

Asset: Acquisitions
and
Subsequent Valuations
INFRASTRUCTURE

FI-AA-03
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LaGOV

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Work Session Objectives

DAY 3 (Infrastructure):

1. Define what will be the 'start/stop' point or object level for SAP-AA asset master records? How will this relate to AGILE asset master records?
2. Define what data will be maintained in:
 - SAP-AA: Asset Master Records
 - AGILE: Asset Master Records
 - What are the linkage requirements between AA and AGILE asset master records,
3. Define the numbering structure for SAP-AA asset master records.
4. Define the process for maintaining Asset status, acquisition, transfer, valuation adjustments and retirements for Assets common to Agile and SAP AA?



Work Session Objectives

DAY 3 (Infrastructure):

5. Define recording and reporting requirements:
 - GASB 34/42
 - OSRAP reporting requirements for these Assets?
 - What other state or federal reporting requirements are required of this data?

6. Discuss:
 - Existing legacy asset record conversion

7. Define the depreciation methods to be used for existing infrastructure assets and post go-live acquisitions?

8. Security (Roles & Authorization) Requirements?



AS IS....



AS IS

- 2007 CAFR – Capital Assets statement
 - \$10.1 B (i.e. \$18.8 Acq, \$8.7 Acc Dep)
 - Reported by DOTD and CRT as well as some of the component units including LSU, ULS, SU, Sabine River Authority, some levee districts, Sabine River Authority, Greater BR Port Comm, and Greater N.O. Expressway Comm.
- Infrastructure assets:
 - Include: roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.
 - capitalization threshold: \$3,000,000 per agency per year
 - depreciation method: straight-line method with estimated useful life of 40 years
 - Depreciation for full year regardless of date of acquisition.
- Donated fixed assets:
 - valued at their estimated fair market value at the time of donation.



Control Sections

Beginning	Ending	Description	Notes	SAP
001-01	499-99	Roads and Bridges		
801	864	Roads and Bridges		
500	599	Public Works	OPW - uses 5 + District as Control - Parish as Section for Boat Ramps	
600	699	Buildings & Grounds	Includes Tug Boats	
675		DOTD Boat Ramps		
700		Survey and Engineering	Includes Retainer Contracts	
701-65		Task Orders	Associated with Retainer Contracts	
702		Disasters	There is a mixed use of project types in 701-703	
704		Hurricane Katrina		
705		Hurricane Rita	Available for future emergency projects	
706	710		Currently unused	
711		Aid to Federal Agencies		
712		Aid to State Agencies		
713		Off System Bridges	Parish Transportation Trust Fund projects	
714		Rail Road	Previously used for Aid to Municipalities	
715		Aid to Misc. Agencies, Corp., etc.		
716		Cooperative Endeavor Agreements	Agreements with Governmental units or NGO's	
717	719		Currently unused	
720		Crescent City Connection Division		
721		CCCD Ferry Landings	Construction	
722	734		Currently unused	
735		Ferry Boats, Barges and Landings		
736		Planning and Research	Corridor Studies, Planning & Training, Economic & Reseach Studies	
737		Miscellaneous Projects		
738	740		Currently unused	
741-00		Non-Federal Aid to Municipalities		
741		Public Transportation		
742		Urban System Projects	STP >200K Population, STP <200K Population	
743			Closed - former Control for Ferries and Landings	
744		Enhancement Program	STP Enhancement Funds	
745		Scenic Byways & Nation Recreational Trails		
746	749		Currently unused	
750		Public Works	Various projects	
751		Public Works, Surveying		
752	759		Currently unused	
760		Public Works, Flood Control projects		
761	779		Currently unused	
780		Intermodal, Aviation		
781	799		Currently unused	
800		State Parks & Commemorative Areas	DOTD is legislatively responsible for roads and highways in parks	
865	900		Currently unused	
901	977	Intermodal, Aviation		
978	999		Currently unused	



GASB 34

- **GASB 34 (Basic Financial Statements—and Management’s Discussion and Analysis - for State and Local Governments):**
 - Issued June 15, 1999: ‘GASB Statement 34 calls for state, local, and municipal governments to calculate the original cost of infrastructure constructed or improved during the 20-year period prior to the Statement’s issuance date in their annual financial reports. Governments may choose to report how much of the estimated original cost has been “used up” (i.e., depreciated) in the intervening years, or they can, if they meet certain requirements, report as expense the cost to maintain and renew that infrastructure on an annual basis. All new infrastructure must also either be depreciated or have its maintenance requirements accounted for.’ *Primer GASB 34 - isddc.dot.gov/OLPFiles/FHWA/010019.pdf*



AS IS: Wooster Method

Wooster Method:

- Provides 'a relatively simple solution to the problem of capitalizing a complex and high dollar system of assets such as the State's infrastructure'
 - Identifies an infrastructure asset as all expenditures made during a particular year
- Does not provide costs by specific inventory assets:
 - Impairment reporting and insurance recoveries (GASB42)
 - Retirement or turning over parts of infrastructure to a local government
 - Re-evaluation of estimated life of a project



GASB 42

- **GASB 42** (*Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*):
 - Issued November 2003: GASB Statement No. 42 ‘requires governments to report the effects of capital asset impairment in their financial statements when it occurs. The guidance also enhances comparability of financial statements by requiring all governments to account for insurance recoveries in the same manner.’ *Summary of Statement No. 42 - <http://www.gasb.org/news/nr111803.html>*
 - Impacts how to:
 - Determine Impairment and value of impairment
 - Accounting for insurance recoveries (including financial impact to asset).



Accounting Requirements for GASB 42

How is accounting for GASB 42 handled?

Scenario for Capital Asset:

- \$1 M acquisition cost with 10 year depn and is currently end of yr 3:

Acquisition	=	\$ 10.0 M
Acc Depn	=	3.0 M
NBV	=	7.0 M
- Impairment identified for \$ 4.0 M
 - What is impact to value of asset?
 - How is depreciation handled after impairment is accounted for?
- Insurance recovery of \$ 3.0 M which should be netted against asset?
 - What is impact to value of asset?
 - How is depreciation handled after insurance recovery is accounted for?



.... ***TO BE***



Asset Master Record: TO-BE Update

- Change in AMR approach for record maintenance:
 - Capital Assets will continue to be treated as fully valued asset master records:
 - Valuation will be only via transactional update (e.g. acquisition, transfer, retirement, depreciation, etc. transactions). Asset Value Tab (i.e. Asset Explorer) will contain the transactional detail and various value fields.
 - Capitalization Date will be updated via the initial asset acquisition transaction.
 - Assets will be depreciated (with a few exceptions such as land)
 - Reported on the Balance Sheet / CAFR
 - Low Value Assets will be treated as 'shells':
 - AMR's **will not** be attached to acquisition transactions
 - AMR's will be created after goods are received:
 - Acquisition date(s) will be manually entered
 - Acquisition value(s) will be manually maintained on valuation field(s) (i.e. detail will not be available on the 'Asset Value' tab)





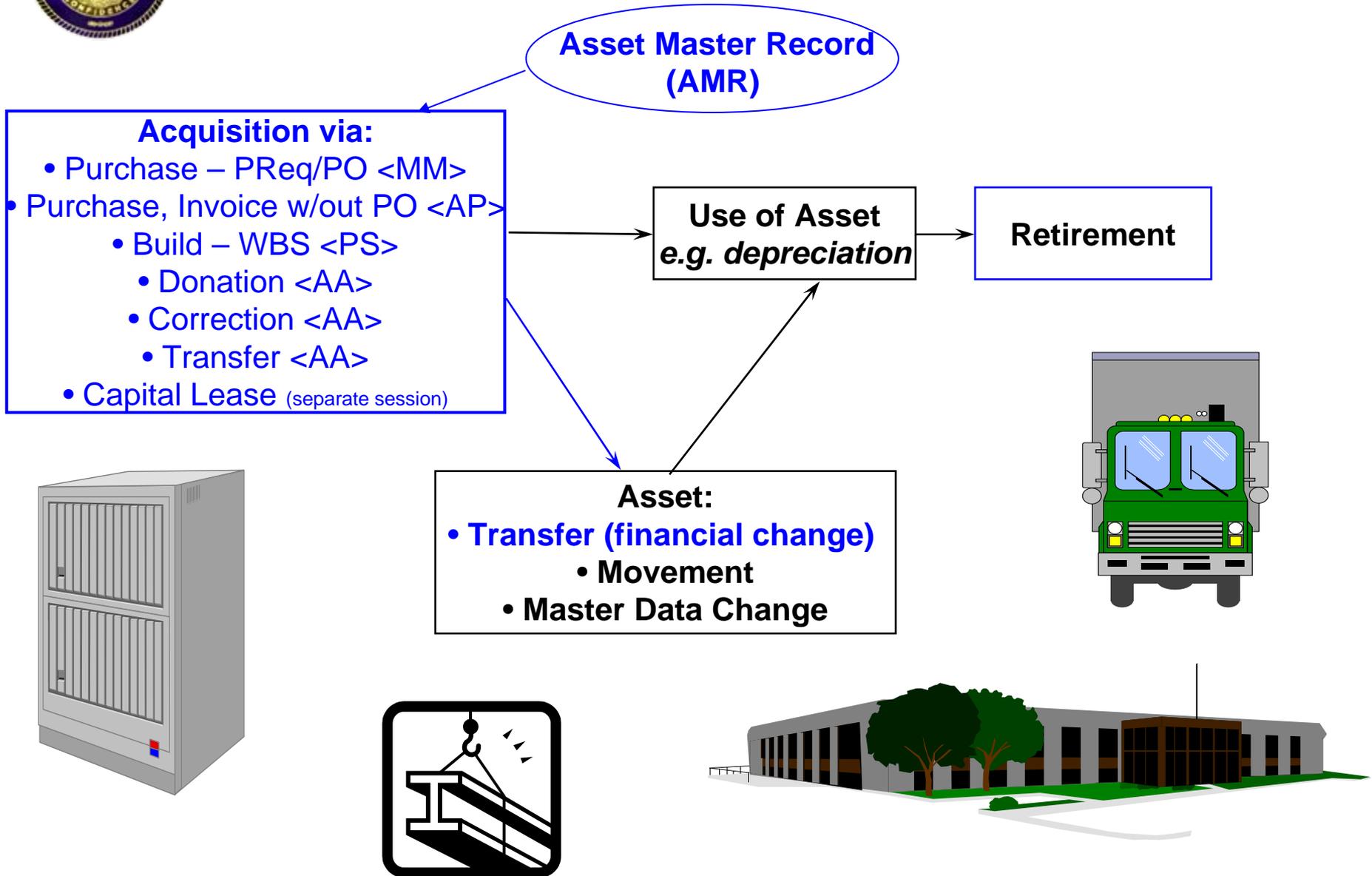
Asset Master Record: TO-BE Update

- Reason for decision change:
 - Maintain assets for financial and tracking of assets in one database (i.e. similar to Protégé), while using relevant applicable SAP functionality for items such as real estate, maintenance, etc.
 - Reduce procurement processing issues:
 - Identifying asset class
 - Creating and attaching AMR for low value assets at PReq stage (or having approval process responsible for this at PO stage)
 - reducing number of shells that are not approved for PO
 - Reduce transaction processing to 'transfer' or 'retire' assets
 - Reduce financial postings that will not be used for financial reporting (i.e. 'depreciation')
 - AMR for LVA created after Goods Receipt (will not require multiple create/update steps)





Asset Financial Lifecycle





SAP Glossary

- **Asset Class** - Main criterion for classifying fixed assets according to legal and management requirements.
- **Asset Master Record (AMR)** – Contains general information and valuation/depreciation rules for a specific item in the Asset Accounting (AA) module. In SAP, it also stores all the values and transaction data for the item.
- **Main Asset Number** - Unique number, in combination with company code and asset sub number, that identifies a fixed asset.
- **Sub Asset Number** – Asset record for an individual part of an asset, or subsequent acquisitions, can be represented by a subnumber to a main asset number.

- **Asset under Construction (AuC)** - An asset that you produce yourself which must be managed as a separate asset master record, generally without depreciation, during the construction phase.



SAP Glossary

- **Asset 'Shell'** – an AMR which does not have the values in the Asset Value Tab (i.e. asset values are not managed via transaction updates). *Note: a Capital Asset record will be a 'shell' until time of acquisition value update.*
- **Incomplete Asset** – an AMR which does not have fields, which have been defined as 'mandatory or required' completed.
- **Capital Asset** - Tangible property which cannot easily be converted into cash and which is usually held for a long period, including real estate, equipment, etc. With a few exceptions (e.g. land), this type of asset will be depreciated or amortized. These types of assets are reported in the Asset section of Balance Sheets.

- **Low Value Asset (LVA)** – Items that do not meet the capital asset criteria and are recorded for tracking purposes only. LVA's can be handled as:
 - valued AMR (i.e. cap date and values are integrated via acquisition paths in PS, MM, AA, etc. and transaction updates). Generally, the LVA is fully depreciated in the year of purchase or in the period of acquisition.
 - 'shell': the cap date is manually entered. The AMR is not integrated with acquisition paths and asset values are not managed via transaction updates (i.e. no values on Asset Value Tab). Value can be manually maintained in another field



SAP Glossary

- **Capital Lease** - A lease that meets one or more financial criteria as defined by FASB. This type of lease is considered to have the economic characteristic of asset ownership, thus it is recognized both as an asset and as a liability (for the lease payments) on the balance sheet.
- **Operating Lease** - In an operating lease, the lessor (or owner) transfers only the right to use the property to the lessee with the property being returned to the lessor at the end of the lease. This type of lease is treated as an operating expense in the income statement and the lease does not affect the balance sheet.

- **Depreciation** - Allocation of original cost of a tangible asset computed over its anticipated useful life, based on its physical wear and tear and the passage of time.
- **Amortization** - Writing off of loans or intangible assets in equated annual/monthly installments over a scheduled period.
- **Depreciation Area** - An area showing the valuation of a fixed asset for a particular purpose (for example, for individual financial statements, balance sheets for tax purposes, or management accounting values).
- **Equipment Master Record (EMR)** – Details recorded for an individual, physical object that is maintained as an autonomous unit in the Plant Maintenance (PM) module.



SAP Glossary

- **Screen Layout** – Settings that specifies the fields that are displayed during master data maintenance and the field entry characteristics (e.g. required, optional, display only). Field entry characteristics are also referred to as 'Field Status'.
- **Account Assignment** – Settings which determines which general ledger accounts to post to from a business transaction. Sometimes referred to as 'Account Determination'.
- **Account Determination** – see 'Account Assignment'
- **Post Capitalization** – Correction of asset value, which was either set too low because capitalization was not performed in the past, or which was treated entirely as expense.

- **Goods Receipt (GR)** - A term from inventory management denoting a physical inward movement of goods or materials. It is usually triggered by a document that denotes the delivery of goods from a vendor to a company. For assets, the AMR valuation occurs at either time of GR or IR.
- **Invoice Receipt (IR)** - A term from Invoice Verification describing the receipt of an invoice issued by a vendor (creditor). For assets, the AMR valuation occurs at either time of GR or IR.



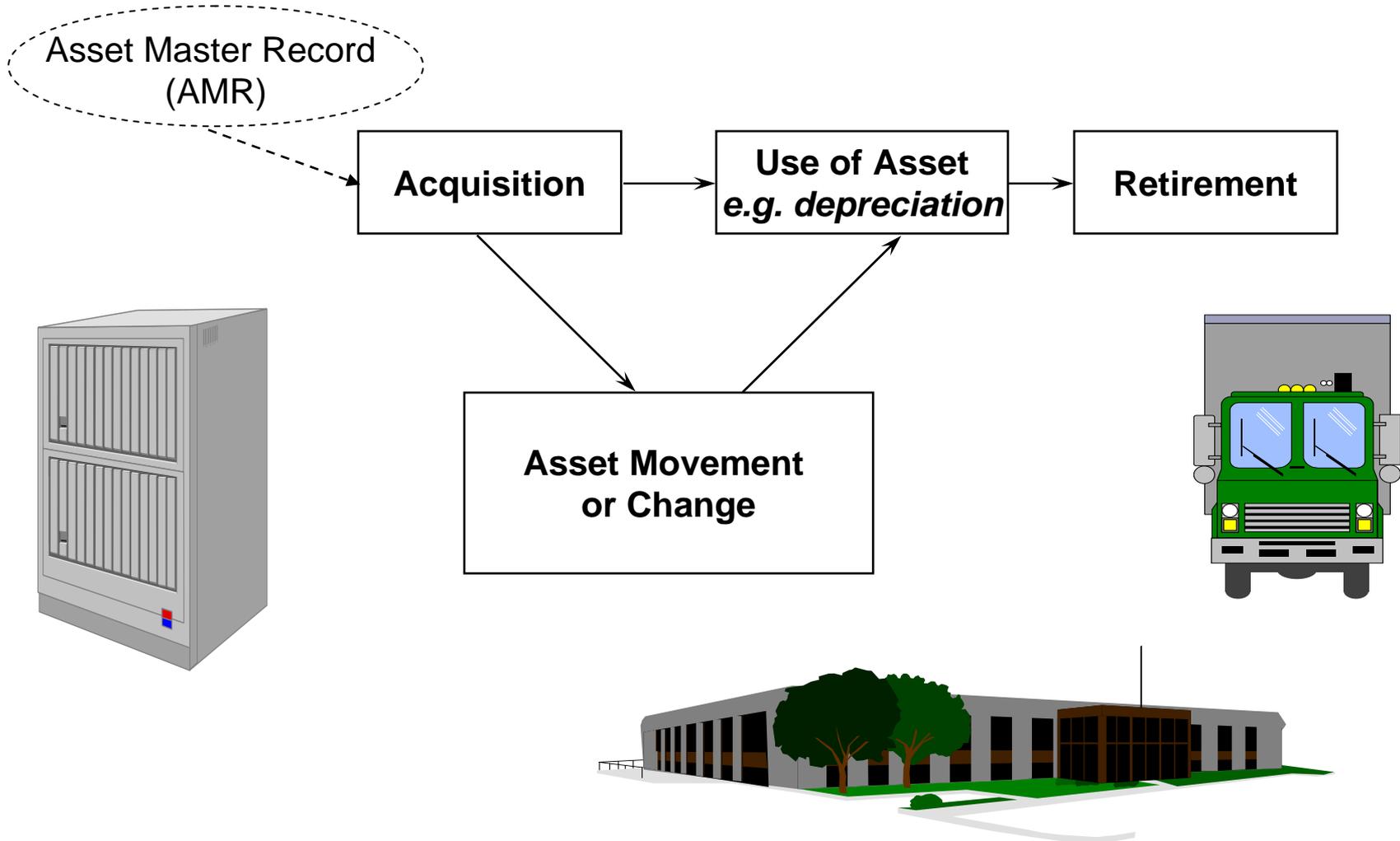
SAP Glossary

- **Project System** – Module that allows the user to plan, execute and account for a project.
- **WBS Element** - Work Breakdown Structure – Forms the basis for the coordination and organization of a project. It is the Hierarchical outline of a task, item or process, described in the project definition.
- **Settlement** - Full or partial allocation of costs from one object to another (e.g. from WBS to AuC, from AuC to final AMR)
- **Write-up** – Financial valuation adjustment which increases the asset net book value via adjustment to depreciation posted. Reasons for adjustment include excessive past depreciation or reversal of unplanned depreciation.

