleges must solicit a minimum of three competitive quotations. If fewer than three sources are solicited, reasons are to be explained in writing and included in the purchase file. The quotes may be obtained by telephone, writing, or fax. Depending on circumstances, the college may choose to use a sealed bid process
- For purchases over \$41,000 a sealed bid or other formal competitive process must be used.

(Refer to General Authorities Delegation, Dept of General Administration, Office of State Procurement) (Refer to RCW 43.19 and RCW 28B.10.029)

[40.60.10.f](#) **Purchasing Internal Control Elements**

Pre-numbered Purchase Orders are used and accounted for by number. Copies of order forms are to be distributed to Receiving and Accounting departments. There should be a separation of duties between the purchasing and receiving of merchandise.

[40.60.10.g](#) **Budget Authority/Coding**

Purchase Requisitions should have appropriate account/budget coding and signature prior to being sent to the Purchasing department. Designated staff within the Business Office or Purchasing Department should review

the purchase requisition for proper account/budget coding and signature authorization.

[40.60.10.h](#) **Where should deliveries be made?**

All deliveries of supplies and equipment should be made to the college's Receiving department.

[40.60.10.i](#) **Process for handling deliveries.**

The Receiving Clerk checks in the material and verifies merchandise shipped to packing slips. Once the shipment has been verified, and discrepancies have been noted, the packing slip (or other receiving document) should be signed by the Receiving Clerk. The signed receiving document should be forwarded to the Accounting Department. Any discrepancies found in a shipment are resolved between the Receiving Clerk, the ordering department, the vendor, and ground transportation, as necessary.

[40.60.10.j](#) **When is an invoice considered approved?**

An invoice is considered approved for payment once Accounts Payable has matched all applicable source documents (the PO, invoice, and receiving document) and all information is complete.

40.60.20 Encumbrances

2003-08-15

[40.60.20.a](#) **What is an encumbrance?**

An encumbrance is an obligation of funds related to the order of goods or services, which has not been received, or paid in full, during the accounting period. Encumbrances are estimated commitments usually based on completed Purchase Orders. An encumbrance is not an expenditure, or accrual.

[40.60.20.b](#) **Where do I record encumbrances?**

Encumbrance accounting entries are recorded into a subsidiary ledger. Encumbrances are entered into FMS using the encumbrance Screen (MM2101). (Note: Colleges using "Reality" have purchase orders encumbered through a file upload.) (Refer to SAAM 85.30 Encumbrances)

[40.60.20.c](#) **Which funds are subject to encumbrance accounting**

Funds whose resources are subject to budgetary control are subject to encumbrance accounting.

[40.60.20.d](#) **Encumbrance Policies**

Encumbrance transactions need to be supported by documentation, which is typically a Purchase Order. Transactions should be encumbered specifically to restrict available funds for future use. Encumbrances may be carried forward from the first year of the biennium to the second year. To ensure the subsidiary ledger and the general ledger are in sync, the balances should be compared each month.

[40.60.20.e](#) **Liquidating an encumbrance.**

An encumbrance needs to be liquidated (reverse encumbered amount), through Accounts Payable, as expenditures are created from a Purchase Order. The obligated dollars will be replaced with an expenditure for the account/budget code being used with the payment.

[40.60.20.f](#) **Types of liquidations**

Types of liquidation include:

- Partial

A form of liquidation where part of the purchase order is being paid

- Full

A form of liquidation where the entire purchase order is being paid

[40.60.20.g](#) **Where do I record liquidations?**

Liquidations can be recorded using the encumbrance screen (MM2101) or the general ledger screen (GA1103) in FMS. At Year End, there is a process to liquidate or optionally liquidate/re-encumber all outstanding encumbrances. The Year End process is done using order liquidation/re-encumber selection screen (BM3007).

Where you indicate the purchase order(s) to liquidate or re-encumber, and running job BM3209J (Liquidate/Re-encumber Process) which reads the file created through screen BM3007 and processes transactions as

indicated in the file.

40.60.30 Paying the Bills

2003-08-15

40.60.30.a What source documents are required when paying bills?

Source documents should include the authorization for purchase (Purchase Order, Invoice Voucher, Travel Expense Voucher, etc), the invoice or other billing document (registration form, subscription form, receipts, etc) and where applicable, the proof of receipt of goods or services.

40.60.30.b Who authorizes expenses for goods and services?

Colleges are responsible for processing payments to authorized vendors, contractors, and others providing goods and services. College heads or authorized designees are responsible for authorizing all expenditures and expenses. (Refer to SAAM 85.32 Goods and Services Expenditures)

40.60.30.c Where do I record accounts payable documents?

Accounts Payable is entered into FMS using the AP Invoice Screen (BM3002) and where applicable the AP Check Screen (BM3003). Accounts Payable documents should be verified prior to entering the data into FMS.

40.60.30.d How to verify accounts payable documents

To audit the documents:

- Verify quantities on the invoice match the payment/purchasing document and the receiving document
- Verify unit prices on invoices match the payment/purchasing document
- Verify extensions and footings are correct
- Verify discounts are taken where appropriate
- Verify correct account codes
- Verify payment authorization

40.60.30.e When should payments be reconciled?

Payments are to be reconciled at the time of disbursement or monthly, where applicable, according to vendor account statements.

[40.60.30.f](#) **How do I verify payments on goods and services?**

Verify the total of the check equals the total(s) of the supporting document(s) at the time of disbursement, prior to distributing checks. For vendors that send monthly statements, reconcile both payments made and outstanding invoices. Research and resolve any discrepancies between the college's records and that of the vendor.

[40.60.30.g](#) **When should payments be made?**

Payments are to be made accurately and timely. To maximize cash management, pay invoices as close as is possible to a vendor's due date.

[40.60.30.h](#) **How are due dates for payments determined**

Due dates are determined by the college and vendor. If an invoice, or other billing document, has no written terms, then the college considers the terms to be 30 days. The college's determined 30 days begins with the date of the receipt of the goods or services or completed invoice - whichever is later. A vendor's due date terms are to be followed. Colleges need to process payments in time to take advantage of vendor discounts, when offered. (Refer to SAAM 85.32 Goods and Services Expenditures)

[40.60.30.i](#) **Internal control elements for disbursements**

To the extent possible, separate the functions of entering Accounts Payable and disbursing checks. Someone other than those processing Accounts Payable should be auditing the Daily Check List (BM3104) each time checks are produced. This creates a control to help eliminate the possibility of someone entering an unauthorized invoice into Accounts Payable and subsequently disbursing a fraudulent check. Someone other than those processing Accounts Payable should also be checking the Accounts Payable source documents for completeness and compliance.

[40.60.30.j](#) **What should be done with blank vendor check stock?**

Blank vendor check stock is to be kept in a secured location with minimum access. Checks are sequentially numbered and should be accounted for with each check run.

40.60.40 Payroll Vendor Payments

2003-08-15

[40.60.40.a](#) FMS Pending Payment Report (BM3105)

FMS Pending Payment Report (BM3105) is a report that displays all vendor liabilities, whether in the form of check or EFT, and is created after the payroll job group has run.

[40.60.40.b](#) FMS Processed Batch Reports (GA1201 and GA1202)

FMS Processed Batch Reports are daily reports that display payroll activity after the payroll job group has run, the date of pay, and the date of pay plus one banking day.

[40.60.40.c](#) What are the general ledger's batch identifiers?

The general ledger Batch Identifiers for payroll activity are:

- 06 Payroll Expenditures
- 09 Gross Payroll EFT Activity
- 51 Payroll Vendor Payments by Check

[40.60.40.d](#) When are payroll vendor payments processed?

Payroll vendor payments are typically processed on payday, or one banking day after payday. This happens when the SBCTC central payroll account sends the college an EFT of state funds, specifically for college payroll vendor liabilities (taxes, insurance, retirement, miscellaneous employee deductions, etc).

[40.60.40.e](#) Where are payroll vendor payments displayed?

Payroll vendor payments by check will be displayed on the FMS Pending Payment Report (BM3105). Payments will be generated on designated dates, as displayed. Accounting entries for payroll vendor checks will be in general ledger batch 51.

Payroll vendor payments by Journal Voucher are payroll items processed through FMS. These payments are recovered to an account code defined on the PPMS Deduction Code Table (PS9002).

Payroll vendor payments by EFT will be displayed on the FMS Pending Payment Report (BM3105). Payments will be generated on designated dates, as displayed. Accounting entries for payroll EFT activity will be in

general ledger batch 09.

Accounting Entries:

- 790.300.1B99 is the Payroll Clearing Account
- 790.300.xxxx is the account/budget code associated with a deduction code/vendor liability
- 841.321.1B00, with transaction code 040, is the cash control account

Day payroll job runs

Batch 06

T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	GL DR	GL CR	Amount (\$)
800	R	790	300	1B99	5199	1110	0
800	R	790	300	1B99	5199	1110	9

Batch 09

T/C	APPR INDEX	PRG INDEX	ORG INDEX	GL DR	GL CR	Amount (\$)
800	790	300	1B99	1110	5199	0
040	841	321	1B00	1150	1151	0

Check date

Batch 51

T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	Amount (\$)
801	R	790	300	xxxx	0

- 801R 790.300.xxxx 5111/1110
- 040R 841.321.1B00 1151/1150

Check date plus one banking day

Batch 09

- 801R 790.300.xxxx 5111/1110
- 040R 841.321.1B00 1151/1150

40.60.50 Recovery of Expenses

2003-08-15

40.60.50.a Recovery of Expenses

At times a college will receive funds paid based on previous expenditures.

The funds could be a result of an overpayment, a refund on a credit memo balance, a refund for returned merchandise, etc. Recoveries are processed by reversing the posting of the original expenditure, which will credit back the account/budget code originally charged.

Illustrative Entries:

Presume \$100.00 refund to a local fund where the charge was to 149.082.1B00.EA

Recovery would be posted as

- 002R 149.082.1B00.EA \$100.00 1110/6510
- 040 841.321.1B00 \$100.00 1150/1151

Presume \$100 refund to a state appropriated fund where the charge was to 101.082.1B00.EA

Recovery would be posted as

- 503R 101.082.1B00.EA \$100.00 6505/5150
- 502R 840.280.xxxx.0499 \$100.00 1110/1350
- 040 841.321.1B00 \$100.00 1150/1150

Presume \$100 refund to a local fund where the charge was to 149.082.1B00.EA, but there was a Use Tax charge as well (8.8%)

Recovery would be posted as

- 002R 149.082.1B00.EA \$108.80 1110/6510
- 201R 840.280.xxxx \$ 8.80 5158/1110
- 040 841.321.1B00 \$100.00 1150/1151

40.60.60 Sales and use tax

2003-08-15

(Refer to FAM 40.30 Liabilities)

40.60.60.a What is sales tax?

Sales Tax is tax due on the sale of, or alteration to (including cleaning, improving, repairing, or replacing) tangible personal property in the State of Washington.

40.60.60.b What is use tax?

Use Tax is tax due on the use of products or certain services in the State of Washington, where sales tax has not been paid.

40.60.70 Belated Claims

2003-08-15

(Refer to SAAM 85.40 Belated and Sundry Claims)

40.60.70.a What are belated claims?

Belated claims are charges (with appropriated funds) for goods and services that were received during a previous biennium, but were not paid or accrued due to non-receipt of a billing document. Shortages in estimated accruals are treated as belated claims for the prior accounting period.

40.60.70.b Requesting payment for belated claims.

Colleges request payment on belated claims through the SBCTC. The SBCTC screens the request for validity, and if valid includes the request in a single-system belated claim to OFM. OFM will review the request, look for unexpended appropriation authority from the applicable period(s), and render a decision. All belated claims are coded and charged as current, appropriated, expenditures.

40.60.70.c Criteria for valid belated claims.

To be a valid Belated Claim:

- The claim must be against the state General Fund (001) or a treasury fund (a fund that begins with the number zero).
- The claim must be for goods and services received during a previous biennium, but not paid or accrued
- The claim must be to either an outside vendor (non state agency) or a state agency whose July 15th estimated billing was understated. In this case the claim would be for the difference between the estimate and the actual.

Illustrative Entries:

To be provided

40.60.80 Affidavit of Lost Checks

2003-08-15

40.60.80.a How to report a lost or destroyed check

When a check has been lost or destroyed, the payee needs to complete an Affidavit of Lost or Destroyed Check. To be valid the affidavit needs to be notarized. Once the affidavit is complete, the payee must stop payment on the check if it is lost. The lost/destroyed check must be canceled/reissued in Accounts Payable. The notarized affidavit along with the original payment request (or copies) must be used as supporting documentation for the reissued check. (Note: Prior to having an affidavit issued for a lost check, the payee should verify the “lost” check has not cleared through the bank account.)

(An example of an Affidavit of Lost or Destroyed Check can be found at [SAAM 85.38b](#))

40.60.80.b How to report a check that has been forged

When a check has had an endorsement forged, the payee needs to complete and Affidavit of Forged Endorsement. To be valid the affidavit needs to be notarized. Once the affidavit is complete, the payee is issued a new check through Accounts Payable. The notarized affidavit along with the original payment request (or copies) must be used as supporting documentation for the new check. The forgery should then be pursued through the college’s bank from which the check was drawn.

(An example of an Affidavit of Forged Endorsement can be found at [SAAM 85.38c](#).)

Illustrative Entries:

40.60.90 Independent Contractors

2003-08-15

(Refer to SAAM 15.10 General Policies for Acquiring Services from Outside Consultants) (Refer to RCW 32.29 at www.leg.wa.gov/rcw/index.cfm)

40.60.90.a What are independent contractors?

Independent Contractors are individuals or firms that provide a specific

service required by the college and also provide the same service to the general public. If an individual is to be used as an Independent Contractor they must be able to verify and provide documentation to support their contractor status, as determined by IRS rules.

[40.60.90.b](#) **Considering hiring a consultant/contractor?**

State guidelines require agencies to consider the feasibility of using qualified public resources before using a private consultant. If it is determined a consultant is to be utilized, the college is to use the competitive procurement process. Contracting without full and open competition is a violation of the law, unless the contract is an exemption to the competitive process, or is expressly exempted by law.

Authority:

Chapter 39.29 (Personal Services Contracts) of the RCW is the authority that establishes “a policy of open competition for all personal services contracts entered into by state agencies, unless specifically exempted under this chapter.”

50 Accounting Processes

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50.10

Transfers

The community and technical colleges utilize two standard transfer processes to move money between funds and accounts of the college. One of those processes, an operating transfer, is the transfer of revenues generated by one fund to another fund. The second process is an intra-agency reimbursement, referred to as a "T-transfer". This process is used when one fund incurs costs that are in whole or part, for the benefit of another fund. Both of these processes are described more fully below with their respective requirements and limitations.

A standard transfer form, with sections for necessary documentation and approval, is recommended. A college's operating and "T" transfers must net to zero by year end.

Note: For a discussion of inter-agency reimbursements (payments from one state agency to another) see FAM Section 40.50.20.

50.10.10 **Operating Transfers**

2011-12-28

50.10.10.a **Operating Transfers**

Operating transfers are legally authorized routine transfers from one fund or account receiving revenue to another fund or account that will expend the resources. To be legally authorized, the college board of trustees or its authorized designee must approve operating transfers. The process for authorizing can include adopted budgets, specific action authorizing a transfer or board adoption of a resolution delegating authority for decisions concerning operating transfers to a designee such as the college president.

OFM prescribes the procedures for handling operating transfers in [SAAM 85.90.50](#), with illustrative entries in [SAAM 85.95.30](#).

Use the General Accounting screen GA1103 for operating transfers as the needed subsidiary field is not available on the Inter-dept Cost Transfer screen BM3006.

The SMART checklist report on the SBCTC Website has guidelines for recording operating transfers on the following pages:

- **#302** – Source 0621/0622 may be in any fund except 149*, 790, 840, 997, 999.
- **#302** – The due to/from fund number is required; right justified in the subsidiary field.

* Note: Operating transfers to or from 149 to other local funds is not allowed. When the colleges obtained authority to retain tuition locally, it was with the provision that the funds would be used solely for state supported instructional programs and their administration. This same limitation applies to the interest earnings on amounts retained in fund 149.

[50.10.10.b](#) **Illustrative Entries**

To record transfer of a fund balance from a discontinued Fund 145 account. Use GA1103 since the subsidiary field is not available on BM3006 cost transfer screen.

Operating Transfer In:

T/C	APPR INDEX	PRG INDEX	ORG INDEX	SRC	Due To/From	GL DR	GL CR	Amount (\$)
023	570	265	xxxx	0621	145	1110	3210	1,000

Operating Transfer Out:

T/C	APPR INDEX	PRG INDEX	ORG INDEX	SRC	Due To/From	GL DR	GL CR	Amount (\$)
024	145	1xx	xxxx	0622	570	3210	1110	1,000

[50.10.10.c](#) **Operating Transfers Within a Single Fund**

When transfers occur between different accounts within the same fund, the preferred method is to use Major Revenue Source 0782 for both the transfer in (credit) and transfer out (debit). Board authority for these transfers is not required. This process is frequently used to close out small balances in inactive prog/orgs.

50.10.20 "T" Transfers

[50.10.20.a](#) **What Function Does a "T" Transfer Serve?**

When costs are incurred in one fund that benefit another fund, those costs

can be transferred to the benefiting fund using this process. Basically, a credit entry is booked into the original fund/account using the SubObject T(x) where the (x) is the Object of expenditure originally recorded. An offsetting debit T(x) entry is then recorded in the benefiting fund/account.

[50.10.20.b](#) **Are There Restrictions on the Use of "T" Transfers?**

Per OFM, (see SAAM 75.70.20) this code is not to be used for payment of services or recovery of expenditures from an unbudgeted proprietary fund. Also, the total for this object of expenditure must equal zero for the colleges.

50.20 **Payroll**

50.20.10 Payroll Overview

2003-08-15

In November 1987, the Washington Community College Computing Consortium (formerly known as the Center for Information Services (CIS) now the SBCTC-IT) implemented the Payroll/Personnel Management System (PPMS). While each college maintains a separate bank account for locally written checks (accounts payable), PPMS uses one checking account to produce payroll checks for the system as a whole. This checking account is managed and maintained at the State Board for Community and Technical Colleges (SBCTC). Once payroll has been scheduled and processed, the PPMS data posts to the Financial Management System (FMS) one day after payroll cutoff.

This chapter contains a general overview of PPMS and how it directly impacts FMS. Manuals for the operation of PPMS are maintained by SBCTC-IT and can be accessed at the PPMS Home Page.

50.20.20 PPMS Tables

2003-08-15

50.20.20.a The Institution Parameter Table, PPMS Table PS9001

The Institution Parameter Table (IPT) contains constant values used by various system processes. Maintaining constant values in an external table permits the system to apply those values to all appropriate processes, thus circumventing the need to make actual changes to each employee's record. When constant values change at some later date, due to revised policies or new legislation, the IPT is updated and the new values are automatically reflected in all future related system processes.

Note: Parameters within the range of 0001 – 0999 are restricted and maintained by SBCTC-IT. Parameters 1000 and above are controlled by each college.

50.20.20.b Parameter Numbers 302 to 311

Accounting Processes

Parameters numbers 302 to 311 control the Transaction Codes (TC) used when a payroll cutoff is processed and sent to FMS for posting. The parameters are as follows:

- 302: Payroll Expense – TC 002
- 303: Payroll Accrued Expense – TC 802
- 304: Payroll Reverse Accrual – TC 804
- 305: Deposit – TC 040
- 306: Payroll Account Clearing Account Code – 790 300 1B99
- 307: Treasury Fund – TC 805
- 308: Deduction Prepaid – TC 801
- 309: Electronic Funds Transfer (EFT) – TC 800
- 310: Payroll Liability – TC 807
- 311: Staff Months – TC 894

Note: Parameter #306 includes the payroll clearing account 790-300-1B99. This should be reconciled on a monthly basis with adjustments made in PPMS so that both systems reflect the correction.

[50.20.20.c](#)**Parameter Numbers 329-332**

Four FMS Batch IDs have been created and are used only for payroll processing that gets posted to the FMS. They are as follows:

- 329: 06 – Payroll Expenditures
- 330: 07 – Accrued Expenditures
- 331: 08 – Year End Expenditures
- 332: 09 – EFT

[50.20.20.d](#)**Parameter #1014 – Benefits Option**

Two options are available to report employer benefit costs. Each college determines the desired level of detail for reporting purposes. The options are as follows:

- S – Summary (recorded in one org index per program - for funds 001 and 149 only).
- D – Detail (recorded as expensed in each org index).

[50.20.20.e](#)**Parameter #1016 – Prepaid Deduction Account Code**

Parameter #1016 identifies the account number in Fund 790 that will be used for Prepaid Deductions. For example, employee's that don't receive pay during the summer months must pay for their health coverage in

advance. Their Health Care premiums are deducted on their last payment in June but they aren't actually disbursed until the month in which coverage is realized to the Public Employees Benefit Board (PEBB).

[50.20.20.f](#) **Parameter #1031 – Employer Cost Default Account**

Parameter #1031 identifies the account number in Fund 790 that will be charged the employer's share of health insurance when an employee does not have an active job in PPMS but is eligible for health benefits. This usually only occurs between quarters and year-end processing and should be cleared by the following month. Monitoring this account is essential so that payments to the Health Care Authority are not overstated.

[50.20.20.g](#) **Parameter # 1032 – Health Cost Option**

Several employees (mainly faculty, full-time and part-time) have more than one job they are being paid on in any given pay period. Parameter #1032 provides the option as to what job benefits will be expensed. The options are as follows:

- Y – Charge all benefits to Job 1.
- N – Do not charge Job 1; charge all active job accounts.

[50.20.20.h](#) **Deduction Table, PPMS Table PS9002**

The Deduction Table identifies deduction codes and related data elements required to process payroll using reductions (before-tax), deductions (after-tax) and contributions (employer costs). The coding on this table will determine the type of deduction withheld, how vendor payments are made, and record the proper accounting entries.

Note: Deduction codes 001-399 are restricted and maintained by SBCTC-IT. Deduction codes 400 and above are maintained by each college.

[50.20.20.i](#) **Transaction Codes**

The following transaction codes are used to record the accounting activity associated with deduction codes 001-399.

- Payments to vendors (except health)-TC 801 (1110/5111).
- Payments to health - TC 812 (1110/5181).
- To recover advances -TC 064 (1110/1319)

[50.20.20.j](#) Account Codes

Gross payroll activity is processed through Fund 790 as established in Parameter Table PS9001. It is recommended that funds held by the college for disbursement to payroll-related vendors should be held in Fund 790, Program 300. In monitoring your college's payroll vendor liability, each liability category can be set up in a unique org index such as PERS, TIAA/CREF, payroll related taxes, PEBB, etc.

[50.20.20.k](#) Vendor Numbers

The Vendor Number must be set up on the FMS Vendor Table MM2001 before entering the vendor number for each deduction.

[50.20.20.l](#) Deduction Payment Method

Three types of vendor payment methods are as follow:

- Vendor Payments by Check
Payments by check will be listed in the FMS Pending Payment Report BM3105; batch payments will be generated on designated payment dates. (FMS Batch ID-51)
- Vendor Payments by Journal Voucher Transfer
- Vendor Payments by EFT
FMS Pending Payment Report BM3105 lists payments by EFT. The EFT will process on the designated payment dates. (FMS Batch ID – 09)

[50.20.20.m](#) Workstudy Split Table, PPMS Table PS9046

The Workstudy Split Table provides the ability to maintain the workstudy split account and percentage data for each workstudy earnings category.

[50.20.30](#) Reconciling PPMS to FMS

2003-08-15

[50.20.30.a](#) What PPMS reports are used for reconciling to FMS?

Four PPMS reports may be used to reconcile payroll activity to FMS records, the college Local Bank Account, state funds expenditures, and to monitor payroll activity in general. They are as follows:

- PS1245 – Payroll Expense EFT Summary

Accounting Processes

The PS1245 report summarizes and totals all employer costs to be EFT'd to the system payroll account. The report indicates the deposit of funds into each college's local bank account for total vendor liability.

- **PS1425 – Vendor Payment Liability Report**
 The PS1425 report is generated each payroll run by payment method, vendor and data. Table PS9002 (Deduction Table) assigns one of three sections based upon the Payment Method.
 Normally, the Vendor Payment Liability Report will equal the total amount EFT'd into the college Bank Account as indicated on PS1245 Expense EFT summary. An exception to this are those deductions held in the prepaid account. This account retains all prepaid insurance deducted from employees in June for payment to PEBB during the summer. When payments are disbursed to PEBB, the system draws the payment from the prepaid account and adds the premium amount to total vendor liability. Therefore, funds EFT'd into the college bank account plus funds drawn from the prepaid account should equal total Vendor Liability
- **PS1420 or PS1421 – Expense Distribution Report**
 The PS1420 report is generated documenting each payroll while the PS1421 report is generated monthly documenting the current full month's payroll (including accruals). These reports include several summaries. The PS1420A report displays detailed expense distribution and includes name, social security number, staff months, account code, gross salary and all employer related costs (contributions).
 The column labeled "SEQ CODE" (transaction sequence) assists in the monitoring of payments and transactions. The code definitions are as follows:
 - 05 – Check Cancellation
 - 10 – Overpayment Adjustment
 - 15 – Hand-drawn Check
 - 20 – Current Payment
 - 30 – Expense Transfer
 Note: The PS1421D – Expense Distribution Report (Fund/Prog/Sobj) is useful in monitoring payroll expenditures to the program level and staff months by employee type.
- **PS1410 – FMS Payroll Reconciliation**
 The PS1410 report summarizes all EFT activity and identifies any funds transferred from/to the prepaid account.

50.20.30.b Which FMS reports are most useful for reconciling to PPMS?

- BM3105 - Pending Payment Report
After a payroll has run, all vendor liability is transferred to BM3105. Pending checks and EFT payments are listed together.
- GA1201 - Processed Batch Report
The following machine-generated Batch ID types record the detailed GL activity for payroll in FMS:
 - 01 – Pooled Cash Summary
 - 06 – Payroll Expenditures
 - 07 – Accrued Payroll Activity
 - 09 – Gross Payroll EFT Activity (and EFT Vendor Payments on designated payment date).
 - 51 – Vendor payments by check

50.20.30.c How does the payroll process affect a college's local account?

The payroll process affects each college's local account. If local funds are expensed, an Electronic Fund Transfer (EFT) generates from the college's bank account to the System Payroll Bank Account (maintained at SBCTC) the gross employer costs (salary and benefits). This occurs on the payroll check date. Simultaneously, the State Treasurer's Office EFT's state funds to match the gross state funds expensed to the System Payroll Bank Account.

The next banking day, funds will be EFT'd back to the local college's bank account for all vendor liability (taxes, insurance, retirement, miscellaneous employee deductions, and recoveries for advances) leaving funds in the System Payroll Bank Account for net payroll checks. Gross cash activity for the college's bank account must be recorded in Fund 790 – Community College Revolving Payroll Account. As discussed in the review of PPMS Tables, each college determines account codes for vendor liability.

50.20.40 PPMS Scheduling System

2003-08-15

Much like FMS scheduling, PPMS scheduling allows the user to schedule jobs or job groups that run in a certain order to produce the desired results. Job groups are created and maintained by SBCTC-IT for normal processes such as daily accounting, month-end accounting and payroll processing.

Several PPMS jobs and job groups have a direct impact on the FMS accounting records. It is important to remember that PPMS posts to FMS, but at no time does FMS post to PPMS.

[50.20.40.a](#) **What are the PPMS jobs/job groups?**

The PPMS job groups are as follows:

- Job Group PG500S, PG500S-A or PG500S-R
Job Group PG500S is the payroll process for each payroll run. Within this group is Job PS1413J – Automatic PPMS to FMS update. PS1413J sets up general ledger and accounts payable transactions to be posted as soon as posting comes up the following morning in FMS. This job generates the FMS Daily Batch List Reports GA1202 with Batch ID's of 06, 07 or 09 for the payroll process the prior day. At the same time, the FMS Pending Payment Report includes pending payments to vendors for taxes, retirement, insurance and miscellaneous deductions.
- Job Group PG202M – Monthly Processing
Job Group PG202M is the last payroll process run prior to the FMS month – end scheduling. It is to be scheduled by the payroll office after the last accrued payroll has run. PPMS Job Group PG202M must run prior to the FMS month-end process.
- Job PS1550J
In job group PG202M is Job PS1550J – Extract salary and Wage File. PS1550J extracts all applicable records falling within the fiscal year begin date and current period for input into the FMS monthly Salary and Wage Report BA1211.

[50.20.50](#) **Illustrated Entries to FMS for a Hypothetical Payroll**

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This section illustrates typical accounting entries in FMS for:

- a. A payroll run and Vendor Liability Report.
- b. PS1245 – EFT Summary.
- c. FMS Batch ID-09 recording the EFT of funds from/to the college's bank account.
- d. FMS Batch ID-06 illustrating accounting entries for salaries, benefits, and the distribution of funds to the liability accounts.
- e. A summary of the net cash activity in FMS for the payroll run.
- f. FMS Batch ID-07 and 06 for accrued payroll activity.

Throughout this example, the payroll expenses are assumed to be:

	Total Gross Pay	Total Employer Cost & Deductions	Total Cost
Employer Costs	\$6,000 plus	\$1,400	\$7,400
Employee Deductions	(1,100)	1,100	
Net Paycheck	\$4,900	\$2,500	\$7,400
Total employer costs EFT'd to the System Payroll Bank Account			\$7,400
Contribution and deductions EFT'd back to the college's Bank Account			(\$2,500)
Balance remaining in the PPMS Bank Account for net payroll checks			\$4,900

The Employer's benefit contribution (\$1,400) plus the employee's deductions (\$1,100) will be EFT'd back to the college for vendor payments (total \$2,500), as follows:

	Taxes	Retirement	Insurance	Misc
Employer Contributions	\$425	\$570	\$405	\$0
Employee Deductions	900	70	5	125
	\$1,325	\$640	\$410	\$125
Total Deductions & Contributions:	\$2,500			

[50.20.50.a](#)

PS1425 – Vendor Payment Liability Report

The PS1425 report divides the contribution/deduction (\$2,500) into three payment methods, as assigned in Deduction Table PS9002. In this example, the miscellaneous deduction of \$125 is a combination of a \$100 vendor payment and a \$25 advance, which had been given previously through the FMS Accounts Payable system.

Payment Method	Amount
Type 1-Check	\$1,425 (\$1,325 in taxes, plus \$100 vendor payment)
Type 2-JV	25 (recovered advance)
Type 3-EFT	1,050 (insurance and retirement)
Total	\$2,500 vendor liability

[50.20.50.b](#)

PS1425 – Payroll Expense EFT Summary

Fund	Wages	Taxes	Retirement	Insurance	Total Employer Cost
001	\$5,000	\$340	\$500	\$360	[1] \$6,200

149	1,000	85	70	45	[2] 1,200
	\$6,000	\$425	\$570	\$405	[3] 7,400

[1] State Funds Deposited to System Account	\$6,200
[2] Local Funds Deposited to System Account	\$1,200
[3] Total Funds Deposited to System Account	\$7,400
[4] Total Deposited to College Account + one day Total Vendor Liability	\$2,500
College Net Cash Effect	\$1,300

PS1245 must reconcile to FMS Batch ID-09 and 06 for each payroll run. The total state funds deposited to the System Payroll Bank Account must be identified in each college's monthly AFRS reconciliation with the SBCTC.

NOTE: The deposit to the college's bank account occurs the next banking day. If the payroll has a check date of the last working day in a month, the deposit will be in the next accounting month but recorded in FMS the current accounting month.

