



**FI\$Cal**

*Financial Information System for California*

# Loan Accounting Design Validation

*October 15, 2015*

# Schedule/Calendar

Session ID	Session Description	Participants	Dates	Location
	Kick Off presentation	Disb/DAR/Audits	9/09 -- 1 to 4	Jade
	Kick Off presentation	Disb/DAR/Audits	9/16 -- 9 to 12	Jade
<b>AP</b>	<b>3 -3 hour sessions</b>			
1	Payment Processing – Part 1	Disb/DAR/Audits	9/22 -- 9 to 12	Sapphire/Topaz
2	Payment Processing – Part 2	Disb/DAR/Audits	9/22 -- 1 to 4	Sapphire/Topaz
3	Post Issuance	Disb/DAR/Audits	9/23 -- 9 to 12	Sapphire/Topaz
<b>CM/AR</b>	<b>4 -3 hour sessions</b>			
1	Overview of solution: SCO Focus STO Focus	DAR	9/29 -- 9 to 12	Jade/Amethyst
2	Deposit and Transfers/Payroll ARs	DAR	9/29 -- 1 to 4	Jade/Amethyst
3	Bank Statements & Reconciliation: CTS Accounts STO Accounts	DAR	9/30 -- 9 to 12	Jade/Amethyst
4	STO Cash Forecasting	STO	9/30 -- 1 to 4	Jade/Amethyst
<b>FI</b>	<b>2 - 3 hour sessions</b>			
1	Overview of solution (ledgers, trees, nVision)	DAR	10/01 -- 9 to 12	Jade/Amethyst
2	Budgetary Legal and CAFR Reports	DAR	10/01 -- 1 to 4	Jade/Amethyst
A.	<b>Week off to update FDs</b>		10/6 -- 10/8	

# Schedule/Calendar

Session ID	Session Description	Participants	Dates	Location
<b>GL</b>	<b>3 - 3 hour sessions</b>			
1	GL Journal Workflow Automated Transfers Cash Accounting	DAR	10/13 -- 9 to 12	Sapphire/Topaz
2	Non-FI\$Cal Department Interfaces	DAR	10/13 -- 1 to 4	Sapphire/Topaz
3	Cash Validation	DAR/Disb	10/14 -- 9 to 12	Sapphire/Topaz
<b>LA</b>	<b>2 - 3 hour sessions</b>			
1	Overview of Solution Configuring Loans Recording Loan Transactions	DAR	10/15 -- 9 to 12	Sapphire/Topaz
2	Accruing Interest Daily General Fund Loans	DAR	10/15 -- 1 to 4	Sapphire/Topaz
<b>AP</b>	<b>1 - 3 hour session</b>			
4	Registered Warrants	Disb/DAR/Audits	10/21 -- 1 to 4	Sapphire/Topaz
<b>DM</b>	<b>2 - 3 hour sessions</b>			
1	Configuring Bonds Processing Bonds	DAR	10/22 -- 9 to 12	Sapphire/Topaz
2	Bond Inquiries and Reports	DAR	10/22 -- 1 to 4	Sapphire/Topaz

# Agenda

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- FI\$Cal Project Overview
- Loan Accounting Solution Overview
- What's new for SCO
- What's new for Departments
- Configuring Loans
- Recording Loan Transactions
- Interest Accrual
- Daily General Fund Cash Flow

# Why are we here?

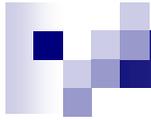
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- On July 1, 2017, FI\$Cal becomes the accounting book of record for the State and replaces SCO's loan accounting system.
- For SCO as well as departments, this system will be used to create, maintain and repay loans.
- All the future wave, deferred and exempt departments will continue to either use the existing system or SCO to process their loans.
- The following slides will provide an introduction to loan accounting in FI\$Cal along with a high level overview of how the major business processes will be implemented.

# FI\$Cal Project Overview

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- The Financial Information System for California (FI\$Cal) is a business transformation project for the State in the areas of budgeting, accounting, procurement, and cash management. The Project prepares the State to work in an integrated financial management system.
  
- California's Partner Agencies are working together to form the partnership to support FI\$Cal at the highest level:
  - Department of Finance (DOF)
  - Department of General Services (DGS)
  - State Controller's Office (SCO)
  - State Treasurer's Office (STO)



# Loan Accounting Overview

# Loan Accounting

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The loan accounting application will support the configuration, maintenance, repayment, and tracking of loans

The application will follow the below steps to meet the state's loan requirements:

- a) All loans involve two participants, a borrower and a lender. Loan participants must be configured before the loans are configured. The configured participants can also be used for future loans.
- b) After participant configuration, the details of the new loan, including principal amount, maturity date, interest rate, etc. are configured. The system will also allow the user to attach documentation to the loans.

# Loan Accounting

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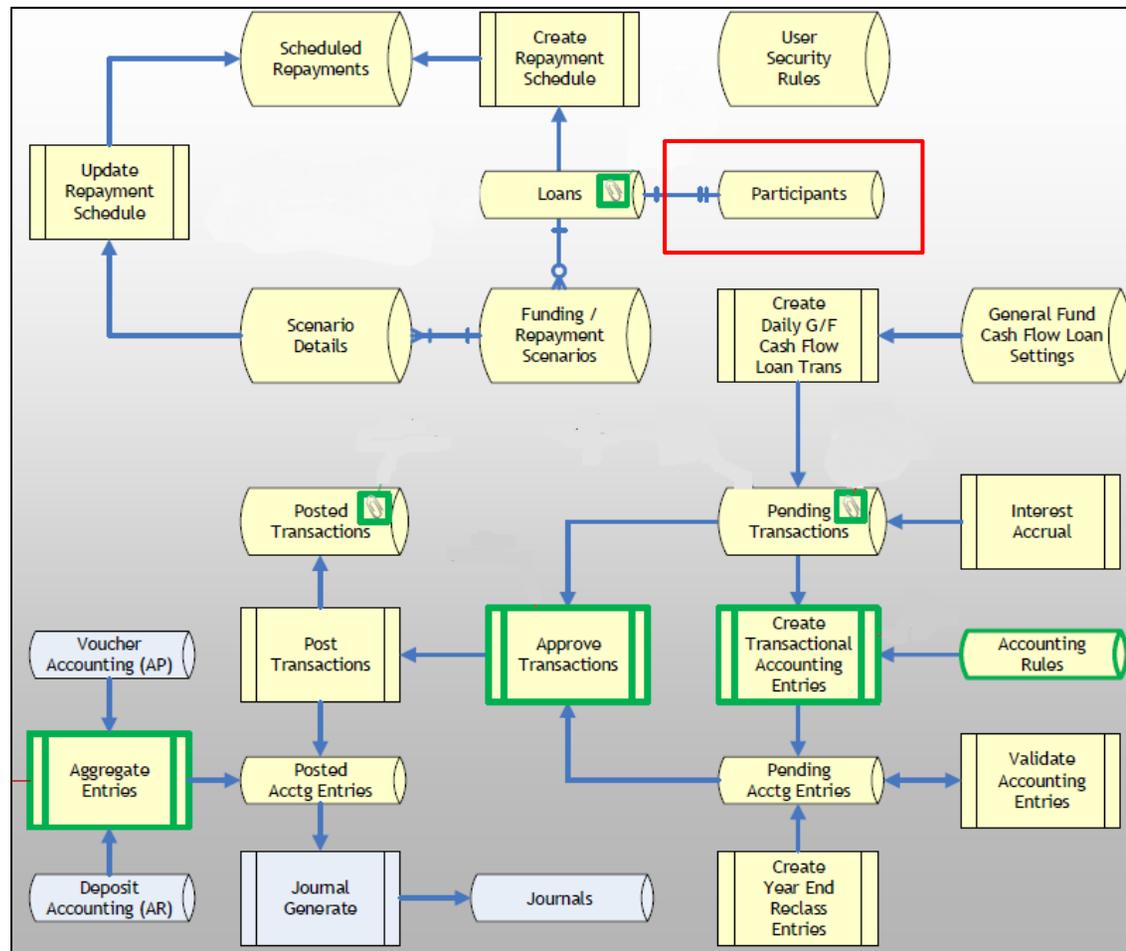
- c) Once the loan is submitted, the LA application supports the creation of an automated repayment schedule for principal as well as interest. The system also allows the user to manually setup different repayment scenarios and then select one of them as the repayment schedule. This allows the user to perform cash forecasting based on multiple repayment projections.
- d) The loan can be repaid and renewed multiple times. The system allows the creation of a new loan sequence every time a loan is renewed. A loan can only be renewed if the current loan balance is 0.
- e) Every borrowing or repayment done against the loan mandates the recording of a corresponding loan transaction in the system. Transactions also need to be recorded for interest accrual, fees, penalties, forgiveness and write-offs.

