

3.0 Appendix B – Project Aspire Enhancement Functional Design

ADML ID	1853
ADML Description	Cash Basis Ledger
ADML Tech#	

3.1 Background

3.1.1 Functional Requirement

The State of Florida requires Aspire to produce cash basis financial statements and reports. The underlying data for the reporting consists of cash receipts and disbursements transactions. PeopleSoft delivers accrual transaction processing, where events culminating in either cash disbursement or cash receipt precede the actual disbursement or receipt. This is a fundamental distinction between the accrual basis of accounting and the cash basis of accounting. With cash basis accounting, purchases are recorded when cash is paid, or when a check is processed for payment. To illustrate, the recording of a vendor invoice in Aspire results in a debit to an expenditure. The expenditure is recorded at the time of invoice using the accrual method, with the booking of an accompanying liability. When the invoice is paid, the liability is relieved:

Accrual Entry:

<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Expense	\$XX	
Accounts Payable		\$XX

Payment Entry:

<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Accounts Payable	\$XX	
Cash		\$XX

On a cash basis, the expenditure would not be recorded until the warrant is cut to pay that vendor.

Cash Basis Entry:

<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Expenditure	\$XX	
Cash		\$XX

3.1.2 Delivered Functionality

PeopleSoft delivers GAAP accrual accounting, which stands in contrast to cash basis accounting. As illustrated above, an enhancement is required to transform the transactions produced by delivered functionality into accounting information that meets the State of Florida’s requirements.

3.1.3 Gap Description

Cash basis accounting is by definition a gap for PeopleSoft. Cash basis is not accrual accounting, which conforms to requirements promulgated in Generally Accepted Accounting Principles, or GAAP. PeopleSoft delivers GAAP accounting only.

3.2 Description of New Functionality

Therefore, whereas Aspire does not store financial data on a cash basis as delivered, a modification to the delivered system must be developed to transform accrual accounting information to the cash basis. This modification will place this cash basis accounting information in a specific cash ledger in Aspire, from which all cash basis reports can be produced and requirements can be satisfied.

The sources of cash transaction in the Aspire system reside in the Accounts Receivable, Accounts Payable and General Ledger modules. Accounts Receivable contains depository data consisting of collections on open receivables, customer prepayments, on account payments and receipts journalized directly to the GL. The bulk of expenditures, by volume, originate in the AP module. Proceeds from the sale of assets will process through deposits in AR. Projects and Grants have pass-through grants, which affect cash, and also transfer items between projects affecting cash. The primary expenditures that originate in GL are investments/disinvestments, inter-unit transfers and payroll journals. The goal of this modification to the delivered PeopleSoft accrual accounting process is to consider each transaction originating in each of the modules as it relates to either cash receipt or disbursement, translate the accrual transaction to a cash transaction, and journalize that

translation. With cash journals created, the delivered PeopleSoft journal processing can then process the new cash journals to the cash ledger. From the cash ledger, all necessary cash basis reporting requirements will be readily accomplished.

The accrual to cash conversion program has two primary sections: Cash Disbursements and Cash Receipts. This document follows this flow, discussing cash disbursements first and then cash receipts. When discussing each main topic, the document will first address the Aspire subsystem where transactions will originate, and then the document will discuss General Ledger transactions that will impact verified cash. For Disbursements, this will present as a discussion of Accounts Payable transactions and then General Ledger transactions. For Receipts, it will start with Account Receivable, and then proceed to General Ledger transactions.

Overview of Cash Basis Transaction Creation Process

Below is depicted the proposed flow of the accounting entry transformation process. It takes accrual entries and produces cash entries as follows:

Cash Basis Transformation Process Overview

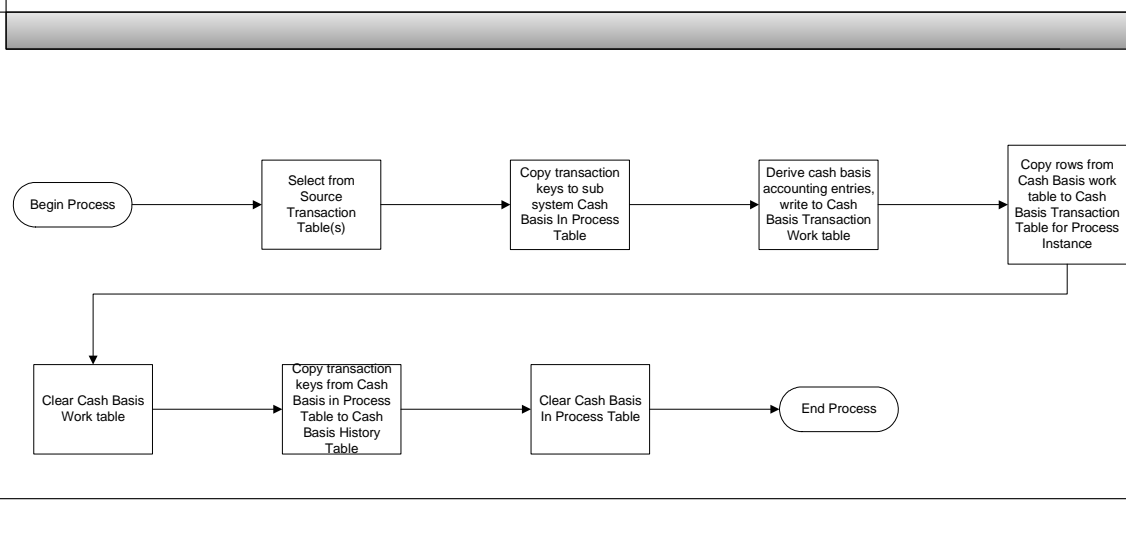


Figure 1 – Cash Basis Process

3.2.1 Cash Disbursements – From Accounts Payable and General Ledger

This section deals with the Aspire sources of Cash Disbursements: Accounts Payable and General Ledger Journals.

Process Accounts Payable Disbursements

Cash disbursements coming from the Accounts Payable subsystem include: Warrants, Electronic Funds Transfers, Wires and ACH's, adjustment vouchers, voids, replacements, escheated payments, and forgeries.

The source for Accounts Payable cash-basis expenditure accounting entries is the voucher accounting line table (VCHR_ACCTG_LINE). This table contains the accounting effects of all AP transactions including vouchers, voucher closures, payments, and cancellations. To capture cash-basis expenditures, the conversion program will look at rows where the accounting entry type (DST_ACCT_TYPE) is 'CAS' for Cash Distribution entries. This will return vouchers with payment related activity rows for translation.

Chartfield Distribution

To record and report cash expenditures, we must acquire voucher-level chartfield distribution data. As delivered, the payment of a voucher doesn't link the payment amount to the detail voucher distribution lines against which it applies. The single payment amount offsets the total accrued liability, which is a summary amount representing a total invoice amount. This means that payments are only recorded against the voucher total and not against individual expenditure distribution amounts. Cash basis accounting requires only the expense lines from a voucher and the cash entry generated upon payment of that voucher. Furthermore, a voucher may have one or more lines, each of which may have one or more distribution lines. This presents a problem when a voucher is partially paid, or not paid in full. Aspire will not process partial payment of vouchers.