- **Unplanned depreciation** – Financial valuation adjustment which decreases the asset net book value via adjustment to depreciation posted. Reasons for adjustment include unexpected permanent reduction in the worth of the asset due to damage, technical obsolescent, etc.



Asset Financial Life Cycle





Asset Master Record

- What is it?
- What type of information is stored?

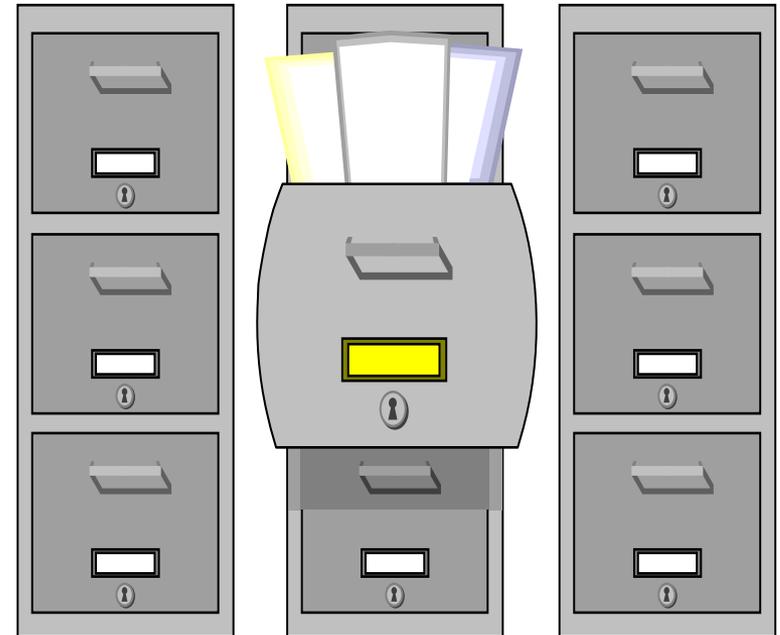




Asset Master Record

What is it?

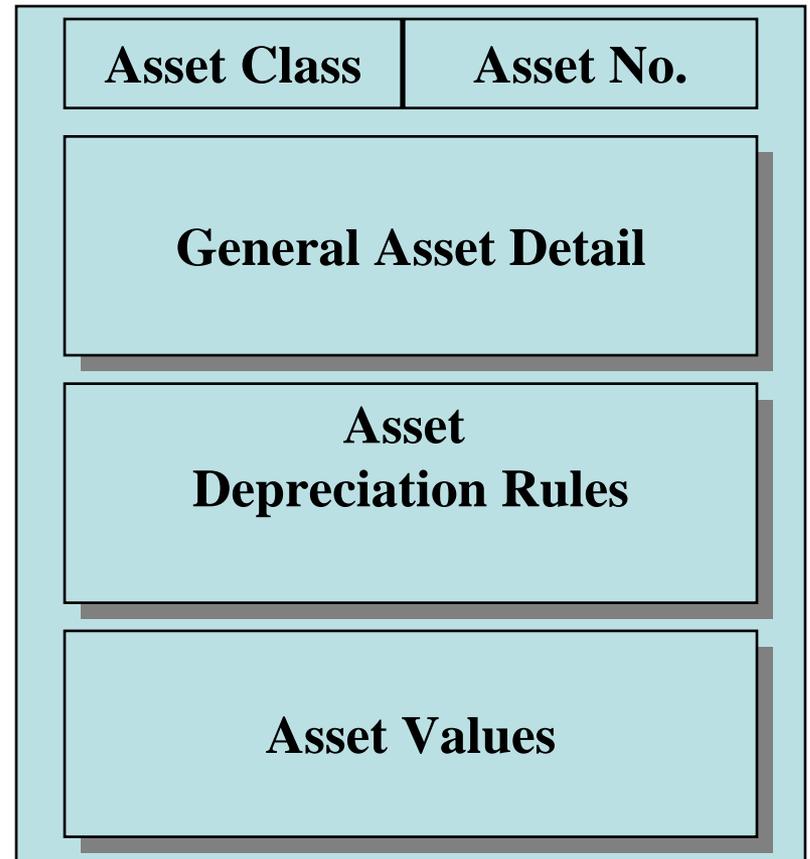
- Method by which detailed general and financial information about each asset is stored





Asset Master Record

What type of information is stored?





AMR – Initial Screen

- *Create an Asset Master Record*

Create Asset: Initial screen

Master data | Depreciation areas

Asset Class	ZTEST
Company Code	0008
Number of similar assets	1

Reference

Asset	
Sub-number	
Company code	

Post-capitalization

- *Change or Display an Asset Master Record*

Change Asset: Initial screen

Master data | Depreciation areas | Asset values

Asset	
Subnumber	0
Company Code	0008



TO-BE: Search Options

- Multiple matchcode choices
 - Wildcards available

Main Asset Number (1) 4 Entries found

Names and classes Cost center Inventory number

Company Code M101

Asset Class

Description

Acct determination

Capitalized on

Asset 6*1*

Subnumber

Maximum No. of Hits 500

Names and classes
Cost center
Inventory number
Investment Orders
Investment Projects
Group assets
Fund, Functional Area

Class	Asset description	Acct....	Cap.date	Asset	SNo.
160005	CAPITAL INTEREST	160005	01.07.2003	60001	2004
160005	LAPPTOP FOR WBS 3	160005	00.00.0000	60010	0
160005	OLD COMPUTER PRINTER	160005	01.07.2003	60001	0
169999	ASSET LINE ITEM	160005	00.00.0000	60011	0

4 Entries found

Display Asset: Initial screen

Master data Depreciation areas Asset values

Asset

Subnumber 0

Company Code

Main Asset Number (1) Personal Value List: Main Asset Number (1) 1 Er

Cost center Inventory number Investment Orders

Company Code M100

Inventory number

Asset Class

Description

Asset

Subnumber

Maximum No. of Hits 500



Asset Master Record – General Detail

- Stores concrete detail information about your asset including:
 - Informative detail
 - Financial posting
 - Financial calculation parameters
 - Integration linkages
 - Etc.
- Uses 'Tab' format to access data elements

Asset Class	Asset No.
General Asset Detail	
Asset Depn. Rules	
Asset Values	



AMR – General Information *(sample)*

Asset	INTERN-00001	0		
Class	ZTEST	Z_All fields open	Company Code	0008

General	Time-dependent	Allocations	Origin	Net Worth Tax	Insurance	Leasing	Deprec. Areas
----------------	----------------	-------------	--------	---------------	-----------	---------	---------------

General data	
Description	<input type="text"/>
Asset main no. text	<input type="text"/>
Acct determination	2000 Buildings
Serial number	<input type="text"/>
Inventory number	<input type="text"/>
Quantity	<input type="text"/>
<input checked="" type="checkbox"/> Manage historically	

Inventory		
Last inventory on	<input type="text"/>	<input checked="" type="checkbox"/> Include asset in inventory list
Inventory note	<input type="text"/>	

Posting information			
Capitalized on	<input type="text"/>	Deactivation on	<input type="text"/>
First acquisition on	<input type="text"/>	Plnd. retirement on	<input type="text"/>
Acquisition year	<input type="text"/> 000	Ordered on	<input type="text"/>



AMR – Time Dependent Data *(sample)*

Asset

Class Z_All fields open Company Code

General Time-dependent Allocations Origin Net Worth Tax Insurance Leasing Deprec. Areas

Interval from 01.01.1900 to 31.12.9999

Business Area	<input type="text" value="1"/>
Cost Center	<input type="text"/>
Resp. cost center	<input type="text"/>
Activity Type	<input type="text"/>
Int. order	<input type="text"/>
Maintenance order	<input type="text"/>
Plant	<input type="text"/>
Location	<input type="text"/>
Room	<input type="text"/>
Tax Jurisdiction	<input type="text"/>
License plate number	<input type="text"/>
Personnel Number	<input type="text"/>
Shift factor	<input type="text"/>
Functional Area	<input type="text"/>
Real Estate Key	<input type="text"/>

Asset shutdown

Note: Additional fields will be available for Fund, Fund Center, Grant.



AMR – Allocations *(Sample)*

Asset: INTERN-00001 0
 Class: ZTEST Z_All fields open Company Code: 0008

General | Time-dependent | **Allocations** | Origin | Net Worth Tax | Insurance | Leasing | Dep

Allocations

Evaluation group 1

Evaluation group 2

Evaluation group 3

Evaluation group 4

Evaluation group 5

Investment reason

Envir. investment

Asset super number

Integration of assets and equipment

Create/change equip. from asset master record

WF	Sync	Equipment number	Ca...	Object type	Description of technical object
<input type="checkbox"/>	<input type="checkbox"/>				
<input type="checkbox"/>	<input type="checkbox"/>				
<input type="checkbox"/>	<input type="checkbox"/>				
<input type="checkbox"/>	<input type="checkbox"/>				

No. 1 Create Entry 0 Frm 0

Changing asset from equip. master record via

Synchronization

Workflow



AMR – Origins (Sample)

Asset	INTERN-00001	0		
Class	ZTEST	Z_All fields open	Company Code	0008

General | Time-dependent | Allocations | **Origin** | Net Worth Tax | Insurance | Leasing | De

Origin

Vendor

Manufacturer

Asset purch. new

Purchased used

Trading Partner

Country of origin

Type name

Original asset Acq. on

Orig. Acquis. Year

Original value USD

In-house prod.perc.

Account assignment for investment

Investment Order

WBS element



AMR – Net Worth Tax *(Sample)*

Asset	INTERN-00001	0		
Class	ZTEST	Z_All fields open	Company Code	0008

General	Time-dependent	Allocations	Origin	Net Worth Tax	Insurance	Leasing	De
---------	----------------	-------------	--------	----------------------	-----------	---------	----

Net worth valuation	
Classification key	<input type="text" value="1"/>
Property indicator	<input type="checkbox"/>
Manual Val. Reason	<input type="text"/>
Man. Net W. Val.	<input type="text"/> USD

Real estate and similar rights					
Tax Office	<input type="text"/>				
Assmt Notice Tax No.	<input type="text"/>				
Assmt.notc	<input type="text"/>				
Municipality	<input type="text"/>				
Land Register of	<input type="text"/>	Entry by	<input type="text"/>		
Vol./page/ser.no	<input type="text"/>	<input type="text"/>	<input type="text"/>	Conveyance on	<input type="text"/>
Ld.reg.map/plot	<input type="text"/>	<input type="text"/>	Area	<input type="text"/>	<input type="text"/>



AMR – Insurance (Sample)

Asset	INTERN-00001	0		
Class	ZTEST	Z_All fields open	Company Code	0008

General	Time-dependent	Allocations	Origin	Net Worth Tax	Insurance	Leasing	D
---------	----------------	-------------	--------	---------------	------------------	---------	---

Insurance		
Type	<input type="text" value="1"/>	
Insur.Companies	<input type="text"/>	
Agreement number	<input type="text"/>	
Suppl. text	<input type="text"/>	
Start date	<input type="text"/>	
Insurance rate	<input type="text"/>	
Index series	<input type="text"/>	
Base value	<input type="text" value="0.00"/>	<input type="checkbox"/> Manual Update
		FYear Change
Man.insur.val.	<input type="text"/>	per <input type="text"/>



AMR – Leasing (Sample)

Asset	INTERN-00001	0		
Class	ZTEST	Z_All fields open	Company Code	0008

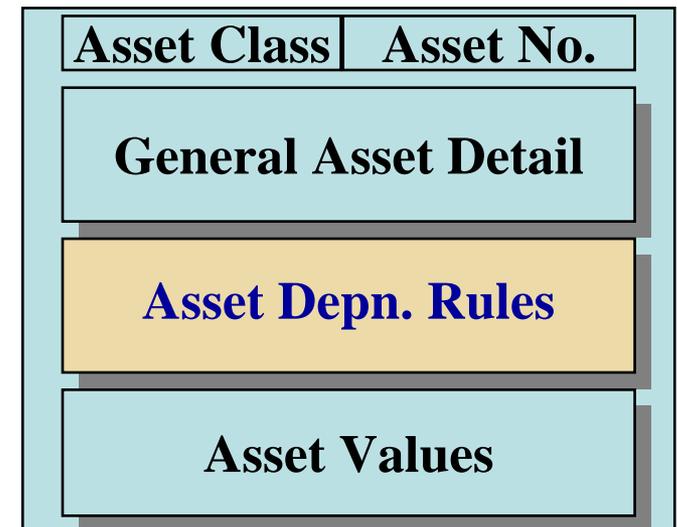
General	Time-dependent	Allocations	Origin	Net Worth Tax	Insurance	Leasing	De
---------	----------------	-------------	--------	---------------	-----------	---------	----

Leasing			
Leasing company	<input type="text"/>		
Agreement number	<input type="text"/>		
Agreement date	<input type="text"/>	Notice date	<input type="text"/>
Lease start date	<input type="text"/>	Lease length	<input type="text"/> / <input type="text"/>
Type	<input type="text"/>		
Base value as new	<input type="text"/>	USD	
Purchase price	<input type="text"/>	USD	
Supplementary text	<input type="text"/>		
No. lease payments	<input type="text"/>		
Payment cycle	<input type="text"/>	<input type="checkbox"/> Advance payments	
Lease payment	<input type="text"/>	USD	
Annual interest rate	<input type="text"/>		
Present Value	0.00	USD	



Asset Master Record – Depreciation Rules

- Stores detail information about depreciation calculation:
 - calculation parameters
 - useful life
 - depreciation start date
 - Etc.
- Data stored for each Depreciation Area
- Relevant to Capital Assets only





AMR – Depreciation Area Detail (Sample)

Deact	A	Depreciation area	DKey	UseLife	Prd	ODep Start	Index	Group
<input type="checkbox"/>	01	Book deprec.	LINA	1				

Asset: INTERN-00001 0
Class: ZTEST Z_All fields open Company Code: 0008
Area: 01 Book deprec. Book depreciation

Interval from 01.01.1900 to 31.12.9999

General Specifications

Depreciation Key: LINA Str.-line via acq.value below zero
Useful life: 1 /
Original useful life: /
Changeover year: /

Start of Calculation

Ord.dep.start date:
Spec.depreciation:
Int. Calc.:
Operating readiness:

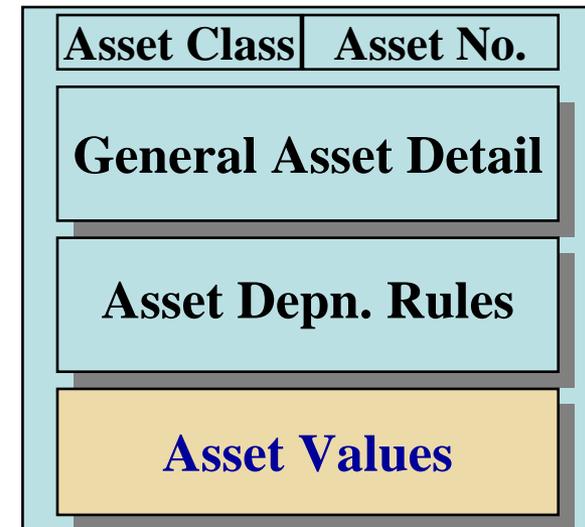
Additional Specifications

Index series:
Age-dependent index:
Variable dep.portion:
Scrap value: USD
Scrap Value %:
 Neg. Vals Allowed
Acquis.year: /



Asset Master Record – Values Tabs

- Stores data for each Depreciation Area
 - Values for the AMR (planned and actual)
 - Depreciation posting status (and amount)
 - Integration objects (with drill down ability)
 - Transactions
- Values derived from transactions and asset master record details
 - Cannot manually update the Asset Values tab fields
- Cannot configure screen layout or this section of AMR



IMPORTANT:

- Valid for Capital Assets only
- Low Value Assets – limited valuation fields to be developed



Asset Master Record – Values Tabs

- Many ‘views’ for analysis purposes
- Multi year and/or depreciation area comparison
- Depreciation simulation for asset
- Drill-down to more details, such as:
 - AA, FI & other related documents
 - rules defined in IMG
 - depreciation calculation





AMR – Asset Value Display (Sample)

Asset Explorer

Asset 0008-2/0000
 Depreciation Areas
 01 Book depreciation
 50 Derived area

Company Code: 0008 IDES US INC New GL 8
 Asset: 2 0
 Fiscal year: 2008

Planned values | Posted values | Comparisons | Parameters

Planned values Book depreciation

Value	Fiscal year start	Change	Year-end	Crcy
APC transactions				USD
Investment support				USD
Revaluation				USD
Transfer reserve				USD
Acquisition value				USD
Ordinary deprec.				USD
Special depreciation				USD
Unplanned dep.				USD
Write-up				USD
Value adjustment				USD