# Loan Accounting

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- f) Interest accrual transactions will be automatically created by the system as part of the interest accrual process. Specific user roles will have access to verify the interest accrual details prior to creating the transactions. This allows them to cancel the interest accrual and rerun the same if needed.
- g) All transactions affecting fund balances will be routed to one or more levels of SCO approval.
- h) The LA application also supports automation of the daily general fund cash flow process, which involves the daily calculation of the general fund liabilities, and borrowing from a list of borrowable sources to meet them, based on a predefined set of priorities and rules.

# Application Flow

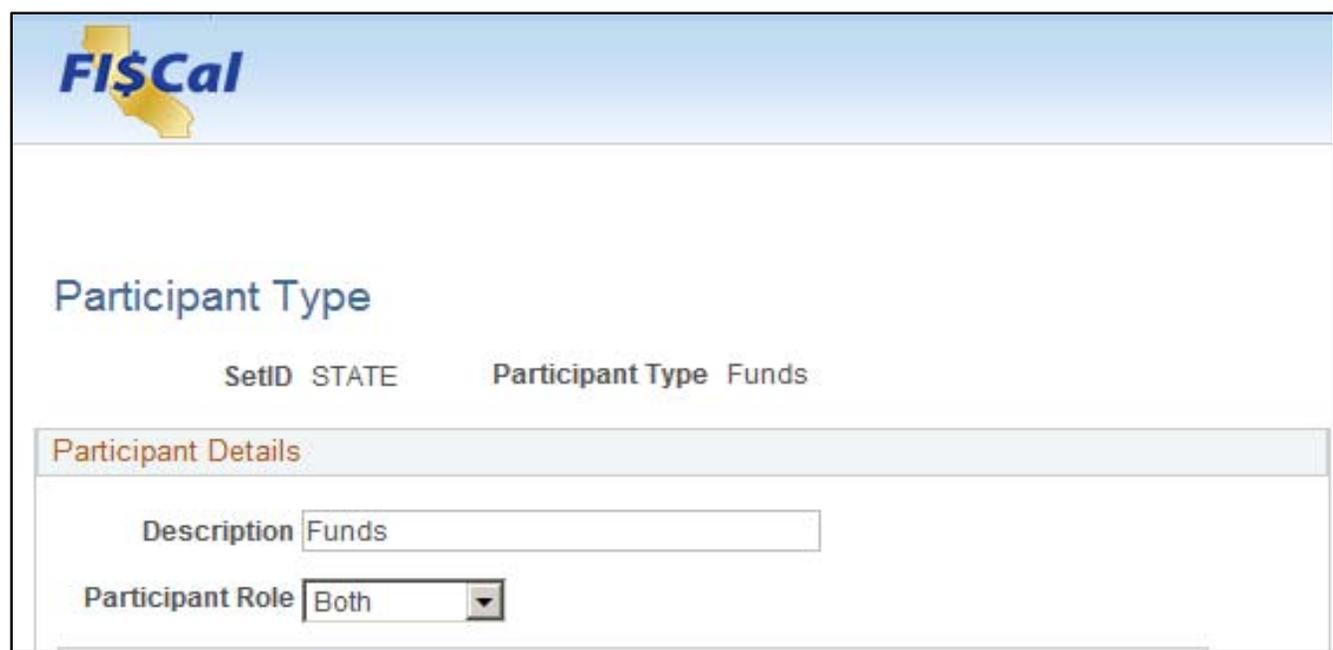


# Participant

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- Before loans can be configured, loan participants must be defined. Participants are the borrowers or lenders of the loan.
- In FI\$Cal, loan participants can be funds, programs, appropriations, external entities (such as counties, individuals etc.), Pooled Money Investment Account (PMIA), departments etc. Each of these values will be configured as a Participant Type.
- Participants which are external entities will also have an FI\$Cal vendor ID associated with them which will allow them to be paid using Accounts Payables (AP) vouchers.
- The participant page will be used to capture all the information relevant to a loan participant.

# Participant Type



The screenshot shows the FI\$Cal interface for the 'Participant Type' form. At the top left is the FI\$Cal logo. Below it, the title 'Participant Type' is displayed. A table header is visible with columns: 'SetID', 'STATE', 'Participant Type', and 'Funds'. Below the table header is a section titled 'Participant Details' which contains two input fields: 'Description' with the value 'Funds' and 'Participant Role' with a dropdown menu set to 'Both'.

# Participant



Participant
Address
Contact

SetID STATE Participant ID 0000000006

\*Participant Type Funds

Business Unit 0840

Description Appropriations October 15, 2015

Long Description

Comment

**Lines** Personalize | Find |  |  |  First  1 of 1  Last

Account details
More Chart Fields
☰

Sequence Number	Entry Type	Account	Alternate Account	Reporting Structure	Service Location	Year of Enactment	Fund
1	ABC	10245 <input type="text"/>	1562 <input type="text"/>	<input type="text"/>	<input type="text"/>	2015 <input type="text"/>	000000 <input type="text"/>

Save
Return to Search
Previous in List
Next in List
Notify

[Participant](#) | [Address](#) | [Contact](#)

# Participant

SetID STATE Participant ID 0000000006

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**Participant Address** Find | View All First 1 of 1 Last

Address Sequence Number 1 Address Type Business + -

Description

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**Address Detail** Find | View All First 1 of 1 Last

