

State of Louisiana
LaGov ERP Project

LaGov Financial Structure

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General Ledger (GL)

General Ledger (GL) Account Definition

GL accounts are the structures that classify debit and credit values for accounting transactions in the Financial (FI) module and form the basis for creating balance sheets and income statements. There are five types of GL accounts – assets, liabilities, fund balance (equity), revenues, and expenditures. The GL accounts are defined for the Chart of Accounts.

In the integrated LaGov system, FI GL accounts have an established relationship with items in other ledgers in the system. Budgets for GL expenditure accounts are checked at the Commitment Item category level, the equivalent of object category level in the legacy system. GL revenue and expenditure accounts are linked to Cost Elements to classify costs for internal reporting, such as for interAgency transactions and cost allocation.

The LaGov Chart of Accounts is one-dimensional, with nominal (revenue and expenditure) and real (balance sheet) accounts only. GL accounts answer the question “What?” and should be driven to the lowest level of detail required, while allowing logical rollup for reporting. Nominal GL accounts should be used to define the nature of revenues/expenditures or to provide a further breakdown of permanent or ongoing revenues/expenditures. Real GL accounts should be used to provide a breakdown of assets, liabilities, and fund balances to a level required for reporting.

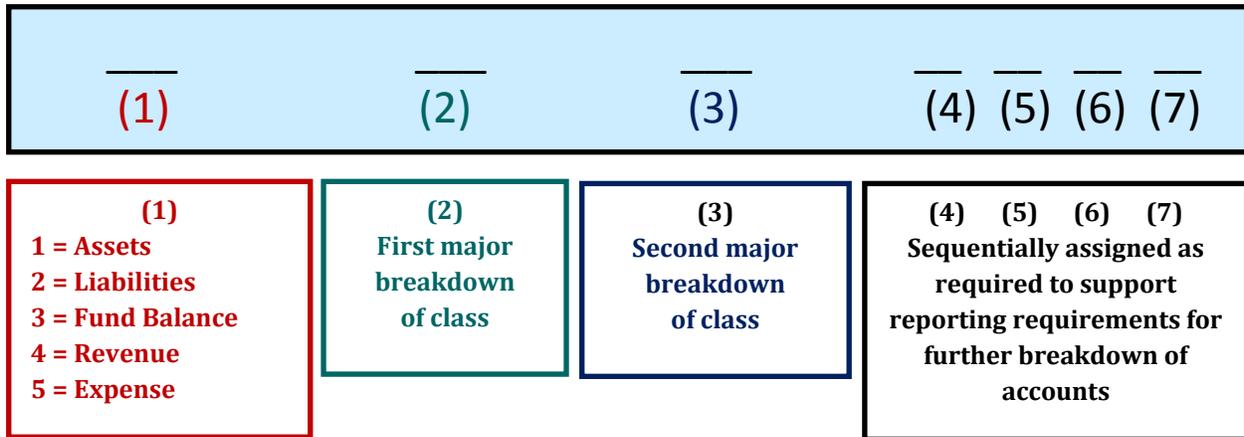
LaGov GL Account Numbering

The State will use the following common public sector account presentation to design GL accounts:

- **1000000 – 1999999** Assets
- **2000000 – 2999999** Liabilities
- **3000000 – 3999999** Fund Balance
- **4000000 – 4999999** Revenues
- **5000000 – 5999999** Expenses
- **9000000 – 9999999** CO Secondary Cost Elements

LaGov GL Account Numbering (cont)

The State's GL accounts will have a 7 digit logical numbering scheme. Logic will be built into the number, position by position, facilitating reporting and the integrated design, while allowing for potential future growth. Addition and maintenance of GL accounts will be processed centrally by the DOA. A graphical depiction of the numbering scheme with a definition of each component is presented below:



LaGov Chart of Accounts - Design

The LaGov chart of accounts will combine the existing ISIS and DOTD charts, as well as incorporate DOE's LAUGH classification of accounts. In addition, the new chart will significantly expand to accommodate the business needs of all Agencies. Much data currently being captured in various fields within the legacy systems will be captured using GL accounts in LaGov. Once the design of the chart of accounts has been substantially completed, it will be published for Agencies to review.