No postings for selected fiscal year

Planned values Book depreciation

Value	Fiscal year start	Change	Year-end	Crcy
APC transactions				USD
Investment support				USD
Revaluation				USD
Transfer reserve				USD
Acquisition value				USD
Ordinary deprec.				USD
Special depreciation				USD
Unplanned dep.				USD
Write-up				USD
Value adjustment				USD
Reval. ord. depr.				USD
Net book value				USD
Interest				USD
Down payments				USD

e.g. links to:
 •PO, if applicable

Sample detail if transactions available for AMR

Transactions

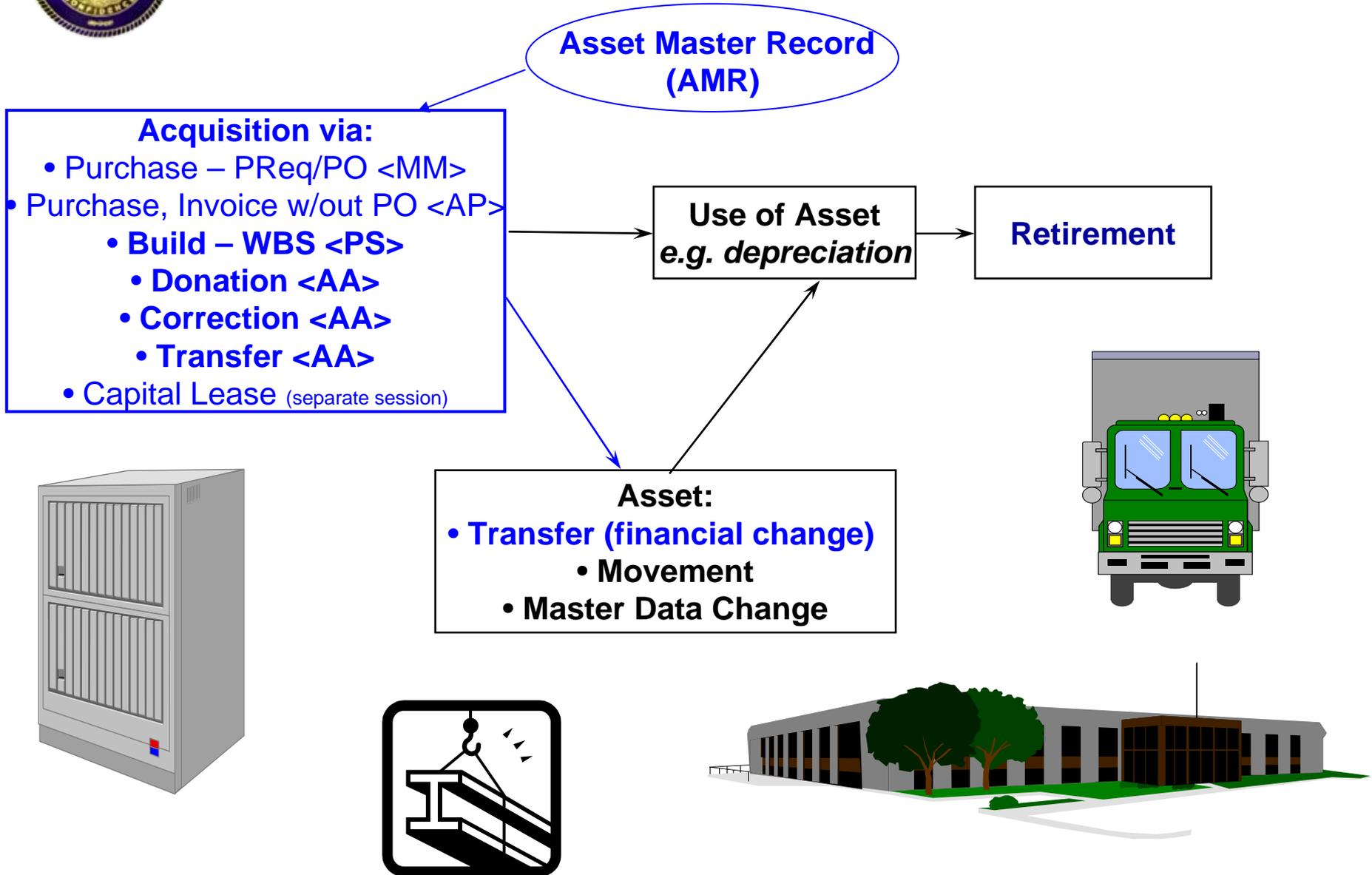
AsstVal date	Amount	TType	Transaction type name	Crcy
14.07.2008	100.00	100	External asset acquisition	USD



Asset Acquisition Transactions



Asset Financial Lifecycle





Acquisition Methods

- Purpose of this data element for reporting, analysis?

Protégé:	SLABS owned or insured:
Agency Transfer	Agency Transfer
Agency Manufactured	Agency Manufactured
Birth	--
Donation	Donation
Federal Surplus	--
Loan	Loan / Insured Lease
Original Purchase	Original Purchase
Seizure	Seizure
State Surplus	--

- Use 'Investment Reason' field on 'Allocations' tab
 - Additional values post go-live via Change Control process



Acquisition Methods: Infrastructure

INCLUDES:

- Initial Load:
 - Data Conversion of Legacy Assets (via SAP - Asset Accounting)
- Post Go-Live:
 - Construct (via SAP - Project Systems)
 - Donate (via SAP - Asset Accounting)
 - Transfers
 - Other?

DOES NOT INCLUDE:

- Repair and Maintenance (will be handled via AGILE ASSETS and SAP-Plant Maintenance)



Infrastructure Asset Considerations

- Infrastructure assets unique from real property or equipment type assets:
 - Items are not discrete (i.e. roadways continuous), what is start/stop point for the financial asset?
 - Construction can be ongoing while part of project is deemed 'complete'
 - Can include multiple 'smaller' items (e.g. guardrails, lights, signage, etc.) – are these to be tracked independently?
 - For a 'continuous linear section', is there 'linkage' required for multiple assets or different types of linear assets such as roadway, bridge, etc. (i.e. if multiple SAP asset classes)



Infrastructure Asset Considerations

- How will infrastructure assets be used in SAP-AA:
 - Reporting and analysis requirements
- New SAP assets - how will number of assets required / values be identified at time of:
 - Construction
 - Donation
 - Other?
- Legacy data – how will it be defined/converted?
 - If change from Wooster Method – timing and availability of realigned data for data conversion?



Infrastructure Asset Considerations

- Asset master record numbering structure for infrastructure needs to be defined
 - Sub numbers will be required where there are multiple funding sources
- Who will maintain SAP data:
 - AuC master record (review system created data, update additional data, review)
 - Define when AuC values should be moved to 'final' AMR
 - Project completed
 - Project partially completed (e.g. 2 lanes car-ready, 2 lanes still under construction?)
 - AMR (create, update additional data, deactivate, review)
 - 'Linkages' for AuC/AMR, AGILE asset, RE Object, PM EMR?
 - LVA requirements?



How many asset classes?

AS-IS: Legacy Data:

- 1 Capital Asset Class
- 1 AuC (which includes Infrastructure, Buildings, etc.)

TO-BE: Capital, AuC, LVA categories:

- Capital:
 - Can remain as 1 Asset Class
 - Can be Multiple Asset Classeshow many is dependent on reporting and operating requirements
- AuC:
 - Mirror Capital Asset Classes?
- LVA:
 - Is there requirement for LVA for Infrastructure?



Infrastructure Asset Class Options

- Pavements / Roadways
- Bridges / Tunnels
- Other Structures (e.g. storm sewers, dams, sea walls, levees, etc.)?
- Infrastructure Hardware (e.g. guardrail, signs, lighting, barriers, impact attenuators, electronic surveillance and monitoring equipment, and operating facilities, etc.)
- Real estate (e.g. buildings, property, roadside/right-of-way)
 - Asset Classed exist for Buildings, Land, ROW
- Other?



AMR – Linkages to be considered?

Asset Master Record in AA:

- AGILE ASSETS (via interface – inbound/outbound)?
- SAP Real Estate (via RE Key for land, buildings, ROW)?
- SAP Plant Maintenance (via Equipment Master Record)?
- SAP Project (via WBS to AuC and then AuC to AMR)
- Other?



AMR – data to be maintained?

- Minimal data to be maintained in SAP Asset Accounting, sufficient for asset accounting purposes:
 - Descriptions
 - Asset 'linking' field (e.g. supernumber, serial or inventory number)
 - Posting Information – dates for capitalization / deactivation
 - Time dependent for financial recording
 - Integration Linkage: RE Key, EMR, AGILE Asset
 - Evaluation Groups for Status, Asset Classification, OSRAP category
 - Investment reason & Environmental investment?
 - AuC 'source' for final AMR
 - Depreciation Area detail
 - Valuation
 - Other?
- Detail required for both AuC and 'final' AMR?
 - Use 'reference' feature to create 'final' AMR and transfer data from AuC (except capitalization / depreciation date, values and AuC source)?
 - Integration Linkage: RE Key, EMR, AGILE Asset only on final asset?
- Detailed data to be maintained in AGILE Assets



Valuation Parameters?

- **Will there be a change from current depreciation calculation method?**
 - Capitalization threshold: \$3,000,000 per agency per yr.
 - How will this be determined - values updated during the year and decision to assign to capital asset required as the values are entered.
 - Depreciation method: straight-line method with estimated useful life of 40 years
 - Depreciation for full year regardless of date of acquisition during the year



Reporting Requirements?

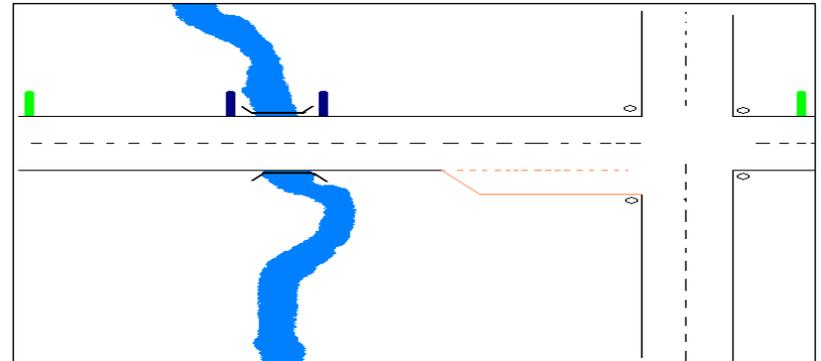
- What are reporting requirements for Linear Assets?
 - Legal?
 - Financial?
 - CAFR
 - Other
 - Operational?
 - Other?



Asset Master Record Structure Options

Assumption:

- New Construction of Road / Bridge. Two years later, additional Construction for Road (i.e. turning lane).
- 2 Asset Classes:
 - Roadway
 - Bridge
- 3 Funding Sources
- 2 Start/Stop points (1 for road, 1 for bridge)
 - AMR based on start/stop point (*such as AGILE: Control Section, Road Marker, PS: Project or other?*)
 - *For following examples will assume Control Section*





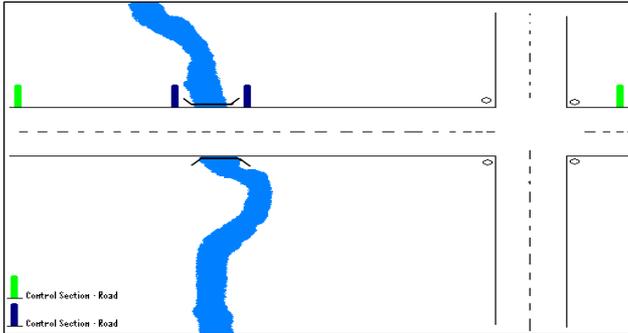
Identifying Capital Assets \$ for a 'Control Section'

Considerations:

- At time of construction:
 - Coding of costs between asset classes?
 - e.g. \$ for bridge vs. \$ for roadway
- Use of Sub Numbers:
 - Archiving of historical data may be impacted (e.g. cannot archive any portion of an asset until all portions are deactivated)
- Reporting:
 - Unique identifier assigned to assets for reporting only purposes (i.e. useful to 'links' multiple AMRs, especially among asset classes) include options such as:
 - Supernumber?
 - Serial Number
 - Inventory Number



Initial Build – Asset Numbering



If use 'Control Section' as distinction for an SAP Asset:

Roadway:

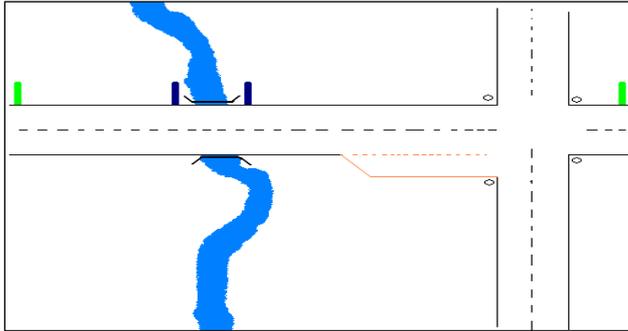
- 1 Main Number 'shell'
 - 3 Sub-number Assets (1 per fund source)

Bridge:

- 1 Main Number 'shell'
 - 3 Sub-number Assets (1 per fund source)



Addition to Capital Asset – Options



If use 'Control Section' as distinction for as Asset, new turning lane constructed with same three funding sources:

OPTION 1:

Roadway:

- 1 Main Number 'shell'
 - 3 Sub-number Assets (1 per fund source)
 - 3 Sub-number Assets (1 per fund source)

Bridge:

- 1 Main Number 'shell'
 - 3 Sub-number Assets (1 per fund source)

OPTION 2:

Roadway:

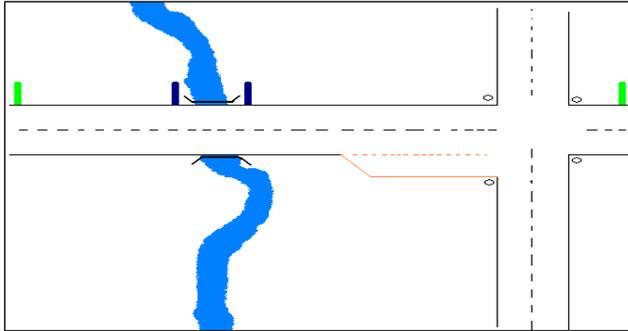
- 1 Main Number 'shell'
 - 3 Sub-number Assets (1 per fund source)
- 1 Main Number 'shell'
 - 3 Sub-number Assets (1 per fund source)

Bridge:

- 1 Main Number 'shell'
 - 3 Sub-number Assets (1 per fund source)



Addition to Capital Asset – Staggered Completion Options



If use 'Control Section' as distinction for as Asset, new turning lane constructed with same three funding sources:

> Turning lane is released in two sections

OPTION 1 a) or b):

Roadway:

- 1 Main Number 'shell'
 - 3 Sub-number Assets (1 per fund source)
 - a) Sub-number Assets (1 per fund source) – partial completion 1 & partial completion 2

OR

- b) 3 Sub-number Assets (1 per fund source) – partial completion 1
- b) 3 Sub-number Assets - partial completion 2

Bridge:

- 1 Main Number 'shell'
 - 3 Sub-number Assets (1 per fund source)

OPTION 2 a) or b):

Roadway:

- 1 Main Number 'shell' (*initial construction*)
 - 3 Sub-number Assets (1 per fund source)
- 1 Main Number 'shell' (*addition*)
 - a) 3 Sub-number Assets (1 per fund source) – partial completion 1 & partial completion 2

OR

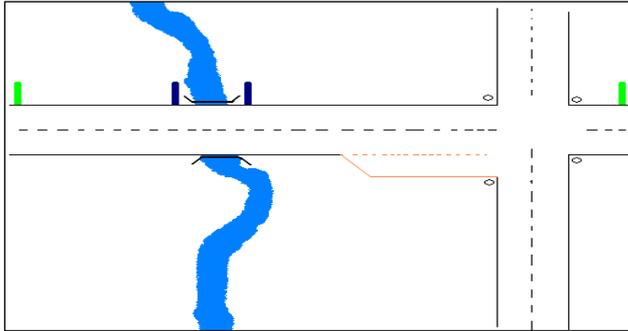
- b) 3 Sub-number Assets (1 per fund source) – partial completion 1
- b) 3 Sub-number Assets - partial completion 2

Bridge:

- 1 Main Number 'shell'
 - 3 Sub-number Assets (1 per fund source)



Donation: Capital Asset – Options



If use 'Control Section' as distinction for as Asset, new turning lane constructed with same three funding sources:

OPTION 1:

Roadway:

- 1 Main Number 'shell'
 - 1 Sub-number Assets (1 for each funding source)

Bridge:

- 1 Main Number 'shell'
 - 1 Sub-number Assets (1 for each funding source)

OPTION 2:

Roadway:

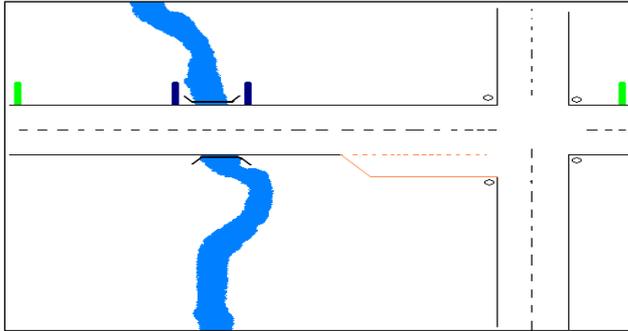
- 1 Main Number
 - no additional sub-numbers

Bridge:

- 1 Main Number
 - no additional sub-numbers



Legacy Capital Assets ?



How will legacy 'assets' be identified, currently, 1 asset per year per organization?

- if multiple asset classes, how to allocate \$

OPTION 1:

- 1 Main Number per Year per Fund
 - no additional sub-numbers

OPTION 2:

- 1 Main Number per Year
 - 1 sub-numbers per fund

OPTION 3:

- 1 Main Number
 - 1 sub-numbers per fund per year



Asset Supernumber

Process:

- Create Supernumbers in IMG
 - 12 Char Code, 50 Char Description
- Assign to Asset Master Record

Considerations:

- Large volume – will user select correct Supernumber?
- Additions must be made in IMG (i.e. must be made in DEV and transported to PROD)

PRO:

- SAP standard reports provide for 'rollup' reporting
- Table driven (i.e. value is pre-defined and selection made from valid values)

CON:

- New values must be maintained via 'change process'

The screenshot shows the SAP IMG configuration for Asset Supernumber. The top part displays the 'Asset' field with the value 'INTERN-00001' and '0', and the 'Class' field with the value 'ZTEST'. Below this, there are tabs for 'General', 'Time-dependent', and 'Allocations'. The 'Allocations' tab is active, showing a list of 'Evaluation group' fields (1 through 5) with corresponding selection buttons. Below the evaluation groups, there are fields for 'Investment reason', 'Envir. investment', and 'Asset super number'. A table view is visible at the bottom, with columns for 'AssetSup.Nu.' and 'Name'. The table is currently empty. A red circle highlights the 'Asset super number' field, and a red oval highlights the table header.



