

Welcome to the Central Office Asset Management Course



- Instructor
- Instructor

- Welcome and Introductions
- Logistics
- Ground Rules
- Course Objectives
- Course Content



Course Agenda

| | Chapter Description | Time |
|---|-------------------------------------|-------------|
| 1 | Asset Master Data | 120 minutes |
| 2 | Non-Project Asset | 120 minutes |
| 3 | Project Assets | 90 minutes |
| 4 | Depreciation | 60 minutes |
| 5 | Adjustments and Dispositions | 90 minutes |
| 6 | Reporting | 75 minutes |
| 7 | Summary | 15 minutes |

By the end of this class, you will be able to:

- Describe asset master data
- Describe the steps in the asset acquisition process
- Explain the GL postings that are generated from asset transactions
- Create and maintain asset master records
- Explain the capitalization process and policies
- Reverse capitalization
- Dispose of a fixed asset (retirements, sales, salvage, loss, and damage)
- Explain period-end processing for fixed assets
- Run asset reports



Course Chapters

| | Chapter Description | Time |
|----------|-------------------------------------|-------------|
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Chapter Objectives

By the end of this chapter you will be able to:

- Describe the current process for asset master data and identify pain points
- Describe the new process for asset master data in SAP
- Define and identify the asset classes
- Identify the GL accounts used in the balance sheet for each asset class as well as accounts for depreciation expense
- Display an asset master record
- Change an asset master record



Current Asset Master Data Processes

An asset master record is created and maintained in the Integrated Financial System (IFS) Fixed Asset Subsystem (FAS) for any capital asset with a unit cost of \$25,000 or more

- Assets related to projects and job cost are created at year-end
 - Asset shells are created manually
 - Postings against projects and jobs in the 6000 series objects are summarized and recorded as assets
- Assets not related to projects and job costs are automatically created when the payment voucher is processed for a vendor

The pain points in the current process include

- Recording of an asset is dependent upon the requester using the correct capital-related object codes (e.g., 6xxx)
- If requester uses a non-capital object code for an asset, the automatic asset shell creation is not triggered
- The Accounts Payable staff who creates the asset shell does not have all relevant information for the asset (e.g., serial number) and must follow up with the appropriate school or office to obtain the information



Changes to the Master Data Process

The new master data process includes the following changes

- Capital items with a useful life of more than one year and a unit cost of \$5,000 or more will be recorded and maintained as fixed assets in SAP
- Each asset will be assigned an asset number; sub-numbers will be created for multi-funded assets or if components /improvements of a main asset require individual tracking
- Assets will be assigned to an “asset class” which automatically defaults a useful life during asset shell creation and balance sheet account for capitalization
- Each asset class corresponds to a number range
- The changes to how and when asset shells are created will be detailed in the subsequent modules

Key Terms and Definitions

Asset class

- A code used to categorize assets according to managerial requirements
- Replaces the Asset Type and Catalog Code in IFS
- Determines the defaults for useful life and balance sheet account
- 16 asset classes have been configured in SAP

Depreciation Area

- A code used to determine how an asset will depreciate
 - 01 – Full accrual posting – Depreciates based on useful life
 - 10 – Modified accrual posting
 - » Depreciates at 100%
 - » Effectively expenses in the period that asset is put into service (e.g., capital expenditure)

IFS Asset Type Mapping to SAP Asset Class

| IFS Asset Type | Asset type description | SAP Asset Class | Asset Class Description | Full Accrual G/L Account | Full Accrual Useful Life in Years | Full Depreciation GL Account | Modified Depreciation GL Account |
|----------------|---------------------------|-----------------|--|--------------------------|-----------------------------------|------------------------------|----------------------------------|
| B | BUILDING AND IMPROVEMENTS | 943001 | BUILDING | 943001 | 50 | 693501 | 620006 |
| B | BUILDING AND IMPROVEMENTS | 943051 | PORTABLE BUILDING | 943051 | 20 | 693551 | 620056 |
| B | BUILDING AND IMPROVEMENTS | 943061 | BUILDING IMPROVEMENTS | 943061 | 20 | 693561 | 620066 |
| C | CONSTRUCTION IN PROGRESS | 945001 | CONSTRUCTION IN PROGRESS WITH INVESTMENT MEASURE | 945001 | NA | NA | 620086 |
| C | CONSTRUCTION IN PROGRESS | 945011 | CONSTRUCTION IN PROGRESS - EQUIPMENT | 945011 | NA | NA | 640096 |
| E | EQUIPMENT AND FURNITURE | 944001 | COMPUTERS/OFFICE AND BUSINESS MACHINES | 944001 | 5 | 694501 | 640006 / 650006 |
| E | EQUIPMENT AND FURNITURE | 944011 | BOOKS | 944011 | 7 | 694511 | 630016 |
| E | EQUIPMENT AND FURNITURE | 944031 | BROADCASTING/LIBRARY/AUDIOVISUAL/COMM EQPT | 944031 | 10 | 694531 | 640036 / 650036 |
| E | EQUIPMENT AND FURNITURE | 944041 | REPROGRAPHICS EQUIPMENT | 944041 | 10 | 694541 | 640046 / 650046 |
| E | EQUIPMENT AND FURNITURE | 944051 | ATHLETIC/MUSIC/SCIENCE/ENGR EQPT | 944051 | 10 | 694551 | 640056 / 650056 |
| E | EQUIPMENT AND FURNITURE | 944061 | FOOD SERVICES EQUIPMENT | 944061 | 15 | 694561 | 640066 / 650066 |
| E | EQUIPMENT AND FURNITURE | 944071 | TRANSP/CUSTODIAL/HEAVY MACHINERY | 944071 | 15 | 694571 | 640076 / 650076 |
| E | EQUIPMENT AND FURNITURE | 944081 | FURNITURE AND FIXTURES/OUTDOOR EQPT | 944081 | 20 | 694581 | 640086 / 650086 |
| I | IMPROVEMENT OF LAND/SITE | 942001 | IMPROVEMENT OF LAND/SITE | 942001 | 20 | 692501 | 617006 |
| L | LAND/SITE | 941001 | LAND/SITE | 941001 | NA | NA | 610006 |
| V | VEHICLES | 944021 | VEHICLES | 944021 | 8 | 694521 | 640026 / 650026 |

Asset Numbering

The 12-digit number assigned to an asset master is based on the class

| Asset Class | Description | Asset number starts with |
|-------------|--|--------------------------|
| 941001 | LAND/SITE | 10 |
| 942001 | IMPROVEMENT OF LAND/SITE | 20 |
| 943001 | BUILDING | 30 |
| 943051 | PORTABLE BUILDING | 35 |
| 943061 | BUILDING IMPROVEMENTS | 36 |
| 944001 | COMPUTERS/OFFICE AND BUSINESS MACHINES | 40 |
| 944011 | BOOKS | 41 |
| 944021 | VEHICLES | 42 |
| 944031 | BROADCASTING/LIBRARY/AUDIOVISUAL/COMM EQPT | 43 |
| 944041 | REPROGRAPHICS EQUIPMENT | 44 |
| 944051 | ATHLETIC/MUSIC/SCIENCE/ENGR EQPT | 45 |
| 944061 | FOOD SERVICES EQUIPMENT | 46 |
| 944071 | TRANSP/CUSTODIAL/HEAVY MACHINERY | 47 |
| 944081 | FURNITURE AND FIXTURES/OUTDOOR EQPT | 48 |
| 945001 | CONSTRUCTION IN PROGRESS WITH INVESTMENT MEASURE | 50 |
| 945011 | CONSTRUCTION IN PROGRESS-EQUIPMENT | 55 |

An asset sub number is a fixed asset that is associated with a main asset master

- You may wish to create a sub number for an improvement or a subsequent acquisition related to an existing asset
 - The use of the sub number facilitates reporting when displaying asset lists in numerical order
 - The sub asset number is assigned the main asset number with an additional number at the end, for example “1” or “2”
- Sub-numbers are also used in the case of a multi-funded asset where each sub will be associated with a separate funding
- The asset sub number is its own master record with its own descriptive details

| | | | | |
|-------|--------------|---|----------|--------------------|
| Asset | 420000000030 | 0 | Vehicle | Main Asset |
| Class | 944021 | | VEHICLES | (police car) |
| Asset | 420000000030 | 1 | Vehicle | Sub Asset |
| Class | 944021 | | VEHICLES | (computer for car) |

The asset master record contains five tabs

- General
- Time-dependent
- Allocations
- Origin
- Depreciation areas

Display Asset: Master data

Asset values

Asset: 460000000005 0 PACKING SYSTEM

Class: 944061 FOOD SERVICES EQUIP Company Code: 1000

General Time-dependent Allocations Origin Deprec. Areas

General data

| | |
|---------------------|-----------------------------------|
| Description | PACKING SYSTEM |
| Asset main no. text | PACKING SYSTEM |
| Acct determination | 944061 FOOD SERVICES EQUIPMENT |
| Serial number | FUJIFORMOST |
| Inventory number | |
| Quantity | 0.000 |

Asset Master - General Tab

The *General* tab contains descriptive information at the top and dates related to capitalization, inventory, and deactivation at the bottom

- The only required field on this tab is the **Description** field
- The “capitalization on” date is based on the date entered into the posting date field on the transaction used to acquire the asset (e.g, goods receipt in the case of PO-based acquisitions)

| General | Time-dependent | Allocations | Origin | Deprec. Areas |
|----------------------------|--|--|--------|---------------|
| General data | | | | |
| Description | PACKING SYSTEM | | | |
| Asset main no. text | PACKING SYSTEM | | | |
| Acct determination | 944061 | FOOD SERVICES EQUIPMENT | | |
| Serial number | FUJIFORMOST | | | |
| Inventory number | | | | |
| Quantity | 0.000 | <input type="checkbox"/> | | |
| | <input type="checkbox"/> Manage historically | | | |
| Inventory | | | | |
| Last inventory on | | <input type="checkbox"/> Include asset in inventory list | | |
| Inventory note | | | | |
| Posting information | | | | |
| Capitalized on | 01/01/1990 | Deactivation on | | |
| First acquisition on | 01/01/1990 | Ordered on | | |
| Acquisition year | 1990 007 | | | |

Three dates fields are used on a document are document date, posting date, and entry or system date.

