Chapter 3 - The AFS Chart of Accounts

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Overview

The AFS codes defined in your installation's master tables are used to identify and classify all financial data (transactions) stored in AFS. For standard accounting transactions, codes defining an organization, agency, and either a revenue source or object of expenditure are required. Fund and appropriation codes are inferred from the organization code. Balance sheet transactions require fund, agency and balance sheet account. Other optional codes, such as sub-object, and reporting category, may also be specified. The complete account code distribution used with a transaction is stored with the transaction code in a ledger file, where it is available for reporting purposes.

All types of financial transactions (budgeting, accounting, and those for the optional subsystems such as cost allocation and inventory) are input to AFS with the same set of valid codes. It is this single set of codes that integrates the various functions of AFS into one system. It ensures that all AFS data is compatible, so that data gathered for one function can be used meaningfully for comparisons and computations by any of the other functions.

Flexible Account Code Structure

The AFS account code structure contributes to user flexibility; it enables managers to enforce detailed coding for some areas while allowing minimal coding for others. Through various system options and internally-enforced office procedures, the account code structure can be used to achieve reporting in exactly the level of detail desired for various situations. The following items summarize the flexible aspects of the AFS account code structure:

- **Budget vs. Accounting Level of Detail.** Accounting transactions may be coded at a more detailed level than budgets by using sub-revenue, sub-object, reporting category, and job number codes. Every agency can develop its own budget, at the desired level of detail, and still use additional codes on accounting transactions for cost accounting and reporting.

- **Organization Enforced Coding Options.** Through options selected for each fund/agency combination, organization codes can be required on transactions. These organization code options are chosen on the basis of reporting requirements of individual agencies or tracking requirements for particular funds. These options are controlled by the Appropriation Organization Option, Expense Budget Organization Option, and the Revenue Budget Organization Option coded on Fund Agency (FGY2).

- **Other Enforced Coding Options.** Some options are set on a system-wide basis. Through the Reporting Category option on Balance Sheet Account (BAC2), a

reporting category can be required on transactions for selected balance sheet accounts. The reporting category code can be made mandatory for some balance sheet accounts and optional for others. Similarly, through the Sub-Revenue Source Option on Revenue Source (RSR2), a sub-revenue source code can be made mandatory for selected revenue sources and remain optional for others. Also, the Sub-Object Option on the Expense Budget (EB) transaction can require a sub-object code for specific budget lines in the Expense Budget Table.

- **Reporting Category Codes.** The meaning and use of this code can be defined by each installation. It is a way to provide one more level of detail for cost accounting purposes. Reporting categories may be used to describe the contributors to balance sheet accounts (to identify the debtors to a billed receivables account for example). An entirely different use would be to define reporting categories to mean specific locations (to identify parishes, for example, or to identify neighborhoods in a city).

- **Hierarchies.** The government as a whole decides whether to institute roll-up reporting hierarchies (the class and category codes) within the account coding structure. These hierarchies summarize and group transactions for reporting purposes. These hierarchies are described later in this chapter.

All options mentioned above are described in detail in Chapter 4 of the *User Guide, Vol. I.*

Chart of Accounts - Issues & Concepts

Defining the Chart of Accounts

All AFS codes are defined in master tables. Before a code can be used on a transaction or in a master table as a default, it must be defined in the appropriate master table. Fund codes, for example, must be listed in Fund (FUN2) for each fiscal year in which they are used.

Once a code structure is set up for a given year, AFS provides an automatic facility to roll over the same coding structure for the next year. (See Chapter 6 of the *ISIS/AFS User Guide, Volume II,* for an explanation of this facility.)

AFS is a user-defined system. An AFS client sets up its own account codes and chart of accounts in a manner that best takes advantage of AFS features. The initial set up of master tables involves management level participation, in order to satisfy specific reporting and accounting requirements. Once the master tables are set up, specific offices or persons should be assigned the responsibility for keeping each master table complete and current.

The code structure for a current year should not be changed in the middle of the year. If you want to change the coding structure for a new fiscal year, the appropriate time to do it is *before* the budget preparation begins for the new year. Unless extensive

changes are to be made, the easiest procedure would be to roll over the previous year's code structure with the facility referred to above, and then make the desired changes through MTI updates.

