SOUC
2018

SedonaOffice Users Conference
San Francisco, CA | January 21 – 24, 2018

Accounts Receivable
Setup 101

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Accounts Receivable Overview

The Account Receivable module is probably the most frequently used module in SedonaOffice. It contains all the functionality necessary to operate the Accounts Receivable part of your business.

This session is designed to communicate information pertaining to some of the Accounts Receivable Setup options within the SedonaOffice application. The topics that will be covered in this document are:

- Aging & Aging Buckets
- Item Types
- Invoice Items
- Invoice Descriptions
- AR GL Default Accounts
- Credit Reasons
- Collection Queues

Aging Categories (Buckets) and Aging

When a company implements SedonaOffice, the Aging Categories (buckets) that will be used when aging customer invoices and credits is established.

Aging Categories (Buckets)

Aging Categories are used to group a company's accounts receivable by a determined number of days. The most typical aging categories are setup in periods of 30 days. In SedonaOffice, five Aging Categories are available. Most companies setup their aging categories as shown below.

Aging Method

The method in which a customer invoice ages is based upon the Term Code type that is assigned to the invoice. There are four A/R Term Code Types from which to select when creating Term Codes:

- Age from the invoice date + the number of days assigned to the Term Code
- Age from End of Month
- Age from End of Month + number of days assigned to the Term Code
- Age from the Invoice Aging Date (entered on the invoice)
-

Invoice Date + Term Days

In the below example, the Invoice Date is 12/01/2016 and the Term Code is Net 30 days. This invoice will appear in the Current Aging Bucket until December 31st, which is the calculated invoice due date.

End of Month Term Code

A new Term Code (End of Month) became available in the 5.7.57 release of SedonaOffice. This term code can be used for defining the last day of the month as the due date. An invoice with this term code will appear in the Current Aging Bucket until the last day of month, which is the calculated invoice due date.

Notes

End of Month + Term Days

Besides being used for defining the last day of the month as the due date, you can define the last night of the month plus additional days as the due date. For instance, below they indicated end of month plus 15 days, an invoice with this term code will appear in the Current Aging Bucket until the 15th of the following month, which is the calculated invoice due date.

Terms

Terms

Term	Description	Days Due	Based On	Disc Days	Disc %
2-10 N-30	2%-10 Days Net-30 Days	30	Due Date	10	2
2-20 N-60	2%-20 Days Net-60 Days	60	Due Date	20	2
AP Month End	AP Month End	10	Aging Date	0	0
Conv Invoice	Terms for converted invoices	0	Aging Date	0	0
Due On Receipt	Due On Receipt	0	Aging Date	0	0
End of Month	End of Month	0	Aging Date	0	0
Net 10	Net 10	0	Due Date	10	5
Net 30	Net 30	30	Due Date	0	0
On Receipt	On Receipt	0	Due Date	0	0
Same?	Same?	0	Aging Date	0	0

☐ Include Inactive

General

☐ Inactive

Term Code   End of Month
Description   End of Month

A/R Aging Based On   A/P Discounts

○ Invoice Aging Date (A/R Only)   Discount Days 0
○ Due Date   Days Net Due 15
◉ End of Month   Discount %   0

Invoice and Bill Due Date will be (End of Month + Days Net Due)

[Apply]   [New]   [Delete]

Notes

Invoice Aging Date

In the below example, the Invoice Aging Date is 12/20/2016 and the Term Code is using the Invoice Aging Date method. This invoice will appear in the Current Aging Bucket until December 20th, which is the invoice due date.

Notes

Item Type Setup Table

An *Invoice Item Type* is a code assigned to each *Invoice Item* code, which enables the application to apply sales tax to the item being invoiced based upon the type of service being invoiced to your customer. Most government agencies base sales tax calculations on a defined list of sold service types. These types of sales are typically one of the following:

- Inventory Parts
- Non-Inventory Parts
- Labor
- Recurring Services
- Non-Recurring Services

The SedonaOffice software is delivered to you with pre-set Item Types; you may use these codes and create additional codes to handle complex sales tax situations, which may exist in a particular taxing jurisdiction.