Effective Date 08/10/2015 Status Active + -

Country USA  United States

Address Line 1

Address Line 2

Address Line 3

City

County

Postal Code

State

# Participant

SetID STATE Participant ID 0000000006

**Participant Contact** Find | View All First 1 of 1 Last

Contact Sequence Number 1 Description

**Contact Detail** Find | View All First 1 of 1 Last

Effective Date  Status

Contact Type

Contact Name

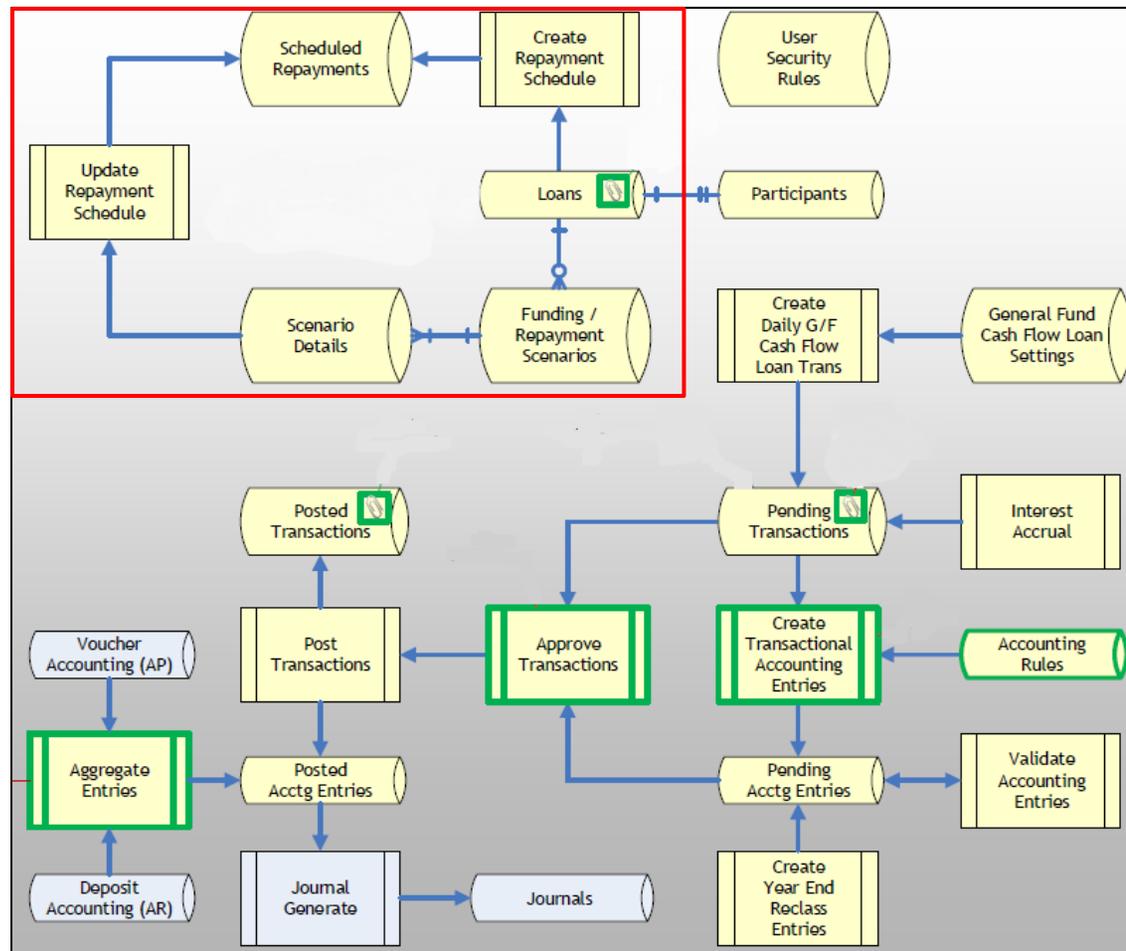
Contact Title

URLID

Email ID

[Participant](#) | [Address](#) | [Contact](#)

# Application Flow



# Loan Types

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- A loan in FI\$Cal can be authorized by a Budget Act or Special Legislation, created to serve as interim project financing from the PMIA (AB55 loans) or used as an instrument by the General Fund to meet cash flow needs.
- Loans can also be used to lend money within departments (intra-departmental loans) or across departments (inter-departmental loans).
- Finally departments and SCO can borrow as well as lend money to or from external entities, which takes the form of external loans paid and received using AP Vouchers and Accounts Receivable (AR), respectively.

# Loan Processes

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A typical loan lifecycle follows the below three business processes:

- Establish Loans – Creating or setting up the actual loan.
- Maintaining Loans – Review/correct/update loan details as and when needed.
- Repay Loans – Accrue interest and make loan repayments (principal and interest).

# Loan Details



## Loan Details

**Loan Header**

SetID STATE      Loan ID 0000000076      \*Loan Date 09/17/2015

\*Borrower 0000000008 NSED      \*Lender 0000000009

\*Loan Type **Guaranteed Loan**      \*Loan Source **Accounting Classification**

\*Loan SubType **Budgetary Loan**      \*Loan Category **Leveraged**

Description hjdzvs

Long Description sdvkjgbks       Interest free       External Loan

[Add Attachment](#)

Comments sdfgdscv

**Loan Line**      Find | View All      First 1 of 1 Last

Loan Seq No 1      \*Loan Status **Open**

\*Loan Seq Start Date 09/18/2015      Principal Amount 12000.00

\*Repayment Start Date 10/17/2015      Accrued From Date 09/18/2015

\*Maturity Date 09/17/2016      Accrued Through Date 09/30/2015

Interest Rate Type **Fixed**      \*Frequency of Repayment **Monthly**

Interest Rate 10.00       Fees Applicable       Penalties applicable

Interest Charged for Fees       Interest Charged for Penalties

# Loan Details

Option/Field	Description
<b>Borrower</b>	The loan borrower (participant)
<b>Lender</b>	The loan lender (participant)
<b>Loan Source</b>	The source of the loan (e.g., accounting classification, revenue bond, general obligation bond, federal funds, PMIA). SCO will provide additional information on the loan sources, when needed.
<b>Loan Type</b>	This is the type of the loan (e.g., cash flow, statutory or budget act, revolving loan, program loan, loan in lieu of reimbursements, guaranteed loan, loan converted from grant). SCO will provide additional information on the types of loans when needed.
<b>Loan Subtype</b>	The system will provide an option to distinguish between pure cash and budgetary loans. This will indicate the manner in which fund balance will be hit, i.e., as a reduction in resources or increase in expenditure.
<b>Loan Category</b>	Leveraged or restricted
<b>External Loan?</b>	This will be displayed as a flag. If any of the participants are non-state entities, this flag will be set as Y.
<b>Interest Free?</b>	Indicates if the loan is interest free.

# Loan Details

<b>Loan Status</b>	<p>Open – Initial status.</p> <p>Approved – On submitting the loan.</p> <p>Closed – A loan can be closed if it has been repaid or forgiven or written off.</p> <p>Cancelled – If a loan is marked cancelled, all the transactions and accounting entries against that loan will be marked cancelled.</p>
<b>Description</b>	A short description of the loan.
<b>Long Description</b>	Additional details about the loan.
<b>Comments</b>	Additional comments about the loan.
<b>Attachments</b>	The system will allow for attaching multiple documents to the loan.
<b>Loan Date</b>	The creation date of the loan.
<b>Principal Amount</b>	The loan amount.
<b>Repayment Start Date</b>	This date will be used as the start date for all repayment projections.
<b>Maturity Date</b>	The date by which loan needs to be repaid.
<b>Frequency of Repayment</b>	The amount of time between to 2 consecutive repayments. E.g., weekly, monthly, yearly.

# Loan Details

<b>Accrued Through Date</b>	Specifies the date up to which interest was calculated when the interest accrual process was last run.
<b>Accrue From Date</b>	Specifies the date from which the system starts calculating interest.
<b>Interest Rate Type</b>	Fixed or variable. If fixed is selected, a numeric value must be entered for interest rate per annum. For variable rate type option, a rate type (configuration item) will need to be selected.
<b>Fees Applicable</b>	Flag to indicate if a fee transaction is applicable for this loan.
<b>Interest Charged for Fees?</b>	Flag to indicate if it accrues interest (invisible for interest free loans).
<b>Penalties Applicable</b>	Flag to indicate if a penalty transaction is applicable for this loan.
<b>Interest Charged for Penalties?</b>	Flag to indicate if it accrues interest (invisible for interest free loans).
<b>Parent Loan ID</b>	For child loans, this will identify the corresponding parent loan.
<b>Parent Loan Seq No</b>	For child loans, this will identify the corresponding parent loan sequence number.

# Repayment Projection

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- Loan repayments are an essential variable for Cash Forecasting. Therefore a core loan accounting business process is to create an automated repayment projection for every loan iteration.
- The repayment projection is updated every time there is a change to the loan parameters or based on actual repayments.
- As when actual repayments happen, they too are updated on the projection to give a real-time forecast.
- For early or late repayments, the projection will be appropriately adjusted and rows will be added to or removed from the bottom of the projection

# Repayment Projection



## Repayment Projection

SetID STATE    Loan ID 0000000076    Loan Seq No 1

**Repayment Amount**    Personalize | Find | View All |  |     First 1-3 of 3 Last

	Transaction Date	Repayment Amount	Interest Amount
1	09/18/2015	2000.00	400.00
2	09/29/2015	500.00	
3	09/29/2015	600.00	27.00

Total Loan amount repaid till today is:    3100.000

Total Loan Interest paid till today is:    427

[Refresh](#)

**Loan Projection**    Personalize | Find | View 2 |  |     First 1-5 of 5 Last

	Repay Date	Principal Amount	Interest Amount
1	10/17/2015	1090.91	109.09
2	11/16/2015	1090.91	109.09
3	12/16/2015	1090.91	109.09
4	01/15/2016	1090.91	109.09
5	02/14/2016	4636.36	63.64

