

# OREGON ACCOUNTING MANUAL

<b>SUBJECT:</b> Accounting and Reporting	<b>Number:</b> 15.97.00
<b>DIVISION:</b> Chief Financial Office	<b>Effective date:</b> July 1, 2012
<b>Chapter:</b> Accounting and Financial Reporting	
<b>Part:</b> Agency Financial Reporting	
<b>Section:</b>	
<b>APPROVED:</b> George Naughton, Chief Financial Officer	Signature on file

**PURPOSE:** This policy provides guidance on financial reporting for agencies who prepare annual financial statements, either audited or unaudited. Agencies that choose to prepare a full [Comprehensive Annual Financial Report \(CAFR\)](#) for their agency should seek guidance, as needed, from Statewide Accounting and Reporting Services (SARS) in addition to adhering to this policy

**AUTHORITY:**  
**ORS 293.590**  
**ORS 291.015**  
**ORS 291.040**  
**ORS 293.590**  
**ORS 293.600**

**APPLICABILITY:** This policy applies to all state agencies included in the State's annual financial statements, except for those agencies specifically exempted by [OAM Policy 01.05.00](#).

**POLICY:**

101. Agencies are not required to submit annual financial statements to SARS unless specifically required by statute, by the federal government, or by SARS.
102. Agencies that issue audited financial statements will work with SARS to ensure that the total Net Position reported in agency issued financial statements agrees with the total Net Position reported in the State's CAFR, if that agency's information is presented discretely (in a separate column) in the CAFR Basic Financial Statements. As requested by SARS, agencies should send a copy of annual audited financial statements (both draft and final) to SARS for coordination of CAFR reported amounts. Agencies are not required to include a Management's Discussion and Analysis (MD&A) with agency audited financial statements; however, they may choose to include an MD&A. The only time an agency is required to include an MD&A with agency audited financial statements is when an agency publishes a full CAFR (rather than just financial statements). For guidance on the required elements of an MD&A, contact your SARS analyst.
103. Some agencies may choose to issue agency financial statements, even though they are not required to do so. If an agency chooses to issue (unaudited) agency financial statements, the financial statements and accompanying note disclosures must be in conformance with [generally accepted accounting principles \(GAAP\)](#). Agency management is responsible to

ensure the presentation of the agency's financial position and results of operations are in accordance with current GAAP.

104. Agencies are not required, nor are they permitted, to prepare or issue [government-wide financial statements](#) (either audited or unaudited). Government-wide financial statements, which include a Statement of Net Position and a Statement of Activities, present the State of Oregon government as a whole and are therefore not applicable to an individual agency.
105. The fiscal year end for state agencies that are part of the State's primary government is June 30.

## **PROCEDURE:**

### **Reporting Account Balances**

106. Account balances reported in agency financial statements must be derived from and agree to balances in the [Relational Statewide Accounting & Reporting System \(R\\*STARS\)](#), or the agency's accounting system for those agencies that do not maintain their accounting records on R\*STARS. Agencies that interface data from their own subsystem(s) into R\*STARS are considered agencies that maintain their accounting records on R\*STARS.
107. For agencies on R\*STARS, month 13 should be used to record entries necessary to present the agencies' data in conformance with If agencies discover errors or omissions after month 13 closes, agencies should notify [Statewide Accounting and Reporting Services \(SARS\)](#).
108. SARS recommends the use of GAAP-level reporting profiles in R\*STARS to assist with preparation of agency financial statements. For general ledger accounts, this is the D14 profile. For object accounts, it is the D08 profile. Use the GAAP fund profile (D24) to report columns within the financial statements. SARS encourages use of the Accounting DataMart to facilitate the efficient gathering of electronic data.