Asset Inventory Number

Process:

- 25 Char Text field on AMR

Considerations:

- User input – will values be entered correctly and consistently?

PRO:

- Can be used for ‘sort/selection’ criteria
- ‘New’ values can be entered by user as required

CON:

- No SAP standard reports ‘rollup’ reporting
 - Can be included in SAP delivered Inventory Rpt
- No controls for values input
 - e.g. can be spelling errors, inconsistent input, etc.

The screenshot shows the SAP Asset Acquisition form. The 'Asset' field contains 'INTERN-00001' and the 'Class' field contains 'ZTEST'. The 'Inventory number' field is circled in red. The 'Acct determination' field contains '2000' and 'Buildings'. The 'Inventory' section has a checkbox for 'Include asset in inventory list' which is checked.

Asset	INTERN-00001	0
Class	ZTEST	Z_All fields open
Company C		
General Time-dependent Allocations Origin Net Worth Tax Insurance		
General data		
Description		
Asset main no. text		
Acct determination	2000	Buildings
Serial number		
Inventory number		
Quantity		
<input checked="" type="checkbox"/> Manage historically		
Inventory		
Last inventory on		<input checked="" type="checkbox"/> Include asset in inventory list
Inventory note		



Asset Serial Number

Process:

- 18 Char Text field on AMR

Considerations:

- User input – will values be entered correctly and consistently?

PRO:

- Can be used for ‘sort/selection’ criteria
- ‘New’ values can be entered by user as required

CON:

- No SAP standard reports ‘rollup’ reporting
- No controls for values input
 - e.g. can be spelling errors, inconsistent input, etc.

The screenshot shows the SAP Asset Acquisition form. The 'Asset' field contains 'INTERN-00001' and the 'Class' field contains 'ZTEST'. The 'Serial number' field is highlighted with a red circle. Other fields include 'Description', 'Asset main no. text', 'Acct determination' (2000), 'Buildings', 'Inventory number', 'Quantity', 'Manage historically' (checked), 'Last inventory on', 'Inventory note', and 'Include asset in inventory list' (checked).



Linkage to AGILE

- **What is the 'start/stop' point for an Infrastructure asset in SAP-AA?**
 - Based on integration / linkage with AGILE, such as:
 - Control Section
 - Mile Marker
 - Other?
 - What linkage is required to AGILE asset?
 - Is there any requirements for duplicate data on AGILE and AA asset? Purpose? Maintenance of this data?
 - Is there any reconciliation required between AGILE and AA assets? Purpose? Maintenance of this data?
 - What, if any, data will be sent between AGILE and AA?
 - Data sent one way / two ways?
 - Which data elements?
 - When is linkage made? Who is responsible for linkage / validation of linkage?



Linkage to RE

- **How do Infrastructure assets need to be linked to SAP-RE?**
 - How will Equipment Master Records be relevant to AA Infrastructure assets?
 - Buildings
 - Land
 - ROW?
 - Other?
 - When is linkage made? Who is responsible for linkage / validation of linkage?



Linkage to PM

- **How do Infrastructure assets need to be linked to SAP-PM?**
 - How will Equipment Master Records be relevant to AA Infrastructure assets?
 - When is linkage made? Who is responsible for linkage / validation of linkage?



Valuation Parameters

- **Will there be a change from current depreciation calculation method?**
 - Capitalization threshold: \$3,000,000 per agency per yr.
 - How will this be determined - values updated during the year and decision to assign to capital asset required as the values are entered.
 - Depreciation method: straight-line method with estimated useful life of 40 years
 - Depreciation for full year regardless of date of acquisition during the year



FINANCIAL LIFE CYCLE PROCESSING

- Acquisition via:
 - PS Project
 - Correction: Construction does not meet Capital Asset criteria
 - Donation
- Transfers to:
 - Another Department (same Agency)
 - Another Agency (that is part of LAGov project)
 - Another Agency (that is not part of LAGov project)
 - Non State
- Retirement
- Value Adjustment:
 - Decrease (e.g. impairment)
 - Increase (e.g. insurance recovery)
- Other?



Acquisition via PS Project



AA: Asset Financial Life Cycle

Acquisition via PS project:

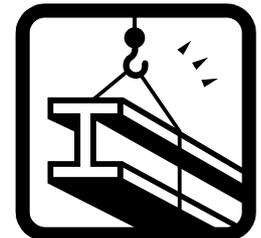
- Build - new project
- Build - add value to Existing Asset (project completed)
- Build - add value to Existing Asset (project partially completed and in use, balance still under construction)
- How often will Projects be used to build items that considered LVAs?
 - What type of LVA are built (e.g. building?), other?



Asset Acquisition: Build

- Multiple Step Process:
 - As relevant: Costs collected in WBS
 - Each month end: Values in WBS moved at month end to AuC asset master records (i.e. WBS to AuC settlement)
 - Project completion: Values in AuC moved to final AMR(s)
 - May be some situations where project will be partially finished and put into service while construction continues?
- Will be examined in more detail during:

Workshop ID	Process Area	Date
FI-PS-009	Capital Projects – Periodic Processing	Nov 12-13 (Wed -Thur)





Linkage to PS (i.e. WBS-AuC-AMR)

- **How do assets need to be linked to SAP-PS?**
 - How will costs be allocated to WBS for settlement to AuC(s)?
 - How will settlement of AuC to final AMR be determined
 - If project complete
 - If project partially complete and ready for use, while balance of project is ongoing

- **Handling of values if, during construction, it is determined that item does not meet 'asset' criteria (e.g. costs)?**

- **Are 'Low Value Assets' constructed?**
 - Examples?
 - Volume & Frequency?



Asset Acquisition: Build

PS Settlement: WBS to AuC

- monthly until complete
- set capitalization date on AMR
- FI posting:
cr. 'Expense Offset'
dr. AuC (WIP)

WBS Element(s)

- material	\$\$
- services	\$\$
- architect fee	\$\$
- overhead	\$\$
MONTH 1	\$25k
WBSoffset	(25)

- overhead	\$\$
MONTH 2	\$15k
WBS offset	(15)

AuC Master Record

\$ 25 k	Month 1
15	Month 2
40	Month 3
<hr/>	
\$ 80	AuC Total
(80)	Transfer to AMR
\$ 0	After AuC settled

Settlement: AuC to AMR

- generally one time (at project completion)
- set capitalization date on AMR
- set deactivation date on AuC
- FI posting:
cr. AuC (WIP)
dr. APC (for AMR)

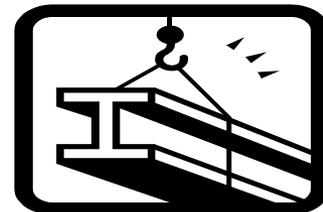
Final AMR

\$ 80	Asset Total
-------	-------------



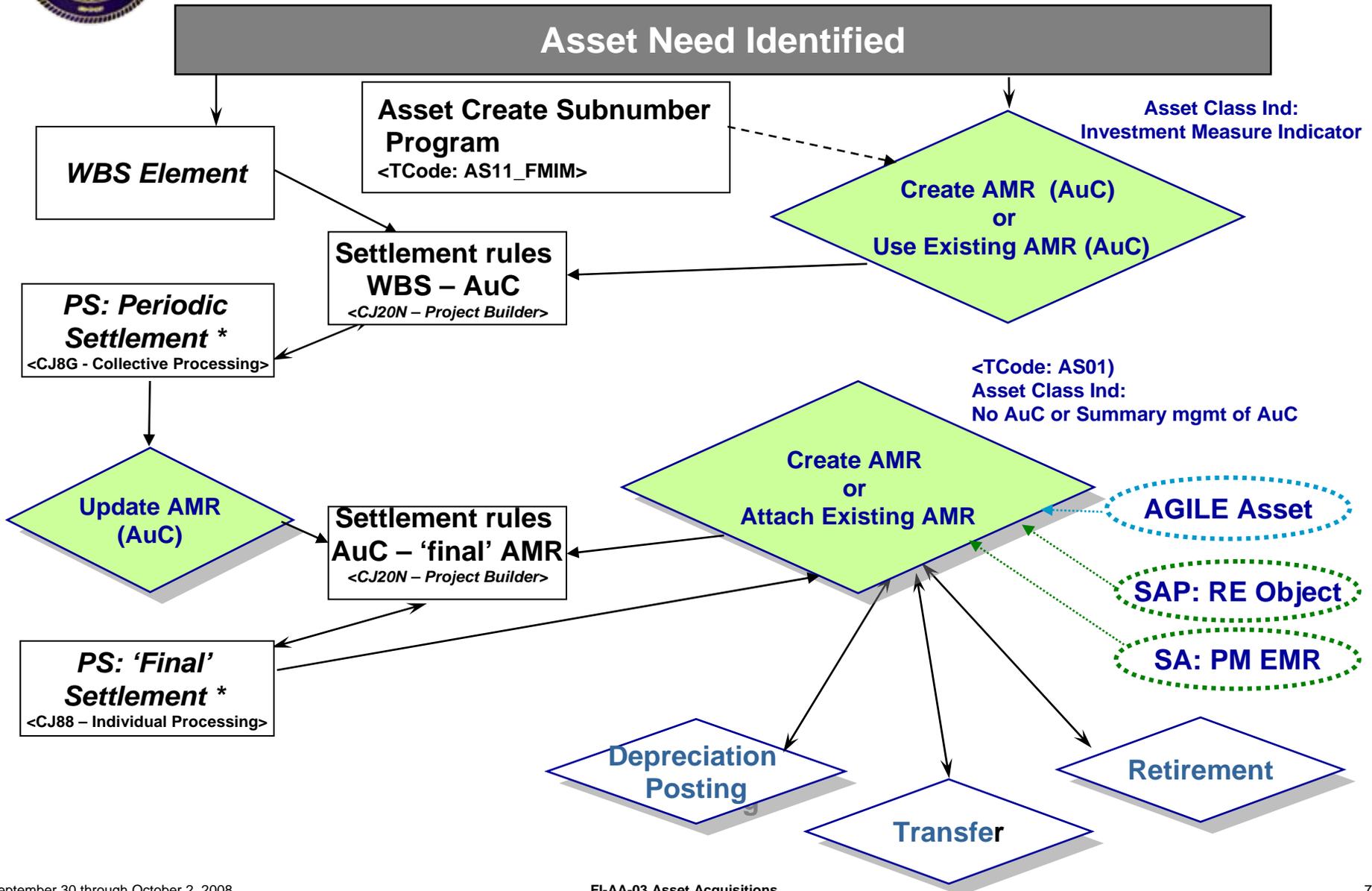
Asset Acquisition: Build

- Project costs collected in WBS <PS>
- WBS to AuC settlement <PS>
 - Must attach AMR shell(s) to Settlement Rules
 - AMR subnumbers will be used for funding distinction
 - Enables AMR update with capitalization date/values at time of settlement
 - Periodic (e.g. monthly) settlement of values from WBS to AuC
- AuC to AMR settlement <PS or AA>
 - Must attach final AMR shell(s)/existing AMR to Settlement Rules
 - AMR subnumbers will be used for funding distinction
 - Can be done when initial AuC shell created or immediately prior to AuC to AMR settlement
 - Enables AMR update with capitalization date/values at time of settlement
 - Generally, settlement done when asset is deemed complete
 - May be variations on settlement processing if asset is partially completed and put into service prior to 'final' completion





Asset Acquisition: Build





AMR – Asset Value Display (Sample)

Asset Explorer

Asset 0008-2/0000
 Depreciation Areas
 01 Book depreciation
 50 Derived area

Company Code: 0008 IDES US INC New GL 8
 Asset: 2 0
 Fiscal year: 2008

Planned values | Posted values | Comparisons | Parameters

Planned values Book depreciation

Value	Fiscal year start	Change	Year-end	Crcy
APC transactions				USD
Investment support				USD
Revaluation				USD
Transfer reserve				USD
Acquisition value				USD
Ordinary deprec.				USD
Special depreciation				USD
Unplanned dep.				USD
Write-up				USD
Value adjustment				USD

No postings for selected fiscal year

Planned values Book depreciation

Value	Fiscal year start	Change	Year-end	Crcy
APC transactions				USD
Investment support				USD
Revaluation				USD
Transfer reserve				USD
Acquisition value				USD
Ordinary deprec.				USD
Special depreciation				USD
Unplanned dep.				USD
Write-up				USD
Value adjustment				USD
Reval. ord. depr.				USD
Net book value				USD
Interest				USD
Down payments				USD

Sample detail if transactions available for AMR

Transactions

AsstVal date	Amount	TType	Transaction type name	Crcy
14.07.2008	100.00	100	External asset acquisition	USD

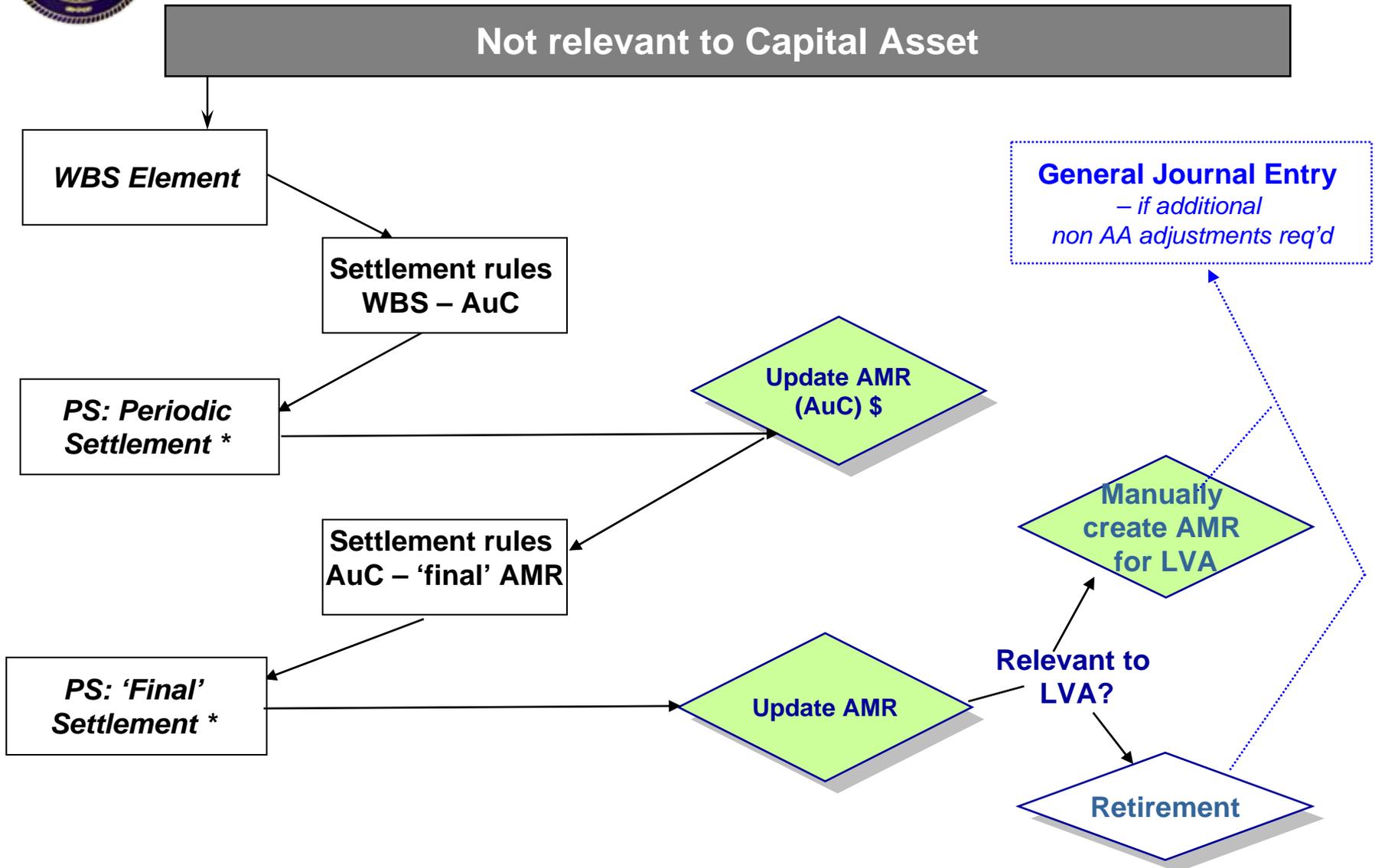


AA: Asset Financial Life Cycle

- During construction – AuC is determined to not be a Capital Asset:
 - What causes situation like this?
 - Volume of such situations per year?



Asset Acquisition: AuC and/or AMR no longer applicable





AMR – Asset Value Display (Sample)

Asset Explorer

Asset 0008-2/0000

Depreciation Areas

- 01 Book depreciation
- 50 Derived area

Company Code: 0008 IDES US INC New GL 8

Asset: 2 0

Fiscal year: 2008

Planned values | Posted values | Comparisons | Parameters

Planned values Book depreciation

Value	Fiscal year start	Change	Year-end	Crcy
APC transactions				USD
Investment support				USD
Revaluation				USD
Transfer reserve				USD
Acquisition value				USD
Ordinary deprec.				USD
Special depreciation				USD
Unplanned dep.				USD
Write-up				USD
Value adjustment				USD

No postings for selected fiscal year

Planned values Book depreciation

Value	Fiscal year start	Change	Year-end	Crcy
APC transactions				USD
Investment support				USD
Revaluation				USD
Transfer reserve				USD
Acquisition value				USD
Ordinary deprec.				USD
Special depreciation				USD
Unplanned dep.				USD
Write-up				USD
Value adjustment				USD
Reval. ord. depr.				USD
Net book value				USD
Interest				USD
Down payments				USD

Sample detail if transactions available for AMR

Transactions

AsstVal date	Amount	TType	Transaction type name	Crcy
14.07.2008	100.00	100	External asset acquisition	USD



Asset Acquisition: Build

Conversion Considerations:

■ Outstanding Projects for:

- Capital Assets will need to have AMR(s) and settlement rules attached:
 - WBS and AuC phase
- Low Value Assets:
 - how to create and value assets needs further discussion
 - Initial discussions indicate that this is a very low volume occurrence



Asset Acquisition: Build

Reporting Requirements:

- ?



