Signature JC POC and Month End Close

Part I
The first half of the following document summarizes the table structure for posting a cost into the Job Cost module.

Part II
The second half of this document summarizes the Month End and the Job Cost Percentage of Completion (POC) process.

Part I: Tables and Windows for posted costs.
This document uses screenshots to show windows and briefly describes the tables affected for Posted Costs. The window below (Figure 1) is the Job Status window. This example of the drill down to detail starts with the cell holding $5,328.29 of costs in the second column, second row. The amount represents posted costs for this job for Materials/Equip.

Part I – Figure 1

Job Status in figure 1 is showing information from the JC_Job_MSTR table JC00102. Drill down on posted costs opens the Cost Code Summary window, Figure 2 below. The Cost Code Summary window is the JC00701 JC_Job_Detail_MSTR

Part I – Figure 2

Cost Code			Description			
Estimate Amount		Actual Amount		Estimate Units		Actual Units
00 -1000 -001			Engineering - Labor			
	2,000.00			304.23	80.00	10.00
00 -2000 -001			Project Management - Labor			
	2,625.00			3,106.23	105.00	74.00
01 -3000 -001			1st Floor Installation - Labor			
	5,000.00			3,139.03	250.00	73.00
02 -3000 -001			2nd Floor Installation - Labor			
	4,000.00			2,446.55	200.00	59.00
☆ 23 -7300 -001			Service Labor			
	0.00			340.00	0.00	3.00

Drilling down one step further opens the Cost Code Detail window, Figure 3 below, which is still information in the JC_Job_Detail_Master table JC00701. This is detail information for costs at the cost code level.

Part I – Figure 3

Each button at the bottom of Figure 3 opens a different window and pulls information from a different table. The View Monthly Costs Button drills to the JC_Job_Detail_Summary table JC20002. See screen shot Figure 4 below.

Part I - Figure 4
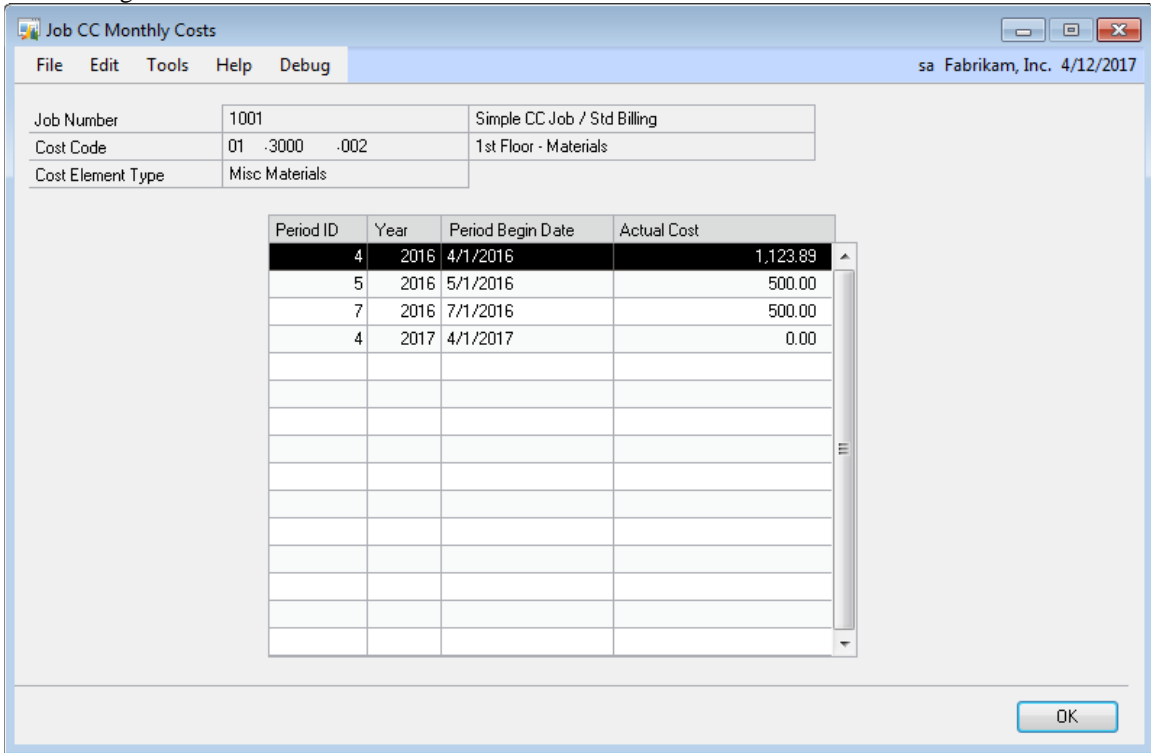
The information in the Job CC Monthly Costs window in Figure 4 is the JC20002 table, which holds the cost code information by month and year, by cost code.