**Coded and
Inferred
Attributes**

There are two ways that account codes are used with transactions. Some are explicitly *coded* on the transaction input forms, and others are *inferred*. Inferred codes are those that the system looks up in master tables, based on others that are coded on the input screen. Inferred codes can be grouped as follows:

- Reporting hierarchies. These are codes that classify sets of related codes into progressively larger groups (classes, categories, groups, and types). The object class code, for example, represents a set of object codes that are related to each other in some manner. Reporting hierarchy codes are defined by fiscal year and used for reporting purposes only. These attributes are not stored in ledgers, but are looked up at the time the reports are run. Thus, any change in a reporting hierarchy is automatically retroactive for all data in that fiscal year. (Note: "Sub" codes are never inferred. They must be coded on transactions if desired for cost accounting.)

- Default codes. These are codes that are required for processing transactions but are not coded on input screens. They are inferred from master tables by the document processors and are stored in the ledgers. Some can be overridden on transaction input forms. A detail discussion on default codes can be found later in this chapter.

- Grants and Projects. These two types of codes can be related to other codes in various master tables. In certain situations, they will be inferred during transaction and/or report processing. Chapters 9 and 10 of the User Guide, Vol. II, describe how to use the grant and project capabilities.

Figure 3-1 provides a list of AFS inferred codes and the coded attribute on which the inferences are based.

Other information besides codes can also be inferred for reporting purposes. Examples are name, manager's name, and master vendor indicator. In fact, any data recorded in a master table can be inferred for use on reports.

Figure 3-1
*Inferred
Account Codes*

```
                                   STORED IN
INFERRED ACCOUNT CODE        DERIVED OR INFERRED FROM      GENERAL LEDGER


REPORTING  HIERARCHIES

Agency Class                 Agency Code                        No
Agency Category              Agency Code                        No
Agency Type                  Agency Code                        No
Agency Group                 Agency Code                        No
Balance Sheet Class          Balance Sheet Account Code         No
Balance Sheet Category       Balance Sheet Account Code         No
Balance Sheet Group          Balance Sheet Account Code         No
Fund Class                   Fund Code                          No
Fund Category                Fund Code                          No
Fund Type                    Fund Code                          No
Fund Group                   Fund Code                          No
Revenue Class                Revenue Source Code                No
Revenue Category             Revenue Source Code                No
Revenue Type                 Revenue Source Code                No
Revenue Group                Revenue Source Code                No
Object Class                 Object Code                        No
Object Category              Object Code                        No
Object Type                  Object Code                        No
Object Group                 Object Code                        No
Organization (Appr Orgn)     Organization Code                  Yes
Organization (Expb Orgn)     Organization Code                  Yes
Organization (Revb Orgn)     Organization Code                  Yes
Organization Reporting       Organization Code                  No
   (Levels 1 through 12)


DEFAULTS

Appropriation Unit           Organization Code                  Yes
Bank Account                 Fund Code                          Yes
Cash Account                 Organization or Bank Account Code  Yes
Fund                         Organization Code                  Yes
Louisiana Organization       Organization Code                  No
Offset Receivables Account   Revenue Source Code                Yes
Offset Balance Sheet Accts   Transaction Code                   Yes
Reporting Category           Organization Code                  Yes
Activity                     Organization Code                  Yes

GRANTS

Grant (Federal Aid Number)   Reporting Category                 Yes
```

Other information can also be inferred for reporting purposes; any data recorded in a master table can be inferred for use on reports.

AFS Reporting Hierarchies

Available Hierarchies

Some codes in the AFS account code structure may be used to establish roll-up type hierarchies. These hierarchies imply a tree type relationship among a series of codes, as shown below.

Hierarchies may be established for the following coding elements:

- Fund
- Organization
- Object
- Revenue Source
- Balance Sheet Account

Most hierarchies are optional in AFS and do not affect processing. They are used to make reports more meaningful in their organization and to summarize data in varying degrees.

