



STATE OF ARIZONA
CLOSING PACKAGE
I - MISCELLANEOUS REVENUES
Overview

Purpose and Objectives

In this closing package, report miscellaneous revenues that are not recorded on AFIS.

Miscellaneous revenues include all AFIS revenues **EXCEPT**:

- Tax revenues
- Grant/Entitlement Revenues (see Closing Package - Section H)
- Interest and other investment income. The State Treasurer's Office will provide all data relating to these revenues and investments held by its office (see Closing Package - Section C).
- Revenues your agency receives from another State agency. (For this closing package, Miscellaneous revenues include only amounts you receive from **NON-STATE** parties.)
- General Fund Appropriations
- Bond/note proceeds

Miscellaneous revenues **INCLUDE**, for example:

- Licenses, fees, and permits
- Charges for services and commodities
- Fines, penalties, and forfeitures
- Contributions and awards
- Interest revenue on investments not held by State Treasurer's Office

GAAP also requires that we record on the State's financial statements at June 30:

- Miscellaneous Accounts Receivables
- Allowances for Uncollectible Accounts Receivable
- Unearned Revenue
- Related Revenue for the year

Miscellaneous Accounts Receivable relating to local governments should be classified as Due from Local Governments.

Agency Action Required

- If your agency **does not** have Miscellaneous Revenues equal to \$1,000,000 or more, then **NO** action is required.
- If your agency's Miscellaneous Revenues are recorded on AFIS as of June 30, then **NO** action is required.
- If your agency's Miscellaneous Revenues are **not** recorded on AFIS and are equal to \$1,000,000 or more, your agency must complete a Miscellaneous Revenue Summary Form for all applicable funds the Miscellaneous Revenue is recorded in.
- Complete the Miscellaneous Revenues Summary Form and return the Form to the Division of Business and Finance (DBF) **no later than the date shown in Section A.3 - Due Dates.**



STATE OF ARIZONA
CLOSING PACKAGE
I - MISCELLANEOUS REVENUES
Overview (continued)

Accounting Principles and Policies

General:

Miscellaneous revenues are defined and discussed within the following GASB Codification Sections:

- 1600.101 - 1600.115
- 1600.130
- 1600.134
- 1800.114
- 1800.115

Requirements for recognizing miscellaneous revenue differ between fund categories, specifically:

- **Governmental Funds**. These funds use the modified accrual basis of accounting.
 - Under the modified accrual basis, miscellaneous revenues should be reported when they are susceptible to accrual.
 - If the revenue is not susceptible to accrual, the cash basis is used (e.g., fees for non-refundable permits).
- **Proprietary and Fiduciary Funds**. These funds use the accrual basis of accounting.

Few of the State's miscellaneous revenues are susceptible to accrual. Therefore, we will report most of these funds' miscellaneous revenues on the cash basis. That is, we will obtain all data for these revenues from AFIS. We will not need to make any year-end GAAP adjustments.

For these funds, GAAP specifically states that:

"Golf and swimming fees, inspection charges, parking fees and parking meter receipts, and the vast multitude of miscellaneous revenues are best recognized when cash is received." (See section 1600.110 of the GASB Codification.)

Business licenses are generally not considered susceptible to accrual. (See section 1600.112 of the GASB Codification.)

Charges for goods and services that your agency provides and bills for, however, are susceptible to accrual. (See section 1600.107 of the GASB Codification.)

Miscellaneous revenues from non-State parties can be categorized as follows:

- Licenses, Fees, and Permits
- Departmental Services
 - Charges for Services and Commodities
 - Fees and Receipts from Other Political Entities
 - Sales of Fixed Assets
- Contributions
 - Contributions, Awards, and Donations (other than grants/entitlements)
 - Employer Contributions (e.g., pensions)
 - Retiree Contributions (e.g., pensions)
 - Political Subdivision Contributions



STATE OF ARIZONA
CLOSING PACKAGE
I - MISCELLANEOUS REVENUES
Overview (continued)

Accounting Principles and Policies (continued)

General (continued):

- Other Miscellaneous Revenues
 - Fines, Forfeits, and Penalties
 - Unclaimed Property
 - Miscellaneous Revenue

Our State Policy:

Revenue from **non-refundable** licenses, permits, and similar fees is recognized when payment is received. Other revenues are recorded when earned, or when the State becomes entitled to the revenue and can establish its collectibility; otherwise, the State defers recognition of revenue until cash is received.

Governmental Funds - Departmental Services Revenue:

In most instances, charges for goods and services arise in proprietary funds. However, such charges may be sometimes be made by governmental funds, especially when the charges represent only a small portion of the fund's normal activity.

Departmental services revenue includes revenue from non-State parties:

- Charges for Services and Commodities
- Sales of Fixed Assets

Agencies do not always prepare bills for such transactions. Often, they receive payment the same day the goods or services are provided. In this case, there will not be any miscellaneous accounts receivables to report.