LaGov Chart of Accounts - GL Account Grouping

Categories of GL accounts are grouped together to facilitate reporting. Additionally, the use of account groupings allows the State to logically group accounts together and to ensure that new accounts are created in the correct number range. The following groupings have been defined for the logical breakdown of accounts for the State:

Balance Sheet Account Groupings

Assets (1000000 - 1999999)
Current Assets (11xxxxx)
Cash (111xxxx)
Investments (112xxxx)
Receivables (113xxxx)
Inventory (114xxxx)
Other Current Assets (115xxxx)
Non-Current Assets (12xxxxx)
Restricted Assets (121xxxx)
Land, Buildings, & Equipment (122xxxx)
Other Non-Current Assets (123xxxx)
Liabilities (2000000 - 2999999)
Current Liabilities (21xxxxx)
Accounts Payable (211xxxx)
Other Current Liabilities (212xxxx)
Long-Term Liabilities (22xxxxx)
Long-Term Obligations Payable (221xxxx)
Other Long-Term Liabilities (222xxxx)
Fund Balance (3000000 - 3999999)
Fund Balance (31xxxxx)
Fund Balance - Reserves (32xxxxx)
Fund Balance - Retained Earnings (33xxxxx)
Fund Balance - Other (34xxxxx)

Revenue Account Groupings

Revenues (4000000 - 4999999)

Intergovernmental Receipts (40xxxxx)

Federal (401xxxx - 407xxxx)

Transportation (401xxxx)

Public Works (402xxxx)

Health, Hospitals & Welfare (403xxxx)

Education (404xxxx)

Labor (405xxxx)

Local (408xxxx)

Other (409xxxx)

Taxes (41xxxxx - 42xxxxx)

Sales - State (411xxxx)

Income (412xxxx)

Inheritance Tax (413xxxx)

Gift Tax (414xxxx)

Minerals, Oil and Gas (4150xxx - 4154xxx)

Petroleum Products (4155xxx - 4159xxx)

Automobile Rental - State (416xxxx)

Hazardous Waste Site Cleanup (417xxxx)

Consumer Use - Excise (418xxxx)

Consumer Use (419xxxx)

Soft Drink Tax (420xxxx)

Liquors - Alcohol Beverages (421xxxx)

Tobacco Tax - Unclassified (4220xxx - 4224xxx)

Tobacco Permits (4225xxx - 4229xxx)

Severance Tax (423xxxx)

Contractors Fee, Non-Resident (424xxxx)

Corporation Franchise Tax (425xxxx)

Electric Co-op Fee (4260xxx - 4264xxx)

Public Utilities - Carriers (4265xxx - 4269xxx)

Catalog Sales (427xxxx)

Telecommunication Tax (428xxxx)

Other (429xxxx)

Gaming (43xxxxx)
Lottery (431xxxx)
Horse Racing (432xxxx)
Casino (433xxxx)
Use of Money and Property (44xxxxx)
Royalties (441xxxx)
Rents (442xxxx)
Investments and Securities (443xxxx)
Leases (444xxxx)
Amotization Bond Premium (445xxxx)
Licenses, Permits, and Fees (45xxxxx)
Hunting and Fishing (451xxxx)
Fines and Penalties (452xxxx)
Motor Vehicles (453xxxx)
Other Licenses (454xxxx)
Other Permits and Fees (455xxxx)
Tuition (456xxxx)
Truck Permits (457xxxx)
Insurance (458xxxx)
Sales of Commodities and Services (46xxxxx)
Sales to State Agencies (460xxxx - 464xxxx)
Sales to Non-State Agencies (465xxxx - 469xxxx)
Other (47xxxxx)
Miscellaneous Receipts (471xxxx)
Insurance Recovery (472xxxx)
Other Financing Sources (48xxxxx)
Bond Proceeds (481xxxx)
Line of Credit (482xxxx)
IAT Revenue (49xxxxx)
Interagency Receipts (491xxxx)
Fund Transfers (492xxxx)

