

OREGON ACCOUNTING MANUAL	
Subject: Accounting and Reporting	Number: 15.35.00
Division: Chief Financial Office	Effective date: January 31, 2013
Chapter: Accounting and Financial Reporting	
Part: Revenues and Receivables	
Approved: George Naughton, Chief Financial Officer	Signature on file

PURPOSE: This policy provides guidance on accounting and financial reporting for exchange transactions and for nonexchange transactions involving financial or capital assets. It does not apply to interfund transactions or interagency transactions.

AUTHORITY: **ORS 293.590**
 GASB Codification Section 1600
 GASB Codification Section 2200
 GASB Statement No. 24
 GASB Statement No. 33
 GASB Statement No. 34
 GASB Statement No. 38
 GASB Statement No. 42
 GASB Statement No. 48
 GASB Statement No. 54

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

DEFINITIONS: **Exchange transactions** are transactions in which each party to the transaction gives up or receives essentially equal value. For example, a purchase or sale of goods or services is an exchange transaction. One participant exchanges cash for goods or services of an equal value.

An exchange-like transaction is one in which the values exchanged, though related, may not be equal and in which the direct benefits may not be exclusively for the parties to the transaction. Nevertheless, the exchange characteristics of the transaction are strong enough to justify treating the transaction as an exchange transaction for accounting recognition. The difference between an exchange transaction and an exchange-like transaction is a matter of degree.

Nonexchange transactions are transactions in which one party gives value or benefit to another party without directly receiving equal value in exchange or, conversely, receives value or benefit from another party without directly giving equal value in exchange. Nonexchange transactions fall into four classes:

- a. Derived tax revenues. Derived tax revenues result when a governmental entity imposes a tax on an exchange transaction. Personal and corporate income taxes, motor fuels taxes, and other assessments based on earnings or consumption are all derived tax revenues.
- b. Imposed nonexchange transactions. Imposed nonexchange transactions result when a governmental entity imposes an assessment on a nongovernmental entity and bases the assessment on something other than an exchange transaction. Inheritance taxes, fines, and penalties are examples of imposed nonexchange transactions.
- c. Government-mandated nonexchange transactions. Government-mandated nonexchange transactions occur when a government at one level provides resources to a government at another level. The provider government stipulates that the receiving government use the resources provided for a specific mandated program. Fulfillment of eligibility requirements is generally also required. A federal grant for a federally mandated program is an example of a nonexchange transaction.
- d. Voluntary nonexchange transactions. Voluntary nonexchange transactions result from legislative or contractual agreements, other than exchanges, entered into willingly by two or more parties. The provider frequently establishes purpose restrictions and eligibility requirements. Certain grants and entitlements, as well as most donations, fall into this category.

Click here for other [definitions](#).

POLICY:

- 101. Agency management must ensure the proper accounting and reporting of revenues and receivables.
- 102. Agencies must account for revenues in accordance with **generally accepted accounting principles** (GAAP). Agencies are responsible for analyzing the nature of their transactions and using the applicable guidance provided in this policy
- 103. Agencies must report revenues net of estimated uncollectible amounts. Accordingly, agencies record receivables at the gross amount and offset the receivables with the amount of estimated uncollectibles in Allowance for Uncollectible Accounts. Use of an allowance account is required for tracking and reporting purposes.

PROCEDURES:

Recognizing Revenue – Exchange Transactions

- 104. Recognize revenue in governmental funds using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues must be "susceptible to accrual" in order to be accrued. Revenue that is both measurable and available to finance current period expenditures is "susceptible to accrual". Revenue that is legally usable to finance current period expenditures and that the agency collects in the current period or soon enough thereafter to pay liabilities of the current period is "available". For the State, this availability period is 90 days after the fiscal year end. A revenue is "measurable" if: (1) the precise amount is known because the transaction is completed; or (2) the amount can be determined and/or

reasonably estimated from other available information. Revenues generally recognized when susceptible to accrual include:

- a. Charges for sales and services received by the user
 - b. Interest earnings
 - c. Significant revenues not received at the normal time of receipt
105. Recognize certain revenues in governmental fund types only when received in cash. Revenues where the amount is not measurable until received in cash are:
- a. Licenses and fees
 - b. Principal portion of loan repayments
 - c. Cash sales of goods and services
106. Recognize revenue in proprietary funds and fiduciary funds using the accrual basis of accounting. Under the accrual basis of accounting, agencies recognize revenue in the period in which they earn it and it becomes measurable.
107. The receivable associated with revenue that is “measurable and available” as described in 102 is a current receivable of the governmental fund, while the remainder is a long-term receivable of the governmental fund. However, for government-wide financial statement reporting purposes, the current portion of certain receivables (taxes, for example) is that portion expected to be collected within one year of the balance sheet date. For this reason, an agency may need additional entries in the government-wide reporting fund to reflect these receivables properly.