When setting up an Invoice Item you must first select an Item Type. Once the Invoice Item has been saved, the *Item Type* cannot be changed. If you make an error in selecting the Item Type, you will need to delete the record and re-enter it with the correct Item Type.

Invoice Item Types

Invoice Item Types

Invoice Item Types	Description	Recurring	CS Service	
IP	Inventory Part	N	N	
LB	Labor	N	N	
NIP	Non-Inventory Part	N	N	
NR	Non-Recurring	N	N	
OC	Other Charge	N	N	
ORS	Other Recurring	Y	Y	
RS	Recurring Service	Y	Y	
TX	Tax	N	N	

☐ Include Inactive

Invoice Item Types Edit

☐ Is Recurring

Invoice Item Types [   ]

Description [   ]

☐ Central Station Service

[Apply] [**New**] [Delete]

Tax Tables determine which types of services (Item Types) are taxable.

Tax Table Setup

Tax Tables

Tax	Description	Current Rate	Agency	GST
.87542	.87542	8.7542	MI Treasurer	N
1st 5000	1st 5000	7.0000	MI Treasurer	N
AL State	AL State	0.0000	OH Comptroller	N
AL-Phenix City Local	AL-Phenix City Local	8.7500	OH Comptroller	N
GST	GST	8.0000	MI Treasurer	Y
MI 6%	MI 6%	6.0000	MI Treasurer	N
MI-Oakland County	MI-Oakland County	1.0000	MI Treasurer	N
MI-State Sales Tax	MI-State Sales Tax	6.2500	MI Treasurer	N
MI-Tax Exempt	MI-Tax Exempt	0.0000	MI Treasurer	N
MI-Wayne County	MI-Wayne County	1.0000	MI Treasurer	N
Miami-Dade County	Miami-Dade County	1.0000		N
NY-Suffolk County	NY-Suffolk County	8.6250	MI Treasurer	N
OH - Geauga County	OH - Geauga County	6.0000		N

☐ Include Inactive

Tax Table Setup | Effective Dates & Formula

☐ Inactive

☐ GST Tax

Tax Table: MI-State Sales Tax

Description: MI-State Sales Tax

Account: 250110
Sales Tax Payable-Michigan

Tax Agency: MI Treasurer

Item Types:
- ☑ Inventory Part-Jobs
- ☑ Inventory Part-Service
- ☑ IPS-PST
- ☐ Labor-Jobs
- ☑ Labor-Service
- ☐ LBS-PST
- ☑ Materials-Service
- ☐ Non-Inventory Part
- ☐ Non-Recurring
- ☐ NR1
- ☐ NR2

[Apply] [New] [Delete]

Notes

Invoice Items Setup Table

An *Invoice Item* is used for the individual line item charges entered on Customer Invoices, all charges other than Inventory Parts should be setup as an Invoice Item. The Invoice Item setup table is a large table with many fields, please make sure they are setup correctly as these Invoice Items will directly affect your reporting and sales tax. Each line on an invoice will be assigned an Invoice Item. Invoice Items are used on all types of Invoices and Credit Memos.

Invoice Item Data Entry Fields:

- Item Type: Each Invoice Item is assigned to an Item Type, which is used to determine the taxability of the item.

- Item (Code): The code you assign that users will be able to select from when creating lines on an invoice or credit memo. The code does not print on the customer invoices.

- Description: Description of the invoice item; will print on customer invoices.

- Non-Deferred Income Flag: If the Item Type selected is a Recurring Type of service, you may choose whether to defer the income for this invoice item code.

- Default Rate: The default rate entered will be used in Invoices and Credits when selecting this Invoice Item, but may be overridden on each invoice line created during invoice processing. If the item has a different rate every time it is entered, you can default the rate to zero.