Revenue Account Groupings (cont)

Revenues (4000000 - 4999999)

Intergovernmental Receipts (40xxxxx)

Federal (401xxxx - 407xxxx)

Transportation (401xxxx)

Public Works (402xxxx)

Health, Hospitals & Welfare (403xxxx)

Education (404xxxx)

Labor (405xxxx)

Local (408xxxx)

Other (409xxxx)

Taxes (41xxxxx - 42xxxxx)

Sales - State (411xxxx)

Income (412xxxx)

Inheritance Tax (413xxxx)

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Public Utilities - Carriers (4265xxx - 4269xxx)

Catalog Sales (427xxxx)

Telecommunication Tax (428xxxx)

Other (429xxxx)

Expense Account Groupings

Expenses (5000000 - 5999999)
Personnel Services (51xxxx)
Salaries (511xxxx)
Other Compensation (512xxxx)
Benefits (513xxxx)
Travel and Training (52xxxxx)
Operating Services (53xxxxx)
Services (531xxxx)
Insurance (532xxxx)
Maintenance (533xxxx)
Rent (534xxxx)
Utilities (535xxxx)
Depreciation (536xxxx)
Supplies (54xxxxx)
Professional Services (55xxxxx)
Other Charges (56xxxxx)
Local Aid (561xxxx)
Miscellaneous (562xxxx)
Capital Outlay (57xxxxx)
Major Repairs (58xxxxx)
Debt Service (59xxxxx)

LaGov Chart of Accounts - GL Account Additional Requirements

The chart of accounts will support specific requirements for external reporting, cash management, budgetary integration, and asset integration. Additionally, GASB34 reporting requirements, such as accounting for assets and long term debt, will be accommodated. Separate GASB34 accounts will facilitate reporting on both bases of accounting: modified accrual and full accrual. By using separate accounts for GASB34, these accounts can be included when reporting on a full accrual basis or excluded when reporting on the traditional modified accrual basis. Fixed assets, liabilities and investments will be recorded using both bases of accounting simultaneously, regardless of the type of fund. Affected postings in these areas will be configured to automatically make regular postings and GASB postings (to GASB accounts) to facilitate both methods.

Cost Center

LaGov Controlling (CO) Module & Cost Center Accounting

The LaGov Controlling (CO) module is responsible for cost accounting related activities for the State of Louisiana. Cost accounting is the process of accumulating, measuring, analyzing, interpreting, and reporting cost information to assist management in meeting business/program objectives. The CO module is designed to provide management and other internal decision-makers with the necessary information for managing, and optimizing business processes. In conjunction with the other Financial modules, it provides functionality needed for the collection and reporting of actual costs and revenues. Additionally, CO is responsible for internal financial data flows such as costs allocations.

Cost Centers

A Cost Center is a CO organizational unit that represents a clearly defined location where costs and/or revenues occur. These organizational units can be created on the basis of functional, activity-related, spatial, and/or responsibility-related parameters.

Following are important points to remember regarding Cost Centers:

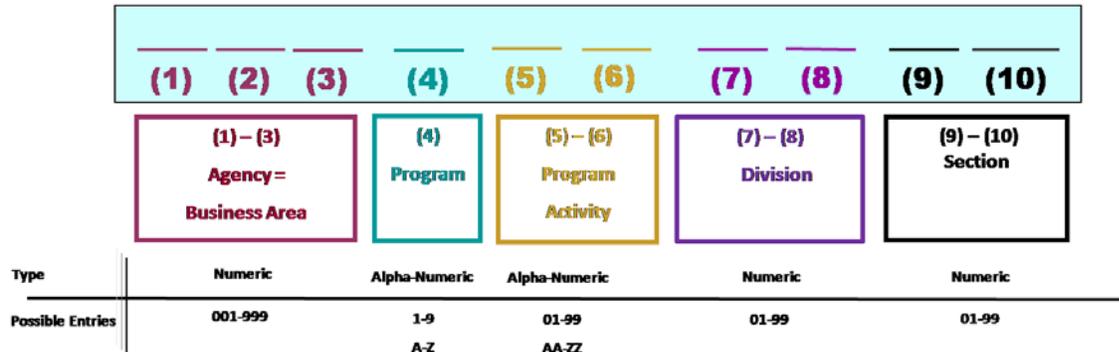
- Departmental breakdown of Agency structure
- Lowest level of Agency where costs are collected and analyzed
- Cost Centers are structured into hierarchical groups
- In LaGov, Revenues / Expenses can be recorded in the same Cost Center