Recognizing Revenue – Nonexchange Transactions

108. Recognize nonexchange transactions based on the class and characteristics of the transaction. It is necessary to analyze the substance of the transaction to determine the applicable class of nonexchange transaction. Recognize nonexchange transactions in the financial statements unless they are not measurable or collection is not probable.
109. In addition to specific recognition criteria for each type of nonexchange transaction, recognize revenues and expenditures of nonexchange transactions in governmental funds using the modified accrual basis of accounting and in proprietary funds and fiduciary funds using the accrual basis of accounting.
110. Since recognition of nonexchange revenue in governmental funds is not until it is available, it is possible that recognition of the related asset (cash or receivable) will be before the revenue. In this case, offset the asset with deferred revenue. Until satisfaction of all recognition requirements, providers report cash or other assets provided in advance as advances (assets) and recipients report deferred revenues (liabilities).
111. Derived tax revenues result when a governmental entity imposes a tax on an exchange transaction. Personal and corporate income taxes, motor fuels taxes, and other assessments based on earnings or consumption are all examples of derived tax revenues. Recognize derived tax transactions when the underlying exchange has occurred. Report revenues net of estimated uncollectible amounts and estimated refunds payable.

112. Imposed nonexchange transactions result when a governmental entity imposes an assessment on a nongovernmental entity and the bases the assessment on something other than an exchange transaction. Inheritance taxes, fines, and penalties are examples of imposed nonexchange transactions. Recognize imposed nonexchange transactions as soon as there is an enforceable legal claim to the resources. There is generally an enforceable legal claim when the agency has legislative authority to impose and collect the tax or fine. Report imposed nonexchange revenues net of estimated uncollectible amounts.
113. Government-mandated nonexchange transactions occur when a government at one level provides resources to a government at another level. The provider government requires that the receiving government use the resources provided for a specific mandated program. Fulfillment of eligibility requirements is generally also required. A federal grant for a federally mandated program is included in this class of nonexchange transactions.
114. Voluntary nonexchange transactions result from legislative or contractual agreements, other than exchanges, entered into willingly by two or more parties. The provider frequently establishes purpose restrictions and eligibility requirements. Certain grants and entitlements as well as most donations fall into this category.
115. Recognize both government-mandated and voluntary nonexchange transactions only upon fulfillment of all eligibility requirements.

Eligibility Requirements

116. Eligibility requirements are conditions established by the provider that recipients must meet before the provider will make funds available. Recognize government-mandated and voluntary nonexchange transactions only when all eligibility requirements are satisfied. Requirements may consist of one or more of the following
 - *Required characteristics of recipients.* The provider targets resources to a specific group. Government-mandated nonexchange transactions usually have this type of eligibility requirement (for example, a federal program that specifies recipients must be states and they must pass a portion of the funds on to secondary recipients who must be school districts).
 - *Time requirements.* The provider specifies that the recipient must use the resources for a particular period or may not use them until a particular period.
 - *Reimbursements.* The provider offers resources on a reimbursement basis; recipients cannot qualify for resources without first incurring allowable costs under the program.
 - *Contingencies.* These apply to voluntary nonexchange transactions only. The provision of resources is contingent on a specific action of the recipient (for example, to raise an equal amount of money or contribute matching funds).
117. Do not consider routine administrative tasks such as filing claims for reimbursements and filing progress reports as eligibility requirements. Do not delay recognition of nonexchange transactions for these types of tasks.

Time Requirements

118. When a government is the resource provider for a government-mandated or voluntary nonexchange transaction, and there is no explicit time requirement, the applicable period is the immediate provider's fiscal year.

For example: A government with a September 30 fiscal year end provides resources to a government with a June 30 fiscal year end. The recipient government recognizes a receivable on October 1, the beginning of the provider's fiscal year.