Part I – Figure 5

Back to the Cost Code Detail window above, (JC00701) then drilling on the View Transaction button opens the Transaction Summary window which is the JC_Job_Transaction_Open table JC20001. The JC20001 information shows the most detail of the cost transaction. See screen shot Figure 6 below.

Part I – Figure 6


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Transaction Summary                                                    _ □ ×

Job              1000                Fixed Job Standard Billing
Cost Code        01  -3000   -002    1st Floor - Materials
Cost Element Type  Materials/Equip

Transaction Number      Type  Reference              Posting Date   Distribution Amount  ⌃
Description                                                                              ⌄
00000000000000522       PM    Advanced Office Systems  12/5/2006              357.42  ▲
00000000000000054       IV    Cantata FaxPhone 9800    12/22/2006           1,197.00
3711                    GL    Other Costs              1/9/2007                87.98
RCT1181                 REC   Advanced Office Systems  2/15/2007            3,065.55



                                                                                    ▼

                                                 Total Cost          $4,707.95


🖨                                                                         OK
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From the Transaction Summary window the user can drill down on the source transaction in Dynamics.
The Source transaction detail for the 4 transactions above (PM, IV, GL,REC) are not shown in this
document.

Part II

Posting Summary from Part I:

When a cost transaction is posted in Job Cost, a record is inserted into the JC_Job_Transaction_Open table JC20001, it updates the actual cost at the cost code level in the JC_Job_Detail_MSTR table JC00701 and it updates the period information at the cost code level in the JC_Job_Detail_Summary table JC20002. It also updates the total costs by element at the job level in the JC_Job_MSTR table JC00102.

The JC20002 table also captures Forecasted Costs by period for each cost code. The forecasted cost amount is derived by taking the cost code estimate in the JC_Estimate_Cost_Revision_MSTR table JC00401, plus any estimates from change orders for the cost code in the JC_Chg_Ord_Est_Revision_MSTR table JC01003, plus any forecast revisions for the cost code which are stored in the JC_Forecast_Cost_Revision_MSTR table JC00201. As estimate and forecast revisions are posted to cost code, the posting dates are captured on the tables above.

The Month End and Percentage of Completion Process:

One reason for discussing the tables/windows, drill down and posting summary for posted costs in Part I of this document is to help explain how the percentage of completion (POC) and month end processes are performed.

Beside the tables listed in Part I there is another table involved in the POC process, table JC20003 the JC_Job_MSTR_Summary. When the month is closed in Job Cost, Signature builds the period/year information by job and captures that record in the JC20003. The POC entry is then built from the JC20003 table.

In addition to posted cost amounts by period per job, the JC20003 also contains contract, contract earned, forecasted cost and billing amounts by job for each closed fiscal period.

Job Total Information Verse Job Period Information:

The Job Status window is always showing information at total to date (TTD) costs for the job. Notice, there is no period or date information shown in the Job Status window (Part I Figure 1). The Job Status window is information from the JC00102 Job Master table. Similarly, the cost code detail (JC00701) does not hold date information either, rather it holds cost information at the cost code level at total to date (TTD) as well. Date information is stored in the JC20001 JC_Job_Transation_Open table, and period/year information at the cost code level is stored in the JC_Job_Detail_Summary JC20002 table.

