

SECTION 6: REVENUE

Overview

INTRODUCTION

Section 6: Revenue provides a general overview of and detailed procedures for processing revenue transactions in AKSAS. This Section includes procedures for establishing and changing encumbered revenue, agency receipts, treasury receipts, and accounts receivable open items; recording treasury journal entries and year-end accounts receivables; and processing federal grant drawdowns.

Revenue is income collected by the state from general receipts (i.e., taxes, licenses, fees), authorized receipts associated with appropriations, and receipts from other sources (i.e., proceeds from the sale of bonds or assets, or interest on investments). Revenue is classified as actual or planned, and restricted or unrestricted. Actual revenue is income deposited and recorded. Planned revenue is income owed the state for which a bill for collection or other collection document has been issued, but the payment has not been received. Restricted revenue is income appropriated by the legislature and identified by source (i.e., federal grants-in-aid and interagency receipts). Unrestricted revenue is general income of the state identified by source (i.e., taxes, licenses, and fees).

Revenue Accounting in AKSAS

The state's financial resources are managed by the Department of Revenue, Treasury Division. Most receipts are received directly by state agencies and transmitted to Treasury through the banking system. The Treasury Division determines the policies and methods for transmitting the receipts, including the use of concentration accounts and other designated agency bank accounts, wire transfers, etc.

The Treasury Division manages central cash accounts in support of the agencies. From the time of collection by the agencies until the date of deposit by the Treasury Division, collections of revenue represent cash-in-transit (resources unavailable for agency operations until recorded by Treasury). Once deposited by the Treasury Division, receipts are recorded in agency operating funds as cash held by Treasury, and are recognized as restricted or unrestricted revenue of the fund.

Treasury Pool Funds and Agency Operating Funds

Separate funds are maintained to account for cash and investment activities of the Treasury Division, and to account for agency activities and operations. Treasury activities are recorded in Treasury Pool Funds, which are assigned to one or more operating funds. Agency activities are recorded in operating funds, which are self-balancing sets of accounts created by statutory authorization to account for the income and outflow of the state's resources in carrying out programs, projects, and agency operations. Each operating fund has an account reporting the balance of assets held by its corresponding Treasury Pool Fund. Treasury Pool Funds are fully reconciled with operating funds to ensure balances are equal.

Recording Revenue in AKSAS

Revenue is recorded in AKSAS through open item transactions, which are accounting records that keep track of financial activities carried out over time. An open item contains reporting references and descriptive data, defines the accounting structures to which revenue is recorded, and keeps track of adjustments and liquidations.

Separate open items are provided for collections received by agencies and those received by Treasury. This ensures the separation of cash and asset management duties of Treasury and operational duties of the agencies. Only Treasury is allowed to record transactions increasing or decreasing the state's cash. Only agencies are allowed to record revenues in operating funds. The Treasury Division records investment income in agency funds.

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Agency Transactions

Agencies use **agency receipt** open items to record actual receipts deposited through the banking system. Agency receipt transactions record an open item to track the deposit and provide the financial coding to which the receipt is recorded when the deposit is recognized by Treasury. Agency receipts post only to the Open Item File and have no effect on available fund/appropriation balances. The deposit is not available for agency spending until agency receipt open items are matched to corresponding treasury receipt open items and liquidated through finance journal entry transactions processed by Treasury.

Agencies can record planned revenue by one of two types of open items. An **accounts receivable** open item is used when revenue should be recognized in the funds at the time the receivable is recorded. An **encumbered revenue** open item reports amounts billed as a revenue encumbrance (an encumbrance with a credit balance) until the revenue is received. When planned revenue is received, the accounts receivable or encumbered revenue open item is liquidated with the agency receipt transaction recording the deposit.

Treasury Transactions

The Treasury Division uses **treasury receipt** open items to record receipts deposited by agencies and transmitted to the Treasury. The treasury receipt open item records the cash to the appropriate Treasury Pool Fund in an asset account, and generates an offsetting entry to fund equity account 32514 (Unallocated Fund Balance). Treasury receipt open items are established **only** by the Department of Revenue, Treasury Division.

The Treasury Division records **treasury finance journal entry** transactions to liquidate agency receipt open items and allocate deposits to agency operating funds/appropriations according to the financial coding in the agency receipt open items. The treasury journal entry also liquidates the treasury receipt open item clearing the unallocated fund balance in the Treasury Pool Fund, and recording an increase in cash held by Treasury for the operating fund. Deposits are recognized by Treasury and available for agency spending only after Treasury records the deposit of cash in the agency operating fund.

