

CITY OF JACKSON

T E N N E S S E E

Fiscal Year-End Accruals Policy

Objective:

- The primary objective of the Fiscal Year-End Accruals Policy is to follow GAAP in the matching of current period revenues to current period expenses for the City's financial statements in order to accurately reflect the City's financial performance.

Background:

- The City's Interim Monthly Financial Statements are, by definition, one (1) to (2) months behind on such significant revenue as Local Option Sales Tax, numerous State-Recovered Taxes, Property Tax collections, etc. Therefore, it is necessary to accrue both revenues and expenses for a "like period" in order that the General Fund ending balance, as reflected in the Annual Audit Report, reflects a true picture of the City's financial status.

Scope:

- GAAP defines revenue to be accrued after the fiscal year end as revenue that meets the following three (3) qualifications:
 1. Revenue earned in the subject fiscal year.
 2. Revenue that is measureable.
 3. Revenue that is available to apply to accrued expenses.
- Likewise, GAAP defines expenses to be accrued after the fiscal year end as expenses that meet the following three (3) basic qualifications:
 1. Expenditures incurred in the subject fiscal year.
 2. Expenditures that are measureable.
 3. Expenditures that are subsequently evidenced by documents such as payrolls, invoices, etc.
- The City of Jackson has decided to adopt a 60-day window for revenue and expense accruals that meet the above three (3) qualifications.