119. When resources are provided before the time (or other eligibility) requirements have been met, the provider records the disbursement as an asset (advance to recipients), and the recipient records the receipt as deferred revenue.

Time Requirement Exceptions – Endowments and Donations of Works of Art

120. Endowment-related resources are resources the provider gives with the stipulation (time requirement) that the recipient may not sell, use, or disburse them until after a specified number of years or the occurrence of a certain event. The recipient reports these resources as assets and revenues when received, provided the recipient has met all other eligibility requirements.
121. For *capitalized* collections, recognize donations of works of art, historical treasures, and similar assets as assets and revenues (donations and grants) when received, provided all eligibility requirements other than time requirements have been met.
122. For *noncapitalized* collections, recognize donations of works of art, historical treasures, and similar assets as revenue, along with an equal amount of program expense.

Purpose Restrictions

123. Purpose restrictions specify how recipients must use the resources. They do not affect the timing of recognition of nonexchange transactions. When purpose restrictions apply to the use of nonexchange revenues, until the recipient actually uses the funds for their intended purpose, the recipient reflects them as a restriction of fund balance (governmental funds) or net position (proprietary funds).

Subsequent Inability to Meet Eligibility Requirements or Purpose Restrictions

124. It may become apparent after recognition of a nonexchange transaction that the provider will not grant resources as originally anticipated, or that the recipient will have to return resources to the provider. This could be because eligibility requirements related to government-mandated or voluntary nonexchange transactions are no longer being satisfied, or because the recipient will not satisfy the purpose restrictions within the time period specified. When it is probable that either resources will not be provided, or resources will have to be returned:
- The provider government must recognize as revenue the amount of the resources they will not provide but that they have already recognized as expenses/expenditures or the amount of resources already provided that they expect to be returned.
 - The recipient government must recognize as an expense/expenditure the amount of resources that have been provided that must be returned or the amount of resources promised (and already recognized as revenue) that will not be provided.

Food Stamps

- 125. Recognize food stamp expenditures when the benefits (cash or food stamps) are distributed. In an electronic benefit transfer (EBT) system, distribution takes place when the individual recipients use the benefits.
- 126. Recognize food stamp revenue at the same time as the expenditures.

Deferred Revenue – Exchange and Nonexchange Revenues

- 127. In governmental funds, deferred revenue is revenue that is "measurable but not available." Agencies should defer revenue in governmental funds when they receive the revenue in advance and there is a legal restriction on its use for current period expenditures. When agencies receive revenue in advance and there are no restrictions on its use, agencies should record the revenue when they receive the cash.
- 128. In proprietary funds, deferred revenue is revenue that is measurable but not earned. Agencies should defer revenue when they receive it in advance of a completed earnings process. Generally, the earnings process is complete upon either the delivery of goods or services or the compliance with laws or regulations associated with the revenue.
- 129. For example, defer revenue
 - a. When receipt of government-mandated or voluntary nonexchange revenues is before satisfaction of all eligibility requirements.

TC 164: To record deferred revenues.

DR 0065 Unreconciled Deposit	1,000	
DR 3200 GAAP Revenue Offset (C/O XXXX)	1,000	
CR 1603 Deferred Revenue - Non Doc Supported		1,000
CR 3100 Revenue Control-Cash (C/O XXXX)		1,000

- b. When accrued revenue associated with receivables in governmental funds is not available at fiscal year end. For financial reporting purposes, Statewide Accounting and Reporting Services (SARS) reclassifies a portion of the balance in Nonspendable Fund Balance for Long-term Receivables to deferred revenue during financial statement compilation.

Recognizing Revenue in the Hands of an Agent

- 130. Unless considered deferred revenue, record money collected by an agent when received in cash by the agent. For nonexchange revenues, base recognition on the criteria appropriate to that class of revenue: either derived tax or imposed nonexchange revenue. At June 30 of each fiscal year, accrue amounts that are measurable and available (governmental funds) or earned but not collected (proprietary funds).
- 131. Fishing and hunting licenses and boat licenses are examples of cash receipts collected by agents external to the State. The agency receiving the monies from the agent accrues as revenue for the fiscal year any cash receipts collected and in the hands of the agent at June 30. Accrue the amount received from the agent as of the filing date required in the agency's law, administrative rule, or contract.

TC 436: To establish a receivable and accrue revenue at year end (auto reverses).

