

OREGON ACCOUNTING MANUAL		Number 15.90.00.PR
Oregon Department of Administrative Services State Controller's Division		Effective Date July 1, 2001
Chapter	Accounting and Financial Reporting	.1 OF .4
Part	General Fund	
Section		Approval Signature on file at SCD

Authority **ORS 291.040**
ORS 291.100
ORS 293.105
ORS 293.450
ORS 293.455
ORS 293.590
ORS 314.515
ORS 314.518
NCGA Statement No. 1
GASB Statement No. 33
GASB Statement No. 34

Expenditures

.101 Agencies shall use the following appropriated funds in **R*STARS** to record general fund expenditures:

- 8000 - General Fund Expenditures
- 8010 - General Fund Capital Improvements
- 8020 - General Fund Capital Construction
- 8030 - General Fund Debt Service

Only expenditures that have been legislatively appropriated shall be recorded in the above appropriated funds. Expenditures recorded as payments are made through warrants, transfers, ACH or wire transactions. When a payment is made, it results in a decrease to Cash, general ledger account 0070, and an offset to Expenditure Control-Cash, general ledger account 3500. Entries may post to other general ledger accounts depending on the transaction code used.

.102 At fiscal year end, SARS will report expenditures recorded in the general fund by GAAP function, in accordance with **generally accepted accounting principles (GAAP)**.

Revenues

.103 Agencies must record general fund revenues in R*STARS in appropriated fund 8800. General fund revenues are defined by statute and generally include the following: personal income tax, corporate income tax, excise tax, cigarette tax, insurance premium tax, inheritance and gift taxes, licenses and fees, and interest income. Revenues may be recorded on the cash basis during the year, but should be recorded on the modified accrual basis at fiscal year end. Derived tax revenues, including income taxes, net of estimated refunds and uncollectibles, shall be recognized in the accounting period in which they are susceptible to accrual. That is, when

revenues are both measurable and available. See [OAM 15.35.00](#), Revenues and Receivables, for revenue recognition criteria.

- .104 Most agencies collecting general fund revenues will deposit monies into a fund (D23) that corresponds to a Treasury fund having a GF prefix (the legal general fund). Agencies that collect numerous payments may elect to deposit into a **suspense account** at Treasury and allocate, at least monthly, the balance in the suspense account to the appropriate funds within the agency. The revenue information in R*STARS will be relied upon by the Office of Economic Analysis to determine how much revenue was collected during a given month; thus, it must be correctly recorded by agencies by the accounting close of each month.
- .105 The General Fund earns interest on cash invested in the Oregon Short Term Fund (which includes the local government investment pool accounts, suspense accounts, and receipted funds). Allocation of interest is based on actual daily balances in the accounts. Interest income earned by the General Fund is recorded in account 9990076015 at Treasury and reported to SFMS Operations each month. The monthly interest income in agency 999 (State General Fund) is posted to R*STARS by SFMS Operations staff in fund 7601, General Fund Interest Earnings, as follows:

T-code 190 using comptroller object 0820 Excess Fund Interest – Treasury:

DR 0065 Unreconciled Deposit	xxx	
CR 3100 Revenue Control – Cash		xxx

T-code 332 will be generated during deposit reconciliation:

DR 0070 Cash in Treasury	xxx	
CR 0065 Unreconciled Deposit		xxx

- .106 SARS will report revenues recorded in appropriated fund 8800 in the general fund by revenue type in accordance with generally accepted accounting principles. SARS will rely on revenues recorded in agency 999 to report interest revenue (as Investment Income) in the general fund at fiscal year end.

General Ledger Accounts

- .107 Agencies that collect general fund revenues and incur general fund expenditures shall maintain general ledger accounts appropriate for recording transactions. General ledger balances of the general fund that are not connected to a specific agency shall be maintained in agency 999 in R*STARS by SFMS Operations. For example, activity related to accrued interest receivable and advances from the general fund to other funds/agencies would be recorded in agency 999.
- .108 General ledger account balances in the general fund shall be reported in the CAFR in accordance with GAAP.
- .109 General fund cash at year end will consist of balances in the following R*STARS general ledger accounts:

0065	Unreconciled Deposit
0070	Cash on Deposit with Treasurer
0072	Cash on Hand
0075	Cash on Deposit - Suspense Account at Treasury
- .110 Prior to the close of June (month 12), agencies with summary suspense accounts shall distribute cash balances to the appropriate D23 funds so that general fund cash is accurately reported.