Some State agencies, however, bill non-State parties for goods and services they provide. **There may be situations where your agency provided goods or services on or before June 30 where payment was not received until after June 30.** In this case, GAAP requires us to:

- Report these transactions as miscellaneous accounts receivable
- Recognize departmental services revenues
- Report an allowance for uncollectible accounts receivable, as appropriate.
- Conversely, if your agency has received payment by June 30 for goods or services it will provide after June 30, you should report such amounts as **unearned revenue**.

As it is necessary to estimate the allowance for uncollectible accounts, you may wish to base your estimate on historical data, i.e.:

- Gather and review historical data on collectibility.
- Evaluate the collectibility of miscellaneous accounts receivable at June 30 based on historical data (e.g., if you note that, historically, ten percent of your customers over 60 days eventually do not pay, you should record an allowance of ten percent, even if you are unaware of any specific bad debts.)



STATE OF ARIZONA
CLOSING PACKAGE
I - MISCELLANEOUS REVENUES
Overview (continued)

Accounting Principles and Policies (continued)

Proprietary and Fiduciary Funds:

GAAP requires use of the accrual basis of accounting for **ALL** revenues in proprietary and fiduciary funds.

Your agency should report all miscellaneous revenues in the fiscal year in which they are earned. Revenues are earned when goods or services are provided as a part of a valid exchange transaction.

Under the accrual basis, you should:

- Report miscellaneous accounts receivable from non-State parties if at June 30 you have earned miscellaneous revenue **and** had not yet collected the related cash.
- Estimate and report an allowance for uncollectible accounts receivable, as appropriate. The financial statements will show gross accounts receivable, less the allowance. As it is necessary to estimate the allowance for uncollectible accounts, you may wish to base your estimate on historical data. See the prior page for suggestions on how this might be accomplished.
- Report unearned revenue, if, at June 30, your agency has collected cash relating to goods or services that had not yet been provided.

Working Papers

All working papers may be subject to audit. The agency should keep a copy of the completed Form. In addition, the agency should keep any working papers that support data on the Form. For example, agencies should thoroughly document:

- The source(s) of data for each amount
- Methods used to arrive at estimated amounts
- All Treasurer's receipts with related documentation

General Instructions

- Carefully read the instructions and definitions that apply to this closing package.
- Be sure to include all miscellaneous revenues items that meet the definitions in **Section X - Glossary**.
- Prepare and complete a Miscellaneous Revenues Summary Form for your agency.
- Please send questions regarding the closing package to ACFR@azdoa.gov.



STATE OF ARIZONA
CLOSING PACKAGE
I - MISCELLANEOUS REVENUES
Instructions - Form 6

Section I

Page 5 of 6

Miscellaneous Revenues - Form 6

- Enter your agency ID Code (three-character) and agency name.
- Complete all information regarding the preparation and approval of this Form. If the DBF should contact someone other than the preparer about questions that may arise, please enter that person's name, title, and contact information. Keep a copy of the Form.
- Enter the six-character AFIS fund number and fund name.
- Enter the revenue source code and description for the type of revenue.
- For miscellaneous accounts receivable, enter amount for goods and services you provided on or before June 30 **where payment was not received until after June 30**.
 - Enter the portion of each miscellaneous accounts receivable that you estimate is uncollectible.
- Enter the amount of unearned revenue received by June 30 for goods or services your agency will provide after June 30.
- Enter the amount of the accounts receivable which is due from local governments as of June 30.
- Round all dollar amounts to the nearest whole dollar.



STATE OF ARIZONA
 CLOSING PACKAGE
I - MISCELLANEOUS REVENUES
Summary - At June 30, 2022

Agency:	<input type="text"/>		<input type="text"/>
	ID Code		Agency Name
Prepared:	<input type="text"/>	By:	<input type="text"/>
	Date		Employee Name
			<input type="text"/>
			Title
			<input type="text"/>
			Phone
Approved:	<input type="text"/>	By:	<input type="text"/>
	Date		Name/Title
			<input type="text"/>
			Email
			<input type="text"/>
			Email
			<input type="text"/>

Fund No: <input type="text"/>	Fund Name: <input type="text"/>
-------------------------------	---------------------------------

Revenue Source Code	Revenue Name/Description	Amount
<hr/>	Miscellaneous Accounts Receivable at June 30	<hr/>
	Allowance for Uncollectible Accounts Receivable	<hr/>
	Unearned Revenue at June 30	<hr/>
	Due from Local Governments	<hr/>
<hr/>	Miscellaneous Accounts Receivable at June 30	<hr/>
	Allowance for Uncollectible Accounts Receivable	<hr/>
	Unearned Revenue at June 30	<hr/>
	Due from Local Governments	<hr/>
<hr/>	Miscellaneous Accounts Receivable at June 30	<hr/>
	Allowance for Uncollectible Accounts Receivable	<hr/>
	Unearned Revenue at June 30	<hr/>
	Due from Local Governments	<hr/>
<hr/>	Miscellaneous Accounts Receivable at June 30	<hr/>
	Allowance for Uncollectible Accounts Receivable	<hr/>
	Unearned Revenue at June 30	<hr/>
	Due from Local Governments	<hr/>