The **Capitalized on** date is automatically updated on the asset master based on the posting date

Asset Master – Time-Dependent Tab

The *Time Dependent* tab shows the cost center, fund, functional area, and grant associated with the asset

- An asset is associated with a single cost center
- Depreciation expense will post to this cost center in CO
- The **Internal Order** and **WBS Element** fields will only be used for AuC masters

| General | Time-dependent | Allocations | Origin | Deprec. Areas |
|--|--|-------------|------------------------|---------------|
| Interval from 01/01/1900 to 12/31/9999 | | | | |
| Cost Center | <input type="text" value="1147201"/> | | Newman Nutri Ctr | |
| Int. order | <input type="text"/> | | | |
| Plant | <input type="text"/> | | | |
| Location | <input type="text"/> | | | |
| Room | <input type="text"/> | | | |
| Personnel Number | <input type="text" value="0"/> | | | |
| Fund | <input type="text" value="130-5310"/> | | Cafe-Sch Pgm-Lch/B/M | |
| Functional Area | <input type="text" value="0000-3700-17496"/> | | Equipment-Cafe Schools | |
| Grant | <input type="text" value="NOT_RELEVANT"/> | | Not_Relevant Grant | |
| WBS Element (Costs) | <input type="text"/> | | | |

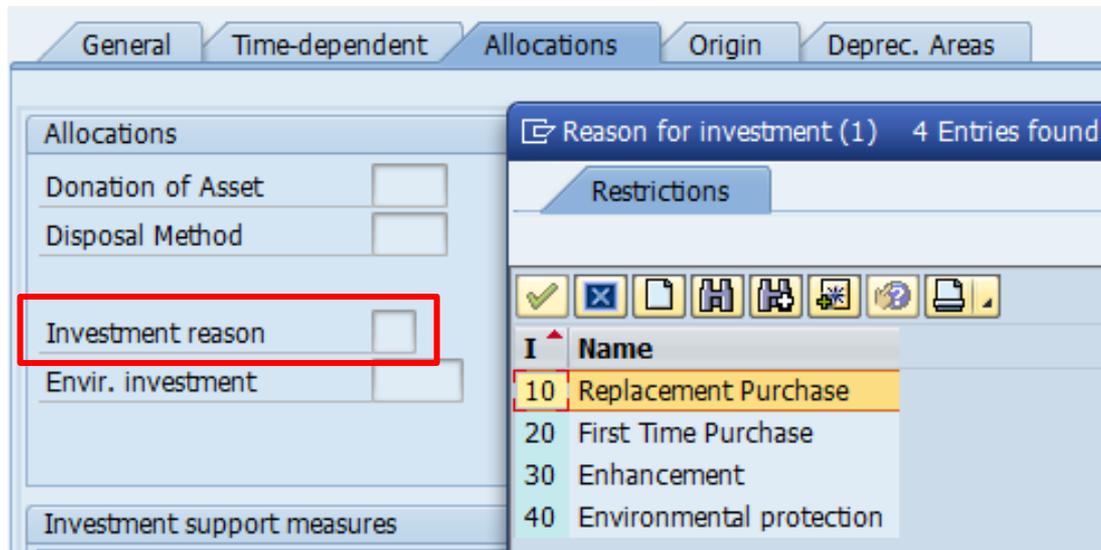
Room is a free-text field where users can enter the physical location of the asset, although it doesn't have to be a room number. The building number may be entered when more appropriate.

The **Plant** and **Location** fields are not enabled because we are not implementing the plant maintenance functionality.

Asset Master – Allocations Tab

The *Allocations* tab contains the **Investment reason** field that is used to identify whether this asset is a first time purchase or a replacement

- This distinction is important to allow state reporting of capital outlay in the appropriate object code
 - 64XX for first time purchase
 - 65XX for replacement purchase



The screenshot shows the 'Allocations' tab in a software interface. The 'Investment reason' field is highlighted with a red box. A dropdown menu is open, showing a list of investment reasons with their corresponding codes. The '10 Replacement Purchase' option is selected and highlighted in yellow.

| I | Name |
|----|--------------------------|
| 10 | Replacement Purchase |
| 20 | First Time Purchase |
| 30 | Enhancement |
| 40 | Environmental protection |

Asset Master – Origin Tab

The *Origin* tab includes supplier manufacturer information and legacy system information if the asset was migrated

| General | Time-dependent | Allocations | Origin | Deprec. Areas |
|---|----------------|-------------|---------|---------------|
| Origin | | | | |
| Vendor | | | | |
| Manufacturer | FUJIFORMOST | | | |
| <input type="checkbox"/> Asset purch. new | | | | |
| <input type="checkbox"/> Purchased used | | | | |
| Trading Partner | | | | |
| Country of origin | | | | |
| Type name | | | | |
| Original asset | APPR21200002 | | Acq. on | 01/01/1990 |
| Orig. Acquis. Year | 1990 | | | |
| Original value | 0.00 | | USD | |
| In-house prod.perc. | 0.00 | | | |

Supplier data

- The vendor comes from the shopping cart
- The manufacturer is entered manually

Legacy system data

Asset Master – Depreciation Area Tab

The *Depreciation Areas* tab shows depreciation information that SAP will use after the asset is capitalized

- **Area number** and **Depreciation area** fields show the codes for the depreciation area for the asset
- All assets are assigned to depreciation areas 01 (full accrual) and 10 (modified accrual)
- The asset's useful life in years is contained in the **UseLife** field
- The depreciation start date is included in the **ODep Start** field

| Valuation | | | | | | | | |
|--------------------------|-----|-------------------|------|---------|-----|-------------|---------|-----|
| Deact | A.. | Depreciation area | DKey | UseLife | Prd | ODep Start | Exp. UL | Prd |
| <input type="checkbox"/> | 01 | Accrual Post | LINA | 50 | | 001/01/2006 | 6 | 6 |
| <input type="checkbox"/> | 10 | Mod Accr/Pst | Z100 | 0 | | 101/01/2006 | 6 | 6 |

Display and Change a Fixed Asset Demonstration

Walkthrough: Display and change a fixed asset

- Display an asset master
- Display an asset sub number
- Change an asset master



This is a demonstration only. Watch as the instructor shows you how to complete the task in SAP.

Display and Change a Fixed Asset Exercise

Exercise: Display and change a fixed asset



To complete this exercise follow the instructions listed here.

Chapter Objectives Review

You should now be able to:

- Describe the current process for asset master data and identify pain points
- Describe the new process for asset master data in SAP
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Chapter Objectives

By the end of this chapter you will be able to:

- Explain the current process and pain points for non-project asset acquisitions
- Describe the new processes for single and multi-funded non-project asset acquisitions
- Describe the financial accounting postings that are generated in SAP in the non-project asset acquisition and capitalization processes
- Create and change an asset master record
- Create an asset sub number
- Explain the direct pay process for non-project assets



SRM

- Supplier Relationship Management (SRM) is a component of SAP procurement
- Most of the purchasing at LAUSD, including the acquisition of fixed assets, is managed through SRM

Current Non-Project Asset Acquisition Processes

All asset master records are created and maintained in the Integrated Financial System (IFS) Fixed Asset Subsystem (FAS)

- When an asset is acquired from a vendor (non-project) an asset shell is automatically created when Accounts Payable processes a payment voucher against a 6xxx object code (capital outlay)
- The capitalization threshold for non-project and project assets is \$25,000

The pain points in the current process include

- Vendors do not always provide complete information about assets on the invoice and Accounts Payable has to contact the responsible location for this data (e.g., vehicle identification number, serial number, model, type, etc.)

Changes to the Asset Acquisition Process

The timing of the asset shell creation will change as follows

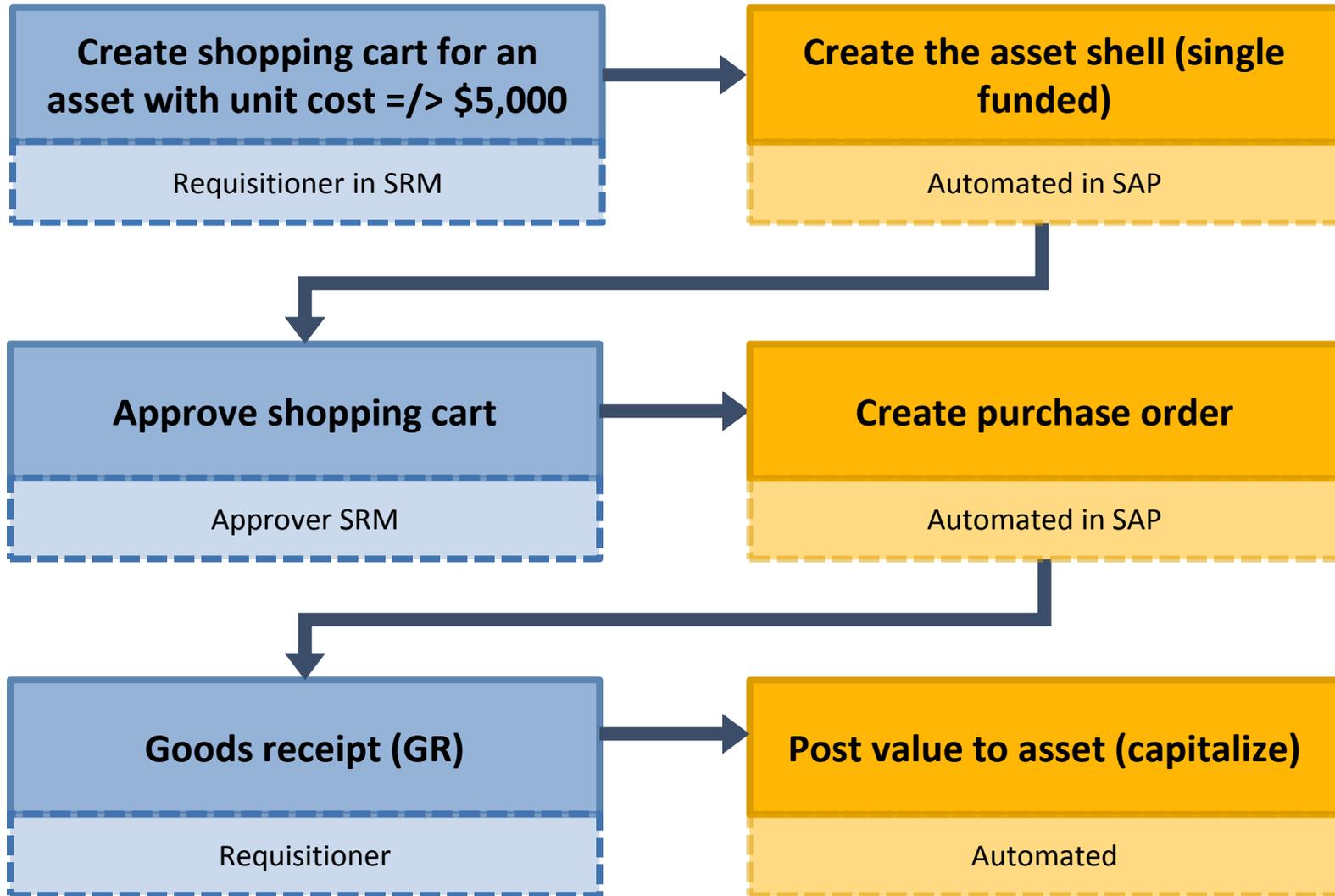
- SAP will create the asset shell automatically when the shopping cart is created in SRM
- Asset Accounting will create the asset shell in the case of donations
- Accounts Payable will create the asset shell for direct purchases from vendors outside of the procurement process (rare)
- Asset Accounting would create the asset shell in the case of an adjustment where charges were expensed (a detailed example will be provided in a later module)