Special Considerations: Voucher Styles and other Payables transactions

There are a number of transactions that fall outside the regular voucher process. They do not represent invoices to be paid, but changes or modifications to vouchers that pay invoices. In capturing these vouchers, our select criteria against the voucher accounting entry table needs to specify that, in addition to the lines we retrieve possessing an accounting entry type of 'CAS', for those whose accounting entry type is not equal to 'CAS', we must evaluate the voucher style, looking specifically for a style of 'journal voucher'.

Journal vouchers

Journal vouchers are used to adjust accounting entries for vouchers that have been posted and paid and for vouchers whose payments have also been posted. These vouchers will be readily identifiable by the voucher style field on the voucher table. The style will equal 'JRNL'. The voucher will also have a 'related voucher' field that associates the journal with its original voucher. The needed action will be to perform the same adjustment by picking up the accounting entry lines in the voucher accounting line table.

Journal vouchers will have added functionality and flexibility that allows the system-generated offset to the accrual of expense to process against the verified cash account as opposed to the accrued liability account. This entails the creation of a separate accounting entry template, 'JRNL_CASH'. This template will offset the voucher against the verified cash account. Adjustment vouchers will process in the period the need for the adjustment is realized. For example, if an adjustment is made in February for a voucher that was originally created in January, the accounting period for the adjustment is February. This is due to the fact that the prior period has been closed and reporting has already been processed.

Public Assistance Warrants/ Unemployment Compensation Warrants

These vouchers and warrants will be interfaced from legacy systems. Voucher data will be loaded to the voucher staging tables and be processed through the voucher application tables (edit and post) to ultimately be offset against a manual warrant. Each type of warrant (PA vs. UC) possesses its own ADML that address the processing details of those warrants. ADML 091 details Public Assistance warrants, and ADML 093 addresses Unemployment Compensation warrants. These two types of payment also process via Electronic Funds Transfer. The EFT payments will be handled differently and will not follow the warrant model. See the discussion included in the section on General Ledger journal processing for details on EFT payments. Our 'CAS' criteria (DST_ACCT_TYPE) will retrieve these warrants.

Warrants/Payment Cancellations

Payments are canceled or voided with either reissue or closure of the liability. When canceled or voided and then reissued, the voucher becomes available for repayment. When the liability closes, the voucher is identified, and payment can no longer be made for the voucher. Payments can be made up of multiple vouchers; therefore, all the vouchers for the payment are either reopened or closed.

PeopleSoft Payables backs out all payment information for the vouchers affected by a canceled payment. You can optionally reopen or close those vouchers the next time that you run voucher and payment posting. If you reopen vouchers for payment, you can specify whether to pay the same amount or to recalculate the payment amount.

The State of Florida deals with two types of cancellation that are distinguished by the source of the warrants- FLAIR payments and Aspire payments. These cancellations form the basis of ADMLs 092, 1409, 1789 and 1930.

- ADML 092 addresses Batch Warrant Payment Cancellations
- ADML 1409 discusses FLAIR Warrant Cancellations (works in conjunction with ADML 1406)
- ADML 1789 addresses Prior Year Aspire Warrant Cancellations

- ADML 1930 deals with Flair Warrant Cancellation in Aspire.

Flair Warrants

With Flair warrants, reversal accounting entries are automatically created in the FL_JGEN_ACCT for the subsequent creation of journals. These journals will be processed with other journals selected and discussed in the general ledger journals section. Also, the transaction is marked as ‘VOI’ (void) on the BNK_RCN_TRAN table. This is done by using the warrant number sent from FLAIR to identify the original distribution and copying and reversing the signs:

<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Verified Cash	XXX	
Expenditure (Original)		XXX

Aspire Warrants

Aspire warrants are subject to the delivered void/cancellation process, and will process normally. The net affect on cash for warrant cancellations is to reverse the cash entry that was made when the payment was originally issued. The voucher accounting line table possesses an ‘APPL_JRNL_ID’ of ‘CANCEL’ representing voided warrants. Our ‘CAS’ criteria (DST_ACCT_TYPE) will retrieve these cancellations. Once we encounter a cancelled warrant, we must reverse the original entry created for the associated voucher.

Payment Escheatment

PeopleSoft Payables reclassifies stale-dated checks to an escheat liability account by debiting cash and crediting escheatment liability. Payment posting treats an escheated payment like a voided payment except that there is no option to close or restate the voucher liability. The Payment Posting Application Engine process (AP_PSTPYMNT) creates accounting entries that reverse the cash entries to an escheatment liability account, which users predefine on the Accounting Entry template. The system records the escheatment liability account to the vouchering GL business unit and the cash entry to the bank's cash GL business unit. If they are different business units, the system generates InterUnit entries. For purposes of the cash ledger, an escheatment would be processed like a warrant cancellation/void. The original cash entry created for the voucher would be reversed. Escheatments are culled from the voucher accounting line table via the accounting entry type (DST_ACCT_TYPE) field where the value equals ‘ESCH’ indicating escheatment. ADML 1397 addresses Automatic Escheatment, the purpose of which is to provide a programmatic method for identifying stale-dated warrants and then processing them according to Florida statutes. Escheatments associated with Non-Federal funds are reclassified from Escheatment Liability to Unclaimed Property via allocation.

The process for obtaining cash-basis expenditures originating from the Accounts Payable module is as follows (See Figure 3 below):

1. Select all voucher rows from the voucher accounting line table (VCHR_ACCTG_LINE) where accounting entry type (DST_ACCT_TYPE) in list ('CAS', 'ESCH') for Cash Distribution entries and escheatment.
2. For those records whose accounting entry type is not in the list ('CAS', 'ESCH'), look at that voucher's corresponding voucher style, selecting those with a style of 'JRNL'.
3. Verify against the AP Cash Basis History Table that selected vouchers have not yet been translated.
4. For each row (voucher) where there exists a cash distribution accounting entry or journal/reversal voucher that is new and un-translated, retrieve all rows in the table related to that particular voucher. The output retrieved will contain both the voucher accrual accounting entry (expense and liability data) and the voucher payment accounting entry (cash spend and relief of liability data). Store these rows in the AP Cash Basis in Process Table. Expense distributions and cash entries are needed for the cash ledger.
5. Write these rows to the AP Cash Basis Transaction Work Table for the session.
6. Copy the AP Cash Basis Transaction Work Table contents to the AP Cash Basis Transaction Table.

Rows from this table will be used to create journals via journal generator. See section on Journal Generator processing below.

Figure 3 below illustrates how the generic process depicted in Figure 1 is tailored for Accounts Payable transactions. AP data is retrieved from the source table(s), translated and written to a cash transaction table.