Asset Acquisition: Build

Training / Change Management Considerations:

- Asset Master Record identification and classification:
 - Need to identify the Asset Class correctly:
 - Many asset classes - need to select correct class
 - If incorrectly chosen - financial and corrective posting requirements
 - May need to use multiple asset classes for a project (e.g. infrastructure may be classified at a lower level such as roadways, bridges, etc.)
 - Assets that:
 - Meet Capital Asset criteria (e.g. movable equipment over \$5000) require procurement via asset assignment path
 - Must be 'fully valued' AMR records
 - Do not meet Capital Asset criteria but must be tracked (e.g. movable equip. between \$1000-4999.99, and items of interest < \$10000 requiring tagging)
 - Will be manually created as LVA shells after Goods Receipt
 - Constructed assets will have unique AMR's during:
 - Construction phase (i.e. AuC)
AuC's can be 'automatically' created but will likely need edits for additional data
 - Finished/In Service phase
Final AMR's must be created manually
 - Process to update AMR for additional info (e.g. serial number, inventory/tag number, tracking details, etc.)
 - Subnumber assets become very important – are used for funding distinction.
 - New transactions, screens, reports



Asset Acquisition: Build

Training / Change Management Considerations:

- Transaction processing:
 - Two Procurement Paths:
 - Capital Asset
 - Low Value Asset
 - Need to ensure that users post project relevant procurement items to WBS not to an asset or expense
 - Understanding processing impact and choosing correct Account Assignment
 - Requires specific processing flow to ensure financial postings are correct
 - e.g. WBS cost collection, periodic settlement to asset AuC(s), settlement to final AMR(s)
 - Linking correct AMR for Capital Asset procurement
 - Limited number of individuals who will do Project to Asset processing?
 - Report review to determine LVA asset creation/update requirements
 - Monitoring, more frequently at time of go-live, re: correct coding and master record updates (i.e. in MM and AA modules)
 - New transactions, screens, reports



Asset Acquisition: Build

Training / Change Management Considerations:

- *Considerations*
 - *Timing and procedure for AMR / EMR linkage still under discussion*

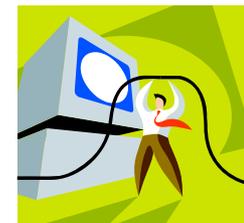


Acquisition
via
AA Transactions:
Donation / Correction



Asset Acquisition: Donation or Correction

- Asset not in Asset Accounting database:
 - External Acquisition with Offsetting Entry
 - Correction of current year acquisition posting to non AMR record (e.g. expense account)
 - Addition of non-cash current year acquisition to asset database (e.g. donation)
 - Sets capitalization date for asset in the AMR and updates APC values
 - Can create unique 'transaction types' to identify the type addition (e.g. Donation, Inventory Correction, Seizure, etc.)
 - Post Capitalization
 - Correction of prior year acquisition posting to non AMR record (e.g. expense account)
 - Addition of non-cash prior year acquisition to asset database (e.g. donation)
 - Automatic 'catch-up' of accumulated depreciation
 - Can create unique 'transaction types' to identify the type addition (e.g. Donation, Inventory Correction, Seizure, etc.)
 - Must attach AMR (either new AMR shell created, use existing AMR shell or AMR record) at time of transaction initiation.
 - *For prior year assets must use 'post capitalization' transaction/indicator to enable prior year asset capitalization date*





AA: Asset Financial Life Cycle

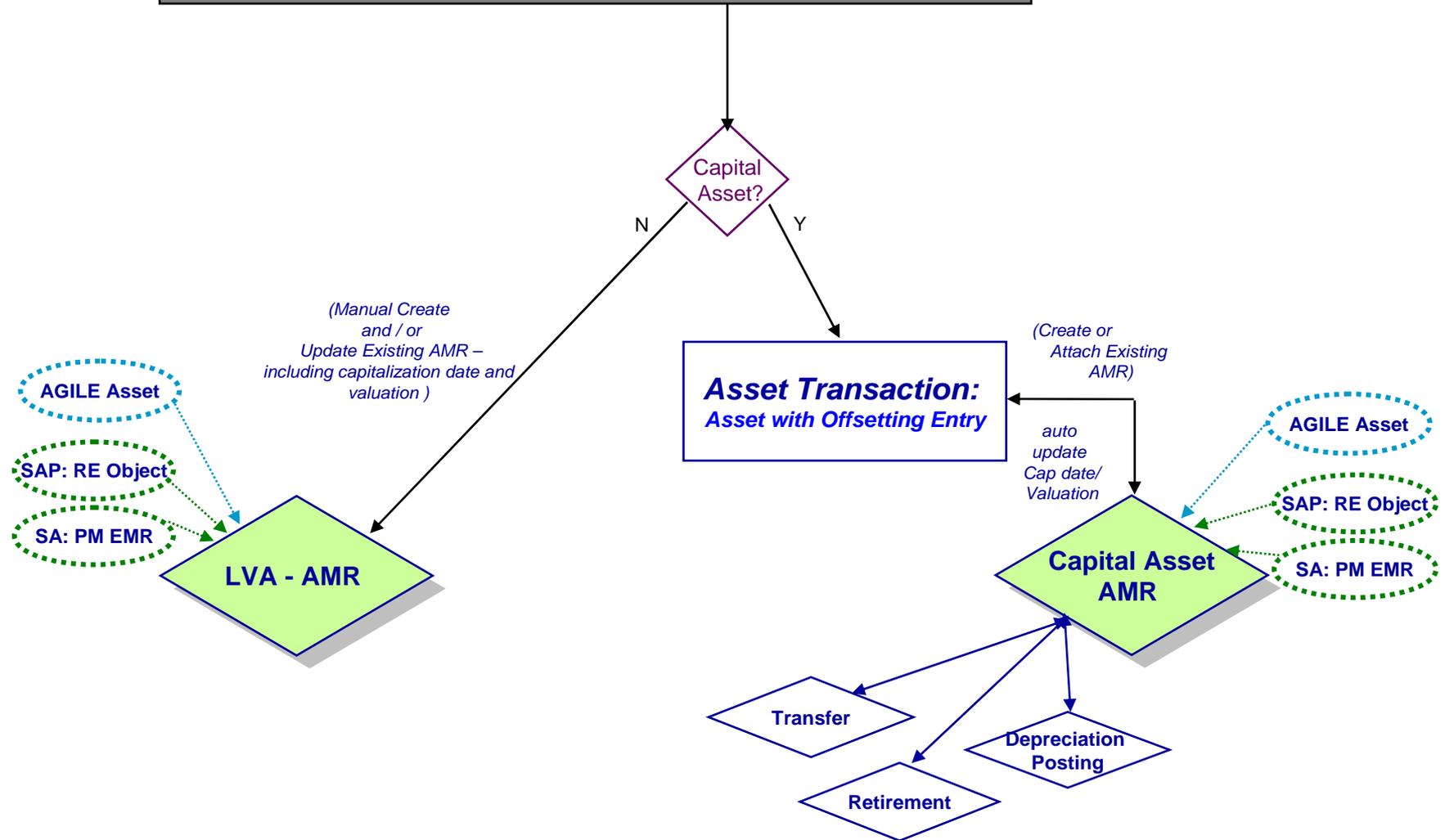
Acquisition for (Current or Prior Year addition) via:

- Donation or Correction
 - What causes situation like this?
 - Volume of such situations per year?
- Donation - add value to Existing Asset
 - What causes situation like this (e.g. from subdivision developer, from non-State government, others?)
 - Volume of such situations per year?



Asset Acquisition: Donation or Correction (not in AA database – current yr. acq.)

Asset – Item Donated or Correction (current year)





Asset Acquisition: Donation or Correction (not in AA database – current yr. acq.)

Enter Asset Transaction: Acquis. w/Autom. Offsetting Entry

Line items | Change company code | Multiple assets

Company Code: M101 | OEM Company, USA, Inc

Existing asset: 60009 | 0 | laptop for wbs 2

New asset

Description: | Asset Class: | Cost Center: |

Transaction data | Additional details | Note

Document Date	06.09.2004
Posting Date	11.09.2004
Asset value date	02.09.2004
Amount posted	10.000,00 USD
Quantity	
Text	informative text here

Transaction data | Additional details | Note

Special specif. for document

Posting Period	
Document Type	
Offsetting acct no.	

Special specif. for transaction

Transaction Type	
Trading Partner	

Additional info on document

Reference	REF DOC #?
Allocation	for sort criteria



AMR – Asset Value Display (Sample)

Asset Explorer

Asset 0008-2/0000

Depreciation Areas

- 01 Book depreciation
- 50 Derived area

Company Code: 0008 IDES US INC New GL 8

Asset: 2 0

Fiscal year: 2008

Planned values | Posted values | Comparisons | Parameters

Planned values Book depreciation

Value	Fiscal year start	Change	Year-end	Crcy
APC transactions				USD
Investment support				USD
Revaluation				USD
Transfer reserve				USD
Acquisition value				USD
Ordinary deprec.				USD
Special depreciation				USD
Unplanned dep.				USD
Write-up				USD
Value adjustment				USD

No postings for selected fiscal year

Planned values Book depreciation

Value	Fiscal year start	Change	Year-end	Crcy
APC transactions				USD
Investment support				USD
Revaluation				USD
Transfer reserve				USD
Acquisition value				USD
Ordinary deprec.				USD
Special depreciation				USD
Unplanned dep.				USD
Write-up				USD
Value adjustment				USD
Reval. ord. depr.				USD
Net book value				USD
Interest				USD
Down payments				USD

Sample detail if transactions available for AMR

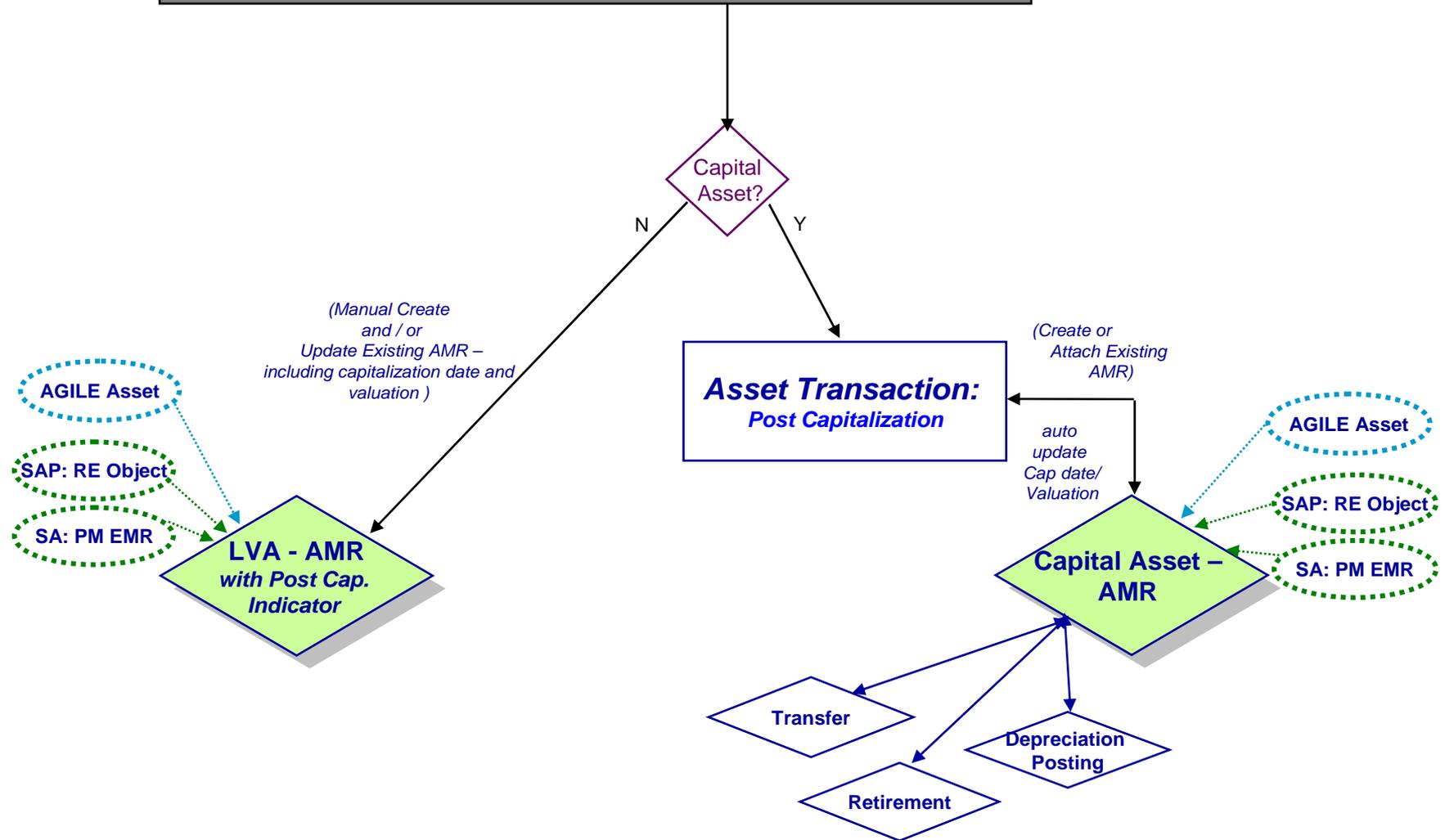
Transactions

AsstVal date	Amount	TType	Transaction type name	Crcy
14.07.2008	100.00	100	External asset acquisition	USD



Asset Acquisition: Donation or Correction (not in AA database – prior. acq.)

Asset – Item Donated or Correction (prior year)





Asset Acquisition: Donation or Correction (not in AA database – prior yr. acq.)

Enter Asset Transaction: Post-Capitalization

Line items Change company code Multiple assets

Company Code: OEM Company, USA, Inc

Existing asset

New asset

Description:

Asset Class:

Cost Center:

Transaction data | Additional details | Note

Document Date	<input type="text" value="06.09.2004"/>
Posting Date	<input type="text" value="11.09.2004"/>
Orig. val. date	<input type="text" value="02.09.2004"/>
Amount posted	<input type="text" value="10000"/> USD
Quantity	<input type="text"/>
Text	<input type="text" value="informative text here"/>

Transaction data | Additional details | Note

Special specif. for document

Posting Period:

Document Type:

Offsetting acct no.:

Special specif. for transaction

Transaction Type:

Additional info on document

Reference:

Allocation:



AMR – Asset Value Display (Sample)

Asset Explorer

Asset 0008-2/0000

Depreciation Areas

- 01 Book depreciation
- 50 Derived area

Company Code: 0008 IDES US INC New GL 8

Asset: 2 0

Fiscal year: 2008

Planned values | Posted values | Comparisons | Parameters

Planned values Book depreciation

Value	Fiscal year start	Change	Year-end	Crcy
APC transactions				USD
Investment support				USD
Revaluation				USD
Transfer reserve				USD
Acquisition value				USD
Ordinary deprec.				USD
Special depreciation				USD
Unplanned dep.				USD
Write-up				USD
Value adjustment				USD

No postings for selected fiscal year

Planned values Book depreciation

Value	Fiscal year start	Change	Year-end	Crcy
APC transactions				USD
Investment support				USD
Revaluation				USD
Transfer reserve				USD
Acquisition value				USD
Ordinary deprec.				USD
Special depreciation				USD
Unplanned dep.				USD
Write-up				USD
Value adjustment				USD
Reval. ord. depr.				USD
Net book value				USD
Interest				USD
Down payments				USD

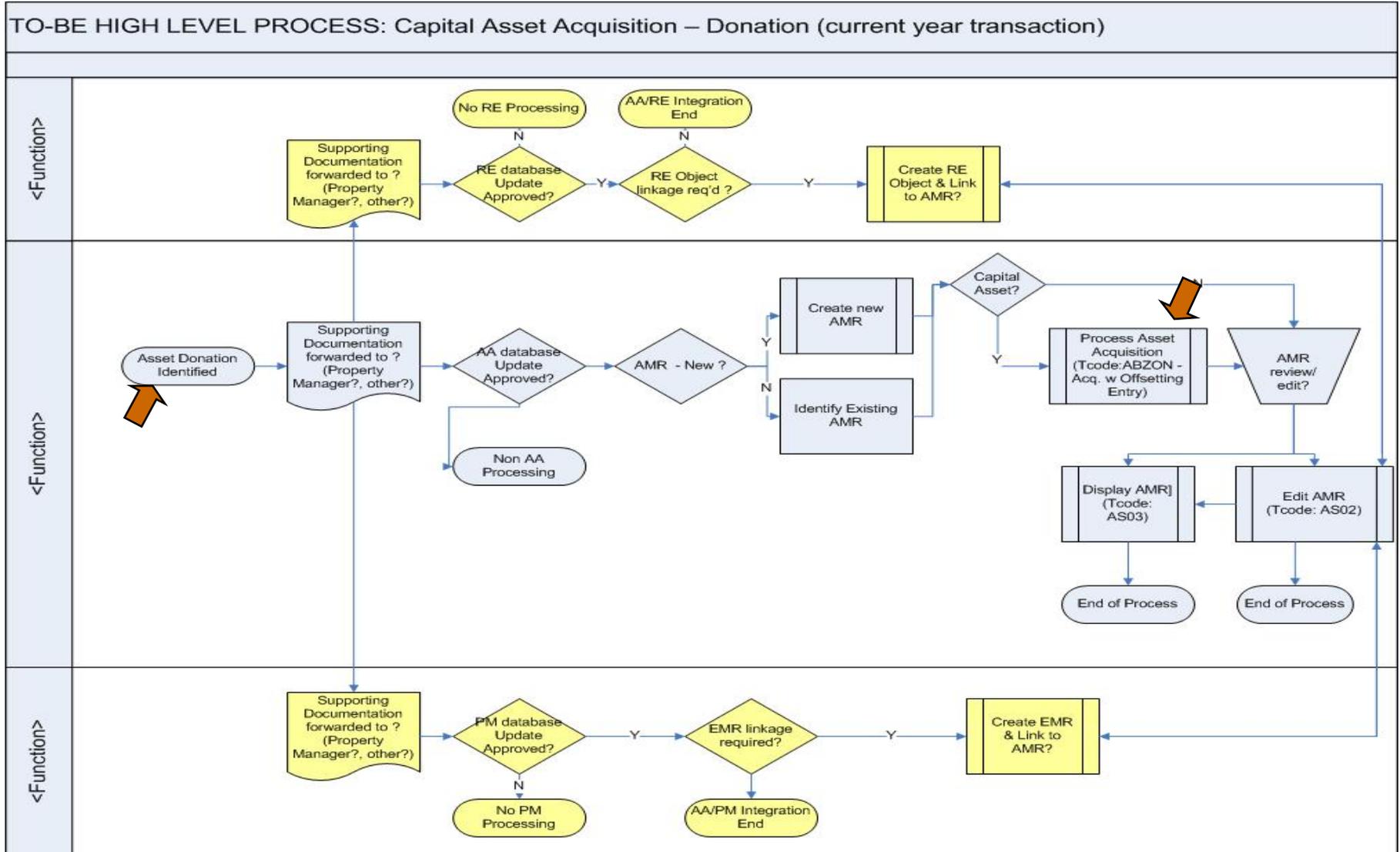
Sample detail if transactions available for AMR

