CLASSIFICATION OF REVENUE AND OTHER FINANCING SOURCE ACCOUNTS

Revenues are classified by source and type in the various funds of a school district. Revenues are defined as additions to assets which do not increase any liability, do not represent the recovery of expenditure and do not represent the cancellation of certain liabilities or a decrease in assets.

In addition to the sources of revenue that might be realized by a school district, it is also possible to receive fund resources that are not revenues to the school district as a whole. These resources result from transactions such as (1) transfers, (2) sale of securities, (3) sale of general capital assets, and (4) compensation for loss of general capital assets. Financial statements should reflect these resources, not as revenues, but as “Other Financing Sources” for individual funds.

The types of revenue from each source, (1) local, (2) intermediate, (3) state, (4) federal, and (5) other, are defined and listed below:

1. Revenue from LOCAL sources is the amount of money produced within the boundaries of the school district and available to the school district for its use. Money collected by another governmental unit as an *agent* of the school district is recorded as revenue from local sources.

2. Revenue from INTERMEDIATE sources is revenue from funds collected by an intermediate administrative unit or a political subdivision between the school district and the state, and distributed to the school district.

3. Revenue from STATE sources is revenue from funds collected by the state and distributed to school district.

4. Revenue from FEDERAL sources is revenue from funds collected by the federal government and distributed to school district. It is unimportant whether the funds are distributed directly to the school district by the federal government or through some intervening agency such as the state. A specific revenue account should be used for each federal revenue source.

5. Revenue from OTHER sources is individual fund revenue that comes from within the school district. Although these resources are individual fund revenues, they are not revenues to the school district as a whole. Generally accepted accounting principles indicate these resources be distinguished from revenues by reporting them as “Other Financing Sources.”

Within each source of revenue, individual items of revenue are classified into basic groupings of similar types of revenue such as taxes, or similar purposes such as student activities. These group headings are not account titles; they are used only as a convenient means of identifying specific revenue accounts for reporting purposes.

Under GASB 34 revenue needs to be identified as “General Revenue” or “Program Revenue” for presentation in the Statement of Activities. All revenues are general revenues unless they are required to be reported as program revenues. All taxes, even those that are levied for a specific purpose, are general revenues. All other non-tax revenues (including interest, grants, and contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues. Program revenues derive directly from the program itself or from parties outside the reporting government’s taxpayers, as a whole; they reduce the net cost of the function to be financed from the government’s general revenues. The Statement of

Activities should separately report three categories of program revenues as a) charges for services, b) program-specific operating grants and contributions, and c) program-specific capital grants and contribution. The following revenue accounts are identified by a “G” for general revenue or “P” for program specific revenue to aid in preparing the Statement of Activities. Some revenue sources may not be easily identifiable, such as federal grants, without obtaining specific revenue restrictions from the grant agreements and therefore will be identified with a “G or P” reference.

GASB 33 establishes accounting and financial reporting standards for shared nonexchange revenues. In a nonexchange transaction, a government gives (or receives) value without directly receiving (or giving) equal value in return. This is different from an exchange transaction in which each part receives and gives up essentially equal values. The principal issued addressed in GASB 33 is the timing of recognition of nonexchange transactions in the financial statements.

There are four classes of nonexchange transactions based on shared characteristics that affect the timing of recognition:

1. Derived Tax Revenues – result from assessments imposed on exchange transactions (for example, income taxes, sales taxes and other assessments on earnings or consumption.)

2. Imposed Nonexchange Revenues – result from assessments imposed on nongovernmental entities, including individuals other than assessments on exchange transactions (for example, property taxes, fines and penalties, property forfeitures such as seizures and escheats)

3. Government-Mandated Nonexchange Transactions- occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (for example, federal programs that state or local governments are mandated to perform)

4. Voluntary Nonexchange Transactions -- result from legislative or contractual agreement, other than exchanges, entered into willingly by the parties to the agreement (for example, certain grants and private donations)

School District revenues are listed and defined on the following pages.