### **GAAP Fund Financial Statements**

109. Agency financial statements should report financial activity for governmental, proprietary, and fiduciary funds separately using the appropriate basis of accounting (i.e., modified accrual or full accrual) and measurement focus (i.e., current financial resources or economic resources). Use of the appropriate transaction codes and account profiles in R\*STARS will facilitate this separate reporting. When preparing financial statements, agencies should refer to other parts within Chapter 15 of the OAM for specific reporting and disclosure requirements as well as recognition criteria.
110. Financial statements for [governmental funds](#) include:
  - a. Balance Sheet
  - b. Statement of Revenues, Expenditures and Changes in Fund Balances
111. Financial statements for [proprietary funds](#) include:
  - a. Statement of Net Position
  - b. Statement of Revenues, Expenses and Changes in Fund Net Position
  - c. Statement of Cash Flows

112. Financial statements for [fiduciary funds](#) include:
- a. Statement of Fiduciary Net Position
  - b. Statement of Changes in Fiduciary Net Position
113. The Statement of Net Position for proprietary funds should present assets, deferred outflows, liabilities, and deferred inflows using the classified format; that is, report the current and noncurrent portion of assets and liabilities, and the deferred accounts, separately. General ledger account profiles exist in R\*STARS to accommodate this distinct reporting. The statement must also present [restricted assets](#) as such on the face of the statement.
114. The Statement of Revenues, Expenses and Changes in Fund Net Position must distinguish between [operating revenues](#) and [nonoperating revenues](#) as well as [operating expenses](#) and [nonoperating expenses](#) (see [OAM 15.35.00](#) and [OAM 15.40.00 PR](#) for guidance on the distinction between operating and nonoperating).
115. The Statement of Cash Flows for proprietary funds must present cash flows using the direct (rather than the indirect) method.

### **Illustrative GAAP Fund Financial Statements**

116. Illustrative fund financial statements for governmental funds and for proprietary funds are included in this procedure (see pages 6 through 10). These financial statements demonstrate the format of required GAAP statements to assist agencies that prepare financial statements. The sample statements are for illustration only and do not contain all line item titles that may be applicable to various agencies. The illustrative Statement of Cash Flows does not include a section for Cash Flows from Capital and Related Financing Activities. Financial statements for fiduciary funds are not illustrated. For additional guidance, contact your agency's SARS analyst.

### **GAAP Note Disclosures**

117. Agencies must consider which of the topics listed below are applicable to their financial statements for the fiscal year they are reporting and include note disclosures as appropriate (the SARS analyst for each agency is available to provide specific guidance on content requirements). Since the Governmental Accounting Standards Board periodically changes note disclosure requirements, SARS recommends that agencies that prepare GAAP financial statements contact their SARS analyst to ensure they consider all applicable disclosures. The following outline is a recommended organization for note disclosures; however, agencies may organize the information differently, provided the content is complete:
1. Summary of Significant Accounting Policies
    - A. Reporting Entity
    - B. Fund Financial Statements
    - C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
    - D. Deposits and Investments
    - E. Receivables and Payables
    - F. Intrafund Transactions
    - G. Inventories
    - H. Prepaid Items
    - I. Restricted Assets
    - J. Foreclosed and Deeded Properties
    - K. Receivership Assets
    - L. Capital Assets
    - M. Compensated Absences

- N. Long-term Obligations
- O. Fund Equity
- P. Changes in Accounting Principle
- 2. Deposits and Investments
  - A. Deposits
  - B. Investments
  - C. Securities Lending
  - D. Restricted Assets
- 3. Derivatives
- 4. Receivables and Payables
  - A. Receivables
  - B. Payables
- 5. Joint Ventures
- 6. Capital Assets (including construction commitments and collections not capitalized)
- 7. Leases
  - A. Operating Leases
  - B. Capital Leases
  - C. Lease Receivables
- 8. Donor-Restricted Endowments
- 9. Short and Long-term Debt
  - A. TANS, Lines of Credit, etc.
  - B. General Obligation Bonds
  - C. Revenue Bonds
  - D. Certificates of Participation
  - E. General Appropriation Bonds
  - F. Changes in Long-term Debt
  - G. Demand Bonds
  - H. No-Commitment Debt
  - I. Debt Refundings
  - J. Defeased Debt
- 10. Other Long-term Liabilities
  - A. Changes in Long-term Liabilities
  - B. Arbitrage Rebate Liability
- 11. Pollution Remediation Obligation
- 12. Pledged Revenues
- 13. Interfund Transactions
- 14. Segment Information
- 15. Employee Retirement Plans
- 16. Other Postemployment Benefits
- 17. Deferred Compensation Plans
- 18. Termination Benefits
- 19. Risk Financing
- 20. Discounts and Allowances in Proprietary Funds
- 21. Fund Equity
- 22. Commitments
- 23. Contingencies
- 24. Subsequent Events
  - A. Long-term Debt Issues
  - B. Bond Calls
  - C. Refundings
  - D. Debt Guarantees
- 25. Extraordinary and Special Items