DR 0503 Accounts Receivable-Other Unbilled	1,000	
CR 3105 Revenue Control-Financial Statement Accrual		1,000

Recording Taxes Receivable - pertains to Department of Revenue (DOR) only

132. Although income taxes withheld from employee wages by corporations and other entities are estimates of the actual personal income tax liability owed to the State, DOR recognizes the withholdings as revenue, net of estimated refunds, in the accounting period in which it becomes measurable and available. Accordingly, each fiscal year end, DOR makes an accrual to recognize revenue for all payroll and personal income taxes assessed as of June 30 that they expect to receive on or before September 30 of the same year. DOR reduces the accrual by estimated uncollectible amounts and estimated refunds payable as of June 30. Following are examples of recording short-term and long-term taxes receivable in a governmental fund.

TC 436: To accrue personal income tax revenue (auto-reverses).

DR 0410 Taxes Receivable-Current	1,000	
CR 3105 Revenue Control-Financial Stmt Accrual (C/O 0111)		1,000

TC 436R: To record estimated uncollectible taxes as of June 30 (auto-reverses).

DR 3105 Revenue Control-Financial Stmt Accrual (C/O 0111)	200	
CR 0411 Allowance for Uncollectible Taxes-Current		200

TC 907: To record estimated refunds payable as of June 30 (auto-reverses).

DR 3105 Revenue Control-Financial Stmt Accrual (C/O 0111)	300	
CR 1215 Accounts Payable		300

TC 452: To accrue long-term taxes receivable.

DR 0420 Taxes Receivable-Noncurrent	10,000	
CR 3037 Nonspendable FB-Other NC Receivables		10,000

TC 452R: To record estimated uncollectible long-term taxes receivable

DR 3037 Nonspendable FB-Other NC Receivables	1,000	
CR 0937 Allowance for Uncollectible Taxes-Noncurrent		1,000

Revenue in Suspense Accounts

133. If an agency deposits money in a suspense account and determines the actual revenue source later, the agency must reclassify the suspense liability into specific revenue accounts as of the end of the fiscal year. This will ensure the state's financial statements report revenue appropriately.

Merchant Fees

134. Merchant fees are discount fees paid by agencies to financial institutions. Financial institutions charge merchant fees, which generally are a small percentage of each credit card transaction, when accepting credit card payments. Record merchant fees as an expense in comptroller object 4730 and record the related credit card revenue at the gross amount.

Collection Fees

135. Agencies should follow the guidelines provided in OAM chapter 35, Accounts Receivable Management, to determine when to refer accounts receivable to a collection agent. When an agency refers a **governmental fund** receivable to a collection agent, the agency should no longer consider the revenue available. Thus, agencies should reclassify the current accounts receivable to noncurrent and reduce revenue.

136. For example, 90 days after establishing a \$1,000 accounts receivable in a governmental fund with transaction code 103, an agency refers the account to a collection agent. Accounting entries applicable in this scenario include:

TC 107R: To remove the current accounts receivable and reduce revenue.

DR 3101 Revenue Control-Accrued (C/O 0407 Other Chgs for Svcs)	1,000	
CR 0501 Accounts Receivable Other-Billed		1,000

TC 452: To establish long-term receivable (revenue is not available).

DR 0935 Other Receivables-Noncurrent	1,000	
CR 3037 Nonspendable FB-Other NC Receivables		1,000

137. Collection fees are amounts paid to collection agents for the cost of collecting accounts receivable. Agencies may hire either the Department of Revenue or a private collection firm to pursue collection of past due accounts receivable. Collection agents generally charge a percentage of each accounts receivable balance, although they may agree upon a specific dollar amount.
138. If the agency is absorbing the collection fees, the agency records an expense and records the related revenue at the gross amount. Agencies use specific comptroller objects to track the cost of collection agents: 4720 if collected by the Department of Revenue and 4725 if collected by a private collection agent.
139. For example: If an agency referred a \$1,000 accounts receivable to a private collection firm that charged a 10 percent fee, the agency would record the following entries (assume a governmental fund and they reclassified the receivable per paragraphs 135 and 136).

TC 143: To record collection of an accounts receivable.

DR 0065 Unreconciled Deposit	1,000	
DR 3037 Nonspendable FB-Other NC Receivables	1,000	
CR 0935 Other Receivables-Noncurrent		1,000
CR 3100 Revenue Control-Cash (C/O 0407 Other Chgs for Svcs)		1,000

TC 222: To record payment of collection fee to private firm.