[50.20.50.c](#)

FMS Daily Processed Batch ID-09

	Trans	Fund 790		Fund 841	
Account Code	Code	1110	5199	1150	1151
(1) 841 281 1B00	040			\$2,500	\$(2,500)
(2) 841 281 1B00	040R			(\$1,200)	\$1,200
(3) 790 300 1B99	800R	(\$1,200)	\$1,200		
(4) 790 300 1B99	800	\$2,500	(\$2,500)		
(5) 790 300 1B99	800	\$1,200	(\$1,200)		
Net Batch ID-09		\$2,500	(\$2,500)	\$1,300	(\$1,300)

1. Funds EFT'd to the local bank account from the system payroll account for vendor liability (\$2,500)
2. Funds EFT'd from the local bank account to the system payroll account for the college's local fund payroll expenses (\$1,200).
3. Sample Batch ID-06 illustrates local Fund 149 expensed (6510/1110) for salaries and fringes totaling \$1,200. Although GL 1110 is reduced in Fund 149, GL 1150/1151 activity is recorded in Batch ID-09.
4. Records GL 1110 for above EFT in Fund 790 300 1B99.
5. This last transaction "Reverse Local Pay" is necessary to prevent duplication of GL 1110 credits (Batch ID-06 Fund 149 expenditures plus the EFT recorded above in Batch ID-09).

Accounting Processes

NOTE: Whenever Batch ID-06 is processed, the associated Batch ID-09 will record all 1150/1151 GL activity. Batch ID-09 is also used during the month to record EFT payments to payroll vendors.

50.20.50.d FMS Daily Processed Batch ID-06

Account Code	Trans Code	Fund 149		Revolving Fund 790				Fund 841
		1110	6510	1110	1319	5111	5199	1150
(1) 101 xxx xxxx AK	002	(state funds expensed - 6510/4310)						
(2) 149 082 1B02 AK	002	\$(1,000)	\$1,000					
149 082 1C82 BA	002	(200)	200					
149 082 1B02 AK	894	(staff months)						
(3) 790 300 1B99	800R			\$(2,500)			\$2,500	
(4) 790 300 MISC	80	(1) Ded.Meth.		1425		\$(1,425)		
(5) 790 300 ADV N	064R	(2) Ded.Meth.		25	\$(25)			
(6) 790 300 PERS	801	(3) Ded.Meth.		640		(640)		
790 300 INSR	801	(4) Ded.Meth.		\$410		(410)		
Net Batch ID-06		\$(1,200)	\$1,200	0	\$(25)	\$(2,475)	\$2,500	0

1. All state funds expensed. (See PPMS sample PS1245 for EFT summary).
2. Gross employer costs are charged to each account code (salaries, fringes, and staff months).
3. The reversal of total vendor liability funds EFT'd into the local bank account in Batch ID-09.
4. This example is PAYMENT METHOD [1] – payment by check. These funds are now distributed to each unique prog/org index as established in the College's PPMS Table PS9002.
5. This example is PAYMENT METHOD [2] – payment by JV transfer. Note that the funds have been recovered to 1110/1319. The salary advance had been issued through FMS accounts payable system using 064 (1319/1110) 790 300 ADVN.
6. This example is PAYMENT METHOD [3] – EFT payments. The funds are held in this account until designated payment date and will be listed on FMS daily pending payment report.

NOTE: There is no 040R (1150/1151) transaction code for Batch ID-06. This has taken place in Batch ID-09. During the month Batch ID-09 is also used for each EFT vendor payment.

50.20.50.e FMS Daily Processed Batch Summary of GL Transactions

	001		149			790					841		
Batch ID	6510	4320	1355	1110	6510	1355	1110	1319	5111	5199	1110	1150	5155
1)						(25)		25			(25)	(25)	25
2) Net 06	6200	(6200)		(1200)*	1200			(25)	(2475)	2500			
3) Net 09							2500*			(2500)		1300*	
4) Net 01			(1200)	1200		2500	(2500)				1300		(1300)
Cash Balance:			(1200)		1200	2475			(2475)		1275	1275	(1275)
5) Payments to vendors on designated payment dates:						(2475)			2475		(2475)	(2475)	2475
	Balance			(1200)		1200	0			0		(1200)	(1200)

1. For illustrative purposes, assume a salary advance had been issued through FMS for \$25.00.
2. State and Local funds are expensed, advance recovered, vendor liability is transferred from payroll revolving account to vendor liability accounts.
3. Net EFT activity for gross payroll is recorded, local payroll cash reversed, and total GL 1150/1151 recorded for both Batch ID-06 and 09.
4. Pooled cash is recorded for both batches.
5. The cash balance in Fund 790 GL 5111 is total vendor liability. FMS Pending Payment Report lists total liability and designated payment dates.

50.20.50.f Accrued Payroll Transactions, Batch ID 07 and 06

PPMS operates on a semi-monthly lag payroll and, therefore, will accrue at least one payroll per month. Payments made on the 10th of the month reimburse work performed from the 16th through the 31st of the prior month. This payroll is expensed in the prior month's accounting period. It is a non-cash expenditure using GL 6505 accrued expenses and GL 5124 accrued salary payable.

Two batches run on the same day. Batch ID-07, which posts to the prior

accounting period, and Batch ID-06, which reverses all accruals and records all the cash transactions in the current month.

FMS Daily Processed Batch ID-07 (posted to prior accounting month)

Account Code	Code	6505	5124	6510	4310
101 011 2000 AK	802	\$6,000	\$(6,000)		
101 011 2000 BA	802	\$200	\$(200)		
149 082 1B02 AK	802	\$1,000	\$(1,000)		
149 082 1C82 BA	802	\$200	\$(200)		
149 082 1B02 AK	894	(staff months recorded)			

FMS Daily Processed Batch ID-06 (reversed next accounting month)

Account Code	Code	6505	5124	6510	4310	1110
101 011 2000 AK/BA	804	\$(6,200)	\$6,200	\$6,200	\$(6,200)	
149 082 1B02 AK/BA	804	\$(1,200)	\$1,200	\$1,200		\$(1,200)

Plus all associated Fund 790 and pooled cash activity.

50.20.60

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Reconciling Fund 790

Fund 790 is a revolving account that identifies funds held for future disbursement for taxes, vendors and other accounts within the college. Colleges make all (payroll-related) payments from these accounts by check, electronic transfer or journal voucher.

The next banking day after a payroll run, the college system bank (The US Bank of Washington) will EFT funds to the local bank account for all vendor liability. This activity is recorded in FMS as an increase to cash in Fund 790.

This increase of cash will also show on FMS report BM3105 – Pending Payment Report – extracted from the Accounts Payable system. On designated payment dates, checks will be issued and EFT payments will be made generating associated accounting and a reduction to Fund 790

The reconciliation process involves reviewing all cash balances and identifying the associated liability. In some circumstances, an account may have a negative cash balance representing a payment made by the college for which it will be reimbursed by an employee. When fully reconciled, all cash balances in Fund 790 can be tied to specific amounts due for taxes, to vendors, etc, or specific amounts due from employees.

[50.20.60.a](#) **What reports are useful for reconciliation of fund 790? FMS Report**

It is recommended that the person on campus who is responsible for the reconciliation of Fund 790 have access to the following FMS reports:

- GA1335 – Program/Organizational Trial Balance (month-end report)
FMS report GA1335 displays balances in each fund/prog/org. The cash balance in each org/index in Fund 790 should represent a liability, which can be identified.
- BM3105 – Pending Payment Report (daily report)
FMS report BM3105 can be used in conjunction with the Prog/Org Trial Balance report. It will display PPMS vendor liability and scheduled payment dates.

[50.20.60.b](#) **PPMS Reports**

- PS1245 – Payroll Expense EFT Summary
Report PS1245 summarizes and totals all employer costs to be EFT'd to the system payroll account. The report indicates the deposit of funds into the college's local bank account for total vendor liabilities.
- PS1425 – Vendor Payment Liability Report
Report PS1425 is generated each payroll run by payment method, vendor and data. Table PS9002 (deduction Table) assigns one of three sections based upon the Payment Method.
- PS1410 – FMS Payroll Reconciliation Report
Report PS1410 will duplicate some data on PS1245 but will also show funds transferred from/to the prepaid account, such as prepaid life insurance collected from employees on the 06A payroll and transmitted monthly to the PEBB. Check the parameter table (PS9001) parameter #1016 for the account code assigned. By the end of September, this account should be zero.

[50.20.60.c](#) **Tips to aid in reconciliation**

Establish unique org/indexes for different types of activity. This provides

great assistance in the reconciliation process. This is done on PS9002 – Deduction Table.

LAST RESORT – If long-term out-of-balance conditions exist (possibly due to conversion problems in 1987), reassign new org/indexes for as many accounts as possible on the Deduction Table. After approximately a month, the old org/indexes should be clear of all current activity and the balances in the org/indexes will be amounts to be researched, and this can now be done without current activity changing the balances.

50.20.70 Miscellaneous Payroll Procedures

2003-08-15

50.20.70.a How are final payments for deceased employees processed?

Deceased Employee processing can be very complicated and cumbersome. It is important that the person/department processing the final payments for the deceased employee know and understand the legal requirements and documentation needed to complete it correctly and accurately. The Office of Financial Management (OFM) has documented this procedure in SAAM in the following places:

- SAAM 25.70.30 – Explains the required process for Deceased Employee procedures.
- SAAM 85.34.30 – Explains the required accounting to record Deceased Employee's liability.

50.20.70.a.1 Final Check Disposition

Upon the death of an employee who was in current pay status, the Payroll Office must be notified immediately to ensure that any payroll to be prepared or distributed is controlled to:

- Ensure that any payroll distribution in process is stopped so that it is not direct deposited to the deceased's bank account or released to anyone before a proper Claim for Indebtedness is completed and processed.
- Ensure that appropriate taxes will be taken. Federal income tax is never to be deducted once an employee is deceased. Social security and medicare taxes are not deducted if the payment to the beneficiary is made in a future calendar year but are deducted if paid out in the same calendar year as the death.

Accounting Processes

- Ensure that the deceased sick leave balance, if any, is cashed out with the deceased final paycheck and is coded to sub-object code AS. Sick leave buyout is coded as earnings type LPN on PPMS to ensure that OASI is not deducted.
- Ensure that checks issued after date of death are endorsed to the appropriate party as follows: Pay to the order of (insert name of claimant relative or executor of the estate) for (name of college President or Chancellor) by (Payroll Manager). The payee should sign a statement attesting to receipt of check.

[50.20.70.b](#) **Unemployment Costs Procedures**

There are two methods in processing unemployment. One method is where a college sets up an account that is annually adjusted and based on actual history and trends for expected future expenditures anticipated for quarterly unemployment payments. The second method documents the entries in which a college simply pays the quarterly invoice when received using no prior history.

[50.20.70.b.1](#) **Details of Unemployment Cost Procedures**

Details of the two methods are as follows:

- Method One: Reserve for Unemployment Costs
 - Calculating a Rate

It is recommended that the college use a rolling 3-year period for this calculation. Use of fewer years is allowable but may result in a rate that fluctuates significantly from year to year. The rate for the current year is calculated by taking the previous 12 quarters (3 years) of unemployment paid and dividing that by the total gross payroll for eligible employees (all "A" objects except AM and AP) for the same 3-year period. This is the rate to be used for the next four quarters (one year).

Example: Assume the past three years total quarterly unemployment paid was \$36,000 and the total gross payroll (except AM and AP subobjects) for the same three years was \$12,000,000. Dividing the unemployment charges by the gross payroll yields a rate of .003 for the upcoming year.
 - Applying the Rate

As each payroll is processed, the accounts with eligible payroll activity are charged unemployment cost by applying the calculated rate to the eligible gross payroll.

Accounting Processes

Example: If account 145-111-xxxx had gross payroll of \$6,000 for eligible employees, the unemployment expense for that period would be \$18 ($\$6,000 \times .003$). The entry needed to expense the fund for estimated costs and record the deposit in a reserve account is:

Item	TC	Account	GL	DR	CR
Expense Fund	002	145-111-xxxx-BZ-00	6510	\$18	
Deposits	421R	840-082-xxxxt	5199		\$18

When making the quarterly unemployment payments, use TC 421.

- **Paying the Quarterly Unemployment Charge**
At the end of each quarter, the state calculates the actual claims for unemployment for former college employees. That amount is then billed to the college. The college pays that bill from the amounts previously deposited to GL 5199 in Fund 840. Since the estimated cost has already been expensed, that is the only entry required. TC 421 is used for processing this payment (421-840-082-xxxx, \$x,xxx).
- **Updating the Rate**
The college is required to update the unemployment reserve rate at least annually, in order to closely match the rate charged against current payrolls to actual historical costs. If the college is using a three-year period for the calculation, drop the oldest year's data and add the most recent data for the gross payroll amount and the unemployment claims paid. Additionally, since this method only estimates current charges based on historical data, the college is required to include in its rate calculation, any amounts representing the difference between amounts placed into the reserve and actual claims paid.

In year two and each subsequent year the college would develop a new rate using the same process described above with the added step as follows. The college would increase the actual claims paid by the amount of deficit in the reserve. And similarly, any excess in the reserve for the previous year's activity would reduce total claims for calculating the new rate. This new amount, (actual claims plus or minus any reserve deficit or surplus) divided by the eligible payroll for the same periods would produce the rate for the coming year.

Example: Assume the actual payroll costs for the prior three years is \$12,500,000, and unemployment claims paid for the same period totaled \$35,000. Further assume that deposits to the reserve during

Accounting Processes

the past year were \$13,500 and actual claims payments totaled \$11,000 leaving a year end balance in the reserve of \$2,500. The rate for the coming year would be calculated by dividing \$32,500 (\$35,000 minus \$2,500) by \$12,500,000, or .0026. This process must be repeated each year to determine the rate for the coming year.

- **Method Two: Direct Payment of Quarterly Unemployment Charges**
This is essentially, a pay-as-you-go method. As invoices are received from the state for quarterly unemployment benefits paid, the college pays the bill from those funds and accounts representing the source of the unemployment claims. For example: claims for former employees of the bookstore would be charged to Fund 524; claims for former employees funded from a federal grant would be charged to the grant account in Fund 14; and claims for former employees paid from state appropriations would be charged to Fund 001.

The biggest drawback to this method is the fact that unemployment claims for workers funded from grants and contracts often come to the college after the grant or contract has been closed or fully expended. When this occurs, the college is forced to pay this cost from other local resources.

Sample entries to record the claims described above are as follows:

- 002-524-???-xxxx-BZ 6510/1110 \$1,500
- 002-145-111-xxxx-BZ 6510/1110 \$4,000
- 503-101-0xx-xxxx-BZ 6505/5150 \$9,000

NOTE: The charges shown above might be distributed to a number of prog/org indexes within the fund.

[50.20.70.c](#) **Sick Leave Buyout at Retirement**

[50.20.70.c.1](#) **Non-allotted and Grants and Contracts – Estimates and Reserve Accounts**

- a. Full-time employees who retire are paid a portion of unused sick leave; the college must absorb the cost for allotted and non-allotted funds.
- b. Grants and contracts normally cover regular salary and benefits. If an employee retires, the college absorbs the cost of sick leave buyout from operating funds. To avoid this, the college may set up reserve accounts.
- c. As monthly salaries for full-time employees (AA, AE, AK) are expended during the years, a percentage may be transferred to the reserve accounts.

Accounting Processes

d. Sample accounting entries for the above are as follows:

Example: If two percent is the estimated amount to cover future costs, and if the current actual salary expenditure is \$1,000 the following entries are to be made:

Item	TC	Account	GL	DR	CR
Expense Fund	002	145-111-xxxx-AS-00	6510	\$20	
Credit Rev. Acct	023	145-111-xxxx-0499	3210		\$20

The above expenses the grant for estimated costs and records deposits in a reserve account.

50.20.75

2005-10-12

TIAA/CREF Negative Contributions**50.20.75.a****What are net-negative contributions?**

TIAA/CREF defines net-negative adjustments to employee accounts as those situations when the total contributions for a given employee, for a single reporting period are less than zero. When this situation occurs, the transaction must be processed manually with TIAA/CREF; that is not included with the normal electronic process for typical TIAA/CREF contributions. Generally, the college must notify TIAA/CREF, via a fax or mail, that too much has been paid for a specific employee providing both the amount of overpayment and when it occurred. TIAA/CREF will determine the current value of the overpaid amount and reimburse the college accordingly.

50.20.75.b**Are PPMS processes available to assist with net-negative contributions?**

To assist with this process, some changes were incorporated into the PPMS reporting process. PPMS report, CR7105J (TIAA/CREF Remittance Register) was expanded into three parts:

- CR7105A – TIAA/CREFF Remittance Register
- CR7105B – Negative EFT's/Net Zero Adjustments Not Reported
- CR7105C – Summary Report

PPMS also produces the following reports to aid in the billing and reconciliation process:

- PS1250A – TIAA/CREF Negative EFT Adjustments

b. PS1250B – TIAA/CREF Deduction Code Adjustment Summary

These two reports will print from an existing job, PS1250J (Create Vendor EFT), which can be used for the billing process to TIAA/CREF.

In addition to the standard entries generated by PPMS, it will also generate an accounting entry to record the amount due from TIAA/CREF.

[50.20.75.c](#) **What are the FMS procedures related to net-negatives?**

The accounting batch created by PPMS for net-negative contributions will show up in an error (A) batch with missing 0's in the Charge ID field. The net-negative amounts in the error batch should agree with the amounts reported on the PPMS PS1250-B report. To post this entry into FMS:

- Establish an Accounts Receivable ID# (ARID) in Customer Accounts for TIAA/CREF negative contributions.
- Open the pending error batch and fill in the missing zeros in the Charge ID field and change the ARID to the TIAA/CREF ARID and release the batch.
- Generate a billing to TIAA/CREF for the amount of net-negatives on a given payroll. The billing will need to include the following for each affected employee:
 1. Name
 2. SSN
 3. Amount of over contribution
 4. Type of contribution (i.e. Plan-Employee, Plan-Employer, TDA-Employee)
 5. Premium Payment Group (PPG)
 6. Date of over contribution

[50.20.75.d](#) **FMS Example:**

Payroll processes and records TIAA/CREF contributions and net negative transactions. Assumes the gross amount due TIAA/CREF is \$8,000 including \$500 net negative contributions.

Fund790 transactions posted from PPMS:

TC	AI	PI	OI	DR/CR	Amount
800	790	3xx	xxxx	1110/5111	8,000.00

to record net liability to TIAA/CREF

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801R	790	3xx	xxxx	5111/1110	8,500.00
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to record EFT to TIAA/CREF for gross amount due (excluding net negative contributions.)

803	790	3xx	xxxx	1312/5111	500.00
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to record receivable from TIAA/CREF for net negative contributions.
Note: this entry will result in a pending A1 batch that must be released manually after entering zeros in the charge ID fields.

Colleges will then need to manually invoice TIAA/CREF based on payroll detail report and the receivable amount posted to GL 1312 (\$500 in our example). When billing TIAA/CREF in addition to the amount due, the college must communicate the name(s), SSN, amount of over-contribution, type of contribution (i.e. Plan-Employee, Plan-Employer, TDA-Employee), Premium Payment Group (PPG) and Date of over-contribution. TIAA/CREF will refund these amounts to the colleges net of any investment market losses. TIAA/CREF has indicated that they will accept billings via the mail or by fax.

Transactions to record receipt of payment from TIAA/CREF: (assuming payment in full)

TC	AI	PI	OI	DR/CR	Amount
067	790	3xx	xxxx	1110/1312	500.00

To record receipt of payment from TIAA/CREF.

OR

Transactions to record receipt of payment from TIAA/CREF: (assuming payment is less than invoiced due to loss in value of \$50.00.)

TC	AI	PI	OI	DR/CR	Amount
067	790	3xx	xxxx	1110/1312	450.00

To record receipt of payment from TIAA/CREF.

002	14x	xxx	xxxx	BB	6510/1110	50.00
067	790	3xx	xxxx		1110/1312	50.00

To record expense for interest loss on pension contributions and liquidation of remaining receivable in Fund 790.

Note: Colleges may want to set up a unique budget account number for the expense entry for recording the cost of TIAA/CREF investment losses to allow ease of tracking.

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Grants and contracts.

What are contracts?

Contracts are legally binding agreements entered into between the college(s) and another entity (generally, private industry) in return for programs or services described in the written agreement. Contracts are time and performance specific and often will generate surplus funds for general use of the College. Only persons with legal approving authority are authorized to sign a contract.

What are grants?

Grants are monies received in return for programs or services as defined in an application. They are time and performance specific. Grantors, generally, are federal, state or local government agencies or private foundations. The funds are considered restricted to the purpose for which they are granted and may contain requirements for matching funds and/or periodic progress reports. Applications, financial and performance reports are generally in a format established by the grantor. If the grantor has indicated no restrictive purpose, the funds are considered unrestricted for use in general by the college in receipt.

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Definitions

- **Administrative Allowance:** Administrative allowance is an amount paid to a college, on behalf of or part of a grant, to cover its supporting or fixed costs.
- **Capital Support Grants:** Capital support grants are grants for the purpose of acquiring land, or buildings and related equipment. Higher Education Facilities Act Title I Grants are an example of Capital Support Grants.
- **Deficit:** A deficit results when grant or contract expenditures exceed revenue. This may result if program expenditures are underestimated or reimbursements are disallowed.
- **Direct costs:** Direct costs are those costs that are incurred for a specific project, grant or contract. These are costs that can be directly assigned to such activities with a high degree of accuracy.

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- **FAPC (Financial Aid Program Code):** FAPC is a three-digit code normally used to facilitate the charging of student charges (tuition, fees, etc.) to a specific pro/org number.
- **Fiscal Year:** The fiscal year is a 365-day period designated by the federal or state institution for its official accounting, reporting, tax, etc. year. For the State of Washington, that period is July 1 – June 30.
- **Grant Agency or Grantor:** A Grant agency or grantor is an outside entity that makes or offers a grant and provides all or a portion of the funding for a specific project or program
- **Grant or Contract Period:** A grant or contract period specifies the period of time, beginning and ending date, within which the conditions of the grant or contract are to be fulfilled.
- **Indemnification Clause:** An indemnification clause is a clause included in grants and contracts to provide the institution with protection, especially financial protection, against possible loss, damage, or liability.
- **Indirect costs:** Indirect costs are costs that have been incurred by the college and/or District and cannot be identified specifically with a particular project. These costs normally are within functional areas such as general and departmental administration, staff support, operations and maintenance, library and facility expenses, services provided by payroll, purchasing, accounting, business office, cashiers, and human resources, etc.
- **Legal approving authority:** The legal approving authority is the individual(s) who have the authority to bind an institution to the terms and/or conditions of an agreement or contract.
- **Letter of Understanding:** A letter of understanding is typically an agreement between two parties that is deemed to be less formal than a contract. The Attorney General’s office has recommended that a letter of understanding NOT be used to “... embody specific agreements between parties with various duties and responsibilities designated to each.” Instead, a contract should be written which contains the scope of responsibilities, liabilities, fees, rights and duties of each respective party.
- **Local Governmental Grants and Contracts:** Local government grants and contracts are resources provided to the institution by a local government agency to be used as designated by the grantor or at the discretion of the institution.
- **Matching contributions:** In-kind contributions describe the situation where the college and/or another agency is required to provide

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in-kind or cash contributions to the agreed upon project in a specified amount, often, but not always dollar for dollar. In-kind contributions constitute a use of previously committed college resources, such as existing personnel, supplies, facilities, etc. Cash, out of pocket contributions require the application of previously uncommitted resources or the re-direction of existing resources to share in the support of a project. Matching contributions must be outlined on the budget plan that is submitted for a project.

- **Overhead:** Overhead is a term loosely interchangeable with “indirect costs”. It is an expense where the off-set is used to cover General Administrative Support, Facilities Operations and Maintenance. It is not used with federal grant transactions.
- **Performance reports:** Performance reports are reports that may be required by the grantor or contractor and can take the form of narrative and/or statistical description of the project (i.e. number of students served, description of services provided, number of staff hours dedicated, etc.). These progress reports are typically the responsibility of the Project Director.
- **Project Director/Manager:** The project director/manager is the individual who has the administrative authority and responsibility for the project, budget, expenditures and progress/performance reports. It is this person’s responsibility to ensure progress of the project, that all reports are submitted in accordance with the grantor’s requirements, that expenditures are applicable to and in compliance with the conditions of the grant or contract, and that these expenditures do not exceed spending authority.
- **State Grants and Contracts:** State grants and contracts are resources provided to the institution by the state government to be used as designated by the state for capital or operating purposes. Funds provided through appropriations or interagency reimbursements are excluded.
- **Subrecipient monitoring:** Subrecipient monitoring is the processes and procedures undertaken by a pass-through entity as necessary to ensure that subrecipients are complying with applicable laws, regulations, and contract or grant agreement provisions, and that performance goals are being achieved. As part of ensuring legal requirements are met, it also includes processes and procedures to verify that applicable audit requirements are satisfied and audit findings are reviewed for timely corrective action.
- **Supplanting:** Supplanting is the act of using one source of funds to

replace funding from another source to fund ongoing activities. Federal funds made available under a grant may not result in a decrease in state or local funding that would have been available to conduct the activity had federal funds not been received. Federal funds may not free up state or local dollars for other purposes, but should create or augment programs to an extent not possible without federal dollars.

- **Surplus:** A surplus results when grant or contract expenditures exceed revenue. Because most grants and contracts with state and federal agencies are funded on a reimbursement basis, surpluses are typically only generated in agreements with private entities.
- **Training Grants:** Training grants are grants made for the purpose of providing direct classroom instruction and related operating costs.

50.30.20 Grant / Contract Management

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50.30.20.a What should be considered when applying for a grant or contract?

- SBCTC grant applications should follow the specific instructions provided by SBCTC at <http://www.sbctc.ctc.edu/>.
- The proposal should support the overall mission and goals of the institution.
- The proposal should conform to internal policies, legal and financial considerations, and college service capabilities.
- Salary arrangements must be consistent with salary schedules or appropriate contract-training rates.
- Requirements for space and facilities must be met with that which is currently available, or costs for additional space and utilities must be included within the funding provided.
- The budget must meet needs that are realistically estimated and stated, with verification that all costs, including indirect costs, are provided for, and that items included are not contrary to the policies of the college, the grantor, or the Washington State Office of Financial Management.
- Matching funds must be available where they are a condition of the grant. Matching funds must be realistically stated and have been specifically approved in advance by the Legal Approving Authority. Funds used as match for one grant may not be used as match for any other grant.
- If other college departments are required to provide support to the

project, such as registration, financial aid, counseling, advising, cashiering, computing support, etc., these departments need to be consulted. Communicating with other departments about proposed projects helps to ensure fast, efficient services in support of the project.

50.30.20.b **Signature / Review Process**

The approval process for grants and contracts will vary widely depending on the specific requirements of each. College policies will often specify levels of delegated authority based on the dollar amount of the grant. Expenditures for a major grant/contract might require a number of levels of reviews and authorizations. Additionally, contracts for personal or client services must conform to specific procedures and signatories must have received OFM approved training. (training requirement effective 1/1/04) Following is a list of possible signatories for a major grant or contract with a brief description of the responsibilities of each of the parties:

- **Project Director/Manager:** The Project Director/Manager is the individual in charge of the program or project (often an Assoc. Dean, Dean, Director, Faculty member or Program Manager). This individual's signature represents knowledge and responsibility for the service to be provided, responsibility for financial management of the grant or contract, and responsibility for program/project outcomes and results.
- **Business Office:** The Business Office signature represents knowledge of liability and financial commitments and risks associated with the program, understanding of financial support to be provided to the project director/manager, and responsibility for invoicing and coordinating all financial transactions.
- **Vice President for Instruction or Student Services:** The Vice President for Instruction or Student Services signature represents a determination that the program or service supports the college's mission and/or strategic plan, approval that the program or service meets all instructional regulations and directives, and an understanding of the financial commitment of the institution.
- **President:** The President may designate other legal approving authority and this signature represents a legally binding commitment to provide the program or service as prescribed in the grant application or contract.

[50.30.20.c](#) **Grant / Contract Checklist**

The grant/contract checklist for the department/project director and the business office are as follows: Department/Project Director:

- Make sure Grant or Contract fits with mission and strategic plan of institution.
- Identify the project and granting agency or contracting party.
- Estimate the cost and prepare the budget.
- Draft proposal.
- Submit: transmittal form, proposal/contract, and budget for internal approval.
- Internal approval process must determine if proposed contract is properly classified as personal or client services and if so, process must follow specific procedures established by OFM. See SAAM Chapter 15 & 16.
- Check availability of facility.
- Check availability of facility.
- Mail to grantor or contractor.
- Make tentative arrangements for instruction, coordination, equipment etc.
- Receive grant or signed contract.
- Request the budget number and FAPC (if applicable) from the Business Office.
- Prepare payroll documents.
- Reserve the classroom(s).
- Put classes on line.
- Put classes on line.
- Review in detail Budget information.
- Prepare, initiate when appropriate, complete and submit time & effort reports, and when applicable, match reports.
- Reconcile budget.
- Close.

Business Office:

- Review proposal/contract, and budget.
- Approve proposal/contract Establish the budget number and assign FAPC (if applicable).
- Review budget reports on summary level.
- Invoice the grantor/contractor.

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- Ensure timely payment from grantor/contractor.
- Ensure timely and complete time & effort reports, and match when applicable.
- Help department reconcile the budget.
- Close/Archive.

50.30.20.d Accounting Codes Used in Grants and Contracts**50.30.20.d.1 Expenditure Codes**

The same expenditure object coding used for other college operations is used in grants and contracts. Refer to FAM 10.10.30 for a complete list of valid codes. Contracts may or may not allow expenditures from all object categories.

50.30.20.d.2 Valid Revenue Source Codes

As with expenditures, the revenue source codes described in FAM 10.10.30 apply to grants and contracts. Typical codes used in grants and contracts are listed below:

- Revenue Source 03xx-Federal Grants in Aid

Example:

0384 Department of Education

- Revenue Source 04xx and Miscellaneous Revenue State Charges and Miscellaneous Revenues

Examples:

0420 Charges for Service

0541 Private Contributions and Grants

0542 Local Government, Grants and Contracts

0543 State Government, Grants and Contracts (non-State Board)

0546 Federal Pass Through

50.30.40 FMS/PPMS Reports for Grants and Contracts

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The FMS/PPMS reports for grants and contracts are as follows:

- **BA1211 - Salary and Wages Expenditure Report:** Report BA1211 is detailed listing by program/organization index and by subobject of all salaries and benefits. Current month and cumulative to date charges are listed next to budget.
- **GA3230 - Monthly Operations Report;** Report GA3230 is a detailed listing by program/organization index and by subobject code of all expenditures except salaries and benefits.
- **PM1209 - Grant and Contract Cumulative Activity Report:** Report PM1209 is a report organized by program/organization, subobject, current month, fiscal year, and project.
- **PS1555A - Grant and Contract Certification-Monthly payroll Report:** Report PS1555A is a report approved by authorized personnel and maintained in contract file.
- **PS1545A – Grant and Contract Certification:** Report PS1545A is a report approved by personnel and maintained in contract file.

The following reports compare monthly grant-and-contract budget to actual expenditures and encumbrances.

- BA1212-is sorted by program/organization and object
- BA1213-is sorted by program, and object
- PM1201-is sorted by program/organization, subobject, current month, fiscal year, and project.
- PM1203-is sorted by program, subobject, and budget level.

50.30.50 Billing Grants and Contracts

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50.30.50.a Where are original invoice filed and what are the general responsibilities related to invoicing?

Original invoices for ALL grants and contracts (billings to clients and/or agencies, etc.), along with required reports and documentation are to be maintained by the College Business Office. It is the Project Director's responsibility to provide billing information to the Business Office as needed. It is the College Business Office's responsibility to generate and/or send out the official College invoices.

50.30.50.b How are grant and contract costs tracked?

Separate accounts (unique prog/org codes) are typically set up for each grant. For full disclosure purposes, all expenses should be reflected within the grant account. All items of expense should be charged directly to the grant account and be supported by thorough documentation.