Budget Control and Funds Management (FM)

The Funds Management module (FM) provides integrated, on-line, real-time functionality for processing, recording and maintaining budgetary control. While an extensive discussion of the FM module is beyond the scope of this document, it is important for the reader to understand that FM and CO work together to control budget. The FM object known as Funds Center will represent organizational areas of financial and budgetary responsibility in LaGov. They will have a one-to-one relationship with Cost Centers and will share the same numbering scheme to facilitate derivation of the correct “appropriation unit” for budget consumption when the Cost Center is referenced in posting. In other words, there will be a Funds Center created for every Cost Center, with the same number.

Cost Center/Funds Center Numbering

The LaGov Cost Center/Funds Center will have a 10 character logical numbering scheme. A graphical depiction of the numbering scheme with a definition of each component is presented below:



1. **Agency/Business Area** – three digit number assigned to each Agency
2. **Program** – appropriated program as defined in House Bill 1. This should be equal to the AFS Appropriation unit.
3. **Program Activity** – this is a new term for the “Activity” that was required to be submitted by each Agency as part of the 2009-2010 Budget Request. Additionally, Agencies should provide the performance indicator(s) associated with each Activity (please see additional explanation below)
4. **Division** – Organizational unit that is unique to each program. There may or may not be Divisions associated with each Program/Program Activity.
5. **Section** - Organizational unit that is unique to each Division. There may or may not be Sections associated with each Division.

Program Activity Explanation

Agencies should submit Program Activities in accordance with the prior instructions from the Division of Administration.

As part of the Fiscal Year 2009-2010 Budget Request, the Division of Administration requested that each budget unit submit information about their Activities. This additional information was to provide a detailed picture of each program that would allow the Division to evaluate Activities based on outcome-driven performance indicators.

For the purpose of this request, Agencies were instructed to define what constitutes an Activity with the following three conditions:

1. A program's Activities must be lower than a program level. In particularly small programs, it is possible that there might only be one activity, but that should be rare.
2. All the Activities of a program must aggregate to that program. For example, the total budget request for a program should be equal to the sum of all budget requests for each Activity included in that program. Thus all the expenditures made by a program must be captured in an Activity, and there should be no Activities that are not associated with a program.
3. The Activity must have at least one meaningful, measureable outcome performance indicator.
Note: Agencies should not allow the development of performance indicators to delay the completion and return of the Cost Center structure.

Additional guidelines to consider when developing Activities are:

1. Produces a clearly-articulated outcome or outcomes for an identified group of customers,
2. Supports the Administration's priorities and/or complies with a legal requirement,
3. Measures outcomes and the performance of the Activities that produce the outcome(s),
4. Is accountable for performance, and
5. Have identifiable costs for budgeting and management purposes.
6. Is independent of other Activities (i.e. severable)

Activities have been framed at **too small** a level when:

- It is difficult to clearly identify a meaningful outcome for a substantial group of customers, or
- The total resources invested fall below \$100,000.

Activities have been framed at **too large** a level when:

- The program produces so many different outcomes for different customer groups that analysis and accountability is muddled,
- The program involves so many different players that there is no one in a good position to take responsibility for outcomes, or
- Policy makers and other decision makers find that the size of the program hinders understanding, analysis, and improvement.