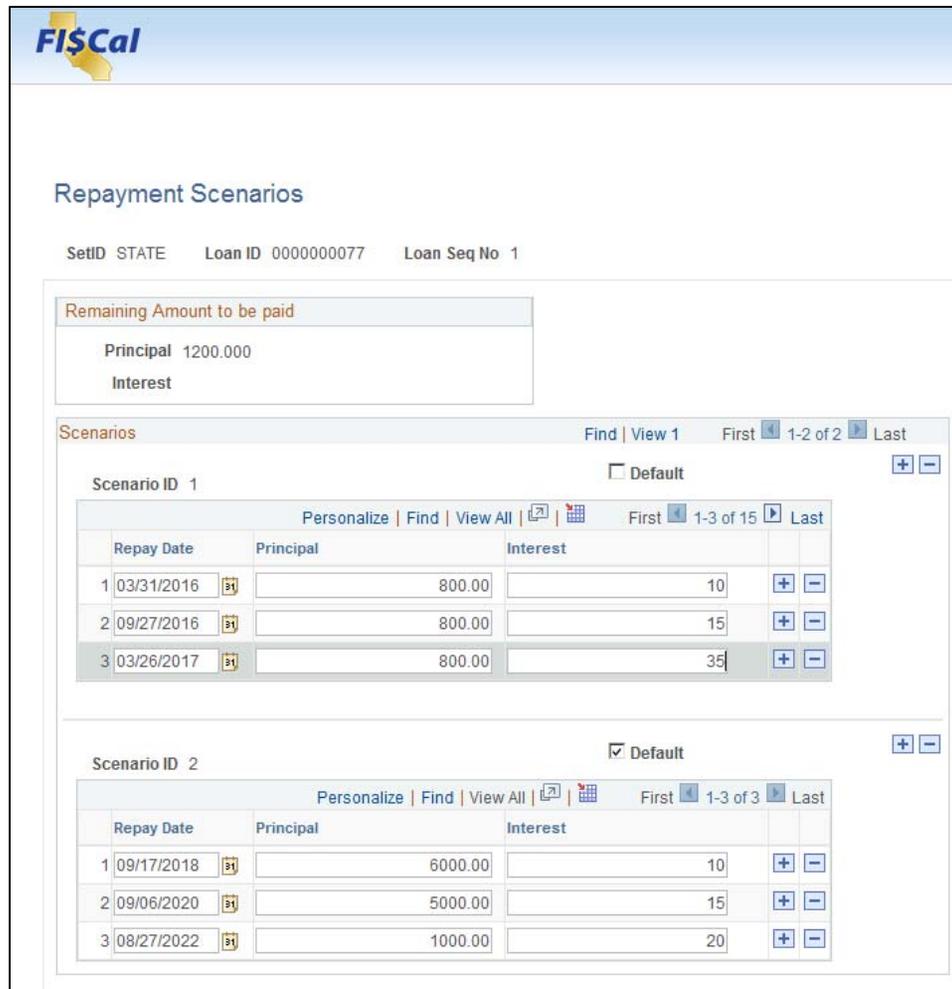
[Save](#)    [Return to Search](#)    [Notify](#)

# Repayment Scenarios

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- Sometimes loan administrators may have advanced knowledge of early/late repayments compared to the automated projection dates calculated from the loan parameters.
- In such a case it makes sense for the user to setup their own possible repayment scenarios which may more accurately forecast the cash needs/availability.
- The base for every user entered repayment scenario will always be the current automated repayment projection which the user then modifies accordingly to predict a more realistic repayment schedule based on information not available in the system.
- In this way the user can create repayment scenarios at any point in the loan lifetime and when deemed fit can be marked as default to override the current repayment schedule.

# Repayment Scenarios



**FI\$Cal**

Repayment Scenarios

SetID STATE Loan ID 0000000077 Loan Seq No 1

Remaining Amount to be paid

Principal 1200.000  
Interest

Scenarios Find | View 1 First 1-2 of 2 Last

Scenario ID 1  Default + -

Personalize | Find | View All | First 1-3 of 15 Last

Repay Date	Principal	Interest		
1 03/31/2016	800.00	10	+	-
2 09/27/2016	800.00	15	+	-
3 03/26/2017	800.00	35	+	-

Scenario ID 2  Default + -

Personalize | Find | View All | First 1-3 of 3 Last

Repay Date	Principal	Interest		
1 09/17/2018	6000.00	10	+	-
2 09/06/2020	5000.00	15	+	-
3 08/27/2022	1000.00	20	+	-

# Example

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A loan of \$10,000 with a repayment starting August 1, 2015, for 1 year with 4 repayments would generate the below approximate repayment schedule.

Date	Amount
08/01/2015	\$2500
12/01/2015	\$2500
04/01/2016	\$2500
07/31/2016	\$2500

# Example

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Each repayment scenario will have its own set of repayment dates and amounts. The sum of the repayments in this case, need not be equal to the principal, since the user may or may not take into account interest, write-offs, forgiveness while configuring the scenarios.

For the example provided in the previous slide the scenarios could be as below:

## Scenario 1:

Date	Amount
08/01/2015	\$1500
12/01/2015	\$2500
07/31/2016	\$6000

# Example

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## Scenario 2:

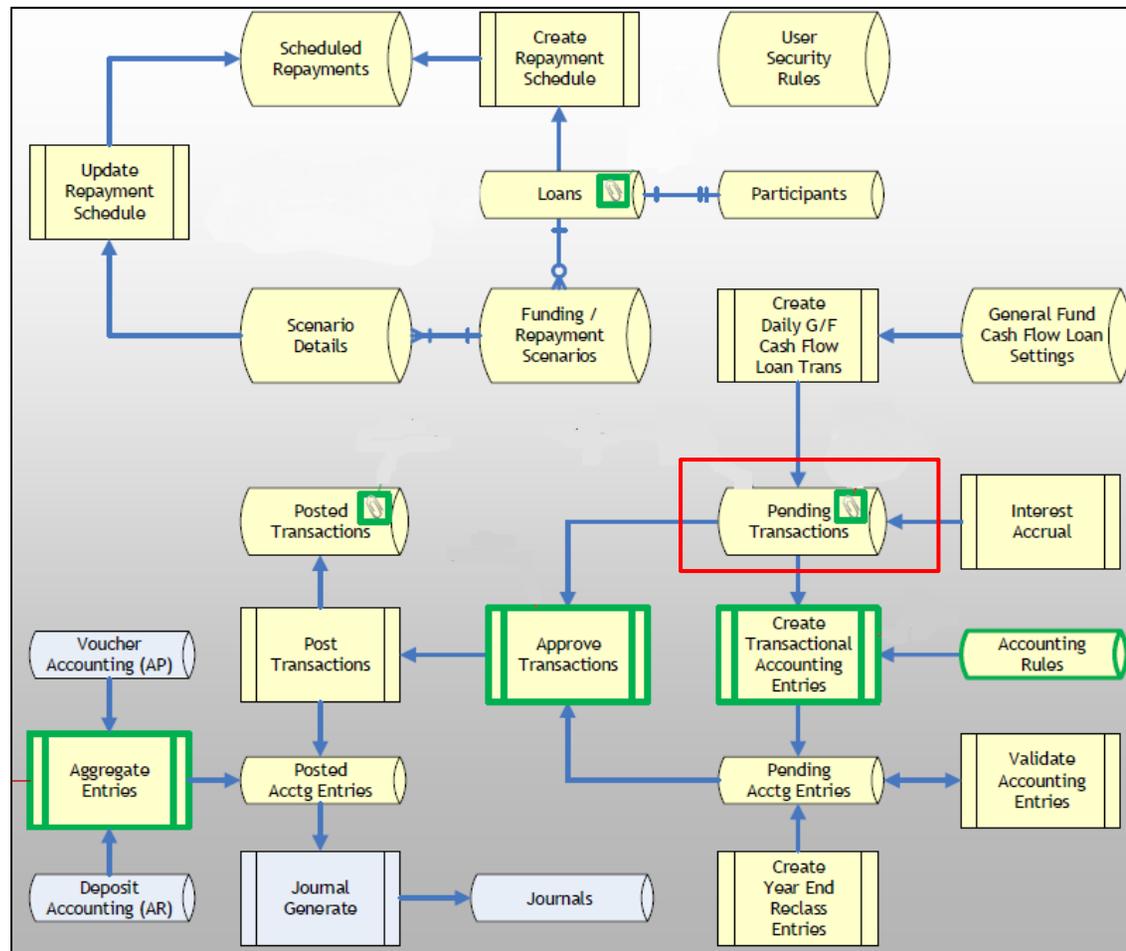
Date	Amount
10/01/2015	\$1300
05/31/2016	\$2800

## Scenario 3:

Date	Amount
3/4/2015	\$4500

The user will have an option to choose a scenario and once chosen, the existing repayment projection for the loan will be deleted and replaced with the scenario chosen.

# Application Flow



# Loan Transactions

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- Loan transaction is any transaction that results in the increase or decrease of the loan balance. Examples of such transactions are borrowings, repayments, interest accruals, fees, penalties, write-offs, loan forgiveness etc.
- Loan transactions can be automated (in case of Daily General Cash Flow or Interest Accrual) or manually entered. However in either case if they impact fund balance they would need to be approved by SCO before they can be processed further.