When the month end process is run in Signature, the record created in the JC_Job_MSTR_Summary table JC20003 contains job total to date information as of the end of that period. Essentially the JC20003 captures a "snapshot" of the Job Status window (JC00102) as of the last day of the period. The record in JC20003 holds the total to date costs and total to date billing and total to date earned information for each open job as of the last day of the closed period. To get at a single period of information it is necessary to take the difference between the current period and the previous period from the JC20003.

Example of information in the JC20003 calendar year, period 12 ends December 31, 2006.

Year	Period	Costs	Earned
2006	11	25,000	15,000
2006	12	30,000	17,500
2007	01	37,500	21,300

Period 12 costs are 30,000 total to date. To get period 12 only information requires taking $30,000 and subtracting period 11 costs of $25,000 which is $5,000. The Period 12 earnings are 17,500 less 15,000 or $2,500.

A key thing to keep in mind at month end is that the Job Status window is always job total to date, but the forecasts costs, change orders and posted costs shown in Job Status may be for periods that are after the

month you are closing. The percentage of completion calculation and information in the JC20003 table is date sensitive and for this reason the POC entry calculates from numbers that aren't necessarily the same as the Job Status window.

From the Job Status window click on the Job Status by Period button in the lower right corner. The Job Status by Period, Posted Costs tab, is a window that captures information from the JC20002 and JC20003 tables. See the screen shot below of the Job Status by Period window for the job shown in Part I. This information comes from a Temp table in Signature called the JC_JobStatusbyPeriodTEMP table.

Part II - Figure 1

Notice, the costs are all total to date. The periods shown above are 4 months beginning in period 3 (March 2017) through period 6 (June 2017). There is no change to the Expected contract or anticipated margin on the job in this example, however the total job costs and the Contract Earned numbers are changing. Per the window above, the cost for period 4 can be calculated as $12,904.12 less period 3 costs of $10,917.37.

The Month End Process and Reconcile Utility:
   a)   Reconcile Jobs:
One of the recommended utilities to run is the Reconcile Jobs process. It is recommended to be run at month end to ensure that the detail tables (JC20001 and JC00701) update the amounts in the master table (JC00102). Reconcile Jobs is a process that will start at the detail table JC20001 and add posted costs, by cost code, then it will update the posted cost in the JC00701 actual cost by cost code. While in the JC00701 reconcile will also use the JC00701 estimated and forecasted costs and update the JC00102 for the actual, estimated and forecasted costs by element. Reconcile will also update the Expected Contract based on the Contract Amount in the Job Maintenance window plus posted change order amounts.   Reconcile is recommended before closing months because the cost, forecast, and contract amounts from the JC00102 job master table are used during the month end process.

   b)   Reconcile Billing:

Not as extensive as reconcile jobs, (fewer tables and records) this process starts at the detail tables JC20502 (JC_Cash_Receipts_Open) and updates the JC20501 (JC_Invoice_Open) for applied amounts. Then the JC20501 and adds all invoices and cash amounts and updates the JC00102 JC_Job_MSTR with billing information.

The Month End Process and the percentage of completion calculation:
The percentage of completion calculation in Signature is based on the cost over cost method. The calculation is straight forward (Posted Cost/Forecasted Cost) X Total Contract= Contract Earned. This calculation can be seen anytime in "real time" by looking at the top part of the Billed Position window (shown below in Figure 2) which is seen from the Billed Position button off of the Job Status window:

Part II - Figure 2
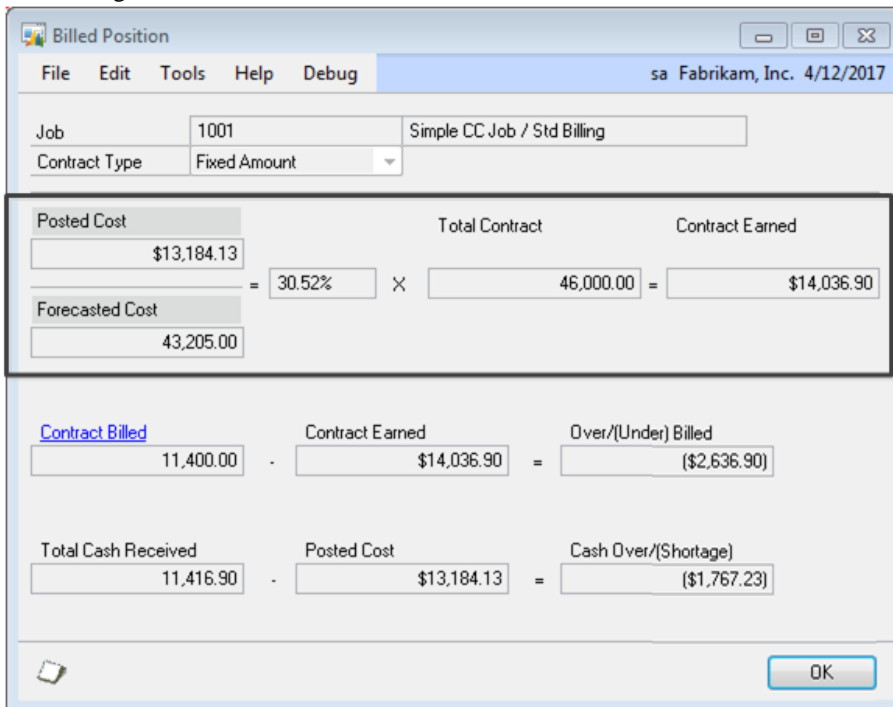
During the month end process, the percentage of completion calculation is exactly the same, the only difference is that posted costs, forecasted costs, billed amount and the contract amount are date sensitive and the numbers used to do the calculation may be-and most probably will be- different than what is seen real time in the billed position window. The Over/Under billed calculation is also shown in the billed position window above. This job shows an under billed of $2,636.90 at this point in time.

For jobs that are assigned to a project that is using the Project Level POC Method, the POC calculation in Job Cost is the same formula as above except the percent complete is calculated at the project level. The total posted cost for all jobs on the project is divided by the total forecasted cost for all jobs on the project to get the percent complete for the project. This project level percent complete is then used for each job assigned to the project during the POC process.

The Month End Process and POC Edit List:
The POC Edit List is a good report to use to see what the calculation will be for the month being closed. It is also a good report to use to reconcile the costs, progress billings and indirectly, the earned amount, before actually closing the month and posting the POC entry. The POC Edit List is date sensitive to the period it is being run for, and it may be a good idea to keep a copy of the report. At the same time, the POC Edit List will not be current if it is printed and saved before any of the 3 variables of the percentage of

completion calculation change in the current month. It is recommended to run a new POC edit list before closing the month and building and posting the percentage of completion.

The Month End Process and Closing the Month:
The window below is an example of the Month End Closing window for period 1 of year 2007.

Part II – Figure 3
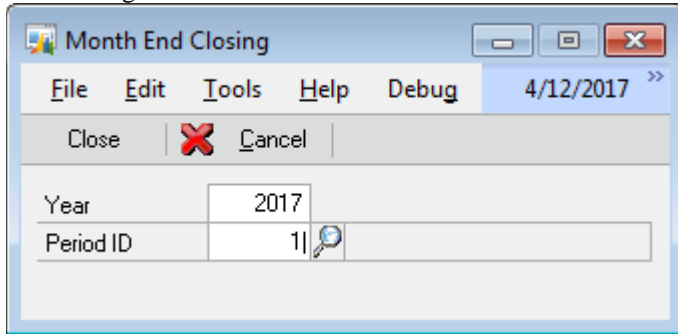
When the month is closed in Signature, the JC Period Setup table JC40602 is updated to record the month is closed. The JC20003 JC_Job_MSTR_Summary is updated with a record for each <u>open</u> job in the system at the time the month is closed. Note, if the job is closed in Signature before the month is closed, there will be no record in JC20003 because the closed job is gone from the JC00102 job master table. See the discussion for closing jobs later in this document.

Something to keep in mind is that closing the month end will not create a general ledger transaction or batch, but it is the process that creates the records needed for the general ledger transaction when building and posting the POC entry. Closing the month in Job Cost is not a "hard close". That is, once closed a period can be re-opened and costs, billings or forecast revisions can be posted to jobs in that period after which the period is closed again.

Also, even if the company does not use the percentage of completion method of accounting, it is still a good idea to close months in job cost to capture costs to the JC20003 table at the job level that have period sensitive information .

