# YE - A-4 – MANUALLY RECLASSIFY ACCOUNTS RECEIVABLE ABATEMENTS & REIMBURSEMENTS FOR REVERTED APPROPRIATIONS

Source Documents: Aging Report

Department Invoice for Reimbursement

Income/Abatements

Module: Accounts Receivable (AR)

Roles: AR Item Processor

AR Item Approver

# **Purpose**

Accounts receivable (including Due From accounts) associated with abatements, reimbursements, and certain collections are adjusted for the following when an appropriation reverts:

- 1. Abatements and reimbursements not collected before the reversion
- 2. Amounts collected before reversion but credited by the State Treasury after the reversion

Receivable accounts for abatements and reimbursements associated with reverted appropriations not cleared by June 30 must be reclassified to Account 1209900 (Accounts Receivable - Other) and offset by Account 1290000 (Provision for Deferred Receivables). Departments must review outstanding receivables and determine the items to reclassify. The Aging Report can be used in the review process.

Navigation: Main Menu>Accounts Receivable>Receivables Analysis>Aging>Aging by Chartfield Rpt.

To reduce the need for manual entries, departments can use the automated reclassification process in FI\$Cal. For instructions, refer to Job Aid FI\$Cal.515 – AR Auto Reclass Process for ARs with Reverting Appropriations.

#### **Module**

Perform the manual reclassification in the AR Module.

<u>Abatements posted in the Clearing Account/Primary Appropriation should be reclassified promptly</u> to allow sufficient time for the department to run the cost allocation process and submit the final PFA to the State Controller's Office before the cutoff date for reverting appropriations.

Abatements posted in the ultimate funds/appropriations and Accounts Receivable – Reimbursements can be reclassified before the period 12 AR module is closed.

# **Accounting Entry**

The reclassification requires two sets of accounting entries:

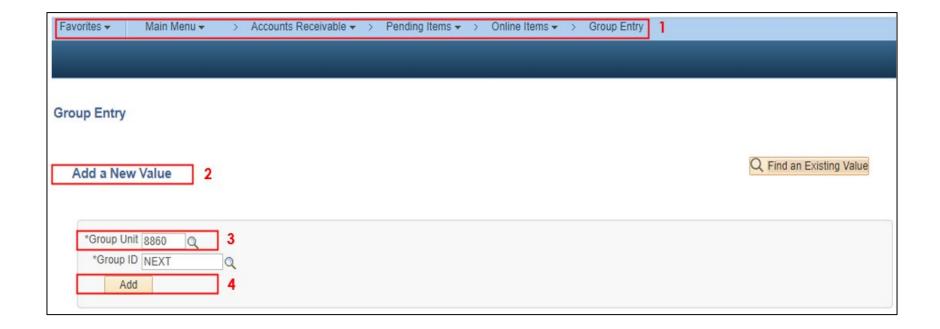
- b. Reclassify the balance to Accounts Receivable Other Debit 1209900 Accounts Receivable - Other Credit 1290000 Provision for Deferred Receivables\*

To manually perform this reclassification, departments will create a \$0 Pending Item Group with two sequences, as described on the following pages. Sequence 1 reverses the current item and leaves a \$0 balance (entry a), Sequence 2 has the reclassified balance (entry b), and will maintain the original Item ID.

\* Use Alt Account 1209900998 for Provision for Deferred A/R-Other. This information will be displayed on the Subsidiaries on File report.

The **AR Item Processor** will create a Pending Item Group with two transaction sequences to begin the reclassification process:

- 1 Navigate to Main Menu > Accounts Receivable > Pending Items > Online Items > Group Entry, then click on Add a New Value.
- 2 The Add a New Value page will be displayed.
- 3 Confirm the **Business Unit** is correct.
- 4 Click Add.



#### The AR Item Processor will complete the Group Control by entering:

1 – Accounting Date: [current open period]