Cash Basis Transformation Process - Accounts Payable: Journal Vouchers

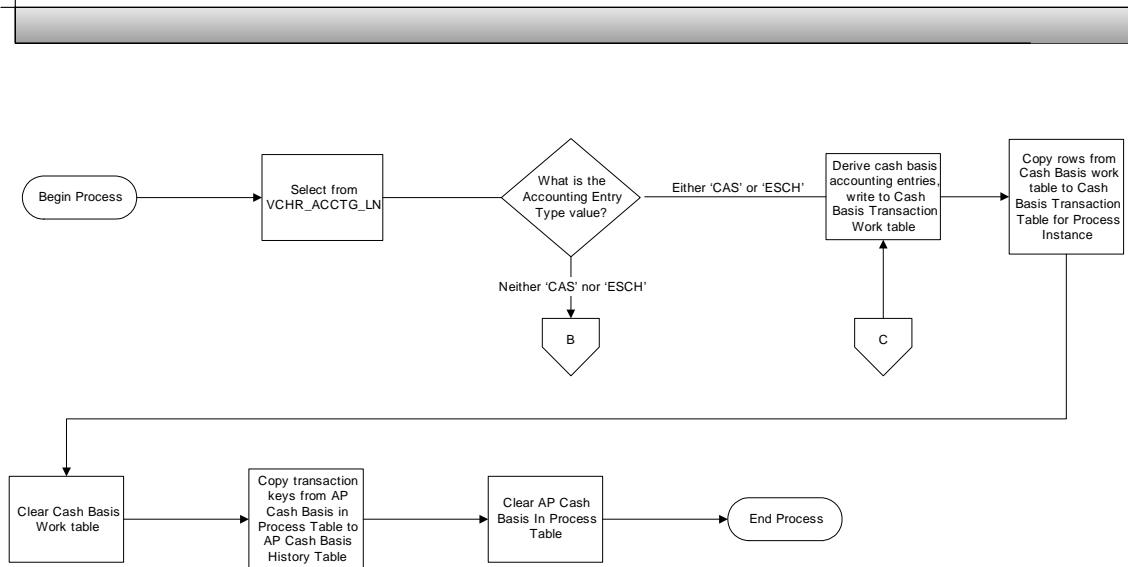


Figure 3

Cash Basis Transformation Process - Accounts Payable: Journal/Vouchers

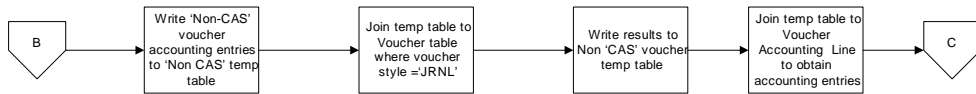


Figure 3a – Processing Journal Vouchers

Process Cash Disbursement Online Journals – General Ledger

Online Journal entries can be either accrual or cash basis depending on the nature of the individual transaction. An example of an accrual journal could be an accrual of expenditures for month-end processing. This journal is not on a cash basis.

In addition to journals originating from the payables and receivables subsystems, journals will originate in the Aspire general ledger. For example, payroll journals and investment/disinvestment journals representing treasury investment activities will be processed in general ledger. These journals will be processed twice, first to the actuals ledger, and then to the cash ledger. The application engine program will pick up these entries via select query against the journal header and lines tables using system source as its criteria.

Verified Cash will be established as a ‘control account(s)’, meaning that users will not have access to this account when creating journals online that affect or impact that(those) account(s). With control accounts, posting to such an account occurs only by journal generation, interunit processing, or via entry event. Journals impacting verified cash will do so in an automated fashion, such as via interunit journals created from ADML 128, intra-unit journals, payroll journals created from ADML 31 or Treasury entries triggered by entry event processing.

Disbursement journal transactions that will affect the cash ledger include the Department of Children and Families’ Public Assistance EFT Payments and the Agency for Workforce Innovation’s Unemployment Compensation EFT Payments. ADML 1934 details the process of interfacing EFT payments from legacy systems into Aspire. These payments will be interfaced to the General Ledger and processed through the journal header and lines tables (edit and post), ending at the cash ledger.

Correcting Journals that Affect the Cash Ledger

Reclassification entries impacting balancing chartfields utilize intra-unit accounting templates which offset verified cash. In contrast, non-balancing chartfields do not impact verified cash. The cash ledger must contain accurate balances for balancing chartfields and non-balancing chartfields, there needs to be additional coding in this ADML. It is critical that the cash basis activity be accurate for accurate reporting to LAS/PBS.

The State requires that the cash ledger process these reclassifications programmatically, without user intervention. Therefore, the decision was made to include all manually recorded journals to the cash ledger except for manually recorded accruals.

The use of accrual accounts will identify journals to exclude from the Cash Ledger. The State has provided account values representative of accrual entries. In other words, entries which contain these accounts are excludable from the cash basis ledger. The account values are as follows:

- For Receivables accruals – two ranges: accounts 00140000 to 00159999 and 00230000 – 00239999
- For Payables accruals – accounts 00300000 – 00499999

An illustration of the possible scenarios is offered below. The first is a simple example, where the entry consists of merely 2 lines and there is but a single offset to the accrual account.

- 1) Recording a payable and an expenditure/expense-Recommend the agency use a unique Journal Source that will identify Accruals.

	DR	CR	Aspire Account Ranges
Expenditure/Expense	XXX		10000000 – 99999999
Payable		XXX	00300000 – 00499999

- 2) Recording a receivable and a revenue-Recommend the agency use a unique Journal Source that will identify Accruals.

	DR	CR	Aspire Account Ranges
Receivable	XXX		00140000 – 00159999 00230000 – 00239999
Revenue		XXX	01000000 – 09999999

In contrast to the above example, a multi- line journal may contain both reclassification lines, which are *includible* in the cash ledger, and accrual lines, which are *excludible* from the cash ledger, at the same time. This condition makes it difficult to determine what to include or exclude in/from the Cash Ledger within a single journal, at a line level. A policy will be established to ensure that accrual journals are entered into one unique journal ID and reclassification journals will be entered into a separate journal ID.

This entry below should NOT be entered in the same Journal. The agency will need to separate Reclass entries from Accrual entries by using a separate Journal Source for each type of entry and entering separate Journal IDs.

	DR	CR	Aspire Account Ranges
Receivable	XXX		00140000 – 00159999 00230000 – 00239999
Revenue		XXX	01000000 – 09999999
Revenue/Category A	XXX		Reclass between categories
Revenue/Category B		XXX	Reclass between categories

In this scenario, we have 2 accrual lines and 2 reclassification lines in a single journal. The Cash ledger needs the reclassification lines and not the accrual lines. This requires that we break the journal into eligible and non-eligible lines, evaluating the journal at a line level. While the scenario above represents a challenge, the accrual account approach represents the most accurate reporting solution for the State.

To accommodate the State’s requirements and facilitate the implementation of a workable solution, a policy will be established by the State which dictates that manual accrual journals be self-contained journals created separately from manual reclassification journals and thus readily identifiable by the accrual accounts against which they transact. In addition, each type of journal will use its own Journal Source to indicate whether it is a reclassification or an accrual. Accrual journals will then be excluded from the cash ledger, and reclass journals included. The cash ledger will capture not only self-balancing chartfield corrections and reclassifications, but reclassifications for non-self balancing chartfields as well, keeping in

balance with LAS/PBS and fulfilling capital stakeholder requirements for synchronization between the 2 two systems.

Resolution of Debit and Credit Matching

There exists the potential for a journal to include lines that may not clearly delineate the association of debits and credits. When multiple cash transactions exist in a transaction set, such as a journal, it becomes necessary to relate each cash transaction to the other transactions in the set for purposes of determining what the cash basis entry should be. For example, in the following entry, line 5 is related to lines 1 and 2, while line 6 is related to lines 3 and 4:

Line	Account	Fund	BE	Project	Amount
1	Telephone expense	F100	A		75.00
2	Utilities expense	F100	A		25.00
3	Telephone expense	F101	B	P1	150.00
4	Utilities expense	F101	B	P1	50.00
5	Cash	F100	A		(100.00)
6	Cash	F101	B	P1	(200.00)

The logical basis for matching the debits and credits is to use values in Balancing ChartFields. In other words, to determine the cash basis ‘source’ entries for line 5, we scan the transaction set for all other entries having Fund ‘F100’, BE ‘A’ and a blank Project ID.

