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Intragovernmental Transactions within MAPS

Objective

To properly classify and use the correct document type in the processing of transfers of cash and/or expenditure reimbursements between or within funds.

Policy

All transfers of cash and/or expenditure reimbursements are classified into several categories for financial reporting purposes. In order to correctly classify these categories, different documents are used to process the data in the Minnesota Accounting and Procurement System (MAPS). These categories are:

1.   **Quasi External**
   Quasi external transactions are purchases and sales between governmental units operating within MAPS. They recognize revenue and expenditures between or within state funds. Transactions between two funds should be processed using PV (Payment Voucher)--type 2 documents. Transactions within the same fund should be processed as PV3 documents. When this type of transaction is entered into the MAPS procurement component, the proper document type is automatically passed to the MAPS accounting component. These entries were formerly processed in the Statewide Accounting System (SWAS) using NA68 and NA69 transactions.

   Example: An agency uses General Fund money to pay Central Stores for supplies purchased. The entries to the general ledger would be a debit to Cash and a credit to Revenue for the receiving fund, and a debit to Expenditures and a credit to Cash in the paying fund.

2.   **Reimbursements**
   Transactions that reimburse should be processed as PV2 or PV4 documents. The PV2 document is related to one original object of expenditure code and the PV4 document is related to multiple original object codes. On a PV4, the original object code is not referenced, so the original expense budget is not restored. Instead, the entry is made using a special reimbursable object code (2R00), and negative expenditures are recorded in the expense budget. Reimbursement entries were formerly processed in SWAS using NA71 and NA72 transactions.

   Example 1: The Department of Natural Resources (DNR) reimburses the Department of Transportation (DOT) for gasoline. DOT originally purchased the gasoline, and DNR used some of it. Thus, DNR would reimburse the Department of Transportation using a PV2, referencing the original object code on the seller side. (In this example, DOT is the "seller.") The entries on

the general ledger for DNR are a debit to Expenditures and credit to Cash; for the Department of Transportation the entries are a debit to Cash and a credit to Expenditures.

Example 2: The State Treasurer's Office reimburses the Minnesota Management & Budget for services that Finance provided. Multiple object codes were used to provide the services. (In this example, Finance is the "seller.") The entries on the general ledger for the Treasurer's Office are a debit to Expenditures and credit to Cash; for the Minnesota Management & Budget the entries are a debit to Cash and a credit to Expenditures. On a PV4 the reimbursable object code must be used (on the seller side) or the transaction will be rejected.

3. **Equity Transfers**
Equity transfers are non-recurring transfers of funds such as contributions and repayments of contributed capital, and transfers of balances of discontinued funds (or accounts to another fund). Transactions of this nature should be processed in MAPS using JV (Journal Voucher) documents. These entries were formerly processed in SWAS using NA32 transactions.

Example: A federal project has been completed and there is an unliquidated appropriation balance that can be canceled to the general fund. The general ledger entries are a debit to Cash and a credit to Residual Equity Transfers-In in the receiving (General) fund and a debit to Residual Equity Transfers-Out and a credit to Cash in the paying fund. Residual equity transfers do not apply to proprietary-type funds--instead the Contributed Capital Balance Sheet account must be used.

4. **Operating Transfers**
Legally authorized transfers from one fund (or account) receiving revenue to another fund (or account) through which the resources are to be expended. These transfers must comply with legislative requirements and statutory instructions. Transactions of this nature should be processed in MAPS using AT (Anticipated Transfer) and TA (Transfer of Appropriation) documents. For more information, refer to policy 0307-01 (Appropriation Transfers) in the MAPS Operations Manual. These entries were formerly processed in SWAS using NA32 transactions.

Example 1: Transfers from the Highway User Tax Distribution Fund to the Trunk Highway Fund, the County State Aid Highway Fund and the Municipal State Aid Highway Fund, based on percentages set by statute.

Example 2: Transfers from the General Fund to the Debt Service fund for the payment of general obligation bond principal and interest. The general ledger entries for the TA document are a debit to Operating Transfers-out and a credit to Cash in the paying fund, and a debit to Cash and a credit to Operating Transfers-in in the receiving fund.

5. **Prior Year Adjustments**
Quasi-external, reimbursement or operating transfer transactions which relate to prior years' activity and which are material in amount ($100,000.00 and over), should be processed as prior year adjustments. Transactions of this nature should be processed in MAPS using JV documents. Any transactions which are immaterial should be processed as a PV2, PV4 or TA documents, whichever is appropriate.

Example: A Federal fund reimbursement to the General fund for its share of program costs for the preceding year. The general ledger entries are a debit to Cash and a credit to Prior Year Adjustment in the General Fund, and a debit to Prior Year Adjustment and a credit to the Cash in the Federal Fund.

6. **Change In Reporting Entity**
Reclassification of a fund/account from one fund type/fund to another. Transactions of this nature should be processed in MAPS using JV documents.

Example: Reclassification of the Special Workers Compensation Fund from an Agency fund to a Special Revenue fund. The general ledger entries are a debit to Cash and a credit to Change in Reporting Entity in the Special Revenue Fund and a debit to Change In Reporting Entity and a credit to Cash in the Special Workers Compensation Fund.

7. **Advances To Other Funds**
Temporary transfers between funds where there is a specific requirement for repayment. Transactions of this nature should be processed using JV documents.

Example: A loan from the General Fund to an Internal Service fund for equipment purchases.

8. **Definition of Documents**

PV2 (Interfund)
This voucher is used when intragovernmental payments are made from one fund to another. The expenditure side is in one fund and the receipt side is in another fund.

PV4 (Intragovernmental Reimbursement)
This voucher allows reimbursement by allowing an object code rather than a revenue source code in the accounting distribution. The object code in the receiving fund must have an object group of "RE" to indicate a reimbursable object.

JV (Journal Voucher)
Journal vouchers are used to record accounting events that cannot be recorded on any other MAPS document. It normally impacts balance sheet accounts other than what is defaulted from all other entries. Approval from DOF is needed to process this document.

TA (Transfer of Appropriation)
Appropriation transfers are the process by which an appropriations spending authority and cash may be moved from one appropriation to another.

See Also

MAPS Operating Policy and Procedure 0101-06 - MAPS Object Codes
MAPS Operating Policy and Procedure 0307-01 - Appropriation Transfers