- Deferred Account: If the Invoice Item is for recurring services and you want the deferred income to post to a specific GL account, make a selection from the drop-down list. If no selection is made, deferred income will post to the company's default deferred income account.

- Account: Each Invoice Item is linked, typically, to an income type G/L Account. This is the G/L Account that will be credited or debited on invoice and credit memo transactions.

- Category: The default category to be assigned to this invoice item.

- Job Costing (Method): You may select a job costing type which is saved on invoice transactions for reporting purposes.

- Default Cost: The Default Cost, if any, for the Item code. This field is used with third-party Sales Estimating programs.

- Taxable Flag: Determines if Sales Tax should be calculated on this Item, if the item meets the sales tax rules for the taxing jurisdiction of the site location. If this box is left un-checked, the invoice item will never be taxed.

- Available in Sales Flag: Determines whether this Item is available for use on sales quotes. This field is used with third-party Sales Estimating programs.

- Available in Service Flag: Determines whether this Item is available for use on Service and Inspection Tickets.

Invoice Items

Invoice Items List

Item	Description	Type	G/L Code	Category
INSP Fire System	Inspection-Fire System	RI	421340	S-Insp Con
INSP Fire Waterflow	Inspection-Fire-Waterflow	RI	421340	S-Insp Con
Lease	Equipment/System Lease	RL	480110	G & A
Wholesale Digital MON	Wholesale Digital Monitoring	RM	430110	3rd Party Dealer
TSTD	Daily Test	RM	430110	Monitoring
TSTW	Weekly Test	RM	430110	Monitoring
RAD	Radio/Cellular Backup	RM	430110	Monitoring
OCLG	Open/Close Logging	RM	430110	Monitoring
OCRPT	Open/Close Reports	RM	430110	Monitoring
OCSUP	Open/Close Supervised	RM	430110	Monitoring
WEB	Web Access	RM	430110	Monitoring
MON	Monitoring	RM	430110	Monitoring
Mon-Fire	Monitoring - Fire	RM	430110	Monitoring
Monitoring	Monitoring Services	RM	430110	Monitoring
3rd Party Digital Monitor	Digital Monitoring	RM	299000	3rd Party Dealer
MON-Dealer	Monitoring Services	RM	431000	Monitoring
Installment R	Installment billing	RO	289000	G & A
UL Fees	UL Fees	RO	430110	Monitoring
Permit-RMR	Permit	RO	250300	G & A
Maint Agr	Maintenance Agreement	RW	421330	Monitoring
SVC CONT	Service Contract	RW	421330	S-SVC Con

☐ Include Inactive

Item Edit

				☐ Inactive
Item Type	RM	Account	430110 ▼ 📖	☑ Taxable
	Recurring-Monitoring Services ☐ Non Deferred Income		*Revenue - Monitoring*	☑ Available in Sales
		Category	Monitoring ▼	
Item	MON		*Monitoring*	
Description	Monitoring	Job Costing	L ▼	☑ Available in Service
Default Rate	0.00	Default Cost	0.00	
Deferred Acct	▼ 📖		Apply New Delete	

Invoice Descriptions Setup Table

An Invoice Description is a required field on all Invoices and Credit Memos produced in SedonaOffice. The records entered in this table are selectable when creating a customer invoice or credit memo. An Invoice Description summarizes the types of services contained on the customer invoice or credit memo; these should be very generic descriptions.

The description field of Invoice Descriptions will display when viewing invoices under the Customer Explorer Active Pane in the Customer View to identify what type of invoice you are looking at before opening the invoice to view the details.

Additionally the description field of the Invoice Description will print on some Customer Invoice forms and Credit Memos and most Statement printing forms.

G/L Account Defaults - Accounts Receivable – Setup Table

The General Ledger account numbers defined on this form will be used for posting Accounts Receivable transactions to the General Ledger. Manual Journal Entries should never be created using any of these accounts.