# Loan Transactions

FI\$Cal Home | Work

New

## Loan Transactions

SetID STATE Loan ID 0000000076 Loan Seq No 1

Transaction Lines Personalize | Find | View All | First 1-4 of 21 Last

Transaction ID	*GL Business Unit	*Transaction Type	*Status	*Transaction Date	*Accounting Date	Principal	Interest	Fees	Penalty	Transaction Amount
1	0840	Borrowing	Active	09/18/2015	09/18/2015	1000.00				1000.00
2	0840	Borrowing	Active	09/18/2015	09/18/2015	5000.00				5000.00
3	0840	Fees	Active	09/18/2015	09/18/2015			60.00		60.00
4	0840	Interest	Active	09/18/2015	09/18/2015		100.00			100.00

# Loan Transactions

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As part of transaction creation the following information will be captured:

- Transaction ID – System generated
- Transaction Date – Date the transaction took place, defaulted to current date
- Accounting Date – Date the transaction needs to be accounted, defaulted to transaction date
- Principal – The amount entered here will affect the loan principal. For borrowing transactions the amount entered will increase the principal balance and for repayment the amount entered will decrease the principal balance.

# Loan Transactions

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- Interest – The amount entered here will affect the interest accrued. The interest accrual process will populate this amount for interest transactions and increase the loan interest balance. If an amount is entered in this field for a repayment, write-off or forgiveness transaction, the interest balance will be decreased.
- Fees - The amount entered here will affect the loan fees. For borrowing transactions, the amount entered will increase the fee balance and for repayments, the amount entered will decrease the fee balance.
- Penalties - The amount entered here will affect the loan penalties. For borrowing transactions the amount entered will increase the fee balance and for repayments, the amount entered will decrease the fee balance.
- Transaction amount - Sum of principal, interest, fees and penalties.

# Loan Transactions

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## Status

Open – Initial status

Pending Approval/Approved – On submission, depending on whether it is routed for approval

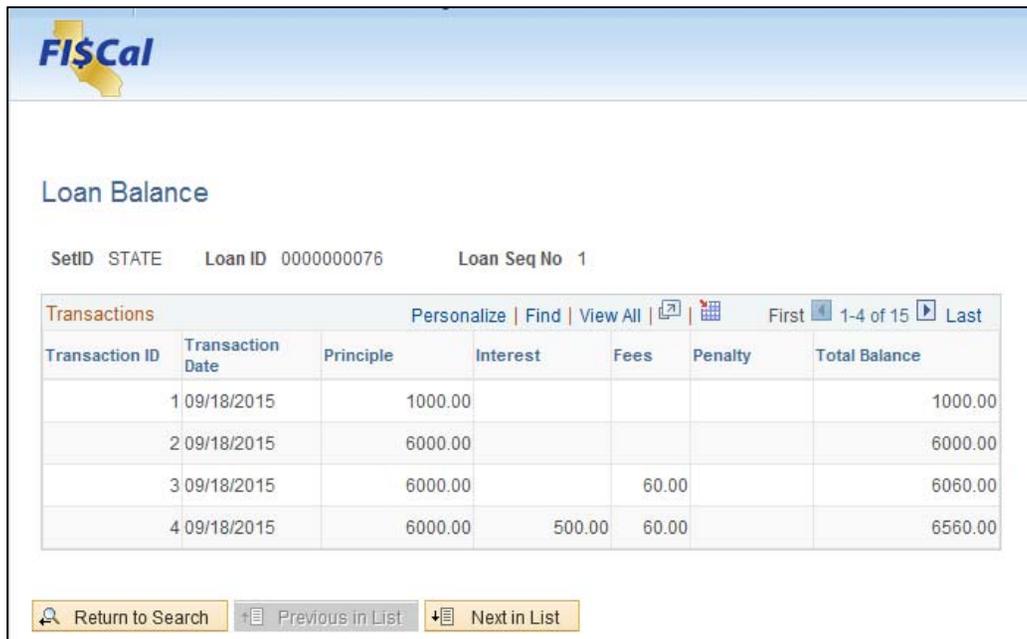
Approved – The transaction has been approved through workflow. Workflow is covered as part of a later slide.

Posted – The transaction has been posted by the posting process.

Cancelled – The transaction has been cancelled either individually or because the entire loan has been cancelled. Only transactions in open (not approved) can be cancelled.

# Loan Balances

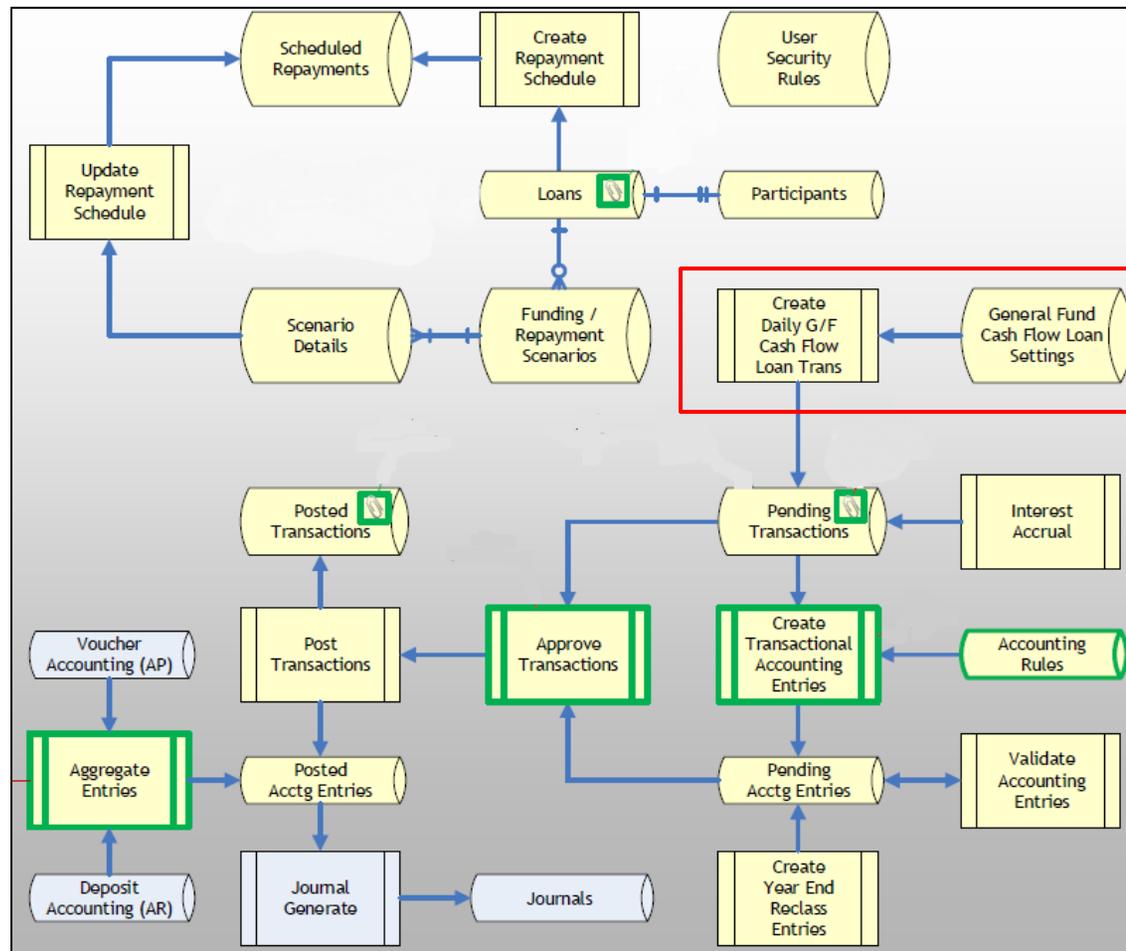
- There is a need to maintain a constant running balance of all the transactions (borrowings, repayments, interest accrual, fees and penalties) taking place for a loan. The below page gives a summarized view of all the activity occurring against the loan.



The screenshot shows the FI\$Cal interface for a loan balance. It includes a header with the FI\$Cal logo, a title 'Loan Balance', and metadata for the loan: SetID STATE, Loan ID 0000000076, and Loan Seq No 1. Below this is a table of transactions with columns for Transaction ID, Transaction Date, Principle, Interest, Fees, Penalty, and Total Balance. The table contains four rows of data. At the bottom of the table are navigation buttons: 'Return to Search', 'Previous in List', and 'Next in List'.