The process for obtaining cash-basis expenditures from GL Journals is as follows (see figure 4 below):

1. Join the general ledger account table, the journal header table, and the journal lines table.
2. Select all journal lines from this join **where**:
 - a) the System Source indicator is in list (‘ALO’, ‘NVS’, ‘PNL’, ‘SCP’, ‘GLJ’, ‘GPY’, ‘GTS’, ‘IUP’ and ‘SJE’). The values for system source are as follows:
 - ‘ALO’ – Allocations,
 - ‘NVS’ – Journal Upload journals
 - ‘PNL’ – Online journals
 - ‘SCP’ – Copy journals
 - ‘GLJ’ – FLAIR Payment
 - ‘GPY’ – HR Payroll
 - ‘GTS’ – Treasury Shadow Entry
 - ‘IUP’ – InterUnit Process
 - ‘SJE’ – Standard Journal Entry
 - b) FL_VER_CASH_IND = ‘Y’ (verified cash) and

- c) The transaction is new, as verified against the GL Cash Basis History Table
- 3. Write these rows to the GL Cash Basis Transaction table.
- 4. Rows from this table will be used to create journals via journal generator.

Cash Basis Transformation Process - General Ledger

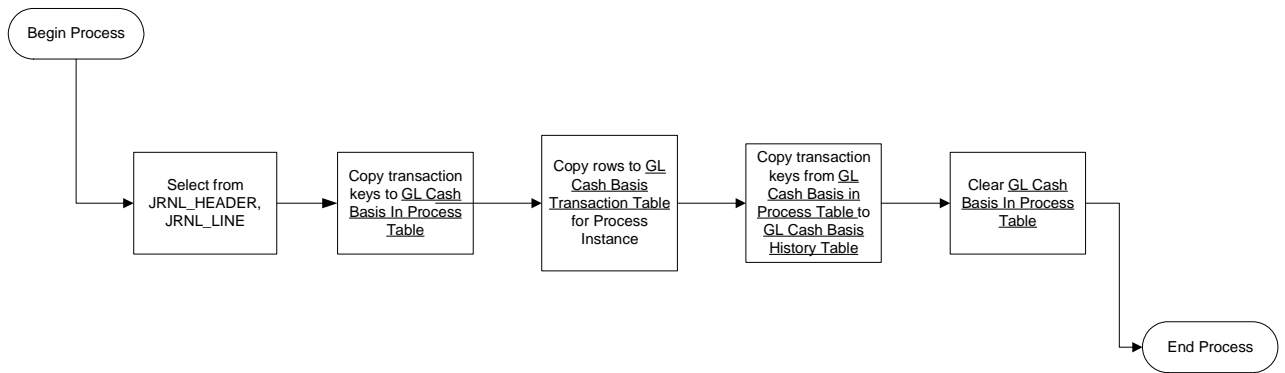


Figure 4 – General Ledger Cash Basis Process

Create Cash Journals using PeopleSoft Journal Generator

Once cash accounting entries have been created, this process will employ PeopleSoft Journal Generator to feed disbursement journals from both Accounts Payable Cash Basis Transactions and General Ledger Cash Basis Transactions tables to the newly created Cash Ledger. This process will utilize the Generic journal generator template, along with the generic accounting entry definition.

Accounting Entry Definition

Because cash accounting entries will be stored in newly created tables, we will need a new Accounting Entry Definitions (AEDs) to support the journal generation of those accounting entries. New AEDs will be named using the (FL_XXXX) convention, and will be modeled after those provided by PeopleSoft, (APDEFN for Accounts Payable, GENERIC for journals). See configuration requirements 1.5 section below for details.

Journal Generator Template

To leverage chartfield summarization options yet to be decided, new journal generator templates will be created to work with the Entry definitions in processing the translated accounting entries into journals. These templates will mirror delivered PeopleSoft templates. See configuration requirements 1.5 section below for details.

3.2.2 Cash Receipts – Accounts Receivable, Billing, Direct Journals and General Ledger

This section deals with cash receipts. For purposes of clarity, the use of the term ‘payment’ in this section refers to a customer payment, which may also be used synonymously with the term cash receipt. Cash Receipts enter the system through the Accounts Receivable subsystem, Sales of Fixed Assets and Disinvestments. In the Accounts receivable module, receipts enter the system through PeopleSoft deposit functionality. Deposits can be made for a variety of items: customer payment of a bill (invoice), a prepayment, placing of funds ‘on account’ to be offset against a bill to process later, or for miscellaneous non AR-related receipts. Depending upon which category the receipt falls into, the proposed program will process that payment accordingly, retrieving appropriate accounting information and creating the appropriate resulting cash basis journal entry. Treasury transactions will be recorded via manual journals and not processed from its native subsystem.

As illustrated earlier for cash disbursements, the accounting treatment of cash receipts differs between the accrual and cash bases.

Accrual Entry:

<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Accounts Receivable	\$XX	
Revenue		\$XX

Receipt Entry:

<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Cash	\$XX	
Accounts Receivable		\$XX

On a cash basis, the revenue would not be recorded until the cash is received from a customer.

Cash Basis Entry:

<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Cash	\$XX	
Revenue		\$XX

Process Accounts Receivable – Receivables and Billing

The starting point in a discussion of cash receipts is the origin of receipts recorded in the system. Cash receipts enter the system via deposits, and these cash basis transactions can be readily accessed from the supplemental entries table created from ADML 745. This ADML addresses the creation of cash receipt journals from the Accounts Receivable subsystem. This ADML calls for the creation of a custom table that houses the accounting entry information for cash receipts. A select on the Supplemental Entries table where the account equals ‘Verified Cash’ (verified by joining GL_ACCOUNT_TBL, with criteria of FL_VER_CASH_IND - Verified Cash equal to ‘Y’) will yield cash receipts to be translated.

Receipt Categories

Receipts fall into a variety of categories with regard to accounting treatment. The conditions we will encounter with receipts will fall into one of these categories (origin and accounting entries location in parenthesis):

- Payment amount matches precisely the amount of bill (Billing subsystem)
- Underpayment – payment amount does not pay the full amount of the original bill against which it applies (Billing subsystem)
- Prepayment – Payment precedes billing, creating a timing issue where the bill lags the payment. (AR subsystem only)
- On Account Payment– Similar to a prepayment, an on account payment does not accompany the purchase by a customer of goods or services. Unapplied cash. (AR subsystem only)

Each of these conditions has its own accounting affect and treatment. Once we have selected a payment from the Verified Cash account on the Supplemental Entries table, we proceed to join the ITEM_ACTIVITY table. For the item associated with the payment selected, we look at each line of activity in sequence, beginning with the first item sequence number that doesn’t possess an ENTRY_TYPE of ‘PY’ (payment). This will yield all the offset lines to the payment. Every non-payment item line will be reviewed to determine its origin id and thus its accounting entry. Each line will be retrieved and analyzed in sequence until all lines have been reviewed. The origin id values will dictate the location of the accounting entry we

need to translate. Below is a list of predominant Origin ID values found in the Aspire test environments (Test and QA) and associated tables where accounting entries reside. For On Account (OA) payments and prepayments (PR), there will be no associated 'PY' entry type. For these payments, the program will need to find any additional non-'OA'/'PR' entry type lines if any exist. Otherwise, the process is the same.