Transactions

AsstVal date	Amount	TType	Transaction type name	Crcy
14.07.2008	100.00	100	External asset acquisition	USD

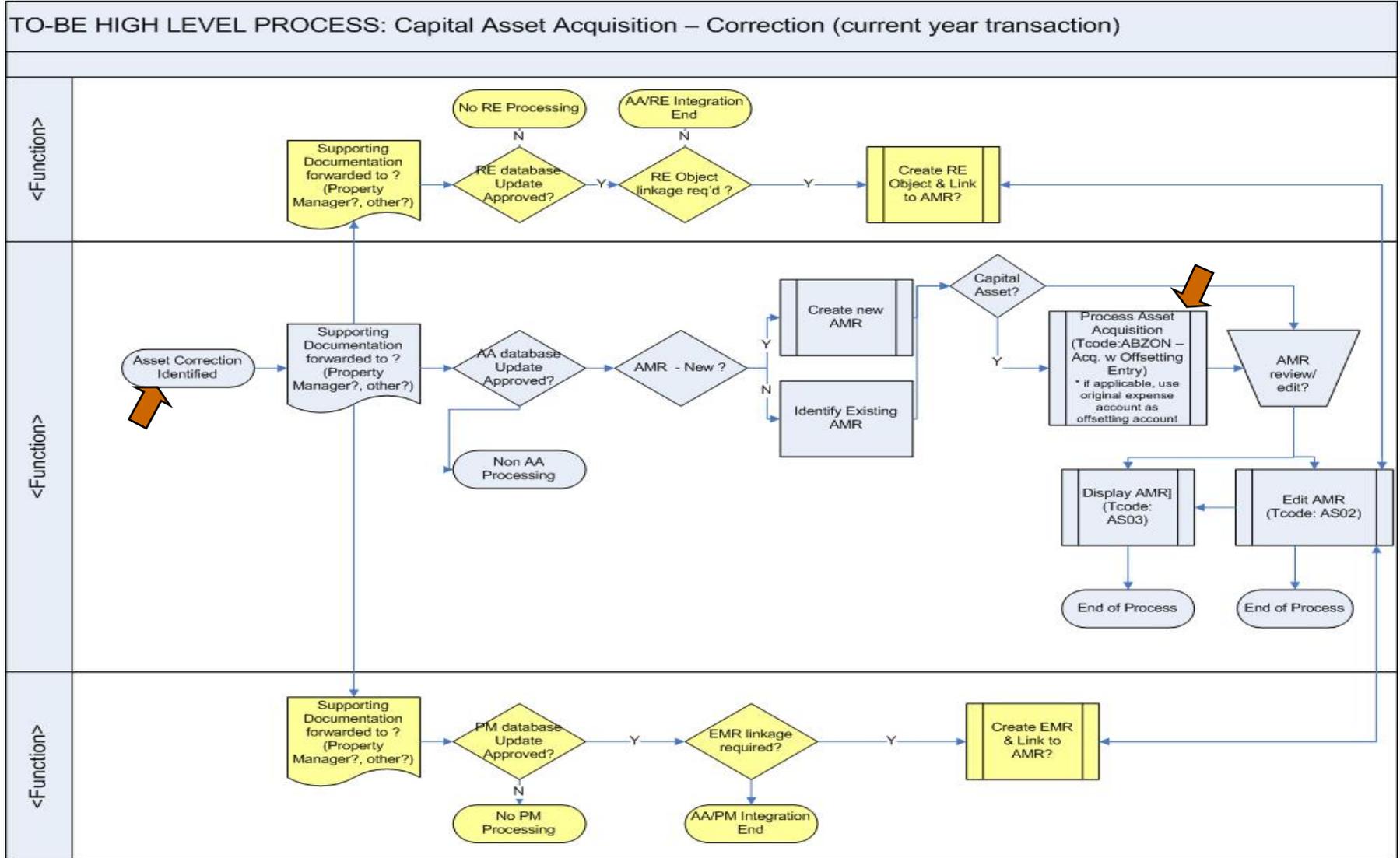


Asset Acquisition: Donation (not in AA database – current yr. acq.)



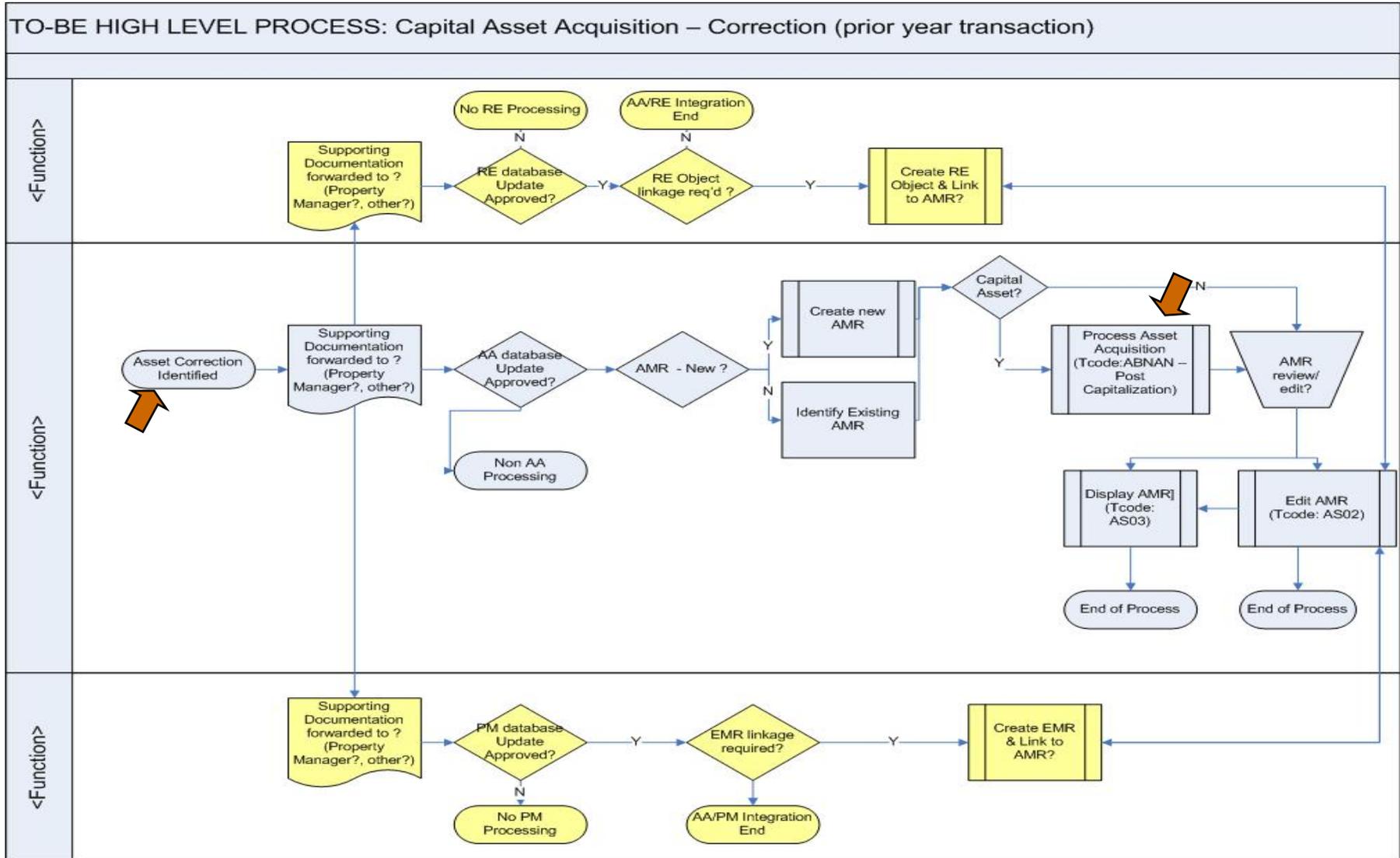


Asset Acquisition: Correction (not in AA database – current yr. acq.)





Asset Acquisition: Correction (not in AA database – prior yr. acq.)





Asset Acquisition: Donation or Correction (current or prior year)

Conversion Considerations:

- Not applicable



Asset Acquisition: Donation or Correction (current or prior year)

Reporting Requirements:

- ?



Asset Acquisition: Donation or Correction (current or prior year)

Training / Change Management Considerations:

- Asset Master Record identification and classification:
 - Need to identify the Asset Class correctly:
 - Many asset classes - need to select correct class (e.g. Capital Asset vs. LVA classes)
 - If incorrectly chosen - financial and corrective posting requirements
 - Assets that:
 - Meet Capital Asset criteria (e.g. movable equipment over \$5000) require procurement via asset assignment path
 - Must be 'fully valued' AMR records
 - Do not meet Capital Asset criteria but must be tracked (e.g. movable equip. between \$1000-4999.99, and items of interest < \$10000 requiring tagging)
 - Will be manually created as LVA shells after Goods Receipt
 - Process to update AMR for additional info (e.g. serial number, inventory/tag number, tracking details, etc.)
 - New transactions, screens, reports



Asset Acquisition: Donation or Correction (current or prior year)

Training / Change Management Considerations:

- Transaction processing:
 - Two Procurement Paths:
 - Capital Asset
 - Need to understand ‘offsetting’ account posting impacts
 - Low Value Asset
 - No transaction processing required
 - Understanding processing impact and choosing correct processing path:
 - Can have significant financial impact thus recommend limited access to these transactions
 - Linking correct AMR for Capital Asset procurement
 - Report review to determine LVA asset creation/update requirements
 - Monitoring, more frequently at time of go-live, re: correct coding and master record updates (i.e. in MM and AA modules)
 - New transactions, screens, reports



Asset Acquisition: Donation or Correction (current or prior year)

Training / Change Management Considerations:

- *Considerations*
 - *Volume/frequency of assets acquired via donation:*
 - *Capital Assets?*
 - *Low Value Assets?*
 - *Volume/frequency of assets corrections with current year acquisition:*
 - *Capital Assets?*
 - *Low Value Assets?*
 - *Volume/frequency of assets corrections with prior year acquisition:*
 - *Capital Assets?*
 - *Low Value Assets?*
 - *Timing and procedure for AMR / EMR linkage still under discussion*



Acquisition
via
AA Transactions

Subsequent Acquisitions



Subsequent Valuation: Additional Values

Multiple methods of handling Capital Asset:

Scenario: Original Capital Asset = \$1M, Additional Value = \$ 200K

Transactions to update values.....

1. **ADD VALUE TO EXISTING ASSET MASTER RECORD:**

- New AMR Valuation = \$1.2 M, depreciation calculation increased by amount of additional value
 - *Note: depreciation parameters cannot be changed without impacting depreciation calculation*
- AMR limitations: cannot track details of subsequent acquisition independently (e.g. cannot have multiple capitalization dates, investment reasons, sub categories, etc. on an asset), however, the transactional detail is maintained independently for each posting.

2. **CREATE SUB-NUMBER ASSET RECORD (SAME ASSET CLASS only):**

- Original asset master record not changed
- New Asset Master Record With Unique Depreciation Rules Created
- Can 'Roll-up' Value Of Initial And Sub-number Asset Master Record

3. **CREATE NEW ASSET MASTER RECORD (SAME or DIFFERENT ASSET CLASS):**

- Original asset master record not changed
- New asset master record with unique depreciation rules created
- Original asset and new asset do not have an automatic linkage (option to use 'super-numbering')





Subsequent Valuation: Additional Values

Multiple methods of handling Low Value Asset:

*Scenario: Original Low Value Asset = \$5 K, Additional Value = \$ 3 K
Manual update of fields....*

1. ADD VALUE TO EXISTING ASSET MASTER RECORD:

- Development item -- additional valuation field (similar to Protégé), will this work for SLAB assets?
 - Two value fields: Original valuation, Current valuation
 - Two date fields: Original acquisition, Current acquisition
- AMR limitations: cannot track details of subsequent acquisition independently (e.g. cannot have multiple capitalization dates, investment reasons, sub categories, etc. on an asset), however, the transactional detail is maintained independently for each posting.

2. CREATE SUB-NUMBER ASSET RECORD (SAME ASSET CLASS only):

- Original asset master record not changed
- New Asset Master Record Created

3. CREATE NEW ASSET MASTER RECORD (SAME or DIFFERENT ASSET CLASS):

- Original asset master record not changed
- New Asset Master Record Created
- Original asset and new asset do not have an automatic linkage (option to use 'super-numbering')





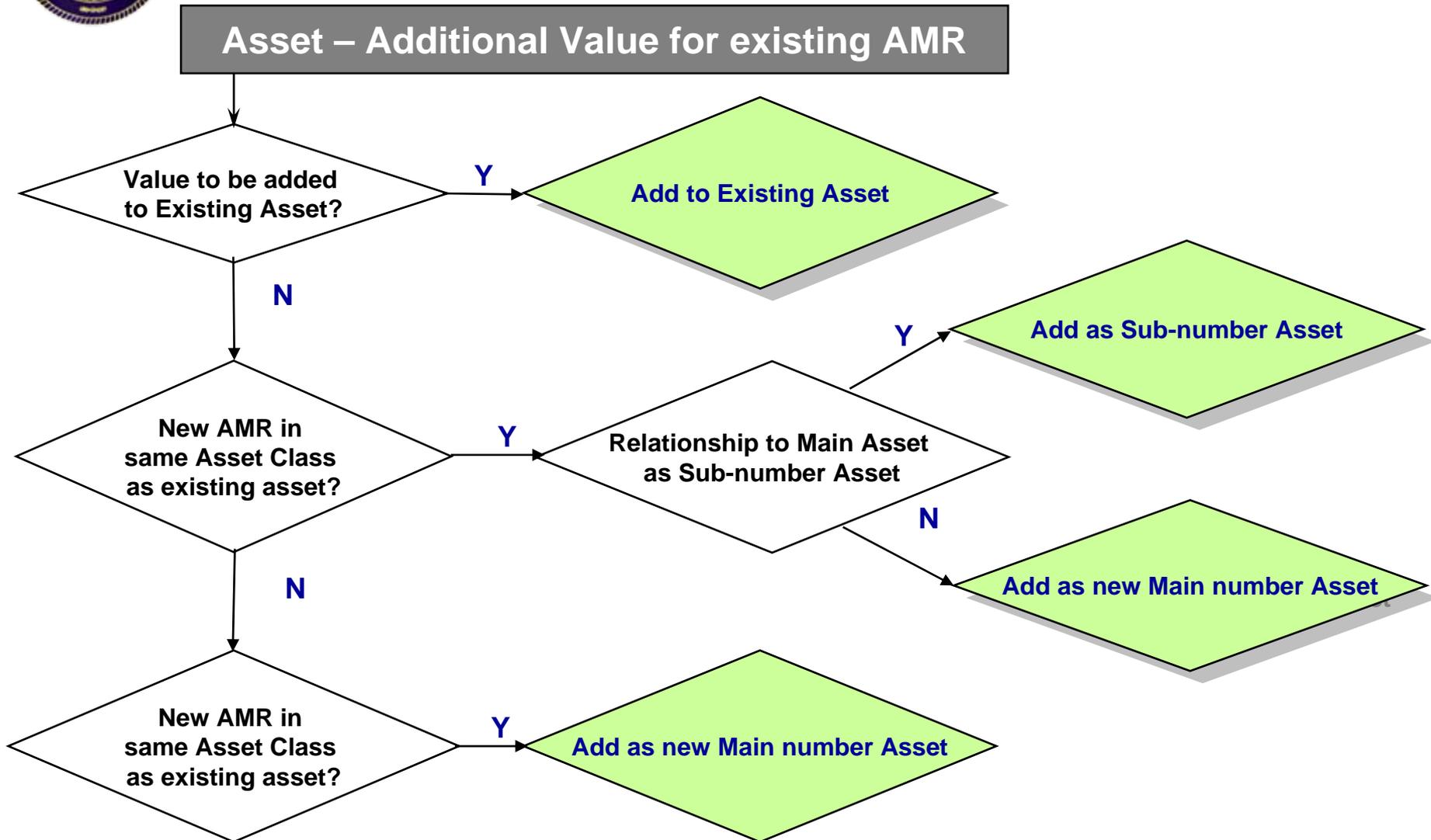
Subsequent Valuation: Additional Values

Training / Change Management Considerations:

- *Considerations*
 - *Volume/frequency of value additions:*
 - *Capital Assets?*
 - *Low Value Assets?*



Asset Acquisition: Additional Values





AMR – Asset Value Display (Sample)

Asset Explorer

Asset 0008-2/0000
 Depreciation Areas
 01 Book depreciation
 50 Derived area

Company Code: 0008 IDES US INC New GL 8
 Asset: 2 0
 Fiscal year: 2008

Planned values | Posted values | Comparisons | Parameters

Planned values Book depreciation

Value	Fiscal year start	Change	Year-end	Crcy
APC transactions				USD
Investment support				USD
Revaluation				USD
Transfer reserve				USD
Acquisition value				USD
Ordinary deprec.				USD
Special depreciation				USD
Unplanned dep.				USD
Write-up				USD
Value adjustment				USD

No postings for selected fiscal year

Planned values Book depreciation

Value	Fiscal year start	Change	Year-end	Crcy
APC transactions				USD
Investment support				USD
Revaluation				USD
Transfer reserve				USD
Acquisition value				USD
Ordinary deprec.				USD
Special depreciation				USD
Unplanned dep.				USD
Write-up				USD
Value adjustment				USD
Reval. ord. depr.				USD
Net book value				USD
Interest				USD
Down payments				USD

Sample detail if transactions available for AMR

Transactions

AsstVal date	Amount	TType	Transaction type name	Crcy
14.07.2008	100.00	100	External asset acquisition	USD



Acquisition via AA Transactions Transfers



Asset Acquisition: Transfer

- Capital Assets:
 - Receiving Asset:
 - New or Existing AMR
 - Capital Assets: Multiple ways to determine:
 - Valuation Dates (e.g. Capitalization, Depreciation)
 - Depreciation Terms
 - Values (APC and Depreciation)
 - Sending Asset:
 - Automatically 'retired' only if complete transfer
- Low Value Assets:
 - *Need to discuss requirements further....*
- Will be examined in more detail during:

Workshop ID	Process Area	Date
FI-AA-04	Transfer of Assets	Oct 21 (Tue)



AA: Asset Financial Life Cycle

- **Transfers To:**
 - Another Agency (same Department)
 - Another Department (that is part of LAGov project)
 - Another Department (that is not part of LAGov project)
 - Non State
 - Correct an input error (which has financial implications):
 - Incorrect asset classes or another AMR in same asset class
 - Financial data element change – cost center, fund, functional area, business area

- **Asset Transfer:**
 - Transfers APC and accompanying asset valuations
 - Complete or partial transfer
 - Must attach AMR (either new AMR shell created, use existing AMR shell or AMR record) at time of transaction initiation.



