Integration with BS&A Financial Management Applications

Cash Receipting

Cash Receipting allows payments to be made on invoices generated from many BS&A applications without the need to access each of them. When an invoice from a linked application such as Building Department .NET is paid through the Cash Receipting software, it creates a receipt in the CR database and a transaction in the BD database to mark the invoice as paid.

If a payment is made on multiple BD invoices with one receipt in CR, a transaction record is created for each of the invoices in BD, referencing back to the CR receipt.

Journalization

When linked with CR, journal entries are created by the Cash Receipting software. The Building Department .NET user does not have to journalize these transactions when generated from Cash Receipting .NET.

When NOT linked with CR, the BD user needs to journalize payments and refunds manually performed in BD.

If a payment is manually refunded in BD at any time and AP is not being used, the journal entry must be created from BD.

Voids/Refunds

Receipts are voided through Cash Receipting until they are journalized. Once journalized, the payment can be refunded (if not using AP .NET) from Building Department .NET, or a Check Request can be made (if using AP .NET) from Building Department .NET.

Accounts Payable

When Building Department .NET is linked with Accounts Payable, the BD user can electronically submit Check Requests to AP. These requests show up in AP as Pending until the invoices are accepted and invoices are created by the AP user. Once approved, a payable (invoice) is created in the AP database from which payment will be made.

Check Requests are submitted by going to Tools from within a Transactions dialog screen and selecting Refund Transaction/Request. The entire amount, or just a portion, of the Transaction can be refunded. An Adjustment Transaction in BD is created to reflect the amount of the transfer. The amount of the invoice can either be left unadjusted, assuming future payment will be necessary, or can be lowered in cases where future payment will not be taken for this record.

The AP link is also used to submit Check Requests to pay Vendors from Escrow Fees being held and tracked through Building Department .NET. The Pay Vendors from Escrow option electronically submits the request for a check made payable to a vendor that can be selected from the BD application using vendors set up in the AP database. This request can be made by selecting Tools on a Transaction or from within the Escrow Summary screen located in the Transactions section on a Permit.

In the case of Escrows, the Refund Request dialog performs a lookup into the AP database and allows you to select or add a new vendor code for payment.

Note: In order for an invoice to be created in AP .NET, a Vendor Code must be selected. Since a refund from the BD application isn't necessarily paid to a vendor per se, a generic Vendor Code is used to represent the BD .NET software as the vendor. This needs to be set up in the AP application in Program Setup > Program Settings > Check Request Interface.

Journalization

If the AP Transfer Account is filled in, a Credit Transfer is needed. This is where the funds that were originally credited to the revenue account need to be transferred to a payable account, as they are no longer considered revenue due to the refund and will be paid out of the payable rather than the revenue account. In this case, the user needs to journalize and post from BD to move those funds from one credit account to the other (Credit Transfer). Cash will be debited when the check is run in AP.

If the AP Transfer Account is not filled in, then AP will pay the funds directly from the Credit Revenue account that the funds were originally credited to, and therefore will not transfer those funds to a payable account first. In this case, a journal entry is not required from a BD user, meaning the user is not responsible for any journalization.

This journalization does not happen automatically; it will need to be performed manually.

Miscellaneous Receivables

Invoices can be created from the Building Department application directly into the Miscellaneous Receivables application for Code Enforcement cases. Being that the invoice is created in the MR database, the BD database does not create records for the invoice or journal entries.

The user can view the status of the invoice as well as invoice information from the Building Department software on a read-only basis.

Journalization

The journal entries will be created and posted from MR. The Building Department user is not responsible for any journal entry activity.

Voids

Voids are done in MR. The BD user is not able to void invoices created in MR from within the BD application.

General Ledger

When Transactions, Invoices, Adjustments, and Credit Transfers need to be journalized and posted, you can perform the process electronically using the link to General Ledger.

This eliminates the need to manually create journal entries in GL and saves accounting a lot of time.
A journal entry is created in the application from which it originates, and that entry is then "posted" to General Ledger using the Post Date set on the original journalized record.