[50.30.50.c](#) **Where should payments received on grants and contracts be processed?**

All grant and contract revenue should be processed through a centralized cash receipting function for appropriate coding and posting and for internal control purposes. The college's accounts receivable function will follow up on past due invoices and pursue timely collection. It is the responsibility of the department to monitor the monthly budget status report and work with the College Business Office to reconcile any discrepancies that may arise.

[50.30.50.d](#) **How do I determine when to bill on a grant or contract?**

The fiscal office prepares and submits or coordinates the submittal of grant billings prepared by other college departments. Effective cash management dictates that billings should closely match the related expenditures. Cost reimbursement grants typically require that costs be incurred before they are reimbursed. For these grants, the fiscal office should submit billings monthly, or more frequently if allowed by the grant and dollar value of expenditures justifies cost of processing additional billings. Fee for service contracts or grants typically establish specific pay points connected to delivery of the specified service or product. Billings should be generated as soon as those milestones are accomplished.

[50.30.50.e](#) **What billing forms should I use for grants or contracts?**

Billing forms vary. The grantor may supply specific forms (see form numbers 2-5). In the absence of grantor-supplied forms, use State of Washington standard invoice voucher A19-1 (form number 1). Supporting documentation and the number of billing copies vary by individual grant. Examples of supporting documentation include: Budget Status Report; Salary and Wage Report; Monthly Operations Report; vendor invoices, payment forms or unique forms containing summary information.

Several agencies are using on-line invoicing (i.e. OBIS through SBCTC and E-payment through DOE).

[50.30.50.f](#) **Request for Payment/Reimbursement**

Most grants and contracts are structured as cost reimbursement agreements. Billings are based on expenditures of general ledger account code 6505 and 6510. The source for this is often the monthly Grant and Contract / Capital Budget Cumulative Activity Report (PM1209), although other reports may be used. Federal cash management rules require that colleges draw no more funds against a grant than will be spent within the next three business days. Amounts held by the contracting agency beyond three days accumulate interest payable to the Federal Government.

[50.30.50.g](#) **Requesting Federal Funds Via e-payments**

One method of requesting funds from the Department of Education is by using the e-payments system. The Federal department assigns an access code to the college, which allows college personnel to request funds by the Internet. The e-payments system may be accessed monthly by following instructions established by the Department of Education.

[50.30.50.g.1](#) **What is an e-payments request based upon?**

An e-payments request may be based on the following:

- a. Actuals taken from the previous month's activity.
- b. Current month activity for which the request is being submitted.
- c. Any inform or data express reports available giving current month activity.

[50.30.50.h](#) **How do I record payments requests for grants/contracts?**

After the funds are received, an entry can be made as follows using the GAT process, FMS screen GA1103:

T/C	APPR INDEX	PRG INDEX	ORG INDEX	SRC	GL DR	GL CR	Amount (\$)
023	145	1xx	xxxa	0384	1110	3210	0
023	145	1xx	xxxb	038x	1110	3210	0
023	145	1xx	xxxc	03xx	1110	3210	0

Using the federal e-payment system clearly identifies each grant being reimbursed and allows recording of the payments directly into the grant account. This system allows colleges to avoid the cumbersome holding account process formerly used.

50.30.50.i How do I track revenue from federal grants and contracts?

Reports can be developed that aid in the tracking of revenue in major source 0384. Two of these are:

- An inform report which sorts revenue by program/organization numbers from a given major source
- A data express report that accumulates revenue by major source and also by the federal catalogue number, which has previously been entered on the FMS Grants & Contracts Control Table screen PM1001.

The data express report may be the source document for preparing the year-end report of Federal Assistance required by OFM and the State Auditor's Office. The totals must reconcile to the SBCTC's SMART program, checklist number 306.

50.30.50.j Coding Reimbursement Contracts with other State Agencies

A reimbursement code, Object S, is to be used to account for reimbursement received from other state agencies. For example, "SA" is salary reimbursement, "SB" is benefits reimbursement, etc. Each receipt should be distributed to the various subobjects based on actual expenditures; i.e., salary (SA), benefits (SB), supplies (SE), etc. The grant budget establishes the expenditure classifications. An example of the expenditure coding containing a reimbursement code follows:

T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	Amount (\$)
002	R	145	111	xxxx	SA	0

50.30.50.k Coding Receipts from Non-State Revenue Sources

Code revenue received from federal agencies or local agencies with a revenue source code. An example of the revenue coding for a US Department of Education receipt is:

T/C	APPR INDEX	PRG INDEX	ORG INDEX	SRC	Amount (\$)
023	145	111	xxxx	0384	0

50.30.50.l Common Receipting Procedures and Practices

A clearing account is sometimes used when money is received for several

grant numbers. The clearing account code number is entered on the receipt, and the total is then distributed to the individual grant numbers by the use of general accounting transaction form (GAT). The fiscal office should enter the information into the FMS accounts receivable sub-ledger (or other A/R system). Differences between the amount received and the amount billed should be investigated and cleared. Investigate delinquent receivables. To maintain separation of duties, it is recommended that the person preparing the invoices not also receive payments or enter/clear the A/R.

50.30.60 Grants and Contracts Table Maintenance

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Unlike funds 001, grant and contract funds (145) are not allocated by the SBCTC. Grants and contracts specify the award agreements, and the budget should reflect the institution's plan for meeting award commitments. Once a budget has been prepared, grant and contract budgets are initialized as detailed in FAM 20.20. However, creating an account for new projects requires the following extra steps:

1. A project number must be assigned and added to the FMS Project Number Table (GA1042).
2. The grant and contract table must be updated through the FMS Grant and Contract Control Table (PM1001).

50.30.60.a Budget Update

A grant and contact project may overlap two or more fiscal years and/or fiscal biennium. Accordingly, grant and contract funds do not necessarily lapse at the end of a state fiscal year or biennium. To accommodate this characteristic, the FMS Budget Update Screen (BA1001) contains extra fields for building a project budget that crosses multiple fiscal years. This screen also accommodates changes to project budgets.

50.30.70 Indirect/Administrative Allowance/Overhead

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Prior to the start of each fiscal year, an institution should assess all grants and contracts (federal, state, local and private) in which administrative allowance, indirect, and overhead costs recoveries are included as a part of the grant. The estimated recoveries from all Grants and Contracts can be used to supplement the operating budget's cost increases above the

allocated state allotment. The result is a local funded support to offset the increase in spending. Based on these estimates, develop a formula for cost recovery and periodically apply the formula against applicable programs. Reassess the formula and overhead estimates regularly to incorporate new, and delete expired, grants/contracts.

[50.30.70.a](#) **Federal Grant and Contract Indirect**

To be eligible to claim indirect costs as an element of a federal contract, the college must have a federally approved indirect cost rate. The district's indirect cost recovery rate is calculated on the basis of criteria specified in the United State's Office of Management and Budget (OMB) Circular A-21 "Cost Principles for Universities", Section H "Simplified Method for Small Institutions". The rate will need to be negotiated for approval by auditors of the Federal Government.

[50.30.70.a.1](#) **When are indirect costs factored into a grant?**

Indirect cost recovery begins with grant budget preparation. An on-campus policy for grant preparation should be in place so that grant proposals will remember to include indirect. Depending upon campus policy and/or grant limits for indirect cost rates, less than the maximum indirect cost recovery may be incorporated into a college's grant budget. The federal government does not control how the indirect cost recoveries are to be spent. It is generally acceptable to apply these recoveries using the same allocation formula described above or to the specific operating budget programs which handle the grant (accounting, human resources, payroll, purchasing, student services, etc.).

[50.30.70.a.2](#) **How are indirect costs applied against a grant?**

Using the college's approved rate, calculate the amount of indirect to be charged and record directly as an expense to the to the grant or contract with an off-setting entry to the local fund recovery account mentioned in the grant administration section above. The indirect rate is a developed as a percent of direct salaries charged to a grant or a percent of total direct costs.

50.30.80 Time and Effort

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Colleges are required to maintain a time and effort reporting system in compliance with the U.S. Office of Management and Budget (OMB) Circular A-21, Section 8, Compensation for personal services for all known federally funded programs. Excerpts from the OMB Circular A-21 describing federal regulations addressing this issue are included in this chapter for reference.

[50.30.80.a](#) **Records of Time and Effort**

Records of actual time and effort toward federally funded programs must be maintained by the College department and the respective Project Director responsible for that program for a period of three years following conclusion of the grant. These records must be available for internal or external audit and must contain information that identifies both the number of hours dedicated toward the federally funded program, and the total number of hours worked.

[50.30.80.b](#) **Record Keeping Requirements**

The record keeping requirements differ depending on how staff are assigned to a grant/contract. When staff work effort is split between federal programs or between a federal program and college operations, additional requirements apply.

[50.30.80.b.1](#) **Dedicated work assignment**

When an employee is assigned 100% to on grant or contract, one acceptable means of documentation is the signed payroll system report PS 1545A, Contract and Grant Certification. This form of documentation is only suitable for employee's whose work assignment is 100% to one federal grant. The supervisor signing the report must meet the federal test of having "suitable means of verification" (i.e. first hand knowledge).

[50.30.80.b.2](#) **Split work assignment**

When a person's work assignment is split between a federal grant activity and an other activity or activities, documentation must be maintained in order to account for 100% of the employee's work assignment. Several source documents that meet federal requirements are:

- Individual appointment calendars or individually designed "timesheets;" maintained daily, documenting the amount of time

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devoted to various assigned duties.

- A “timesheet” or similar log accounting for 100% of work effort. This documentation must be maintained in a timely manner and signed by both the employee and the supervisor. The supervisor signing the report must meet the federal test of having “suitable means of verification” (i.e. first hand knowledge).
- When an employee’s distribution of work effort is reasonably predictable, federal programs allow colleges to rely on time and effort distributions based upon reasonable sampling techniques. The basis for such systems of sampling must be documented and maintained along with time and effort reports for the sample periods.
- The above time records may be maintained either by the Business Office or the Project Director.

50.30.80.c How are time and effort documentation used?

Payroll distributions of salary and benefit costs to grants and contracts are typically based upon planned or budgeted effort, estimated at the time of the grant award. Initial distributions based on budget are allowable in federal programs but these amounts must be periodically adjusted to reflect the actual time and effort. This must be done at least annually and at the conclusion of a grant. More frequent analysis of time and effort in relation to budget distributions is recommended.

50.40 **Financial Aid**

50.40.10 **Federal Grants and Aid**

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50.40.10.a **SEOG and Pell Grants**

Pell and SEOG (Supplemental Educational Opportunity Grants) are federal grants awarded to qualified students to subsidize postsecondary education at eligible institutions. Authority for the Pell grant program is contained in Sections 411 through 411F of the Higher Education Act of 1965 (HEA), as amended by 20 U.S.C. 1070a through 1060a-6. The regulations for the Pell grant program are codified in 34 CFR Part 690 and 34 CFR Part 668. SEOG grants are referred to under Section 676.10 of the CFR.

50.40.10.a.1 **The Financial Aid Program Code (FAPC)**

The community and technical colleges use a system wide Financial Aid Program code for federal grants. FAPC 001 is assigned to Pell Grants and FAPC 002 is assigned to SEOG. The FAPC table BM1002 shows all system and college assigned FAPCs and the corresponding account code.

50.40.10.a.2 **Establishing An Account Code**

The community and technical colleges use Fund 846 (Grants In Aid) and Program 271 (Scholarships/Grants) to account for expenditures related to Pell/SEOG Grants. Each college selects a unique organizational index. To aid in tracking it is recommended that the college use a unique code for each grant year. Keeping the grant expenses separated by year allows the college to have a fresh start and track the expenses and revenue through to the final adjustments. Final adjustments usually occur in the next fiscal year. One option for organization index coding uses the Y3 to indicate fiscal year 02/03, followed by the last digit of the FAPC.

Examples

- PELL: Fund: 846 Program: 271 Organizational Index: 1Y31
- SEOG: Fund: 846 Program: 271 Organizational Index: 1Y32

50.40.10.a.3 Draw Down of Pell/SEOG Award

Draw downs for Pell/SEOG Grant expenditures should be done monthly using the Department of Education (DOE) GAPS online system. At the beginning of each academic quarter funds are drawn down from DOE. The amount is determined by what is needed to cover the Pell/SEOG checks issued to students that will be cashed in the next three business days (an estimate can be used). If your college runs the SEOG match (25%) in the same pro/org used for the federal portion, then remember to claim only the federal portion when drawing down the revenue. The remaining balance can be drawn down the following month.

50.40.10.a.4 Calculating Pell/SEOG Draw Down Amount

Several methods can be used when calculating a drawn down amount. One is to review a current GA1335 (Trial Balance) G/L 6510 for Pell and SEOG, or use FMS Query or DATA. Any systems that can give you cash expenditures by the Pro/Org number can be used.

Another method to use is to run the Financial Aid Expenditures Summary Report (SM9425) and print the last page for FAPC 001 and FAPC 002. From the total Pell/SEOG expenditures, subtract the amount of Pell/SEOG draws to date. Remember that there are always a portion of financial aid checks that are cancelled due to students not making satisfactory progress. Check with the Financial Aid Office to get more information on cancelled financial aid checks. Remember, an institution can only request federal funds to cover expenditures for up to three business days. Excess federal cash on hand will result in an interest penalty being charged to the institution.

Complete a General Accounting Transaction Sheet (GAT) to record all revenues from Department of Education (DOE) onto FMS. Use Source of Revenue: 0384 to reflect federal Pell/SEOG Grant.

50.40.10.a.5 Reconciliation

The Pell/SEOG Grant accounts should be reconciled on a monthly basis. Run GA1335 (Trial Balance) and compare General Ledger 6510 (Cash Expenditures) against the SM9425 report. These amounts should agree. Below is a list of discrepancies that could cause these amounts to disagree:

Accounting Processes

- Manual Entries: All SM9425 entries should be done using Transaction Code (TC) 004. Do not use TC 002! Transaction code 002 will not post to the SM9425. In addition, adjustments will not show up on SM9425 unless the last four places of the Subsidiary Field on the General Accounting Transaction (GAT) screen are filled in correctly. For example, a handwritten check or expense transfer of Pell would use: M001. The “M” Alpha Indicator means: Manual Adjustment. The remaining numbers, “001” is the FAPC for Pell. (SEOG entries would use “M002”)
- Wrong FAPC is used: It is possible to code the document to the Pell account but if the wrong FAPC is used, the SM9425 will reflect the FAPC used, not the account code. However, GA3230 (Monthly Operations Expenditures Report) will show Pell as the expenditure. This can be corrected by reversing the original entry using TC004R with the incorrect FAPC and make the correct entry using TC004 with the correct FAPC. Don’t forget to use Alpha Indicator “M”.
- The Alpha Indicator or FAPC are not entered: GA3230 will show correctly but SM9425 will show nothing. Remove the original entry and reenter correctly; don’t forget the FAPC and Alpha Indicator!
- A space between the Alpha Indicator and FAPC: If a handwritten check needs to be entered, the GAT may be filled out with a space between the Alpha Indicator “M” and FAPC “001” (M 001). This entry will show up on GA3230 but not SM9425. Remove the original entry and reenter correctly.
- Make sure Pell/SEOG awards are coded to the appropriate fiscal year organization index.
- Check BA1201 (Budget Status Report by Organization) and verify all expenditures are coded to “NZ” (Grants In Aid).
- Verify all Pell/SEOG repayments have been applied correctly and have the correct account code.
- Another way to search for errors is to use GA1330 (Monthly Transaction Register): Using G/L 6510, Fund 846 and the program/organizational index for Pell, scan through the entries checking for correct Transaction Codes, Blanks or Irregular Spacing and Incorrect FAPC’s.
- Run AG941A (Preliminary Award Disbursement Reconciliation report). This job group reports differences between financial aid awards and disbursements.

[50.40.10.a.6](#) Pell and SEOG Grant Administrative Cost Allowance

The Department of Education grants colleges participating in the Pell program an Administrative Cost Allowance (ACA). The allowance is based on the number of Pell recipients for the academic year. The ACA will be sent to the college automatically, normally around April or May with one or two adjustments in the next year. The SEOG administrative allowance is up to 5% of the total student awards (federal and state match) and charged to the grant. To qualify for the administrative allowance, the college must offer either FWS or Perkins Loans in addition to the SEOG Grants.

[50.40.10.a.7](#) **SEOG Match**

Schools participating in SEOG must provide a nonfederal match of 25% of the total SEOG awards. See Department of Education (DOE) blue book for matching information.

[50.40.10.b](#) **Stafford Loan (GSL)**

As part of the Federal Family Education Loan Program (FFELP), the Federal Stafford Loan program is a cooperative arrangement between the Federal Government, State of Washington and lending institutions. The program enables students and their families to work directly with approved lending institutions to borrow low-interest loans for postsecondary education. Once a student has been approved for a Stafford Loan, the loan proceeds are either mailed or electronically transmitted directly to the institution.

[50.40.10.b.1](#) **Establishing An Account Code**

Use Fund 846 (Grants In Aid) and Program 271 (Scholarships/Grants) to record the deposit of electronically transmitted loan proceeds prior to disbursement to the student. The Organizational Index assigned is unique to each college.

[50.40.10.c](#) **Federal Work-Study (FWS)**

The Federal Work-Study (FWS) program (also known as Federal College Work-Study, CWS) is awarded to qualified students through the financial aid application process. This work-based program is a grant in the sense that students can earn up to a specific amount awarded each quarter. As with the Pell and SEOG grants, students must meet specific income

eligibility guidelines to qualify as well as attend an institution of higher education. The Financial Aid Office will determine eligibility for Federal Work Study.

[50.40.10.c.1](#) **Establishing An Account Code**

The community and technical colleges use Fund 145 (Grants and Contracts) and Program 100 (Sponsored Research and Programs-Fund 145). A college may wish to account for this down to the sub-program thereby reflecting college activity that benefits from the grant. (Ex: Major Program 1 (Sponsored Programs) and Sub Program 62 (Educational Opportunities Program).

NOTE: FMS reports the sub program (162) at the college agency level only. FMS summarizes and crosswalks the detail to AFRS (OFM's Agency Financial Reporting System) as Program 100 (Summary Level) for Sponsored Research Programs.

[50.40.10.c.2](#) **Can the payroll system be used to automate the split coding?**

The payroll system can be used to split the payroll expense coding for FWS costs. A split percentage can be entered on payroll screen PS9046. Reimbursable Code "01" is reserved for FWS to allow easier tracking.

[50.40.10.c.3](#) **Allowable Charges**

In addition to student wages (Sub-Object "AP), other expenditures can be charged to the FWS program: Job Location and Development (10% of FWS Grant Award) and an Administrative Allowance (up to 5% of the total expenditures for student wages only). These charges should be calculated against the FWS account at the beginning of the year so net available funds can be monitored for expenditure of student wages. In addition, up to 10% of unused FWS grants can be used for the SEOG account for student grant awards. To accomplish this, the expenses stay in the FMS SEOG pro/org. The revenue is drawn from the FWS grant, but deposited into the SEOG pro/org. On the federal side, this looks like an expense to the FWS grant. On the annual FISOPS report, this transfer amount is reported in Part 4 for SEOG and Part 5 for Fed. Workstudy.

[50.40.10.c.4](#) **Reconciliation**

Accounting Processes

The FWS account should be reconciled on a monthly basis; a sample of available reports to aid in reconciliation is below:

- BA1211 Salary and Wage Expenditure Report.
- GA1335 Trial Balance.
- GA3236 Reimbursable Expenditure Detail (Reimbursable code 01 has been reserved for Federal Workstudy).

It is important to reconcile monthly as to catch errors and minimize the impact on reporting.

50.40.10.c.5 **Off-Campus Federal College Work-Study**

Students may work off-campus under the Federal College Work-Study Program. The paperwork and % of funds paid by the federal government is a little different than On-Campus Federal Work-Study. Below is a chart showing the differences:

	Paid through Payroll	Timecard Approved By Fin. Aid Office?	GAT	% paid by FWS funds	Pay employer through A/P
Federal On-Campus:	Yes	No	Yes	75% Feds 25% Dept	No, college is the employer
Federal Off-Campus:	No	Yes	Yes	65% of gross wages	Yes-Reimburse employer

Reconciliation of both accounts will need to occur so the correct amount of funds can be drawn down.

50.40.10.d **Title IV Refunds (Return to Title IV: R2T4)**

50.40.10.d.1 **What are the Statutory and Regulatory Citations for R2T4?**

Section 484B of the Higher Education Act of 1965, as amended, (Title IV, HEA) and 34 CFR 668.22.

50.40.10.d.2 **Summary of R2T4 Refund Requirements**

When a student receives Title IV, HEA program funds to attend an institution and subsequently withdraws or otherwise fails to complete the period of enrollment for which he or she was charged, federal law and regulations require the institution to make a timely refund of “unearned tuition, fees, room and board, and other charges” assessed the student by the institution; otherwise known as “institutional charges”. Not all costs

paid by a student are included in the Title IV return of funds calculation. Textbooks, parking, bus passes, childcare and fines are not considered as part of the institutional costs. The Financial Aid Office will review cashiering screen BM1625 (Customer Account Activity) to determine allowable institutional costs for each student.

[50.40.10.d.3](#) **Excludable Costs**

Costs that the regulations permit an institution to exclude from the total amount of institutional charges when calculating a refund, such as an administrative fee, documented costs of non-returnable equipment, the documented cost of returnable equipment, if not returned in good condition within 20 days of withdrawal.

[50.40.10.d.4](#) **Return To Title IV Refund Calculation Data**

- Date of Withdrawal: The date of withdrawal is used to determine whether or not the student owes a repayment of Title IV.
- Formal Withdrawal: The date the student notified the Registrar's Office of the intent to withdraw.
- Informal Withdrawal: If the student did not notify the Registrar's Office of intent to withdraw, it will be assumed the student withdrew after completing 50% of the quarter. A determination of the last date of attendance is important in calculating the amount owed to Title IV. The date posted on SM4010 (last date of attendance) can help determine if the student completed at least 60% of the quarter using calendar days, not instructional days. If the date on SM4010 is prior to the 60% cutoff and is not for all classes, it is assumed the student withdrew after completing 50% of the quarter.

The Financial Aid Office will complete the return to Title IV fund calculation using the drop date as determined above.

[50.40.10.d.5](#) **Steps in processing a R2T4**

- Title IV Aid Eligibility and Disbursement: The Financial Aid Office will review BM1625 (Customer Accounts) and BM3002 (Accounts Payable Invoice Screen) to verify the amount of Title IV funds actually released. (NOTE: If there is not a check number and date on BM3002, no checks were released to the student and should not be included in the disbursement total.)
- Financial Aid Repayment Transmittal Form: This form is completed

Accounting Processes

by the Financial Aid Office and attached to the Return to Title IV Fund Calculation document. These forms are forwarded to Registration and Cashiering for processing.

- Registration: Registration will drop the student using the date noted by the Financial Aid Office as the last day of attendance. The system will calculate the refund according to the refund policy of each college. (NOTE: The student should not be officially dropped until the Financial Aid Office has met with the student or reviewed the student's records.)
- Cashiering: The Cashier's Office will receive all documentation and complete the Return to Title IV Cashiering Worksheet. BM1625 screen is reviewed to determine if any refunds are pending as a result of the withdrawal. Refund amounts, Fee Codes and Source of Payment is entered. The amount of repayment to Title IV from the college is reduced by the amount of the refund reflected on student's account.
 - If a repayment is still due to Title IV after the offset of refunds, enter the amount in the line titled "Balance to be moved from tuition" and the line "Charges posted to Customer Account R2." These transactions can now be posted in the cashiering system using the following steps:
 - All refunds must be refunded to Title IV regardless of source of payment. (This will require the Cashier to have a Supervisor Security Level.) NOTE: If FAPC 021 (Tuition Waiver) has paid tuition, there is no cash involved and the refunds needs to be applied against FAPC 021. The balance to be moved from tuition is posted as follows:
 - Fee Code: TR (- minus) to FAPC 001 (or other Title IV FAPC) Fee Code: R2 (+positive) (Complete transaction with payment amount only if student is making a payment at the time.
 - Enter the ring number, date and cashier's name on worksheet. Distribute copies of worksheet; retaining one copy for cashiering batch. Send receipt to Financial Aid Office.

[50.40.10.d.6](#) **Provide a fee code for student refunds**

For amounts owed to the college by the student, establish a Fee Code that will allow the amount owed to be entered on BM1600 (Cashiering Screen) and post to the accounting system as a receivable. Invoices will automatically be generated to the student. (NOTE: SMS system must be

updated with the current address of the student.)

- Student Repayment of Title IV: If the student pays their portion of Title IV refund before the receivable is set up, use Fee Code established for Title IV Repayment, enter the amount paid and method of payment. (NOTE: The student has 45 days in which to make payment to the college for Title IV refunds; after 45 days, the account is turned over to the Department of Education for collection.)
- If the student makes payment after the receivable has been established, the payment will be coded against Title IV Repayment Fee Code.

50.40.20 State Grants and Aid

2003-08-15

50.40.20.a State Need Grant

This program assists needy or disadvantaged Washington residents who enroll at one of Washington's public or independent, two or four-year institutions, or participating proprietary schools. Funding is provided from state appropriations and federal matching monies through the State Student Incentive Grant (SSIG) program.

50.40.20.b Establishing An Account Code

The community and technical colleges use Fund 846 (Grants In Aid) and Program 271 (Scholarships/Grants) to account for expenditures related to State Need Grant. The Organizational Index selected is unique to each college. It is recommended to use the organization index which is unique for each grant year. Keeping the grant expenses separated by year allows the college to have a fresh start, and track the expenses and revenue through to the final adjustments, which usually occur in the next fiscal year. The following Organization Index uses the Y3 to indicate fiscal year 02/03, followed by the last digit of the FAPC or other grant indicator.

50.40.20.c The Financial Aid Program Code (FAPC)

The community and technical colleges use a system wide Financial Aid Program code for State Need Grants: FAPC 009. BM1002 (Financial Aid Program Code Table) shows all system assigned and college assigned FAPCs and corresponding account code.

50.40.20.c.1 Drawn Down State Need Grant Award

The Higher Education Coordinating Board (HECB) will initiate a monthly cash request to each institution. Schools need to submit a cash request each month. The amount requested must be disbursed to students within 30 days. Funds will be delivered within two weeks after the request is received at the Board. Payments are sent to the college via direct deposit. Notification of the deposit is sent to the contact person at each college via e-mail.

50.40.20.c.2 Reconciliation

All participating institutions are required to report detailed information on SNG eligible students through Interim Reports. The Interim Report is a detailed progress report on every student who has been awarded the SNG and on every eligible enrolled student who has not been awarded due to lack of funding. The Interim Reports are used to manage the SNG funding, redistribute de-obligated funds, set the grant amounts and income cutoffs for the succeeding year, and provide the basis for the preliminary reserve distribution.

There are separate record layouts for public and non-public schools. The record layouts for the Interim Reports can be found on-line at <https://www.hecb.wa.gov/hecblogin/login.asp>. The reports are split into two separate files:

1. All Awarded Students
2. All Unserved Students

In addition to the Interim Reports, State Need Grant records must be reconciled at year end. To reconcile, the institution must submit to the Board a report detailing each student's receipt of aid on a term-by-term basis. The SBCTC-IT has developed a State Need Grant Reconciliation Report process that allows you to produce the report and send it directly to HECB via e-mail or on diskette. To send the report file using e-mail or on a diskette, you must have access to process SM9919 (SNG Reconciliation File Download) on your Financial Aid menu. Your security manager can add it for you if you don't already have access to this process ID.

The web file is available at <http://www.cis.ctc.edu/pub/fashome.htm>. The final draw request or repayment must be completed by the July 15th OFM

deadline for interagency receivable/payables.

[50.40.20.d](#) **State Work Study**

The Washington State Legislature established the State Work Study (SWS) program in 1974 to provide financial assistance to eligible college students. This program was meant to encourage employers to create part-time positions to supplement their workforce. As with Federal Workstudy, the State Workstudy can also be expensed On or Off-Campus. On-Campus expenses would use student wages (Sub-Object AP), with an 80% grant/20% match. Note: Federal WS historically used a 75%/25% split, although 100% can now be claimed. Reimbursable code 03 has been reserved for State Workstudy. Payroll table PS9046 can be used to redirect the payroll expense to the State Workstudy account. Off campus expenses are handled in a manner similar to the Off-campus federal workstudy. The college reimburses the outside employer up to 65% of the wages paid to eligible students in recognition of the added costs an employer bears for supervision, training, and employee benefits. These expenses can be coded to Sub-Object NZ, as they do not go through our payroll system. Both On and Off Campus expenses can be recorded in the same Pro/Org.

In addition, each institution participating in State Work Study receives a three percent (3%) administrative allowance calculated on expended state funds. (NOTE: The administrative allowance is calculated on the State Work Study Year End Expenditure Report. If your institution is owed this administrative allowance, book an interagency receivable due from HECB prior to final year end close if you have not received the allowance.)

[50.40.20.d.1](#) **Establishing an Account Code**

The community and technical colleges use Fund 850 (Institutions of Higher Education- Work Study Account) and Program 273 (Work Study-Fund 850) to account for expenditures relate to State Work Study. The Organizational Index selected is unique to each college. It is recommended to use an Organization Index that is unique for each grant year.

[50.40.20.d.2](#) **Drawdown of State Work Study Award**

On a monthly basis, HECB will send the Financial Report by Program to the Business Office. This report is used to request cash reimbursement and

should be completed promptly. Payments are sent to the college via direct deposit. Notification of the deposit is sent to the contact person at each college via e-mail.

[50.40.20.d.3](#) **Reconciliation**

Once the employer agreement has been completed, the student may begin work. Hours are tracked on a timesheet, which serves as a voucher for reimbursement claims as well as a record of hours worked and other data. The student and the direct supervisor must sign the timesheet. The employer, not the college, will pay the student. The college will reimburse the employer at 65% of gross wages; requesting payment on BM3200 (Accounts Payable Invoice Screen)

The final draw request or repayment must be completed by the July 21th (note new date effective 2003) OFM deadline for interagency receivable/payables. Note: If the final invoice results in a repayment, do not net the repayment with the request for the administrative allowance. Record both separately.

[50.40.20.e](#) **Waivers**

Community college boards may grant waivers from the standard tuition and fees to limited classifications of students as authorized by statutes. The basic waiver policy is provided in WAC 131-28-02501. Specific waivers are found in RCW 28B.15 RCW. Except for specified ungraded course waivers, it is the college's option to offer the waiver as well as to limit the amount to be waived. Ungraded courses are described in WAC 131-28-026. Charges for ungraded courses consist of operating fees only and are established by the SBCTC for the system. The current rates are available at the SBCTC web site. Colleges offering state supported, ungraded courses must charge the established rate.

[50.40.20.e.1](#) **Establishing An Account Code**

The community and technical colleges use Fund 846 (Grants in Aid) and Program 275 (Tuition and Fee Waivers) to account for expenditures related to Waivers. The Organizational Index assigned is unique to each college, and maybe unique for each type of waiver.

[50.40.20.e.2](#) **The Financial Aid Program Code (FAPC).**

The community and technical colleges use a system of Financial Aid Program Codes for tracking waiver activities: i.e. FAPC 021. Using the FAPC code allows the system to post both revenue and expenditure activity for colleges to track waivers.

System-wide waivers codes (FAPC's starting with "W") do not necessarily post accounting entries. This is at the college's option. However, recording these entries, at least annually, will display the volume of activity, and properly account for this activity. When activated, the accounting entries generated by waiver activity is as follows:

- Transaction code 002 or 004 846-275-1W50-NZ-00 for the waived charge.
- Transaction code 023 846-275-1W50-0724 for the waived revenue.

These waivers are established on the Tuition Calculation Table by SBCTC-IT at the request of State Board. Report BM1002 will reflect all system-approved waivers).