Internal Orders

The LaGov system will utilize two types of Internal Orders.

a. Statistical Internal Orders

Statistical Internal Orders provide an additional dimension to further breakdown a specific cost. These Orders are for reporting purposes only and their costs cannot be settled (transferred) to another object. An example would be a recurring event where revenues/expenses need to be identified for reporting purposes such as cook offs, trade fairs, conferences, etc. –

Example: Statistical Internal Order:

Agency 107 wants to accumulate all expenses related to a special project for the ISIS Learning Solution. The Cost Center is known at the time of posting, and the Agency will use a Statistical Internal Order to accumulate all of these expenses for reporting purposes.

Statistical Internal Order → **20500000** - ISIS Learning Solution

Cost Center → **1074010301** - Office of Information Services

GL Account	→	400000	Salary Expenses	\$3,500
		410000	Supplies Expenses	\$ 450
		420000	Software Media Expense	\$ 75
			Total for Cost Center & Internal Order	\$4,025

b. Real Internal Orders

A temporary cost collector used to identify cost that will be settled (transferred) to a permanent cost collector, such as a Cost Center. An example would be a conference sponsored by multiple divisions within an Agency. Revenues/Expenses would post to the Real Internal Order. Upon completion of the conference, revenues/expenses will be transferred to each division based on an established agreement. However, for reporting purposes, Agencies can still see the complete history of the transactions posted.

Example: Real Internal Order:

Agency 276 will send multiple employees from different divisions (therefore in different cost centers) to assist a neighboring state in a 3 month employee training program. All costs will be temporarily accumulated on a Real Internal Order and settled or transferred (based upon # of workers per division) to the appropriate Cost Center at the end of the project.

Real Internal Order → 10500000 - State of Texas Employee Training
 Cost Center → - No Cost Center on Original accounting entries

GL Account	→	400000	Airfare Expenses	\$ 5,000
		410000	Meals Expenses	\$ 9,500
		420000	Lodging	\$20,000
			Total for Internal Order	\$ 34,500

Upon Completion of the project, Costs should be allocated to the various Divisions as follows:

	<u>pro-rata share to cost center</u>
Division 1 – 2 employees	40%
Division 2 – 1 employee	20%
Division 3 – 2 employees	40%

Accordingly, all costs would be settled from the Internal Order to the respective Cost Centers as follows:

Internal Order: 10500000-State of Texas Employee Training

Total Expenses	\$34,500
Credit (settle to Cost Centers)	-\$34,500
Net for Internal Order	0

Debit to Cost Centers

2763010100 (Division 1)	\$13,800
2762010200 (Division 2)	\$ 6,900
2764040300 (Division 3)	\$13,800
Total Settled to Cost Centers	\$34,500

Instructions for Mapping AFS Orgs

It has been determined that in most instances, AFS Orgs are used to represent a given Agency's Organizational breakdown. Accordingly, the starting point for creating the LaGov Cost Center structure will be the AFS Org tables. A list of AFS Orgs will be provided to each Agency on a Cost Center Mapping Spreadsheet. Additionally, the program to which the AFS Org is assigned will be provided.

In creating the list of Orgs for each Agency, the LaGov team followed these guidelines:

- FY 2010 Orgs were extracted from AFS
- Revenue Orgs, Warrant Orgs, and Escrow Orgs are not included at this time. Instructions for these elements will be sent at a later date.
- AFS Budget Development Orgs are not included as they will be automatically converted.

The following table lists the fields contained in the spreadsheet and indicates who has the responsibility to complete:

Legacy System Data	
Agency	LaGov to complete
Agency Name	LaGov to complete
ORGN	LaGov to complete
ORGN NAME	LaGov to complete
ORGN TYPE	LaGov to complete
Program ID (per AFS)	LaGov to complete
Program Name	LaGov to complete
Prog Acty ID	Agency to complete
Program Activity Name	Agency to complete
Performance Indicator ID	Agency to complete
Performance Indicator Name	Agency to complete