When an item needs to be journalized and it doesn't perform that process automatically during the process that created the item, it will be set to "TX Required", meaning it needs to be journalized. The current total number of journal entries that are required are summarized on the Status Bar at the bottom of the BD application. Selecting this status shows more details about which types of records are awaiting journalization, and allows you to perform the journalization process at that point.

When linked to General Ledger, the Building Department .NET application infers several setup options from General Ledger, which in turn override the BD setup:

> The GL Number Format – When <u>not</u> linked with GL, the BD user can specify a format to which account numbers must adhere. This format should be determined by the finance or accounting department, based upon the account formats in their General Ledger software.

> Example: FFF-DDD.DDD-AAA.AAA-PPPPPP
> Where: F is the Fund
>   D is the Department
>   A is the Account
>   P is the Project

> Each hyphen indicates a break where each of the above sections ends and the next begins. A period indicates the break between the two parts of that one section.

> The Due-To/Due-From accounts are auto-filled in BD if they are already filled in within the GL application. See below for a further description of Due-To's and Due-From's.

Pooled Cash

When a jurisdiction uses multiple funds in their General Ledger, but only one physical bank account, we refer to this as having "pooled cash", meaning all money is deposited into the same account, regardless of the fund it belongs to.

When this is true, we select the option "Using only one bank account" in the GL Settings tab located on the Accounting dialog in Building Department .NET's Program Setup area. Once selected, we will identify the cash account in which all activity will take place. The fund is left out because it will be determined at the time of receipt entry.

Due-To/Due-From

When a jurisdiction uses multiple funds in the General Ledger and separate bank accounts for each, funds are transferred from fund to fund using transfer accounts known as Due-To's and Due-From's. This is to help accounting track when money needs to physically be moved from one bank account to another. Here's how it works:

We'll say money is deposited into a bond within BD.NET and those funds are transferred onto a permit that owes money. In this scenario, the funds are credited to a liability and ultimately transferred to the revenue account for the permit fees they are paying. This is known as a credit transfer, but is tricky since it crosses funds and cash needs to be physically moved.

> 1.) The first journal entry will be a debit to cash and a credit to the liability.
>
> 2.) Once the transfer is requested electronically, the liability will be debited and the Due-To within that fund is credited.
>
> 3.) The Due-From account within the fund where the revenue account is located is then debited and the permit revenue account is credited.
>
> It looks like this:

	DR	CR
1.) Fund 101 Bond Cash	100	
1.) Fund 101 Bond Liability		100
2.) Fund 101 Bond Liability	100	
2.) Fund 101 Due-To		100
3.) Fund 245 Due-From	100	
3.) Fund 245 Revenue		100

Once the cash is physically moved at the bank, the Due-To is debited, the Due-From is credited, and finally, the Cash account in the new fund is debited.

Cash vs. Accrual

In a Fund Accounting system, when money is receipted in, an entry is made into the cash account identifying that amount within the physical bank account. A complementary entry must also be made that specifies what those funds are for. In this most basic case, the cash account is debited the amount of the receipt and revenue is credited. This makes it easy to track at any given time where funds are allocated in the many accounts, and shows current balances of cash and savings across multiple funds.

In cash-based accounting, there are no journal entries made until payment is taken. This is typical for Permit activity, as we do not want to credit revenue until money is received and we also do not invoice the customer, as we will not issue them a permit until payment is made. If payment is not made, we will just cancel the permit without issuance.

In Building Department .NET, we create an invoice when fees are added to a permit, but unless the record type (i.e., Permit, Certificate, Enforcement) is set to Accrual under the General Settings tab of the Accounting setup, we do not actually bill and journalize these invoices. These will be voided manually in the event that the funds will not be collected and/or the Permit is canceled. Revenue is never credited.

