



MEETING MINUTES

State of Louisiana ERP Project

Asset Accounting / Infrastructure Transactions Follow-Up Meeting

11/07/2008 @ 8:30 to 12:30

Location: DOTD East Wing, 501

Attendees:

| No. | Name | Invited? | Attended? | Comments |
|-----|---------------------|----------|-----------|-----------------------|
| 1. | Rhoama Speights | Y | Y | ERP |
| 2. | Christine Wieczorek | Y | Y | ERP |
| 3. | Mark Suarez | Y | Y | ERP |
| 4. | Katherine Porche | Y | Y | OSRAP |
| 5. | Dominic A. Cali | Y | Y | DOTD |
| 6. | Rae Marrero | Y | Y | OSRAP |
| 7. | Sal Faldetta | Y | Y | DOTD / Dye Management |
| 8. | Lori Humm | Y | Y | DOTD / Dye Management |
| 9. | Beverly Hodges | Y | Y | ERP |
| 10. | Lisa Gillen | Y | Y | ERP |
| 11. | Afranie Adomako | Y | N | OSRAP |
| 12. | Marsha Duncan | Y | N | DOTD |
| 13. | Mark Rhodes | Y | N | OSRAP |
| 14. | Sue Seab | Y | N | OSRAP |
| 15. | Bill Smith | Y | N | ERP |

| | <i>Agenda Item and Notes</i> | <i>Owner(s)</i> | <i>Action Items & Assignments</i> | <i>Comments / Follow-up</i> |
|----|---|---------------------|---|--|
| 1. | Logistics, Ground Rules, & Introduction | Rhoama Speights | • None | |
| 2. | Project Timeline | Rhoama Speights | • None | |
| 3. | Workshop Objectives | Rhoama Speights | • None | |
| 4. | Business Process Review | Christine Wieczorek | • See action items & assignments below. | Hard copies provided - SAP Glossary Proposed TO-BE SAP screen slides Other comments |
| | <ul style="list-style-type: none"> • SAP Glossary • SAP concepts & functionality • Leading practices | | | |

5. Action Items

| | | | |
|--|--------------|---|--|
| | OSRAP | 1) OSRAP needs to make a decision on Historical ROW acreage and value: - will it be broken by 1 lump sum or by control section - result of either will probably not be that different | |
| | OSRAP | 2) OSRAP Decision needed: Going forward, should depreciation be recorded per control section per project on each AMR independently over 40 years? Confirm with Afranie. | |
| | OSRAP | 3) Afranie needs to sign off on any changes to depreciation methodology: Note on the financial statements that the depreciation amounts will be different because the methodology for depreciation will be different. | |
| | OSRAP / DOTD | 4) OSRAP determine thresholds for highways and bridges by projects This decision needs to be made relatively soon. | |
| | Christine W. | 5) CW- Find field to identify bridges. | |
| | | 6) What is the starting point to get into the system? (For donations) - Dom | Filing of Form 1104 at Court house. |
| | DOTD | 7) If / when revenue is generated from the sale of a road or bridge do any original funding sources require reimbursement? | |
| | | 8) John- ask if donation/retirement | John came into meeting and answered this question. |

Discussion:

AS-IS

Infrastructure Value & Depreciation Calculation –Transfers

Inter-agency transfers of infrastructure happen infrequently.

Asset Transferred to Non-State Entity:

Mark: If a road goes to a Parish or other local government – we remove it (depreciation) from the State’s books. Which entity gets the depreciation hit?

It was noted that only DOTD has infrastructure except for the Department Public Safety which may have some. All DOTD infrastructure is owned within the same agency. Sabine has infrastructure.

When transferring infrastructure to non-state entity, the transaction will be considered a retirement. The full amount of any remaining depreciation will be taken at retirement without gain or loss as per OSRAP.

Key Decision 1: No Low Value Assets (LVA) will be required for Infrastructure. [It was later decided that the LVA option should remain open even though no data will be LVA at conversion.]