Origin ID	Description	Accounting Entry Location
'PS_BI'	PeopleSoft Billing System	BI_ACCT_ENTRY
'PS_AR'	PeopleSoft Accounts Receivable	ITEM_DST
'OBILL'	Online Billing	ITEM_DST

Following is a process flow depicting the actions described above for deriving cash accounting for cash receipts.

Cash Basis Transformation Process - Accounts Receivable

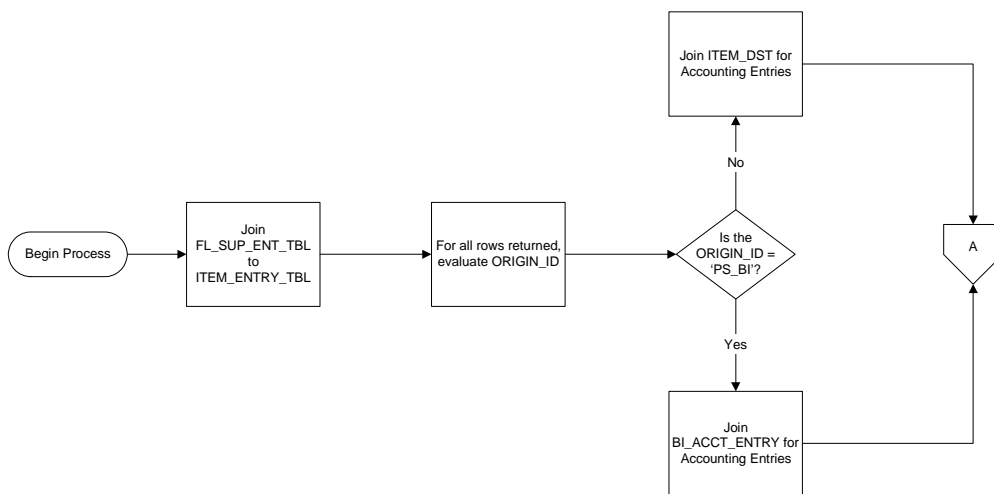


Figure 5a- Accounts Receivable Cash Basis Process

Cash Basis Transformation Process - Accounts Receivable

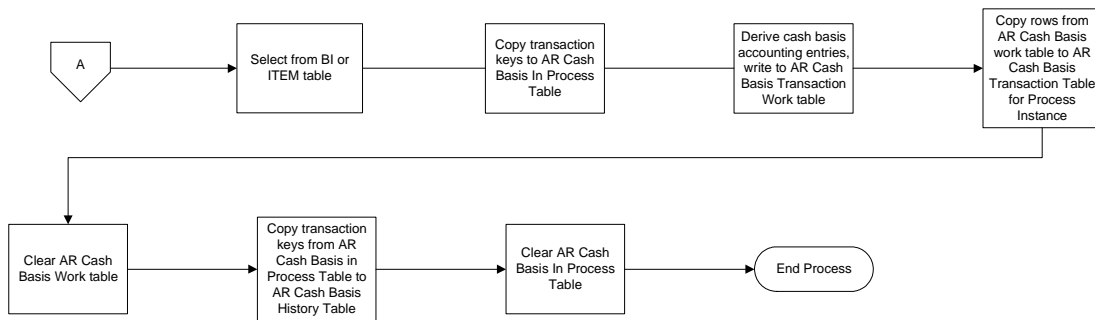


Figure 5b – Accounts Receivable Cash Basis Process

The process for capturing cash-basis receipts is as follows:

1. Select all rows from the Supplemental entries table (FL_SUP_ENT_TBL) where the account equals 'Verified Cash Account value' (verified by joining GL_ACCOUNT_TBL, with criteria of FL_VER_CASH_IND - Verified Cash equal to 'Y').
2. Join the ITEM_ACTIVITY table on deposit keys, determine where accounting entries reside based on origin id
3. Proceed to appropriate table join (BI_ACCT_ENTRY or ITEM_DST), select rows
4. Store these rows to AR Cash Basis In Process table.
5. For items that represent payments against an invoice (BI_ACCT_ENTRY), determine payment condition:
 - Exact match in amount
 - Partial Payment
6. Perform pro-ration, if necessary, derive appropriate accounting entry
7. Copy rows to the AR Cash Basis Transaction Table

8. Create journals via journal generator.

Chartfield Distribution and Pro-ration

As with Payables, we must acquire receipt-level chartfield distribution data. As delivered, the payment of a bill against an open receivable doesn't link the payment amount to the original detail revenue distribution lines. The single payment amount offsets a total accrued receivable, which is a summary amount representing a total bill amount. This means that payments are only recorded against the bill or receivable total and not against individual revenue distribution amounts.

Furthermore, a bill may have one or more lines, each of which may have one or more distribution lines. This presents a problem when a bill is partially paid, or not paid in full. While this condition might represent an exception, the potential exists for its occurrence and must be considered. The problem arises in the determination of how to apportion or allocate a single payment amount to multiple bill lines and revenue chartfield combinations.

To address this condition, the program needs to be constructed to handle a condition where a single receipt is received against an open item for which multiple revenue lines and possibly multiple distribution lines occur. In other words, the conversion routine needs to perform a pro-ration of a receipt amount over bill lines and those lines' corresponding distribution lines.

Example of Pro-ration

Following is an illustration of how this would be handled. In this example, we have a \$21,324.17 bill with 13 distribution lines, each with a unique combination of chartfields. A \$15,215.62 receipt is processed against the bill/open receivable. The graphic illustrates the pro-ration used to determine how to allocate the payment to each revenue line in the invoice. These distribution lines provide the means to obtaining cash basis receipt reporting information.

Unit: US001	Customer: 1001	Apex Systems	
Item ID: 0000678486	Line:	Days Late: 1905	Status: Open
<hr/>			
Balance:	6,108.55	USD	
<hr/>			
Item Activities Find View All First 1-2 of 2 Last			
Sequence: 1	Accounting Date: 07/15/2000	Posted Date: 08/08/2000	
Entry Type IN	Reason: OTHER	Voucher ID:	
Document:	Amount:	21,324.17 USD	
Group Unit: US001	Group ID: 17	Billing	
<hr/>			
Sequence: 2	Accounting Date: 08/08/2000	Posted Date: 08/08/2000	
Entry Type PY	Worksheet Reason:	Voucher ID:	
Document:	Amount:	-15,215.62 USD	
Group Unit: US001	Group ID: 18	Payment	
Deposit Unit: US001	Deposit ID: 2	Payment ID: 1002365478	



