Section 1600

Basis of Accounting

GARS 1600

The mechanics behind the measurement-focus split introduced in Section 1100 — exactly when a revenue or expenditure gets recognized under each basis, and the specific tests that decide whether a liability belongs in a governmental fund at all. Plain-language reference only; not a substitute for the authoritative text.

GENERAL PRINCIPLES

Government-Wide: Full Accrual

Economic resources, accrual basis.
Both the governmental and business-type activities columns recognize revenues, expenses, assets, and liabilities when the underlying transaction occurs — not when cash moves.

GENERAL PRINCIPLES

Governmental Funds: Modified Accrual

Revenue when available and measurable.
Expenditures are recognized when the fund liability is incurred, if measurable — with one notable exception.

Unmatured interest is the exception.
Interest on general long-term liabilities is recognized only when it comes due, not as it accrues.

GENERAL PRINCIPLES

Proprietary & Fiduciary Funds

Same basis as government-wide.
Economic resources measurement focus and accrual basis — these funds are measured like a business or a trust, not like a governmental fund.

GENERAL PRINCIPLES

The Details That Trip People Up

Exchange revenue timing.
Recognized when the exchange occurs, unless collection of the price isn't reasonably assured.

Liability recognition tests.
Certain obligations — compensated absences, claims — only become a governmental fund liability once they're “normally expected to be liquidated with expendable available financial resources.”

Paraphrased for plain-language reference from GASB's Codification of Governmental Accounting and Financial Reporting Standards, Section 1600, “Basis of Accounting.” Principal sources: NCGA Statements 1 and 4; GASB Statements 6, 17, 31, 33, 34, 38, 62, 72, 81, 84, 101; GASB Interpretation 6. This summary is not authoritative — consult the current Codification (GARS-Online) or your auditor for application to a specific district.