

 ARIZONA ACCOUNTING MANUAL	SECTION II	PAGE E 1	DATE 07/01/93
SUBJECT <p style="text-align: center;">RECEIVABLES/REVENUES</p>			

1. GENERAL POLICIES - Each Agency Director that collects revenues must establish the following policies with regards to revenue collection and the accrual of receivables.

a. Receivables

- (1) Accounts receivable functions must be maintained independently of cash receipts and disbursement functions.
- (2) At least monthly, the total of the individual accounts must be independently reconciled with the control account.
- (3) At least monthly, the accounts must be aged.
- (4) At least monthly, the aged accounts must be reviewed by a responsible official.
- (5) All delinquent accounts must be followed up for collection.
- (6) Procedures must be established to ensure that individuals with delinquent accounts are precluded from receiving additional credit.
- (7) Adequate control must be maintained over the mailing of the statements to prevent interception prior to mailing.
- (8) All disputed liabilities must be handled by an individual independent from those receiving payment.

b. Revenues

- (1) All fees and fines and other revenues billed must be based on statutes, dockets, prior year licenses or new permits.
- (2) Prenumbered documents must be used, safeguarded and accounted for.
- (3) All revenue documents must be reviewed for accuracy.
- (4) All billings must be reviewed and approved prior to recording and mailing.
- (5) All individuals responsible for processing applications and issuing new licenses or permits must be independent of the cash receipt and accounting functions.
- (6) Licenses, permits and applications issued must be reconciled to the revenues collected at least monthly.



SUBJECT

RECEIVABLES/REVENUES

2. REVENUE DEFINED - Revenues are defined as an increase in the governmental unit's current financial resources. Revenues include: 1) Taxes; 2) Intergovernmental Revenues, both Federal and Local; 3) Licenses, Fees and Permits; 4) Sales and Charges for Services; 5) Fines, Forfeitures and Penalties; and, 6) Miscellaneous Revenues. Revenues do not include: 1) Operating Transfers; 2) Residual Equity Transfers; 3) Proceeds from Long-Term Debt such as Certificates of Participation or Revenue Bonds; and, 4) Other Financing Sources.
3. REVENUE RECOGNITION - Revenues are recognized when they are susceptible to accrual, which means they must be both measurable and available. Revenues are measurable when the amount of the revenue is subject to reasonable estimation. In order to be available, revenues must be subject to collection within the current period, or after the end of the current period but in time to pay liabilities outstanding at the end of the current period (13th Month).
 - a. Taxes Receivable - Taxes are collected primarily by the Department of Revenue. However, other agencies such as the Arizona Department of Transportation may collect tax revenue. Most taxpayer-assessed taxes, such as Sales Taxes and Income Tax, are recorded on the cash basis of accounting. Government-assessed taxes, such as Real Property Taxes, are recorded on the modified accrual basis of accounting.
 - b. Accounts Receivable - Accounts receivable usually arise as a result of sales from Proprietary Funds. The revenue is recognized at the time of the sale, and not at the time that the cash is received.
 - c. Interfund Receivables (Due From Other Funds) - Interfund receivables usually arise in either one of two ways: 1) one fund loans or advances monies to another fund; or, 2) one fund provides a service or goods to another fund and bills the other fund at a future date. If an interfund receivable is set up, the other fund is required to establish an interfund payable (Due to Other Funds).