AA: Asset Financial Life Cycle

Transfer: to another Agency (same Department)

- What causes situation like this?
- Volume of such situations per year?



Asset Acquisition: Transfer to another Agency (same Dept.)

Conversion Considerations:

- Not Applicable



Asset Acquisition: Transfer to another Agency (same Dept.)

Reporting Requirements:

- ?



AA: Asset Financial Life Cycle

Transfer – another LAGov project Department

- What causes situation like this?
- Volume of such situations per year?



AA: Asset Financial Life Cycle - Transfer

Enter Asset Transaction: Transfer within Company Code

Line items | Change company code | Multiple assets

Company Code: ZGL1 | New GL USA Company

Asset: []

Transaction Data | Additional Details | Partial Transfer

Document Date: []

Posting Date: 24.09.2008

Asset value date: []

Text: []

Transfer to

Existing asset

New asset

Description: []

Asset Class: []

Cost Center: []

Enter Asset Transaction: Transfer

Line items | Change company code

Company Code: ZGL1 | New GL USA

Asset: 50000 | 0 | Test

Transaction Data | Additional Details | Partial

Special specif. for document

Posting Period: []

Document Type: []

Special specif. for transaction

Transfer variant: 4 | Transfer within a company code

Additional info on document

Reference: []

Allocation: []

Enter Asset Transaction: Transfer within Company Code

Line items | Change company code | Multiple assets

Company Code: ZGL1 | New GL USA Company

Asset: 50000 | 0 | Test Machine

Transaction Data | Additional Details | Partial Transfer | Note

Amount posted: []

Percentage rate: []

Quantity: []

Related to

Prior-year acquis.

From curr.-yr aquis.

Line items | Change company code

Transaction data | Additional details | Partial transfer | Note

Document Date: []

Posting Date: 24.09.2008

Asset value date: []

Text: []

Asset: [] Subnumbers

List of assets

From asset	SNr	Asset description	To asset	SNr	Asset description



AMR – Asset Value Display (Sample)

Asset Explorer

Asset 0008-2/0000

Depreciation Areas

- 01 Book depreciation
- 50 Derived area

Company Code: 0008 IDES US INC New GL 8

Asset: 2 0

Fiscal year: 2008

Planned values | Posted values | Comparisons | Parameters

Planned values Book depreciation

Value	Fiscal year start	Change	Year-end	Crcy
APC transactions				USD
Investment support				USD
Revaluation				USD
Transfer reserve				USD
Acquisition value				USD
Ordinary deprec.				USD
Special depreciation				USD
Unplanned dep.				USD
Write-up				USD
Value adjustment				USD

No postings for selected fiscal year

Planned values Book depreciation

Value	Fiscal year start	Change	Year-end	Crcy
APC transactions				USD
Investment support				USD
Revaluation				USD
Transfer reserve				USD
Acquisition value				USD
Ordinary deprec.				USD
Special depreciation				USD
Unplanned dep.				USD
Write-up				USD
Value adjustment				USD
Reval. ord. depr.				USD
Net book value				USD
Interest				USD
Down payments				USD

Sample detail if transactions available for AMR

Transactions

AsstVal date	Amount	TType	Transaction type name	Crcy
14.07.2008	100.00	100	External asset acquisition	USD



Asset Acquisition: Transfer to another Agency (same Dept.) – part of LAGov project

Conversion Considerations:

- Not Applicable



Asset Acquisition: Transfer to another Agency (same Dept.) – part of LAGov project

Reporting Requirements:

- ?



AA: Asset Financial Life Cycle

Transfer to:

- **non LAGov project Department**

(assumption: not using SAP, will need to review when management decision made)

- What causes situation like this?
- Volume of such situations per year?

- **non State**

- What causes situation like this?
- Volume of such situations per year?

Note: will be treated as 'Retirement' of AMR – no cash received



Asset Acquisition: Transfer to another Agency (same Dept.) – not part of LAGov project / non-State

Conversion Considerations:

- Not Applicable



Asset Acquisition: Transfer to another Agency (same Dept.) – not part of LAGov project / non-State

Reporting Requirements:

- ?



AA: Asset Financial Life Cycle

Transfer to:

- Correct an input error (which has financial implications):
 - Incorrect asset classes or another AMR in same asset class
 - Financial data element change – cost center, fund, functional area, business area



Acquisition
via
AA Transactions
Retirement



AA: Asset Financial Life Cycle

Retirement:

– No cash received:

– What causes situation like this?

- Transfer to:

- non LAGov project department (*assumption: not using SAP, will need to review when management decision made*)
- non State

- Other?

- Volume of such situations per year?

– Cash received:

– What causes situation like this?

– Volume of such situations per year?



Asset Retirement (No Cash Received)

Asset Retired

**Asset Transaction:
Retirement**
(i.e. no cash received)

*Attach Existing
AMR*

*Update on
AMR*

AMR

General Journal Entry

*– if additional
non AA adjustments req'd?*

**Depreciation
Posting**

Transfer*

Retirement*

** Possible if partial
retirement**



AA: Asset Financial Life Cycle

Enter Asset Transaction: Asset Retirement by Scrapping

Line items Change company code Multiple assets

Company Code New GL USA Company
 Asset Test Machine

Transaction data Additional details Partial retirement

Document Date
 Posting Date
 Asset value date
 Text

Enter Asset Transaction: Asset Retirement

Line items Change company code Multiple assets

Company Code New GL USA Company
 Asset Test Machine

Transaction data Additional details Partial retirement

Special specif. for document
 Posting Period
 Document Type

Special specif. for transaction
 Transaction Type
 Trading Partner

Additional info on document
 Reference
 Allocation

Enter Asset Transaction: Asset Retirement by Scrapping

Line items Change company code Multiple assets

Company Code New GL USA Company
 Asset Test Machine

Transaction data Additional details Partial retirement Note

Amount posted
 Percentage rate
 Quantity

Related to
 Prior-yr acquis.
 From curr.-yr acquis.

Enter Asset Transaction: Asset Retirement by Scrapping

Line items Change company code Multiple assets

Transaction Data Additional Details Partial Retirement Note

Document Date
 Posting Date
 Asset value date
 Text
 Asset Subnumbers

List of assets

Asset	SNo	Asset description



AMR – Asset Value Display (Sample)

Asset Explorer

Asset 0008-2/0000

Depreciation Areas

- 01 Book depreciation
- 50 Derived area

Company Code: 0008 IDES US INC New GL 8

Asset: 2 0

Fiscal year: 2008

Planned values | Posted values | Comparisons | Parameters

Planned values Book depreciation

Value	Fiscal year start	Change	Year-end	Crcy
APC transactions				USD
Investment support				USD
Revaluation				USD
Transfer reserve				USD
Acquisition value				USD
Ordinary deprec.				USD
Special depreciation				USD
Unplanned dep.				USD
Write-up				USD
Value adjustment				USD

No postings for selected fiscal year

Planned values Book depreciation

Value	Fiscal year start	Change	Year-end	Crcy
APC transactions				USD
Investment support				USD
Revaluation				USD
Transfer reserve				USD
Acquisition value				USD
Ordinary deprec.				USD
Special depreciation				USD
Unplanned dep.				USD
Write-up				USD
Value adjustment				USD
Reval. ord. depr.				USD
Net book value				USD
Interest				USD
Down payments				USD

Sample detail if transactions available for AMR

Transactions

AsstVal date	Amount	TType	Transaction type name	Crcy
14.07.2008	100.00	100	External asset acquisition	USD



Asset Retirement (No Cash Received)

Conversion Considerations:

- Not Applicable



Asset Retirement (No Cash Received)

Reporting Requirements:

- ?



Acquisition
via
AA Transactions

Value Decrease



Subsequent Valuation: Value Decrease

Asset Value Reduction:

- Unexpected permanent reduction in the worth of the asset (e.g. damage, technical obsolescence)
- Capital Assets: Transaction for Unplanned Depreciation:
 - Value adjustment – 1X posting adjusting asset value by increasing depreciation amount
 - Amount is identified on a separate line in the AMR value display and can be reported on
 - Can create unique 'transaction types' to identify the type of impairment (e.g. Hurricane X, Technical Revaluation, etc.)
 - Two step process:
 - Immediately: updates AMR asset value
 - Next depreciation posting: updates GL accounts
 - Access authorization should be limited
- LVA: AMR valuation field change



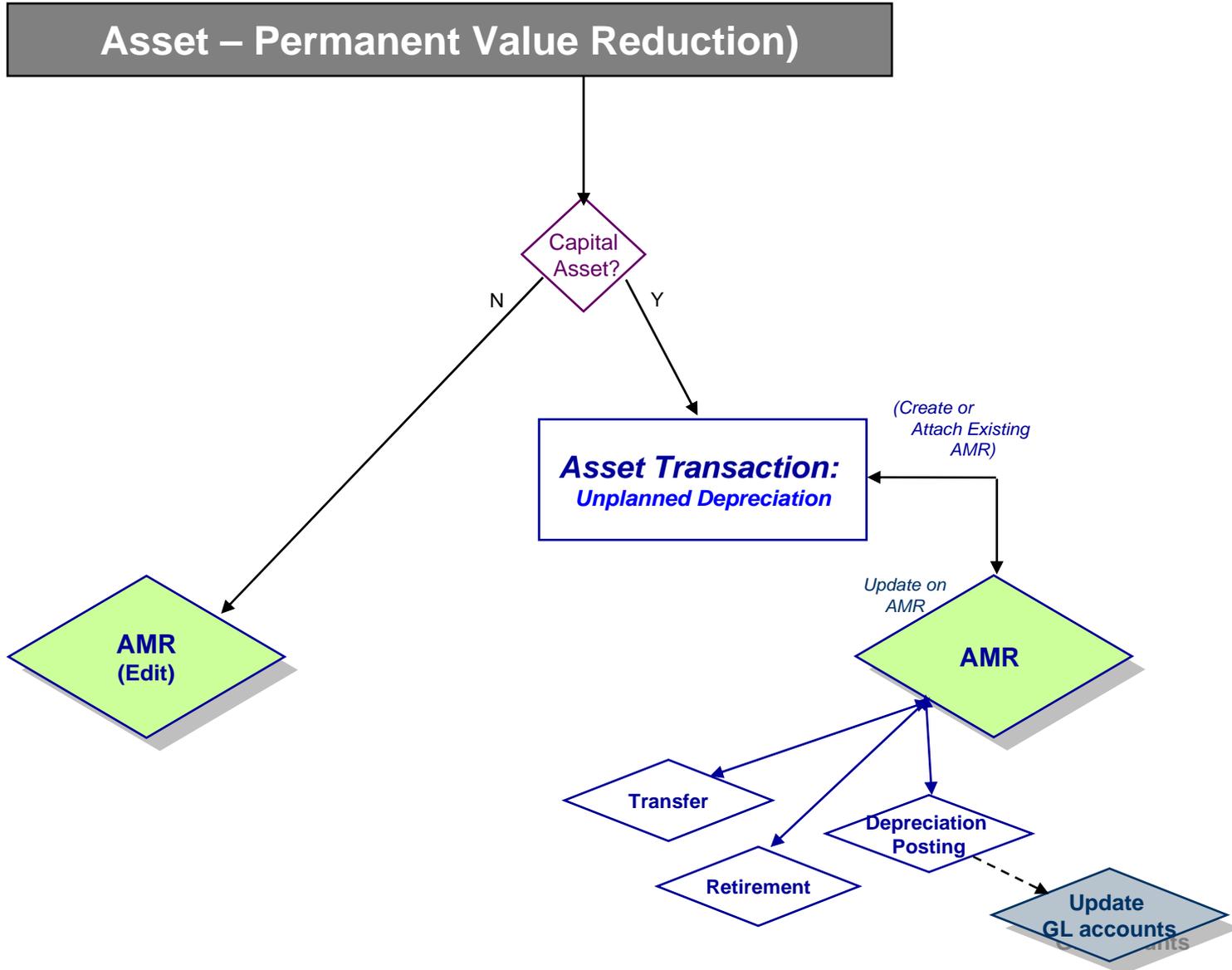
Subsequent Valuation: Value Decrease

Value Reductions:

- Capital Assets Value Reductions?
 - Frequency
 - Volume
 - Reason
 - e.g. GASB 42 due to hurricane, other?
 - Is there requirement to identify why valuation adjustment occurred?
 - *IMPORTANT – post go-live additional TTypes must be defined via Configuration (i.e. change request which must follow development/testing path to PROD)*
- LVA Value Reductions?
 - Frequency
 - Volume
 - Reason
 - Is there requirement to identify why valuation adjustment occurred?



Subsequent Valuation: Value Decrease





AMR – Asset Value Display (Sample)

Asset Explorer

Asset 0008-2/0000
 Depreciation Areas
 01 Book depreciation
 50 Derived area

Company Code: 0008 IDES US INC New GL 8
 Asset: 2 0
 Fiscal year: 2008

Planned values | Posted values | Comparisons | Parameters

Planned values Book depreciation

Value	Fiscal year start	Change	Year-end	Crcy
APC transactions				USD
Investment support				USD
Revaluation				USD
Transfer reserve				USD
Acquisition value				USD
Ordinary deprec.				USD
Special depreciation				USD
Unplanned dep.				USD
Write-up				USD
Value adjustment				USD

No postings for selected fiscal year

Planned values Book depreciation

Value	Fiscal year start	Change	Year-end	Crcy
APC transactions				USD
Investment support				USD
Revaluation				USD
Transfer reserve				USD
Acquisition value				USD
Ordinary deprec.				USD
Special depreciation				USD
Unplanned dep.				USD
Write-up				USD
Value adjustment				USD
Reval. ord. depr.				USD
Net book value				USD
Interest				USD
Down payments				USD

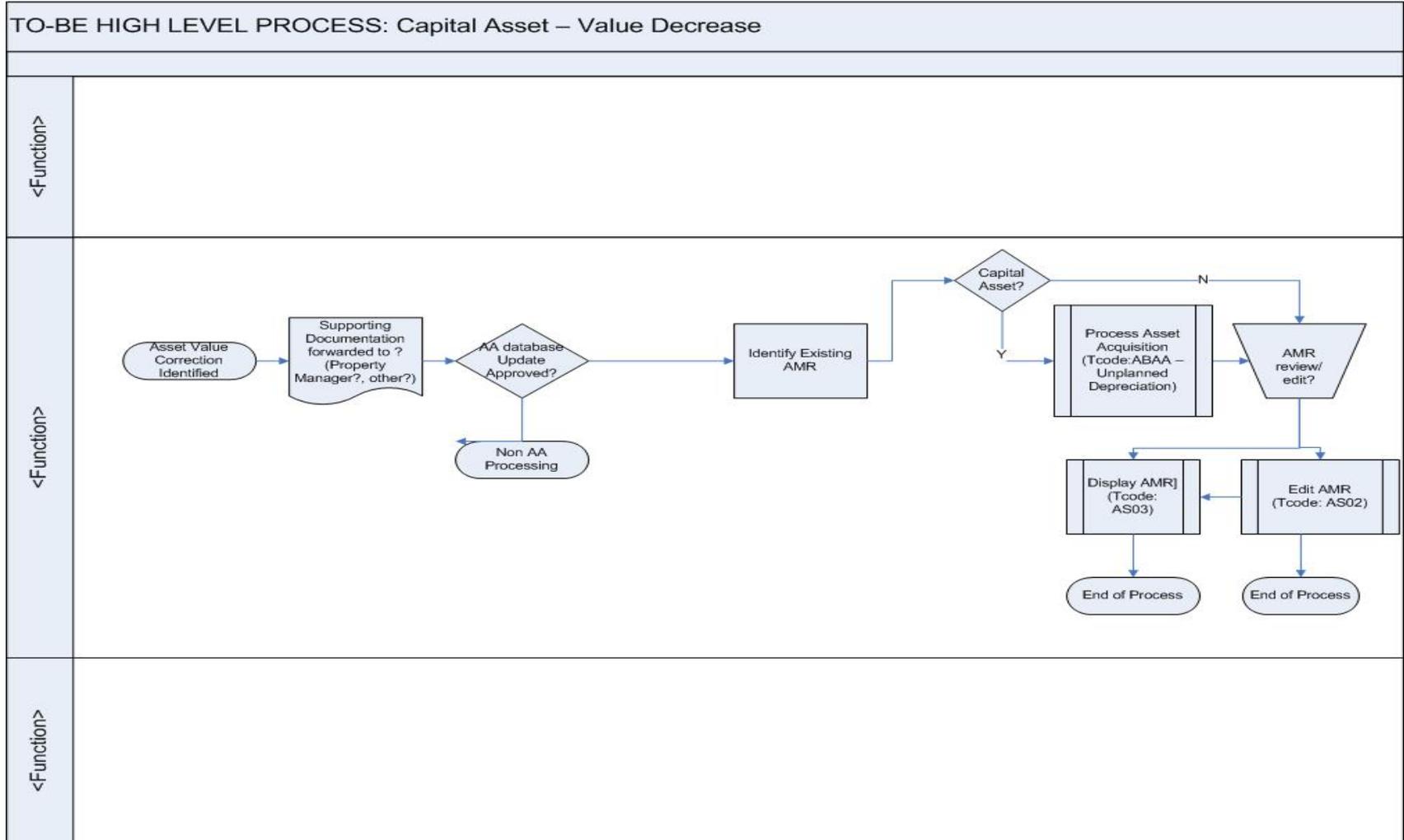
Sample detail if transactions available for AMR

Transactions

AsstVal date	Amount	TType	Transaction type name	Crcy
14.07.2008	100.00	100	External asset acquisition	USD



Subsequent Valuation: Value Decrease





Subsequent Valuation: Value Decrease

Unplanned depreciation: Initial Screen

Company Code	M101
Asset	60009
Subnumber	0

Date specif.