Transaction ID	Transaction Date	Principle	Interest	Fees	Penalty	Total Balance
1	09/18/2015	1000.00				1000.00
2	09/18/2015	6000.00				6000.00
3	09/18/2015	6000.00		60.00		6060.00
4	09/18/2015	6000.00	500.00	60.00		6560.00

# Application Flow

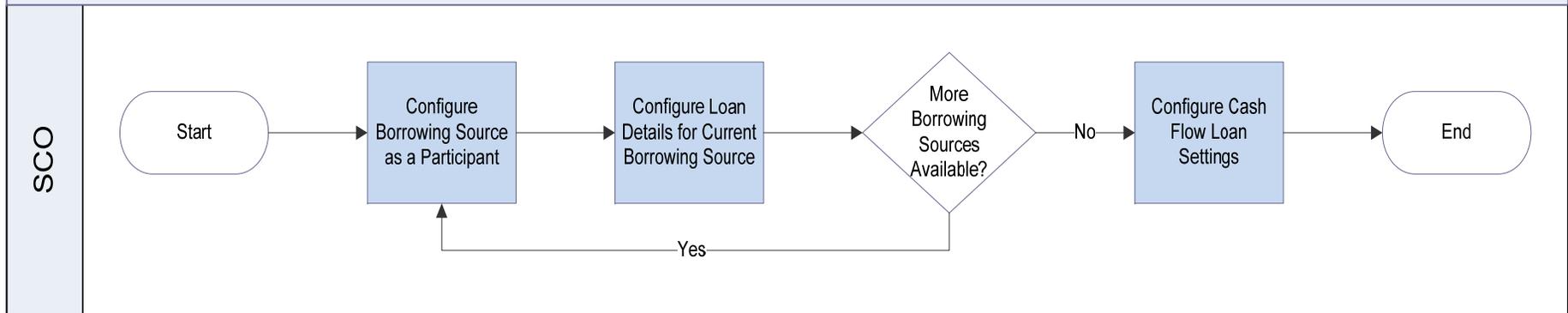


# Daily General Fund Cash Flow

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- Concept
- Borrowable Sources
- Configuration
- Process Flow

## LA1 – Establish General Fund Loans



# Daily General Fund Cash Flow

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- SCO can temporarily transfer money from certain borrowable funds or from the PMIA to the General Fund, to cover daily cash flow shortages as authorized by Government Code 16310
- On a daily basis, the controller monitors the activity of the General Fund to determine its cash needs and then calculates the amount of money that is not needed by borrowable funds.
- If the General Fund receipts exceed disbursements, then any outstanding loans are repaid from the surplus. If disbursements exceed receipts, and the General Fund cash and Revenue Anticipation Note (RAN) resources have been exhausted, then loans are processed from available borrowable sources to cover the shortage.
- Loans are processed first from interest-free sources, and repaid last, to minimize costs.

# Borrowable Sources

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- SPECIAL FD/ECON UNCERTAINTIES (0374) – Interest-free. Amount equal to 10% or less of the total additions of the preceding fiscal year.
- DISASTER RESPONSE -EMERG OPERATION (0375) – Interest-free.
- 1987 Higher Education Account, Disaster Response-Emergency Operations Account (0377) - Interest-free.
- General Fund Special Accounts (GFSA) - Interest-free.
- Sundry – Interest-free
- PMIA – Interest bearing at the daily PMIA rate.

# Configuration

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- Cash Accounts will be configured funds so that real time cash position can be determined for repayment and borrowing purposes.
- The user can configure a maximum borrowable amount beyond which money cannot be borrowed from the source.
- Each borrowable source is a participant and is tied to a loan. The borrower on that loan is the general fund and the lender is the borrowable source.
- The borrowing and repayment priority decide the sequence in which money will be borrowed from or repaid to by the general fund.

# Borrowable Sources



## Borrowing Sources

\*SetID

Borrowable Source Type

Description

Status

Repayment Priority

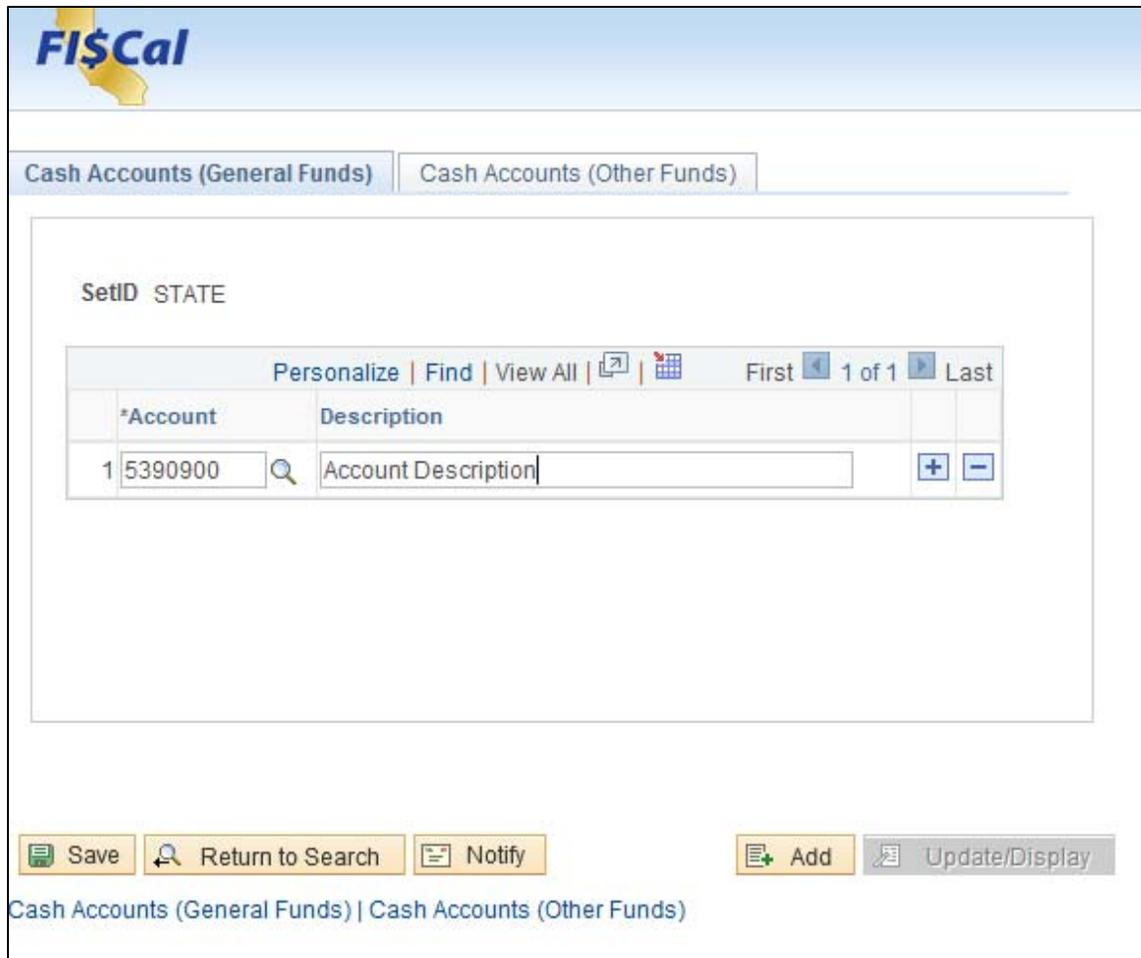
Borrowing Priority

Grid Personalize | Find | View All |  |

First  1 of 1  Last

*Loan ID	Participant ID	Fund Code	Status	Maximum Borrowable Amount	Minimum Balance		
1 <input type="text" value="0000000015"/> <input type="button" value="Q"/>	<input type="text" value="12456"/>	<input type="text" value="123"/>	<input type="text" value="Active"/>	<input type="text" value="7500000.000"/>	<input type="text" value="5000.000"/>	<input type="button" value="+"/>	<input type="button" value="-"/>

# Cash Accounts



The screenshot shows the FI\$Cal web application interface for managing Cash Accounts. At the top left is the FI\$Cal logo. Below it are two tabs: "Cash Accounts (General Funds)" and "Cash Accounts (Other Funds)". The main content area displays a table with columns for "SetID" and "STATE". Below the table is a search and navigation bar with options for "Personalize", "Find", "View All", "First", "1 of 1", and "Last". The table contains one row with the account number "1 5390900" and the description "Account Description". At the bottom of the interface are several action buttons: "Save", "Return to Search", "Notify", "Add", and "Update/Display".