Single-Funded Non-Project Asset Acquisition

The Requisitioner creates a shopping cart in SRM for a non-project asset with a value equal or greater than \$5,000

- SAP creates the asset shell automatically after the shopping cart is submitted
- The Fixed Asset Master Maintainer can update the asset master with additional descriptive data (e.g., serial number)
- In Funds Management
 - The budget is checked and a pre-encumbrance is recorded when the shopping cart is created
 - The pre-encumbrance is released and an encumbrance is recorded against the budget after the shopping cart is approved and PO is generated in SAP
- When the goods receipt is processed the system generates a financial accounting posting

Single-Funded Non-Project Asset Acquisition Process Flow



Single-Funded Non-Project Asset Acquisition Accounting

The asset is capitalized when the goods receipt is posted

- The offsetting credit is posted to a GR/IR account which Accounts Payable will be responsible for clearing

| Fixed Asset | GR/IR |
|-------------|-------|
| 5,000 | 5,000 |

- Depreciation
 - As soon as the asset is capitalized it is set up to depreciate in depreciation area 01 (full accrual)
 - On the same night an automated transaction runs in SAP to set the asset up to depreciate in depreciation area 10 (modified accrual)
 - Additional detail including depreciation accounting postings will be covered in Module 4

Multi-Funded Non-Project Asset Acquisition

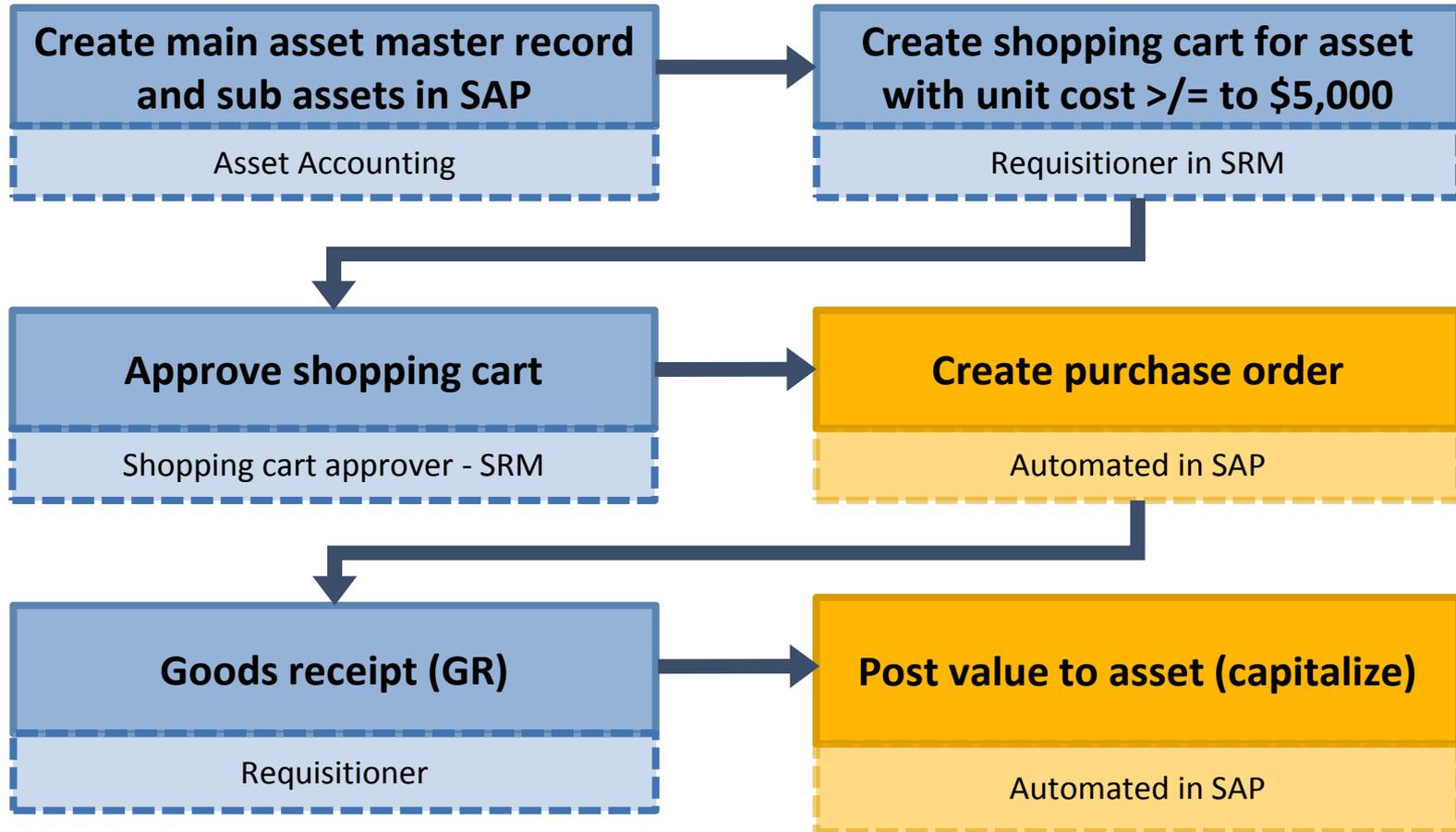
Before creating the shopping cart in SRM, the Requisitioner will request that Asset Accounting create the asset master and asset sub numbers

- The Requisitioner assigns all the asset numbers (main and sub) on the shopping cart
- No asset master records are created automatically
- All other steps in the process for multi-funded non-project asset acquisition are the same as the steps in the single-funded scenario

Sub numbers are used to ensure updating of the proper funding sources in Funds Management

- These sub numbers are used to split a single asset into components that correspond to funding sources
- These sub numbers are not used to represent an improvement to an existing asset
- Depreciation will be recorded at the sub-number level against the proper funding source (Module 4)

Multi-Funded Non-Project Asset Acquisition Process Flow



Multi-Funded Non-Project Asset Acquisition Accounting

The assets are capitalized when the goods receipt is posted

- The offsetting credit is posted to a GR/IR account which Accounts Payable will be responsible for clearing

| Fixed Asset (main asset) | Fixed Asset (sub number) | GR/IR |
|--------------------------|--------------------------|--------|
| 10,000 | 5,000 | 15,000 |

There is no parent/child relationship between the main and sub assets.

- Depreciation
 - As soon as the asset is capitalized it is set up to depreciate in depreciation area 01 (full accrual)
 - On the same night an automated transaction runs in SAP to set the asset up to depreciate in depreciation area 10 (modified accrual)
 - Additional detail including depreciation accounting postings will be covered in Module 4

Walkthrough: Create Asset Shell

Create Asset
Change Asset



*This is a demonstration only.
Watch as the instructor shows you how to complete the task in SAP.*

Exercise: Create and change an asset shell



To complete this exercise follow the instructions listed here.

Walkthrough: Create sub-numbers

Create sub numbers



This is a demonstration only. Watch as the instructor shows you how to complete the task in SAP.