LaGov Data	
Business Area	LaGov to complete
New Program ID	LaGov to complete
New Program Activity ID	LaGov to complete
Division ID	Agency to complete
Division Name	Agency to complete
Section ID	Agency to complete
Section Name	Agency to complete
Cost Center(10 characters)	This will be the concatenated value of the previous fields
Cost Center Name (20 characters)	Agency to complete - this is a short name limited to 20 characters
Cost Center Name (40 characters)	Agency to complete - this is a description limited to 40 characters
Person Responsible (20 characters)	Agency to complete - this is the division that manages of the Cost Center

Below are requirements that must be followed when completing the Cost Center Mapping Spreadsheet:

1. All AFS Orgs listed on the Cost Center Mapping Spreadsheet should have an associated LaGov Cost Center created or if the AFS Org represents an object other than Cost Center (for instance, a Grant), this should be noted in the appropriate column with an “X”.
2. An AFS Org cannot be mapped to more than one LaGov Cost Center.
3. It is possible to map more than one AFS Org to one LaGov Cost Center.
4. In instances where your Agency’s organizational structure is not segmented below a certain level (for instance, there is no division and section), the LaGov numbers should be represented by “0”.
5. If it has been determined that an AFS Org should be mapped to an internal order, the following fields will need to be completed on the spreadsheet.

LaGov Data	
Internal Order Name (40 characters)	Agency to complete - this is a description limited to 40 characters
Person Responsible (12 characters)	Agency to complete - this is the division that manages the Internal Order

6. If there are AFS Orgs that are not on the provided list, Agencies will need to add that data to the spreadsheet to ensure all current data elements will be accounted for.
7. Please indicate if the AFS Reporting Category or Sub-Object is used for Expenditures or Revenues by placing an “E” or “R” in the column marked Exp/Rev.
8. More information concerning Performance Indicators will be provided in the AIL meeting.
9. An optional “NOTES” column has been provided for Agency use.

Instructions for Mapping AFS Reporting Categories and Sub-Objects

Reporting Categories and Sub-Objects are user defined fields in AFS. Currently, there are no guidelines for defining their need or purpose. Each Agency has the authority to create and post to either field in AFS; therefore, their use is not uniform across Agencies.

AFS Reporting Categories and Sub-Objects will not be available in LaGov. Therefore, Agencies must analyze AFS Reporting Categories and Sub-Objects to determine if and where they should be mapped in LaGov. Spreadsheets containing Agency AFS Reporting Categories and Sub-Objects are being provided. These should be completed by Agencies and returned to the LaGov Project Team. Some Agencies may have data mapped by the LaGov Team based on information previously obtained. This information may change after further review by Agency personnel.

Below are the steps that should be followed to map AFS Reporting Categories and Sub-Objects:

1. Determine if they are necessary. If not, place an “X” in the omit column of the spreadsheet.
2. Assign the LaGov field based on the following table by placing an “X” in the appropriate column of the spreadsheet.

AFS Rept Cat & Sub-Obj Use	LaGov Field
Fund Source	Fund
Grant	Grant
Parish/District	Functional Area
Disaster	Functional Area
Employee salary detail	Reported in HR
IAT	IAT (actual field to be determined)

3. If it has been determined that an AFS Reporting Category or Sub-Object should be mapped to an internal order, the following fields will need to be completed on the spreadsheet.

LaGov Data	
Internal Order Name (40 characters)	Agency to complete - this is a description limited to 40 characters
Person Responsible (12 characters)	Agency to complete - this is the division that manages the Internal Order

4. If it has been determined that an AFS Reporting Category or Sub-Object should be mapped to a General Ledger Account, it should be noted on the spreadsheet.
5. If it has been determined that an AFS Reporting Category or Sub-Object should be mapped to a Cost Center, it should be noted on the spreadsheet.
6. If there are AFS Reporting Categories or Sub-Objects that are not on the provided lists, Agencies will need to add that data to the spreadsheet to ensure all current data elements will be accounted for.
7. Please indicate if the AFS Reporting Category or Sub-Object is used for Expenditures or Revenues by placing an “E” or “R” in the column marked Exp/Rev.
8. An optional “NOTES” column has been provided for Agency use.