2 – Group Type: B3 – Origin ID: OBILLControl Totals Section

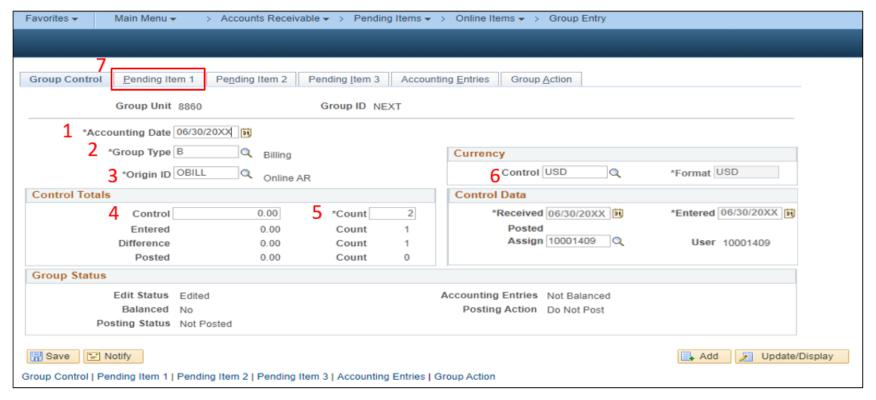
**4** – Control: 0.00

**5** – Count: 2

# **Currency** Section

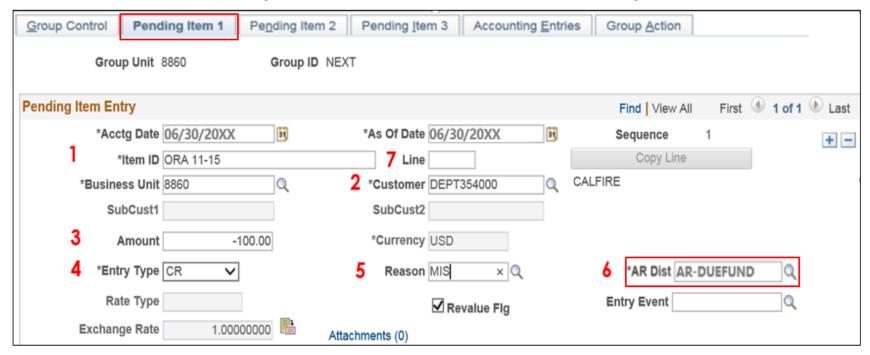
6 - Currency Control: USD

**7** – Click the Pending Item 1 tab to enter the accounts receivable item.



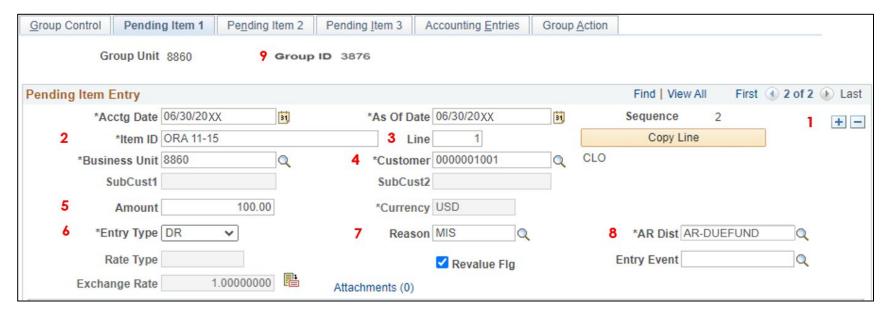
The **AR Item Processor** will create the first AR Item Sequence (the reversal of the original AR) in the **Pending Item 1** tab. **Sequence 1** steps are:

- 1 Item ID: [from the original AR]
- 2 Customer ID: [from the original AR]
- 3 Amount: Enter the item balance with a negative sign.
- 4 Entry Type: **CR** (for negative AR).
- **5** Reason: [from the original AR]
- 6 AR Dist defaults to an account based on the Reason field. The AR Dist should match the original AR item. To change the AR Dist field, click on the magnifying glass icon and select the appropriate account from the options provided.
- **7** Line: Must follow the original entry. Leave this field blank if the original entry is blank.



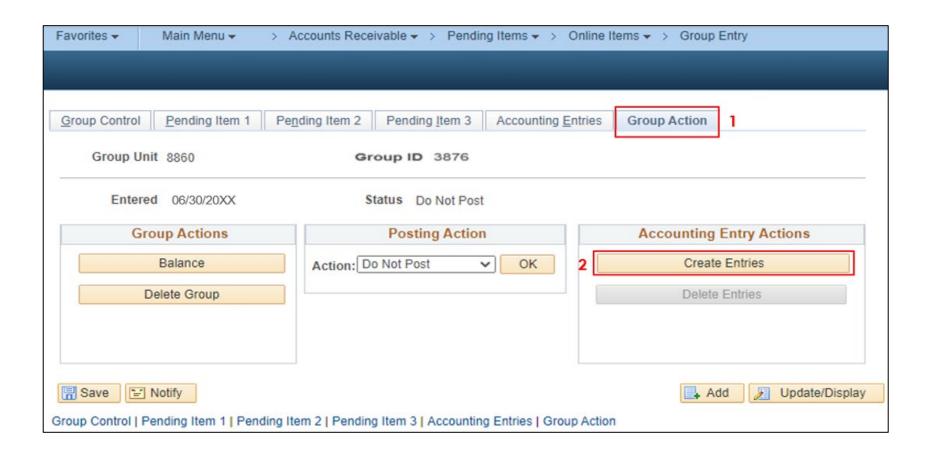
The **AR Item Processor** will establish the reclassified AR Item in the **Pending Item 1** tab of **Sequence 2**. To create Sequence 2:

- 1 Click + to add a new Sequence.
- 2 Item ID: [from the original AR]
- 3 Line: Enter 1 to differentiate this item from the original item. Note: If Line 1 was used for the original item, then enter 2 for the reclassified AR.
- 4 Customer ID: [from the original AR]
- 5 Amount: Enter the item balance.
- 6 Entry Type: **DR** (for positive AR).
- 7 Reason: [use the same reason as Sequence 1]
- 8 AR Dist defaults to an account based on the Reason field. Select the same AR Dist as Sequence 1 by clicking on the magnifying glass icon. This should match the original AR item.
- **9** Click Save. The system will assign a **Group ID**. Note the Group ID on your source document/internal logs for reference.



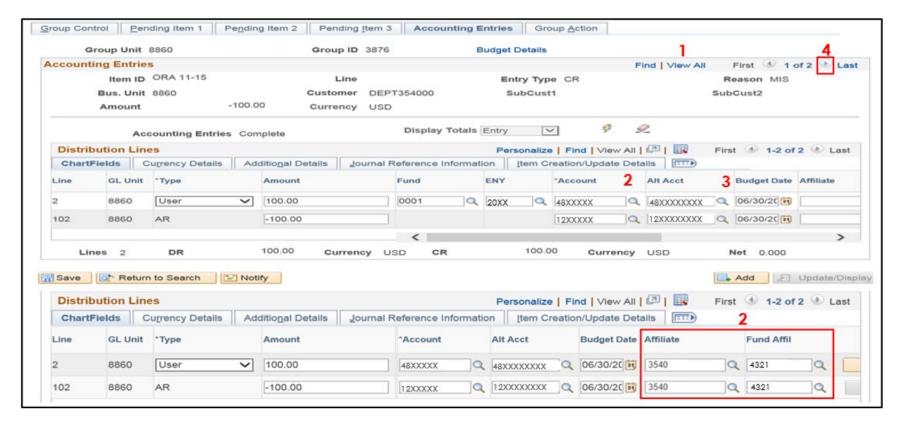
The **AR Item Processor** will create entries in the Accounting Entries tab for the transaction sequences:

- 1 Click on **Group Action** tab.
- **2** Click **Create Entries** and the system will open the **Accounting Entries** tab.



The **Accounting Entries** on the page are system-generated with user-entered amounts and system default accounts. The **AR Item Processor** will enter the first transaction to reverse the original AR accounting entries:

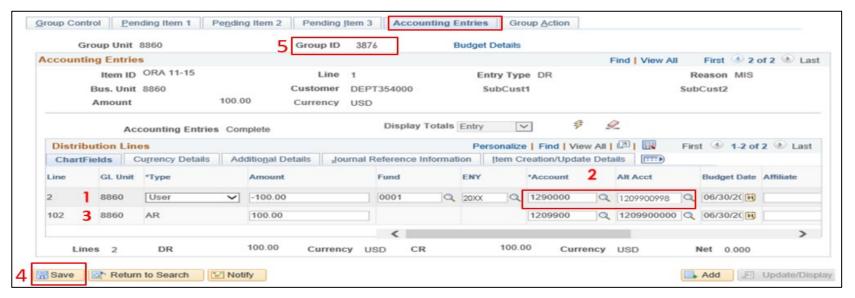
- 1 Click **View All** to view all Distribution Lines for both sequences.
- 2 Fill in the User line with the same ChartField values as the original AR Item.
  Note: To change the Account, first delete the Alt Account value. Then delete the Account value and change to the appropriate Account. The Alt Account will automatically populate.
- 3 Review the **Budget Date** to verify it corresponds to the Enactment Year (ENY).
- **4** If necessary, click ► | **Show Next** icon to move to the next transaction.