## Budgetary Financial Reporting

118. At their discretion, agencies may prepare agency budgetary schedules (see paragraph 120 for proper title and format). Budgetary schedules report financial activity separately for general funds, federal funds, other funds, and lottery funds using the budgetary basis of accounting (i.e., cash plus encumbrances). Use of the appropriate transaction codes and account profiles in R\*STARS will facilitate this separate reporting. When preparing budgetary schedules, agencies should refer to Chapter 20 of the OAM for specific budgetary reporting requirements as well as recognition criteria.
119. SARS recommends the use of budgetary reporting profiles in R\*STARS to assist with preparation of agency budgetary schedules. Use the appropriated fund profile (D22) to report activity within the schedules; do not include appropriated funds that are non-limited or non-budgeted in budgetary reporting schedules. As an alternative to reporting by appropriated fund, combine similar appropriated fund data by funding source (i.e., general, federal, other, or lottery funds). Use of the Accounting DataMart may facilitate the efficient gathering of electronic data.
120. The appropriate title for a budget to actual comparison is “Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – All Budgeted Appropriated Funds”. This schedule should present comparisons of the legislatively [approved budget](#) with actual data on the budgetary basis. The schedule reports budgeted amounts separately for the original budget and the final budget. The original budget is the legally [adopted budget](#) that resulted from the regular legislative session. Budgeted revenues should represent original estimates, while budgeted expenditures should represent original appropriations. The final budget is the legally approved budget, which is the adopted budget adjusted for any e-board actions or other legislative changes. The schedule should report estimated revenues by revenue source, while it should report budgeted expenditures by category (i.e., personal services, services and supplies, special payments, etc.). Actual revenues should represent cash revenues, while actual expenditures should include both cash expenditures and encumbrances.

## Reconciliation Between Budgetary and GAAP Reporting

121. When agencies present both GAAP financial statements and non-GAAP budgetary schedules, agencies should also present a reconciliation between the two reports. The notes to the required supplementary information should include an explanation of the differences between revenues and expenditures, on the budgetary basis and on the GAAP basis. This is not applicable to agencies that do not prepare budgetary schedules (as described in 120).

## Budgetary Disclosures

122. If a Management’s Discussion and Analysis accompanies the agency’s financial statements, it must include an analysis of significant variations between the original and final budget amounts, as well as between final budget and actual amounts for the general fund.
123. Since a budgetary schedule (as described in 120) will not demonstrate compliance at the legal level of budgetary control (that is, at the appropriation level), agencies should disclose how to obtain a copy of the State’s Budgetary Statement of Legal Compliance that is published annually. This is not applicable to agencies that do not prepare budgetary schedules (as described in 120).

## Illustrative Fund Financial Statement for Governmental Funds

Oregon Department of XXXXXXXX  
Balance Sheet  
Governmental Funds  
June 30, 20XX