DR 3501 Expend Cntrl-Accrued (C/O 4725 Coll Fees-Prvt Agent)	100	
CR 1211 Vouchers Payable		100

140. If an agency referred a \$1,000 accounts receivable to the Department of Revenue and paid a 10 percent fee, when the agency receives the \$900 net payment from DOR, the agency would record the following entries to reflect the gross receivable and collection fee amounts (assume a **proprietary fund** and the receivable is still on the books).

TC 176: To record collection of an accounts receivable.

DR 0065 Unreconciled Deposit	1,000	
DR 3101 Rev Cntrl-Accrued (CO 0407 Other Chgs for Svcs)	1,000	
CR 0501 Accounts Receivable Other-Billed		1,000
CR 3100 Revenue Control-Cash (CO 0407 Other Chgs for Svcs)		1,000

TC 172R: To record payment of collection fee to Department of Revenue.

DR 3500 Expend Cntrl-Cash (CO 4720 Collection Fees - DOR)	100	
CR 0065 Unreconciled Deposit		100

141. If the agency is adding the collection cost to the debt when using a private collection firm and the collection firm remits only the amount of the original debt to the agency, do not record the collection fee.
142. If the agency is adding the collection cost to the debt when using a private collection firm, the debtor may mistakenly send the payment to the agency. In this case, the agency posts the entire amount to the receivable, increases the receivable by the amount of the collection fee to clear the negative balance, recognizes the entire amount as revenue, and then offsets the additional revenue when paying the collection firm.
143. For example: If an agency referred a \$1,000 accounts receivable to a private collection firm that charged a 10 percent fee which is passed on to the debtor, and the debtor mistakenly sends the payment to the agency, the following entries would be recorded (assume a governmental fund and the receivable has been reclassified per paragraphs 133 and 134).

TC 143: To record collection of an accounts receivable.

DR 0065 Unreconciled Deposit	1,100	
DR 3037 Nonspendable FB-Other NC Receivables	1,100	
CR 0935 Other Receivables – Noncurrent		1,100
CR 3100 Revenue Control-Cash (CO 0407 Other Chgs for Svcs)		1,100

TC 452: To clear the negative receivable created above.

DR 0935 Other Receivables – Noncurrent	100	
CR 3037 Nonspendable FB-Other NC Receivables		100

TC 220: To record payment of collection fee to private firm.

DR 3101 Rev Cntrl-Accrued (CO 0407 Other Chgs for Svcs)	100	
CR 1211 Vouchers Payable		100

Uncollectible Revenues

144. Report revenues net of estimated uncollectible amounts. Record receivables at gross and record the estimated uncollectible accounts in both governmental and proprietary funds with the following separate entry to the applicable contra-account.

TC 127: To record estimated uncollectible revenue associated with current receivables in proprietary funds and governmental funds.

DR 3101 Revenue Control-Accrued	1,000	
CR 0502 Allowance for Uncollectible Accounts-Current		1,000

TC 462: To record estimated uncollectible revenue associated with noncurrent receivables in proprietary funds.

DR 3200 GAAP Revenue Offset	1,000	
CR 0934 Allowance for Uncollectible Accounts-Noncurrent		1,000

TC 452R: To record an estimated uncollectible for noncurrent receivables in governmental funds.

DR 3037 Nonspendable FB-Other NC Receivables	1,000	
CR 0934 Allowance for Uncollectible Accounts-Noncurrent		1,000

145. The following accounting entries may be used to write off receivables that cannot be collected in both governmental and proprietary funds.

TC 129/130: To write off an uncollectible current accounts receivable.

DR 0502 Allowance for Uncollectible Accounts-Current	1,000	
CR 0501 Accounts Receivable-Other Billed		1,000

TC 445: To write off an uncollectible noncurrent receivable.

DR 0934 Allowance for Uncollectible Accounts-Noncurrent	1,000	
CR 093X Noncurrent Receivable		1,000

Insurance Recoveries

146. Recognize insurance recoveries only when realized (received) or when realizable (a claim is pending for which the insurer has admitted or acknowledged coverage). Revenues are realized when products (goods or services), merchandise, or other assets are exchanged for cash or claims to cash. Revenues are realizable when assets received or held are readily convertible to cash. Insurance recoveries realized or realizable are usually measurable and available.