Figure 3-2
AFS Hierarchy
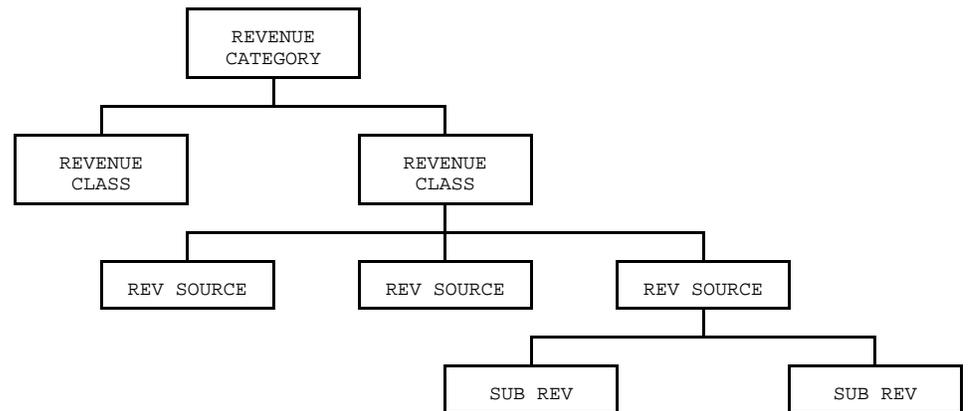
The decision to implement the various hierarchies, and to what extent, depends on how reports are to be used by the government. The number of levels to implement in each hierarchy depends on who will be using the reports (which offices) and the type of information they need. The actual headings used in establishing the structures should be meaningful to those who will be dealing with them most frequently. Report headings can serve as aids in distributing multi-page reports to various offices, if they are meaningful to those responsible for the distribution.

The following sections describe each of the AFS reporting hierarchies and provide some examples of their uses. The nomenclature used in the various structures is

similar. The 'sub-level' is the most detailed while 'group' reporting is at the highest summary level of detail.

```
DETAIL ----------------------------------------------------------> SUMMARY

SUB---->    BASE ---->  CLASS ---->     CATEGORY ----> TYPE ---> GROUP
            CODE
```
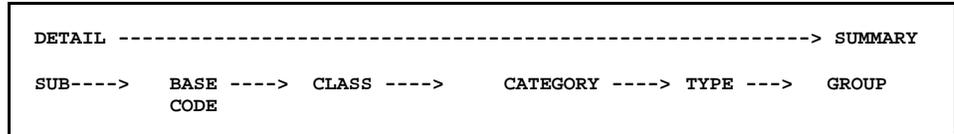
Classes, categories, groups, and types are inferred codes. Sub and base codes are coded directly during transaction input.

Agency Hierarchy

Agencies may be classified in up to five levels, as shown in Figure 3-4. The agency code (the lowest level in the hierarchy) is the level of detail used on transactions. Elements of the agency hierarchy are state-wide, and will be defined and entered by the Office of Statewide Reporting and Accounting Policy (OSRAP).

Figure 3-3
Agency Hierarchy
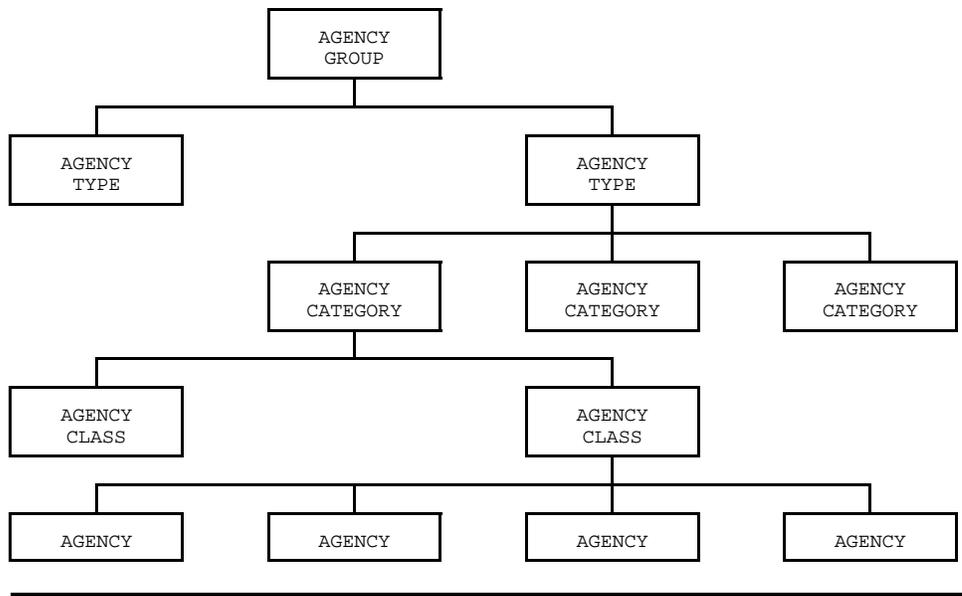
Using the Agency Hierarchy

Agency codes will be used in AFS to tie multiple agencies together for reporting purposes. Agencies will code only the lowest level agency code on transactions -all other codes of the hierarchy will be inferred from Agency (AGC2). More information on the use of the agency hierarchy may be found in the *ISIS Policies and Procedures Manual*.