Month End Closing and the Recreate Summary File Utility:
The Recreate Summary File utility is not the same as the Reconcile Jobs utility and is not something that is recommended as a part of the month-end closing process. The Recreate Summary File utility is available for use as a tool to create summary records in JC20003 when users are cutting over from other systems, or if they are customizing their application and importing transactions to the JC20001 table and as an emergency measure if needed to re-add the summary tables JC20002 and JC20003 for a particular job. If a user is seeing numbers in the POC edit list that do not make sense, it might be a utility they consider running.

This utility will look to the JC20001, for costs and posting dates and rebuild the JC20002 by period. In addition to costs, the Recreate Summary File also rebuilds the Forecasted Costs by period for each cost code in the JC20002 table code using the same tables listed in the Posting Summary section above. The forecasted cost amounts are derived for each period by taking the cost code estimate in the JC_Estimate_Cost_Revision_MSTR table JC00401, plus any estimates from change orders for the cost code in the JC_Chg_Ord_Est_Revision_MSTR table JC01003, plus any forecast revisions for the cost code which are stored in the JC_Forecast_Cost_Revision_MSTR table JC00201.

Once posted and forecasted costs by period are obtained and captured in JC20002, the utility in turn rebuilds the JC20003 table for all closed periods in Job Cost. Posted and forecasted costs by job at a cost element level are captured for each period in the JC20003 table. The Recreate Summary File utility also recreates the job's billed, contract and contract earned amounts in the JC20003 table.

The following tables are used by the Recreate Summary File utility to calculate the correct contract and contact earned amounts per job for each closed fiscal period:

JC00102 JC_Job_MSTR
JC00104 JC_Job_Contract_MAX_MSTR
JC00114 JC_Job_Contract_Amount_Audit
JC00115 JC_Job_Change_Order_Audit
JC00116 JC_JC_Job_Contract_Type_Audit
JC00117 JC_Project_POC_Method_Audit
JC00118 JC_Project_Job_Audit
JC00401 JC_Estimate_Cost_Revision_MSTR
JC01001 JC_Change_Orders_MSTR
JC01701 JC_Project_Number_MSTR

The Month End and Build POC Process:
Figure 4 below is an example of the Build POC Entry Window for period 12 of year 2006.

Part II – Figure 4
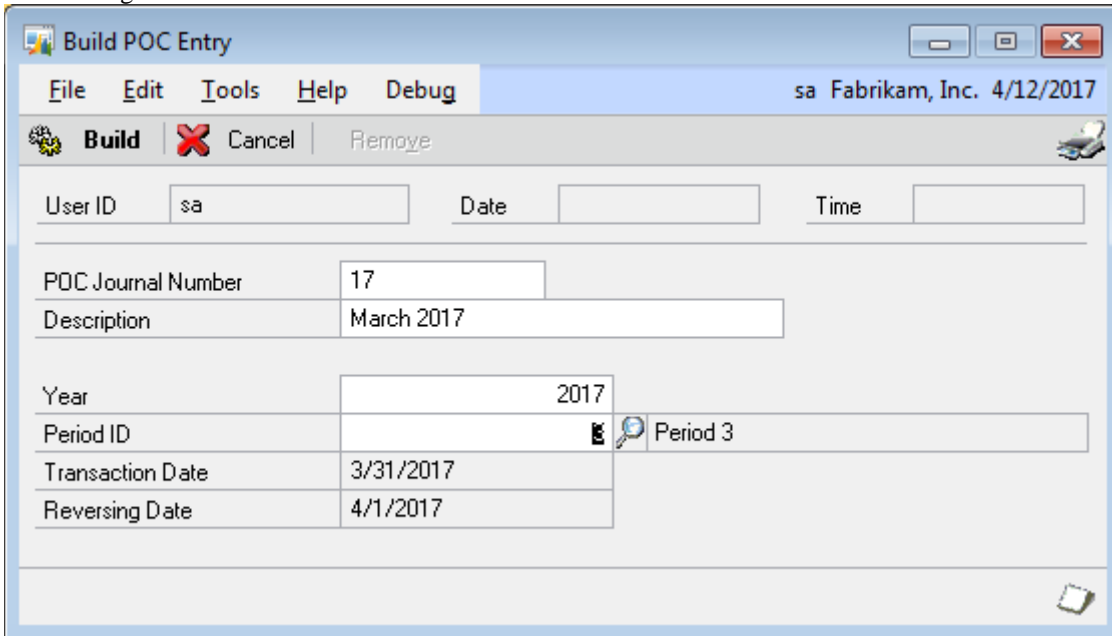
The Build POC Entry for the year and period is available only after the period is closed. At Build POC the JC POC Work/Open table JC20101 table is updated with a record for each division to capture the amount to be passed to the general ledger at post.