Document Date	11.09.2008
Posting Date	11.09.2008
Posting Period	9

Transact.

Transaction Type	640 Unplanned depreciat
------------------	-------------------------

Create Asset Transaction: Unplanned depreciation on prior-year acquisi

Line Items

Asset	60009	0	laptop for wbs 2
Company Code	M101		
Trans. Type	640		Unplanned depreciation on prior-year acquisitions

Posting data

Amount posted	2000	USD
Asset val. date	04.09.2004	

Additional details

Text	informative text here (50 char)
Reference	source doc #?



Subsequent Valuation: Value Decrease

Conversion Considerations:

- Not applicable



Subsequent Valuation: Value Decrease

Reporting Requirements:

- ?



Subsequent Valuation: Value Decrease

Training / Change Management Considerations:

- Asset Master Record identification:
 - Need to select correct AMR for value adjustment
- Valuation processing updates:
 - Need to understand when an asset must have a value reduction recorded
 - Can have significant financial impact thus recommend limited access to this transaction
 - Need to understand transaction posting impacts for Capital Assets
 - Need to understand processing paths:
 - Capital Asset uses Unplanned Depreciation transaction
 - Low Value Asset update to master record valuation field.
 - New transactions, screens, reports



Acquisition
via
AA Transactions

Value Increase



Subsequent Valuation: Value Increase

Asset Value Increase:

- Correction to excessively high depreciation in prior years, for example:
 - Use of incorrect depreciation terms (incorrect expected useful life, incorrect depreciation key) due to:
 - Unplanned depreciation, which is no longer valid in the current situation
 - A later reduction in the acquisition and production costs of an asset (for example, due to a subsequent credit memo)
 - Insurance or other disaster \$ recovery?
- Capital Assets: Transaction for Write-up
 - Value adjustment – 1X posting which adjusts the asset value by decreasing the depreciation amount
 - Amount is identified on a separate line in the AMR value display and can be reported on
 - Can create unique transaction types to identify the type of increase.
 - One step process – immediately updates:
 - AMR asset value
 - GL accounts
 - Access authorization should be limited
- LVA: AMR valuation field change

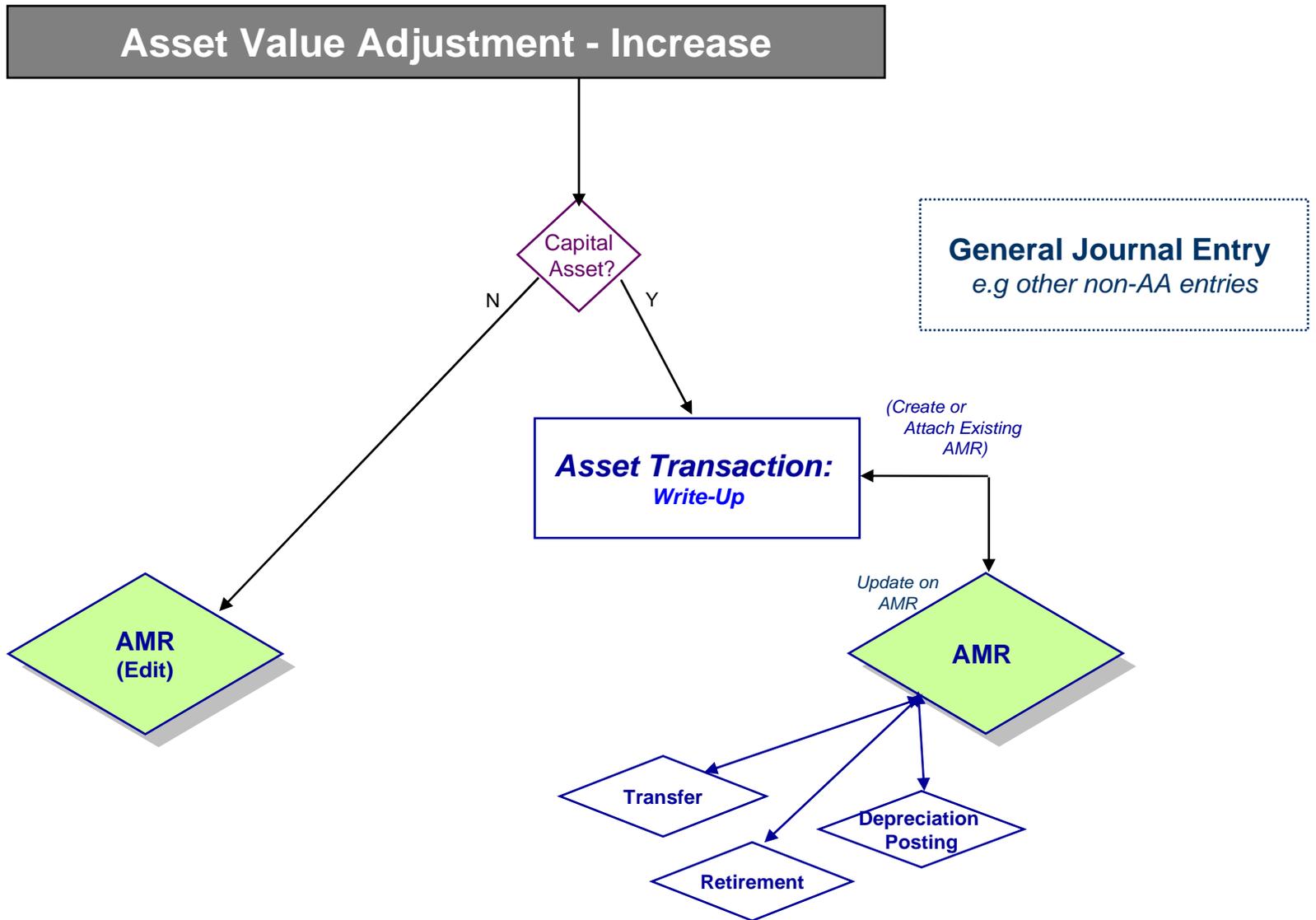


AA: Asset Financial Life Cycle

- Capital Assets Valuation Increases?
 - Frequency
 - Volume
 - Reason
 - e.g. Insurance Recovery?
 - Is there requirement to identify why valuation adjustment occurred?
 - *IMPORTANT – post go-live additional TTypes must be defined via Configuration (i.e. change request which must follow development/testing path to PROD)*
- LVA Value Valuation Increases?
 - Frequency
 - Volume
 - Reason
 - Is there requirement to identify why valuation adjustment occurred?



Subsequent Valuation: Value Increase





Subsequent Valuation: Value Increase

Write-up: Initial Screen

Company Code
Asset
Sub-number

Date specif. /
Document date
Posting date
Period

Transact. /
Trans. type Write-up ordinary and special depre

Create Asset Transaction: Write-up ordinary and special depreciation

Asset post cap
Company Code
G/L Account
Trans. type Write-up ordinary and special depreciation

Posting data /
Asset val. date
Ord. dep. DKK
Spec. dep.
Unplanned dep.
Reserves trans.

Additional details /
Text
Document type



AMR – Asset Value Display (Sample)

Asset Explorer

Asset 0008-2/0000

Depreciation Areas

- 01 Book depreciation
- 50 Derived area

Company Code: 0008 IDES US INC New GL 8

Asset: 2 0

Fiscal year: 2008

Planned values | Posted values | Comparisons | Parameters

Planned values Book depreciation

Value	Fiscal year start	Change	Year-end	Crcy
APC transactions				USD
Investment support				USD
Revaluation				USD
Transfer reserve				USD
Acquisition value				USD
Ordinary deprec.				USD
Special depreciation				USD
Unplanned dep.				USD
Write-up				USD
Value adjustment				USD

No postings for selected fiscal year

Planned values Book depreciation

Value	Fiscal year start	Change	Year-end	Crcy
APC transactions				USD
Investment support				USD
Revaluation				USD
Transfer reserve				USD
Acquisition value				USD
Ordinary deprec.				USD
Special depreciation				USD
Unplanned dep.				USD
Write-up				USD
Value adjustment				USD
Reval. ord. depr.				USD
Net book value				USD
Interest				USD
Down payments				USD

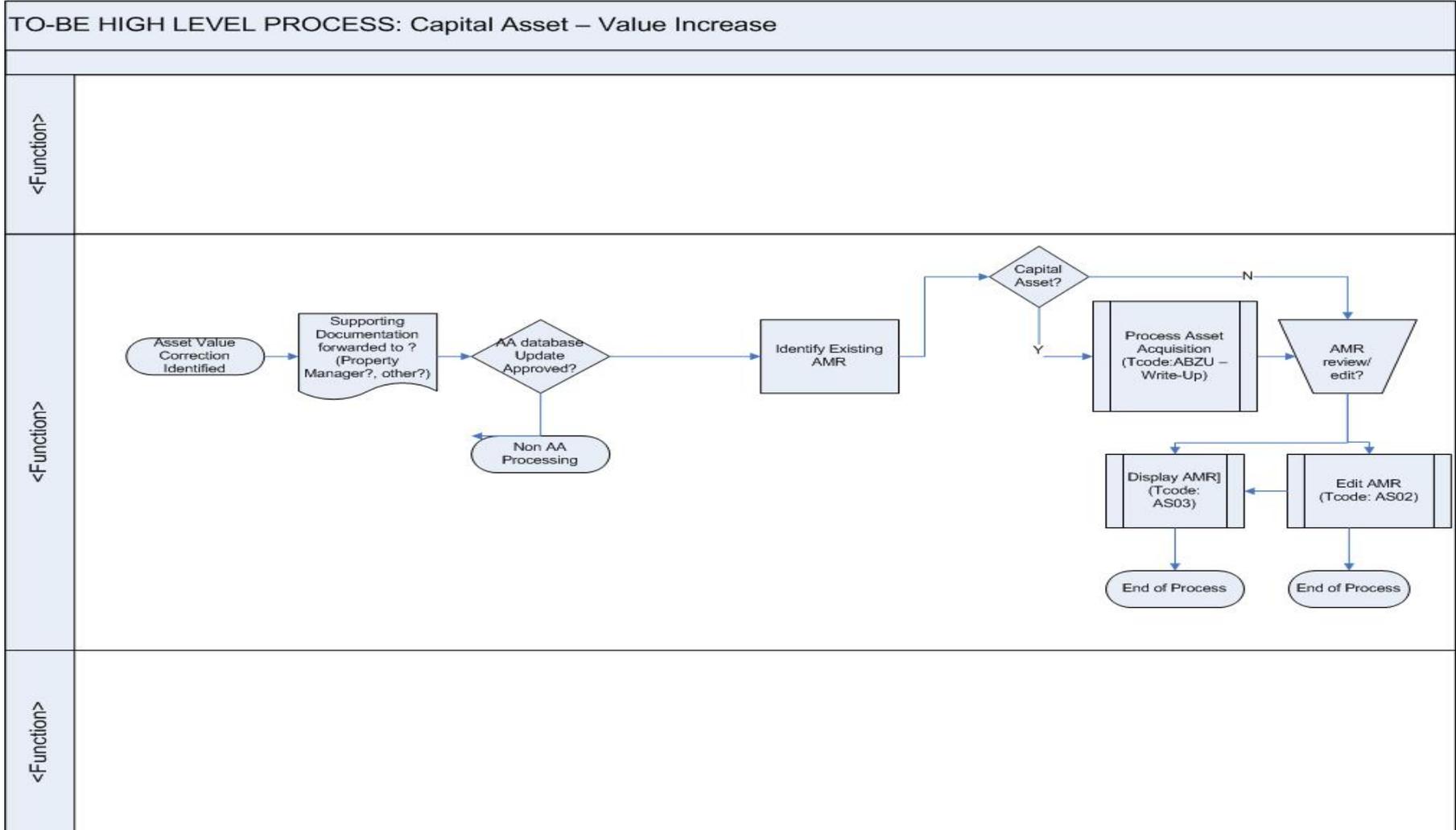
Sample detail if transactions available for AMR

Transactions

AsstVal date	Amount	TType	Transaction type name	Crcy
14.07.2008	100.00	100	External asset acquisition	USD



Subsequent Valuation: Value Increase





Subsequent Valuation: Value Increase

Conversion Considerations:

- Not applicable



Subsequent Valuation: Value Increase

Reporting Requirements:

- ?



Subsequent Valuation: Value Increase

Training / Change Management Considerations:

- Asset Master Record identification:
 - Need to select correct AMR for value adjustment
- Valuation processing updates:
 - Need to understand when an asset must have a value increase recorded:
 - Can have significant financial impact thus recommend limited access to this transaction
 - Need to understand transaction posting impacts for Capital Assets
 - Need to understand processing paths:
 - Capital Asset uses Unplanned Depreciation transaction
 - Low Value Asset update to master record valuation field.
 - New transactions, screens, reports



GASB 42

- **GASB 42** (*Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*):
 - Issued November 2003: GASB Statement No. 42 ‘requires governments to report the effects of capital asset impairment in their financial statements when it occurs. The guidance also enhances comparability of financial statements by requiring all governments to account for insurance recoveries in the same manner.’ *Summary of Statement No. 42 - <http://www.gasb.org/news/nr111803.html>*
 - Impacts how to:
 - Determine Impairment and value of impairment
 - Accounting for insurance recoveries (including financial impact to asset).



Accounting Requirements for GASB 42

How is accounting for GASB 42 handled?

Scenario for Capital Asset:

- \$1 M acquisition cost with 10 year depn and is currently end of yr 3:

Acquisition	=	\$ 10.0 M
Acc Depn	=	3.0 M
NBV	=	7.0 M
- Impairment identified for \$ 4.0 M
 - What is impact to value of asset?
 - How is depreciation handled after impairment is accounted for?
- Insurance recovery of \$ 3.0 M which should be netted against asset?
 - What is impact to value of asset?
 - How is depreciation handled after insurance recovery is accounted for?



AA: Accounting for Capital Asset Impairment (GASB 42)

Other GASB 42 accounting and reporting
requirements?



Reporting Requirements

- Other reporting requirements for Infrastructure Assets?
 - Legal?
 - Financial?
 - CAFR
 - Other
 - Operational?
 - Other?



AA: Data Conversion

- Considerations:
 - What is the data source(s) for Infrastructure conversion for SAP-AA (including general, financial and valuation data?)
 - Level/quality of data currently available
 - Potential change from Wooster Method under discussion:
 - When will decision be made?
 - If required, when will revaluation be completed?
 - Mid year conversion considerations

- Will be discussed in more detail during FI-AA-008

Workshop ID	Process Area	Date
FI-AA-08	Conversion	Nov 18 – 20 (Tues – Thur)



SAP Security Considerations

- What considerations must be made for access restriction?
 - Transactions:
 - Acquisition via PS Project:
 - Project, WBS, AuC, AMR, Settlement
 - Acquisition w. Auto Offsetting Entry (i.e. corrections/donations current yr)
 - Transfers
 - Retirements:
 - Sale
 - No Cash
 - Post Capitalization (i.e. corrections prior year)
 - Unplanned Depreciation (e.g. value decrease adjustment such as impairment)
 - Write-up (e.g. value increase adjustment due to depreciation parameter error, insurance recovery)
 - Create / Edit Asset Master Record
 - NOTE: 'post cap' indicator would require field level authorization - recommend that restriction at field level not be required rather have this as a training / business process issue
 - » *Risk should be low, will get an error if enter a current year date and can run periodic reports to identify assets created with a prior year capitalization date*



Process Improvement Opportunities (Pain Points)

- Opportunity to have Accounting and Project processes interact directly with Assets.
- Opportunity to build financial reporting, such as CAFR, in a more centralized and more automated manner.
- Depending on level of AMR detail - more discrete asset record maintained (e.g. more useful for GASB 42 analysis)



Leading Practices

- Asset Master Record Create/Update – business processes procedure to ensure data elements and values are updated appropriately
 - Restrict access only as required...
 - If too restrictive will become a ‘maintenance’ challenge
- Disallow direct journal postings to asset reconciliation accounts (i.e. all fixed asset financial updates must be done via the asset sub-ledger)
- Consistent handling of assets across the portfolio
- Limit access to sensitive transactions (e.g. asset valuation changes or corrections)



Enterprise Readiness Challenges

- Potential organizational impacts and training impacts
 - New asset classifications
 - New asset numbering schemes
 - New asset valuation & depreciation calculation processes (i.e. multiple depreciation areas)
 - New processes to maintain asset records and asset valuation
 - e.g. New transactions
 - Asset Master Record creation and maintenance processes – amount of change to be determined
 - Linkage of AMR to other master records (e.g. EMR, AGILE, RE Object)
 - Data analysis may require data from multiple modules (e.g. AA, PM, PS, RE)



Next Steps

- Prepare and send out meeting minutes to invitees.
- Draft Design Document is prepared.
- Follow up on action items identified during the workshop.
- Schedule off-line meeting (s) to discuss areas of special concern
- Plan follow on workshops, as required.
- Plan validation workshop.
- Ensure all to-do's are appropriately documented



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Questions?