SetID	STATE
1	5390900

Account Description

# Process Flow

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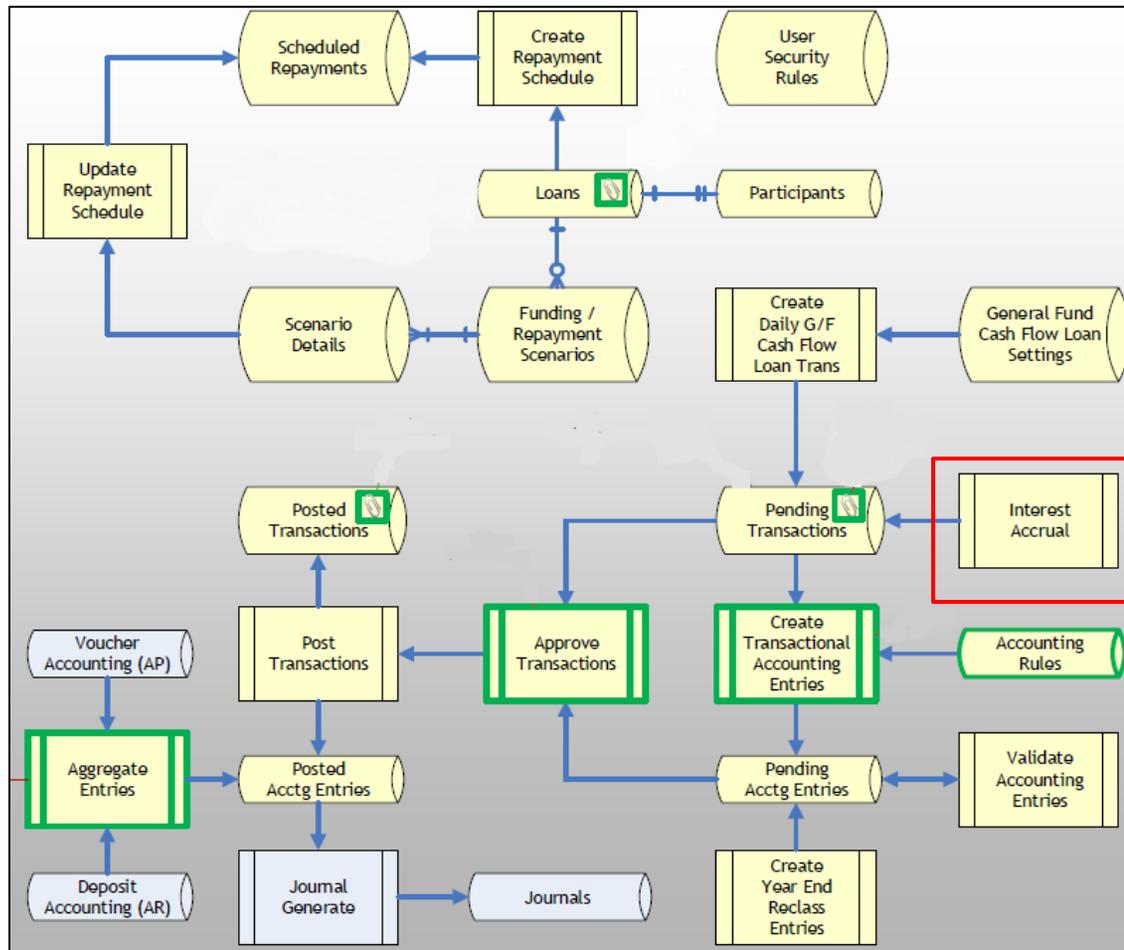
- Calculate current General Fund cash balance (sum of balance in cash accounts)
- Calculate the 'Mandatory Repayments' from the General Fund.
- Create repayment transactions and accounting entries for the mandatory repayments.
- Calculate the General Fund cash balance again
- If the General Fund Cash Balance is positive, pay the borrowing source types and sources in the ascending order of repayment priority respectively until the General Fund Cash Balance is zero.
- For PMIA only principal repayments will be made. Interest is calculated and paid separately.

# Process Flow

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- Create repayment transactions and accounting entries for the supplemental repayments.
- If GF Cash Balance is negative - Calculate cash balances for all sources within the borrowing priority 1 source type. Create borrowing transactions against sources until either the General Fund cash balance is zero or the maximum borrowable limit is reached (total cash balance in most cases). For multiple sources, the source with the higher amount will be chosen first. Repeat this process in ascending borrowing priority of source types.
- Create borrowing transactions and accounting entries for the borrowings
- Borrowing and repayment are mutually exclusive for a given run i.e. only one of them will take place.

# Application Flow

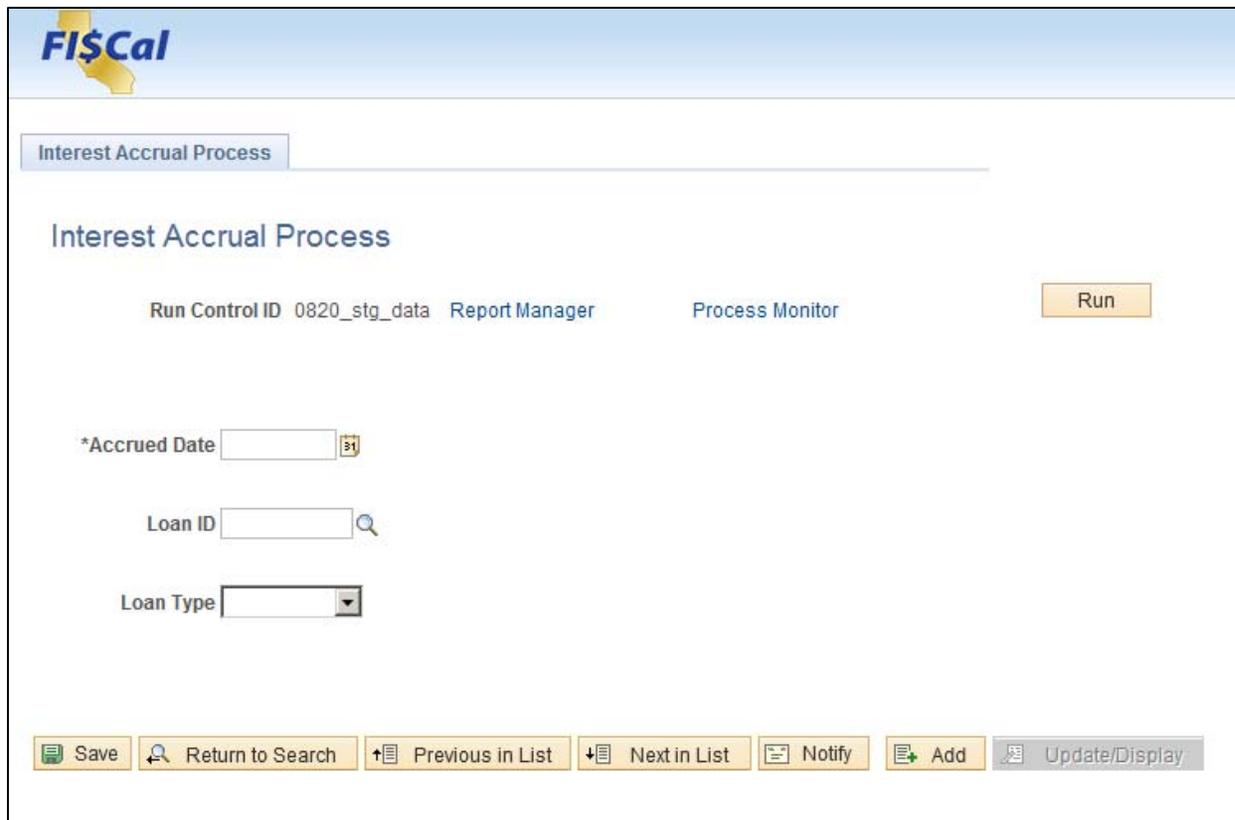


# Interest Accrual

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- All interest bearing loans will accrue interest on a recurring basis or on-demand.
- Interest calculation can be fixed or variable.
- For fixed interest loans, the interest rate will be specified on the loan itself.
- For variable interest loans, a rate type (configurable item) will be specified on the loan.
- A rate type is simply a list of dates and the interest rates on those dates for a particular loan type.
- For PMIA interest will be calculated daily based on the daily PMIA rate and paid out quarterly.
- All automated interest accrual transactions will need to be verified by a user before they can be finalized.