Exercise: Create sub-numbers



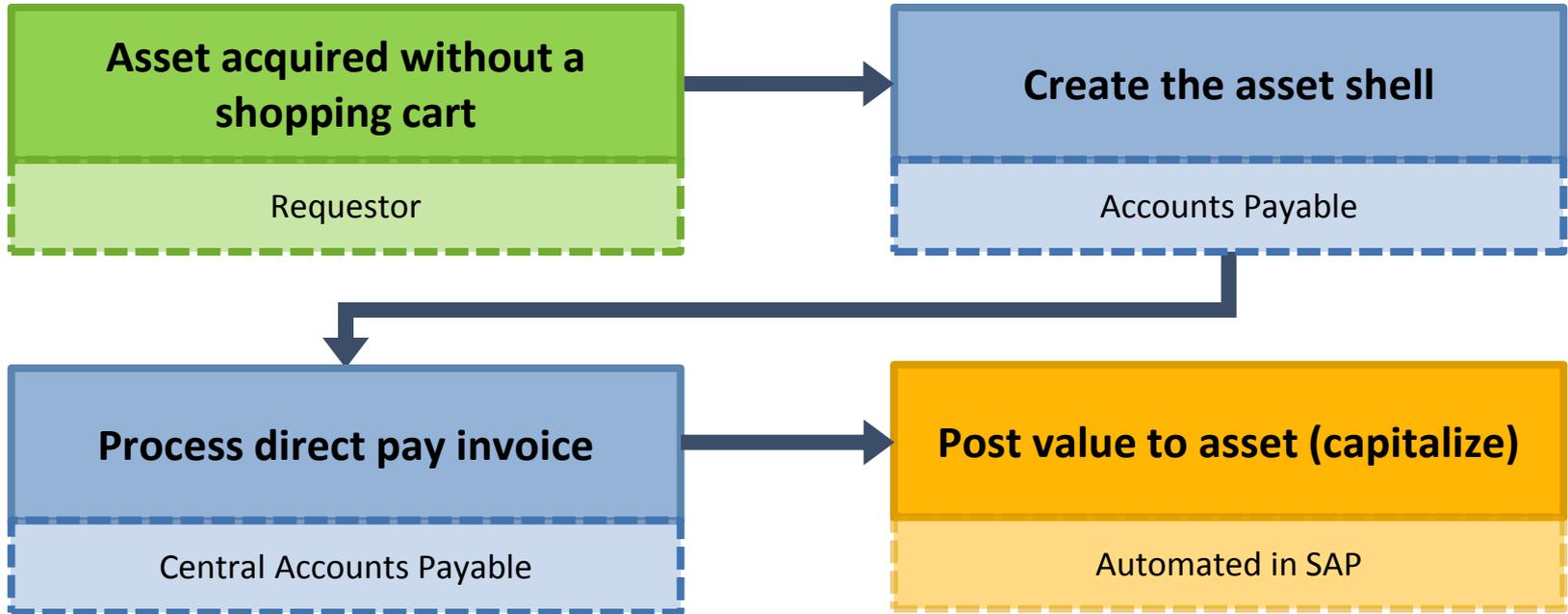
To complete this exercise follow the instructions listed here.

Direct pay is a method of acquiring an asset from a vendor without going through the LAUSD procurement process

- This process should be used on an exception basis only because it is not district policy to acquire assets outside of the procurement process
- This procedure is standard functionality in SAP and was tested to ensure that an asset could be activated in the system if it were procured in this manner

| | | | | | | |
|-------------------------------|--|---------------|--------|--|--------|----------|
| | Fixed Asset | Vendor | | | | |
| 1 - Record direct pay invoice | <table border="0" style="width: 100%;"> <tr> <td style="text-align: right; width: 20px;">1</td> <td style="text-align: right;">10,000</td> </tr> </table> | 1 | 10,000 | <table border="0" style="width: 100%;"> <tr> <td style="text-align: left; width: 20px;">10,000</td> <td style="text-align: left;">1</td> </tr> </table> | 10,000 | 1 |
| 1 | 10,000 | | | | | |
| 10,000 | 1 | | | | | |

Direct Pay Process Flow



Chapter Objectives Review

You should now be able to:

- Explain the current process and pain points for non-project asset acquisitions
- Describe the new processes for single and multi-funded non-project asset acquisitions
- Describe the financial accounting postings that are generated in SAP in the non-project asset acquisition and capitalization processes
- Create and change an asset master record
- Create an asset sub number
- Explain the direct pay process for non-project assets



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Chapter Objectives

By the end of this chapter you will be able to:

- Explain the current process and pain points for project assets
- Describe the new processes for project assets
- Describe the financial accounting postings that are generated in SAP in the project asset acquisition and settlement processes
- Settle to an asset
- Run the Asset Explorer transaction



Projects and Work Breakdown Structure Elements

- A project is a cost collector used to capture charges
- Work breakdown structure (WBS) elements are the hierarchical components of a project that represent the project's tasks
- A project attribute known as an "Investment Profile" defines whether a project should be capitalized and triggers an AuC accordingly

Internal Order

- A second type of cost collector in SAP that may be used to capture charges to smaller capital projects

Current Project Asset Processes

When an asset is acquired through construction (e.g., capital expenditures are processed against a job or project number) the charges are initially recorded as “construction in progress” (CIP)

- General Accounting manually creates the asset shell at the fiscal year-end to capture all CIP costs
- The charges in CIP are then transferred to the appropriate fixed asset account based on list of completed projects provided by Facilities and ITD

The pain points in the current process include

- In IFS a JV is required to put project costs in a 6000 object code to capitalize as an asset
- The process requires a lot of manual work and significant interaction between Accounting and Facilities
- There is always a time crunch in recording CIP and project completions because it's only done at year-end



Changes to the Project Asset Process

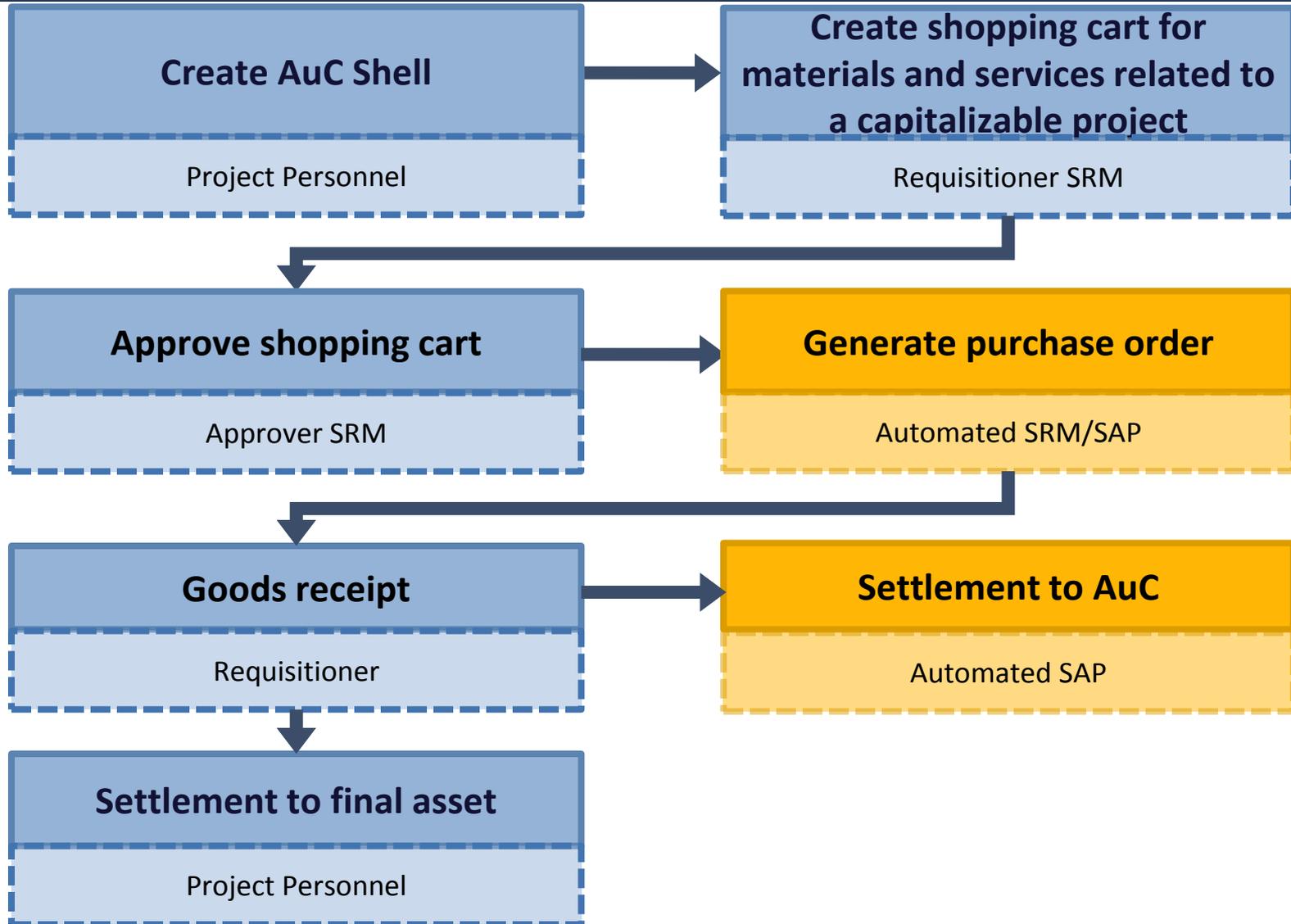
The timing of the asset shell creation changes as follows

- The main AuC shell is created automatically when the project personnel activates a new project
- AuC sub numbers based on different funding sources will be created manually by project personnel prior to monthly settlement from expense to AuC
- General Accounting will create the final asset numbers and sub numbers at the time of settlement from AuC to final asset

The Requisitioner will include the WBS element or internal order on the shopping cart in SRM

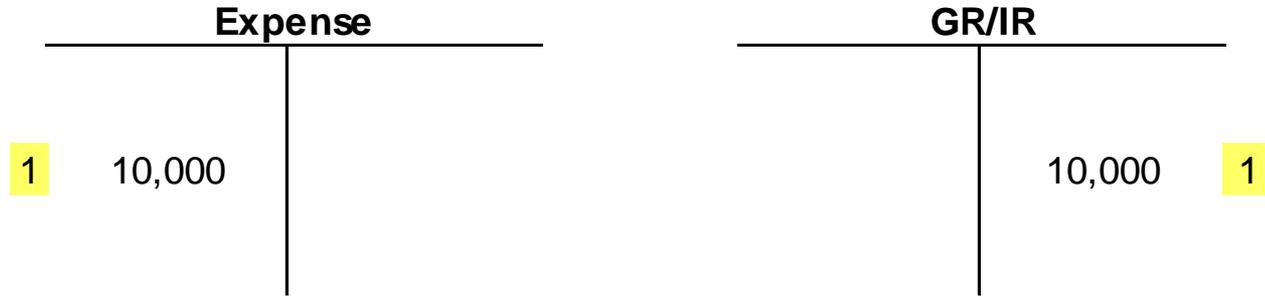
- All financial coding entered in the shopping cart in SRM will be pulled into the purchase order and goods receipt in SAP
 - When the shopping cart is created the budget is checked and a pre-encumbrance is recorded in Funds Management
 - When the purchase order is created the pre-encumbrance is released and an encumbrance is recorded against the budget in Funds Management
- SAP will not automatically create an asset shell when a WBS element or internal order is assigned to a shopping cart line item
- The goods receipt is the first transaction in the project asset acquisition process that generates a financial accounting posting