Backup Withholding

- .111 The inflows and outflows associated with backup withholding shall be recorded in R*STARS in agency 999. If a **vendor** is subject to backup withholding, it should be flagged. When a quarterly payment is made, the appropriate back-up withholding amount (currently 31 percent, to reduce to 30.5 percent on August 6, 2001) shall be diverted to agency 999 and remitted to the Internal Revenue Service (IRS). SFMS Operations staff shall record these transactions in agency 999, in D23 fund 9999, Backup Withholding.

Two-year Warrant Expirations

- .112 Two-year warrant expirations that are general fund shall be processed through agency 999 in R*STARS using D23 fund 7704, which is tied to appropriated fund 8800, General Fund Revenue. These transactions are reported to the Division of State Lands by SFMS Operations and recorded as a deposit liability because the moneys associated with general fund two-year expired warrants remain in the general fund. Non-general fund warrants are expired through R*STARS, but are processed against the originating agency. The moneys associated with non-general fund expired warrants are transferred to the Division of State Lands by SFMS Operations.

Fiscal Year and End of Biennium Closing

- .113 At the end of each fiscal year, nominal accounts (revenues, expenditures, transfers, and GAAP offsets) will be closed to appropriate equity accounts (depending on GAAP fund type) through the DAFM351 program in R*STARS. This program uses transaction codes 350 and 351 to close the general fund nominal accounts within each D23 fund to general ledger account 3020 Unreserved, Undesignated Fund Balance.
- .114 The encumbrance lapse programs will not be run in R*STARS. The summary fiscal year end closing programs have not yet been developed in R*STARS. D23 funds in the general fund will continue to carry increasing credit balances of cash and debit fund balances (or debit cash and credit fund balance in the case of funds that collect revenue) until such time as the closing processes are implemented. Until closing processes are in place, the SFMS system will continue to retain all general fund D23 funds, even those belonging to defunct agencies, in order for SARS to have a complete picture of cash and fund balance for reporting purposes.

Financial Statement Reporting

- .115 The GAAP general fund (in R*STARS) includes any D23 fund that is GAAP type 01 (general fund) and ties to Treasury fund 0401. The general fund will be reported as a major fund in the governmental funds financial statements, using the modified accrual basis of accounting. General fund transactions will be reported in the government-wide financial statements using the accrual basis of accounting. Agencies are responsible for using appropriate transaction codes in R*STARS to report transactions on both basis of accounting. In the government-wide reporting fund, agencies should record capital assets purchased with general fund resources as well as other assets and liabilities of a long-term nature (those not appropriately reported in the general fund).
- .116 For financial reporting purposes, SARS will provide a reconciliation of the governmental funds balance sheet and operating statement to the government-wide financial statements based on transactions recorded in R*STARS.

Revenue Forecasts and Kicker Liability

- .117 The Office of Economic Analysis forecasts general fund revenue on a quarterly basis, as part of the Oregon Economic and Revenue Forecast, which is used mainly for budgeting. Additionally,

the Close of Session forecast is used as the basis for the kicker calculation and estimates of whether the kicker will "kick" are updated each quarter based on the latest forecast. The forecast includes all general fund revenue sources, although personal and corporate income taxes provide over 90 percent of the State's general fund revenue. Historical data for the forecast is obtained from R*STARS reports or the SCD Accounting Data Mart.

- .118 If actual revenues exceed estimated revenues such that there is a kicker to be paid, the liability will be recorded in R*STARS by the Department of Revenue. The kicker will be treated as a reduction of revenue, with a debit to tax revenue (personal or corporate, as applicable) and a credit to accounts payable.

Reconciliation of Treasury Fund 0401

- .119 Monthly, SFMS Operations shall prepare a reconciliation of the 0401 Treasury Fund cash balance to the 0401 portion of the 0070 general ledger cash balance in R*STARS. Outstanding reconciling items shall be researched and cleared on a statewide basis. Thus, agencies do not need to reconcile cash funds that are part of the 0401 Treasury Fund. However, agencies will need to work with SFMS Operations to clear general fund reconciling items in a timely manner.