The **AR Item Processor** will enter the second transaction (the reclassified AR item) in the **Accounting Entries** tab.

- 1 Fill in the **User** line with the same ChartField values for Fund and ENY as the original AR item. The amount is already populated.
- 2 Change the Account to 1290000 (Provision for Deferred AR) for the credit amount.
  Note: To change the Account, first delete the Alt Acct value. Then delete the Account value and enter the appropriate Account. Next, change the Alt Acct to 1209900998 for Provision for Deferred A/R-Other.
- 3 On the AR line, change the Account to 1209900 (Accounts Receivable Other) for the debit amount. Keep all other ChartField values the same as the original AR item. The other ChartField values will be copied from the User line once saved.
- 4 Click Save and confirm that the other Chartfield values are copied to the User line or enter the missing values.
- 5 Note the **Group ID** number on the source document/internal logs.

Notify the **AR Item Approver** to approve the pending item and provide the supporting documents with the Group ID number.



# **Handling Receipts After the Reclassification**

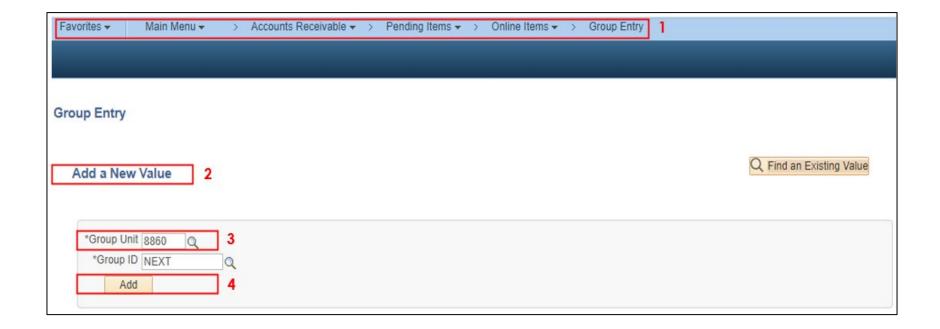
To process collections received after abatement and reimbursement receivables have been reclassified to Accounts Receivable – Other, departments will complete the following two steps:

- Reduce the Accounts Receivable Other in the AR module
   The steps to perform this task are outlined on the subsequent pages.
- 2. Deposit the receipt and remit/apply payment as Direct Journal Payment (DJP)
  - Payment applications made before the appropriations revert should be remitted as abatements (accounts 5XXXXXXX) or reimbursements (accounts 48XXXXX).
  - Payment applications made after the appropriations revert should be remitted as Refunds to Reverted Appropriations (accounts 590XXXX).

To remit payments as DJP, please refer to the "Steps to create a Regular Deposit/Remittance (TC47) for DJP" outlined in Job Aid FI\$Cal.391A - SCO Approval of AR Deposits—Remittances on Direct Journal Payments.

To reduce the Accounts Receivable - Other balance in the AR module, the **AR Item Processor** will create a Pending Item Group with a credit amount:

- 1 Navigate to Main Menu > Accounts Receivable > Pending Items > Online Items > Group Entry, then click on Add a New Value.
- 2 The Add a New Value page will be displayed.
- 3 Confirm the **Business Unit** is correct.
- 4 Click Add.



#### The AR Item Processor will complete the Group Control by entering:

1 – Accounting Date: [current open period]

2 – Group Type: B3 – Origin ID: OBILLControl Totals Section

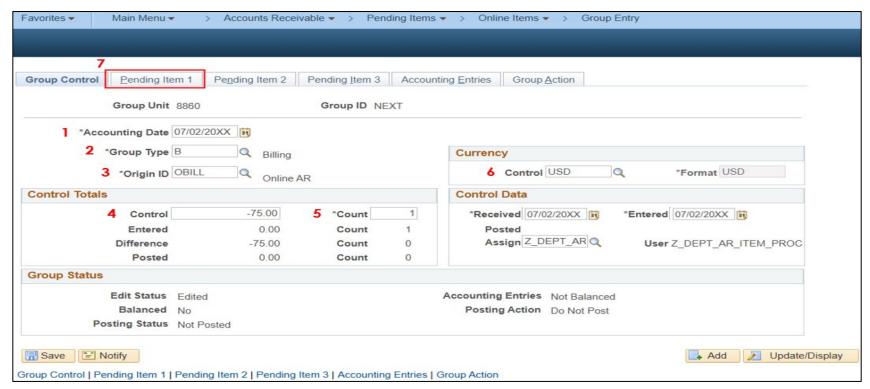
4 - Control: -75.00 (the AR reduction amount)