Revenue Processing in AKSAS

Cash collections are forwarded to the Treasury Division by the agencies, through the state's depository banking system. Depository banks transmit deposit information to Treasury on a daily basis by means of a data file. Treasury interfaces the deposit information with its financial subsystem and creates treasury receipt transactions, which, when interfaced in AKSAS each night, record the deposits in Treasury Pool Funds in an asset account and the unallocated fund balance account.

After treasury receipt open items are recorded by Treasury, agency receipt transactions are established by the agencies. Each agency receipt open item is referenced to an associated treasury receipt open item number and provides the financial coding necessary to allocate receipts to appropriate operating funds. Each night, after financial transaction processing, the Division of Finance runs the TR/AG Match program to match agency receipt open items to referenced treasury receipt open items. The TR/AG Match program creates an AKSAS interface file of treasury journal entries, which, when processed in AKSAS the following night, clear associated treasury and agency receipts and allocate the deposits to appropriate agency funds/appropriations. Deposits are available for agency use only after treasury journal entries are posted.

Open Item Number Assignment

Open item numbers are seven-digit numbers assigned by the agency. The first two digits of an open item number are the department number, the third digit is the last number of the fiscal year, and the remaining four digits are assigned by the agency, generally sequentially by each fiscal year. Agencies should maintain open item logs to track open item numbers.

AUTHORITY

AAM 25.090 Expenditure and Revenue Controls

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AAM 40.010	Revenue Term Definition
AAM 40.020	Basis of Revenue Accounting
AAM 40.040	Restricted Revenues
AAM 40.050	Unrestricted Revenues
AAM 45.010 - 45.070	Accounts Receivable
AAM 50.010 - 50.190	Cash

TERMINOLOGY

Abatement - A refund of expenditures, usually due to an overpayment, duplicate payment, or reimbursement for defective or returned merchandise.

Accounts Receivable (RC) - An AKSAS open item type used to record amounts owed the state. Revenue is recorded in the agency fund/appropriation at the time the receivable is recorded.

Agency Receipt (AG) - An AKSAS open item type used to record the financial coding for cash collections received by agencies and transmitted to the Department of Revenue, Treasury Division. Agency receipts have no financial effect and the revenue is not available for agency spending until the agency receipt is matched to a treasury receipt and cleared by a Treasury Finance Journal Entry.

Bill for Collection - Statewide form (02-472) used to charge a debtor for amounts owed the state. Represents the value of goods, services, and materials provided by the state on a fee, actual cost, or other reimbursable basis.

Cash-in-Transit - Cash received by the agency and transmitted to the Department of Revenue, Treasury Division but not yet recognized as deposits by the Treasury Division.

Encumbered Revenue (ER) - An AKSAS open item type used to record amounts owed the state as planned revenue until the revenue is received.

Drawdown - A method used to request payment from the federal government for various federal grants and programs.

Planned Revenue - Amounts billed but not yet collected.

Receipt - See **Revenue**.

Restricted Revenue - Resources earmarked for specific programs and specifically identified in the appropriations bill as a source of financing for the appropriation.

Revenue - General cash collections of the state, authorized collections associated with appropriations, and collections from other sources, such as proceeds from the sale of bonds or assets. See **Restricted Revenue** and **Unrestricted Revenue**.

Subaccount - A bank account assigned to an agency by the Department of Revenue, Treasury Division for deposit of agency cash collections.

Treasury Journal Entry - A balanced debit and credit entry used by the Department of Revenue, Treasury Division to record investment transactions and other fund management activities in Treasury Pool Funds. Also used by agencies to record wire transfers.

Treasury Finance Journal Entry - A balanced debit and credit entry used by the Department of Revenue, Treasury Division to clear agency and treasury receipts and allocate deposits of cash to the appropriate agency funds/appropriations.

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Treasury Pool Funds - Asset balance sheets used to account for and report cash and investment management activities of the state. Treasury Pool Funds are managed by the Department of Revenue, Treasury Division.

Treasury Receipt (TR) - An open item used by the Department of Revenue, Treasury Division to record cash deposits in suspense in Treasury Pool Funds.

Unrestricted Revenue - General receipts of the state used to finance most programs and agency operations.

AKSAS TRANSACTIONS

115-10: Add Encumbered Revenue - Used to add an open item for an encumbered revenue. This transaction defines the accounting structures to which planned revenue is recorded when collected.

115-20: Change Encumbered Revenue - Used to modify an existing encumbered revenue open item to reflect changes to the current balance, descriptive data, references, and/or financial coding.

130-10: Add Receivable - Used to add an open item for an accounts receivable. This transaction creates a shell containing descriptive data and references. A corresponding agency journal entry records the financial coding for an accounts receivable open item.

130-20: Change Receivable - Used to change descriptive and reference data for an existing accounts receivable open item. Also used to delete accounts receivable financial lines with zero balances. A corresponding agency journal entry records adjustments to accounts receivable financial lines.