[50.40.20.f](#) **Workfirst Work Based Learning Tuition Assistance**

Work based learning tuition assistance comes in two forms; allocated state, and grant funds. Allocated state funds are to be awarded first, and grant funds second. The following website has additional information at <http://www.sbctc.ctc.edu/workforce/workfirst.asp>

[50.40.20.f.1](#) **Establishing an Account Code**

Allocated state funds will be reflected on the Allocation Letter sent out by State Board. The Fund and Program are indicated on the Allocation Letter. Establish an Organizational Index to track expenditures. For grant funds, establish an account in Fund 145, Grants and Contracts, Program 100, Instruction. The Organizational Index is unique to each college

Examples

- (Allocated Funds) 135-011-1234
- (Grant Funds) 145-111-1J01

[50.40.20.f.2](#) **Establishing A Financial Aid Program Code (FAPC)**

Since Worker Retraining pays tuition and fees, books, etc. a Financial Aid Program Code (FAPC) should be established on BM1002. FAPC's

001-050 are system defined. FAPC's 051-999 are user defined. (FAPC's 100 and above should be used for scholarships only and match award subcodes 100-999; assigned in Financial Aid). Once again, changing the Organ index each year helps to account for all expenses.

Example

- FAPC 200 Account: 846-271-1W00-NZ (Tuition)
- FAPC 200 Account: 846-271-1W01-NZ (Books)

Communication between the Business Office and Financial Aid Office is very important to ensure the correct Award Package Indicator and Award Disbursement Indicator is set up correctly on BM1002 for Worker Retraining FAPCs.

All expenditures will post to General Ledger 6510 (Cash Expenditures). Using GA1335 (Trial Balance), balance the expenditures in G/L 6510 with the total expended funds on SM9425 (Financial Aid Expenditures-Student Detail)

[50.40.20.f.3](#) Reconciliation

It is very important that the Business Office and Financial Aid Office coordinate their efforts throughout the reconciliation process. A sample of the process of balancing expenditures to financial aid awards follows:

- Balance the "Disbursed Amount" total on SM9421 Report (Quarterly Award Disbursements) or SM9425 (Financial Aid Expenditures-Student Detail) to GA3230 (Monthly Operations Expenditure Report) for each FAPC code for each quarter.
- Balance the "Disbursed Amount" total to the "Accepted Amount" total on SM9421 (Quarterly Award Disbursements) for each FAPC for each quarter.
- Balance the "Disbursed Amount" total to the GA1335 (Trial Balance) G/L 6510 for each program/organizational index. (NOTE: G/L 6510 total may contain other expenditures besides subobject: "NZ". These other expenditures must be subtracted from the G/L 6510 total to balance to above "SM" reports.
- Once differences have been identified between "SM" reports and the General Ledger, prepare a General Accounting Transaction (GAT) sheet to make necessary corrections.

[50.40.20.f.4](#) **Reimbursement**

At least once a month, transfer the balanced expenditures from Fund 846 to the General Operating account or the grant account. NOTE: Since Fund 846 is now classified as a proprietary fund, use of 'T' object transfers is no longer an option. Alternatively, it is recommended that the expenditure transfer be recorded using a credit to NZ in Fund 846 and a debit NZ in Fund 001. For tracking purposes, a college could assign a sub-subobject to the NZ transfers.

- For state funding: Once the expenditures are in the General Operating account, they will be picked up on GA3231 (Vendor Payment Advance Reimbursement Report). This report is used to request reimbursement from the State Treasurer for expenditures related to Workfirst Work Based programs along with reimbursement for other state allocation expenditures. Remember, SBCTC has recommended that the state funding be spent first.
- For the grant funding: Use the OBIS on-line reporting system to request reimbursement from the State Board for Community and Technical Colleges. Once State Board has been invoiced, enter the amount due on BM1620 (Customer Accounts Screen) on FMS. The final reimbursement request must be completed by the SBCTC OBIS cut-off date in early July.

[50.40.20.g](#) **Worker Retraining Financial Aid**

In 1993, the legislature enacted the Workforce Employment and Training Act in response to the need for long-term training programs for citizens of Washington State. Washington's community and technical colleges receive Worker Retraining funding to improve programs to prepare people for work. These funds are used to update equipment, revise curriculum and develop work experience opportunities.

Worker Retraining also pays tuition, books, fees, transportation, childcare, subsistence and campus-job wages for individuals who lost their jobs due to economic changes and for those receiving Unemployment Insurance (UI) benefits.

[50.40.20.g.1](#) **Establishing an Account Code**

Funds are distributed to the system via the Allocation letter from State

Board. The Fund/Appropriation indicated on the Allocation Letter are required to track expenditures. Expenditures for worker retraining financial aid are initially recorded in Fund 846 (Grants In Aid), Program 271 (Scholarships/Grants). The Organizational Index is unique to each college. Again, changing the Organ index each year helps to account for all expenses.

[50.40.20.g.2](#) **Establishing a Financial Aid Program Code (FAPC)**

Each college can establish a FAPC on BM1002 for the Worker Retraining Program.

[50.40.20.g.3](#) **Reimbursement**

Initial expenditures are recorded in Fund 846; each month the expenditures should be moved to the correct Appropriation in the General Operating Account. NOTE: Since Fund 846 is now classified as a proprietary fund, use of 'T' object transfers is no longer an option. Alternatively, it is recommended that the expenditure transfer be recorded using a credit to NZ in Fund 846 and a debit NZ in Fund 001 or 145. For tracking purposes, a college could assign a sub-subobject to the NZ transfers. Once the expenditures are recorded in the General Operating Account, they will be picked up on GA3231 (Vendor Payment Advance Reimbursement Report). Use GA3231 to request reimbursement from the State Treasurer for expenditures related to Worker Retraining programs.

50.40.30 Local Scholarships and Grants

2003-08-15

A scholarship is a specific gift of money given to help a student continue his studies. Revenues may be received from local organized donors as well as individuals. It is recommended that all scholarship donations be coordinated with the Financial Aid Office. An account code should be established for on-going scholarship donations.

[50.40.30.a](#) **Establishing an Account Code**

The community and technical colleges use Fund 846 (Grants-In-Aid Scholarships) and Program 27x (Student Aid) to account for expenditures related to Scholarships. The Organizational Index(es) selected is unique to each college. One-time donations may be deposited into a general

scholarship account in Fund 846.

[50.40.30.b](#) **Establishing A Financial Aid Program Code (FAPC)**

Each college determines the extent to which they wish to assign FAPCs. Criteria used to establish an FAPC for a scholarship could be longevity; is this scholarship on-going or just a one time donation? BM1002 is used to establish the FAPC for specific scholarships.

[50.40.30.c](#) **Reconciliation**

FMS has various reports that can be used to reconcile scholarship revenues and expenditures:

- GA1335 Trial Balance (Fund 846: Lists each scholarship in account order as well as all accounting activity as of the date of the report)
- SM9411 Financial Aid Expenditure Report

[50.40.30.d](#) **Booster Clubs/Foundations**

See Chapter on Foundations [50.70.10](#)

[50.40.30.e](#) **Institutional Financial Aid Fund (3.5%)**

R.C.W. 28B.15.820 states, “(1) Each institution of higher education, including technical colleges, shall deposit a minimum of three and one half percent of revenues collected from tuition and services and activities fees in an institutional financial aid fund that is hereby created and which shall be held locally. Money in the fund shall be used only for the following purposes: (a) To make guaranteed long-term loans available to eligible students; (b) to make short-term loans; and (c) To provide financial aid to needy students.” Under part (c), colleges often offer direct aid to students, need-based work study programs as well as funding for the matching requirement for Perkins Loan program and Federal work study programs. Care must be taken to ensure that IFA funds are not used to supplant funding from other sources.

[50.40.30.e.1](#) **Establishing An Account Code**

The community and technical colleges use Fund 860 (Institutional Financial Aid Fund) and Program 279, 272 or 271, depending of the type of student aid expenditures. Although this fund was initially created only

for Long-Term Loans, it was expanded some years later to provide basic financial aid to needy students. The Organizational Index selected is unique to each college.

[50.40.30.e.2](#) **Collecting 3.5% from Tuition**

Using Tuition Distribution Table (GA2001), establish a distribution to Fund 860 of three and one-half percent for each most types of tuition collected. (Fall Qtr Sample Below)

GA2001		REVENUE DISTRIBUTION TABLE	
Appropriation Index:	840	Program Index:	282
Organization Index:	1R50	Source of Revenue:	0424
SubSource:	TR	Year/Quarter:	A232

Trns Code	Appr Index	Prg Index	Org Index	Src Rev	Due To	Distr Percent	Distribution Title
023	149	502	1R50	0424		0.772765266	Operating Fees
023	522	264	1S92	0424		0.097035686	Student Activities
140	060	502	1R50	0424	410	0.095199480	State Bond Redempt
023	860	272	1B00	0424		0.035000000	Institutional Fin. Aid

During month end closing, the Revenue Distribution Report (GA2102J) is run and tuition collections are distributed to each Fund as indicated on the Tuition Distribution Table.

[50.40.30.e.3](#) **Note of Caution concerning the Institutional Financial Aid Fund**

This particular program has high visibility necessitating close monitoring by the Business and Financial Aid Offices to ensure the intent of [RCW 28.B.15.820](#) is followed. These funds should never be used to supplant expenses from the operating budget.

[50.40.40](#) **Use of Fund 846 to Record Scholarships and Fellowships**

2005-06-28

The preferred method for recording scholarships and fellowships is to book the expense using SubObject "NZ" in fund 846. Some campuses may prefer to maintain the revenue and expenses for certain student financial aid programs in fund 145. In those cases, the recommended process is to record the original expense in fund 846 then using SubObject TN, transfer the cost to fund 145. This process allows all student financial aid to be

readily identified in fund 846 by the single SubObject code of NZ.

[50.40.40.a](#) **Recording State Allocated Financial Aid Funds**

Allocation in fund 001:

Transcode	Fund	Object
004	846	NZ
002 R	846	TN
503	123/125	TN
502		

[50.40.40.b](#) **Recording Aid From Grant/Contracts Such as PELL/SEOG/WorkFirst**

Transcode	Fund	Object	Revenue
004	846	NZ	
023	846		0384, 054X

[50.40.40.c](#) **Alternate coding if the Grant/Contract is to be Maintaned in Fund 145**

Transcode	Fund	Object	Revenue
004	846	NZ	
002 R	846	TN	
002	145	TN	
023	145		054X

50.50

Fee Calculation

50.50.10 Fee Calculation

2005-02-25

Fee calculation is the process utilized by FMS to calculate the tuition and fees applicable to registered students.

50.50.10.a Fee Calculation Components

- Fee Pay Status
- Tuition Calculation Table(BM1010)
- Fee Code Table(BM1001)
- Financial Aid Program Code Table (BM1002)

50.50.10.b What registration transactions update Customer Accounts?

- Adding or dropping classes that change the number of credits or clock hours
- Changing the student's fee pay status
- Changing the enrollment fee pay status
- Changing the number of credits a student has enrolled in on a variable credit class
- Typing in a percentage in the % Refund field and Y in the UPD CA field for a student who has an unprocessed refund

50.50.10.c Questions to ask when the charges in Customer Accounts are not correct:

- What should the tuition and fee amounts be?
- What is the quarterly fee pay status of the student?
- Is there a fee pay status or class fees attached to any of the classes?
- Have any of the class enrollments been overridden?
- If there is a fee pay status attached to any of the class enrollments, is there a combination entry on the Tuition Calculation table (BM1010)?
- Do you need to assign a fee pay status to a specific class enrollment?
- What is the amount for the fee code attached to the fee pay status?
- What is the amount of the fee code attached to the combination?
- Does the fee code charge by the class, credit, clock hour, quarter, year?

- Is there a fee code session override for the quarter on the Fee Code table (BM1001)?

[50.50.10.d](#) **How can I update tuition and fees after a student has registered?**

To update all fees for all students for a particular quarter, schedule job SM4240J, Recalculate Fees for a YRQ.

To recalculate for an individual student, make the appropriate change on the Fee Code Table, BM1001 or Course Schedule screen, IS1001. On the registration screen, enter the student's ID number and the YRQ, type a Y in the UPD CA field and press enter. The adjusted fees should appear on the screen.

[50.50.10.e](#) **Refund Processing Facts**

- The default refund dates and percentiles are established on the Fee Code Table (BM1001).
- To change the default percentile for an individual student, type Y in the UPD CA field and the appropriate percentage amount in the % Refund field on the Registration screen and press Enter. The new refund amount is calculated and passed to Customer Accounts.

[50.50.10.f](#) **Fee Calculation Errors**

Fee calc errors appear first on the Registration screen and are stored on the Student Enrollment Transactions screen (SM4010). Almost all fee calc errors post a designated fee code and dollar amount to the student's record in Customer Accounts. Errors 1 and 3 do not post a fee code. The fee code associated with each fee calc error is designated by the college on ZX0070, parameter CA1033.

[50.50.10.g](#) **Common Fee Calculation Errors**

A common error is BM18000009 – Missing Fee Code on Fee Code Table. This code indicates that a fee code attached to either a class or to the fee pay status hasn't been established on BM1001. It is corrected by establishing the fee code on BM1001 and then recalculating the student's tuition and fees by typing Y in the UPDATE CA field on the Registration screen and pressing Enter.

Following is a list of all fee calculation error codes:

BM1800001	Missing SID as passed from SM700x
BM1800002	Missing STU-NAME
BM1800003	Missing YRQ
BM1800004	FYR is zero. Must be > zero
BM1800005	Missing student's FEE-PAY-STAT
BM1800006	TRNS-DATE is zero or missing
BM1800007	COL is missing
BM1800008	Missing TUIT CALC-KEY in TUIT-CALC-TBL-M
BM1800009	Missing FEE CODE on FEE CODE TABLE
BM1800010	CUST-M data set is full. Call Data Center
BM1800011	Reg updated/Call data center. 9021 error
BM1800012	Reg updated/Call data center. 9021 error
BM1800013	Invalid TRNS-DATE
BM1800014	Invalid FIRST-DAY-YRQ for session
BM1800015	Customer Account Data Base not available. Call Data Center
BM1800016	Internal table #1 overflowed. Call Data Center.
BM1800017	Internal table #2 overflowed. Call Data Center
BM1800018	Internal table #4 overflowed. Call Data Center.
BM1800019	Internal table #6 overflowed. Call Data Center
BM1800020	Internal table #8 overflowed. Call Data Center.
BM1800021	Internal table #9 overflowed. Call Data Center
BM1800022	BM1840W write error. Call Data Center.
BM1800023	BM1840 update error. Call Data Center
BM1800024	Internal error in BM1810 program. Call Data Center.
BM1800025	Internal error in BM1840 program. Call Data Center
BM1800026	Refund can't be calculated. Class/Qtr start dates different.
BM1800027	Invalid date for a CLASS START DATE
BM1800028	PCT-REFUND cannot be greater than 100 percent

50.50.20 Fee Pay Status

2005-01-11

This is a code used to determine the tuition paying category of a student or a class.

A student can have multiple Fee Pay Statuses based on their biographic, quarterly or enrollment information.

Classes can have a fee pay status or not. If they do not, tuition rate is determined from the student's fee pay status. If they do, the class fee pay status determines the student's tuition rate.

In addition to being used for fee calculation, a student's fee pay status is

also used for MIS reporting purposes such as to track activities of Running Start students.

[50.50.20](#).a **How does Fee Calculation use fee pay status codes and in what order?**

Fee Calculation uses fee pay status codes in the following order:

-- Combo

-- Class

-- Student

- Combo Fee Pay Status – Certain combinations of Class and Student FPS codes are defined in the Tuition Calculation table, BM1010 and associated with specified fee codes. For example a student with a quarterly student fee pay status of 23 (refugee-resident) enrolls in one class that has been overridden at registration with a class fee pay status of 18 (over 18 credits exempt resident). Student is charged the fee code of *X for that one enrollment. *X is the fee code attached to the fee pay status of 18 in BM1010.
- Class Fee Pay Status – Some classes are associated with a unique fees. In these circumstances the appropriate Class Fee Pay Status is entered on the Course Schedule screen (IS1001). For example, a student with a quarterly fee pay status of A1 (vocational supplemental) enrolls in a class with a fee pay status of 99 (non-tuition class). Based on the Class FPS 99, the fee code T0 is applied to the student's account.
- Student Fee Pay Status – Each quarter, a student's FPS is recorded on the Registration screen, SM7001/A. For example, a student with a quarterly fee pay status of 01 (resident tuition) enrolls in a class without a fee pay status. Based on this information Fee Calculation determines the student is charged the fee code of TR;TR being the fee code attached to the fee pay status of 01.

50.50.30 Tuition Calculation Table (BM1010)

2012-03-28

The Tuition Calculation Table is used to identify the fee codes related to a Student Fee Pay Status and/or a Class (Enrollment) Fee Pay Status (see 50.50.20). Data elements on the Tuition Calculation Table screen are divided into four sections. The SBCTC-IT and the State Board control the

data elements in second and fourth sections of the screen. The data elements in the first section and third sections of the screen are college controlled.

[50.50.30.a](#) **College controlled sections of the Tuition Calculation Table Screen**

The first section allows users to enter their College Code, Student Fee Pay Status, Class Fee Pay Status, or a combination of Student/Class Fee Pay Status.

The third section is also college controlled and allows users to add, change, or delete supplemental fee codes for any of the fee pay statuses.

[50.50.30.b](#) **Tuition Calculation Table List Function**

The list function on the Tuition Calculation Table allows you to scroll through all fee pay statuses. This function allows the user to identify attributes such as the standard and waiver fee codes, the supplemental fees, and the supplemental tuition fee codes attached to each FPS.

[50.50.30.c](#) **FEE PAY STATUS (First Section of Tuition Calculation Table)**

In this section of the screen, the college enters the applicable STUDENT and/or CLASS Fee Pay Status. The STUDENT fee pay status field identifies the type of tuition charged to a student. For example:

- Resident
- Non-Resident
- Viet Nam Veteran
- High School Completion

The CLASS fee pay status field identifies the category of tuition charged for a class. For example:

- EMT
- ABE/ESL
- GED Prep

[50.50.30.d](#) **Data Elements of the Tuition Calculation Table (Second Section)**

The data elements in this section are controlled by SBCTC-IT/SBCTC and determined by the Student/Class Fee Pay Status entered in the first section of the Tuition Calculation Table (BM1010).

[50.50.30.d.1](#) **BM1010 - Standard Section**

The STANDARD section identifies the fee codes used by fee calculation for regular transactions (as opposed to waiver transactions). The STANDARD FEE CODE field contains the fee code that is assigned to a specific fee pay status. For example, if we are looking at FPS 01, the standard fee code assigned is TR (Resident Tuition).

[50.50.30.d.2](#) **BM1010 - Standard Fee Limit**

The STANDARD FEE LIMIT field identifies the maximum number of units (credits, course, etc.) that will be charged to the fee code. For example, for FPS 01 and fee code TR, the maximum number of credits is 18. Because of the change in how we now calculate 11-18 credits, fee code +G is used for FPS 01 for 11-18 credits.

[50.50.30.d.3](#) **BM1010 - Standard Limit Type**

The STANDARD LIMIT TYPE field is an informational label only. It is not used by the fee calculation process.

[50.50.30.d.4](#) **BM1010 - Standard Over Limit Fee Code**

The STANDARD OVER LIMIT FEE CODE identifies the fee code used when the units exceed those specified in the STANDARD FEE LIMIT FIELD. For example, looking at FPS 01, the over-limit fee code used is TP when a student's units exceed 18 credits.

[50.50.30.d.5](#) **BM1010 - Waiver**

WAIVER section determines the calculations used for fee pay statuses that have tuition calculation waivers associated with them. The WAIVER STANDARD FEE CODE field identifies the standard fee code for which fees would have been charged if the fee pay status had not resulted in a tuition waiver. The WAIVER OVER LIMIT FEE CODE field identifies the fee code used for a tuition waiver when the units exceed those specified in the STANDARD FEE LIMIT field.

[50.50.30.d.6](#) **BM1010 - FAPC Code**

FAPC CODE field identifies the financial aid program code assigned to a tuition waiver.

50.50.30.d.7 BM1010 - Waiver Calculation Ind

WAIVER CALCULATION IND field has two values. If **F** for full waiver is displayed, the tuition waiver is to be calculated for the full amount of the tuition and no charges will display on BM1600. If **D** for partial waiver is displayed, the difference between the full amount and the actual amount charged will be calculated, and the amount the student has to pay will display on BM1600.

50.50.30.e SUPPLEMENTAL FEES (Third Section)

This section allows the colleges to add additional supplemental fee codes to any fee pay status. The **MIN** column is used to identify the minimum number of units a student must be enrolled in before the student will be charged for the supplemental fee code. Calculation will begin when the student's enrolled units are equal to, or greater than the **MIN** value.

If there is a value in the **MAX** column, the charges for that fee code will be calculated only for values exceeding that amount. If you want to begin charging a supplemental fee after a student has enrolled in 19 or more units, you enter **19** in the **MIN** field and **18** in the **MAX** field. Charges will begin calculating at 19 units and continue until the amount reaches the maximum value on the Fee Code Table (BM1001).

50.50.30.f SUPPLEMENTAL TUITION (Fourth Section)

This section was added to enable the colleges to charge tuition for the 11-18 credits for specified fee pay statuses. The **MIN** (minimum) and **MAX** (maximum) columns are used to determine the range for the units (for example, credits, hours, courses). The **Fee CD** (fee code) column identifies the fee code that will be used for the calculation.

50.50.40 The Fee Code Table (BM1001)

2005-01-11

The Fee Code Table is one of the required tables for Cashiering and Customer Accounts. The fee calculation process edits the Fee Code Table when generating charges for customers.

A fee code is a two-digit alpha/numeric, alpha/alpha, or numeric/numeric code that identifies a type of charge. For example:

- Tuition code: **TR, A1**
- Class fee code: **12, BB**
- Incidental fees code: **1N 99**

The Fee Code Table is used to

- determine whether or not to update the Customer Accounts database
- assign a fee class
- establish the fee rates, minimum, and maximums for a specific fee code
- determine the order in which fees are to be paid
- attach a debt type (if it is to be different from the default value)
- generate a revenue or an expenditure account structure
- define a refund schedule

[50.50.40.a](#) **Fee Codes reserved for and defined by SBCTC-IT/SBCTC**

The SBCTC-IT/State Board reserves a group of specific fee codes for tuition. All others are college defined. The colleges control all of the attributes associated with fee codes for both SBCTC-IT/SBCTC and college defined fee codes. There are certain attributes that the colleges are required to use when entering values for the tuition fee codes (which are communicated to the colleges by the State Board or the SBCTC-IT).

[50.50.40.b](#) **Fee Code Table Fields Affecting Fee Calculation**

The following fields on the fee code table affect the fee calculation process:

- FEE CD TITLE (Fee Code Title)
- UPDATE CA (Update Customer Accounts)
- FEE UNIT (Fee Unit)
- FEE RATE (Fee Rate)
- FEE MIN (Fee Minimum)
- FEE MAX (Fee Maximum)
- YRS EDIT (Years Edit)
- REFUND IND (Refund Indicator)
- DEBT TYPE (Debt Type)
- The Account Code Structure
- REFUND PHASE (Refund Phase)

[50.50.40.c](#) Fee Code Table Overrides

The fee code table override screen is accessed from the main fee code screen. This screen provides alternative fee rates, minimums, maximums, and account structures if these values are different for one or more year/sessions. If the fee code values are the same for all year/sessions, you do not need to use this screen.

[50.50.50](#) Financial Aid Program Code (FAPC) Table (BM1002)

2005-01-11

The FAPC table is used to assign codes and account structures to each financial aid program. Cashiering can be set up to automatically display the default payment method for a student's financial aid award. The cashier can accept this default, or the college can schedule the Auto Application of Financial Aid job to apply the awards in a batch process.

The FAPC table interacts with the fee calculation process by defining the waiver codes. The **W** or waiver FAPC's are system controlled. The SBCTC-IT adds, changes, or deletes waiver codes for the entire system based on direction from the State Board.

[50.50.50.a](#) Standard Fee Calculation Waiver Coding

Fee calculation waivers are set up with:

- No account code
- An award package indicator of **N** (no)
- An award disbursement indicator of **8**

8 is used for non-transferable waivers and can only be used by fee calculation to satisfy waiver charges for which no accounting is to be generated.

[50.50.50.b](#) The Waiver Report (BM1719J)

This report lists the fees that have been waived by either fee calculation waivers (**W**'s) or by institutional waivers. Institutional waivers are college-created waivers that are applied by the cashiers. These waivers should have a **7** (transferable waiver) award disbursement indicator that can be used to generate accounting.

[50.50.50.c](#) **How is the Revenue Indicator field used?**

The Revenue Indicator field is used to determine whether or not a revenue transaction should be generated along with a financial aid expenditure. The values are **N** (no) or **Y** (yes). The account code of the fee code (from BM1001) is used for the revenue transaction. The account code on the FAPC table is used for the expenditure code.

[50.50.50.d](#) **Options for scheduling the Waiver Report (BM1719)**

You may schedule the Waiver Report to print in summary or in detail. The Waiver Summary (B) provides a report by fee code of the waivers. You may select a date range, an FAPC range, and year/session. The Waiver Report (A) provides a detailed list of waivers with all transactions. You may select a date range, FAPC range, year/session, and sort by name or ID.

50.60

FMS/AFRS Interface

50.60.10 How is FMS data transferred to AFRS?

2003-08-15

Each month a few days after the Financial Management System closes, the SBCTC-IT electronically transmits the data to the State of Washington's computerized accounting system known as Agency Financial Reporting System (AFRS). The data is consolidated to as high a level as allowed by the Office of Financial Management (OFM). The level of consolidation is determined by the data elements required by OFM to be input into AFRS. The data elements vary depending upon the type of transaction. A list of the different types of entries and their required elements are as follows:

- Revenue:
T/C, Fund, Source, GL, Amount (0621 and 0622 sources require subsidiary data).
- Expenditure:
T/C, Fund, Appropriation Index, Program Index, Subobject, GL, Amount.
- Asset or liability:
T/C, Fund, GL, Amount (Plus subsidiary data if required).

This means, for instance, that if all colleges input tuition revenue into Fund 149 as 023-149-PPP-OOOO-0424-TR (instead of sending AFRS a separate line for each college) all entries are combined and only one line is sent. Since this is a revenue entry, 023-149-0424- $\$xxx.xx$ is what is transmitted to AFRS.

The State does not see individual college activity due to this consolidation. From the State's viewpoint colleges are all considered one agency called "Community and Technical Colleges", with one agency number 6990. Agency 6990 includes each community college, technical college, SBCTC-IT, and the State Board for Community and Technical College (SBCTC). Not all entries are sent to AFRS and not all entries are sent to AFRS the same as entered into FMS. There are numerous crosswalks involved in the consolidation process.

50.60.10.a Major Crosswalk Differences

Accounting Processes

Because the crosswalk process is dynamic, this section only lists some examples. To identify them it is recommended that whenever a chart of accounts data element report is produced in Data Express (Datax) the AFRS data element, if available, is included in the report. For instance, when producing a report listing transaction codes, also list the related AFRS transaction code; when producing a report showing subobject codes, also list the related AFRS subobject code. This will identify the data elements that are crosswalked to a different code and/or those that are not reported to AFRS. If an element is not sent to AFRS the AFRS field will be filled with asterisks.

Usually crosswalks occur when a more detailed reporting level is needed in FMS for tracking and managing accounts.

[50.60.10.a.1](#) **What are the types of “cross walks”?**

Two types of “cross walks” are as follows:

Entries not reported to AFRS

- TC 040 (1150/1151) is not sent to AFRS. This is an internal balancing entry in FMS for purposes of reconciling bank accounts. AFRS has a GL 1150 but it is used for Cash with Fiscal Agents.
- Program Index 275 is not sent to AFRS. This is an internal program used to record accounting entries for waivers.
- Organization Indexes are not sent to AFRS. These are for internal tracking only.
- General Ledgers 1360 through 1365 and 8160 through 8165 are not sent to AFRS. These are internal ledgers for tracking NDSL loans.
- Transaction Codes beginning with A, R, or S are not sent to AFRS. These are used to record opening balances. FMS closes revenue and expenditures to fund balance and creates opening asset, liability and fund balance amounts independently of AFRS.

Entries transmitted to AFRS as a different code

- Subobject codes AA, AB, AC, and AD are reported to AFRS as AD.
- General ledger 1399 is reported to AFRS as 1319.
- General ledger 4310 is report to AFRS as 7110, 7120 or 7140 (see in-process section).
- Program index 015 is reported to AFRS as 011.
- Sources 0541, 0542, and 0542 are reported to AFRS as 0541.

Accounting Processes

- Fund 444 is reported to AFRS as Fund 443.
- In capital accounts programs are all sent as 900.
- In all other funds except Fund type 1 and 3, programs are sent as 850.
- Fund 841 is sent as Fund 840. 841 is an internal account used for bank activity.

In each of these cases management reports are needed at a finer, more detailed level than allowed if only AFRS coding was used.

FMS transaction codes are cross-walked to the related AFRS transaction codes.

50.60.10.b Manual Adjusting Entries and Opening Entry Differences

FMS closes the fiscal year near the end of July. AFRS closes the fiscal year in October. If a college, SBCTC, or SBCTC-IT needs to make additional entries after FMS is closed, a manual adjusting entry is sent to SBCTC. This entry is input into AFRS so the Washington State Comprehensive Annual Financial Report (CAFR) is accurate. The entry cannot be recorded in FMS because it is closed for the fiscal year.

For example: A college records an additional accounts payable using the manual adjusting entry process. This entry is made in AFRS but is not entered into FMS.

GL	AFRS Bal	Adj. Entry	Closing	AFRS Open	FMS Bal	FMS Open	Difference
6505	8,000.00	1,000.00	(9,000.00)	-0-	8,000.00	-0-	-0-
5111	(8,000.00)	(1,000.00)	-0-	(9,000.00)	(8,000.00)	(8,000.00)	(1,000.00)
9590	-0-	-0-	9,000.00	9,000.00	-0-	-0-	1,000.00

Because AFRS closes revenue and expenditures to fund balance independently of FMS, the two systems are out of balance at the beginning of the new fiscal year in the liability ledger and the fund balance ledger. After AFRS closes and no more entries may be made, SBCTC notifies each entity of their opening entry differences. These opening entry differences must be corrected by bringing FMS into balance with AFRS. Special transaction codes, starting with the letters A, R, and S are used to adjust the opening entry balances. Refer to section [50.80.90.a](#) for additional information.

FMS and AFRS must balance to each other to ensure that all entries made in the records of a college, SBCTC or SBCTC-IT are recorded in the State's accounting system and that all entries recorded in AFRS are

recorded in FMS. AFRS is used to produce the CAFR but audits are performed using data from FMS.

[50.60.10.c](#) **Community and Technical Colleges' presentation in CAFR**

The statewide Comprehensive Annual Financial Report (CAFR) is prepared from data posted into the AFRS system. Consolidated data from the Community and Technical Colleges is input it into AFRS as one state agency. This data is combined with the data from all other state agencies and is presented in the CAFR. There is no discrete presentation of CTC data in the statewide CAFR.

[50.60.20](#) **In-Process Reports**

2003-08-15

The In-Process Report is designed to provide information about treasury cash activity posted to AFRS by the agencies. There are two major components to the in-process report.

[50.60.20.a](#) **Vendor Payment Advance (VPA)**

The first major component is the Vendor Payment Advance (VPA) reimbursement. The college receives annual allocations giving it authority to spend a specific amount of State general fund or capital fund dollars. It spends this by charging expenditures against fund type 1 accounts and then requesting reimbursement from the State Treasurer. The total expenditures recorded in fund type 1 accounts are limited to the amount of the allocation. The amount withdrawn from the State Treasurer is limited to the amount of the required to reimbursement the college for actual expenditures. SBCTC monitors expenditures to verify the college is not exceeding the authority (allocation) to spend state dollars. SBCTC also monitors the amount withdrawn from the State Treasurer to verify that the college is only withdrawing funds for reimbursement of those expenditures.