Implementing the Agency Hierarchy

The agency hierarchy may be implemented by:

- Defining the hierarchy roll-up codes in the appropriate master tables:

  - Agency Class
  - Agency Category
  - Agency Type
  - Agency Group

- Coding the entire roll-up structure for each agency in Agency (AGC2). This is done by entering, for each agency, the codes for the class, category, type, and group to which it belongs. **Note:** the roll-up codes must already be entered on the proper tables before an agency code may be assigned to them.

When an agency code is used on a transaction, the entire associated hierarchy is obtained from Agency (AGC2) for any reports produced.

Organization Hierarchy

The organization hierarchy falls directly below the Agency 1 level in the AFS accounting structure. Organizations are the actual operational entities of the government. Commonly, budgets are established at the organization level and expenses and revenues are recorded at this level.

The organization structure is required for a fund/agency if any of the Appropriation Organization, Expense Budget Organization or Revenue Budget Organization options on Fund Agency (FGY2) are set to 'Y'. In this case, an organization code is required on all appropriation, expense budget or revenue budget transactions posted to the fund/agency. Organization codes will be required on accounting transactions which reference these budget lines, if budget controls are set to Full or Presence control. For all processing within ISIS (except capital outlay), the organization code will be required.

In ISIS, organizations are further classified by the organization type, entered on Organization (ORG2). Valid organization types for ISIS are '**1**' (Revenue Organization), '**2**' (Expenditure Organization), '**3**' (Program Organization), and '**4**' (Warrant Organization). For all documents except the warrant voucher transaction, only organizations of types 1 and 2 may be coded. Furthermore, only accounting transactions with the following account types are allowed for each organization type:

- Account Type 31 for Organization Type 1

- Account Types 20, 21, 22, 23, and 24 for Organization Type 2

- Warrant Voucher documents must be coded with type 4 organizations

Within a set of organizations reporting to a single agency, the organizations can be structured into a reporting or functional hierarchy. AFS allows up to twelve reporting levels to be established. Given these reporting levels, the various AFS budget structures may be defined to specific organizational reporting levels while accounting transactions are posted to the same or lower reporting levels. Different organizational reporting levels may be chosen for appropriations, expense budgets, and revenue budgets.

When establishing an organizational hierarchy, the highest level and all intermediary organizations must be established as type '**3**' (Program) organizations. No organization is allowed to report to an organization of types '**1**' or '**2**'.

AFS allows any organization, regardless of reporting level, to have sub-organizations established. Only expenses and revenues can be recorded to the sub-organization level; budgets cannot reference sub-organizations. However, Louisiana will not implement this feature at this time.

Figure 3-4 illustrates a possible organization hierarchy. In this organizational chart, each large box represents an organization which is defined in Organization (ORG2).