210-10: Add Agency Receipts - Used to add an open item for agency collections of restricted or unrestricted revenue. This transaction defines the accounting structures to which receipts are recorded when deposited by Treasury. Only restricted and unrestricted revenue accounts may be used in this transaction.

210-11: Add Agency Receipts - Miscellaneous Accounts - Used to add an open item for agency collections of revenue, abatements, and other types of collections. This transaction defines the accounting structures to which receipts are recorded when deposited by Treasury. Asset, liability, fund equity, restricted revenue, unrestricted revenue, and/or expenditure accounts may be used in this transaction.

210-20: Change Agency Receipts - Used to modify an existing agency receipt open item to reflect changes to the current balance, descriptive data, references, and/or financial coding. Only restricted and unrestricted revenue accounts may be used in this transaction.

210-21: Change Agency Receipts - Miscellaneous Accounts - Used to modify an existing agency receipt open item to reflect changes to the current balance, descriptive data, references, and/or financial coding. Asset, liability, fund equity, restricted revenue, unrestricted revenue, and/or expenditure accounts may be used in this transaction.

220-10: Add Treasury Receipts - Used by Treasury to record deposits of agency receipts in appropriate Treasury Pool Funds. Treasury receipt transactions are generated during treasury subsystem processing and interfaced into AKSAS. Treasury receipts transactions are manually entered by the Treasury Division when necessary.

220-20: Change Treasury Receipts - Used by Treasury to modify an existing treasury receipt open item to reflect changes to the current balance, descriptive data, references, and/or financial coding.

410-95: Treasury Finance Journal Entry - Used by Treasury to clear matched agency and treasury receipt open items. This transaction is generated by the TR/AG Match program and interfaced into AKSAS to clear the unallocated fund balance in the Treasury Pool Fund and record the deposit to the agency funds/appropriations

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associated with the financial coding in the agency receipt.

420-10: Treasury Journal Entry - Used by Treasury to record balanced debit and credit entries reflecting cash management, investment, and other fund management activities affecting Treasury Pool Funds and specifically invested funds managed by the Treasury Division.

430-25: Agency Journal Entry - Used by agencies to record changes to the current balance and/or financial coding for an accounts receivable open item.

FORMS

Bill for Collection (Form 02-472)

REPORTS

Both online and hard copy reports are available. Online reports are available through AKSAS Open Item Inquiry (IO), Management Reporting (RM), and Online Audit Trail (RO). Hard copy reports are available through AKSAS Report Request Maintenance (RR) and GENEVA Reporting.

AKSAS Online Reports

IO - Open Item Inquiry - Used to display a variety of open item information including:

Open Item Detail - Displays original and adjusted amounts, total liquidations, current balance, description, references, financial coding, and other related information for a specific open item number.

Open Item Activity - Displays the process date, transaction code, description, transaction amount, source RD code, and document number for activity related to a specific open item number.

Open Item by Reference - Displays a list of open items for a specific reference type and number.

Open Item by Entity - Displays a list of open items, including line number, financial coding, and balance for a specific entity type and number.

Open Item by CC/LC/EP - Displays a list of open items, including line number, financial coding, and balance for a single or range of collocation codes, ledger codes, or external program codes.

RM - Management Reporting (RRN 198381) - Used to display online a standard AKSAS management report (request number 198381) to review appropriations funded with restricted revenue. Refer to the procedure for *Year-end Accounts Receivable* in this Section.

RO - Online Audit Trail - Used to display a user-defined audit trail of financial information for open items and related transactions.

AKSAS Hard Copy Reports

Transaction Index Listing (B30001) - Provides a list of transactions processed in AKSAS. Specific RD codes and lower levels, transaction status, transaction codes, and/or source system ID may be specified in the report request.

Financial Transaction (FTP) Register (B30003) - Provides transaction detail for financial transactions processed in AKSAS. Report data is requested by specific RD codes and lower levels, transaction status, transaction codes, and/or source system ID. The report lists all financial line information for each transaction, including offsetting entries generated by AKSAS.

Open Item Detail (B61002) - Lists original and adjusted amounts, total liquidations, current balance,

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description, references, financial coding, and other related information for requested open items. With this report you can select multiple open items or a range of open item numbers.

Open Item Xref Report (B66002) - Lists open items, including description, source RD code, original document number, date established, date of last activity, original amount, total liquidations, and balance for the entity number(s) requested. With this report you can select multiple entities or a range of entity numbers.

GENEVA Reporting

GENEVA is used to create user-defined views of open item reference and financial data. For more information, refer to *Accounting Procedures Manual, GENEVA Reporting*.