Project Asset Acquisition Process Flow



Project Asset Acquisition Accounting

The goods receipt registers an expense that is associated with Project Systems (PS) or Controlling (CO), the components in SAP that perform cost accounting



Project assets require multiple steps for settlement

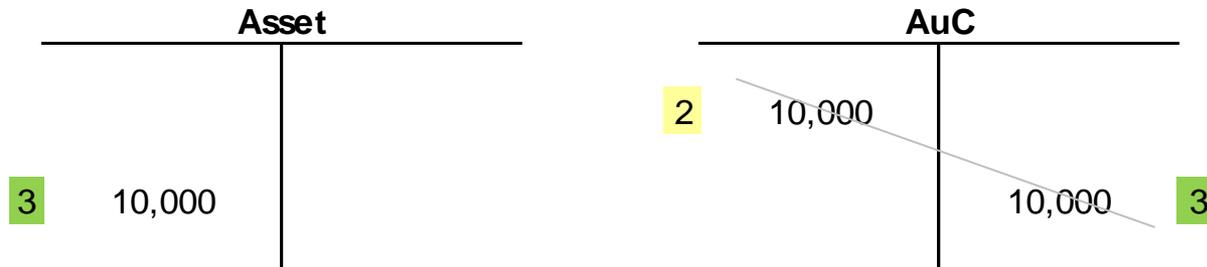
- At month-end project expense postings are settled to the appropriate AuC accounts
- These balances will remain in the AuC accounts until the project is completed

| AuC | |
|-----|--------|
| 2 | 10,000 |

| Project Expense Contra Account | |
|--------------------------------|---|
| 10,000 | 2 |

When the project is completed it must be capitalized (settled) using two-step process

1. Project personnel request asset number and sub numbers from General Accounting
2. Project personnel update the settlement rule on the project (WBS element) to include the asset number
3. Project personnel capitalize the asset(s)



Walkthrough: Capitalize a Project Asset

- Create assets and sub numbers
- Change project settlement rule
- Execute actual settlement to capitalize asset



This is a demonstration only. Watch as the instructor shows you how to complete the task in SAP.

The Asset Explorer transaction displays additional data for capitalized assets

- Planned and posted values by depreciation area in a fiscal year
- Other objects related to the asset including the fixed asset GL account, cost center, and the original WBS element or internal order

Asset 1000-460000000005/0000

Depreciation Areas

- 01 Accrual Posting
- 10 Modified Accrual P

Objects related to asset

- Cost Center
 - Newman Nutri Ctr
- G/L Account
 - F/A Recon-Equip-Food Serv

Company Code: 1000 LAUSD
 Asset: 460000000005 0 PACKING SYSTEM
 Fiscal year: 2013

Planned values | **Posted values** | Comparisons | Parameters

Posted dep. values Modified Accrual Posting

| Value | Fiscal year start | Change | Posted values | Crcy |
|----------------------|-------------------|------------|---------------|------|
| APC transactions | 85,000.00 | | 85,000.00 | USD |
| Acquisition value | 85,000.00 | | 85,000.00 | USD |
| Ordinary deprec. | | 85,000.00- | 85,000.00- | USD |
| Special depreciation | | | | USD |
| Unplanned dep. | | | | USD |

Depreciation posted/planned

| Status | Status | Per | Σ Ord.dep. TBP | Σ Spec.dep. |
|---------|---------|-----|----------------|-------------|
| Posted | Posted | 1 | 85,000.00- | 0.00 |
| Planned | Planned | 2 | 0.00 | 0.00 |

Walkthrough: Display Asset Explorer

Run asset explorer



This is a demonstration only. Watch as the instructor shows you how to complete the task in SAP.

Exercise: Display the fixed asset explorer



To complete this exercise follow the instructions listed here.

Chapter Objectives Review

You should now be able to:

- Explain the current process and pain points for project assets
- Describe the new processes for project assets
- Describe the financial accounting postings that are generated in SAP in the project asset acquisition and settlement processes
- Settle to an asset
- Run the Asset Explorer transaction



Course Chapters

| | Chapter Description | Time |
|---|-------------------------------------|-------------|
| 1 | Asset Master Data | 120 minutes |
| 2 | Non-Project Asset | 120 minutes |
| 3 | Project Assets | 90 minutes |
| 4 | Depreciation | 60 minutes |
| 5 | Adjustments and Dispositions | 90 minutes |
| 6 | Reporting | 75 minutes |
| 7 | Summary | 15 minutes |

Chapter Objectives

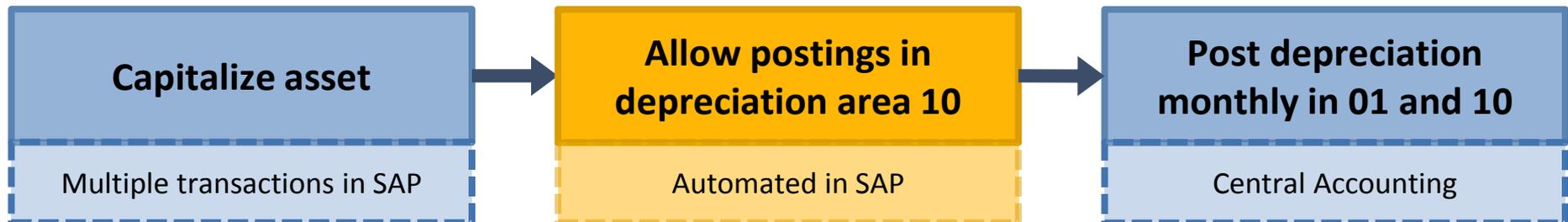
By the end of this chapter you will be able to:

- Explain the accounting entries that result when SAP calculates and posts depreciation
- Describe additional period-end processes and explain if they are monthly or annual



When an asset is capitalized it updates against Area 01 (Full Accrual) regardless of the acquisition method

- An additional transaction runs every night to ensure that each newly capitalized asset will update against Area 10 (Modified Accrual)
- Depreciation posts to both Areas 01 and 10 when Central Accounting executes the depreciation run during month-end close
- Monthly depreciation is a change from the current process in which depreciation is posted annually



Depreciation posting calculations in Area 01 (Full Accrual) are based on the useful life of the asset

- All depreciable asset classes use straight-line depreciation
- Asset classes for land and AuC are non-depreciable

| | | | | | |
|----------------------|--------------------|--|-----------------------------|--|---------------------------------|
| | <u>Fixed Asset</u> | | <u>Depreciation Expense</u> | | <u>Accumulated Depreciation</u> |
| 1 - Capitalize asset | | | | | |
| 2 - Depreciation run | 1 5,000 | | 2 83 | | 83 2 |

Depreciation in Area 10

Assets fully depreciate in Area 10 in the period that they are capitalized

- A capital outlay is recorded against the budget immediately upon purchase of the asset
- Depreciation area 10 is used to automate the financial accounting and for modified accrual-based reporting required by LA County Office of Education (LACOE) and the State Standardized Account Code Structure (SACS)
- Applies to all asset classes

| | Fixed Asset | | Capital Outlay | | Deprecation Contra | |
|----------------------|-------------|-------|----------------|-------|--------------------|---|
| 1 - Capitalize asset | | | | | | |
| 2 - Depreciation run | 1 | 5,000 | 2 | 5,000 | 5,000 | 2 |

- The Depreciation Contra account is associated with a fund and postings to this account used in reconciling full accrual vs. modified accrual as required for CAFR reporting

Other Month-end Processes

The following items should be completed before month-end. Each of these transactions is covered in the next module.

- Process sales, retirements, and transfers
- Reclassification of expense to AuC
- Increase the value of an AuC
- Reverse capitalization

The steps in fiscal year closing process for fixed assets will be performed in conjunction with the overall fiscal year close in SAP

- Reconcile assets with the GL prior to opening the new fiscal year and closing the prior fiscal years for assets
- Open the new fiscal year for assets
- Close the prior fiscal year for assets
 - All non-AUC asset classes are closed as soon as possible to allow for a normal month-end close in July
 - AUC asset classes may be closed later depending on project-related settlements
 - After the fiscal year is closed asset cannot be posted to or changed in the closed fiscal year, including depreciation
 - In an emergency the previous fiscal year can be temporarily re-opened for prior-year asset postings as long as the month-end closing processes haven't been performed in the new fiscal year

The fiscal year for Asset Accounting can closed only if the following are true

- SAP found no errors during the calculation of depreciation (e.g., incorrectly defined depreciation keys)
- Planned depreciation has been completely posted to the GL
- All assets acquired in the fiscal year have been capitalized (excluding AUC asset classes)
- All assets master records have been completed

Assets that do not meet the above requirements will be displayed in the log for the year-end closing and include reasons for the errors

Chapter Objectives Review

You should now be able to:

- Explain the accounting entries that result when SAP calculates and posts depreciation
- Describe additional period-end processes and explain if they are monthly or annual



Course Chapters

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Chapter Objectives

By the end of this chapter you will be able to:

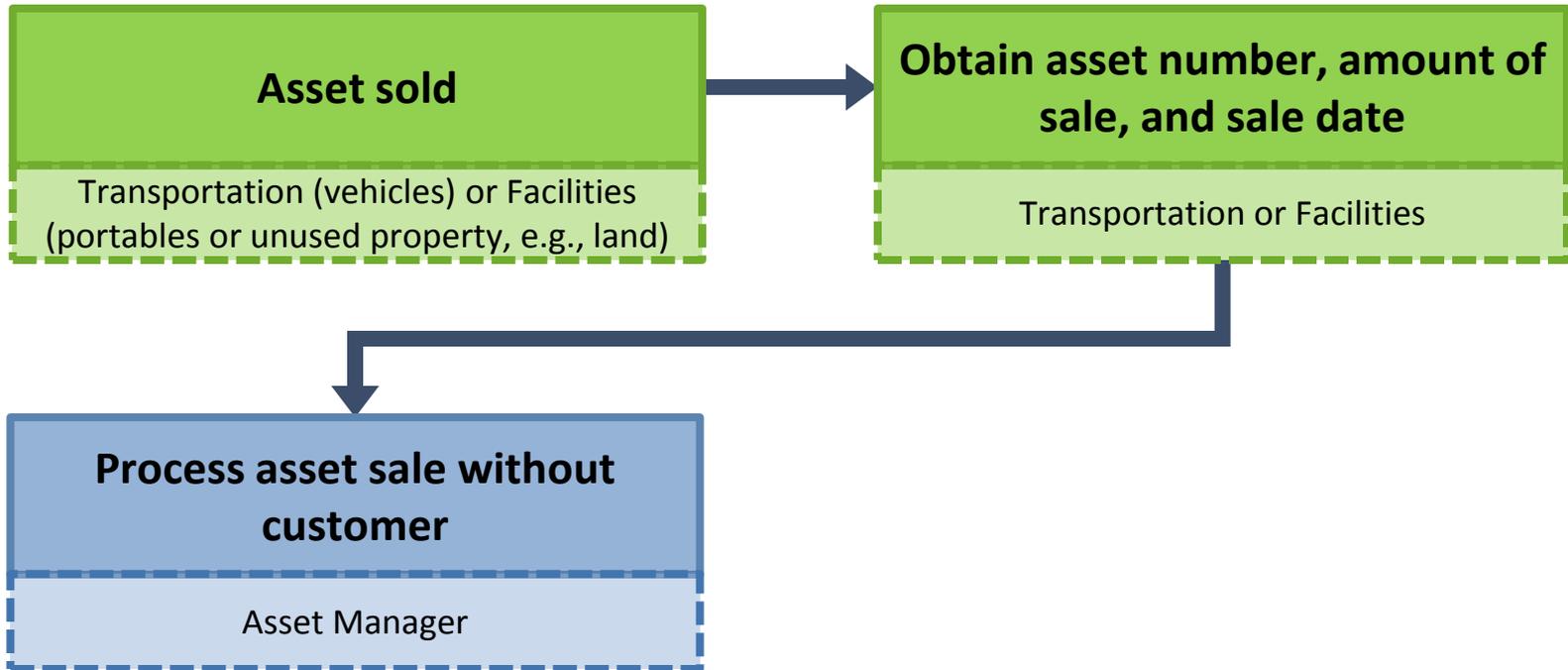
- Process an asset sale
- Process an asset retirement (scrapping)
- Process an asset transfer between fund sources
- Reclassify from expense to an fixed asset
- Reverse capitalization
- Display asset documents



Facilities and Transportation will process their own asset sales

- To process an asset sale in SAP the department that sold the asset must have the asset sale information including
 - Asset number
 - Sale date
 - Value of the transaction

Asset Sale Process Flow



Asset Sale Accounting

The asset sale transaction generates the following accounting postings in the general ledger

| Fixed Asset | | Accumulated Depreciation | |
|-------------|------|--------------------------|--------|
| 1 | 5000 | | 4900 2 |
| | | 5000 3 | 3 4900 |

| Proceeds from Asset Sale | | Gain/Loss on Asset Sale | |
|--------------------------|-----|-------------------------|------|
| 3 | 125 | | 25 3 |
| | | | |

- 1 - Initial acquisition value
- 2 - Accumulated depreciation
- 3 - Sale and deactivation

Walkthrough: Process an asset sale

Asset sale without customer



This is a demonstration only. Watch as the instructor shows you how to complete the task in SAP.

Exercise: Process an asset sale



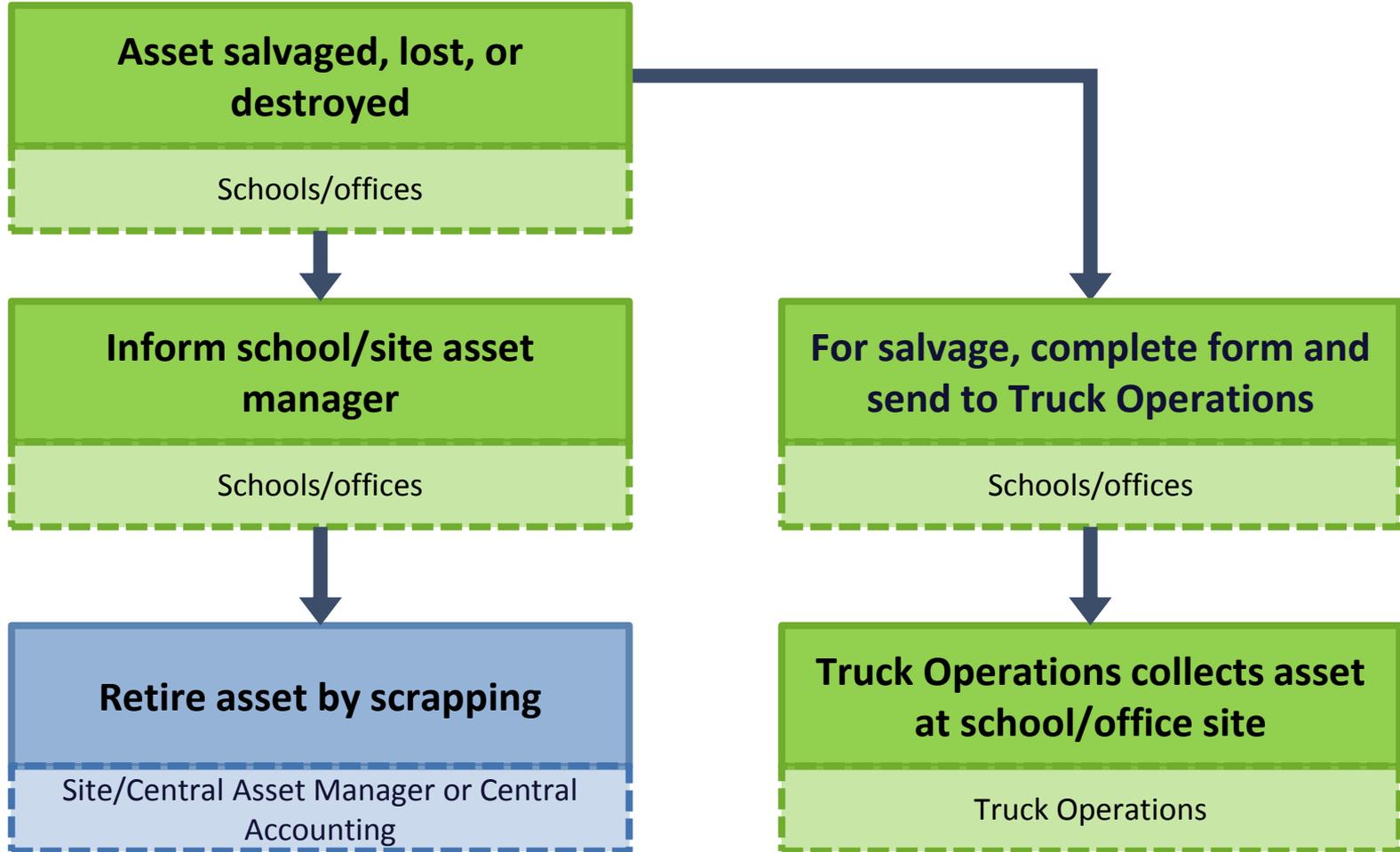
To complete this exercise follow the instructions listed here.

Asset Retirement (Scrapping)

To process an asset retirement when an asset is lost, destroyed, can no longer be used, or sent to salvage

- The school or office must obtain the following information before retiring the asset
 - Retirement date
 - Asset number

Asset Retirement Process Flow



Asset Retirement Accounting

The asset retirement transaction generates the following accounting postings in the general ledger

| | | | | | | | | |
|-------------------------------|---|----------------------------|------|---|---------------------------------|------|---|--|
| | | Fixed Asset | | | Accumulated Depreciation | | | |
| 1 - Initial acquisition value | | | | | | | | |
| 2 - Accumulated depreciation | 1 | 5000 | | | | 4000 | 2 | |
| 3 - Retirement | | | 5000 | 3 | 3 | 4000 | | |
| | | | | | | | | |
| | | Loss on Asset Scrap | | | | | | |
| | 3 | 1000 | | | | | | |

Walkthrough: Process an asset retirement

Asset retirement by scrapping



This is a demonstration only. Watch as the instructor shows you how to complete the task in SAP.