[50.60.20.b](#) **Payment to the State Treasurer**

The second major component is payment to the State Treasurer for a portion of collected tuition. A portion of the tuition collected by community colleges must be deposited with the State Treasurer into Fund 060 and is subsequently used to pay off bonds issued to build the college's

infrastructure and for new construction. The money is sent to the Treasurer quarterly and is recorded into FMS.

All cash entries into either the state general fund or state capital funds (both also known as treasury funds) are recorded with general ledger 4310 Treasury Cash. All payments to or reimbursements from the State Treasurer are accompanied by a document identifying the fund and the dollar amount transmitted. Therefore, documents sent to the treasurer must equal entries recorded against GL 4310 in FMS. Each month SBCTC reconciles the documents recorded by the treasurer against the entries posted by the colleges through FMS. If they are out of balance SBCTC sends a report to the individual college showing items that do not match. The in-process out of balance report sent by SBCTC is like a bank account reconciliation of treasury funds and treasury cash.

[50.60.20.c](#) **Treasury Funds and Treasury Cash**

Treasury funds are identified as fund type 1 in the FMS system. Fund type 1 expenditures are paid for by state funds through the State Treasurer and revenue collected in Fund type 1 must be deposited with the State Treasurer.

Each college, the SBCTC, and SBCTC-IT have accounts at the State Treasurer “bank” they are allowed to access. The maximum amount they are allowed to draw down from these accounts is limited to the amount of their allocations – or authority to spend.

In FMS general ledger 4310 is used to account for cash activity with the State Treasurer just as general ledger 1110 is used to account for cash activity in the entity’s local bank account. GL 1110 is summarized using general ledger 1150; GL 1150 is used to reconcile the local bank account; GL 4310 is used to reconcile the State Treasurer “bank” account through the in-process system; and GL 4310 is used in FMS to identify cash activity in treasury funds, but it is cross-walked to three different general ledgers in AFRS.

[50.60.20.d](#) **FMS GL 4310 to GL 71xx in AFRS**

In AFRS the only agency allowed to make entries to GL 4310 is the State Treasurer. Therefore, when entries are made into FMS debiting or crediting treasury cash (GL 4310) these entries are cross-walked to either

Accounting Processes

GL 7110, 7120, or 7140 in AFRS depending on the type of transaction. The college has no control over which GL their entry converts to.

- GL 7110 is used to record receipts.
- GL 7120 is used to record expenditures.
- GL 7140 is used to record transfers between funds and/or agencies.

When the Treasurer receives the document an entry to GL 4310 is posted and offset it with either GL 7110, 7120 or 7140. The FMS entry to AFRS GL 71xx (GL 4310 in FMS) and the Treasurer's entry to 71xx must offset each other and zero out.

For example, a college records a \$100.00 expenditure in Fund 001 and requests reimbursement resulting in the following entries:.

- 6505/5150 (accrual reversed in the following month and the cash expenditure recorded).
- 5150/6505 plus 6510/4310 is sent to AFRS as 6510/7120. (college month-end accrual reversal)
- 7120/4310 A treasurer records the JV from college as (crediting treasury cash and offsetting it with GL 7120).

The college processed a GL 7120 credit; the Treasurer processed a GL 7120 debit; the two entries total zero. In addition the document sent to the treasurer must identify which college is processing the document and show a request for a \$100.00 reimbursement in Fund 001.

50.60.20.e **FMS Entry vs. Documents Processed by the Treasurer**

All entries to GL 4310 and documents sent to the treasurer must equal. Two basic types of documents are Journal Vouchers (A7-A) and Cash Receipt (A8-A) forms. Each college assigns a number to the form when sending it to the treasurer. The first three digits of the document number must be the district's agency (6xx). This is the only method SBCTC has to identify which college sent the document and which college must have entries that match the amounts on the document.

For details on the most common entries and documents see the illustrative entries for cash receipts, cash disbursements, and journal vouchers.

50.60.20.f **Bank Account Analogy**

The in-process out of balance report can be viewed as a bank

reconciliation, with the State Treasurer as the bank. Local bank statements and the State Treasurer “bank account” must be reconciled.

When a bank account is reconciled, entries where the amount recorded in the checkbook does not match the entries appearing on the bank statement are identified. Then it must be determined if an adjusting entry needs to be made in the checkbook or if the bank needs to make an adjustment

The SBCTC reconciles the college records with the State Treasurer and each month sends the college a list of those entries that do not match. This list is referred to as the In-Process Out-Of-Balance Report. From this report colleges must determine whether an entry must be made in FMS or if the State Treasurer needs to process a document.

50.60.20.g **FMS Reports used by SBCTC to create the In-Process Report**

To create the in-process report, SBCTC must identify entries by college and match those entries to documents processed by the treasurer for that college. They must also identify items not recorded in AFRS for that college because the items were rejected for some reason. A document is sent to the treasurer based on the recorded entries. If an entry is rejected and therefore not recorded, the document will no longer match.

SBCTC uses a database, which includes district codes, to identify entries by college. All entries affecting GL 4310 in FMS are extracted. These entries are then sorted by college. Certain transaction codes are totaled at the fund level. Specifically, vendor payment reimbursement TC 504 is totaled by fund and tuition payment TC 142 is totaled by fund. These are totaled because the college will submit one JV a month for their vendor payment reimbursement by fund and also will submit one Cash Receipts JV at least quarterly for their payment of tuition to Fund 060. All other entries affecting GL 4310 are extracted at line item detail because these are outside the normal monthly processes.

SBCTC identifies documents processed by the Treasurer from a daily AFRS report listing all documents processed the prior day. SBCTC keys the data into a database by district by identifying the district by the number assigned to the document. Therefore, it is critical that colleges use the above noted numbering system so the document can be linked to their college.

Refer to section [50.60.30](#) for information on FMS Errors and Section [50.60.40](#) for information on AFRS Rejections.

Entries to GL 4310 in FMS are cross-walked to three different in-process general ledgers in AFRS. The three in-process general ledgers are used to identify specific types of transactions. The following illustrative entries show the common uses of these general ledgers in the community and technical college system.

[50.60.20.h](#) **Illustrative Entry for Cash Receipts GL 7110**

When tuition is distributed it is recorded in Fund 060 as:

- FMS TC140 060-PPP-OOOO-0424-xx GL1353/3205

When it is remitted a Cash Receipts (A8) form is sent to the State Treasurer. The treasurer records the Cash Receipts by debiting treasury cash and crediting in-process:

- AFRS TC001 060-0424 GL4310/7110

The college records the deposit sent to the St. Treasurer in Fund 060.

- FMS TC142 060-PPP-OOOO-0424 GL 3205/1353 4310/3210
Sent to AFRS as TC 093 GL3205/1353; 7110/3210

The college debits 7110 and the treasurer credits 7110. If GL 7110 does not zero out, both sides will show on the in-process report. The college's entry shows in the columns marked "FMS Amount" and the Treasurer's entry shows in the column marked "Treas. Doc".

[50.60.20.i](#) **Illustrative Entry for Cash Disbursements GL 7120**

VPA expenditures are recorded in treasury funds (001,057, etc) using TC 503.

- FMS TC503 101-011-1110-EA GL6505/5150
- FMS TC503 101-042-0420-GC GL6505/5150
- FMS TC503 E12-999-9999-EQ GL6505/5150 (Fund 057)

The month closes and the GA GA3231 (VPA Reimbursement Report) is produced summarizing all expenditures using TC 503. It is used to request reimbursement by fund. When reimbursement is requested a Journal Voucher (A7-A) is sent to the State Treasurer. The treasurer records the Journal Voucher by debiting in process and crediting treasury cash.

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- AFRS TC903 001 GL7120/4310
- AFRS TC903 057 GL7120/4310

Because FMS assumes reimbursement will always be requested in the following month it automatically generates the following entry converting accrued expenditures to cash expenditures, reducing the liability ledger and increasing the treasury cash ledger.

- FMS TC504 101-011-1110-EA GL5150/6505 6510/4310
- FMS TC504 101-042-0420-GC GL5150/6505 6510/4310
- FMS TC504 E12-999-9999-EQ GL5150/6505 6510/4310
Sent to AFRS as TC 060 GL5150/6505 and 6510/7120

The college credits 7120 and the treasurer debits 7120. If GL 7120 does not zero out, both sides will show on the in-process report. The college's entry shows in the columns marked "FMS Amount" and the Treasurer's entry shows in the column marked "Treas. Doc." If reimbursements have not already been requested for these expenditures, these amounts must be added or subtracted to VPA totals when asking for reimbursement.

[50.60.20.j](#)**Illustrative Entry for JVs GL 7140**

When another state agency is paid via journal voucher, or they pay via journal voucher, it is considered a transfer and will show under GL 7140. More typically, when revenue or expenditures are transferred between treasury funds, the treasurer must be notified to transfer the money. Just making the entry does not transfer the money.

A capital expenditure in Fund 060 should be charged to Fund 057. An entry is made to transfer the charges. The example illustrates the transfer using TC 002, NOT TC 503.

- FMS TC002R B01-999-9999-JE GL4310/6510 (Fund 060)
- FMS TC002 – B02-999-9999-JE GL6510/4310 (Fund 057)
Sent to AFRS as TC 208 GL7140/6510 (Fund 060) and 6510/7140 (Fund 057)

The entry appears to increase cash in Fund 060 and decrease cash in Fund 057 but unless a journal voucher is sent to the treasurer the actual cash is not transferred. There are two separately authorized cash accounts at the treasurer and each has its own spending limits. Without notifying the treasurer of this transfer one account will appear under spent and the other account will be over spent.

To have the treasurer transfer the funds send them a Journal Voucher (A7-A).

- Fund 060 \$\$\$00 debit
- Fund 057 \$\$\$00 credit

The treasurer records the Journal Voucher by debiting cash in Fund 060 and crediting cash in fund 057.

- AFRS TC704-060 GL4310/7140
- AFRS TC704R-057 GL7140/4310

The college's debit and credit to 7140 offsets the treasurer's debit and credit to 7140. If GL 7140 does not zero out, both sides will show on the in-process report. The college's entry shows in the columns marked "FMS Amount" and the Treasurer's entry shows in the column marked "Treas. Doc."

[50.60.20.k](#) **VPA**

Refer to section [50.65](#).

[50.60.20.1](#) **Resolving In-Process Out of Balances**

To resolve in-process out of balances, first look in the Reject column of the report to see if there is an entry that did not make it into AFRS. Correcting this error(s) may solve the out of balance. Also, if VPA reimbursement is not requested in the month following TC 503 expenditures, the in-process will be out of balance – refer to section [50.65.60](#) (7). Requesting reimbursement will bring the in-process into balance.

If expenditure activity was recorded in GL 4310 with a transaction code other than 503 and reimbursement was not requested or the money was not paid to the treasurer there will be an amount in the "FMS Amount" column but no matching entry in the "Treas. Doc." column. The individual sections on cash receipts, cash disbursements, and journal vouchers will explain how to process these types of entries.

[50.60.30](#) FMS Errors

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FMS errors are simply entries that were not sent to AFRS or entries that

did not make it through all the edit processes and therefore did not get reported to AFRS. In all cases these entries are recorded in FMS but are not in AFRS. Because they are not recorded in AFRS they may cause an in-process out of balance condition. Most entries creating an FMS error will also appear on a SMART program checklist page.

[50.60.30.a](#) **Source of Error Reports**

There are two reports used to identify FMS errors. The CR2353 and the CR2355 are monthly reports received by each college and the SBCTC. In addition, entries using transaction code 026 in fund type 1 (4310/3215) may also be considered an error.

[50.60.30.a.1](#) **CR2353 – AFRS Not Reported**

CR2353 lists all entries recorded in FMS but not reported to AFRS. Most of these entries are deliberately not reported. To identify which transaction codes are not sent to AFRS ask for the matching AFRS transaction code when producing a transaction code list. If a transaction is deliberately not sent, the AFRS transaction code will show as ***. Refer to section [50.60.30.a.1](#) for examples of transactions not reported.

SBCTC ignores all of the above entries that were deliberately not sent. They then look for valid entries that should have been sent and “force” them into AFRS. An example of this type of entry is:

An entry is made in FMS recording an allowance in Fund 840 offset by revenue (1349/3210). Fund 840 does not allow revenue so GL32xx entries are sent to AFRS as GL 5199. There is no transaction code in AFRS to record the entry as 1349/5199 therefore the transaction is not sent at all. SBCTC forces this entry into AFRS by separating it into two separate entries. One entry does allowance/cash (1349/4310) and the other entry does cash/liability (4310/5199). Any remaining entries will be sent to the college on the FMS Error report. It is generally advisable to process correcting entries on a monthly basis. When these transactions are allowed to accumulate, it can make identification of original error more difficult.

[50.60.30.a.2](#) **CR2355 – AFRS Extract Error List**

Anything appearing on report CR2355 is an error and must be corrected. FMS has several levels of edits. Some edits are on-line that catch problems

immediately as data is input and they must be corrected before the entry can be processed. Some edits happen when the nightly processing is run and appear on daily diagnostics. These must be corrected before the month closes. Other edits only happen when month end is processed and these appear on the CR2355 report.

Some common errors that appear on this the CR2355 report are:

- GL 6xxx has no subobject code. This usually occurs when a 13xx or a 5xxx ledger is offset with expenditure and the TC is not set to require a subobject.
- GL 3xxx has no source code. This usually occurs when a 13xx or a 5xxx ledger is offset with revenue and the TC is not set to require a source.

Correct these by exactly reversing the entry, then change the transaction code to make that element (O) optional and re-input the entry with the revenue source or expenditure subobject code.

[50.60.30.b](#) **Transaction Code 026 in Treasury Funds**

When TC 026 (4310/3215) is used in treasury funds (Fund type 1) it is not sent to AFRS. Entries debiting GL 3215 in treasury funds are NOT ALLOWED and these entries will be added to the FMS error list. Entries crediting GL 3215 are “forced” into AFRS by SBCTC. If source 0485 (immaterial prior period adjustment) or source 0716 (recovery of prior biennium expenditures) is not used, SBCTC will add this entry to the FMS error list and it must be corrected.

[50.60.30.c](#) **Fixing FMS Errors**

The coding on the FMS error report is FMS coding. There was no attempt to send these entries to AFRS because they did not pass FMS edits. FMS errors should be reversed exactly as entered. The entry can then be input again with the correct data element or with a different transaction code.

50.60.40 AFRS Rejections

2003-08-15

[50.60.40.10](#) **AFRS Edits**

After all entries have passed FMS edits they are sent to AFRS where they

go through an AFRS edit process. Any items not passing the AFRS edits are listed on a report received by SBCTC, and they identify the college making the entry. These entries then are sent to the colleges on an AFRS Rejects report and must be corrected. The coding shown on the AFRS Reject report is AFRS coding.

In order to find these entries in FMS and correct them you must know the FMS coding used. One of the first places to look is the CR2354 report. The left hand side of the report shows the AFRS coding and the right hand side shows the related FMS coding. The FMS side is shown at the level reported to AFRS. This means that revenue only shows the TC, fund and source with no program or organization codes. Expenditures show TC, appropriation index, program and subobject. This however will give the transaction code used and a little bit more of the coding structure. Once the transaction code is known, the general ledgers affected can be identified and the GA 1330 report can be used to find the entry (or entries) making up the number. From this report the source document can be identified. Because these entries are not recorded in AFRS they may cause an in-process out of balance condition. Most of these entries also appear on a SMART program checklist page. Common errors are:

- F(x) subobjects with GL 6510 or GL 6516 with a subobject other than F(x).
- Invalid program indexes in an operating fund (program index 210 in Fund 149).
- Program index 500 recorded expenditures (only revenue is allowed in program index 500).
- Invalid appropriation index, i.e. prior biennium's capital project appropriation index.

These errors must be reversed exactly as entered and then re-input the correct way.

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Open Entry Differences

Refer to section [50.60.10.b](#) for an example of an opening entry difference. Refer to section [50.80.90.a and b](#) for more information regarding manual adjusting entries and their affect on opening entry difference.

50.65 **Vendor Payment Advance**

50.65.10 Vendor Payment Advance Process

2003-08-15

The State Treasurer reimburses colleges for expenditures made from Treasury Funds, which are Fund Type 1 in FMS. (Refer to section [50.60.20.a](#)) The reimbursement takes place automatically for payroll entries through the payroll system. To avoid the problem of colleges being required to use local funds to cover non-payroll treasury fund activity, an advance payment is received at the beginning of each biennium.

50.65.10.a Legal References for VPA

This “Vendor Payment Advance” (VPA) is prescribed in RCW 28B.50.090 and RCW 28B.50.143. The advance must be returned to the State Treasurer when the final reimbursement of the biennium is requested and is therefore treated as a short-term loan between treasury and local funds. Refer to SAAM 85.74.10.

50.65.10.b How is the amount of the advance determined?

The amount advanced is based on the budgeted expenditures in Fund 001 for the biennium. Each college is to receive 17%, and SBCTC is to receive 24%, of its average monthly allotment in Fund 001. SBCTC calculates this amount and submits a request for approval to OFM. Upon receiving approval, SBCTC then notifies each college of the advance they are allowed to draw from the State Treasurer.

50.65.20 Accounting for VPA Expenditure Transactions

2003-08-15

50.65.20.a How is the original advance recorded?

The following example shows how the advance is recorded at the start of each biennium:

T/C	APPR INDEX	PRG INDEX	ORG INDEX	SRC	Due To/From	GL DR	GL CR	Amount (\$)
500	001	PPP	OOOO		840	5150	4310	50,000

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T/C	APPR INDEX	PRG INDEX	ORG INDEX	SRC	Due To/From	GL DR	GL CR	Amount (\$)
507	001	PPP	OOOO		840	1350	5150	50,000
501	840	PPP	OOOO		001	1110	5150	50,000
040	841	285	1BOO	0499		1150	1151	50,000

The net effect of these entries is:

- Fund 001 reduces treasury cash offset with a receivable from local funds-1350/4310.
- Fund 840 increases cash offset with a payable to treasury funds-1110/5150.
- Deposit into local bank account is recorded (Fund 841)-1150/1151.

Treasury Fund 001 has given a short term cash loan to a college's local fund.

[50.65.20.b](#)**How do I record payments that will be reimbursed through the VPA process?**

There are three common methods to record reimbursable expenditures in treasury funds. VPA reimbursable expenditures are always recorded using TC 503. VPA reimbursement may only be requested once a month.

[50.65.20.b.1](#)**Using the Invoice Screen to Make Vendor Payments**

The most common way expenditures are charged is by issuing checks to vendors via the Invoice Screen (BM3002).

Invoice entered on BM 3002 (Appropriation Index E10 is in Fund 060).

T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	Due To/From	GL DR	GL CR	Amount (\$)
503		101	011	1210	GA	840	6505	5150	210
503	R	101	011	1210	GB	840	5150	6505	110
503	R	E10	981	9810	GC	840	5150	6505	50
503		E10	999	9999	EA	840	6505	5150	402

Note: Check #10760 = \$50.00, Check #10761 = \$402

Within the daily job group FG001D job GA1200J (optional) generates the following automatic entries for the above checks.

T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	Due To/From	GL DR	GL CR	Amount (\$)
502		840	280	1BOO	0499	001	1350	1110	100

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T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	Due To/From	GL DR	GL CR	Amount (\$)
502		840	280	1BOO	0499	060	1350	1110	352
040	R	841	285	1BOO	0499		1151	1150	452

Note: The due to/from indicator identifies the fund which made the expenditure (one line per fund).

The net effect of all the above entries is:

- Payable to local funds and accrued state expenditures recorded (Fund 001)-6505/5150
- Payable to local funds and accrued state expenditures recorded (Fund 060)-6505/5150.
- Receivable from state funds established and cash reduced (Fund 840)-1350/1110.
- Local bank account cash summary is reduced (Fund 841)-1151/1150.

[50.65.20.b.2](#) Using the Cost Transfer Screen for VPA Transactions

The second method of making TC 503 entries is on the Interdepartmental Cost Transfer Screen (BM 3006). If TC 503 entries are made on this screen the offsetting TC 502 entries are also automatically generated.

Transferring between State and Local funds. (A11 is fund 057)

From:

T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	Due To/From	GL DR	GL CR	Amount (\$)
503	R	A11	999	9999	JC	840	5150	6505	100
503	R	A11	998	9998	JL	840	5150	6505	200

To:

T/C	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	GL DR	GL CR	Amount (\$)
002	149	999	9999	JC	6510	1110	100.00
002	147	998	9998	JL	6510	1110	200.00

Automatically generated:

T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	Due To/From	GL DR	GL CR	Amount (\$)
502	R	840	280	1BOO	0499	057	1110	1350	300

The net effect of these entries is:

- A decrease in state expenditures and a decrease payable to local funds (Fund 057)-5150/6505.
- An increase in local fund expenditures and a decrease in local cash (Fund 147)-6510/1110.
- A reduced receivable from state and increase local cash (Fund 840)-1110/1350.
- The net effect on 1110 cash is zero.

[50.65.20.b.3](#) **Using the General Accounting Transaction Screen for VPA Activity**

The third method of making TC 503 entries is on the General Accounting Transaction Screen (GA 1103). The entries in this example would be identical to those in the example above except the TC 502 entry would have to be manually entered. There are no automatic entries generated when the GA 1103 screen is used.

[50.65.30](#) VPA Activity Reports

2003-08-15

[50.65.30.a](#) **Which report displays detailed vendor payment advance activity?**

During month end job scheduling, Job Group FG012M is run. Within this group, job GA3231J produces the GA3231 report. The GA3231 report displays all VPA activity by appropriation index, prog/org index, and sub-subobject. It is important to note that ONLY TC 503 entries appear on this report. Reimbursement is requested from the State Treasurer using the totals by fund at the end of the report. VPA reimbursement to fund 001 is permitted only once a month.

The GA 3231 detail entries appear as follows for the checks entered on the BM3002 screen in the first example:

APPR INDX	PRG INDX	ORG INDX	OBJ/SUB	AMT (\$)
101	011	1210	GA	210
101	011	1210	GB	-110
E10	981	9810	GC	-50
E10	999	9999	EA	402

[50.65.30.b](#) **Where is VPA summary information by fund reported?**

The last page of the report summarizes all TC 503 expenditures by fund. For the above example, the summary would appear as:

APPR INDX		AMT (\$)
001		100
060		352
	TOTAL	452

This is the total reimbursable amount

50.65.40 Monthly VPA Reimbursement Processes

2003-08-15

50.65.40.a How do I get reimbursed for vendor payment advance expenditures?

To be reimbursed for these expenditures, send a Journal Voucher (A7-A) to the State Treasurer. List the Fund and the dollar amount per the summary lines on the GA 3231 report. Put a DR indicator in the DR/CR column of the form if the amount is a debit and a CR indicator if the amount is a credit (or a reduction of the reimbursable amount).

A journal voucher for the example above would have the following information:

APPR INDEX	GL DR	Amount (\$)
001	DR	100
060	DR	352
		452

50.65.40.b Receipting a Vendor Payment Advance Reimbursement

When the money is received, prepare a GAT form to record the deposit and increase local fund cash.

T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	SRC	Due To/From	GL DR	GL CR	Amount (\$)
502	R	840	280	1BOO	0499	001	1110	1350	100
502	R	840	280	1BOO	0499	060	1110	1350	352
040		841	285	1BOO	0499		1150	1151	452

50.65.40.b.1 Job Group FG012M

Within the monthly Job Group FG012M is also Job GA3200J which reverses treasury fund accrued expenditures made with TC 503 and replaces them with cash expenditures offset by treasury cash. It performs the reversal at the account detail level by automatically generating a TC

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504. These entries post to the month following the TC 503 entries because reimbursement requests for the month expenditures will always be made in the following month.

T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	Due To/From	GL DR	GL CR	Amount (\$)
504		101	011	1210	GA	840	6510	5150	210
504		101	011	1210	GA	840	6510	4310	210
504		101	011	1210	GA	840	6505	5150	210
504		101	011	1210	GA	840	6505	4310	210
504	R	101	011	1210	GB	840	6510	5150	110
504	R	101	011	1210	GB	840	6510	4310	110
504	R	101	011	1210	GB	840	6505	5150	110
504	R	101	011	1210	GB	840	6505	4310	110
504	R	E10	981	9810	GC	840	6510	5150	50
504	R	E10	981	9810	GC	840	6510	4310	50
504	R	E10	981	9810	GC	840	6505	5150	50
504	R	E10	981	9810	GC	840	6505	4310	50
504		E10	999	9999	EA	840	6510	5150	402
504		E10	999	9999	EA	840	6510	4310	402
504		E10	999	9999	EA	840	6505	5150	402
504		E10	999	9999	EA	840	6505	4310	402

[50.65.40.b.2](#) Reversal of General Ledger 5150

The reversal of general ledger 5150 through the automated process offsets the reversal of general ledger 1350 made on the GAT form when reimbursement was recorded. Therefore, general ledgers 1350 and 5150 remain in balance.

50.65.50 Reconciling Vendor Payment Advance General Ledgers

2003-08-15

If reimbursement is not requested each month for the preceding month's expenditures the VPA ledgers (1350/5150) will be out of balance. This is because the TC 504 reversal entries happened automatically but the matching TC 502 entries are made manually only when reimbursement is received.

Treasury funds will have automatically recorded the reversal as 6510/6505; 5150/4310 but local funds will not have the reversal of the receivable (1110/1350).

[50.65.50.a](#) **The In-Process Report**

Neglecting to request a VPA reimbursement each month will also make the in-process report out of balance. The in-process summarizes all TC 504 activity by fund and matches it to a document sent to the treasurer. The TC 504 activity happens automatically. If reimbursement is not requested there will be no document to match the entries. The in-process report will show the VPA entries in the “FMS Amount” column and there will be no document listed in the “Treas. Doc.” column.

[50.65.50.b](#) **Reconciling GL5150 Between Funds**

At the end of each month, the balance showing in GL 5150 within each state fund on the GA 1332 (Fund Ledger) report must equal the amount listed at the end of the GA 3231 (VPA Reimbursement Report) for that fund.

[50.65.50.c](#) **Keeping GL1350 and GL5150 in Balance**

An entry affecting either GL 1350 or GL 5150 can be made via the GL 1103 screen and therefore an entry may be made affecting only one of the general ledgers and creating an out-of-balance condition. GA1333 report can be used to monitor these general ledgers on a daily basis. The right hand side of the report shows a summary of the activity in GL 1350 and GL 5150 by batch date.

[50.65.60](#) **Requesting Reimbursement for Capital Projects**

2003-08-15

Expenditures in capital projects may be recorded using TC 002 and the amount reimbursed immediately. This is especially important if large expenditures are being made for major projects and the local bank account cannot support funding them. Unlike operating expenditures in Fund 001, the state provides no advance funding for these projects. NOTE: This process is not used for locally funded capital projects.

[50.65.60.a](#) **Using TC002 to Record Capital Expenditures**

Transaction code 002 does not affect the VPA ledgers (1350/5150). It credits treasury cash (GL 4310) but not local cash (GL 1110). This will create an out of balance condition on the daily diagnostic reports between

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GL 1110 and GL 1150. When reimbursement is received and the deposit recorded, GL 1110 will be back in balance with GL 1150. The deposit must be received and recorded before the last working day of the month or the month will close out of balance. If this happens in June, the fiscal year will close out of balance. This means the reimbursement request must be sent to the treasurer two to three days before the last working day of the month.

[50.65.60.b](#) **Requesting Reimbursement from OST for Capital Expenditures**

The treasurer will not accept documents for small amounts. If there are a number of smaller amounts that accumulate to a large sum, combine these expenditures into one reimbursement request. In the explanation section of the JV do NOT say it is for VPA reimbursement as that process is allowed only for fund 001.

[50.65.60.c](#) **Illustrated Entries for Combined Expenditures**

Enter invoice on BM 3002 screen and send Journal Voucher to treasurer for reimbursement:

Day one:

T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	GL DR	GL CR	Amount (\$)
002		E10	999	9999	JC	6510	4310	1,000
040	R	841	285	1B00	0499	1151	1150	1,000

No GL 1110 generated so 1110/1150 out of balance

Day two:

T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	GL DR	GL CR	Amount (\$)
002		E10	999	9999	JK	6510	4310	150,000
040	R	841	285	1B00	0499	1151	1150	150,000

No GL 1110 generated so 1110/1150 out of balance

Send Journal Voucher to the treasurer on day two and request reimbursement.

Day three receive and record deposit of reimbursement:

T/C	APPR INDEX	PRG INDEX	ORG INDEX	SRC	GL DR	GL CR	Amount (\$)
040	841	285	1BOO	0499	1150	1151	151,000

GL 1150 is now zero. GL 1110 activity is zero.

[50.65.60.d](#) **What can I do if I don't want one day out of balance?**

If you do not want even one day out of balance, and the amount is large enough, you can do the following. On the day before the expenditure(s) is entered on the BM 3002 screen to produce a check, send a Journal Voucher to the treasurer requesting reimbursement. Do NOT say it is a VPA reimbursement. If it is sent before the morning deadline set by the treasurer they will wire the money to the local bank account the next day. Record the deposit into the local bank account by doing transaction code 040. The check will be entered that day and will automatically do a 040R, which will keep 1110/1150 in balance.

[50.65.70](#) **Tracking VPA during Fiscal Year closing?**

2003-08-15

At year end there is preliminary June and final June. Preliminary June closes at the beginning of July and final June closes towards the end of July. Because VPA reimbursement is restricted to once a month, the expenditures in preliminary June and final June should be combined and only one reimbursement request submitted. This means final reimbursement will not happen until the end of July.

Entries in both preliminary and final June which use TC 503 are reversed in the new fiscal year month of July. Therefore, the entry that appears in July affecting treasury cash (GL 4310) is a combination of both June months. The Journal Voucher sent to the treasurer should be a combination of the amounts on the preliminary June GA 3231 report plus the amounts on the final June GA 3231 report.

[50.65.70.a](#) **Repayment of Initial Advance**

State law (RCW 28B.50.143) states that at the end of a biennium the amount reimbursed for the final month's expenditures will be less the initial advance. Therefore examine the balances in GL 5150 to determine the final VPA reimbursement amount and then subtract the advance to determine the final reimbursement.

Accounting Processes

If expenditures in the final month are less than the advance, send the difference to the State Treasurer. If expenditures in the final month are more than the advance, request reimbursement from the State Treasurer for the difference. Because entries can still be made in the 99th and 25th months using TC 503, the final month's expenditures cannot be known until FMS closes for the year which is towards the end of July.

[50.65.70.a.1](#) **Entry if Initial Advance Greater than the Final Month's Expenditures.**

If the initial advance is 50,000.00 and the final month's expenditures are 1,000.00 in Fund 001 and 2,000.00 in Fund 057, the difference of 47,000.00 must be remitted to the State Treasurer.

The records at year end would appear as:

Your initial advance.

FUND	Due To/From	GL DR	GL CR	AMT (\$)
001	840	1350	4310	50,000
840	001	1110	5150	50,000

Monthly Activity

FUND	Due To/From	GL DR	GL CR	AMT (\$)
001	840	6505	5150	1,000
057	840	6505	5150	2,000
840	001	1350	1110	1,000
840	057	1350	1110	2,000

Transmit the money to the treasurer and send a Cash Receipts Journal Summary Form (A8). This form only requires the fund and amount and would be entered as follows:

FUND	DESCRIPTION	AMT (\$)
001		49,000
057		-2,000
	TOTAL	47,000

When the money is sent make the following entries:

Manual entries:

T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	SRC	Due To/From	GL DR	GL CR	Amount (\$)
500	R	001	PPP	OOOO		840	4310	5150	50,000
507	R	001	PPP	OOOO		840	5150	1350	50,000
501	R	840	280	1BOO		001	5150	1110	50,000
502	R	840	280	1BOO	0499	001	1110	1350	1,000
502	R	840	280	1BOO	0499	057	1110	1350	2,000
040	R	841	285	1BOO	0499		1511	1150	47,000

Automatically generated entries:

T/C	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	Due To/From	GL DR	GL CR	Amount (\$)
500	001	PPP	OOOO	OB	840	5150	4310	1,000
500	057	PPP	OOOO	OB	840	5150	4310	2,000

[50.65.70.a.2](#) **Entry if Initial Advance Less than the Final Month's Expenditures**

If the initial advance is 50,000.00 and the final month's expenditures are 1,000.00 in Fund 001 and 52,000.00 in Fund 057, the difference of 3,000.00 is requested as a reimbursement from the State Treasurer.