The Month End Process, Posting the Percentage of Completion and the General Ledger:
Figure 5 below is the Build POC Entry after the entry has been built but before it is posted.
Part II – Figure 5

At post the GL10000 or GL20000 will be updated depending if the Post Through the GL option is checked on the posting option in job cost setup as shown below.

Part II – Figure 6

The batch created has ID "POC m/dd/yyyy" where m/dd/yyyy is the User Date at build. Detail of the December 2006 period end posting journal shown below in Figure 7.

Part II – Figure 7

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Screen Output - General Posting Journal

Print   Send To   Modify   72%   ▼   Completed 1 Page

System:    6/15/2007   4:32:27 PM              Fabrikam, Inc.                    Page:    1
User Date: 3/31/2007                    GENERAL POSTING JOURNAL               User ID: sa
                                            General Ledger
* Intercompany Journal Entry

Batch ID:      POC 3/31/2007
Batch Comment: POC Entry

Approved:      No           Batch Total Actual:      $20,022.78   Batch Total Control:     $0.00
Approved by:                Trx Total Actual:                 1   Trx Total Control:           0
Approval Date:


   Journal    Transaction  Transaction  Reversing   Source   Transaction          Audit Trail   Reversing Audit
    Entry        Type         Date         Date     Document  Reference              Code          Trail Code
   ----------------------------------------------------------------------------------------------------------------
      3,723    Reversing    12/31/2006   1/1/2007    POC      COMMERCIAL          GLTRX00000111  GLREV00000111

            Account                Description                              Debit            Credit
            -----------------------------------------------------------------  ----------------  ----------------
            Job Number/       Cost Code Number    Cost Element Type
            Service Call ID    SMS Cost Code        Description
            -------------------------------------------------------------
12/31/2006  000-1280-02             Progress Billings Jobs-COMMERCIAL        $5,500.00
12/31/2006  000-1410-02             WIP-Labor-Jobs-COMMERCIAL                                  $2,183.20
12/31/2006  000-1411-02             WIP-Material/Equipment-Jobs-COMMERCIAL                     $2,174.76
12/31/2006  000-1202-00             Unbilled Receivables                     $153.43
12/31/2006  000-4100-02             Sales-Jobs-COMMERCIAL                                      $5,653.43
12/31/2006  000-4500-02             COGS-Jobs-Labor-COMMERCIAL               $2,183.20
12/31/2006  000-4501-02             COGS-Jobs-Matl/Equip-COMMERCIAL          $2,174.76
1/1/2007    000-1280-02             Progress Billings Jobs-COMMERCIAL                          $5,500.00
1/1/2007    000-1410-02             WIP-Labor-Jobs-COMMERCIAL                $2,183.20
1/1/2007    000-1411-02             WIP-Material/Equipment-Jobs-COMMERCIAL   $2,174.76
1/1/2007    000-1202-00             Unbilled Receivables                                       $153.43
1/1/2007    000-4100-02             Sales-Jobs-COMMERCIAL                    $5,653.43
1/1/2007    000-4500-02             COGS-Jobs-Labor-COMMERCIAL                                 $2,183.20
1/1/2007    000-4501-02             COGS-Jobs-Matl/Equip-COMMERCIAL                            $2,174.76
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For illustration purposes of this document, the POC entry in Figure 7 is for a division with only one job in it. If you look closely at the numbers in JE 3723, you can see the same numbers come from the period 12 column in Part II Figure 1 for Job 1000. The WIP labor cost is $2,183.20. WIP Material cost is $2174.76, the job earned $5,653.43 and because the billed amount for the job was $5,500, the job is under billed by $153.43.   Had the job been billed only $4,000, then the Progress Billing debit would have been $4,000, Earned would still be $5,653.43 and the under billed would have been $1,663.43. Note that earned is based on *costs* [formula: (Actual Cost/Forecasted Cost) X Expected Contract] and not what was billed. The difference between earned and billed is calculated as over billing if billing is more than earned or under billing (this example) if billing is less than earned.

