

Attachment I

Revenue/Receivable Example – Conversion from Statutory Basis of Accounting to Other Bases

<u>Assumptions:</u>	<u>Year 1</u>	<u>Year 2</u>
• Earned revenue	10,000	
• Encumbrances outstanding at year-end for reimbursement type programs	3,000	Assume PO's settle in next year
• Receipts collected in Year 1 but unearned until Year 2	5,000	
• Revenue earned in Year 2 but collected in Year 1		5,000
• Collection of receivables	6,000	7,000
• Revenue determined to be earned but unavailable at year-end	2,000	

Basis of Accounting Journal Entry / Year-End Balance Descriptions		Governmental, Proprietary & Fiduciary Funds that Operate on a Statutory Basis		Proprietary & Fiduciary Funds that Operate Only on the Full Accrual Basis	
		Year 1	Year 2	Year 1	Year 2
Statutory Basis:		Debit / (Credit)			
Record earned revenue	Accounts Receivable Revenue: by funding source/program	10,000 (10,000)	- -		
Accrue revenues based on encumbrances (expenditure-driven)	Accounts Receivable Revenue by funding source/program	3,000 (3,000)	- -		
Record cash receipts related to unearned revenue	Cash Unearned Revenue (Liability)	5,000 (5,000)	- -	N/A	N/A
Record the collection of receivables	Cash Accounts Receivable	6,000 (6,000)	7,000 (7,000)		
Recognize revenue earned in Year 2 but collected in Year 1	Unearned Revenue (Liability) Revenue: by funding source/program	- -	5,000 (5,000)		
Year-end balances	Revenue Cash Accounts Receivable Unearned Revenue (Liability)	(13,000) 11,000 7,000 (5,000)	(5,000) 7,000 (7,000) 5,000		
Modified Accrual Basis:					
Eliminate revenues based on encumbrances	Revenue: by funding source/program Accounts Receivable	3,000 (3,000)	- -		
Recognize revenues for Year 1 PO encumbrances settled in Year 2	Accounts Receivable Revenue by funding source/program		3,000 (3,000)	N/A	N/A
Reclassify revenue determined to be unavailable at year-end	Revenue: by funding source/program Unavailable Revenue (Deferred Inflow)	2,000 (2,000)	- -		
Reverse Year 1 unavailable revenue that became available in Year 2	Unavailable Revenue (Deferred Inflow) Revenue: by funding source/program		2,000 (2,000)		
Year-end balances	Fund Balance Cash Accounts Receivable Unearned Revenue (Liability) Unavailable Revenue (Deferred Inflow)	(8,000) 11,000 4,000 (5,000) (2,000)	(10,000) 7,000 (4,000) 5,000 2,000		
Full Accrual Basis:					
Reverse modified accrual entries related to earned but unavailable	Unavailable Revenue (Deferred Inflow) Revenue: by funding source/program	2,000 (2,000)	(2,000) 2,000		
Record earned revenue	Accounts Receivable Revenue: by funding source/program			10,000 (10,000)	- -
Record cash receipts related to unearned revenue	Cash Unearned Revenue (Liability)			5,000 (5,000)	- -
Record the collection of receivables	Cash Accounts Receivable			6,000 (6,000)	7,000 (7,000)
Recognize revenue earned in Year 2 but collected in Year 1	Unearned Revenue (Liability) Revenue: by funding source/program				5,000 (5,000)
Recognize revenues for Year 1 PO encumbrances settled in Year 2	Accounts Receivable Revenue: by funding source/program				3,000 (3,000)
Year-end balances	Revenue/Net Position Cash Accounts Receivable Unearned Revenue (Liability) Unavailable Revenue (Deferred Inflow)	(10,000) 11,000 4,000 (5,000) -	(8,000) 7,000 (4,000) 5,000 -	(10,000) 11,000 4,000 (5,000) -	(8,000) 7,000 (4,000) 5,000 -

Note: This example reflects several common entries to record revenues and receivables and is not intended to reflect every possible entry. Other entries should be recorded in compliance with this policy and the underlying GASB principles as appropriate for the transactions.