The records at year end would appear as:

Initial advance.

FUND	Due To/From	GL DR	GL CR	AMT (\$)
001	840	1350	4310	50,000
840	001	1110	5150	50,000

Monthly Activity

FUND	Due To/From	GL DR	GL CR	AMT (\$)
001	840	6505	5150	1,000
057	840	6505	5150	52,000
840	001	1350	1110	1,000
840	057	1350	1110	52,000

Send a Journal Voucher (A7-A) to the treasurer requesting reimbursement. The Journal Voucher would be as follows:

FUND	DR CR	AMT (\$)
------	-------	----------

50
Accounting Processes

001	CR	49,000
057	DR	52,000
TOTAL		3,000

When the money is received make the following entries:

Manual entries:

T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	SRC	Due To/From	GL DR	GL CR	Amount (\$)
500	R	001	PPP	OOOO		840	4310	5150	50,000
507	R	001	PPP	OOOO		840	5150	1350	50,000
501	R	840	280	1BOO		001	5150	1110	50,000
502	R	840	280	1BOO	0499	001	1110	1350	1,000
502	R	840	280	1BOO	0499	057	1110	1350	52,000
040		841	285	1BOO	0499		1150	1151	3,000

Automatically generated entries:

T/C	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	Due To/From	GL DR	GL CR	Amount (\$)
500	001	PPP	OOOO	OB	840	5150	4310	1,000
500	057	PPP	OOOO	OB	840	5150	4310	52,000

[50.65.70.b](#)

How do I re-establish my advance for the new biennium?

The day after the advance is netted against the reimbursement and either money is collected from, or paid to, the State Treasurer, request the initial advance back again. Record it as shown in [50.65.20.a](#). Request the same amount the college had in the prior biennium. Later in the year SBCTC will send a notification of the new advance amount. At that time either request more advance or return part and adjust the records to reflect the new amount.

50.70
Endowments/Foundations

50.70.10 **To be provide**
2003-08-15

50.80
Year End**50.80.10 OFM Cut-Off procedure**

2003-08-15

OFM publishes their Fiscal Year-End Cut-Off Procedures in the SAAM 90.20. There are four phases to the closing process. Each phase requires completion of certain events to prepare for the next phase.

Phase 1	July 31st.	Record revenue and expenditure accruals.
Phase 2	Early September.	Record adjustments necessary to correct year-end totals.
Phase 3	Early October.	SAO audits accounting data and recommends any necessary adjustments. Agencies cannot make adjustments during this phase unless approved by OFM.
Phase 4	November 30.	OFM prepares CAFR.

50.80.15 FMS Cut-Off procedure

2012-03-28

The cut-off procedures for FMS are the same as those issued by OFM. The same activity happens in each of the phases except for Phase 4. During Phase 4 SBCTC is responsible for preparing opening entry balance adjustments and compiling all closing documentation to return to each college.

50.80.15.a Phase I

The state's cutoff for Phase 1 is always July 31, which is when all revenues and expenditures must be recorded. In order to allow SBCTC-IT time to consolidate the data and submit it to AFRS our internal FMS cutoff must be several days before July 31. Between preliminary June closing around July 10th and the end of Phase I colleges' record accruals, balance inter and intra-agency receivables/payables, review accounting data for accuracy, and correct any errors. These entries are recorded into FMS, consolidated, and transmitted to AFRS before July 31.

50.80.15.b Phase II

Phase II for the colleges is broken into two sub-phases. The first sub-phase

begins with the close of FMS during the last week of July and ends on the second Thursday in August. During this period, colleges prepare disclosure forms and submit any final adjusting entries using the SMART web-based system.

The second sub-phase begins immediately following the first and concludes in early September. During this period, SBCTC staff complete a final reconciliation of FMS and AFRS. Any final adjustments to the college records are submitted manually to SBCTC for posting to AFRS.

[50.80.15.c](#) **Phase III**

The state's cutoff for phase 3 is early October. During this phase colleges are being audited. The auditor may propose an adjusting entry during this phase. However, any proposed adjusting entry during this phase **MUST** be material and must be approved by OFM.

[50.80.15.d](#) **Phase IV**

The state's cutoff for phase 4 is November 30th. For internal purposes there is no cutoff date for this phase. During this phase SBCTC reverses certain manual adjusting entries, computes opening balances, and sends to each college a three-ring binder. The binders contain five sections.

[50.80.15.d.1](#) **Opening Entries**

A list of all opening entry adjustments that need to be made. This list is based on the most recent data available to SBCTC. Opening entries should be adjusted as soon as possible after receiving the three-ring binder.

[50.80.15.d.2](#) **Close To Open.**

This section shows the amount FMS closed with, the adjustments processed, the amounts reversed, revenue/expenditures closing to fund balance, and opening entry balances. There are four different levels of reports.

- Account, GL, level.
- Account, appropriation, GL and Subobject level.
- Account, GL, and Source level.
- Account, GL, and Subsidiary level.

[50.80.15.d.3](#) Adjusting Entries

This section includes copies of all manual adjusting entries whether written by the college or by SBCTC.

[50.80.15.d.4](#) Checklist

A copy of each SMART program checklist page used to review the college.

[50.80.15.d.5](#) Disclosure Forms

A copy of each disclosure form is included.

[50.80.20](#) Deposits-In-Transit

2003-08-15

Use deposits in transit (GL 1120) if you receive a check from another state agency in July that has a June date. Deposits in transit solve timing problems between state agencies so interagency receivable and payable ledgers' balance. Deposits in transit allows the state agency receiving the funds to record the deposit as revenue in old year business because the agency sending the check considers it an old year cash expenditure since the check is dated June.

[50.80.20.a](#) Recording Deposit-in-Transit Entries Using Customer Accounts

The first step is to record the receivable in the customer accounts database. This method can be used both before preliminary June closes around July 10th and during 99th/25th month activity. This process allows the actual payment to be recorded in the normal manner, so you do not have to change any established procedures.

[50.80.20.a.1](#) Record Receipt of Deposit-in-Transit

When the check is received prepare a GAT form to reverse the receivable accrual (TC150R, 3205/1354) or (TC147, 6505/1354). Then credit cash revenue or cash expenditure and debit deposits in transit (TC029, 1120/3210) or (TC030, 1120/6510).

[50.80.20.a.2](#) Reversing the receivable and Deposit-in-Transit in the New Year

Copy and reverse the batch resulting from the above entries and enter the reversal into July. The check can be processed and deposited in July with no change to exiting procedures. The batch you copied and reversed into July will offset the entries automatically generated in July when the payment is recorded. The net effect of the reversed batch and the automatically generated entries will be to debit cash (GL 1110) and credit deposits in transit (GL 1120).

Note: In the new year it is important to remember to reverse a deposit in transit established in the old year. At the end of July there should be no remaining balance in GL 1120.

50.80.30
2003-08-15

Manual Method of Processing Payables at Year End

If you physically received goods and/or services by June 30, but do not pay for them until the next fiscal year, you must record them as accrued expenditures. The following transactions are for manually recording accruals via the General Ledger Transaction Screen (GA 1103). The automated process will be discussed in the next section. Remember at the end of a Biennium all encumbrances in operating funds (Fund types 1 and 3) must be zero. The examples below for reversal of the accrual in the new fiscal year indicate a difference between a biennium and a fiscal year in fund types 1 and 3 except for Fund 001. This distinction is no longer required by OFM. However, FMS processes remain in place to allow for this distinction.

50.80.30.a Manual Method at Biennium Close

50.80.30.a.1 Fund Type 1

	Yr End Accrual TC GL DR/CR	Payment New Yr TC GL DR/CR
Outside vendors	300 6505/5111	801R 5111/4310
Interest payable	304 6505/5112	305 5112/4310 6510/6505
Construct. Contract Pay.	306 6505/5117	308 5117/4310 6510/6505
Due to Fed Government	400 6505/5151	412 5151/4310
Due to Other Governments	402 6505/5152	413 5152/4310
Due to Other Funds	404 6505/5153*	406 5153/4310*
Due to Other State Agencies	407 6505/5154*	409 5154/4310*
Other Accrued Liabilities	420 6505/5199	Z33R 5199/4310
*Requires a due to/from indicator in subsidiary field.		

Accounting Processes

In the new year you need to collect reimbursement from the treasurer for the above payments but these transaction codes do not report on the Vendor Payment Report (GA 3231). You will need to identify them and add them to the amount showing on the GA 3231 report. There are two methods for tracking these expenditures. See [FAM 50.80.40.b](#)

[50.80.30.a.2](#) Fund Type 3

	Yr End Accrual TC GL DR/CR	Payment New Yr TC GL DR/CR
Outside vendors	300 6505/5111	801R 5111/1110
Interest payable	304 6505/5112	305 5112/1110 6510/6505
Construct. Contract Pay.	306 6505/5117	308 5117/1110 6510/6505
Due to Fed Government	400 6505/5151	412 5151/1110
Due to Other Governments	402 6505/5152	413 5152/1110
Due to Other Funds	404 6505/5153*	410R 5153/1110*
Due to Other State Agencies	407 6505/5154*	411 5154/1110*
Other Accrued Liabilities	420 6505/5199	Z33R 5199/1110
*Requires a due to/from indicator in subsidiary field.		

Note the accruals in fund types 2 and 4 use GL 6510 (not 6505) as these funds are on a true accrual basis and do not need to distinguish between cash and accrued expenditures. Because they are on a true accrual basis the payment in the new fiscal year only debits the liability and credits cash.

[50.80.30.b](#) Manual Method at Fiscal Year Close[50.80.30.b.1](#) Fund Type 1 – Fund 001

	YR End Accrual TC GL DR/CR	Payment New Yr TC GL DR/CR
Outside vendors	300 6505/5111	801R 5111/4310
Interest payable	304 6505/5112	305 5112/4310 6510/6505
Construct. Contract Pay.	306 6505/5117	308 5117/4310 6510/6505
Due to Fed Government	400 6505/5151	412 5151/4310
Due to Other Governments	402 6505/5152	413 5152/4310
Due to Other Funds	404 6505/5153*	406 5153/4310*
Due to Other State Agencies	407 6505/5154*	409 5154/4310*
Other Accrued Liabilities	420 6505/5199	Z33R 5199/4310
*Requires a due to/from indicator in subsidiary field.		

[50.80.30.b.2](#) Fund Type 1 – Capital Projects

	YR End Accrual TC GL DR/CR	Payment New Yr TC GL DR/CR
Outside vendors	300 6505/5111	303 5111/4310 6510/6505
Interest payable	304 6505/5112	305 5112/4310 6510/6505
Construct. Contract Pay.	306 6505/5117	308 5117/4310 6510/6505
Due to Fed Government	400 6505/5151	401 5151/4310 6510/6505
Due to Other Governments	402 6505/5152	403 5152/4310 6510/6505
Due to Other Funds	404 6505/5153*	405 5153/4310* 6510/6505
Due to Other State Agencies	407 6505/5154*	408 5154/4310* 6510/6505
Other Accrued Liabilities	420 6505/5199	Z33R 5199/4310 008R 6510/6505
*Requires a due to/from indicator in subsidiary field.		

[50.80.30.b.3](#) **Fund Type 3**

	Yr End Accrual TC GL DR/CR	Payment New Yr TC GL DR/CR
Outside vendors	300 6505/5111	801R 5111/1110
Interest payable	304 6505/5112	305 5112/1110 6510/6505
Construct. Contract Pay.	306 6505/5117	308 5117/1110 6510/6505
Due to Fed Government	400 6505/5151	412 5151/1110
Due to Other Governments	402 6505/5152	413 5152/1110
Due to Other Funds	404 6505/5153*	410R 5153/1110*
Due to Other State Agencies	407 6505/5154*	411 5154/1110*
Other Accrued Liabilities	420 6505/5199	Z33R 5199/1110
*Requires a due to/from indicator in subsidiary field.		

[50.80.30.b.4](#) **Fund Type 2 and 4**

	Yr End Accrual TC GL DR/CR	Payment New Yr TC GL DR/CR
Outside vendors	300 6505/5111	303 5111/1110
Interest payable	304 6505/5112	305 5112/1110
Construct. Contract Pay.	306 6505/5117	308 5117/1110
Due to Fed Government	400 6505/5151	401 5151/1110
Due to Other Governments	402 6505/5152	403 5152/1110
Due to Other Funds	404 6505/5153*	406 5153/1110*
Due to Other State Agencies	407 6505/5154*	409 5154/1110*
Other Accrued Liabilities	420 6505/5199	421 5199/1110
*Requires a due to/from indicator in subsidiary field.		

Note the accruals in fund types 2 and 4 use GL 6510 (not 6505) as these funds are on a true accrual basis and do not need to distinguish between cash and accrued expenditures. Because they are on a true accrual basis

the payment in the new fiscal year only debits the liability and credits cash.

50.80.35 Automated Method for Accruing Expenditures

2003-08-15

Invoices can be automatically accrued and the encumbrance liquidated in one year and subsequently paid in the next year. This is accomplished through Job BM3200J (Accrued Expenditure Process).

Note:The automatic process will only accrue to liability GL 5111 and expenditure GL 6505. If the accrual needs to be made to a different liability ledger (such as 5154-due to another state agency) or to a different expenditure ledger (6516-purchases for resale) it is advised you do not use the automated process. If you do you will need to change the ledger(s) in the old year and also change the ledger(s) in the new year when the payment is recorded.

50.80.35.a Required Criteria for Using the Automated Accrual Process

To be included in the Accrued Expenditure Process accounts payable invoices must meet the following criteria:

- Be outstanding (unpaid).
- Be in balance.
- Have a date equal to or less than the entered YRMO parameter(YY06)
- Have a scheduled payment date for which a check has not been printed
- Have a scheduled payment date in a future accounting period. (option via job scheduling parameter)

All accounts payable invoices meeting the above criteria will be extracted and processed. The expenditure will be accrued and the encumbrance will be liquidated in the old year. When the check is printed the entries generated will be different for items accrued at the end of the fiscal year and items accrued at the end of the biennium.

50.80.35.b Transaction Codes for Automated Accruals

The transaction codes used are determined by the Accounts Payable Information Screen (BM 3001). However, at the end of a biennium the

program is hard coded to override the accrual transaction codes on this screen.

[50.80.35.c](#) **Scheduling the Automated Accrual Process**

The BM3200J process can be scheduled daily, weekly, monthly, or at your discretion. To become familiar with the process, it is recommended that you “test” it with a few invoices, review the results and decided whether it meets your needs and expectations.

Note: BM3200J should be scheduled to process PRIOR to the accounts payable check process (FG004D, job BM3100J).

[50.80.40](#) **Accrued Treasury Account Activity**

2003-08-15

[50.80.40.a](#) **How do I get reimbursed for payment of accrued Treasury account activity?**

In the new year you need to collect reimbursement from the treasurer for the above payments but these transaction codes do not report on the Vendor Payment Report (GA 3231). You will need to identify them and add them to the amount showing on the GA 3231 report.

[50.80.40.b](#) **How do I track accrued expenditure activity for reimbursement?**

There are two methods for tracking these expenditures. One method is to use the CR2356 to track all GL 4310 activity not included on the VPA report. Because the CR 2356 report only shows AFRS transaction codes the following list cross walks the above FMS transaction codes to the related AFRS transaction code. Look up the AFRS TC and determine if that entry needs to be included on your VPA reimbursement request.

FMS TC	AFRS TC
303	926
305	208
308	927
401	929
403	936
405	937
406	965
408	938

409	932
412	932
413	932
801R	932
Z33	090

The other method is that entries using the transcodes above will also create an out of balance condition between general ledgers 1110 and 1150 on your daily diagnostics. You can keep manual track of these as they appear daily and then add them to your VPA reimbursement request.

50.80.45 Illustrative Entries for Expenditure Accruals

2003-08-15

50.80.45.a Local general funds(fund type 3), with an encumbrance.

Merchandise or services received by June 30th, paid for in July 2002, expenditure needs to be accrued into FY0102.

Entries as input on the Accounts Payable Invoice Screen (BM3002).

Fund	Trns Code	GL DR/CR	Amount	Invoice Date	Schd Pymt Date	Btch Post Per
148	002	6510/1110	100.00	020620	020715	0207
148	602	9510/6410	100.00			

Entries Generated In Batch Post Period 0206

Schedule BM3200J. It will process invoices with an "unpaid status" and an invoice date prior to July 1 with a batch post period of 0207.

Parameters:

YR-MO	0206 (the year month in which accruals and liquidations will be posted.)
BM3200-CURR-OPT	N = Accrue invoices with a batch post period greater than the scheduled YR-MO
BM3200-VPA-OPT	Y = Accrue VPA expenditures

T/C	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/SUB	GL DR	GL CR	Amount (\$)
326	148	xxx	xxxx	xx	6505	5111	100.00
602	148	xxx	xxxx	xx	9510	6410	100.00

Entries Generated In Batch Post Period 0207

Accounting Processes

T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	SRC	GL DR	GL CR	Amount (\$)
327		148	xxx	xxxx	xx		5111	6505	100.00
002		148	xxx	xxxx	xx		6510	1110	100.00
040	R	841	285	1BOO		0499	1150	1151	100.00

[50.80.45.b](#)**Proprietary Funds**

Merchandise or services received by June 30th, paid for in July 2002, expenditure needs to be accrued into FY0102.

Entries as input on the Accounts Payable Invoice Screen (BM3002).

Fund	Trns Code	GL DR/CR	Amount	Invoice Date	Schd Pymt Date	Btch Post Per
524	002	6510/1110	50.00	020620	020715	0207

Entries Generated In Batch Post Period 0206

Schedule BM3200J. It will process invoices with an "unpaid status" and an invoice date prior to July 1 with a batch post period of 0207.

Parameters:

YR-MO	0206 (the year month in which accruals and liquidations will be posted.)
BM3200-CURR-OPT	N = Accrue invoices with a batch post period greater than the scheduled YR-MO
BM3200-VPA-OPT	Y = Accrue VPA expenditures

T/C	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	GL DR	GL CR	Amount (\$)
326	524	xxx	xxxx	xx	6505	5111	50.00

Entries Generated In Batch Post Period 0207

T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	SRC	GL DR	GL CR	Amount (\$)
327		524	xxx	xxxx	xx		5111	6505	50.00
002		524	xxx	xxxx	xx		6510	1110	50.00
040	R	841	285	1BOO		0499	1150	1151	50.00

[50.80.45.c](#)**Treasury Operating Funds with an Encumbrance**

Merchandise or services received by June 30th, paid for in July 2002, expenditure needs to be accrued into FY0102.

Original Invoice Input July 2002:

Entries as input on the Accounts Payable Invoice Screen (BM3002).

Trans Code	Appr Indx	GL DR/CR	Amount	Invoice Date	Schd Pymt Date	Btch Post Per
503	101	6505/5150	500.00	020620	020715	0207
602	101	9510/6410	500.00			

Entries Generated In Batch Post Period 0206

Schedule BM3200J. It will process invoices with an "unpaid status" and an invoice date prior to July 1 with a batch post period of 0207.

Parameters:

YR-MO	0206 (the year month in which accruals and liquidations will be posted.)
BM3200-CURR-OPT	N = Accrue invoices with a batch post period greater than the scheduled YR-MO
BM3200-VPA-OPT	Y = Accrue VPA expenditures

T/C	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/SUB	GL DR	GL CR	Amount (\$)
326	101	xxx	xxxx	xx	6505	5111	500.00
602	101	xxx	xxxx	xx	9510	6410	500.00

Entries Generated In Batch Post Period 0207

T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	SRC	GL DR	GL CR	Amount (\$)
801	R	101	xxx	xxxx		5111	4310	500.00
040	R	841	285	1BOO	0499	1151	1150	500.00

Note: This amount for fund 840 needs to be entered manually on the GA1103 screen. If the amount is not posted manually, your daily cash will be out of balance. The check generated a credit 1150 but no 1110. See Handling the Daily Cash Out-Of-Balance Condition section below for two methods for dealing with this condition

[50.80.45.d](#) Treasury Capital Funds with an Encumbrance

Merchandise or services received by June 30th, paid for in July 2002, expenditure needs to be accrued into FY0102.

Original Invoice Input July 2002:

Entries as input on the Accounts Payable Invoice Screen (BM3002).

Trans Code	Appr Indx	GL DR/CR	Amount	Invoice Date	Schd Pymt Date	Btch Post Per
503	F19	6505/5150	500.00	020620	020715	0207
602	F19	9510/6410	500.00			

Entries Generated In Batch Post Period 0206

Schedule BM3200J. It will process invoices with an "unpaid status" and an invoice date prior to July 1 with a batch post period of 0207.

Parameters:

YR-MO	0206 (the year month in which accruals and liquidations will be posted.)
BM3200-CURR-OPT	N = Accrue invoices with a batch post period greater than the scheduled YR-MO
BM3200-VPA-OPT	Y = Accrue VPA expenditures

T/C	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	GL DR	GL CR	Amount (\$)
326	F19	9xx	xxxx	xx	6505	5111	500.00
602	F19	9xx	xxxx	xx	9510	6410	500.00

Entries Generated In Batch Post Period 0207

T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	Due To/From	GL DR	GL CR	Amount (\$)
327		F19	9xx	xxxx	xx		5111	6505	500.00
503		F19	9xx	xxxx	xx		6505	5150	500.00
040	R	841	xxx	xxxx			1151	1150	500.00
502		840	xxx	xxxx		057	1350	1110	500.00

Note: The amount for fund 840 needs to be entered manually on the GA1103 screen. If the entry is not made, your daily cash will be out of balance. The check generated a credit 1150 but no 1110. See options for handling these out-of-balance conditions below.

[50.80.45.e](#) **Handling the Daily Cash Out-of-Balance Condition**

[50.80.45.e.1](#) **Option 1 for handling Daily Cash Out-of Balance**

If the entry is input manually, it will create the GL 1110 entry.

Accounting Processes

T/C	APPR INDEX	PRG INDEX	ORG INDEX	Due To/From	GL DR	GL CR	Amount (\$)
502	840	xxx	xxxx	057	1350	1110	0.00

This entry can be made daily, weekly, or monthly.

Although the above entry will create an out-of-balance condition between the 1350/5150 ledgers, the correction can be made with the following procedure:

When processing the VPA Reimbursement (GA3200J) in the next month, for July month-end, the checks written in July with an 801R transaction code will not be included. The total amount of these transactions will need to be added to the amount reported on the VPA Reimbursement Report (GA3231) when preparing the JV for the State Treasurer.

The out-of-balance between 1350/5150 should be the amount of these transactions. You can double check by comparing this amount with the amount of AFRS T/C 932's appearing on the CR2356 report (AFRS In-Process Transactions). FMS T/C 801 crosswalks to AFRS T/C 932.

When the reimbursement is received in August, you will need to record the total reimbursement (GA3231 amount plus the amount of 801R transactions) into fund 840. This will bring general ledgers 1350/5150 back into balance.

[50.80.45.e.2](#) **Option 2 for Handling Daily Cash Out-of Balance**

Another method of handling the out-of-balance condition is to not record the manual 502 entry. This will cause your daily cash to be out of balance; however, you can keep track of the amount on a daily basis. Also, the month will close with general ledger 1110 not equal to 1150.

Here again, the 801R transaction codes will not be included on the VPA Reimbursement Report. The total amount of these transactions will need to be added to the amount reported on the VPA Reimbursement Report (GA3231) when preparing the JV for the State Treasurer. To verify the amount, compare the total of your daily cash out-of-balance to the AFRS T/C 932's appearing on the CR2356 report (AFRS In-Process Transactions).

When the reimbursement is received in August, you will need to enter T/C

040 (1150/1151) to bring cash back into balance.

50.80.50 The Closing Process for Receivables at Year End

2003-08-15

If you provide goods and/or services to other entities, or between funds, and do not receive payment for them by June 30, the amount due must be accrued by the end of the 99th/25th month. (See also interagency transactions Section FAM 40.30.20.c and deposits in transit FAM 50.80.20)

50.80.50.a Are amounts due for summer or fall quarter tuition receivables at June 30?

Do not manually record as a receivable anything for fall quarter tuition because it is not current year revenue. Though summer quarter is the first quarter of the new year and tuition revenue received in June is recorded as deferred, amounts owed the college are receivables in June for all classes that begin on or before June 30. The accrual can be entered through the customer accounts system in July with a charge date of June. Input it on the BM 1620 screen using a charge status of IN and put in a year/quarter indicator falling within the fiscal year.

If you do not wish to make the entry via customer accounts, the GA1103 screen is another option. If you record the accrual on the GA1103 screen it will appear in all accounting records and on the accounts receivable sub ledger. However, it will not update the customer accounts database. Be sure when you receive payment you enter it on the GA1103 screen as customer accounts will not have a balance to credit.

50.80.50.b Transaction Codes Used for First Year of a Biennium

The following transaction codes are for receivable ledgers offset with revenue that you accrue in one year and receive payment in the following year. This list is for the end of a fiscal year.

50.80.50.b.1 Fund Types 2, 3, 4, AND 5

	Accrual In One Year	Payment In New Year
Current Accounts Receivable	061 1312/3205	062 3205/1312 1110/3210
Interest Rec.on Invest	058 1316/3205	059 3205/1316 1110/3210
(Fund type 5 receipt)		048 1110/13160

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Accounting Processes

Other Interest Receivable (Fund Type 2 ONLY)	050 1317/3205	049 1110/1317
(If also want revenue reversed)		087 3205/3210
Unbilled Receivable	051 1318/3205 change to billed status & then pd	
Other Receivable	080 1319/3205	082 3205/1319 1110/3210
Due from Federal Government	120 1351/3205	122 3205/1351 1110/3210
Due from Other Governments	130 1352/3205	132 3205/1352 1110/3210
Due from Other Funds	140 1353/3205*	142 3205/1353 1110/3210*
Due from Other State Agencies	150 1354/3205*	152 3205/1354 1110/3210**
Unbilled Summer Qtr Tuition.	053 1318/5192 Change to billed status in year accrued	
Billed Summer Qtr from St. Agencies	163 1354/1318*	154 1110/1354*
*Requires a due to/from indicator in subsidiary field.		

[50.80.50.b.2](#) **Fund Type 1 (Single year appropriations in Fund 001)**

	Accrual In One Year	Payment In New Year
Current Accounts Receivable	061 1312/3205	067 4310/1312
Unbilled Receivable	051 1318/3205 change to billed status & then pd	
Other Receivable	080 1319/3205	063R 4310/1319
Due from Federal Government	120 1351/3205	068 4310/1351
Due from Other Governments	130 1352/3205	069 4310/1352
Due from Other Funds	140 1353/3205*	145 4310/1353*
Due from Other State Agencies	150 1354/3205*	154 4310/1354*
*Requires a due to/from indicator in subsidiary field.		

[50.80.50.b.3](#) **Fund Type 1 (Biennial appropriations - Fund 057, 060, 253)**

	Accrual In One Year	Payment In New Year
Current Accounts Receivable	061 1312/3205	062 3205/1312 4310/3210
Unbilled Receivable	051 1318/3205 change to billed status & then pd	
Other Receivable	080 1319/3205	082 3205/1319 4310/3210
Due from Federal Government	120 1351/3205	122 3205/1351 4310/3210
Due from Other Governments	130 1352/3205	132 3205/1352 4310/3210
Due from Other Funds	140 1353/3205*	142 3205/1353 4310/3210*
Due from Other State Agencies	150 1354/3205*	152 3205/1354 4310/3210*
*Requires a due to/from indicator in subsidiary field.		

In the new year you need to pay the treasurer for the above receipts in Fund Type 1. Use the CR 2356 to track all non VPA 4310 entries. The CR 2356 report only shows AFRS transaction codes. Refer to a conversion sheet to identify which transaction codes to look for on the CR 2356

report.

[50.80.50.c](#) **Transaction Codes Used for the Receivables to Offset Expenditures at Mid-Biennium**

The following transaction codes are for receivable ledgers offset with expenditures that you accrue in one year & receive payment in the following year. This list is for the end of a fiscal year.

[50.80.50.c.1](#) **Fund Type 2 and 4**

	Accrual In One Year	Payment In New Year
Current Accounts Receivable	056 1312/6505	067 1110/1312
Unbilled Receivable	141 1318/6505 change to billed status & then pd	
Due from Other Funds	144 1353/6505*	145 1110/1353*
Due from Other Funds (4 ONLY)	331 1353/6516*	145 1110/1353*
Due from Other State Agencies	147R 1354/6505*	154 1110/1354*
*Requires a due to/from indicator in subsidiary field.		

[50.80.50.c.2](#) **Fund Type 5**

	Accrual In One Year	Payment In New Year
Unbilled Receivable	141 1318/6505 change to billed status & then pd	
Due from Other Funds	144 1353/6505*	145 1110/1353*
*Requires a due to/from indicator in subsidiary field.		

[50.80.50.c.3](#) **Fund Type 3**

	Accrual In One Year	Payment In New Year
Current Accounts Receivable	056 1312/6505	067 1110/1312
Unbilled Receivable	141 1318/6505 change to billed status & then pd	
Due from Other Governments	057 1352/6505	069 1110/1352
Due from Other Funds	144 1353/6505*	145 1110/1353*
Due from Other State Agencies	147R 1354/6505*	154 1110/1354*
*Requires a due to/from indicator in subsidiary field.		

[50.80.50.c.4](#) **Fund Type 1 (Biennial appropriations - Fund 057)**

	Accrual In One Year	Payment In New Year
Current Accounts Receivable	056 1312/6505	060 6505/1312 4310/6505
Unbilled Receivable	141 1318/6505 change to billed status & then pd	
Due from Other Governments	057 1352/6505	069 4310/1352
Due from Other Funds	144 1353/6505*	168 4310/1353 6505/6510*

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Accounting Processes

Due from Other Agencies	147R 1354/6505*	154 4310/1354*
*Requires a due to/from indicator in subsidiary field.		

If you want to reclassify accrued exp. to cash exp. on those entries that do not do that automatically in the new year do an additional T/C 008R 6510/6505. You cannot do the exp. reversal in Fund 001.

[50.80.50.c.5](#) **Fund Type 1 (Single year appropriations in Fund 001)**

	Accrual In One Year	Payment In New Year
Current Accounts Receivable	056 1312/6505	067 4310/1312
Unbilled Receivable	141 1318/6505 change to billed status & then pd	
Due from Other Governments	057 1352/6505	069 4310/1352
Due from Other Funds	144 1353/6505*	145 4310/1353*
Due from Other Agencies (actual)	147R 1354/6505*	154 4310/1354*
Due from Other Agencies (estimated)	416 1354/6560	154 4310/1354*
*Requires a due to/from indicator in subsidiary field.		

In the new year you need to pay the treasurer for the above receipts in Fund Type 1. Use the CR 2356 to track all non VPA 4310 entries. Since the CR 2356 report only shows the AFRS transaction codes, use the attached conversion sheet to identify which transaction codes to look for on the CR 2356 report.

[50.80.50.d](#) **Transaction Codes for revenue receivables at the end of a biennium**

The following is a list of transaction codes to use for the various types of receivable ledgers offset with revenue that you accrue in one year and receive payment in the following year. This list is for the end of a biennium.

In the new year debit cash and credit the receivable, do NOT reverse the 3205/3210 ledgers. The exception is tuition recorded in Fund 840, because all revenue ledgers in this fund report to AFRS as GL5199. In addition, the automatic tuition revenue distribution will only pick up GL 3210, so you must reclassify accrued revenue to cash revenue when you collect on a receivable.