Percentage of Completion Accounting:
Date of GL Entry:
The percentage of completion calculation and general ledger entry will be created automatically when the build and post POC entry is run. The entry posted is a reversing entry that is posted on the last day of the period per the Job Cost fiscal period table and then reversed on the following day. In this example, the date of the initial entry is 12/31/2006 and the reversing entry is 1/1/2007.

Dollar Amount of GL Entry:
The amounts come from the job cost module and are based on the posted costs, the progress billings, the adjusted forecasted, and the expected contract amount as of the last day of that period for each job. Each

job is calculated individually, then the amounts are summarized by Division in the JC20101 table. The GL entry is by division, not by job.

Accounts for the POC Entry:
The accounts come from the Revenue Recognition Accounts in the job cost division setup windows.

Why a reversing Entry? Notice that the balance sheet accounts are "cleared" with this entry. Progress Billings, a normal credit on the balance sheet is debited and the work in process (WIP) labor and Material/Equip normally debit balances on the balance sheet are credited. When progress billings is debited on the balance sheet, the sales account on the income statement is credited. When the WIP accounts are credited on the balance sheet the cost of goods sold (COGS) accounts on the income statement are debited. The entire entry is then reversed on the first of the next period so that the balance sheet is reflective of the job cost module total to date amounts and can be reconciled again the next period.

A proper POC entry will clear the WIP and progress billings accounts to $0 on the last day of the period. The over/under billing amounts will also only hold amounts on the date the POC is posted. Once reversed all costs on the balance sheet will go back to what they were before POC posting, and the income statement will hold large credit balances in the COGS accounts and large debit balances in the sales account.

Closing Jobs and the Month End Closing Process:
Closing jobs in Job Cost is a way to "end the job" and moves the job out of the Signature open tables and to the Signature history tables. Closing a job will remove the job from the POC process and move the job's detail and transaction records from open to history tables. Once closed, a job can be opened again and cost, forecast and billing transactions can be posted to it.

In classic POC accounting, closing the job and posting the GL entry created is permanently moving the costs and billings for the job from the balance sheet and putting the costs and billing onto the income statement. The job will no longer show up on the POC edit lists or posting journals.

It is strongly recommended to mark jobs as Inactive for a few months before closing the job. This is useful because often times the invoices or charges for the job may take a few weeks or months to be processed. An inactive job can be made active and any costs or billing that may have been missed can then be properly posted to the job before it is closed.

In practice it may be a good idea to close jobs during the middle of the month so that the POC and all the debiting and crediting created can be kept clear of the close month journal entry which also will clear the balance sheet of the WIP and progress billings amounts and update the income statement.

Tables Mentioned in this document:
JC00102 JC_Job_MSTR
JC00104 JC_Job_Contract_MAX_MSTR
JC00114 JC_Job_Contract_Amount_Audit
JC00115 JC_Job_Change_Order_Audit
JC00116 JC_JC_Job_Contract_Type_Audit
JC00117 JC_Project_POC_Method_Audit
JC00118 JC_Project_Job_Audit
JC00401 JC_Estimate_Cost_Revision_MSTR
JC00701 JC_Job_Detail_MSTR
JC01001 JC_Change_Orders_MSTR
JC01003 JC_Chg_Ord_Est_Revision_MSTR
JC01701 JC_Project_Number_MSTR

JC20001 JC_Job_Transaction_OPEN
JC20002 JC_Job_Detail_Summary
JC20003 JC_Job_MSTR_Summary
JC20101 JC_POC_WORK_OPEN
JC20501 JC_Invoice_OPEN
JC20502 JC_Cash_Receipts_OPEN
JC40602 JC_Period_SETP