With revenue from records such as Code Enforcement, a citation is issued and work is typically performed for abatement and administration, whereby the customer will be billed and collected upon. If the invoice goes unpaid, it will be transferred to their tax bill as a Special Assessment. In this case, we will specify the record type as Accrual and revenue is credited when the invoice is created, as it is assumed that this money is owed while a receivable is debited until cash is collected.

Cash Accounting

When the invoice is created (fees added to a Permit), nothing happens and no journal entries are made. When payment is taken, the cash account is debited and revenue is credited:

	DR	CR
Cash	100	
Revenue		100

In the event of a refund, the opposite occurs; cash is credited and revenue is debited, which clears both accounts:

	DR	CR
Cash		100
Revenue	100	

Accrual Accounting

When an invoice is created, a receivable is debited and revenue is credited. The receivable is like the phonetic abbreviation IOU, where we haven't received cash yet, but we expect to at some point because it is owed by the customer.

	DR	CR
Receivable	100	
Revenue		100

When payment is made, the receivable is credited and the cash account is debited. The revenue remains the same.

	DR	CR
Receivable		100
Cash	100	

If a refund is made through BD, the receivable will be debited and cash credited. If it is made through an AP Check Request, a credit transfer of revenue will take place (when transfer account is filled in) and the receivable will be debited when the check is run and cash is credited.

General Ledger Distributions

The Building Department .NET application can manage situations where revenue is split between multiple accounts. This is configured in GL Distribution Setup, where you can determine the exact distribution in terms of a percentage. The software will automatically credit the appropriate accounts' specified percentage.

Since these are set per fee item and there can be many fee items in a database, the "Assign Invoice Item GL Distributions" feature located in the GL Settings tab on the Accounting dialog allows you to select many fee items at once, choose a distribution, and assign all of the selected fee items to that distribution en masse.

Overpayments

An overpayment is where a customer is allowed to make a payment of more than what is owed on a particular record in order to create a balance, which is used to apply towards future fees that will be added to that record.

When this happens, cash is debited and a liability is credited until the funds are allocated to permits fees in the future. When they are, the liability is debited and the revenue account for the fees towards which it is being applied is credited. These are assigned in the Overpayment section of the System GL Numbers Setup within Accounting Setup.

Transfer To Tax

When an invoice is lienable and goes unpaid, Building Department .NET can transfer the invoice to the owner's taxes as a Special Assessment. When this happens, a transfer is typically made from the receivable for which the invoice is currently debited to a Tax receivable.

	CR	DR
BD Receivable	100	
Tax Receivable		100

Summary

Generally speaking, the application that performs an action is responsible for journalizing. Following is a list of the journal entries that will be made using BD .NET, and which applications journalize and post that activity. This is assuming pooled cash is being used:

Type of Activity	App Action Performed	App that Journalizes	Type of JNL Entry
Transaction (payment)	CR	CR	DR Cash, CR Revenue
Transaction (payment)	BD	BD	DR Cash, CR Revenue
Void in CR	CR	CR	CR Cash, DR Revenue
Refund BD	BD	BD	CR Cash, DR Revenue
Refund (AP Transfer)	BD (To AP)	BD	Credit Transfer (DR Revenue, CR AP Act)
Invoice (Receivable)	BD	BD	DR Receivable, CR Revenue
Invoice Adjustment	BD	BD	CR Receivable, DR Revenue
Bond-to-Bond Transfer	BD	BD	DR Liability A, CR Liability B
Bond-to-Permit/CO Transfer	BD	BD	DR Liability, CR Revenue
Bond Return (No AP)	BD	BD	DR Liability, CR Cash
Bond Forfeiture	BD	BD	DR Liability, CR Revenue
Escrow Deposit (PMT)	CR	CR	DR Cash, CR Liability
Escrow Deposit (PMT)	BD	BD	DR Cash, CR Liability
Escrow Vendor Payment	BD (To AP)	BD	Credit Transfer (DR Revenue, CR AP Act)
Transfer To Tax	BD (To Tax)	BD	Debit Transfer (CR BD Rec., DR Tax Rec)