[50.80.50.d.1](#) **Fund Types 2, 3, 4, and 5**

	Accrual In One Year	Payment In New Year
Current Accounts Receivable	061 1312/3205	067 1110/1312

Interest Rec. on Invest (2 & 5 Only)	058 1316/3205	048 1110/1316
Other Interest Receivable (2 Only)	050 1317/3205	049 1110/1317
Unbilled Receivable	051 1318/3205	072R 1110/1318
Other Receivable	080 1319/3205	063R 1110/1319
Due from Federal Government	120 1351/3205	068 1110/1351
Due from Other Governments	130 1352/3205	069 1110/1352
Due from Other Funds	140 1353/3205*	145 1110/1353*
Due from Other State Agencies	150 1354/3205*	154 1110/1354*
*Requires a due to/from indicator in subsidiary field.		

[50.80.50.d.2](#) **Fund Types 1**

	Accrual In One Year	Payment In New Year
Current Accounts Receivable	061 1312/3205	067 4310/1312
Unbilled Receivable	051 1318/3205	072R 4310/1318
Other Receivable	080 1319/3205	063R 4310/319
Due from Federal Government	120 1351/3205	068 4310/1351
Due from Other Governments	130 1352/3205	069 4310/1352
Due from Other Funds	140 1353/3205*	145 4310/1353*
Due from Other State Agencies	150 1354/3205*	154 4310/1354*
*Requires a due to/from indicator in subsidiary field.		

In the new year you need to pay the treasurer for the above receipts in Fund Type 1. Use the CR 2356 to track all non VPA 4310 entries. (This report only shows AFRS transaction codes.) All the above transaction codes in Fund Type 1 that post to 4310 crosswalk to AFRS transaction code 090.

[50.80.50.e](#) **Transaction Codes for Expenditure Receivables at the End of a Biennium**

The following is a list of transaction codes to use for the various types of receivable ledgers offset with expenditures that you accrue in one year and receive payment in the following year. This list is for the end of a biennium.

[50.80.50.e.1](#) **Fund Type 2 and 4**

	Accrual In One Year	Payment In New Year
Due from Other Funds	144 1353/6505*	145 1110/1353*
Due from Other State Agencies (2 only)	147R 1354/6505*	154 1110/1354*
*Requires a due to/from indicator in subsidiary field.		

[50.80.50.e.2](#) Fund Type 5

	Accrual In One Year	Payment In New Year
Due from Other Funds	144 1353/6505*	145 1110/1353*
*Requires a due to/from indicator in subsidiary field.		

[50.80.50.e.3](#) Fund Type 3

	Accrual In One Year	Payment In New Year
Current Accounts Receivable	056 1312/6505	067 1110/1312
Due from Other Governments	057 1352/6505	069 1110/1352
Due from Other Funds	144 1353/6505*	145 1110/1353*
Due from Other State Agencies	147R 1354/6505*	154 1110/1354*
*Requires a due to/from indicator in subsidiary field.		

[50.80.50.e.4](#) Fund Type 1

	Accrual In One Year	Payment In New Year
Current Accounts Receivable	056 1312/6505	067 4310/1312
Due from Other Governments	057 1352/6505	069 4310/1352
Due from Other Funds	144 1353/6505*	145 4310/1353*
Due from Other State Agencies	147R 1354/6505*	154 4310/1354*
*Requires a due to/from indicator in subsidiary field.		

In the new year you need to pay the treasurer for the above receipts in Fund Type 1. Use the CR 2356 to track all non VPA 4310 entries. (This report only shows AFRS transaction codes.) All the above transaction codes in Fund Type 1 that post to 4310 crosswalk to AFRS transaction code 090.

[50.80.55](#) NSF Checks:

2003-08-15

[50.80.55.a](#) NSF Check Example

You deposit a check and credit tuition revenue:

T/C	APPR INDEX	PRG INDEX	ORG INDEX	SRC	GL DR	GL CR	Amount (\$)
023	840	PPP	OOOO	0424	1110	3210	0

The bank returns the check as NSF and you record the NSF using source 0940:

T/C	APPR INDEX	PRG INDEX	ORG INDEX	SRC	GL DR	GL CR	Amount (\$)
023	840	PPP	OOOO	0940	3210	1110	0

Reduce cash and revenue.

T/C	APPR INDEX	PRG INDEX	ORG INDEX	SRC	GL DR	GL CR	Amount (\$)
080	840	PPP	OOOO	0940	1319	3205	0

Establish receivable and accrued revenue.

At year end if you have not collected the funds and you have a debit balance in GL 3210 and a credit balance in GL 3205 with source 0940. Reclassify these balances to source 0424 (the original source of the funds) before the year closes.

T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	SRC	GL DR	GL CR	Amount (\$)
087		840	PPP	OOOO	0940	3205	3210	0
087	R	840	PPP	OOOO	0424	3210	3205	0

[50.80.55.b](#)

Shortcut for Coding NSF Checks

If, however, when the bank returns the check as NSF, the original source is readily available, you will save yourself extra entries by coding the return directly to the original source code. See also FAM [40.10.40.b](#)

[50.80.60](#)

2003-08-15

Allowance for Doubtful Accounts

As stated in SAAM 90.20.70.b (11) the financial records must reflect the amount of receivable that is actually expected to be collected. The amount that is estimated to be uncollectible must be noted and subtracted from the total accounts receivable balance. This is done through specific general ledgers, which indicate a reduction of the receivable. At year-end, if it is determined that not all receivables will be collected, the allowance general ledger must reflect the amount estimated to be uncollectible.

[50.80.60.a](#)

Is the allowance account coding the same for all fund types?

- In governmental or expendable trust funds (Fund types 1 and 3) the allowance general ledger is offset with accrued revenue (GL 3205).
- In proprietary fund types (Fund type 4) the allowance general ledger is offset with a bad debt expense (GL 6515).

50.80.60.b Allowance account coding samples by fund type**50.80.60.b.1 Fund Types 1, 3 and 5**

T/C	APPR INDEX	PRG INDEX	ORG INDEX	SRC	GL DR	GL CR	Amount (\$)
096	xxx	xxx	xxx	xxxx	3205	1342	0
095	xxx	xxx	xxx	xxxx	3205	1349	0

50.80.60.2 Fund Type 4

T/C	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	GL DR	GL CR	Amount (\$)
096	xxx	xxx	xxx	WC	6515	1342	0
095	xxx	xxx	xxx	WC	6515	1349	0
099	xxx	xxx	xxx	WC	6515	1344	0

50.80.65 Interagency receivables/payables

2012-03-28

50.80.65.a What are the deadlines for billing other state agencies?

Receivables and payables between state agencies must balance at the state level. OFM establishes deadlines for invoicing between agencies in order to facilitate balancing GL 1354 and GL 5154 at the state level. Mail invoices to other state agencies no later than July 21 and date the invoices 6/30. This allows agencies time to record the appropriate entries into the prior year. If you do not know the actual amount, then bill an estimated amount and clearly mark the invoice estimated.

50.80.65.b When are invoices to SBCTC due?

All invoices to the State Board office must be received by the deadline dates they publish. This date is usually a few days before the deadline for other state agencies, depending on which day of the week the 21st falls on. If SBCTC receives invoices after the due dates they will not process them in the closing fiscal year.

50.80.65.c What is the deadline for requesting equipment reimbursements from SBCTC-IT?

Requests for equipment reimbursement from SBCTC-IT are due at SBCTC no later than the date they publish. This date is usually 1-2 days before July 21, depending on which day of the week the 21st falls on. If

they receive requests after that date they will not process them in the closing fiscal year. Record all receivables/payables with SBCTC-IT using a due to/from indicator of 699.

[50.80.65.d](#) **What General Ledgers are used for interagency receivables and payables?**

Interagency receivables use GL 1354 and payable use GL 5154. Both require a valid state agency number in the subsidiary field. The same valid agency number must be on FMS table ZX0060. GL 1354 also requires a valid customer ID.

[50.80.65.e](#) **How do other agencies code receivables and payables to identify specific colleges within the system?**

If another agency asks you what your agency code is so they can book a receivable or payable to you, tell them to use agency 6990nn with the “nn” indicating the last two digits of your specific agency. This is the method recommended by OFM and stated in the SAAM 90.20.50.c. For instance, agency 605 would instruct them to book the entry as to/from 699005, agency 672 would instruct them to book the entry as to/from 699072.

[50.80.65.f](#) **Reconciling with other agencies**

Recent changes to the coding conventions for data reported to AFRS allow the receivables and/or payables booked using GL 1354 or GL 5154 to identify the specific college recording the balance. This means other state agencies are now able to know what each individual college has recorded. Additionally, immediately after SBCTC receives the final data for year-end, they send a list to other agencies showing what each college has booked to and from them. This is the balance reflected on your records at the end of the 99th/25th month.

Every effort must be made during the 99th/25th month to communicate with other state agencies or agencies within the Community and Technical College system to balance the receivables and payables. Because other state agencies do not know what an individual college booked until after FMS closes and they have received the report from SBCTC they frequently are not prepared to reconcile until that time. If another agency calls you after you have closed and you determine your amount needs adjusting, send a manual adjusting entry form to SBCTC by the

established deadline date. Out of balance conditions between agencies must be corrected before AFRS closes the fiscal year.

[50.80.65.g](#) **What about receivable/payables between the colleges and with SBCTC?**

The colleges, SBCTC, and SBCTC-IT also have receivables/payables with each other. Because the state considers us one agency (6990) the receivables/payables indicate a due to or from ourselves and MUST equal.

The SMART program used by the colleges (see FAM [60.60.10](#)) has checklist page 905 to assist reconciliation between colleges, the SBCTC, and SBCTC-IT. This page will show the balances you have recorded on your records to other colleges, the SBCTC and SBCTC-IT by general ledger. It will also show what other colleges, the SBCTC, and SBCTC-IT have on their records as a receivable/payable to you. As manual entries are made into the SMART program they are posted to this checklist page. If you are out of balance with another internal agency and they have indicated they will book an adjusting entry, you can look at this checklist page daily to ensure they posted the entry.

[50.80.65.h](#) **State Agency Contact List**

Each year OFM publishes an updated list of people to contact at each agency to balance inter agency receivables and payables. Before the end of June they request updated information from each agency and then publish the list on the OFM web site. Use this list to contact other inter or intra agencies to balance the receivables and payables.

[50.80.65.i](#) **Interagency Accrual Illustrative Entries**

The following is a list of transaction codes to use for the various types of interagency receivable/payable accruals in one year and payment in the next year. All entries require a valid due to/from indicator in the subsidiary field.

[50.80.65.i.1](#) **Biennium Close**

Fund Type	Accrual Year End	Payment Next Year
1	150 1354/3205	154 4310/1354
2, 3, 4	150 1354/3205	154 1110/1354
1	147R 1354/6505	154 4310/1354

2, 3, 4	147R 1354/6505	154 1110/1354
1	407 6505/5154	409 5154/4310
2, 4	407 6505/5154	409 5154/1110
3	407 6505/5154	411 5154/1110

[50.80.65.i.2](#) **Fiscal Year Close**

Fund Type	Accrual Year End	Payment Next Year
1	150 1354/3205	152 4310/1354 3205/3210
2, 3, 4	150 1354/3205	152 1110/1354 3205/3210
1 – (Fund 001)	147R 1354/6505	154 4310/1354
1 – (Capital Projects)	147R 1354/6505	154 4310/1354
2, 3, 4	147R 1354/6505	154 1110/1354
1 – (Fund 001)	407 6505/5154	409 5154/4310
1 – (Capital Projects)	407 6505/5154	408 5154/4310 6510/6505
2, 4	407 6505/5154	409 5154/1110 6510/6505
3	407 6505/5154	409 5154/1110 6510/6505

[50.80.65.i.3](#) **Estimated Billing's Received**

Biennium Close:

Fund Type	Accrual Year End	Payment Next Year
1	416R 1354/6560	154 4310/1354
3	416R 1354/6560	154 1110/1354
1	415 6560/5154	409 5154/4310
3	415 6560/5154	411 5154/4310

Fiscal Year Close

Fund Type	Accrual Year End	Payment Next Year
1 – (Fund 001)	416R 1354/6560	154 4310/1354
1 – Capital	416R 1354/6560	416 6560/1354 and 503 5150/6505
3	416R 1354/6560	416 6560/1354 and 002 6510/1110
1 – (Fund 001)	415 6560/5154	409 5154/4310
1 – Capital	415 6560/5154	415R 5154/6560 and 503 6505/5150
3	415 6560/5154	415R 5154/6560 and 002 6510/1110

Remember entries to 1354, 5150 and 5154 require a valid agency code in the subsidiary field.

50.80.65.i.j Is additional tracking required for estimated accruals?

In addition to the above entries you must monitor the liquidation of estimated accruals at the fund/appropriation level. When there will be no further payments and there is a balance remaining, liquidate the remaining accrual offset with GL 3215, source 0485. If the entry is in Fund 001, the offset will be to GL 4310 and the funds must be remitted to the state treasurer.

If the accrual is zero and you must make further payments, how you handle it depends on which fund accrued the expenditure. If the accrual was in Fund 001, send a request to SBCTC for approval to make the expenditure out of the current year. If you had unexpended funds from the prior year, SBCTC will forward your request to OFM for final approval. Or you may elect to just pay it from local funds. If the accrual was in a non-appropriated fund (local) just pay the remaining charges out of current year – no approval is necessary.

50.80.70 Interfund receivables/payables

2003-08-15

During the 99th/25th month no cash activity is to take place except to correct errors or to make bank reconciliation adjustments. SAAM 90.20.10.a states “Cash is cut-off at June 30. Cash activity occurring after June 30 is recorded in the ensuing fiscal year”. Cash transfers between funds cannot be recorded except to correct errors.

50.80.70.a Revenue/Expenditure Transfers 25th mo

Record transfers of revenue or expenditures between funds using GL1353 or GL5153 in place of GL1110. To ensure that you reverse all accruals in the ensuing year it is recommended that you prepare both GAT sheets at the same time. The first GAT is to accrue the entry into the closing year. The second GAT is to reverse the accrual in the ensuing year.

50.80.70.a.1 Options for Recording the “Due From” Half of the Transaction

All transaction codes must have a valid fund code in the due to/from subsidiary field.

Fund Type	Accrual Year End	Payment After Biennium Closes	Payment After Fiscal Year Closes
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1 – Fund 001	140 1353/3205	145 4310/1353	145 4310/1353
1 – Capital	140 1353/3205	145 4310/1353	142 4310/1353 3205/3210
2, 3, 4, 5	140 1353/3205	145 1110/1353	142 1110/1353 3205/3210
1 – Fund 001	144 1353/6505	145 4310/1353	145 4310/1353
1 – Capital	144 1353/6505	145 4310/1353	168 4310/1353 6505/6510
2, 3, 4, 5	144 1353/6505	145 1110/1353	145 1110/1353

[50.80.70.a.2](#) **Options for Recording the “Due To” Half of the Transaction**

Fund Type	Accrual Year End	Payment After Biennium Closes	Payment After Fiscal Year Closes
1 – Fund 001	146 3205/5153	406 5153/4310	406 5153/4310
1 – Capital	146 3205/5153	406 5153/4310	146R 5153/4310 and 087R 3210/3205
3	146 3205/5153	410R 5153/1110	410R 5153/1110 and 087 R 3210/3205
4	146 3205/5153	406 5153/1110	406 5153/1110-3210/3205 and 087 R 3210/3205
2, 5	149R 3205/5153	406 5153/1110	406 5153/1110 and 087 R 3210/3205
1 – Fund 001	404 6505/5153	406 5153/4310	406 5153/4310
1 – Capital	404 6505/5153	406 5153/4310	405 5153/4310 6510/6505
3	404 6505/5153	410R 5153/1110	406 5153/1110 6510/6505
2, 4, 5	404 6510/5153	406 5153/1110	404 5153/1110

[50.80.70.b](#) **How are treasury cash accruals reimbursed or remitted?**

In the new year you need to collect reimbursement from or make payment to the state treasurer for the above entries affecting GL 4310 but these transaction codes do not report on the Vendor Payment Report (GA 3231). You will need to identify them and add them to the amount showing on the GA 3231 report. See [FAM 50.80.40.a & b](#).

[50.80.75](#) Investment Valuation

2003-08-15

To be provided

[50.80.80](#) Inventory and the Closing Process

2003-08-15

There are three types of inventories.

1. Consumable (GL 1410)
2. Merchandise (GL 1420)
3. Raw Materials (GL 1440)

The community and technical college system records both consumable and merchandise inventories. Prepaid airline tickets in local operating funds (Fund type 3) are to be recorded as consumable inventory. A physical inventory must be taken at year end and the recorded balances adjusted

[50.80.80.a](#) **Entries to Adjust Inventory Balances**

The following entries record inventory adjustments in proprietary funds and local operating funds.

Consumable	254 1410/6510 (EA or G) Allowed in Fund types 3 and 4
	255 9590/9540 Additional required entry for Fund type 3
Merchandise	330 1420/6516 (FF) Only allowed in Fund type 4
Raw Materials	257 6516/1440 (FH) Only allowed in fund type 4

Use R on the transaction code if the adjustment needs to go the other direction.

NOTE: Airline tickets recorded as consumable inventory need to be reversed in the new year. This way the expense is recorded in the new year.

[50.80.85](#) **Negative Cash Balances**

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[RCW 43.88.260](#) states no fund can have a deficit cash balance at the end of the biennium. If any GL 1355 (cash) is in a credit position, add GL 1205 and/or GL 1206 ONLY to it. If the overall cash in a fund is still in a credit position have your board authorize a transfer between funds to cover the deficit. Some colleges have board resolutions authorizing the business office to make these transfers at their discretion.

[50.80.85.a](#) **How do I address negative cash balances prior to closing?**

Before preliminary (12th month) June close around July 10th, and after cash activity has been entered for the month, run a data express report, the GA1409 report, a Fund Ledger GA1332 report, or any report that will give you general ledger balances by fund. If a fund's combined total of general ledgers 1355, 1205 and 1206 is a credit you must transfer in cash to cover the deficit. Transfer cash (TC 145-R) from any local fund with adequate pooled cash balance to the fund in cash deficit (TC 410 or 406-R).

Fund Type	Accrual Year End	Reversal Next Year
Fund Types 2,3,4,5	145R 1353/1110	145 1110/1353
Fund type 3	410 1110/5153	410R 5153/1110
Fund types 2,4,5	406R 1110/5153	406 5153/1110

Remember that general ledgers 1353 and 5153 must offset each other and the subsidiary due to/from field must contain the fund numbers.

The pooled cash process will convert general ledger 1110 to general ledger 1355.

[50.80.85.b](#) **What needs to be done in the new year?**

To make sure these accruals are reversed in the new year, it is recommended that both GAT forms be written at the same time. The first one is to record the transfer in the old year and the second one is to record the payment in the new year.

50.80.90 Using SMART to Assist with Closing Process

2003-08-15

Please see section 60.60.10

[50.80.90.a](#) **Manual Adjusting Entries**

After FMS closes for the fiscal year at the end of July adjusting entries can still be accomplished by doing a manual adjusting entry in the SMART program. Each year SBCTC publishes a deadline date for manual adjusting entries which is usually second Thursday of August.

[50.80.90.a.1](#) **How are manual adjusting entries coded?**

The manual adjusting entries are NOT input into FMS so the total account code structure is not required. The data elements required varies depending upon the type of transaction.

- Revenues require Fund, Source, GL and amount.
- Expenditures require Appropriation Index, Program Index, Subobject, GL, and amount.
- Assets and Liabilities require Fund, GL, and amount. Subsidiary data is required on specific types of asset and liability ledgers.

[50.80.90.a.2](#) **What happens to manual adjusting entries in the new year?**

In the new year some of the manual entries may be reversed in AFRS and therefore will not affect the college's records. Other entries may not be reversed. For entries not reversed in AFRS the college must adjust their opening balances to equal AFRS.

A college is to indicate on their adjusting entry if they want it reversed or not. SBCTC will review this decision and make the determination if it is reversible. The entries eligible for reversal will be different for a fiscal year than they are for a biennium year end. Because AFRS operates on a biennial basis, entries that are reversible in the first year of the biennium may not be reversible in the second year. The exception is Account 001 which is on a fiscal year basis so there is no difference in the reversibility of an entry between the two years. The following gives an example of how SBCTC makes the decision

[50.80.90.a.3](#) **Manual Entries at Fiscal Year-End**

As a general rule all entries in the first year of a biennium are eligible for reversal. Some entries however must be reversed. Manual adjusting entries to record expenditures in capital projects must be reversed. Because SBCTC monitors biennial expenditures to capital projects using FMS data, all expenditures must be recorded in FMS. When expenditures are recorded via manual adjusting entry to a capital project fund they have not been entered in FMS. Therefore these entries must be reversed and the college must record the expenditure in the second year. On the reverse side, no entry affecting revenue or expenditures in Fund 001 may be reversed.

[50.80.90.a.4](#) **Manual Entries at Second Year of Biennium**

Both FMS and AFRS close revenue and expenditures to fund balance at the end of the second year of the biennium. Therefore, no adjusting entry affecting these general ledgers may be reversed in the second year. The college must make them as an opening entry adjustment to their fund balance in the new year.

[50.80.90.a.5](#) **Manual Entries Not Affected by Year of Biennium**

Adjusting entries that reclassify asset and/or liability accounts may or may not be reversed at the discretion of the college. For instance, a manual adjusting entry to correct and due to/from indicator from 350 to 353 may

be reversed in either year. A manual adjusting entry to reclassify a debit balance in GL 5111 to GL 1319 may be reversed in either year, or a manual adjusting entry to reclassify a payable to the federal government GL 5151 to a payable to other governments GL 5152 may be reversed in either year.

[50.80.90.b](#) **Opening Entries – How Manual Adjusting Entries are Recorded in the New Year**

Once SBCTC determines which entries to reverse, they modify each college's data to reflect these reversals. Then they calculate opening balances by closing revenue and expenditures to fund balance. A report is sent to each college indicating, by fund, the balances in FMS at closing, the manual adjustments, any reversals, the amounts closed to fund balance, and the adjusted opening balance amount. These reports are called the "Open to Close" reports. The FMS opening balances MUST equal those indicated on these reports. To facilitate this, SBCTC monitors the opening balances each month and, if they are not correct, sends a report to the college.

[50.80.90.b.1](#) **Transcodes for Opening Entry Adjustments**

Special transaction codes in FMS indicate opening entries. These transaction codes start with the letters, A, S, or R. The automatic FMS opening process opens the asset, liability and fund balance ledgers using transaction codes A for general ledger balances, or S for coming "from" the sub ledger, and source 0999.

When adjusting opening balances to equal those on the report received from SBCTC transaction codes A, S, or R may be used. The source MUST be 0750 to distinguish adjustments made from system generated opening balances.

[50.80.90.b.2](#) **Differences Between Transaction Codes S and R**

Both these transaction codes affect opening balances of receivables. Transaction codes starting with S mean the data came from the sub ledger and is the code used when the system generates the posts the opening balance to the general ledger. Transaction codes starting with R mean the entry is posted to the general ledger AND the sub ledger. If a receivable opening entry adjustment is made with an S transaction code it will post to

the general ledger but NOT to the sub ledger. If an opening entry adjustment needs to be posted to both the sub ledger and the general ledger you must use the R transaction codes. If you do not, your sub ledger and general ledger will be out of balance and you may end up with the same opening entry error in the next year.

See also FAM [50.60.10.a.1](#).

[50.80.90.c](#) **Using SMART to Report Note Disclosures**

Disclosure forms are required by OFM. They provide additional information required for the state CAFR that cannot be determined through review of the accounting data. The required disclosure forms are available on the SMART system. These are the same forms required by OFM but tailored to suit the college system. The OFM forms are listed in SAAM 90.40

See section [60.60.10](#) for information regarding forms pertinent to our system and information on completing each form. Most of the disclosure forms require disclosure of additional information regarding balances recorded in FMS and therefore the amount reported on the form must equal the amount recorded in FMS. These forms must be completed and reconciled to the FMS balance before submission to SBCTC.

[50.80.95](#) **The FMS Close Open Process**

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Close Open refers to the process of closing out one fiscal year and opening up the next fiscal year. Closing a year means revenues and expenditures close to fund balances. Opening entries are the asset, liability, and fund balance general ledgers. The close open process happens after FMS closes for the fiscal year around July 24 and before July 31.

[50.80.95.a](#) **What FMS processes are involved in the Close/Open process?**

There are two FMS processes involved in the Close/Open process

[50.80.95.a.1](#) **Process One**

The first process involves setting up tables. A college has choices about how to close and how to open up their accounts. These choices are made

through a variety of tables. The main table is the GA1077 Program/Organization Close/Open Table. This table establishes what happens to an individual prog/org code in the close/open process. You can set a prog/org to open up in the new year with assets, liabilities and fund balances in the same prog/org code, or in a different prog/org code. You can have all general ledgers affected by this decision or only some general ledgers. Note: You cannot use this table to transfer between different funds.

[50.80.95.a.2](#) **Process Two**

The second process involves running jobs and job groups. One of the first set of jobs is actually run early in the year, probably by March. These jobs copy over the chart of accounts and create a new chart of accounts for the next year. These jobs must be run early in the year so that when courses are being set up for summer quarter, there is a chart of accounts to access.

[50.80.95.b](#) **Can I test the close/open process before actual closing?**

There are two other job groups that you may run any time during the year to test the close/open process. They are the FG083A (Test FYR Closing/Opening Process) and the FG084A (Test of Annual Opening Balances Reporting) job groups. These job groups allow you to build your close/open tables and then run a test close to see if everything works the way you plan. It is advised that these groups be run far enough in advance of the actual close/open process that the college can make any necessary changes and do a final test.

All of the tables and jobs necessary to close and open can be found on the SBCTC-IT web site. Go to their home page, then FMS Home, then FMS Processing Information, and then Annual FMS Processes.

[50.80.95.c](#) **Open Entry Differences**

Opening entry differences refers to the difference between general ledger opening balances posted in FMS as compared to the same ledgers in AFRS.

[50.80.95.c.1](#) **Opening Differences Resulting from Manual Adjusting Entries**

Opening entry balances may be different from those on the report received

from SBCTC. The differences are mainly caused by manual adjusting entries submitted during the closing process.

[50.80.95.c.2](#) **Opening Differences Caused by Sub Ledger/GL Differences**

The other main reason they may be different is because the accounts receivable sub ledger is out of balance with the general ledger. If this is the case there will be a balance in GL 9999 at the fund level. There may be balances in GL 9999 through several individual prog/org accounts within a fund that are created because of options chosen on the GA1077 table. These balances do not mean there is an error. A balance in GL 9999 is only an error if it appears at the fund level. All balances in GL 9999 at the fund level MUST be zero.

[50.80.95.c.3](#) **How do I check opening general ledger balances for differences?**

To check balances use any report showing general ledger balances by fund. For instance, you can use the GA1332 Fund Ledger or the GA1409A report. They are created because opening balances in accounts receivable general ledgers come from the sub ledger. The exceptions are general ledgers 1350, 1353, and 1355 which are not posted to the accounts receivable sub ledger. When FMS creates opening entry balances it does so from the general ledger file and the accounts receivable file. It posts the balances from these two files and then adds the balances. If they do not equal zero it self generates GL 9999 and posts the difference to that ledger.

As an example:

The following illustrates the close/open process for a fund if the receivable sub ledger also shows a balance of \$100.00 in general ledger 1312.

General Ledger	Balances at Closing	Closing Entries	Opening Balance
1110	200.00		200.00
1312	100.00		100.00
3210	(50.00)	50.00	-0-
6510	10.00	(10.00)	-0-
9590	(260.00)	(40.00)	(300.00)

If the receivable sub ledger had a balance of \$300.00 the following is what would happen during the close/open process. (The sub ledger has \$200.00

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more than the general ledger.)

General Ledger	Balances at Closing	Closing Entries	Opening Balance
1110	200.00		200.00
1312	100.00		300.00
3210	(50.00)	50.00	-0-
6510	10.00	(10.00)	-0-
9590	(260.00)	(40.00)	(300.00)
9999			(200.00)

It is recommended that you work with SBCTC-IT to correct these problems. Until they are corrected they will appear every year as an opening balance in GL 9999 and must be corrected.

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60.10

Auditing

What is an audit?

An audit is 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 www.ofm.wa.gov/policy/glossary.htm (link) for more information.

What is a compliance audit?

A compliance audit is 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 www.ofm.wa.gov/policy/glossary.htm(link) for more information.

What is a corrective action plan?

A corrective action plan is 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 www.ofm.wa.gov/policy/glossary.htm for more information.

What are exit items?

Exit items are issues deemed less serious but important enough to communicate the concerns observed by the auditor with management.

What is an external auditor?

An external auditor is any non-college auditor, e.g. state, federal or private firm.

What is a financial audit?

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A financial audit is 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 www.ofm.wa.gov/policy/glossary.htm for more information.

What are findings?

Findings are reportable issues that are considered the most serious and significant issues. The issue is disclosed to the public in the published agency report. The agency has the opportunity to respond to the audit; the response will be presented with the reported finding. Findings generally result in some required action on the part of the college. That action might take the form of changes to policies and/or procedures, a refund or other payment, etc.

What is a management letter?

Management letters are issues that are discovered in an audit that are considered less significant than those of a finding, but are intended to foster communication and resolution of issues that may otherwise become significant in the future. Typically the issues are smaller in dollar amounts and they are isolated to specific areas of improvements. The issue will be addressed to management in formal letter to the college administrator responsible for audit activities.

What is a performance audit?

A performance audit is 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 www.ofm.wa.gov/policy/glossary.htm for more information.

What is a risk based audit?

A risk based audit is an audit that concentrates on the areas in which public resources are considered at high risk of misappropriation and misuse.

What is a single audit?

A single audit is a financial, internal control, and compliance audit of a nonfederal entity administering federal assistance awards including the financial statements of the entity. Refer to www.ofm.wa.gov/policy/glossary.htm for more information.

60.10.10 State Audit

2003-08-15

All public community and technical colleges in the State of Washington are required to be audited by the State Auditor's Office (SAO). Many colleges are audited annually while others are audited on a two or three year cycle. The audit performed by the SAO is done in compliance with the federal requirements under the single audit act. Because the colleges do not prepare formal college-level audited financial statements, the audit criteria used by SAO is in relation to the state-wide financial report prepared by OFM. Therefore materiality levels are significantly higher than would be the case for at the college level. The materiality levels are defined in SAAM at SAAM 75.30.40.

60.10.10.a Authority

The state auditor's office (SAO) is the auditor of public accounts and has the authority to perform the duties connected with audits for the State of Washington. (RCW.43.09.020) In addition to the SAO auditors, there are other federal, state, local or private auditors that will possess the authority to audit public records.

60.10.10.b What are the state auditor's responsibilities?

The state auditor's office has a uniquely independent role to report directly to the public. Auditors perform financial, compliance, performance, risk based and single audit activities. Refer to www.sao.wa.gov for specific definitions of these activities.

In addition to conducting audits, the auditor's office investigates improper governmental action including employee disclosed wrongdoing via the state's Whistleblower Act. (RCW 42.40)

The state auditor's general duties per RCW 43.09.050 1-3 are as follows:

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1. Except as otherwise specifically provided by law, audit the accounts of all collectors of the revenue and other holders of public money required by law to pay the same into the treasury.
2. At his or her discretion, inspect the books of any person charged with the receipt, safekeeping, and disbursement of public moneys.
3. Investigate improper governmental activity under chapter 42.40 RCW.

The agency is responsible to respond and fully cooperate with all external auditors.

[60.10.10.c](#) **What are the general procedures required to prepare for an audit by SAO?**

An audit is a coordinated process that involves full cooperation and communication between the auditor and the agency. The agency's designated liaison will assist in the process by insuring that advance arrangements will be made in preparation for the audit visit. It will also be the liaison's responsibility to communicate any audit needs to the agency staff.

Basic arrangements for the audit include:

1. Arranging that the auditor will have a place to work and the necessary technical connections and communication tools installed in the workplace.
2. Ensuring that appropriate staff will be available to assist the auditors.
3. Gathering all relevant records in a timely manner.
4. Assisting to minimize the audit disruption of agency activities.