Figure 3-4
Agency
 Organization
Structure

```
                          ┌──────────┐
                          │  AGENCY  │
                          └────┬─────┘
        ┌──────────────────────┼───────────────┬──────────────┐
   ┌─────────┐           ┌─────────┐      ┌────────┐     ┌────────┐
   │PROGRAM 1│           │PROGRAM 2│      │  REV   │     │  REV   │
   │         │           │         │      │  ORG   │     │  ORG   │
   │  1000   │           │  2000   │      │  SG01  │     │  GF01  │
   └────┬────┘           └────┬────┘      └────────┘     └────────┘
   ┌────┼─────┐          ┌─────┴────┐
┌──────┐┌──────┐┌──────┐┌──────┐┌──────┐
│ EXP  ││ SUB  ││ EXP  ││ EXP  ││ EXP  │
│ ORG  ││ PROG ││ ORG  ││ ORG  ││ ORG  │
│ 1100 ││ 1200 ││ 1300 ││ 2100 ││ 2200 │
└──────┘└──┬───┘└──────┘└──────┘└──────┘
       ┌───┴────┐
   ┌──────┐┌──────┐
   │ EXP  ││ EXP  │
   │ ORG  ││ ORG  │
   │ 1210 ││ 1220 │
   └──────┘└──────┘
```
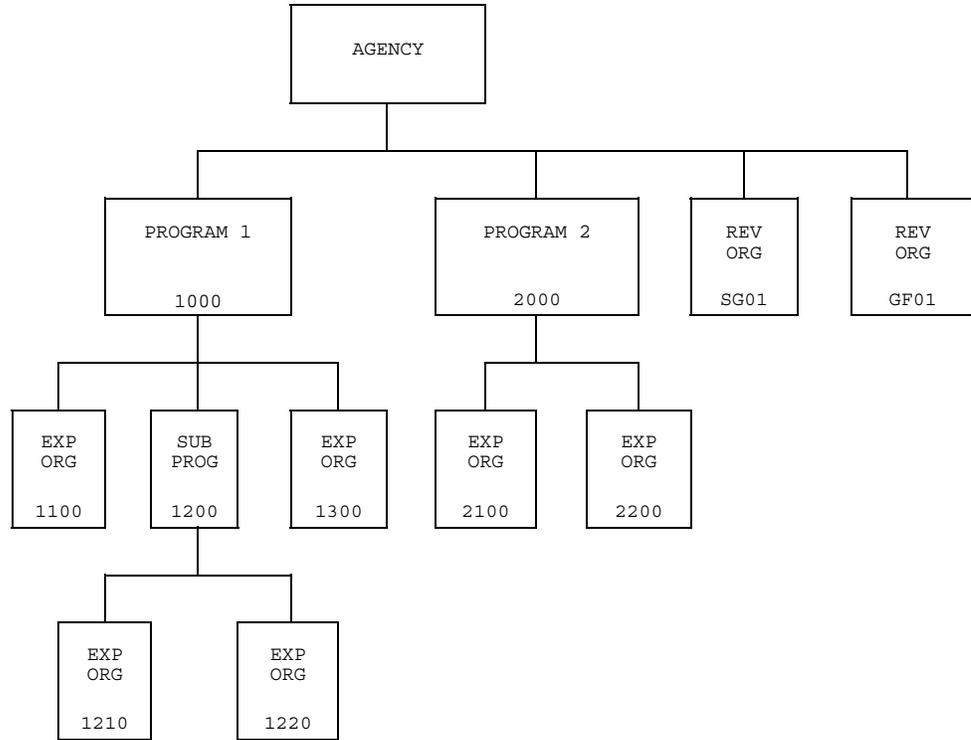
Organization Budget Hierarchies

AFS provides the capability to define appropriation, expense, and revenue budgets at various organization levels. Thus, appropriation budgets may be defined at the highest level of organization with expense and revenue budgets at a lower level. While the use of an organizational budget hierarchy is optional in AFS, it does provide additional flexibility in defining your government's budget structure.

Organization Appropriations. AFS allows appropriation budgets to be established at any level in the organizational hierarchy. Louisiana will establish appropriation budgets at level one. The organizational hierarchy illustrated in Figure 3-4 assumes that appropriation budgets are established for Program 1 and Program 2. Thus, appropriation budget lines will be established for organizations 1000 and 2000. Appropriation authority for organizations 1100 through 1300 is provided by the appropriation established for organization 1000. Appropriation authority for organizations 2100 and 2200 is provided by the appropriation established for organization 2000. Spending may only occur at the lowest level expenditure organization, for instance: organizations 1100, 1220, or 2200.

Recording revenue also occurs at the lowest level revenue organizations, i.e., organizations GF01 or SG01. These revenue organizations are set up as level one organizations, meaning that the money collected can be spent throughout both Program 1 and Program 2. An alternate approach to defining organizational structures would be to move the revenue organizations to report underneath the top level (organizations 1000 or 2000). In this instance, the money collected could only be spent throughout the specific program that the revenue organization reports to.

The remainder of this discussion follows the Figure 3-5 example.

Figure 3-5
*Appropriation
Organization
Structure
(Reference Figure 3-5)*

	Organization	Appropriation Organization	Coded on Trans
Program 1	1000	1000	NO
Exp Org	1100	1000	YES
Sub Prog	1200	1000	NO
Exp Org	1210	1000	YES
Exp Org	1220	1000	YES
Sub Prog	1300	1000	YES
Program 2	2000	2000	NO
Exp Org	2100	2000	YES
Exp Org	2200	2000	YES

The organizational level to which appropriations will be defined is established on the organization record. On each organization record, an Appropriation Organization is established. For the State of Louisiana, the Appropriation Organization for all organizations must be set at level "**01**".

AFS would not allow Appropriation (AP) transactions for any organizations other than 1000 or 2000. In general, Appropriation transactions can reference only those organizations where the organization and Appropriation Organization are the same.