Exercise: Process an asset retirement

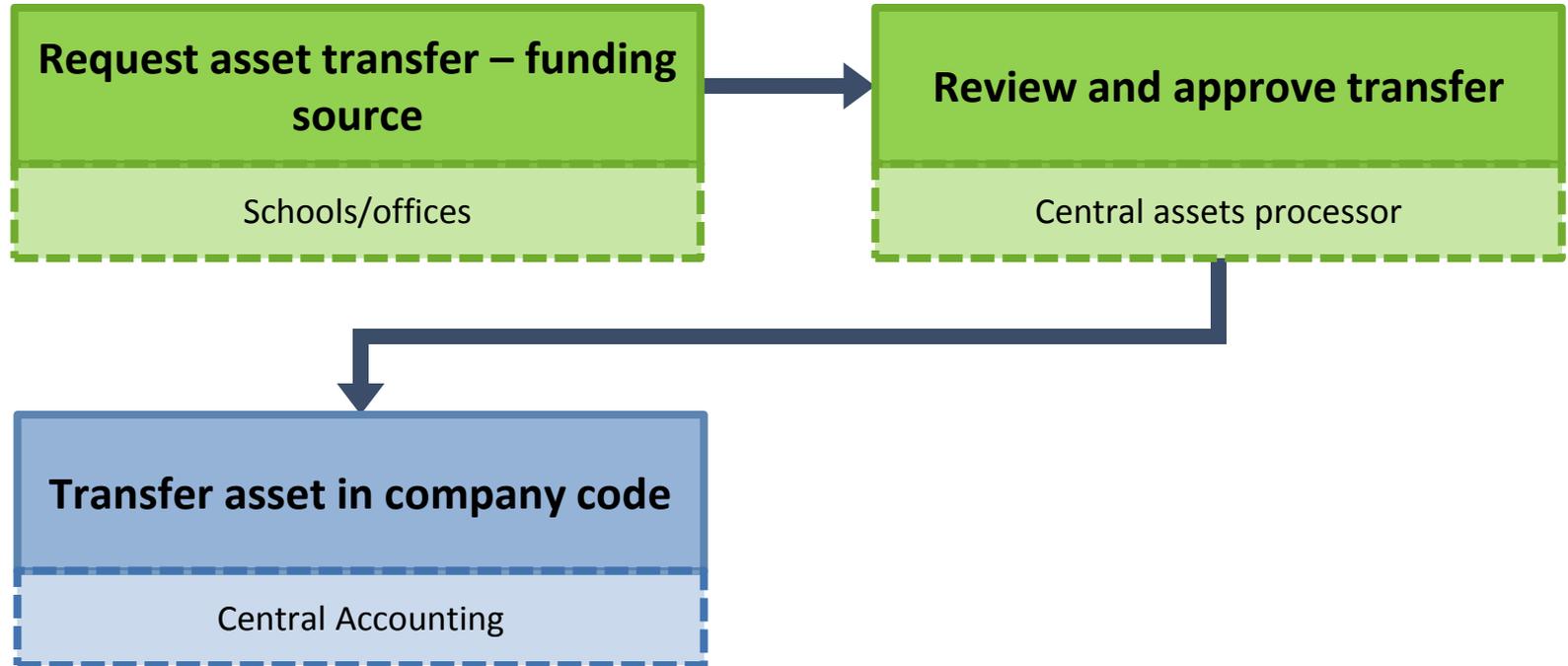


To complete this exercise follow the instructions listed here.

You may transfer an asset to a new asset class or funding source

- The most common transfer is a funding source, which has an impact on the General Ledger and the budget
- This type of transfer is allowed only for assets acquired in the current fiscal year (this is the expenditure transfer process in Legacy)
- An asset class transfer will impact the balance sheet because the GL account associated with the new class is different than the original account

Asset Transfer Process Flow



Walkthrough: Process an asset transfer between funding sources

Transfer within a company code



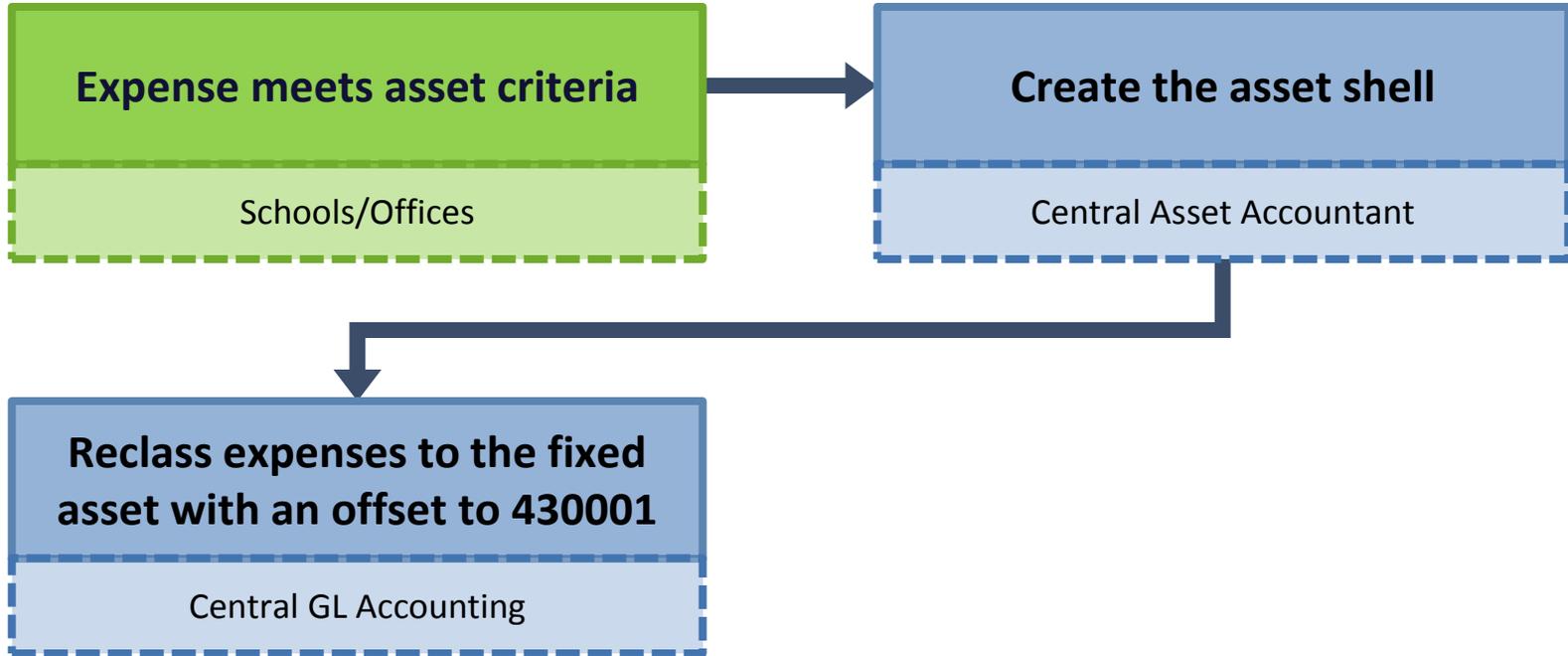
*This is a
demonstration only.
Watch as the
instructor shows you
how to complete the
task in SAP.*

Reclassify from Expense to Fixed Asset

Expense postings must be reclassified as an asset if the cost of a purchase exceeds \$5,000

- Mistakenly expensing an asset should be rare because the shopping cart has automated the process of determining what qualifies as an asset
- However, in case it does happen, the expense postings must be reclassified as an asset
- An example of a when this might occur is a direct pay scenario where an AP clerk mistakenly posts a charge that meets the capitalization threshold to an expense account instead of an asset

Reclassify from Expense to Fixed Asset Process Flow



Reclassify from Expense to a Fixed Asset Demonstration

Walkthrough: Reclassify an expense to a fixed asset

Acquisition with automatic offsetting entry



This is a demonstration only. Watch as the instructor shows you how to complete the task in SAP.

Reclassify from Expense to a Fixed Asset Exercise

Exercise: Reclassify an expense to a fixed asset



To complete this exercise follow the instructions listed here.

Reclassify from Expense to an AuC

If a charge related to a project is posted to a non-capital project (project with no investment profile) the project personnel will update the WBS with an AuC investment profile

- As part of month end the costs will be settled to the AuC
- The posting in the general ledger would be
 - Debit to the AuC
 - Credit Expense

Reverse Capitalization for non-Project Assets

If you mistakenly capitalize an asset you can reverse the transaction before the first depreciation run

- Assets that were capitalized in a previous fiscal year cannot be reversed
- The reversal will
 - Credit the fixed asset
 - Debit the offsetting account (expense)

Walkthrough: Reverse capitalization

Reverse asset document
Display asset document



*This is a demonstration only.
Watch as the instructor shows you how to complete the task in SAP.*

Exercise: Reverse capitalization and display document



To complete this exercise follow the instructions listed here.

Chapter Objectives Review

You should now be able to:

- Process an asset sale
- Process an asset retirement (scrapping)
- Process an asset transfer between fund sources
- Reclassify from expense to an fixed asset
- Reverse capitalization
- Display asset documents



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Chapter Objectives

By the end of this chapter you will be able to:

- Run asset reports in SAP
- Use dynamic selection for report parameters
- Use pre-defined report variants
- Create custom report variants
- Export reports to Excel



Commonly used fixed asset reports include

- List Unposted Assets
- List by Cost Center
- List by Asset Class
- Depreciation for Current Year
- Asset Acquisitions
- Asset Retirements
- Asset Transfers
- Asset Transactions

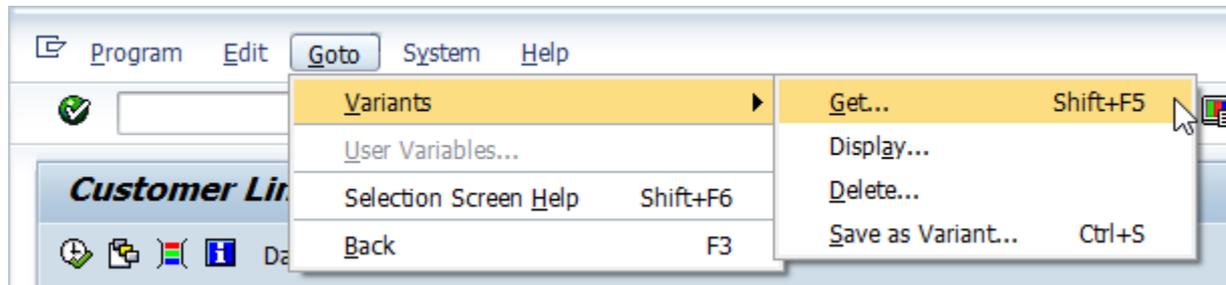
Dynamic selection is a feature of some SAP reports that allows you add fields to the parameter selection screen

- Click  on the report selection screen to display the additional available fields
- Double-click on field on the left to add it to the list of dynamic selections on the right

The screenshot illustrates the dynamic selection process in SAP. It shows two overlapping windows. The top window shows a report selection screen with a 'Dynamic selections' pane on the right containing 'Customer Master', 'Accounting clerk', 'Reconciliation acct', and 'Document'. The bottom window shows the same report selection screen but with the 'Dynamic selections' pane expanded to include 'City', 'Accounting clerk', 'Reconciliation acct', 'Document', 'Reference', 'Document Type', and 'Posting Key'. A red arrow points from the 'City' field in the left pane to the 'City' field in the right pane's dynamic selection list, which is highlighted with a red box.