	<u>General</u>	<u>Environmental Management</u>	<u>General Obligation Bond</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ -	\$ 90,653,924	\$ 3,324,442	\$ 93,978,366
Investments	-	-	1,203,000	1,203,000
Accounts and Interest Receivable (net)	215,532	7,447,982	16,310	7,679,824
Due from Other Funds	340,686	1,199,841	-	1,540,527
Due from Other Governments	-	445,301	-	445,301
Inventories	269,088	1,098,862	-	1,367,950
Prepaid Items	-	81,620	-	81,620
Net Contracts and Other Receivables	-	910,861	-	910,861
Loans Receivable	-	248,360,516	-	248,360,516
<b>Total Assets</b>	<b>\$ 825,306</b>	<b>\$ 350,198,907</b>	<b>\$ 4,543,752</b>	<b>\$ 355,567,965</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts and Interest Payable	\$ 296,259	\$ 4,144,422	\$ 26	\$ 4,440,707
Due to Other Funds	259,203	1,221,446	-	1,480,649
Due to Other Governments	-	159,542	-	159,542
Matured Bonds Payable	-	-	112,378	112,378
Custodial Liabilities	-	622,050	-	622,050
Deferred Revenue	-	910,861	-	910,861
<b>Total Liabilities</b>	<b>555,462</b>	<b>7,058,321</b>	<b>112,404</b>	<b>7,726,187</b>
Fund Balances:				
Nonspendable-Inventory	269,088	1,098,862	-	1,367,950
Nonspendable-Prepaid Items	-	81,620	-	81,620
Restricted for Natural Resource Programs	-	341,554,332	-	341,554,332
Restricted for Debt Service	-	-	4,431,348	4,431,348
Committed	-	400,535	-	400,535
Assigned	-	5,237	-	5,237
Unassigned	756	-	-	756
<b>Total Fund Balances</b>	<b>269,844</b>	<b>343,140,586</b>	<b>4,431,348</b>	<b>347,841,778</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 825,306</b>	<b>\$ 350,198,907</b>	<b>\$ 4,543,752</b>	<b>\$ 355,567,965</b>

The notes to the financial statements are an integral part of this statement.

This sample financial statement is for illustrative purposes only. Fund and line item titles will vary by agency.

## Illustrative Fund Financial Statement for Governmental Funds

Oregon Department of XXXXXXXX  
 Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 20XX

	<u>General</u>	<u>Environmental Management</u>	<u>General Obligation Bond</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Licenses and Fees	\$ -	\$ 30,702,879	\$ -	\$ 30,702,879
Federal	-	32,107,318	-	32,107,318
Charges for Services	-	5,130,968	-	5,130,968
Fines and Forfeitures	1,031,355	107,824	-	1,139,179
Investment Income	-	13,593,988	168,404	13,762,392
<b>Total Revenues</b>	<b>1,031,355</b>	<b>81,642,977</b>	<b>168,404</b>	<b>82,842,736</b>
<b>Expenditures:</b>				
Personal Services	10,433,620	39,229,930	-	49,663,550
Services and Supplies	3,073,096	20,828,502	-	23,901,598
Special Payments	70,554	2,479,137	-	2,549,691
Capital Outlay	248,337	1,164,629	-	1,412,966
Debt Service:				
Principal – Bonds	4,390,000	-	1,865,000	6,255,000
Interest – Bonds	3,051,295	-	147,243	3,198,538
Other Debt Service	-	-	72,066	72,066
<b>Total Expenditures</b>	<b>21,266,902</b>	<b>63,702,198</b>	<b>2,084,309</b>	<b>87,053,409</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,235,547)	17,940,779	(1,915,905)	(4,210,673)
<b>Other Financing Sources (Uses):</b>				
Transfers from Other Funds	21,266,902	19,914,549	-	41,181,451
Transfers to Other Funds	(1,031,355)	(16,282,747)	(115,641)	(17,429,743)
<b>Total Other Financing Sources (Uses)</b>	<b>20,235,547</b>	<b>3,631,802</b>	<b>(115,641)</b>	<b>23,751,708</b>
Net Change in Fund Balances	-	21,572,581	(2,031,546)	19,541,035
Fund Balances – Beginning	315,764	321,584,887	6,462,894	328,363,545
Change in Inventories	(45,920)	(16,882)	-	(62,802)
<b>Fund Balances – Ending</b>	<b>\$ 269,844</b>	<b>\$ 343,140,586</b>	<b>\$ 4,431,348</b>	<b>\$ 347,841,778</b>

The notes to the financial statements are an integral part of this statement.

