

<b>OREGON ACCOUNTING MANUAL</b>		Number 20.30.00.PR
Oregon Department of Administrative Services State Controller's Division		Effective Date July 1, 2005
Chapter	<b>Budgetary Accounting and Reporting</b>	.1 OF .3
Part	<b>Expenditure and Interfund Transfer Recognition</b>	
Section		Approval  Signature on file at SCD

### Recognition Standards

- .101 **Appropriations** and expenditure **limitations** must be approved by the legislature before any obligation can be incurred. All expenditures made to pay obligations will be charged against the applicable appropriation or limitation. Generally, expenditures should be recognized in the appropriation year (biennium) during which a liability is incurred except for **capital construction** and acquisition budgets and special legislative appropriations.
- .102 To charge obligations against a prior biennial appropriation, the services must be performed or supplies received by calendar date June 30 and the vendor paid by December 31. When goods or services are received or provided by calendar date June 30, the obligation is recorded as an expenditure with an offsetting liability. Thus, the encumbrance for this obligation is liquidated or cancelled prior to the close of month 13. When delays result in payment of liabilities after December 31, the expenditure must be recorded against the current legislatively approved budget.
- .103 Agencies must make every effort to record payment of obligations in the proper appropriation year. Below are general guidelines to follow in determining when to charge expenditures/expenses to the associated appropriation year. If additional guidance is needed, agencies should seek advice from DAS Statewide Accounting and Reporting Services or their DAS Budget and Management analyst. If expenditures are charged to the SPOTS (Small Purchase Order Transaction System) credit card, the purchase is considered paid to the vendor when it is charged, not when the SPOTS card payment is made.

<u>Expenditure/Expense</u>	<u>When to recognize</u>
a. Personal Services & OPE	The month in which the salary was earned.
b. Purchase of Material	The date the material is received.
c. Freight or Express	The month the goods are shipped or received by an agency. (Except as modified by .104).
d. Transportation of Persons and Commercial Fares	The month when the expense is incurred.
e. Travel Expense	The month when the expense is incurred.
f. Movement of Employee's Household Effects	The month when the service is rendered.
g. Rent	The month when the expense is incurred (when the property is used).

<u>Expenditure/Expense</u>	<u>When to recognize</u>
h. Lease	Current payments should be charged to the month that the property is used.
i. Utilities – Gas, Water, Electricity, Telephone	On the last date of the billing period. When service begins in one appropriation year and ends in another, payment will be made from the appropriation current at the end of such period.
j. Claims	Appropriation year when it is certain that the liability exists and the amount can be determined.
k. Audit Expense	The month when the service is performed.
l. Audit of Federal Grants	The month when the service is performed.
m. Intraagency and Interagency Charges	The month when the service is performed or supplies furnished.
n. Contracts (includes the term "continuing contracts")	For contracts whose original effective dates cross biennia, payments should be recorded as expenditures against the biennial budget period when the service or supply is provided. For example, if a lease-purchase contract is in force for 24 monthly payments and the contract effective dates cross biennia, the expenditures should be recorded in the budget period where they occurred.
o. Capital Construction	Contracts for services or supplies against appropriations that are specifically designated for capital construction are not subject to the restrictions in item .103n (Contracts). However, only the amount representing capital construction costs actually incurred should be charged to the appropriation so the records reflect only capital construction that has been completed.
p. Capital Improvement	Contracts for services or supplies against appropriations which are specifically designated for capital improvements are subject to the same restrictions in item .103n (Contracts).
q. Capital Outlay	The month the capital asset is delivered. This includes purchases from other state agencies.
r. Library Books	The date the book is received.
s. Dues and Licenses	Payments for dues and licenses to approved organizations are charged to the month when the membership begins. An exception is dues or licenses for memberships beginning in July which must be paid in June to continue membership or avoid penalties. These are charged to the biennium when paid.

Expenditure/Expense

When to recognize

t. Subscriptions

Payments for subscriptions to periodicals are charged to the month when the payment is made.

u. Maintenance Contracts

Prepaid equipment service contracts are charged to the month when the service contract begins. An exception is for contracts beginning in July which must be paid in June to continue maintenance or avoid penalties. These are charged to the biennium when paid.

.104 If freight, express, or hauling expenses are incurred in the current biennium in connection with supplies or equipment contracted for out of the next biennium's appropriations, the expenses may be paid temporarily out of the current biennium's appropriations. When the next biennium's appropriation is available for expenditure, the expenditure should be moved from the prior to the new biennium.

.105 Interfund transfers to other funds or other agencies involving the General Fund should be recognized in the biennium during which the cash transfer is made. For example, if one agency collects revenue at the end of a biennium by June 30 but does not transfer the cash to another agency until July (the first month of a new biennium), the transfer would be recorded in the new biennium if either side of the transfer transaction involves the General Fund. Both sides of a transfer transaction (to and from) must be recorded in the same biennium by both agencies or funds involved. Interfund transfers involve the transfer of resources to or from other funds or other agencies; interfund transfers do not include the transfer of expenditures from one fund to another (i.e., using t-code 415 and 416). For example, if other fund expenditures are paid for by general funds and the expenditures are later moved to the other fund, the movement of the expenditures should be recorded in the same AY in which the original expenditures were recorded.