**5** – Count: 1

**Currency** Section

6 - Currency Control: USD

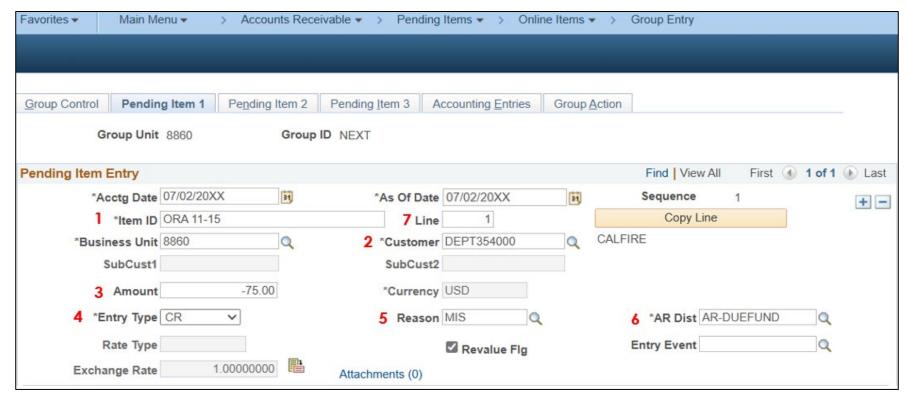
**7** – Click the **Pending Item 1** tab to enter the accounts receivable item.



The AR Item Processor will populate the necessary fields in the **Pending Item 1** tab:

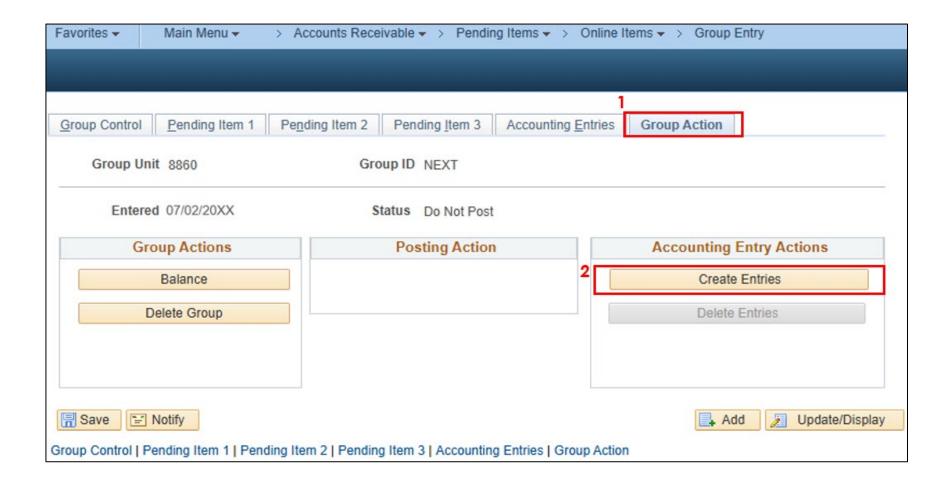
- 1 Item ID: [from the AR-Other being credited]
- 2 Customer ID: [from the AR-Other being credited]
- 3 Amount: Enter the AR reduction amount with the minus sign
- 4 Entry Type: **CR** (for negative AR)
- 5 Reason: [from the AR-Other being credited]
- 6 AR Dist: [from the AR-Other being credited]
- 7 Line: [from the AR-Other being credited]

**Note:** If applicable, enter the **BOL** (in the **Reference Information** section) from the AR-Other being credited.



The AR Item Processor will create entries in the Accounting Entries tab:

- 1 Click on **Group Action** tab.
- 2 Click Create Entries and the system will open the Accounting Entries tab.



The **Accounting Entries** on the page are prepopulated with user-entered amounts and system default accounts.

The AR Item Processor will enter the transaction to credit the AR-Other:

- 1 Fill in the User line with the same ChartField values as the YE reclassified entry.
  Note: To change the Account, delete the Alt Account value, then delete the Account value. Enter 1290000 (Provision for Deferred Receivables) and Alt Account 1209900998.
- 2 Click Save
- 3 Confirm that the other Chartfield values are copied to the User line, or
- 4 Enter any missing values.

Save and notify the **AR Item Approver** to approve the pending item, and provide the supporting documents with the **Group ID** number.