A report variant is a set of parameters and/or layouts that you can save and call up to use when running specific reports

- If the default layout of an SAP report doesn't display the information in a way that is useful to you it can be changed and saved
- Likewise you may be able to save values in the parameter selection screen including values in a dynamic selection field
- When you save a variant you must give it a name and description
- The next time you run the report you can call up the variant instead of reentering the values and resetting the report display



Walkthrough: Asset reports and variants

- List Unposted Assets
- List by Cost Center
- List by Asset Class
- Depreciation for Current Year
- Asset Acquisitions
- Asset Retirements
- Asset Transfers
- Asset Transactions



This is a demonstration only. Watch as the instructor shows you how to complete the task in SAP.

Exercise: Run Asset Reports



To complete this exercise follow the instructions listed here.

Chapter Objectives Review

You should now be able to:

- Run asset reports in SAP
- Use dynamic selection for report parameters
- Use pre-defined report variants
- Create custom report variants
- Export reports to Excel



Course Chapters

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| 6 | Reporting | 75 minutes |
| 7 | Summary | 15 minutes |

You should now be able to:

- Describe asset master data
- Describe the steps in the asset acquisition process
- Explain the GL postings that are generated from asset transactions
- Create and maintain asset master records
- Explain the capitalization process and policies
- Reverse capitalization
- Dispose of a fixed asset (retirements, sales, salvage, loss, and damage)
- Explain period-end processing for fixed assets
- Run asset reports

What have you learned so far?

Do you have any questions?



LRP goes live...

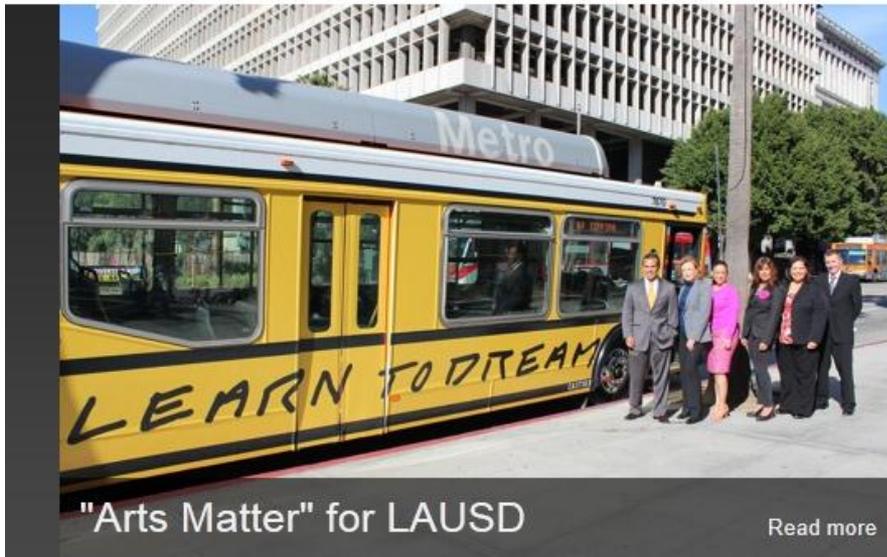
July 2013





Los Angeles Unified School District

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"Arts Matter" for LAUSD

[Read more](#)

National School Counseling Week

This week we celebrate school counselors as invaluable partners in the success of our students. Click "Read More" for more information.

"Arts Matter" for LAUSD

LAUSD is proud to partner with the LA Fund for Education's second installment of the "Arts Matter" campaign. Click "Read More" to learn about our new featured artist.

It's Flu Season: Be Prepared

The District is working to ensure the health and safety of students, staff and the general community. Click "Read More" for additional information.

Arts Education on KLCS

Tune in to Families Matter on KLCS this Tuesday at 6:30 a.m. & 6:30 p.m. to hear how Arts Education is making a difference in the lives of LAUSD students.

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LAUSD Vision
Every LAUSD student will receive an education in a safe, caring environment, and every student will be college-prepared and career-ready.



A

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- [Arts Education Branch \(213 241-8222\)](#)

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BTS System and Reports Status



Management Reports: Data for all BTS Management Reports was successfully updated.



BTS System is operational. The system is available for all users.



Business Tools for Schools

User ID *

Password *

* Enter your Single Sign-On (email) username and password to Log In.
e.g. (msmith@lausd.k12.ca.us, mary.smith@lausd.net)
Do not add domain name (@lausd.k12.ca.us @lausd.net)

Log on

Logon Problems? [Get Support](#)

Microsoft Internet Explorer 9 Users: [Please read this](#)

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After training support will include:

- The BASE Training Center will be the single point of access for SAP end-user documentation/materials.
 - This website will make it easier for end users to access related business process materials.
 - The materials will include the following:
 - ✓ Course Presentations
 - ✓ Simulations
 - ✓ Quick Reference Guides
 - ✓ Job Aids
- Context Sensitive Help within SAP
- Refresher (Open House) sessions

BASE Training Center Website [http://basetraining.lausd.net]



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Welcome to the BASE Training Center

...your one-stop shop for BASE training support

Given the level of responsibility that you have for your office, it is vital that you are provided with appropriate training and support to carry out your role. To maximize the benefits of the training that you attended, the BASE Training Center was developed to provide support and access to resources and information long after the training session has ended.



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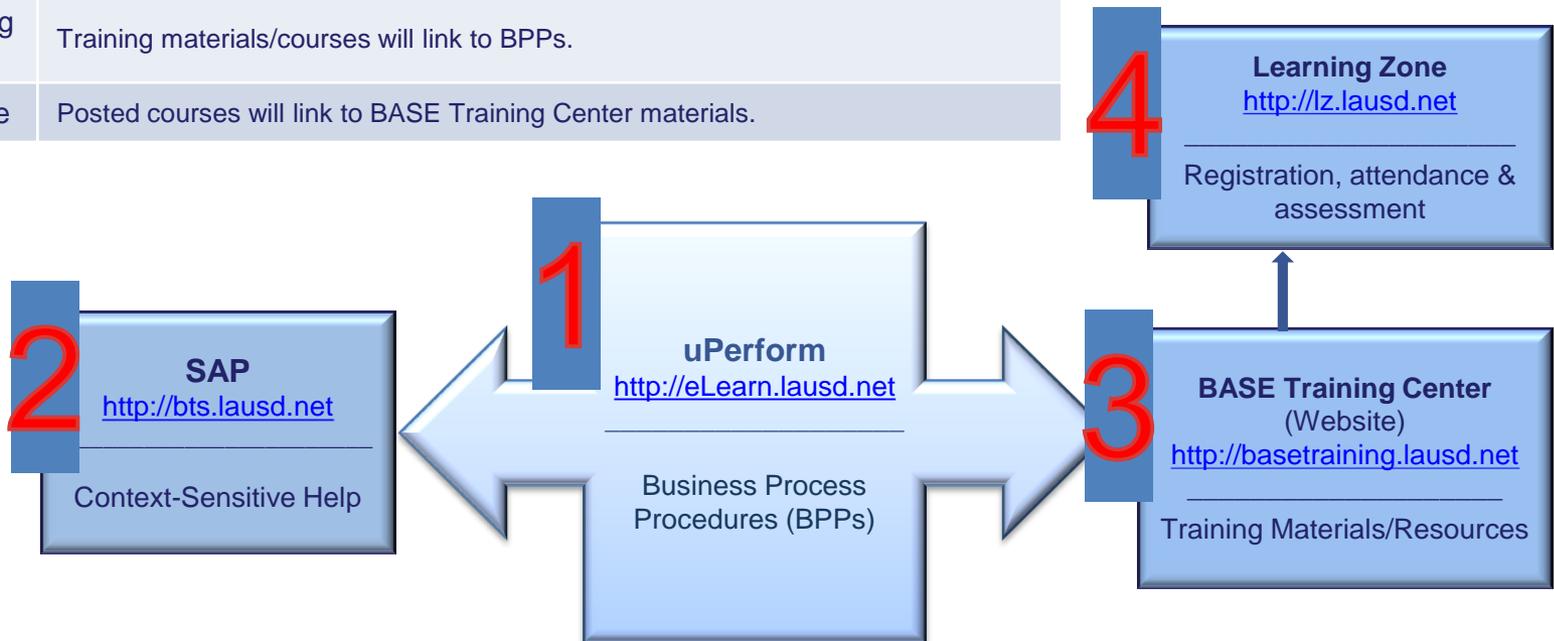
ANNOUNCEMENTS

VIRTUAL LEARNING

Training Systems Integration

Training will rely on four (4) linked systems to deliver instruction.

| System | Description |
|-------------------------|--|
| 1. uPerform | Stores BPPs that will be used for SAP Context-Sensitive Help and BASE Training Center materials. |
| 2. SAP | Context-sensitive help feature will link transactions to BPPs. |
| 3. BASE Training Center | Training materials/courses will link to BPPs. |
| 4. Learning Zone | Posted courses will link to BASE Training Center materials. |





Learn more at <http://lrpweb.lausd.net>

Contact Us: lrp@lausd.net



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Management
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Thank you for your time and attention!

Course Assessment & Evaluation



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Welcome LAURIE YEN!
(You are in **Program Manager Role**)

- Currently enrolled/waitlisted in **11** classes.

[Recommended System Requirements](#)

Today's Announcements:

- **Quick link for classes currently available:** (posted on 01/01/2013)
[Class Offerings](#)