147. With the exception of insurance recoveries realized or realizable in the same fiscal year as a capital impairment loss, record all insurance recoveries using comptroller object 7511, Insurance Recovery Subsequent to Loss. The GAAP level profiles (D08) established for comptroller object 7511 ensure that SARS reports insurance recoveries in accordance with GAAP, even though agencies treat insurance recoveries as a reduction of expense for budgetary purposes. The following entries are applicable to insurance recoveries other than those related to impairments of capital assets, such as for theft or embezzlement of cash or other monetary assets.

TC 172: To record receipt of insurance recovery in governmental, proprietary, or fiduciary funds.

DR 0065 Unreconciled Deposit	1,000	
CR 3500 Expenditure-Cash (C/O 7511)		1,000

TC 904 – To accrue estimated insurance recoveries realizable at fiscal year-end by recording a reduction of expense.

DR 0503 Accounts Receivable – Other Unbilled	3,000
CR 3505 Expenditure – Financial Statement Accrual (C/O 7511)	3,000

Alternately, agencies may record receivables for realizable insurance recoveries using generic **TC 135** (billed) and then adjust them using **TC 136** (billed).

148. When an agency receives an insurance recovery other than one associated with a capital asset impairment in the same fiscal year as the loss, SARS uses information provided by agencies on year-end disclosure forms to report the loss net of the insurance recovery, in accordance with GAAP. SARS also uses information provided by agencies on year-end disclosure forms to assess whether to report an insurance recovery as an extraordinary item.
149. For accounting guidance regarding insurance recoveries related to capital asset impairments, refer to [OAM 15.60.25](#).

Other Items

150. GAAP require separate display of certain items in the financial statements. In order to ensure that SARS reports these items properly, they have distinct comptroller objects. Record the following items using the comptroller objects indicated:

- Contributions to Permanent Funds 2400
- Extraordinary Items 2450
- Special Items 2500
- Capital Contributions 2550

Financial Statement Presentation

151. Governmental funds present revenues in the statement of revenues, expenditures, and changes in fund balances by major source. The statement presents other increases in financial resources such as transfers to or from other funds, long-term debt issued, and leases incurred in the “other financing sources (uses)” section of the financial statement.
152. The fiduciary funds statement of changes in fiduciary net position reports revenues as additions to net position.
153. The proprietary funds statement of revenues, expenses, and changes in fund net position segregates revenues into **operating revenues** and **nonoperating revenues**, classified by major source.
154. Operating revenues generally result from providing services and producing or delivering goods. Operating revenues include revenue from the sale of goods or services, revenue from internal service operating transactions, interest income from program loans collected as part of a governmental program (not intended to be investments), grants for specific activities that are operating activities of the grantor government, as well as revenue from taxes, fines, fees, and penalties. Operating revenues may include investment income only if investing activities are a primary function of the agency.

155. The proprietary fund statement of revenues, expenses, and changes in fund net position presents nonoperating revenues below operating income and includes items not directly associated with agency operations such as investment income and gain on the disposition of assets. The statement reports capital contributions, special items, extraordinary items, and transfers to and from other funds separately and in this order after the net total of nonoperating revenues and expenses.
156. The government-wide statement of activities recognizes revenues on the accrual basis of accounting and categorizes them as either **program revenues** or **general revenues**. The statement reports contributions to endowments and permanent funds as well as special items, extraordinary items, and transfers to and from other funds separately, and in that order, below general revenues. The statement reports net cumulative effect of a change in accounting principle as a restatement of beginning net position.
157. The government-wide statement of activities further categorizes program revenues into charges for services, operating grants and contributions, or capital grants and contributions. Charges for services are amounts received from parties who purchase, use, or directly benefit from a program. Contributions and grants include revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program. Capital contributions and grants are contributions and grants that are restricted to capital acquisition or construction. All other contributions and grants are operating contributions and grants. Earnings on investments that are legally restricted for a specific program are also program revenues (operating contributions and grants). The statement of activities presents program revenues as a reduction to the cost of the program or function that generated the revenue. General revenues are all revenues that do not qualify as program revenues. All taxes, even those levied for a specific purpose, are general revenues, and the statement reports them by type of tax.

