

General Revenue Fund and
Other Cash Accounting



State of Florida Project Aspire

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March 30, 2006

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1.0 TOPIC

This paper will discuss conceptually how general revenue fund cash accounting will be accomplished in Aspire and how the resulting cash account balances will appear in the general ledger files.

2.0 BACKGROUND

General revenue fund cash accounting will take place as a result of normal depository and disbursement transactions from this fund.

A short discussion on how Aspire stores general ledger data is essential to an understanding of the issues involved. The Aspire general ledger table does not store “balances” but rather “Period” net activity for each period in a separate row - with the exception of period “0” that is the balance forward from prior years for all “real” (Balance Sheet) accounts. “Nominal accounts” (expenditures) carry only period net activity for each accounting period. “Period” for the State calendar has been defined as a month. Balances for reporting and inquiry purposes are derived or calculated on the fly for both reporting and inquiry. Furthermore, these rows of activity are maintained at the entire chartfield coding string level. Offsetting entries will carry only the self balancing and inherited chartfields on the ledger.

In addition, delivered PeopleSoft requires that at a minimum every transaction must have a Business Unit and a Fund associated with every transaction, because these are system required fields used to maintain a balanced ledger for every business unit and fund. Coding of other chartfields is dependent on the configuration options selected. Chartfields can be individually and independently configured to be either optional or required. But this configuration is system wide and applies to every transaction with a general ledger impact. That is, if a field is configured as “required”, then every transaction with general ledger impact must be coded with a valid value for this field. The chartfield design for Aspire will require that transactions must contain the Account/Alt Account and Budget Entity chartfields as well as Business Unit and Fund. Additional chartfields will be required depending on the nature of the transaction and will be enforced through budgets and combination edits.

The ramifications of the foregoing are not immediately or intuitively obvious. Illustrations of hypothetical data are necessary for an understanding of the issues and these are presented in Section 3.0.

3.0 ISSUE DESCRIPTION

The primary issue involving the general revenue fund revolves around the fact that incoming revenue funds are typically deposited by one Business Unit (BU) (i.e. Department of Revenue) and yet are disbursed by the many Departments that are supported by the revenue in the general revenue fund. The following table of hypothetical typical transactions illustrates what the cash portion of the general ledger table would look like after a series of depository and disbursing transactions have taken place over a number of periods. For brevity, the offsetting side of the transaction is not shown and only the fields of the general ledger table relevant to an understanding of the issue are illustrated. Titles are abbreviated and coding is alpha for clarity.

BU	ACCT	FUND	ORG	PROJ.	YR	ACTPD	\$AMT	COMMENT
DOR	CASH	GEN'L			2004	0	100	Revenue
DOR	CASH	GEN'L			2004	1	100	Revenue
DOR	CASH	GEN'L			2004	2	100	Revenue
DOR	CASH	GEN'L			2004	3	100	Revenue
DOC	CASH	GEN'L			2004	1	-50	Expend.
DOC	CASH	GEN'L			2004	2	-50	Expend.
DOC	CASH	GEN'L			2004	3	-25	Expend.
DOE	CASH	GEN'L			2004	1	-50	Expend.
DOE	CASH	GEN'L			2004	2	-50	Expend.
DOE	CASH	GEN'L			2004	3	-25	Expend.

When using delivered inquiry capabilities, the following cumulative balances will be reflected from these transactions absent any transfer entries between departments.

ACTPD	DOR	DOE	DOC	Gen'IFund
0	100	0	0	100
1	200	-50	-50	100
2	300	-100	-100	100
3	400	-125	-125	150

It should be apparent from the above illustration that spending agencies will continue to have negative cash balances in the general revenue fund and that depository agencies will continue to have positive balances absent the recording of any transfer entries. However, the general revenue fund itself will show the combined effects of all departmental transactions occurring in that fund at the enterprise level. Also, note that the cash checking for general revenue will be performed at the rolled up fund level across all agency business units, and that these negative balances incur no effect at the individual department level.

The appearance of these negative balances represents the fact that certain agencies make expenditures while providing no revenue to the general revenue fund. Inquiries or reports by department of the general revenue fund simply show the cumulative activity to date within that business unit.

Department of Revenue (DOR) was used in this example for simplicity because it collects the lion’s share of the revenues. There have been suggestions that perhaps a “dummy” BU should be set up to record the collections. However, a “dummy” BU does not change the appearance of negative general revenue fund cash in disbursing departments and only further confuses the collection activity. This activity presents no problem with respect to CAFR presentation because the general revenue fund is shown as a single column that includes activities recorded in this fund from all departments.