This sample financial statement is for illustrative purposes only. Fund and line item titles will vary by agency.

## Illustrative Fund Financial Statement for Proprietary Funds

Oregon Department of XXXXXXXX  
Statement of Net Position  
Enterprise Funds  
June 30, 20XX

	<u>Loan Fund A</u>	<u>Loan Fund B</u>	<u>Total</u>
<b>Assets and Deferred Outflows</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 859,768	\$ 3,678,076	\$ 4,537,844
Cash and Cash Equivalents – Restricted	32,458,520	89,218	32,547,738
Investments	460,229	-	460,229
Accounts and Interest Receivable (net)	828,199	26,093	854,292
<b>Total Current Assets</b>	<b>34,606,716</b>	<b>3,793,387</b>	<b>38,400,103</b>
Noncurrent Assets:			
Cash and Cash Equivalents – Restricted	41,638,244	-	41,638,244
Investments-Restricted	221,595	92,723	314,318
Deferred Charges	455,184	-	455,184
Loans Receivable	129,720,494	906,923	130,627,417
<b>Total Noncurrent Assets</b>	<b>172,035,517</b>	<b>999,646</b>	<b>173,035,163</b>
Deferred Outflows	25,409	-	25,409
<b>Total Assets and Deferred Outflows</b>	<b>\$ 206,667,642</b>	<b>\$ 4,793,033</b>	<b>\$ 211,460,675</b>
<b>Liabilities and Deferred Inflows</b>			
Current Liabilities:			
Accounts and Interest Payable	\$ 4,350,883	\$ 32,010	\$ 4,382,893
Matured Bonds Payable	106,275	89,218	195,493
Bonds Payable	34,655,000	386,000	35,041,000
Deferred Revenue	3,051	-	3,051
Compensated Absences Payable	48,461	-	48,461
<b>Total Current Liabilities</b>	<b>39,163,670</b>	<b>507,228</b>	<b>39,670,898</b>
Noncurrent Liabilities:			
Bonds Payable	148,179,376	2,047,517	150,226,893
Arbitrage Rebate Payable	219,451	-	219,451
Custodial Liabilities	3,425,070	-	3,425,070
Compensated Absences	253	-	253
<b>Total Noncurrent Liabilities</b>	<b>151,824,150</b>	<b>2,047,517</b>	<b>153,871,667</b>
Deferred Inflows	-	147	147
<b>Total Liabilities and Deferred Inflows</b>	<b>190,987,820</b>	<b>2,554,892</b>	<b>193,542,712</b>
<b>Net Position:</b>			
Restricted for Debt Service	1,209,526	-	1,209,526
Unrestricted	14,470,296	2,238,141	16,708,437
<b>Total Net Position</b>	<b>\$ 15,679,822</b>	<b>\$ 2,238,141</b>	<b>\$17,917,963</b>

The notes to the financial statements are an integral part of this statement.

This sample financial statement is for illustrative purposes only. Fund and line item titles will vary by agency.

## Illustrative Fund Financial Statement for Proprietary Funds

Oregon Department of XXXXXXXX  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Enterprise Funds  
For the Year Ended June 30, 20XX

	<u>Loan Fund A</u>	<u>Loan Fund B</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Licenses and Fees	\$ 277,441	\$ 428	\$ 277,869
Charges for Services	262,347	1,908	264,255
Fines and Forfeitures	344,488	-	344,488
Loan Interest Income	9,320,265	97,466	9,417,731
Other	12,514	-	12,514
Total Operating Revenues	10,217,055	99,802	10,316,857
<b>Operating Expenses:</b>			
Salaries and Wages	730,223	49,746	779,969
Services and Supplies	495,906	28,565	524,471
Bond and COP Interest	8,343,037	180,354	8,523,391
Other Debt Service	8,309	-	8,309
Bad Debt Expense	177,601	-	177,601
Total Operating Expenses	9,755,076	258,665	10,013,741
Operating Income (Loss)	461,979	(158,863)	303,116
<b>Nonoperating Revenues (Expenses)</b>			
Investment Income (Loss)	1,378,919	77,200	1,456,119
Other Nonoperating Items	(79)	(34)	(113)
Total Nonoperating Revenues (Expenses)	1,378,840	77,166	1,456,006
Income (Loss) Before Contributions, Special Items, Extraordinary Items, and Transfers	1,840,819	(81,697)	1,759,122
Transfers from Other Funds	-	550,000	550,000
Change in Net Assets	1,840,819	468,303	2,309,122
Net Assets – Beginning	13,839,003	1,769,838	15,608,841
<b>Net Assets – Ending</b>	\$ 15,679,822	\$ 2,238,141	\$ 17,917,963