TO-BE

DOTD: Agile will be maintaining infrastructure using straight-line depreciation. The link between Agile and SAP is not going to be useful.

Christine: Agile – The SAP link will be used to report on impairments. The sum total will be in SAP.

Required AMR Fields / Functionality

- Initial Screen
 - Asset Class
 - Company Code
 - Asset
 - Sub-number
 - Company Code
 - Post-Capitalization checkbox
- Search Options
 - Names and Classes
 - Cost center
 - Fund, Functional Area
- General Tab
 - Description
 - Description 2
 - Asset main no. text
 - Acct determination (display only)
 - Posting Information Box (includes date when depreciation starts. Populates @ WBS settlement and donation transactions)
 - Deactivation on
 - ** Field(s) needed to track road / highway name and bridge number. [possibly use the Inventory Number field, but looking for dropdown - **Action Item 5**]
- Time-dependent
 - Business Area
 - Cost Center
 - Resp. cost center
 - Functional Area
 - Real Estate Key [Land Only]
 - Asset Shutdown [OSRAP determined that they will need this option for all asset classes].
 - Fund
 - Fund Center
 - Grant
 - ** ROW acreage values by control section. Discussion to continue at the upcoming ROW session.
- Allocations Tab
 - Evaluation Group: Acquisition Methods
 - Agency Manufactured / Constructed [UPDATED]
 - Donation
 - Legacy Data [DOTD Only] [NEW]
 - Evaluation Group: Disposition Methods
 - Abandoned to Non-state [NEW]
 - Impairment [NEW]
 - No longer in use [NEW]
 - ~~Evaluation Group: Status~~ [Probably not for infrastructure]
 - ~~Evaluation Group: Approval Status~~
 - Asset Super Number [To include Control Sections. Description definition TBD in realization. Change order required for maintenance]
- Origin Tab
 - Original Asset [Legacy number for conversion; Control Section? - TBD for conversion]
 - WBS Element [for settlement from PS]
- Net Worth Tax (slide 31) – will not be used for Infrastructure
- Insurance – will not be used for Infrastructure

- Leasing – will not be used for Infrastructure
 - Depreciation Area detail screen (35)
 - Depreciation Key
 - Useful Life
 - Ord. Dep. start date
 - possibly – Spec. depreciation [see action items for more detail]
- * Recommendation – Yearly depreciation to be accumulated monthly throughout the year with catch up for mid-year transactions.

DISCUSSION continued...

Dom: Is there a control section master file, you may be able to link by Inventory number?
 - One thing under consideration is a project master file and a control section master file.

Dom: ROW – now reported as single value. Estimate ROW by apparent row on control sections.

- 1) Can't build parcels initially.
- 2) Can we use one asset for all ROW at conversion or does it need to be broken out by Control Section?

In the future you could capture parcel information.

A value per control section that is equal to a total for conversion.

Action Item 1: OSRAP needs to make a decision on Historical ROW acreage and value:
 - will it be broken by 1 lump sum or by control section
 - result of either will probably not be that different

Organizational Impact 1: Mid year conversion.

Parcels will get tied to a real estate key. Set up legacy data in real estate. One real estate record will be established per control section.

Can not do modified depreciation on roads and bridges at this time.

Allocations:

Allocation to one control section or the values as you have broken them up for the data load.

More control sections can be added later as a change request. Multiple control sections in a project need create multiple asset master records. The control section will be a super number.

Action Item 2: OSRAP Decision needed: Should depreciation be recorded per control section per project on each AMR independently over 40 years? Confirm with Afranie.

Parking Lot 1: Right of Way – Historical data conversion
 Future projects – infrastructure
 AMR breakdown and depreciation

Organizational impact 2: OSRAP will be more involved in Capitalization vs. Maintenance.

FRICE-W 0: Conversion: Infrastructure will need to be re-valued for conversion.

Action Item 3: -Afranie needs to sign off on any changes to depreciation methodology: Note on the financial statements that the depreciation amounts will be different because the methodology for depreciation will be different.