Billing Entry										
GL Unit	Accty Date	Type	Account	Transaction Amt		Base Amt		Tax Authori	ProRata	Deposit
US001	7/15/2000	AR	120000	21,324.17	USD	21,324.17	USD			15,215.62
US001	7/15/2000	Revenue	400000	(3,500.00)	USD	(3,500.00)	USD		16.41%	(2,497.39)
US001	7/15/2000	Revenue	540000	140.00	USD	140.00	USD		-0.66%	99.90
US001	7/15/2000	Sales/Use	204010	(142.80)	USD	(142.80)	USD	NYC	0.67%	(101.89)
US001	7/15/2000	Sales/Use	204000	(134.40)	USD	(134.40)	USD	NYS	0.63%	(95.90)
US001	7/15/2000	Revenue	400000	(11,200.00)	USD	(11,200.00)	USD		52.52%	(7,991.63)
US001	7/15/2000	Revenue	540000	504.00	USD	504.00	USD		-2.36%	359.62
US001	7/15/2000	Sales/Use	204010	(454.58)	USD	(454.58)	USD	NYC	2.13%	(324.36)
US001	7/15/2000	Sales/Use	204000	(427.84)	USD	(427.84)	USD	NYS	2.01%	(305.28)
US001	7/15/2000	Revenue	400000	(5,700.00)	USD	(5,700.00)	USD		26.73%	(4,067.17)
US001	7/15/2000	Revenue	540000	57.00	USD	57.00	USD		-0.27%	40.67
US001	7/15/2000	Sales/Use	204010	(239.83)	USD	(239.83)	USD	NYC	1.12%	(171.13)
US001	7/15/2000	Sales/Use	204000	(225.72)	USD	(225.72)	USD	NYS	1.06%	(161.06)
						-21,324.17			100.00%	(15,215.62)
						VVVVVVV				VVVVVVV
						Invoice/Revenue				Prorated Payment based on Invoice

Here we have the booking of the billing. We take the deposit amount and pro-rate it over the revenue lines present in the billing entry. This process will be repeated for each and every payment offsetting an open receivable.

Cash Basis Entry for Invoice:					
Account	Amount				
400000	(2,497.39)				
540000	99.90				
204010	(101.89)				
204000	(95.90)				
400000	(7,991.63)				
540000	359.62				
204010	(324.36)				
204000	(305.28)				
400000	(4,067.17)				
540000	40.67				
204010	(171.13)				
204000	(161.06)				
	(15,215.62)	>>>>>	Offset to be booked to cash account where money was deposited		

Direct Journal Deposits

For deposits that don't represent payments for Accounts Receivable, PeopleSoft has a function called Direct Journal processing. Deposits are received in the AR module, but accounting entries are processed to the General Ledger directly, not through AR as other deposits do. This is because the payments are not customer payments, and as such, no customer items or balances require updating.

Agencies Not on Aspire Accounts Receivable/Billing Modules

One exception to this general rule is specific to the State of Florida. Some Aspire agencies will not process their receivables in Aspire, but will collect payments that apply to those legacy system receivables in Aspire. These do represent customer payments against open receivables, and will be processed using the Direct Journal functionality.

As Direct Journals are processed via the Supplemental Journal Entry process described in ADML 745, we will begin by joining the Supplemental Entry Table and the PAY_MISC_DST table where account is equal to the value for Verified Cash (verified by joining GL_ACCOUNT_TBL, with criteria of FL_VER_CASH_IND - Verified Cash equal to 'Y'). Below is a depiction of the process flow for the accounting translation of Direct Journals.

Cash Basis Transformation Process - Accounts Receivable Direct Journals

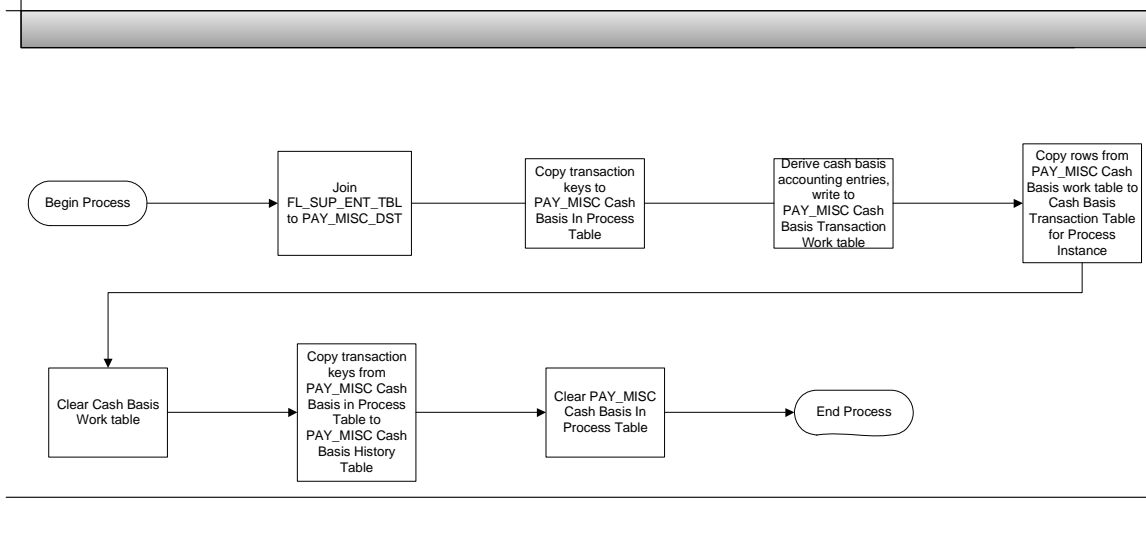


Figure 6- Direct Journal Cash Basis Process

The process for capturing cash-basis from Direct Journals cash receipts is as follows:

1. Select all rows from the Supplemental entries table (FL_SUP_ENT_TBL) where the account equals ‘Verified Cash Account value (verified by joining GL_ACCOUNT_TBL, with criteria of FL_VER_CASH_IND - Verified Cash equal to ‘Y’)’.
2. Join the PAY_MISC_DST table on deposit keys,
3. Store these rows to Miscellaneous Payments Cash Basis In Process Table.
4. Copy rows to the Miscellaneous Payments Cash Basis Transaction Table
5. Create journals via journal generator.

Process Cash Receipt General Ledger Journals – General Ledger

Journals reflecting cash receipts will be created for disinvestments, utilizing the entry event processing. Pass through grants represent another type of cash entry that will be journalized via delivered PeopleSoft online entry functionality via ADML 128 interunit processing. The process for obtaining cash basis journals containing cash receipts is identical to the process detailed for disbursements journals.

Resolution of Debit and Credit Matching

Just as with cash disbursements, there exists the potential for a journal to include lines that may not clearly delineate the association of debits and credits. When multiple cash transactions exist in a transaction set, such as a journal, it becomes necessary to relate each cash transaction to the other transactions in the set for purposes of determining what the cash basis entry should be. For example, in the following entry, line 5 is related to lines 1 and 2, while line 6 is related to lines 3 and 4:

Line	Account	Fund	BE	Project	Amount
1	Cash	F100	A		100.00
2	Cash	F101	B	P1	150.00
3	Taxes	F101	B	P1	(50.00)
4	AR	F100	A		(100.00)
5	Revenue	F101	B	P1	(100.00)

The logical basis for matching the debits and credits is to use values in Balancing ChartFields. In other words, to determine the cash basis 'source' entries for line 5, we scan the transaction set for all other entries having Fund 'F100', BE 'A' and a blank Project ID.

Create Journals using PeopleSoft Journal Generator

PeopleSoft Journal generator will produce journals to feed translated cash receipt accounting entries to the newly created cash ledger.