The notes to the financial statements are an integral part of this statement.

This sample financial statement is for illustrative purposes only. Fund and line item titles will vary by agency.

## Illustrative Fund Financial Statement for Proprietary Funds

Oregon Department of XXXXXXX  
 Statement of Cash Flows  
 Enterprise Funds  
 For the Year Ended June 30, 20XX

	<u>Loan Fund A</u>	<u>Loan Fund B</u>	<u>Total</u>
<b>Cash Flows from Operating Activities:</b>			
Receipts from Customers	\$ 970,532	\$ 3,109	\$ 973,641
Loan Principal Repayments	26,215,654	116,859	26,332,513
Loan Interest Received	9,157,493	1,565	9,159,058
Loans Made	(15,009,784)	-	(15,009,784)
Payments to Employees for Services	(730,738)	-	(730,738)
Payments to Suppliers	(418,467)	-	(418,467)
Payments to Other Funds for Services	(85,254)	-	(85,254)
Other Receipts (Payments)	(72,282)	(82,345)	(154,627)
Net Cash Provided (Used) in Operating Activities	20,027,154	39,188	20,066,342
<b>Cash Flows from Noncapital Financing Activities:</b>			
Proceeds from Bonds/COP Sales	27,917,977	-	27,917,977
Principal Payments on Bonds/COPS	(14,005,300)	(365,077)	(14,370,377)
Interest Payments on Bonds/COPS	(8,749,948)	(176,831)	(8,926,779)
Bond/COP Issuance Costs	(94,450)	-	(94,450)
Transfers from Other Funds	-	550,000	550,000
Net Cash Provided (Used) in Noncapital Financing Activities	5,068,279	8,092	5,076,371
<b>Cash Flows from Investing Activities:</b>			
Proceeds from Sales and Maturities of Investments	342,793	-	342,793
Interest on Investments and Cash Balances	1,305,783	190,585	1,496,368
Net Cash Provided (Used) in Investing Activities	1,648,576	190,585	1,839,161
Net Increase (Decrease) in Cash and Cash Equivalents	26,744,009	237,865	26,981,874
Cash and Cash Equivalents – Beginning	48,212,523	3,529,429	51,741,952
<b>Cash and Cash Equivalents – Ending</b>	<b>\$ 74,956,532</b>	<b>\$ 3,767,294</b>	<b>\$ 78,723,826</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>			
Operating Income (Loss)	\$ 461,979	\$ (158,863)	\$ 303,116
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Amortization of Bond/COP Premium and Discount	328,226	-	328,226
Bad Debt Expense	177,601	-	177,601
Interest Payments Reported as Operating Expense	8,749,948	154,329	8,904,277
Bond/COP Issuance Costs Reported as Operating Expense	8,158	-	8,158
Net Changes in Assets and Liabilities:			
Accounts and Interest Receivable	97,384	1,773	99,157
Loans Receivable	10,030,584	76,859	10,107,443
Accounts and Interest Payable	257,460	(7,996)	249,464
Custodial Liabilities	(83,410)	(20,756)	(104,166)
Compensated Absences Payable	(776)	(6,158)	(6,934)
Total Adjustments	19,565,175	198,051	19,763,226
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 20,027,154</b>	<b>\$ 39,188</b>	<b>\$ 20,066,342</b>

The notes to the financial statements are an integral part of this statement.

This sample financial statement is for illustrative purposes only. Fund and line item titles will vary by agency.