Disposition Methods:

Do you want to track why you no longer have an asset? Yes

Key Decision 1: Add disposition methods for "Impairment" and "Abandon to non-State"

Key Decision 2: Depreciation will cease on an unused asset. Add asset shutdown capability for all classes. (Verify with Afranie?)

If you do reporting that is values related now, how do you do it and where do we get that information from? If systems are going away, where will the information go? Two depreciation areas will be established, full and modified. Depreciation applies to each asset master record. Recommend doing depreciation monthly.

Org Impact 3— When control section is changed, AGILE and SAP need to be notified to make changes as well. (Possibly control section master file.)
- Maintenance Sync issues

Parking Lot 3: AGILE/AA/PS storage of control section number. Is there a way to reduce duplication of effort in maintaining list?

Key Decision 3: Classes for infrastructure: Highways, bridges, and right of ways.

We need to have a way for someone to look at the expenditure and see that this is a capitalized asset.

Action Item 4: OSRAP determine thresholds for highways and bridges by projects
This decision needs to be made relatively soon.

Proposed solution: Environmental Investment – environment could be the roads and bridges listing. Create the drop down that consists of the road, bridge. – You would have multiple asset master records. Push money to each and then settle to separate assets.

Recommendation: Either work with a super number for bridge number which includes the control section and the bridge number. Or a new field has to be created.

Org Impact 4: – identifying bridges vs. highways impacts DOTD invoices, projects, coding, financial sources, funding types, building process/ contracts

Parking Lot 4: Do we have to identify bridges independently? How will that be done?

FRICE - W 1: – Workflow: Non-AA

This needs to be broken down by control section per bridge.

Action Item 5: CW- Find field to identify bridges.

Org Impact 5: Chart of Accounts for infrastructure may need to change related to maintenance vs. capitalized and AuC assets, including what are part of capitalized costs.

Question: How does one find out that a donation has happened?

Dom: Donations entail a long process. There is a whole lot of negotiation before DOTD will agree to take road or bridge onto books... Legal document put together and filed in the clerk of courts office. Process starts with a legal document that says this is now yours. DOTD Planning Section notifies Agency Finance Section of Donation / Correction transaction upon filing of form at Clerk-of-Court.

Action Item 6: ~~What is the starting point to get into the system? (For donations) – Dom~~

Recommend it gets sent to financial people in DOTD, recognize as a donation, check to see if it is an existing asset, forward to procurement people... see slide 71

Key Decision 4: – Finance people will create the AMR and enter the information on a donation. They will post the dollars and notify that there are asset master records available for additional cost.

Org Impact 6: OSRAP needs to confirm that they need to get information on donations and that it needs to be in capitalized costs.

Real Estate files the 1104 in the clerk of court. When the document is filed, it changes the title.

Org Impact 7a: 1104 filing will trigger something being sent to the financial people to create a financial record.

Leslie Knicks, Lloyd Scallian in Real Estate, Misud Risoluon???

Org Impact 7b: DOTD determines is the 1104 requires a new Control section number then initiates a change request.

Org Impact 8: Financial guidance from OSRAP on transfers?

Org Impact 9: Gain/Loss postings for donations

Action Item 7: Federal reimbursement/ federal funding/ other funding. Sale of infrastructure is rare. However, if the sale generates any proceeds, do any original funding sources need to be reimbursed?

~~**Action Item 8:** John – ask if donation/retirement~~

If abandoning road, OSRAP, - how will that get handled?

If bridge shut down – abandoned – if you never use again, then how will it be handled and what document gets sent to the financial people? What gives it away if given away? What triggers demolish or destroying it? – Jim Porter

Someone in the agency identifies the damage and forwards the information to OSRAP which determines if it is an impairment.

Organization Impact 10: Statewide awareness of GASB 42 and info needs to be forwarded to financial people so they can make decisions. Need to be proactive. Once OSRAP says it is impairment, agency has to update asset master record. If 100 – retirement. If <100 then they need to make an adjustment through unplanned depreciation.