Required Disclosures

158. The notes to the financial statements must specify and define the basis of accounting and measurement focus applied to each fund type. This includes a definition of "measurable and available" and a description of the primary revenue sources considered "susceptible to accrual" under the modified accrual basis of accounting.
159. Balances of receivables reported on the statement of net position and the balance sheet may be aggregations of different components, such as balances due from taxpayers, other governments, or customers. When aggregation obscures significant components of receivables, the notes to the financial statements disclose details of the various types of receivables. Balances of receivables may also have different liquidity characteristics. The notes to the financial statements also disclose significant receivable balances not expected to be collected within one year of the date of the financial statements.
160. If not apparent from the face of the financial statements, the notes must disclose the amount and financial statement classification of insurance recoveries included in the financial statements.
161. The notes to the financial statements disclose nonexchange transactions, including grants, taxes, and contributions that agencies did not recognize because they are not measurable.

162. If specific revenues have been formally committed to directly collateralize or secure debt issued by the state, or to directly or indirectly collateralize or secure debt of a component unit, the notes must disclose the following information for each period that the secured debt remains outstanding.
- a. Identification of the specific revenue pledged and the approximate amount of the pledge
 - b. Identification of, and general purpose for, the debt secured by the pledged revenue
 - c. The term of the commitment – that is, the period during which the revenue will not be available for other purposes
 - d. The proportion of the specific revenue stream pledged (if possible to estimate)
 - e. A comparison of the pledged revenue recognized during the period to the principal and interest requirements for the debt collateralized by those revenues
163. The chart below summarizes the classes and timing of recognition of nonexchange transactions.

Summary Chart – Nonexchange Transactions
Classes and Timing of Recognition of Nonexchange Transactions

Class Description	Recognition – Full Accrual	Recognition – Modified Accrual
<p>Derived tax revenues: Assessments imposed by government on exchange transactions.</p> <p>Examples: Sales tax Personal income tax Corporate income tax</p>	<p>Assets*: Period when underlying exchange has occurred or when resources are received, whichever is first.</p> <p>Revenues: Period when underlying exchange has occurred. Report advance receipts as deferred revenues.</p>	<p>Assets*: Period when underlying exchange has occurred or when resources are received, whichever is first.</p> <p>Revenues: Period when underlying exchange has occurred and resources are available. Report advance receipts as deferred revenues.</p>
<p>Imposed nonexchange revenues: Assessments imposed by government on nongovernmental entities and on other than exchange transactions.</p> <p>Examples: Inheritance tax Most fines and forfeitures</p>	<p>Assets*: Period when an enforceable legal claim has arisen or when resources are received, whichever is first.</p> <p>Revenues: Same period the assets are recognized unless the enabling legislation includes time requirements (and if so, period when resources are required to be used or first period that use is permitted).</p>	<p>Assets*: Period when an enforceable legal claim has arisen or when resources are received, whichever is first.</p> <p>Revenues: Same period the assets are recognized unless the enabling legislation includes time requirements (and if so, period when resources are required to be used or first period that use is permitted). Resources must also be available.</p>
<p>Government-mandated nonexchange transactions: Government at one level provides resources to government at a different level and requires the recipient to use the resources for a specific purpose.</p> <p>Examples: Federal government mandates on state and local governments</p> <p>Voluntary nonexchange transactions: Legislative or contractual agreements other than exchanges entered into willingly by all parties.</p> <p>Examples: Certain grants and entitlements; most donations</p>	<p>Assets* and liabilities: Period when all eligibility requirements have been met or (for asset recognition) when resources are received, whichever is first.</p> <p>Revenues and expenses: Period when all eligibility requirements have been met. Report advance receipts or payments for use in the following period as deferred revenues or advances, respectively. However, when a provider precludes the sale, disbursement, or consumption of resources for a specified number of years, until a specified event has occurred, or permanently, report revenues and expenses when the resources are respectively received or paid and report resulting net position and equity as restricted.</p>	<p>Assets* and liabilities: Period when all eligibility requirements have been met or (for asset recognition) when resources are received, whichever is first.</p> <p>Revenues and expenditures: Period when all eligibility requirements have been met. For revenue recognition, resources must also be available. Report advance receipts or payments for use in the following period as deferred revenues or advances, respectively. However, when a provider precludes the sale, disbursement, or consumption of resources for a specified number of years, until a specified event has occurred, or permanently, report revenues and expenditures when the resources are respectively received or paid and report resulting net position and fund balance as restricted.</p>

*If there are purpose restrictions, report restricted net position (equity) or, for governmental funds, a restricted fund balance.