

OREGON ACCOUNTING MANUAL		Number 15.10.00.PO
Oregon Department of Administrative Services State Controller's Division	Policy	Effective Date July 27, 2005
Chapter	Accounting and Financial Reporting	.1 OF .3
Part	Cash and Cash Equivalents	
Section		Approval Signature on file at SCD

Authority [ORS 291.040](#)
 [ORS 293.590](#)
 GASB Statement No. 3
 GASB Statement No. 34
 GASB Statement No. 40

Purpose

- .101 This policy establishes classification criteria and disclosure requirements for state agencies that report **cash and cash equivalents** for both agency and statewide accounting and financial reporting purposes. All cash and cash equivalents shall be reported and disclosed in accordance with **generally accepted accounting principles (GAAP)**.
- .102 This policy applies to all state agencies that have cash deposits held at or outside the Oregon State Treasury, including deposits held in trust. State agencies may have cash on hand, cash deposits in designated accounts, or cash deposits in cash management and investment pools, which are utilized by several agencies for investing cash deposits. For recording transactions and preparing financial statements, it is necessary to consider how cash deposits are classified.

Cash Categories

- .103 Cash on hand is classified as cash and cash equivalents.
- .104 The following cash deposits are classified as cash and cash equivalents:
 - a. Cash deposits in the Oregon State Treasury.
 - b. Cash deposits with banks, savings and loan associations, and credit unions.
 - c. Cash deposits in designated or restricted, agency-specific investment funds held by a trustee or custodian in a demand deposit account at a depository bank.
- .105 Cash deposit accounts in cash management and investment pools that do not have the general characteristics of a demand deposit account are classified as investments (not cash and cash equivalents).

Examples of Cash and Cash Equivalents

- .106 The following are examples of accounts and cash management or investment pools in the State that are classified as cash and cash equivalents for financial reporting purposes:
- a. The **Oregon Short-Term Fund (OSTF)**, which includes the **Local Government Investment Pool**. Note: The OSTF operates as a demand deposit account; therefore, this balance is recorded as cash in Treasury in **R*STARS**. However, for financial statement note disclosure purposes, the balance of the OSTF is included in the investment detail.
 - b. Cash deposits within certificates of participation or bond investment funds held by a trustee or custodian in a depository bank for one or more state agencies.
 - c. Cash deposits in demand deposit accounts with custodial banks which act as agents on behalf of the Oregon Public Employees Retirement System, for pending or future investment in equity funds.
 - d. Cash deposits in commercial mortgage security reserve accounts.

Restricted Cash and Cash Equivalents

- .107 **Restricted assets** should be reported when restrictions (as defined in paragraph .108 below) on asset use change the nature or normal understanding of the availability of the asset. For example, cash and cash equivalents are normally classified as current assets, and a normal understanding of these assets presumes that restrictions do not limit the agency's ability to use the resources to pay current liabilities. However, cash and cash equivalents set aside as part of a long-term debt agreement (as required by bond indenture or COP financing agreement) or other resources that are not generated through operations (such as customer deposits) should be reported as restricted cash and cash equivalents.
- .108 Assets are restricted when constraints placed on asset use are either:
- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or
 - b. Imposed by law through constitutional provisions or enabling legislation.
- .109 When restricted cash and cash equivalents are held outside State Treasury, agencies will report these amounts by reclassifying the restricted balances to general ledger account 0928, Cash and Cash Equivalents – Restricted, at year end. In the first month of the new fiscal year, these reclassifications should be reversed.
- .110 When restricted cash and cash equivalents are held in State Treasury, agencies will complete a year end disclosure form on Restricted Assets to indicate the amount that should be reported as restricted cash and cash equivalents. Restricted cash should not be reclassified from GL 0070, Cash in State Treasury, to ensure proper cash control.

Cash and Securities Held in Trust

- .111 The term "restricted" is not applicable to amounts in general ledger accounts 0335, Savings and Time Certificates of Deposit Held in Trust and 0330, Securities Held in Trust. These general ledger accounts are included in balance sheet class 021, Cash and Securities Held in Trust, and do not need to be reclassified at year end. As the titles indicate, amounts in these accounts are held in trust for individuals and entities external to the State.

- .112 Cash and securities held in trust are included as deposits and/or investments in the deposit disclosure required by GAAP.

Reporting Cash and Cash Equivalents

- .113 Cash and cash equivalents, including deposits held in trust, may be reported in any of the general ledger accounts listed below, as applicable. See [OAM 60.10.00.RF](#) for definitions of each general ledger account.
- a. 0065 Unreconciled Deposit
 - b. 0070 Cash on Deposit with Treasurer
 - c. 0072 Cash on Hand
 - d. 0075 Cash on Deposit – Suspense Account at Treasury
 - e. 0077 Cash in Bank
 - f. 0080 Cash with Fiscal Agents – Restricted Current
 - g. 0081 Cash with Fiscal Agents – Unrestricted
 - h. 0085 Cash Equivalent
 - i. 0335 Savings and TCD Held in Trust
 - j. 0928 Cash and Cash Equivalents – Restricted

Disclosure Requirements

- .114 Generally accepted accounting principles require the disclosures listed below to be included in the [Comprehensive Annual Financial Report](#). Each year, agencies shall complete year end disclosure forms to provide Statewide Accounting and Reporting Services with disclosure information related to deposits. Agencies that prepare separate audited financial statements shall include all applicable disclosures related to deposits in the notes to their financial statements.
- a. Significant violations of legal or contractual provisions for deposits.
 - b. The bank balance of deposits that are exposed to [custodial credit risk](#), including the basis upon which the balances are exposed.
 - c. The purpose for which deposits are restricted.
 - d. The U.S. dollar balances of deposits that are exposed to [foreign currency risk](#), organized by currency denomination.