Notes

G/L Account Defaults - Accounts Receivable – Setup Table

Below are definitions of the default General Ledger Accounts Receivable Accounts:

- Balance Equity/Inter-Company - Used for automatic adjusting entries when using the Bank Reconciliation.

- A/R – Accounts Receivable account number.

- Deferred Revenue – The offset account to Accounts Receivable when posting Cycle Invoices. If your company does not defer recurring income, you still need to link to the default Deferred Revenue account delivered with the software.

- Late Fee - Income account used if a User applies all or a portion of a customer payment to pay Late Fees. If your company does not assess Late Fees, you still need to link to the default Late Fee account delivered with the software.

- Discount – This account is currently not used by the software, however it is a required field. You may use the A/P Discount account number in this field as the default.

- Inter-Branch Revenue – This is a transactional movement account and is only used if a Cycle Invoice is created where there are multiple Sites being invoiced and all the Site Branches are not the same.

- Advance Deposit – If a User applies a customer payment using the Advance Deposit option [on the Payment Processing form] and links to a Job number, the funds are held in this account until the payment is applied to a Job Invoice.

- Unapplied Cash – If a User applies a Customer Payment using the Unapplied Cash option, the funds are held in this account until the payment is applied to a Customer Invoice.

- Unapplied Credit – If a User creates a manual Credit Memo, the credit is held in this account until it is applied to a Customer Invoice(s).

- Undeposited Funds – As a User is entering Customer Payments into a Payment Batch, this is the offset account to Accounts Receivable. When a User deposits the payment batch, this account is credited and the Bank account for the deposit is debited.

- PrePay AR – This account is used if applying a customer payment to an invoice with a future date.

Credit Reason

The *Credit Reason* table is used to define the various reasons for which a customer Credit Memo is generated. This field is used for reporting purposes. It is highly recommend this option be used to track how much and why credits are being generated by Users.

Notes

Collection Queue Types

Even though collecting on past due customer accounts is typically considered a function of the Accounts Receivable department, in SedonaOffice, Collections is part of the Client Management module.

The Collections option within the Client Management module is used to set up new Collection Profiles (processing rules) as well as manage and track Collection activities performed by Collectors. A complete Collections history is displayed on the Customer Explorer record for customers who have ever entered into a Collection Queue. This is valuable information for spotting trends in chronically slow paying customers so that your company may plan for more proactive measures for these types of customers.

There are two types of Collection Queues; Sequenced queues and Non-sequenced queues. Each company may use Sequenced Queues only, Non-Sequenced Queues only or a combination of the two to manage collection activities. A customer may be in only one Collection Queue at any given time.

Sequenced Queues

Sequenced Queues determine in which Collection Queue a past due Customer should be placed based a company's business rules for each Collection Profile. With Sequenced Queues, Customers are placed in the appropriate queue each time the Auto Refresh Process is run for the Collection Queues or when a payment or credit is applied to the Customer.