Taking this analysis one step further considers the following transactions where cash transactions have been recorded down to the organization and project level:

BU	ACCT	FUND	ORG	PROJ.	YR	ACTPD	\$AMT	COMMENT
DOR	CASH	GEN'L			2004	0	100	Revenue
DOR	CASH	GEN'L	1		2004	1	50	Revenue
DOR	CASH	GEN'L	2		2004	1	100	Revenue
DOR	CASH	GEN'L	1		2004	2	100	Revenue
DOR	CASH	GEN'L			2004	3	100	Revenue
DOC	CASH	GEN'L	3		2004	1	-25	Expend.
DOC	CASH	GEN'L	3	A	2004	1	-15	Expend.
DOC	CASH	GEN'L		A	2004	1	-10	Expend.
DOC	CASH	GEN'L	4		2004	2	-50	Expend.
DOC	CASH	GEN'L		C	2004	3	-25	Expend.
DOE	CASH	GEN'L			2004	1	-50	Expend.
DOE	CASH	GEN'L	5	B	2004	2	-50	Expend.
DOE	CASH	GEN'L	6	C	2004	3	-15	Expend.
DOE	CASH	GEN'L		C	2004	3	-10	Expend.

It should be apparent from the above table that the number of ledger rows and inquirable or reportable cash balances will multiply quickly if cash transactions are coded at levels below BU and Fund. The potential multiple cash balances is not necessarily a negative effect since cash and trial balances may still be pulled at the BU and Fund level by summarizing the additional detail up to the desired level. The decision point will be to record transactions at the level that will meet the agencies requirement to report cash balances but not to the extent that the balances lose relevance. Some organizations chose to code cash transactions at the highest level. In the case of the State, it may be that cash at the project level is useful for grants. The current Aspire configuration, as stated earlier, would allow cash reporting (not checking) on all of the self balancing chartfields.

This example assumes all disbursements are made from the combined cash account administered by the Treasury, which is true for the bulk of the dollars.

4.0 ASSUMPTIONS (all options)

- Aspire as delivered requires that Business Unit and Fund be coded with valid values for every transaction that has general ledger impact, resulting in balanced ledgers for these two fields. Budget Entity and Account/Alt Account will also be required on all transactions under the current configuration.
- The Department of Revenue is the collector of approximately 75% of the State's revenue while other agencies are the spenders of this revenue. Such monies are generally accounted for in the "General Revenue Fund".
- As a guideline, each General Ledger Business Unit should use only one GR Fund. A few exceptions to this guideline have been identified: 1) The Governor's Office (BU 31000) needs a second GR fund to record Administered Funds. 2) JAC considered using separate GR Funds for each district within a BU. An alternative to this strategy is to establish management budgets using the Fund, BE, and Org chartfields to prevent entries across districts. 3) DOR indicated that they would like to have a separate GR fund to track receipt processing. Each of these exceptions should be evaluated for alternatives prior to using multiple GR Funds.
- Conversion of the cash balance in the GR Fund ('Big General) will be from Central FLAIR to the DFS-A&A Business Unit (BU 43900) GR Fund.
- FLAIR Budgetary General Ledger Codes (e.g. 131xx, 546xx, 631xx) will not be converted to Aspire. Transactions that affect Appropriation, Release and Management budgets will be reflected in the Commitment Control Ledgers. Details of GR Fund conversion are addressed in ADMLs 38 and 1944.
- Aspire GR Fund transactions will be recorded at the appropriate business unit for revenue, expense and cash. All business units should be included in a query to obtain a comprehensive view of the GR Fund for use by the enterprise.

5.0 OPTIONS

5.1 Option 1

5.1.1 Description

Record GR cash as described, where agencies will see a balance of their actual activity (most likely a negative), and will not see a balance against a budgetary GL. Address the new paradigm of the way General Revenue Fund cash balances are stored and present as a change management and training issue.

5.1.2 Pros

This is the simplest method requiring no system modifications.

5.1.3 Cons

None

5.2 Option 2

5.2.1 Description

Same as option one, but also modify the system to automatically book transfer entries that zero out the negative cash balance in the agency general revenue fund accounts. Let the depositing agency hold the entire balance (whichever agency/BU is chosen).

5.2.2 Pros

Lessens the training impact of option 1.

5.2.3 Cons

Cons: Requires modification and provides no real additional informational value.

5.3 Option 3

5.3.1 Description

The General Revenue Fund will be visible across multiple business units and will need to be dealt with as a change management and training issue.

5.3.2 Pros

This method requires no system modifications and does not waste another chartfield that will only be populated with a very limited number of valid values.

5.3.3 Cons

None

6.0 CONCLUSIONS AND RECOMMENDATIONS

Select Options 1 and 3 and address the resulting issues through training and other change management activities.