

<b>OREGON ACCOUNTING MANUAL</b>	
<b>SUBJECT:</b> Accounting and Reporting	<b>Number:</b> 20.50.00
<b>DIVISION:</b> Chief Financial Office	<b>Effective date:</b> July 15, 2012
<b>Chapter:</b> Budgetary Accounting and Reporting	
<b>Part:</b> Revenue and Interfund Transfer Recognition	
<b>Section:</b>	
<b>APPROVED:</b> George Naughton, Chief Financial Officer	Signature on file

**PURPOSE:** This policy provides guidance on accounting and reporting for General Fund revenues and interfund transfers involving the General Fund (transactions that affect General Fund appropriated funds, 8XXX) for budgetary purposes. It does not address budgetary accounting of revenues and interfund transfers for Other Funds, Federal Funds, or Lottery Funds. However, paragraphs 107, 108, and 109 apply to all funding sources (General Fund, Other Funds, Federal Funds, and Lottery Funds).

**AUTHORITY:** **ORS 293.590**  
**ORS 291.015**  
**ORS 293.190**  
 NCGA Interpretation No. 10

**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](#).

This policy does not address standards for reporting of revenues and interfund transfers under generally accepted accounting principles (GAAP). GAAP standards determine the fiscal year in which to record a transaction whereas, the budgetary accounting standards established in this policy determine the appropriation year (biennium) in which to record a transaction.

**DEFINITIONS:** A **biennium** is a two-year period used for budgeting purposes that runs from July 1 of each odd-numbered year to June 30 of the following odd-numbered year. Each biennium is assigned a two-digit appropriation year (AY) number in the Relational Statewide Accounting and Reporting System (R\*STARS). For example, the 2011-2013 biennium is AY13.

**POLICY:**

- 101. Agency management must ensure the proper accounting and reporting of General Fund revenues and interfund transfers for budgetary purposes.

102. Agencies must use sound budgeting and accounting practices to record General Fund revenues and interfund transfers involving the General Fund in the appropriate biennial period. This will ensure accurate presentation in budgetary reports and consistent reporting from biennium to biennium of General Fund revenues and interfund transfers involving the General Fund.

## **PROCEDURE:**

### **Recognition Standards**

103. Recognition of General Fund revenue and transfers from other funds or agencies involving the General Fund for budgetary purposes should be on a cash basis, except as noted in paragraph 106 and 107 below.
104. Agencies must record revenue received by the calendar date June 30 at the end of a biennium in the biennium in which they receive it. If the agency does not deposit or post the cash receipts through June 30 until July, they should record those cash receipts in the biennium in which they receive the cash. For General Fund revenues, it is essential to apply cash basis recognition consistently since the DAS Office of Economic Analysis uses the revenue figures to calculate and certify the “kicker” each biennium. For information on estimated revenues, refer to OAM 20.10.00.
105. Agencies must record transfers from other funds involving the General Fund in the biennium in which they receive the cash. If an agency receives General Fund revenues by June 30 at the end of a biennium, but does not transfer it to other funds until the next biennium, they should record the transfer in the next biennium since this is the biennium in which the cash moved. This is the case when at least one side of the transfer transaction involves the General Fund. Both agencies and funds must record both sides of a transfer transaction (to and from) in the same biennium.
106. For each biennium ending June 30, the Department of Revenue will record in the biennium then ended net personal income tax withholding receipts received in July related to June (and prior), less any withholding related refunds (errors or adjustments) that occur in July that relate to June (and prior). This is an exception to the cash basis budgetary accounting used for other types of General Fund revenue. For purposes of the General Fund “kicker” calculation, this amount is the “30-day number.”
107. Capital construction and acquisition budgets often extend beyond a single biennium; appropriation or expenditure limitations for these budgets expire six years from the effective dates of the authorizing legislation, unless an agency obtains authorization to extend the budget through a regular legislative session. When revenue related to a capital project is received, it should be recorded in the biennium for which the capital construction and acquisition budget exists (this applies to all funding sources, not just to the General Fund). This is an exception to cash basis budgetary accounting applicable to General Fund revenue not used for capital construction and acquisition.
108. Agencies may record entries to *reclassify* revenue related transactions until the calendar month-end close for December, following the end of each biennium (this applies to all funding sources, not just to the General Fund). This does not apply to revenue related transactions for capital construction because the six month lapse period (July 1 – December 31) does not apply to capital construction budgets.

