

<b>OREGON ACCOUNTING MANUAL</b>	
Subject: Accounting and Financial Reporting	Number: 15.10.00
Division: Chief Financial Office	Effective date: June 1, 2013
Chapter: <b>Accounting and Financial Reporting</b>	
Part: <b>Cash and Cash Equivalents</b>	
Section:	
Approved: George Naughton, Chief Financial Officer	Signature on file

**PURPOSE:** This policy provides guidance on accounting and financial reporting for cash and cash equivalents.

**AUTHORITY:** **ORS 291.040**  
**ORS 293.590**  
 GASB Statement No. 3  
 GASB Statement No. 9  
 GASB Statement No. 34  
 GASB Statement No. 40

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

**DEFINITIONS:** **Cash:** Cash includes currency on hand and currency in deposits with banks or other financial institutions. Cash also includes deposits in accounts or cash management pools that have the general characteristics of demand deposit accounts, which means the State may deposit additional cash at any time and effectively may withdraw cash at any time without prior notice or penalty.

**Cash Equivalents:** Cash equivalents are short-term, highly liquid investments that are both a) readily convertible to known amounts of cash and b) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities<sup>1</sup> of three months or less meet this definition. Examples of common cash equivalents are U.S. Treasury bills, commercial paper, certificates of deposit, money market funds, and cash management pools.

<sup>1</sup> Original maturity means the original maturity to the State (the holder of the investment). For example, both a three-month U.S. Treasury bill and a three-year U.S. Treasury note purchased three months from maturity qualify as cash equivalents. However, a U.S. Treasury note purchased three years ago does not become a cash equivalent when its remaining term is three months.

Click here for other [definitions](#).

## **POLICY:**

101. Agency management is responsible for ensuring the proper accounting and reporting of cash and cash equivalents.
102. This policy establishes classification criteria and disclosure requirements for state agencies that report **cash and cash equivalents** for both agency and statewide accounting and financial reporting purposes.

### **Cash and Cash Equivalent Examples**

103. The following are examples of cash and cash equivalents:
  - a. Cash on hand
  - b. Cash deposits in the Oregon State Treasury
  - c. Cash deposits with banks, savings and loan associations, and credit unions
  - d. Cash deposits in designated/restricted, agency-specific investment funds held by a trustee or custodian at a depository bank
  - f. Cash deposits within certificates of participation or bond investment funds held by a trustee or custodian in a depository bank for one or more state agencies
  - g. Cash deposits in commercial mortgage-security-reserve accounts
  - h. Cash deposits with custodial banks, which act as agents on behalf of the Oregon Public Employees Retirement System
  - i. Treasury bills, commercial paper, certificates of deposit, and money market funds
  - j. The **Oregon Short-Term Fund (OSTF)**, which includes the **Local Government Investment Pool**. Note: The OSTF operates as a demand deposit account; therefore, this balance is recorded as "Cash in Treasury" in **R\*STARS**. However, for financial statement note-disclosure purposes, the invested balance of the OSTF is included in the investment detail.

### **Restricted Cash and Cash Equivalents**

104. **Restricted assets** have constraints (shown in paragraph .106 below) on the asset's use, which change the "available nature" of the asset. For example, agencies typically classify cash and cash equivalents as current assets, in which restrictions do not limit the agency's ability to use the resources to pay current liabilities. However, cash and cash equivalents set aside as part of long-term debt agreements (as required by bond indentures or COP financing agreements) are restricted cash and cash equivalents.
105. Assets are restricted when constraints placed on asset use are either:
  - a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or
  - b. Imposed by law through constitutional provisions or enabling legislation.

## Cash and Securities Held in Trust

106. The term “restricted” is not applicable to amounts in general ledger account 0335, Savings and Time Certificates of Deposit Held in Trust and general ledger account 0330, Securities Held in Trust. These general ledger accounts are already in balance sheet class 021, Cash and Securities Held in Trust. As the titles indicate, agencies hold these amounts in trust for individuals and entities external to the State.

### PROCEDURES:

#### Reporting Cash and Cash Equivalents

107. At year-end, reclassify restricted cash and cash equivalents held outside the State Treasury to general ledger account 0928, Cash and Cash Equivalents - Restricted. In the first month of the new fiscal year, reverse these reclassifications.
108. For restricted cash and cash equivalents that are in the State Treasury, complete a year-end disclosure form to indicate the amount. Restricted cash should remain classified under general ledger account 0070, Cash in State Treasury, to ensure proper cash control. Statewide Accounting and Reporting Services (SARS) will reclassify these amounts to restricted cash and cash equivalents during the compilation process.
109. The following general ledger accounts report cash and cash equivalents, including deposits held in trust. See [OAM 60.10.00](#) for definitions of each general ledger account.
- a. 0065 Unreconciled Deposit
  - b. 0070 Cash on Deposit with Treasurer
  - c. 0072 Cash on Hand
  - d. 0075 Cash on Deposit - Suspense Account at Treasury
  - e. 0077 Cash in Bank
  - f. 0080 Cash with Fiscal Agents - Restricted Current
  - g. 0081 Cash with Fiscal Agents - Unrestricted
  - h. 0085 Cash Equivalent
  - i. 0335 Savings and TCD Held in Trust
  - j. 0928 Cash and Cash Equivalents - Restricted

#### Disclosure Requirements

110. Generally, accepted accounting principles require the disclosures listed below to be included in the **Comprehensive Annual Financial Report**. Complete year-end disclosure forms to provide SARS with disclosure information related to deposits. Agencies that issue separately audited financial statements also include these disclosures in their notes, as applicable.
- a. Significant violations of legal or contractual provisions for deposits
  - b. The bank balance of deposits exposed to **custodial credit risk**
  - c. The restriction purposes for deposits
  - d. The U.S. dollar balances of deposits exposed to **foreign currency risk**, organized by currency denomination