When creating Sequenced Queues the sequence number is very important, as this will determine the Collection Queue in which the customer will be placed. The lowest sequence number indicates the most delinquent rules and the highest sequence number indicates the least delinquent rules.
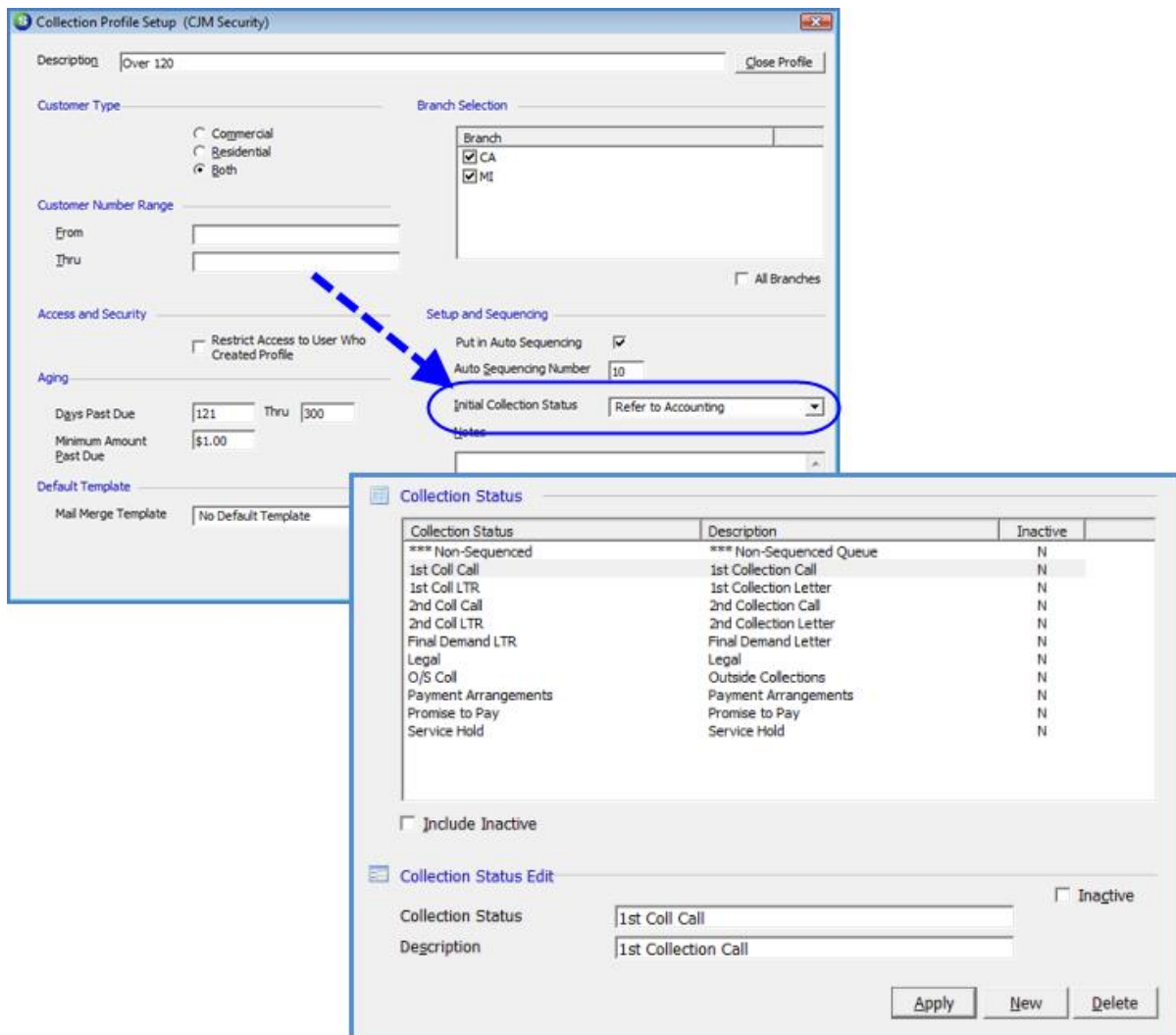
Notes