Accounting Entry Definition

Because cash accounting entries will be stored in newly created tables, we will need a new Accounting Entry Definitions (AEDs) to support the journal generation of those accounting entries. New AEDs will be named using the (FL_XXXX) convention, and will be modeled after those provided by PeopleSoft, (ARDEFN for Accounts Receivable, ARDIRJRNL for Direct Journals, and GENERIC for journals originating from the 'actuals' ledger). See configuration requirements 1.5 section below for details.

Journal Generator Template

To leverage chartfield summarization options yet to be decided, new journal generator templates will be created to work with the Entry definitions in processing the translated accounting entries into journals. These templates will mirror delivered PeopleSoft templates. See configuration requirements 1.5 section below for details.

3.3 Set Up/Control Data

As noted above, a new cash ledger will be needed to process converted accrual transactions for reporting state financial statements on a cash basis. To create journals from accounting entries retrieved and manipulated by the transformation process, there will also need to be a generic journal generator template using the generic accounting entry definition. These 3 configuration items will provide the core elements for production of cash basis financial statement generation. Additionally, the chartfields present on cash transactions will be driven by bank setup, business unit configuration and detail transaction distribution. The chartfields available for entry are reflected below in the screen shot of the chartfield tab on the ‘CASH’ ledger group component.

Detail Ledger

SetID: SHARE
Ledger: CASH
***Description:**
***Ledger Template:** Standard Detail Ledger

Definition Chartfield Balancing

SetID: SHARE
Ledger Group: CASH ***Description:**
***Ledger Template:** Standard Detail Ledger
***Ledger Group Type:** Keep Ledgers in Sync

Detail Ledgers									
*Ledger	Primary	Translation	OpenItem	VAT	Inherit Base Currency	Base Currency	Default Rate Type	Rate Type	
CASH	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>				

Definition Chartfield Balancing

SetID: SHARE
 Ledger Group: CASH Description: Default

ChartField	Edit Table	View - No Effective Date
Business Unit	SP_BU_GL_NONW	SP_BU_GL_NONW
Account	GL_ACCOUNT_TBL	GL_ACCT_ALL_VW
Alternate Account	ALTACCT_TBL	ALT_ALL_VW
Org	DEPT_TBL	DEPT_ALL_VW
Budget Entity	OPER_UNIT_TBL	OPERUNIT_ALL_VW
Category	PRODUCT_TBL	PROD_ALL_VW
Fund/CC	FUND_TBL	FUND_ALL_VW
Location	CLASS_CF_TBL	CLASS_CF_ALL_VW
Appropriation Year	PROGRAM_TBL	PROGRAM_ALL_VW
Activity Issue	BUD_REF_TBL	BUDREF_ALL_VW
Affiliate	AFFILIATE_VW	AFFILIATE_VW
Fund Affiliate	AFFINTRA1_VW	AFFINTRA1_ALLVW
Budget Entity Affiliate	AFFINTRA2_VW	AFFINTRA2_ALLVW
ChartField 1	CHARTFIELD1_TBL	CF1_ALL_VW
ChartField 2	CHARTFIELD2_TBL	CF2_ALL_VW
Program Component	CHARTFIELD3_TBL	CF3_ALL_VW
Project	PROJECT_ID_VW	PROJECT_ID_VW
Book Code	BOOK_CODE_TBL	BOOKCODE_ALL_V
Adjustment Type	ADJUST_TYPE_TBL	ADJ_TYPE_ALL_VW
Currency Code	CURRENCY_CD_TBL	CUR_CD_ALL_VW
Statistics Code	STAT_TBL	STAT_ALL_VW

[Definition](#) | [Chartfield](#) | **Balancing**

SetID: SHARE
Ledger Group: CASH **Description:** Default

IntraUnit Balancing Entries

Chartfields			
ChartField	Balance	Use Affiliate	Affiliate ChartField
Business Unit	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Affiliate
Account	<input type="checkbox"/>	<input type="checkbox"/>	
Alternate Account	<input type="checkbox"/>	<input type="checkbox"/>	
Org	<input type="checkbox"/>	<input type="checkbox"/>	
Budget Entity	<input type="checkbox"/>	<input type="checkbox"/>	Budget Entity Affiliate
Category	<input type="checkbox"/>	<input type="checkbox"/>	
Fund/CC	<input type="checkbox"/>	<input type="checkbox"/>	Fund Affiliate
Location	<input type="checkbox"/>	<input type="checkbox"/>	
Appropriation Year	<input type="checkbox"/>	<input type="checkbox"/>	
Activity Issue	<input type="checkbox"/>	<input type="checkbox"/>	
Affiliate	<input type="checkbox"/>	<input type="checkbox"/>	
Fund Affiliate	<input type="checkbox"/>	<input type="checkbox"/>	
Budget Entity Affiliate	<input type="checkbox"/>	<input type="checkbox"/>	
ChartField 1	<input type="checkbox"/>	<input type="checkbox"/>	
ChartField 2	<input type="checkbox"/>	<input type="checkbox"/>	
Program Component	<input type="checkbox"/>	<input type="checkbox"/>	
Project	<input type="checkbox"/>	<input type="checkbox"/>	
Book Code	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Adjustment Type	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Currency Code	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Statistics Code	<input type="checkbox"/>	<input type="checkbox"/>	

Accounting Entry Definition

SetID: Accounting Definition: Description:

Accounting Entry

'Record:

Record Update: 'System Source:

Page Name: Cross Product Drill Down

Skip Commitment Control In GL Commitment Control Amount Type:

Field Names

'Accounting Date: Journal Ref:

'Monetary Amount: Jnl Descr:

'Foreign Amount: Open Item Key:

Statistical Amount:

Chartfield Mapping Customize | Find | View 2 | 1-8 of 8

Field Name	ChartField	Summarize ChartField
<input type="text" value="Account"/> <input type="button" value="v"/>	<input type="text" value="Account"/> <input type="button" value="v"/>	<input type="checkbox"/> <input type="button" value="+"/> <input type="button" value="-"/>
<input type="text" value="Alternate Account"/> <input type="button" value="v"/>	<input type="text" value="Alternate Account"/> <input type="button" value="v"/>	<input type="checkbox"/> <input type="button" value="+"/> <input type="button" value="-"/>
<input type="text" value="Budget Entity"/> <input type="button" value="v"/>	<input type="text" value="Budget Entity"/> <input type="button" value="v"/>	<input checked="" type="checkbox"/> <input type="button" value="+"/> <input type="button" value="-"/>
<input type="text" value="Org"/> <input type="button" value="v"/>	<input type="text" value="Org"/> <input type="button" value="v"/>	<input checked="" type="checkbox"/> <input type="button" value="+"/> <input type="button" value="-"/>
<input type="text" value="Category"/> <input type="button" value="v"/>	<input type="text" value="Category"/> <input type="button" value="v"/>	<input checked="" type="checkbox"/> <input type="button" value="+"/> <input type="button" value="-"/>
<input type="text" value="Project"/> <input type="button" value="v"/>	<input type="text" value="Project"/> <input type="button" value="v"/>	<input checked="" type="checkbox"/> <input type="button" value="+"/> <input type="button" value="-"/>
<input type="text" value="Affiliate"/> <input type="button" value="v"/>	<input type="text" value="Affiliate"/> <input type="button" value="v"/>	<input checked="" type="checkbox"/> <input type="button" value="+"/> <input type="button" value="-"/>
<input type="text" value="Statistics Code"/> <input type="button" value="v"/>	<input type="text" value="Statistics Code"/> <input type="button" value="v"/>	<input checked="" type="checkbox"/> <input type="button" value="+"/> <input type="button" value="-"/>