Refer to www.sao.wa.gov/StateAuditorsOffice/PrepareAudit.asp for information on how to prepare for an audit.

Additionally the assigned auditor should provide the agency with a formal request of information. A brief non-inclusive summary may include:

1. Gather documents needed by the auditor which include minutes, agency directories & organizational charts, bank statements, original invoices, contract, agreements, financial reports, internal & external audit reports, accounting and budget records.
2. Schedule and downloading financial data as requested. Schedule FMS job group FG160R (www.cis.ctc.edu/jobdoc/FG160R.HTM) for prior years data. Since this is a data express download/upload process

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refer to the SBCTC-IT instructions on DBReport:806 memo of 8-13-02.

3. Schedule and download the payroll data. Schedule PPMS job group PG830R (www.cis.ctc.edu/jobdoc/PG830R.HTM). This job is dependant on FG161R.
4. Prepare schedules as requested by the auditor, i.e. investment schedule, fixed asset activity, inventory balances, long-term debt balances and adjusting entries.
5. Documentation of internal control systems, including policies and procedures for the agency.

60.10.10.d Audit Notification and Expectation of actual Audit Activities

The external auditor should provide the agency with a formal notification of an upcoming audit to the agency's audit liaison. At the colleges, this is normally the Chief Fiscal Officer. Depending on the audit agency a formal Entrance Conference will be scheduled. The agency is encouraged to have all appropriate agency personnel present at the conference, including the College President and member of the Board of Trustees. The Entrance Conference will include:

1. Nature, scope and timing of the engagement.
2. Identification of the audit team, including the Audit Manager, Assistant Audit Manager, Auditor in Charge and other auditors assigned to the audit.
3. Any other relevant discussion deemed necessary by participants.

Contact during the actual audit activities should be coordinated with the auditor and staff identified as the agency liaison. The liaison is the official contact for the auditors and should be kept informed of ongoing audit activities. If necessary the liaison may be present during interviews. The external audit should communicate any mistakes, discrepancies or audit questions or concerns as they arise in the course of the audit. (Note: The state auditor's office reserves the right to perform surprise cash counts at any time. Once at the agency site, the liaison will be contacted to inform them that the count was going to happen.)

60.10.10.e Communicating the Audit Results

It is strongly recommended that the agency request a pre-exit conference with the agency liaison to discuss the issues that were found. At this point the auditor's office may not have determined whether an issue will be

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reported as a finding, management letter, exit or comment. Once decisions are made on the reporting method of the issues the liaison should be notified prior to the exit conference.

When the audit is complete the auditor will arrange an exit conference with the agency liaison and appropriate agency personnel. The Exit Conference should include all those present in the Entrance Conference including the President and the same Board of Trustee member.

The final audit report should be published shortly after the Exit Conference. A report will be sent to the agency as well as to various appropriate state personnel and representatives including the executive, legislative and administrative agencies. The report will also be made available to the general public, including the press.

[60.10.10.f](#) **Responding to Audit Issues**

The agency reserves the right to respond to any issues prior to the final report. If there is an impending finding, the agency should be given sufficient time to respond to the finding. The response will be reported in the finding. An agency is also required to write a corrective action plan for all findings that must be submitted to OFM within 30 days of the issue date of a state audit. (Refer to SAAM 55.10.20 and 55.10.30 for more information.) If the finding is federal the finding and corrective action plan will be published with the Federal Single Audit Report. Audit findings are public information and are reported on the State Auditor Web Site at (<http://www.sao.wa.gov/Reports/auditfinding/frmAuditSearch.asp>).

60.10.20 Federal Audits

2003-08-15

[60.10.20.a](#) **Federal Funding**

All colleges receive federal funding in one form or another both directly and indirectly. Though the federal agencies are required to rely on the single audit done by the SAO, federal agencies frequently conduct program audits. The federal program audits can be informal or very detailed comprehensive audits of specific program activity and related fiscal information.

60.10.30 SBCTC Operations Reviews

Fiscal Affairs Manual

Issued by SBCTC on 3/28/2012

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In addition to the formal audits conducted by SAO and the federal programs, the SBCTC conducts annual operations reviews. These are not formal audits however some aspects of the reviews rely on standard auditing techniques. The purpose of the operations reviews is two fold. First, the SBCTC is charged by statute with oversight responsibility for the state's community and technical colleges. SBCTC efforts in this regard are to test compliance with the rules and regulations established by the state and the SBCTC. Second, the operations reviews serve as sub-recipient monitoring for federal grant funding received by SBCTC and passed through to the colleges.

[60.10.30.a](#) **What does a operations review consist of?**

Each spring colleges will receive a letter from SBCTC outlining the general areas to be covered by the reviews for the coming year. As reviews are scheduled, colleges are contacted to coordinate the date for the review. At the conclusion of the on-site review, SBCTC staff will meet with the college's designate contact to review the preliminary findings of the review. Once all work is completed, a letter is sent to the colleges formally advising them of any issues noted and recommendations for resolution thereof.

60.20 **Banking**

60.20.10 **Positive Pay**

2003-08-15

60.20.10.a **Positive Pay**

The increasingly sophisticated methods used by forgers have made check fraud a high risk for colleges. To protect the college from loses, many have instituted the banking service known as positive pay. This process basically allows the college to advise the bank of all checks about to be or just issued. When an item is present for payment, the bank compares the presentment with the known list of outstanding items. Any check not on that list is rejected and the college is not subjected to the loss or effort required to recoup funds wrongfully paid from its account.

The system payroll account uses this service and colleges are encouraged to consider this service as an effective loss prevention measure for local accounts.

60.20.20 **Acquiring Banking Services**

2003-08-15

State laws require that all banking services provided to state institutions must be done through banks located within the State of Washington. The state defines purchased banking services as “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.”

60.20.20.a **College Authority to Contract for Banking Services**

The state treasurer, with the concurrence of the office financial management delegates the authority for cash management of public funds to state agencies. Before entering into any new agreement for banking services, including electronic payment systems, it is critical that the college seek the guidance and approval of the Office of the State Treasurer

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(OST) and OFM. Their responsibilities are as follows:

- OST: The Outreach Coordinator in the Cash Management Department assists agencies in evaluating banking service requirement and contracting for purchased banking and merchant credit card services.
- OFM: The in the Accounting division analyst assigned to higher education assists in the request of delegation for cash management and responds to requests for information related to fiscal matters.

Guidelines for colleges seeking delegation of authority for banking and related services are outlined in [SAAM 65.10.50](#)

[60.20.20.b](#) Sample Checklist for Banking RFP

Setting up a new bank or the decision to change an existing bank relationship requires a thorough evaluation and review of an agency's banking needs. Following are recommendations that could also be used as a checklist that may assist in the decision process:

- Although there are no mandatory contract terms for banking contracts it is recommended that all contracts relationships be reviewed at least every two to three years. Additionally an existing bank contract should be extended in increments of one year, with no more than three extensions allowed. At the maximum a new RFP process should occur every 5 to 6 years.
- Pre-planning for a RFP should begin at least four-six months from the expected date of the new contract period.
- Depending on the structure of an agency, coordination of the banking RFP should include representatives from purchasing, fiscal and administration. Contact and include OST-Outreach Coordinator and OFM - Accounting Division Representative.
- Prepare a list of all current bank services and desired bank services. Be creative and utilize all known or potential technical related services. Solicit the resources of the BAR listserv and OST for suggestions.
- Determine what needs to be a Mandatory Requirement or would be considered an Optional Requirement. Note: Utilize standard banking terminology as much as possible; this will help in the scoring process of the RFP.
- Prepare a spreadsheet of all existing bank service costs. Most banks provide a monthly analysis of these charges. Be sure to include the

Administrative Procedures

Merchant Service costs.

- Prepare an annual review of all bank service costs to obtain an average monthly cost of the services.
- Determine if any the annual interest earned on checking account balances and the annual interest from compensating certificate of deposits.
- Obtain examples of the OST RFP for banking from the Outreach coordinator or request examples prepared by other colleges via the BAR listserv.
- Obtain a sample contract from OST from the Outreach coordinator or request one prepared by other colleges via the BAR listserv.
- RFP scoring should include at least one representative from Purchasing and Financial Services. Prepare an RFP scoring sheet to assist in the evaluation of the RFP.
- Once the contract has been awarded and announced, the planning should begin for implementation of the new bank. The plan should contain a timeline that includes notification to college community of change, review of all bank changes, assignments and actions needed and the impact to the existing internal controls. Note: this process can be extremely time consuming, so be prepared to move individual activities one process at a time. Plan for a process of implementation of approximately six months.
- Contract compliance review :
 - Bank reconciliation – preformed within 30 days of the receipt of the statement each month.
 - Monthly monitoring of pricing and charges.
 - For those with a bank analysis process review the ongoing balance closely to insure maximum earnings potential.

60.20.30 E-Commerce

2003-08-15

60.20.30.a E-Commerce

Closely related to banking services is the area known as e-commerce. This is another activity that is controlled at the state level. Prior to initiating e-commerce solutions to college functions, colleges are required to obtain approval from OFM. Information about the approval process is available in [SAAM Chapter 40](#).

60.40
Internal Control

60.40.10 **To be provided**

2003-08-15

60.50
Meals and Refreshments

60.50.10 To be provided
2003-08-15

60.55
Travel

60.55.10 **To be provided**

2003-08-15

60.60
General Ledger Monitoring

60.60.10 To be provided
2003-08-15

60.70

Risk Management

Risk Management is the division within the Office of Financial Management that is responsible for purchasing commercial and casualty insurance, coordinating self-insurance programs, conducting on-request risk assessments, administering the tort claims process, and providing advice and training to state agencies in risk management. Risk Management became a division of the Office of Financial Management on July 1, 2002 see [RCW 43.21.280](#) through [RCW 43.21.350](#) (prior to July 2002 Risk Management was administered through the Department of General Administration).

60.70.10 **Services**

2006-03-02

60.70.10.a **Services Provided by Division of Risk Management**

Services provided by Risk Management include purchasing commercial property and casualty insurance, coordinating the state's self-insurance programs and issuing certificates of insurance. Certificates of insurance are available on line at <http://www.ofm.wa.gov/rmd/forms/>. They also conduct risk assessments to help state agencies identify areas of possible exposure, advise agencies on ways to reduce or eliminate claims costs and train state agencies in risk management.

Publications available on its website at <http://www.ofm.wa.gov/rmd/default.asp> include a Loss Prevention Guide, State Agency Risk Management Executive Order, Risk Management Executive Order Questions and Answers, Risk Management Assessment and Planning Matrix, and the quarterly loss prevention newsletter – “Spotlight”.

60.70.20 **Insurance**

2003-08-15

60.70.20.a **Liability**

Community and technical colleges are insured for liability through OFM

Administrative Procedures

Division of Risk Management's Self-Insurance Liability Program. The liability account is used to pay for tort claims, judgments and settlements arising from general liability and vehicle accidents for which the state is found to be wholly or partially negligent. The account also pays for the cost of defending against these claims. Coverage is provided for claims arising from bodily injury, personal injury, and property damage to a third party, including:

- Bodily injury or property damage to college employee or third party. (Exception: injuries to college employees that occur while performing job duties are handled by L&I)
- Vehicle liability
- Public officials liability
- Liquor liability
- Violations of civil rights
- Sudden and accidental pollution
- Certain areas of medical malpractice
- Certain types of marine docks and vessels

Premiums are computed annually for each agency based on a combination of risk exposures and prior claims experience.

60.70.20.b

Commercial Carriers

Coverage not provided by the self-insurance program is available through commercial carriers. Commercial insurance policy information is available at <http://www.ofm.wa.gov/rmd/risk/commins.asp>. Examples of areas that individual colleges should consider insuring include:

- Electronic data processing equipment
- Other college equipment and property
- Art work
- Buildings (note: coverage for building is very high cost)
- Student medical malpractice
- Radiation malpractice
- Intercollegiate athletic
- Automobile or other vehicles
- Foreign travel
- Boiler/Machinery
- Aviation/Marine
- Public employees fidelity
- Special events

- Sports camps
- Child care centers
- Master money and securities

60.70.30 Tort Claims

2006-03-03

Under RCW 4.92.100, OFM Division of Risk Management is responsible for administration of tort claims for community and technical colleges. (See 60.70.20 for information on self-insurance liability program). The division is responsible for processing, investigating and resolving tort claims, processing sundry claims, and providing agencies with loss history information.

60.70.30.a What information is required when filing a claim?

Claims filed through Risk Management must describe the following:

1. The circumstance that resulted in the accident or injury.
2. The injury or damage.
3. The time and place of the incident.
4. The names of all persons involved (if known).
5. The amount of damages claimed.

The claim is required to include the appropriate documentation to support the amount of damages claimed by the claimant.

60.70.30.b Requirement for Reporting Serious Incidents

Effective June 13, 2002 incidents involving the death of a person, serious injury to a person, or other substantial loss that is alleged or suspected to be caused at least in part by actions of a state agency must be reported to OFM. Colleges are required to notify the Director of OFM and submit an incident report. The reports are to be submitted within five (5) working days following the incident. Guidelines for reporting incidents as well as the incident report form are available at

<http://www.ofm.wa.gov/rmd/lprt/guidelines.pdf>.

60.70.40 College Responsibility for Risk Management

2003-08-15

RCW 43.41.350 states that “State agencies shall provide top management support and commitment to safety and loss control, and develop awareness

Administrative Procedures

through education, training, and information sharing.” That has been interpreted to mean that colleges should identify a “risk manager” and have formal risk management and assessment processes and procedures. Typically the risk manager would chair a campus safety committee and periodically report to the president and board of trustees on efforts to mitigate risks and control losses.

60.80**Service Contracts**

60.80.10 Personal and Purchased Services Contracts

2006-03-03

Personal services are professional or technical services provided by a consultant to accomplish a specific study, project, task, or other work. Personal services are generally infrequent and are used to address a short-term need, resolve a problem, expedite a special project, or bring specialized skills that an agency is not staffed to provide. Contracts for personal services may be awarded to individuals, joint ventures, partnerships, corporations, or non-profit organizations. All personal service contracts must be administered according to SAAM Chapter 15. OFM also publishes a “Guide to Personal Services Contracting” and a “Guide to Client Service Contracting.” These comprehensive guides, along with SAAM Chapter 15, provide the information necessary to successfully procure, manage, and audit contracts. The guides are available at www.ofm.wa.gov/contracts/psc/default.asp and www.ofm.wa.gov/contracts/client/default.asp

60.90

Records

The Division of Archives and Records Management in the Office of the Secretary of State, is responsible for ensuring that state and federal requirements for the legal and proper retention, protection, preservation, and disposition of public records are adhered to by all state agencies, including the community and technical college system. The Division of Archives and Records Management provides up-to-date records management standards, guidelines, procedures, and education covering the following.

- Records Retention and Disposition
- Essential Records Protection
- Security Microfilm Preparation and Transfer
- Disaster Preparedness
- Archival Records Transfer
- Electronic Records Management
- Files Classification and Maintenance
- Non-current Records Storage and Retrieval
- Security Storage of Microfilm Copies of the College's Essential Records

Comprehensive information on records retention is available at the Secretary of State's Records Management Division website at <http://www.secstate.wa.gov/archives/>.

60.90.10 State Board Role

2006-04-11

The State Board for Community and Technical Colleges' (SBCTC) Records Officer is responsible to work with the individual colleges to ensure the following.

- Only active records are stored in valuable office space.
- Historically valuable records are preserved and transferred to the State's Regional Archives facilities.
- Records are destroyed at the end of the retention period specified on the retention schedule.
- Records essential to college authority and operations are adequately

protected from damage or loss.

- The college will be prepared to recover or replace records damaged by fire, flood, or other disaster.
- All information systems, including hard copy, microfilm, and electronic, shall preserve the integrity and accessibility of the public records they hold for the duration of the established retention periods.
- Records will be made accessible for public inspection and their security will be maintained according to the provisions of the Public Disclosure Act.

Information on record retention for the community and technical colleges, including general retention schedules, is available at the State Board for Community and Technical College's website at <http://www.sbctc.ctc.edu/Resources.asp>

60.90.20

2003-08-15

College Role

Individual colleges are responsible for the following.

- Appoint a Records Officer responsible for coordinating the development and maintenance of the college's Records Management Program and who will act as contact between the college and the SBCTC.
- Designate a Records Coordinator for each functional unit who will work with the Records Officer in implementing the Records Management Program.
- Provide opportunities for the Records Officer, Records Coordinators, department heads, and other key personnel to participate in records management orientation and training provided through the Secretary of State's Records Management Division and/or the SBCTC.
- Provide administrative-level participation in disaster recovery planning.

70 Reporting

<u>70.10</u>	<u>Integrated Postsecondary Education Data System (IPEDS)</u>	
<u>70.10.10</u>	<u>Background/General Information</u>	2003-08-15
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<u>70.20.30</u>	<u>Sales and Use Tax, B&O Tax</u>	2006-03-08
<u>70.20.30.a</u>	<u>What is sales tax?</u>	
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<u>70.20.30.i</u>	<u>Relieving the Liability/FMS Entry</u>	
<u>70.20.30.i.1</u>	<u>Other college operations requiring sales tax collection.</u>	
<u>70.20.30.j</u>	<u>When do I have a use tax liability?</u>	
<u>70.20.30.k</u>	<u>Recording Use Tax liability</u>	
<u>70.20.30.k.1</u>	<u>When do I remit use taxes?</u>	
<u>70.20.30.k.2</u>	<u>FMS sales/use tax table maintenance</u>	
<u>70.20.40</u>	<u>Leasehold Excise Tax</u>	2003-08-15
<u>70.20.40.a</u>	<u>What is leasehold excise tax?</u>	

70.20.50	Unrelated Business Income Tax (UBIT)	2006-03-03
70.20.50.a	What is unrelated business income tax?	

70.10

Integrated Postsecondary Education Data System (IPEDS)

70.10.10 Background/General Information

2003-08-15

The Integrated Postsecondary Education Data System (IPEDS), established as the core postsecondary education data collection program for National Center for Education Statistics (NCES), is a system of surveys designed to collect data from all primary providers of postsecondary education. IPEDS is a single, comprehensive system designed to encompass all institutions and educational organizations whose primary purpose is to provide postsecondary education. The IPEDS system is built around a series of interrelated surveys to collect institution-level data in such areas as enrollments, program completions, faculty, staff, and finances.

IPEDS consists of institution-level data that can be used to describe trends in postsecondary education at the institution, state and/or national levels. Data is collected from approximately 9,900 postsecondary institutions. IPEDS has been designed to produce national-, state-, and institution-level data for most postsecondary institutions. However, prior to 1993, only national-level estimates from a sample of institutions are available for private, less-than-2-year institutions.

70.10.10.a How do I submit IPEDS financial data?

In early 2000, NCES redesigned the IPEDS surveys to allow for Web-based collection. Each college president has designated a keyholder and up to 6 other designated users who can input information. Data is collected at <http://www.nces.ed.gov/ipeds/>. Collection is password protected, passwords are available through the campus keyholder.

70.10.10.b What resources are available for gathering and reporting IPEDS data?

The State Board for Community and Technical Colleges (SBCTC) distributes a calendar annually of collection periods, which identifies the

opening of the window for data entry and the lock date to finalize entry. A template to aid in collecting needed information is distributed annually by the SBCTC prior to the report due date. This includes recommended answers for the screening questionnaire that precedes the finance survey. How the screening questions are answered determines which screens you will be given to enter data. Additionally, the SBCTC will provide a template for the primary IPEDS data elements describing the corresponding source data in FMS.

[70.10.10.c](#) **How can I access the IPEDS data for research purposes?**

The IPEDS listserv was created to facilitate communication of IPEDS issues. Anyone involved with IPEDS reporting should subscribe to this listserv. For information on subscribing contact the SBCTC-IT.

The website provides a drill-down glossary to define terms. Prior year responses are indicated in a separate column for comparison purposes. Any specific questions about completing the survey should be directed to the appropriate college personnel or may be posted to the IPEDS listserv. Edit checks are performed and the data cannot be locked until all edit checks are resolved. The Web-based collection system allows users to print completed forms or to download the data to a file. At the closing of the collection period, the data will be locked automatically. If the survey is not completed and locked, there is a potential monetary fine for not submitting to IPEDS. Any institution that does not submit data will be referred to the Federal Office of Postsecondary Education.

An additional tool available on the website is the IPEDS Peer Analysis System and Self-guided tutorials which enables a user to compare a postsecondary institution of the user's choosing to a group of peer institutions, by generating reports using selected IPEDS variables of interest.

70.20 **Tax Reporting**

70.20.10 **IRS 1098-T**

2012-03-28

The federal government adopted the Hope Scholarship and Lifetime Learning Tax Credits to provide tax deductions for tuition and certain fees on the tax returns for parents of dependent students or for students who file income tax returns directly. Both the Hope Scholarship and the Lifetime Learning Tax Credits are part of the Taxpayer Relief Act of 1997.

The IRS developed rules and regulations to implement the laws, one of which is for colleges to provide 1098-T informational statements for all qualifying enrolled students.

70.20.10.a **What is IRS 1098?**

The IRS 1098-T is a report provided by the college to supply students with information about the fees they paid for a given tax year. The 1098-T is similar to the W-2 and 1099-MISC and must be provided by January 30 of each year for the previous calendar year.

SBCTC-IT has developed a process for extracting the required information from our SMS database. A complete description of the process is found at www.cis.ctc.edu/wctc/fms/DocIndex.htm#IRS_1098T

70.20.20 **IRS 1099-MISC**

2012-03-28

70.20.20.a **What is IRS 1099-MISC?**

The IRS 1099-MISC is the form the IRS requires colleges to use to report certain payments to certain vendors. See the IRS instructions for 1099-MISC at www.irs.gov/pub/irs-pdf/i1099misc.pdf.

SBCTC-IT has developed a process for capturing reportable 1099-MISC information using the accounts payable and vendor table maintenance processes. More information about the SBCTC-IT process is available at

www.cis.ctc.edu/wctc/fms/1099_Misc_Filing.htm

70.20.30 Sales and Use Tax, B&O Tax

2006-03-08

Goods used in the state are subject to either the sales tax or use tax, but not both, unless specifically exempted.

70.20.30.a What is sales tax?

Sales tax is the tax that is due on the sale of, or alteration to (including cleaning, improving, repairing or replacing), tangible personal property in the state of Washington.

70.20.30.b What is use tax?

Use tax is a compensating tax owed when retail tax was due, but not paid at the point of sale. It applies to individuals or businesses that purchase, lease, or use a taxable item without paying sales tax.

70.20.30.c Calculating Use Tax

Use tax is calculated on the value of the goods which is generally the purchase price including any shipping and handling charges paid directly to the seller.

70.20.30.d Sales and Use Tax Exemptions

Some items or services are specifically exempted from state sales and use tax. Newspapers, newsprint (newspaper advertising inserts), personal services contracts, certain professional services (physician, attorney, etc.) and items for resale are currently exempted.

70.20.30.e Sales and Use Tax Rates

The sales and use tax rates are comprised of various components and may include state tax, local tax, litter tax, and rental tax which may vary from city to city within the state. However, the rate used for both sales and use tax will be the same for your area.

For information concerning filing requirements, instructions, current tax rates, and other topics you may access the Department of Revenue (DOR)

web site at [Welcome to Washington State Department of Revenue.](#)

[70.20.30.f](#) **When do colleges collect retail sales tax?**

A retail organization collects sales tax from the consumer at the point of sale. The retail organization remits the sales tax collected from the volume of sales during a reporting period to the Department of Revenue (DOR). The reporting period is based on the dollar volume of sales and can be monthly, quarterly, or annually.

- **Retail Bookstore Example**

A college bookstore (Fund 524) purchases books for resale to students. By presenting a resale certificate to a vendor, the bookstore does not pay sales tax on the wholesale purchase of book inventory. The sales tax is collected on the retail price when students purchase books. Each book sale increases the liability to the Department of Revenue for sales tax collected. The liability is relieved when the sales tax is remitted to the Department of Revenue.

[70.20.30.g](#) **Sales Tax collection and remittance procedures: College Bookstore Example**

In the community and technical college system, some business enterprise funds (5xx) are used to purchase items for resale. Sales tax is then charged on the retail sales. An example of such an enterprise fund is the bookstore. When a sale is rung on the cash register at the bookstore, the sales tax is calculated on any taxable item and listed separately on the receipt. At the end of the day, the register is closed out and the day's sales are written up and entered into the FMS system. Since most college bookstore's cashier systems are not connected to the FMS system, the transactions are usually entered manually via a GAT form by individuals in the Business Office using the GA1103 screen.

Assume a bookstore sold new books for \$2,000; other merchandise for \$1,000; the daily sales total was \$3,000. Assume that the state/city and county tax was 8.8%. Sales tax collected was \$264 (8.80% x \$3,000).

Assume the college has three organization indices (ORG INDX) for the bookstore: New Books (1210); Merchandise (1214) and General Bookstore (1200). (Note: Use of the ORG INDX to track sales categories is only one method. Another option is to use the Sub-Source revenue field

(not shown). The FMS entry to record the day's transaction is:

T/C	APPR INDEX	PRG INDEX	ORG INDEX	SRC	GL DR	GL CR	Amount (\$)
023	524	261	1210	0450	1110	3210	2,000.00
023	524	261	1214	0450	1110	3210	1,000.00
201	524	261	1200	0499	1110	5158	264.00
040	841	281	1200	0499	1150	1151	3,264.00

The above entries record new book sales of \$2,000, merchandise sales of \$1,000, sales tax collections of \$264 (liability to State DOR) and finally, total cash collections of \$3,264.

Note that the sales tax liability is recorded in G/L 5158 in Fund 524. The bookstore (Fund 524) retains the liability for sales tax because the amount collected from customers is retained by that fund in this example.

[70.20.30.h](#) **Filing the State DOR Excise (sales tax) Return**

Most colleges will file a combined sales/excise use tax form. Several factors are considered in determining when you must file and pay your taxes. Check the DOR web site for specific requirements. If your college must file monthly, the combined sales and use tax form and payment must be received by DOR by the 25th of each succeeding month following current month sales activity. Detailed instructions for completing the tax form are included with each form.

[70.20.30.h.1](#) **FMS reports used as a basis for excise tax returns**

Several reports are available that can facilitate the calculation of various required data on the tax form. The Fund Ledger Report, GA1332, is one source that can provide monthly accounting information that can be used to determine sales tax collected and to calculate taxable sales. For example, the amount of taxable sales can be determined by dividing the month end balance in G/L 5158 by sales tax rate for your area. In this example, $\$264 / .088 = \$3,000$ in taxable sales.

[70.20.30.i](#) **Relieving the Liability/FMS Entry**

The calculated tax liability should be the same as tax collections recorded in the G/L during the month and recorded in G/L 5158. If you did not collect tax on a taxable item you are still liable for the payment to DOR.

Monthly reports and payments are typically processed on-line. This DOR system is set up to draw the amount of the tax liability from the college's account. The amount of the payment still must be recorded in FMS using the GA1103 screen. The entries for this example are:

T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	SRC	GL DR	GL CR	Amount (\$)
201	R	524	261	1200	0499	5158	1110	264
040	R	841	281	1B00	0499	1151	1150	264

The above entries record payment of the sales tax liability and the resulting reduction in pooled cash.

Note: If the college is not using the on-line filing and payment system, it will be necessary to manually file the monthly Excise Tax return and process a vendor check payable to DOR.

[70.20.30.i.1](#) **Other college operations requiring sales tax collection.**

The above example illustrates how sales/use tax liability may be handled for a college bookstore. Some colleges may also render services that are related to a particular field of study that may be subject to the retail sales tax. Automotive services, printing services and cosmetology product sales are subject to retail sales tax. Revenues generated from these activities are generally recorded in Fund 148. However, the sales tax liability for these college operations is generally recorded in a separate account in Fund 840. When the funds collected at the operating site are deposited at cashiering the revenues and sales tax collected may be posted to the appropriate accounts via use of a specific fee code. The same format for calculating tax liability in the bookstore example can be used. The difference will be in which fund and account the liability exists.

[70.20.30.j](#) **When do I have a use tax liability?**

A liability for use tax occurs when a college purchases taxable goods or services from a vendor and sales tax is not included in the purchase price. (Recall that use tax must be paid on the consumption/use of products or certain services in the state of Washington when sales tax has not been paid.)

- Use Tax example

Assume that a college orders lab supplies from ABC Company in Oregon.

The total cost of the supplies is \$95, shipping and handling is another \$5 for an invoice total of \$100. Sales tax is not included in the total. In this example use tax is due on the total cost including shipping and handling. The liability for the use tax is recorded when the invoice is paid.

Note: If the shipping and handling charge is a direct reimbursement of the actual S&H cost, the use tax is not due on that amount.

70.20.30.k **Recording Use Tax liability**

On Accounts Payable Invoice Screen (BM3002-005), enter "Y" in the use tax indicator field. See Exhibit 1. By setting the "Y" indicator, the system will calculate the amount of the tax and record the liability to the DOR after pressing the "invoice complete" key.

On the Account Code Screen (BM3002-002), enter the coding for the invoice. In this example, an operating department (Fund 149) is charged with the expenditure. Use tax liability for college operations is collected in Agency Fund 840. Coding in this example is:

T/C	R	APPR INDEX	PRG INDEX	ORG INDEX	OBJ/ SUB	SRC	GL DR	GL CR	Amount (\$)
002		149	093	1923	EA		6570	1110	108.80
200		840	280	1B00		0499	1110	5158	8.80
040	R	841	281	1B00			1151	1150	100.00

The above entry records the full cost (\$108.80) of the purchase to the appropriate budget account, the tax liability of \$8.80 and finally the reduction in pooled cash of \$100.

The amount entered in the "Invoice Total" field is the total invoiced amount, \$100. The tax liability is system generated, \$8.80. The default transcode for the system-generated tax is 200. If a charge on the invoice is determined to be tax exempt, that amount can be entered in the "Inv Ship/Hand" field. The system will deduct this amount from the invoice total before it calculates the use tax.

The using department was charged for the cost of the product plus the tax. However the use tax is being held in a liability account for future payment. Use tax liability for college operations is generally recorded in agency fund 840. The check issued to the vendor is for the invoice amount only.

[70.20.30.k.1](#) **When do I remit use taxes?**

Since the filing and payment of the use tax is combined with the retail sales tax the same procedures described previously in the bookstore example can be used to determine the use tax items. The main difference will be which fund contains the liability.

[70.20.30.k.2](#) **FMS sales/use tax table maintenance**

Periodically the sales/use tax rate will change. The sales tax table MM2002 will need to be updated when changes occur. This will allow the FMS system to calculate the tax correctly.

EXHIBIT 1

70.20.40 Leasehold Excise Tax

2003-08-15

[70.20.40.a](#) **What is leasehold excise tax?**

Leasehold excise tax is a tax paid by persons or businesses that use or lease publicly owned property. If the college leases state owned property, it is required to collect the Leasehold Excise tax per [RCW 82.29A](#). Additional information can be obtained from the Dept. of Revenue web site at <http://dor.wa.gov/docs/pubs/industspecific/leasehold.pdf>.

70.20.50 Unrelated Business Income Tax (UBIT)

2006-03-03

[70.20.50.a](#) **What is unrelated business income tax?**

Unrelated business income is gross income derived by a trade or business. The trade or business must be carried on regularly and must not be substantially related to the organization's exempt purpose. An otherwise tax-exempt organization that has \$1,000 or more gross income from an unrelated business must file [Form 990-T](#), Exempt Organization Business Income Tax Return.

The unrelated business income tax (UBIT) applies to all organizations exempt from tax under section 501(a) except certain U.S. instrumentalities. State and municipal colleges and universities are also subject to the UBIT. Most colleges avoid engaging in activities that would

be taxed under UBIT rules. For more information visit the IRS web site at <http://www.irs.gov/charities/article/0..id=96104.00.html>.