109. Agencies should record reductions of revenue in the same biennium in which they recorded the original revenue, as long as the biennium is still open (this applies to all funding sources, not just to the General Fund). If the biennium is closed, record the transaction as an expenditure. Reductions of revenue should not exceed actual revenue.

**Fiscal Year-end Accruals at Second Year of the Biennium**

110. For GAAP reporting, agencies should accrue revenues in accordance with GAAP revenue recognition criteria (see OAM 15.35.00). Agencies record most fiscal year-end accruals in month 13. Transactions recorded in month 13 use an effective date of 6/31/FY. R\*STARS requires the use of the appropriation year (AY) for the biennium ended June 30 when posting with an effective date of 6/31/FY in the second year of the biennium (i.e., cannot combine an effective date of 6/31/FY with an appropriation year that has not yet begun as of June 30). Since accruals typically auto-reverse in the first month of the new fiscal year, the net effect of accrued revenue on a given AY will be zero because both the accrual and the reversal will post to the same AY. When agencies record actual General Fund revenue (in the new fiscal year) on the cash basis as required by paragraph 103, they record the actual revenue in the new biennium. When running queries to obtain R\*STARS General Fund revenue data for budgetary reporting purposes, agencies should limit the queries to cash revenues (not accrued revenue).
111. The concept described in 110 above is best illustrated by a high-level accrual that is non-document supported, is recorded in the second year of the biennium and auto reverses as shown below (note that the net effect on revenue in AY 11 is zero):

AY 11, second year of the biennium

<b>TC 436:</b> To accrue revenue for financial statement purposes		
DR 0503 Accounts Receivable – Other Unbilled	500	
CR 3105 Revenue Control – Financial Statement Accrual (c/o 1200)		500
<b>TC 981:</b> Auto reverse unbilled receivable accrued with TC 436		
DR 3105 Revenue Control – Financial Statement Accrual (c/o 1200)	500	
CR 0503 Accounts Receivable – Other Unbilled		500

AY 13, first year of the biennium

<b>TC 190:</b> To record the receipt of revenue		
DR 0065 Unreconciled Deposit	500	
CR 3100 Revenue Control – Cash (c/o 1200)		500

**Moving Accounts Receivable at Appropriation Year-end (For Budgetary Purposes)**

112. Agencies should move General Fund accounts receivable forward to the new biennium if the receivables are not collected by June 30 at the end of a biennium. This applies to accounts receivable that are document supported and do not auto reverse. The example below is an accounts receivable that the agency initially established in AY11, but that the agency did not collect by the end of AY11 (June 30, 2011).

AY 11, second year of the biennium

<b>TC 103:</b> To establish accounts receivable that is document supported		
DR 0501 Accounts Receivable – Other Billed	200	
CR 3101 Revenue Control – Accrued (c/o 1200)		200

<b>TC 118:</b> To reverse accounts receivable established with TC 103 but not collected		
DR 3101 Revenue Control – Accrued (c/o 1200)	200	
CR 0501 Accounts Receivable – Other Billed		200
<b>TC 436:</b> To accrue revenue for financial statement purposes		
DR 0503 Accounts Receivable – Other Unbilled	200	
CR 3105 Revenue Control – Financial Statement Accrual (c/o 1200)		200
<b>TC 981:</b> Auto reverse unbilled receivable accrued with TC 436		
DR 3105 Revenue Control – Financial Statement Accrual (c/o 1200)	500	
CR 0503 Accounts Receivable – Other Unbilled		500
<u>AY 13 – to move document supported accounts receivable forward to new biennium</u>		
<b>TC 213:</b> To establish accounts receivable that is document supported		
DR 0501 Accounts Receivable – Other Billed	200	
DR 2951 Clearing Account	200	
CR 3101 Revenue Control – Accrued (c/o 1200)		200
CR 2951 Clearing Account		200
<u>AY 13 – when the revenue is actually collected</u>		
<b>TC 176:</b> To record collection of document supported accounts receivable		
DR 0065 Unreconciled Deposit	200	
DR 3101 Revenue Control – Accrued (c/o 1200)	200	
CR 0501 Accounts Receivable – Other Billed		200
CR 3100 Revenue Control – Cash (c/o 1200)		200