Multibook Order By

Defaults **Summarization**

SetID: SHARE Template: GENERIC

Effective Date: 01/01/1900 *Status: Active Descr: Generic Journal Template

Options
 Accounting Entry In Sync *Create One Journal Per: Application Business Unit

Reversal Code
 Do Not Generate Reversal Beginning of Next Period End of Next Period Next Day

Journal Header Fields
 *Journal Source: EXT Journal ID Mask: EXT
 *Journal Date: Accounting Date on Transaction
 *Alt. Journal Date: Begin Date - From Period Stay in Period
 Descr: External Journals Reference:
 Default GL Document Type: GN-JG *Currency Effective Date: Jmnl Date

Journal Line Fields
 Line Descr: Generic Journal Template Reference:

Defaults **Summarization**

SetID: SHARE Template: GENERIC

Effective Date: 01/01/1900 Status: Active Descr: Generic Journal Template

Primary Summarization Option
 How Specified Option
 Summarize to Account, AltAcct
 Summarize to All ChartFields
 Summarize by Selected CF's
 Retain Detail
 How Account Specified
 All Account Values
 Selected Account Values
 Selected Tree Nodes

Alternate Summarization Option
 How Default Specified
 Summarize to Account, AltAcct
 Summarize to All ChartFields
 Summarize by Selected CF's
 Retain Detail

Tree Information
 Tree Name:

3.4 Application Changes (e.g., Pages, Components, Menus, Records, App Engines, SQRs, etc.)

New Cash Basis Transaction Tables

The process flow in Figure 1 above contains processing related to tables not delivered with PeopleSoft that will need to be created specifically for the accounting entry transformation process. They are, in general:

- Subsystem Cash Basis History table – stores cumulative subsystem based cash basis transactions.
- Subsystem Cash Basis in Process table – used in converting accrual transactions to cash transactions.
- Cash Basis Transactions Working Table – a temporary table used or processing during the conversion of transactions.
- Cash Basis Transactions table – the destination table where converted transactions ultimately reside.

In specific, there will be tables created for the various sources of transactions: Accounts Payable, Accounts Receivable, General Ledger and Direct Journal transactions. These tables will resemble the source tables from which they receive data, namely VCHR_ACCTG_LN for Accounts Payable, ITEM_DST for Receivables, PAY_MISC_DST for Direct Journals, and JGEN_ACCT_ENTRY for regular general ledger journals. It is assumed that this ADML focuses on the verified cash account with regard to sources and uses of cash. An account will be flagged as verified cash by use of a checkbox indicator on the account page and record.

3.5 Unit Test Considerations

Cash basis transactional testing conditions will include but not be limited to the following:

Cash Receipts

- Receiving collections against open Receivables created outside of Aspire.
- Single customer payment applying to multiple invoices.
- Exact Item/Receipt match – Customer payment matches precisely the amount of invoice.
- Partial Payments (Customer Receipts) – Customer pays only part of the open invoice.
- On Account Payments- Customer payment precedes billing of an item.
- Prepayments – similar to On Account payments, receipt of cash precedes invoice.
- Direct Journal of cash receipt.

- Escheatment
- Treasury disinvestment transactions via the general ledger
- Receipts from sale of Fixed Assets.
- InterUnit processing via ADML 128
- Intra Unit processing

Cash Disbursements

- Regular Vouchers – expenditure and payment.
- Warrant cancellation – voided warrant.
- Journal Vouchers – changing accounting distribution on one voucher by entry of a second voucher.
- Public Assistance Warrants/ Unemployment Compensation Warrants – interfaced warrants run through the voucher build process.
- Treasury investment transactions via the general ledger
- InterUnit processing via ADML 128
- Intra Unit processing

3.6 Miscellaneous

This modification provides the backbone for Cash Basis Reporting. There are a number of reports originating from the cash ledger created separately from this enhancement.

Trust Fund reports that compare budget (KK ledger) vs. actual data will be run from the cash ledger. Budget Analysts use cash basis information to analyze their current position. Also, as the State of Florida is budgeted in a cash basis, legislators are accustomed to analyzing budgets prepared on a cash basis.

State of Florida Comprehensive Annual Financial Report (CAFR) schedules and/or statements to be based upon the cash basis ledger include:

1. Budgetary Comparison Schedule:

This statement walks the fund balances forward from their beginning balances for the year, adding revenues, subtracting expenditures, and calculating an ending balance. It lists original and final budget data, comparing final budget

data to actual data and calculating a variance. This report can be produced from the cash ledger and the commitment control ledger as its data source.

2. Statement of Cash Flows – Proprietary Funds (Direct Method):

This statement is a cash flow statement that details cash flow by grouping flows into (1) Operating Activities, (2) Investing Activities, (3) Capital Activities and (4) Financing and Non-Capital Financing activities. The format reflects the walk-forward of cash and cash equivalents from their beginning balances, adding the net effect of the above cash flow groupings to arrive at ending balances of cash and cash equivalents.

- All subsystem journals will be created on an accrual basis. No change to the journal generator or its related setup tables is required.
- There will exist a reconciliation of the verified cash account(s) in the ‘Actuals’ ledger to the verified cash account(s) in the cash ledger.
- There will also be an analysis of verified cash which walks cash from beginning balance to ending balance for the relevant period.
- There will be an exception report produced after processing a Cash Ledger run listing the following:
 - Journals processed which possess a Journal Source for an accrual entry but not including an accrual account.
 - Journals processed which possess a Journal Source for a reclassification entry but including an accrual account.

3.7 Assumptions

- The scope of this modification is limited to agencies implementing Aspire. Non-Aspire applications are out of scope.
- Only Aspire applications apply to this modification.
- Accounts Payable will not process partial voucher payments.
- It is assumed that this ADML focuses on the verified cash account(s) with regard to sources and uses of cash.

- In the event that direct entry to the cash ledger becomes necessary, caution is advised. All possible effort should explore alternative methods of update, whether emanating from a subsystem or the general ledger, with emphasis placed on the need for agreement and balance between and among ledgers.
- Row-level security will secure users from entry to the cash ledger. Also, Verified Cash will be (a) control account(s), where transaction is achieved via journal generation, interunit processing, or entry event.
- Beginning balance loading for this ledger will be processed at the same time as the actuals ledger via journal processing.
- The cash ledger will benefit from its own closing rules separate from that used for 'actuals'.
- The Cash basis ledger is the source of information for a number of customized Aspire Reports. Below is a list of some reports that have been identified:
 1. Monthly Combined Receipts and Trial Balance - Cash Basis
 2. Revenue Cap & Balances by BU/Refund Category
 3. Monthly Receipts Ledger
 4. Annual Trust Fund Report – 3 parts to this report
 5. General Revenue Service Charge Report
 6. Trust Fund Analysis Report - Schedule 1
 7. Budgetary Comparison Schedule
- Cash receipts recorded on the Cash basis ledger will be used by the Revenue Estimating Conference who uses cash basis receipt information for estimating and tracking revenues. It is critical these balances are accurate for the State to issue accurate information to these Capital Stakeholders.