Organization Impact 11: Training issue - Perform financial transactions and postings on Assets when they happen and not at the end of the year.

To-Be: Linkage to PS / Asset Class

- Static data including Super-number should copy upon transfer from AuC to final AMR.
- 2 Classes for Infrastructure: Highways and Bridges.
 - Lifespan: 40 years
 - Thresholds: TBD by OSRAP

To-Be: Transaction Types

- Financial Life Cycle Processing (slide 61) was agreed upon.
 - Acquisition via:
 - Acquire / Purchase land (ROW) via RE contract
 - Donate via AA
 - Construct via PS
 - Correction when construction does not meet Capital Asset criteria
 - Transfers to:
 - Another Agency via AA
 - Another Agency (non-LAGov) via Retirement and GL Entry
 - Correction (i.e. wrong class chosen)
 - Retirement
 - Sale
 - Demolish
 - Value Adjustment
 - Decrease (e.g. impairment)
 - Increase [may never occur]
 - Depreciation
 - Planned Depreciation via AA

To-Be: Who performs which transactions?

Value Decrease

- Agency staff notifies Agency Finance Section of possible GASB 42 impairment
- Agency Finance Section consults with OSRAP to determine if the impairment fulfills the GASB 42 requirements and to determine the value decrease amount.
- OSRAP makes their recommendation

Organizational Impact 12: GASB 42 training agencies to enter impairments proactively when the impairment is discovered rather than during period 13 / AFR statements.

Wall Charts

Organizational Impact

- 1) Mid Year Conversion – would have significant impact
- 2) OSRAP more involved in Capitalization vs. Maintenance
- 3) Control Section Changes – Will need to notify Agile and AA for system changes and possibly “Control Section Master File”
 - Maintenance Sync issues
- 4) Identify bridge vs. highway impacts DOTD invoices, projects, coding, finance sources, funding type, bidding process/ contracts.
- 5) Chart of accounts for infrastructure may need to change maintenance vs. capitalized and an AUC asset including what is part of capitalized costs.
- 6) OSRAP decision: How should donated/ exchanged items need to be tracked and what additional items need to be created?
- 7) Control section creation will require system change request.
- 8) Gain/Loss postings for donations to / from state recommended and standard in SAP
- 9) GASB 42 training. Enter impairments as they occur.

Key Decisions

- 1) add “abandoned to non-state” and “impairment” options to Disposition Methods field
- 2) Add asset shutdown for all capitalized classes (per GASB 42/Rae)
 - Business Impact – OSRAP will need to be consulted prior to use.
- 3) Asset Classes:
 - Highways 40 years threshold tbd
 - Bridges 40 years threshold tbd
 - ROW (see notes from other sessions)
- 4) Finance enters new AMRs for donation/ correction.

FRICE – W

- 0) Conversion: Infrastructure will need to be re-valued for conversion
- ~~1) Workflow- Non- AA bridges and highways are separately.~~

Action Items

- 1) OSRAP decision:
 - Historical ROW acreage and value
 - broken by 1 lump sum or by control section
- 2) OSRAP decision
 - (key Decision- Afranie to confirm)
 - Depreciation per control section per project on each AMR independently over 40 years
- 3) Afranie (Y/N): note to financial statement for year of conversion that estimated value per control section will not match total values per year.
- 4) OSRAP determine thresholds for highways and bridges by project soon (all roads? or proj amt? or agency?)

5) CW – Find field to identify bridges

6) DOTD – Dom investigate

Who has documentation for donations? How will they let finance know to add/ update AMR and notify procurement?

- when 1104 is filed and the clerk of court

7) Fed reimbursement/ federal funding

8) John – ask if donation/ retirement what triggers finance notification

- clerk of court filing?

Parking Lot

1) ROW – Historical data conversion

2) Future projects/ infrastructure

AMR Breakdown and depreciation

3) Agile/ AA/ PS storage of control section number

4) 1 asset class or 2? – identify each bridge independently or not? (impairment impact)

- Agreed: 2