

OREGON ACCOUNTING MANUAL		Number 20.50.00.PO
Oregon Department of Administrative Services State Controller's Division		Effective Date July 1, 2005
Chapter	Budgetary Accounting and Reporting	.1 OF .3
Part	Revenue and Interfund Transfer Recognition	
Section		Approval Signature on file at SCD

Authority: [ORS 291.015](#)
[ORS 293.190](#)
NCGA Interpretation No. 10

Purpose and Scope

- .101 This policy establishes minimum standards for accounting and reporting 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 .106, .107, and .108 apply to all funding sources (General Fund, Other Funds, Federal Funds, and Lottery Funds).
- .102 The intent of the policy is to ensure consistent recognition of General Fund revenues and interfund transfers involving the General Fund for a given biennium. This policy does not address standards for reporting of revenues and interfund transfers under generally accepted accounting principles (GAAP). GAAP standards determine in which fiscal year a transaction should be recorded whereas, the budgetary accounting standards established in this policy determine in which appropriation year (biennium) a transaction should be recorded.

Recognition Standards

- .103 A biennium 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 2005-2007 biennium is AY07. 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 General Fund revenues and interfund transfers involving the General Fund are accurately presented in budgetary reports and consistently reported from biennium to biennium.
- .104 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 .105 and .106 below. Revenue received by the calendar date June 30 at the end of a biennium must be recorded in the biennium in which it was received. If cash receipts through June 30 are not deposited or posted to the accounting records until July, those cash receipts should be recorded in the biennium in which they were received. For General Fund revenues, it is essential that cash basis recognition be applied consistently since revenue figures are used to calculate and certify the "kicker" each biennium. For information on estimated revenues, refer to **OAM 20.10.00.PO**. Transfers from other funds involving the General Fund are recorded in the biennium in which the cash is received. If General Fund revenues have been received by June

30 at the end of a biennium, but are not transferred to other funds until the next biennium, the transfer should be recorded in the next biennium since this is the biennium in which the cash was transferred (this is the case when at least one 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.

- .105 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 referred to as the “30-day number.”
- .106 **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.
- .107 Agencies may record entries to *reclassify* revenue related transactions until the fiscal 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.
- .108 Reductions of revenue should be recorded in the same biennium in which the original revenue was recorded, 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

- .109 For GAAP reporting, revenues are accrued in accordance with GAAP revenue recognition criteria (see **OAM 15.35.00.PO**). Most accruals are recorded at fiscal year end in month 13. Transactions recorded in month 13 are recorded with 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 are designed to auto-reverse in the first month of the new fiscal year, the net affect of accrued revenue on a given AY will be zero because both the accrual and the reversal will post to the same AY. When actual General Fund revenue is recorded (in the new fiscal year) on the cash basis as required by paragraph .104, the actual revenue will be recorded in the new biennium. Queries to obtain R*STARS General Fund revenue data for budgetary reporting purposes should be limited to cash revenues (not accrued revenue).
- .110 The concept described in .109 above can best be illustrated by a high-level accrual recorded in the second year of the biennium that is non-document supported and auto reverses as shown below (note that the net affect on revenue in AY 05 is zero):

AY 05, second year of the biennium

TC 436: 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

TC 981: 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 07, first year of the biennium

TC 190: To record receipt of revenue not accrued.

DR 0065 Unreconciled Deposit	500	
CR 3100 Revenue Control – Cash (c/o 1200)		500

Moving Accounts Receivable at Appropriation Year End (For Budgetary Purposes)

- .111 General Fund accounts receivable that are not collected by June 30 at the end of a biennium should be moved forward to the new biennium. This applies to accounts receivable that are document supported and do not auto reverse. The example below is an accounts receivable that was initially established in AY05, but not collected by the end of AY05 (June 30, 2005).

AY 05

TC 103: To establish accounts receivable that is document supported.

DR 0501 Accounts Receivable – Other Billed	200	
CR 3101 Revenue Control – Accrued (c/o 1200)		200

TC 118: To reverse accounts receivable established with TC 103 but not yet collected.

DR 3101 Revenue Control – Accrued (c/o 1200)	200	
CR 0501 Accounts Receivable – Other Billed		200

TC 436: 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

TC 981: 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 07 – to move document supported accounts receivable forward to new biennium.

TC 213: 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

AY 07 – when the revenue is actually collected.

TC 176: 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