Non-Sequenced Queues

Non-Sequenced Queues are manual Collection Queues into which a customer may be moved from a Sequenced Queue. Once a Customer is placed in a Non-Sequenced Queue the Customer will remain there until it is manually removed from the queue. Non-Sequenced Queues are typically used to escalate a collection customer to a senior management staff member when normal procedural collection efforts have been exhausted. Non-Sequenced queues may also be used to hold collection customers while legal action is being pursued by your company.
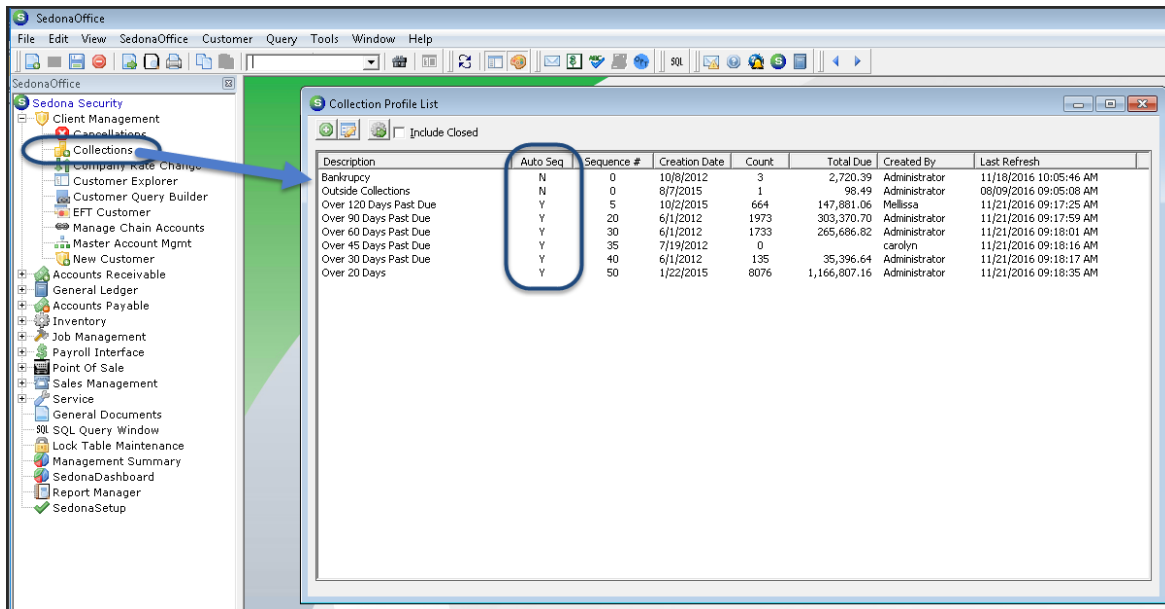
Notes

Collections Concepts

The work flow for processing collections customers depends mostly on your company's internal policies and procedures. The one setup table used in Collections, *Collection Status,* should be carefully designed to display words to non-collectors and non-accounting related employees that will guide the User in taking appropriate action when accessing a Customer Explorer record for a customer that is in collections. For example if a customer is in the 90-days past due Collection Queue and the Collection Status words displayed are 90-days past due, this does not instruct a Service Dispatcher to take any specific action. Collections Statuses such as *No Service* or *Contact Accounting* may be more appropriate Collection Status words.

When a customer first enters a Collection Queue, that customer's collection record and customer explorer record is flagged with the default Collection Status assigned to the Collection Profile of which the customer qualifies. The customer's collection status will remain the same unless a User manually changes the collection status. If a customer becomes more delinquent and is automatically escalated to a more delinquent collection queue, the customer's collection status will not change. This will alert a User working a more delinquent collection queue of a new customer entering their working collection queue.

Notes

Collection Terminology

The following terminology is related to Collections Processing within the SedonaOffice application.

- Collection Profile – A collection profile is a set of rules that determines when a customer will be placed in a Collection Queue.
- Collection Queue – A Collection Queue is a list of customers that meet the rules of a particular Collection Profile.
- Collection Status – A label attached to a customer in a Collection Queue which identifies the delinquency/action to be taken when non-collector and non-accounting staff are speaking to the customer.
- Collection Activity – A collection activity is a code which is selected when a User is entering a collection event for a customer in a collection queue. This code describes the action taken by the collector; i.e. Sent Letter, Made Phone Call etc.
- Collection Event – A Collection Event is the recording of a collector's activity in an attempt to collect a customer payment. A collection event typically involves selecting a particular collection activity code, a follow up date and entering collection notes for a customer in a collection queue.

Notes