# Interest Accrual



The screenshot shows the 'Interest Accrual Process' web interface. At the top left is the 'FI\$Cal' logo. Below it is a breadcrumb trail: 'Interest Accrual Process'. The main heading is 'Interest Accrual Process'. Below the heading, there are links for 'Run Control ID 0820\_stg\_data', 'Report Manager', and 'Process Monitor', followed by a 'Run' button. Below these are three input fields: '\*Accrued Date' with a calendar icon, 'Loan ID' with a search icon, and 'Loan Type' with a dropdown arrow. At the bottom, there is a toolbar with buttons for 'Save', 'Return to Search', 'Previous in List', 'Next in List', 'Notify', 'Add', and 'Update/Display'.

# Rate Type

[Favorites](#) > [Main Menu](#) > [Set Up Financials/Supply Chain](#) > [Product Related](#) > [Loan Accounting](#) > [Interest Rate Type](#)

**FI\$Cal**

## Interest Rate Type

**Interest Rate Type:** Type 1      **\*Status:**

**Description:**

Rate		Find   View All	First	1-3 of 3	Last
<b>Effective Date:</b>	<b>*Rate:</b>				
<input type="text" value="08/04/2015"/>	<input type="text" value="10"/>				<input type="button" value="+"/> <input type="button" value="-"/>
<input type="text" value="08/04/2015"/>	<input type="text" value="15"/>				<input type="button" value="+"/> <input type="button" value="-"/>
<input type="text" value="01/01/1901"/>	<input type="text" value="25"/>				<input type="button" value="+"/> <input type="button" value="-"/>

# Interest Accrual - Example

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- A loan starts accruing interest as of 3/20/2015 and the interest needs to be accrued through 6/17/2015.
- The interest rate from 3/20/2015 to 4/25/2015 is 3%, from 4/26/2015 through 5/20/2015 is 4% and from 5/21/2015 until 6/17/2015 is 5%.
- The loan balance as of 3/20/2015 is \$1000, as of 4/20/2015 is \$2000, as of 5/10/2015 is \$1500, as of 5/18/2015 is \$1400 and as of 6/17/2015 is \$1400.

The below table summarizes the transactions created by the interest accrual process



# Interest Accrual - Example

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The below table summarizes the transactions created by the interest accrual process:

Prior Balance	Current Balance	Prior Interest Rate	Current Interest Rate	Transaction Date
\$1000	\$2000	3%	3%	4/20/2015
\$2000	\$2000	3%	4%	4/26/2015
\$2000	\$1500	4%	4%	5/10/2015
\$1500	\$1400	4%	4%	5/18/2015
\$1400	\$1400	4%	5%	5/21/2015
\$1400	\$1400	5%	5%	6/17/2015

The below table summarizes the transactions created by the interest accrual process



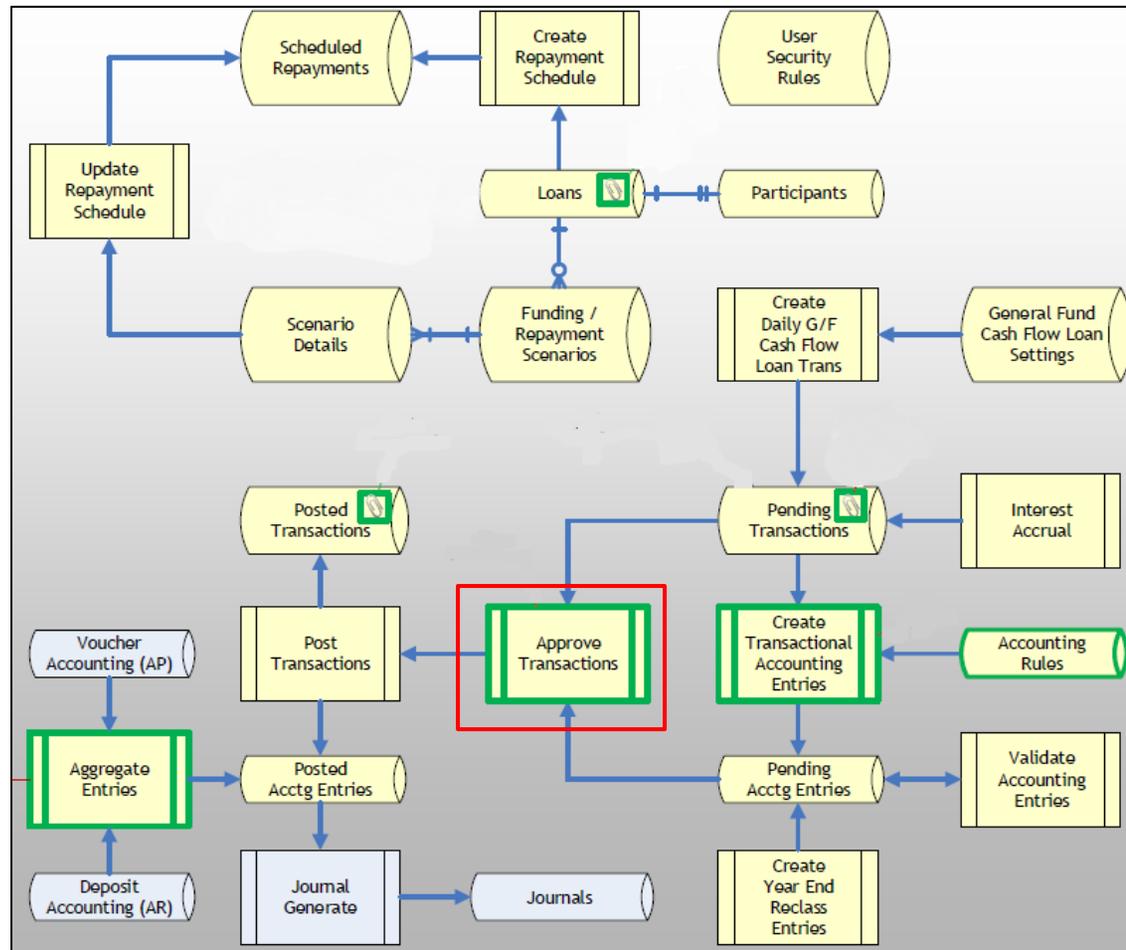
# Interest Accrual – Example

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The below table summarizes the transactions created by the interest accrual process for Daily General Fund Cash flow – PMIA loans:

Loan Balance	Transaction Date	Amount Borrowed	Amount Repaid	PMIA Rate
\$1000	4/20/2015	1000	0	3%
\$700	4/21/2015	0	300	3%
\$2000	4/22/2015	1300	0	4%
\$2000	4/23/2015	0	0	4%
\$1200	4/24/2015	0	800	5%
\$1500	4/25/2015	300	0	5%

# Application Flow



# Approval Workflow

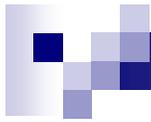
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- Any loan transaction (Department or SCO) affecting fund balances needs to be approved by SCO
- All loan SCO loan transactions and accounting entries will need to be approved by one or more hierarchical level of SCO approvers
- All departmental loan transactions and accounting entries will need to be approved by one or more hierarchical level of department approvers and if they affect fund balances then again by one or more hierarchical level of SCO approvers
- Only budget checked and ChartField validated transactions may be routed for approval and only approved transactions may be posted.

# List of Reports

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- GF Cash Flow Loan Configuration Report (RPTLA002)
- Pending Transactions Report (RPTLA003)
- Posted Transactions Report (RPTLA004)
- Interest Rate History Report (RPTLA005)
- Scheduled Repayments Report (RPTLA006)
- Loan Listing Report (RPTLA007)
- Accounting Rules Report (RPTLA009)
- Posted Accounting Entry Report (RPTLA010)
- Statement of Account Report - v1 (RPTLA011-01)
- General Fund Internal Borrowing Report (RPTLA012)
- Loan Disbursement and Repayment Report (RPTLA013)
- Loan Accounting Classification Report (RPTLA014)
- General Fund PMIA Activity Report (RPTLA016)



## Question and Answer