Organization Expense and Revenue Budgets. The Expense Budget and Revenue Budget lines are created in the same manner as for appropriations. In the structure illustrated in Figure 3-4, assume that Expense and Revenue Budgets are defined at the lowest level in the each reporting structure. Budget lines would be established for Expenditure Organizations 1100, 1210, 1220, and 1300 to spread the budget for Program 1. Budget lines would be established for Expenditure Organizations 2100 and 2200 to spread the budget for Program 2. Budget lines for Revenue Organizations SG01 and GF01 would be established to collect Self-Generated and General Fund money respectively.

The Expense Budget and Revenue Budget organizational levels are defined on the organization record. Each organization record includes an Expense Budget Organization Level and a Revenue Budget Organization Level field. The levels recorded in these fields are the levels where the budgeted funds are recorded. Organizations of type "**1**", "**2**", and "**4**" (Expenditure, Revenue, and Warrant organizations) use the organization's own level for the Expense and Revenue Budgets Levels. Expense and Revenue Budget organization levels for type "**3**" organizations (reporting organizations) must be set at level "**01**".

Figure 3-6 lists the organizational hierarchy reference restrictions on appropriation, expense budget and revenue budget transactions.

Figure 3-6
Organization Effect on Budget and Accounting Transactions

```
                          EXPENSE
          APPROPRIATION   BUDGET  REVENUE                        ACTG
ORGN      ORGN            ORGN    ORGN      AP    EB    RB        TRANS
--------------------------------------------------------------------------------
1000      1000            N/A     N/A       Y     N     N         N
1100      1000            1100    N/A       N     Y     N         Y
1200      1000            N/A     N/A       N     N     N         N
1210      1000            1210    N/A       N     Y     N         Y
1220      1000            1220    N/A       N     Y     N         Y
1300      1000            1300    N/A       N     Y     N         Y
2000      2000            N/A     N/A       Y     N     N         N
2100      2000            2100    N/A       N     Y     N         Y
2200      2000            2200    N/A       N     Y     N         Y
GF01      N/A             N/A     GF01      N     N     Y         Y
SG01      N/A             N/A     SG01      N     N     Y         Y
--------------------------------------------------------------------------------
AP            - APPROPRIATION TRANSACTION
EB            - EXPENSE BUDGET TRANSACTION
RB            - REVENUE BUDGET TRANSACTION
ACTG TRANS    - ACCOUNTING TRANSACTION


-----------------------------------------
```

Organizational Reporting Hierarchy

Regardless of the organizational reporting levels used for budget purposes, the complete organization structure/hierarchy should be defined to reflect all lines of managerial authority or reporting relationships. This structure is the basis for choosing budgetary levels and capturing accounting information according to responsibility (i.e., to support responsibility reporting). Using this structure, AFS is able to generate budgetary reports which "roll up" accounting activity to succeeding higher organizational levels.

Up to 12 levels of reporting hierarchy can be defined. The reporting hierarchy does not affect the establishment of the various budgets or the posting of accounting transactions. This hierarchy is used for report generation purposes only.

Figure 3-7 illustrates twelve organizations arranged in a six level report hierarchy.

Figure 3-7
*Organizational
Reporting Hierarchy*

```
1000 REPORTS TO NO            ┌──────────┐                    (LEVEL 1)
OTHER ORGANIZATION            │ ORG. 1000│
                             └──────────┘

1100, 1101 & 1102   ┌──────────┐  ┌──────────┐  ┌──────────┐  (LEVEL 2)
ROLL INTO 1000      │ ORG. 1100│  │ ORG. 1101│  │ ORG. 1102│
                    └──────────┘  └──────────┘  └──────────┘

2000 AND 2010       ┌──────────┐  ┌──────────┐                (LEVEL 3)
ROLL INTO 1100      │ ORG. 2000│  │ ORG. 2010│
                    └──────────┘  └──────────┘

3000 ROLLS          ┌──────────┐  ┌──────────┐  ┌──────────┐  (LEVEL 4)
INTO 2000           │ ORG. 3000│  │ ORG. 3010│  │ ORG. 3020│
                    └──────────┘  └──────────┘  └──────────┘

4000 & 4010       ┌──────────┐  ┌──────────┐                  (LEVEL 5)
ROLL INTO 3000    │ ORG. 4000│  │ ORG. 4010│
                  └──────────┘  └──────────┘

5000 ROLLS        ┌──────────┐                                (LEVEL 6)
INTO 4000         │ ORG. 5000│
                  └──────────┘
```
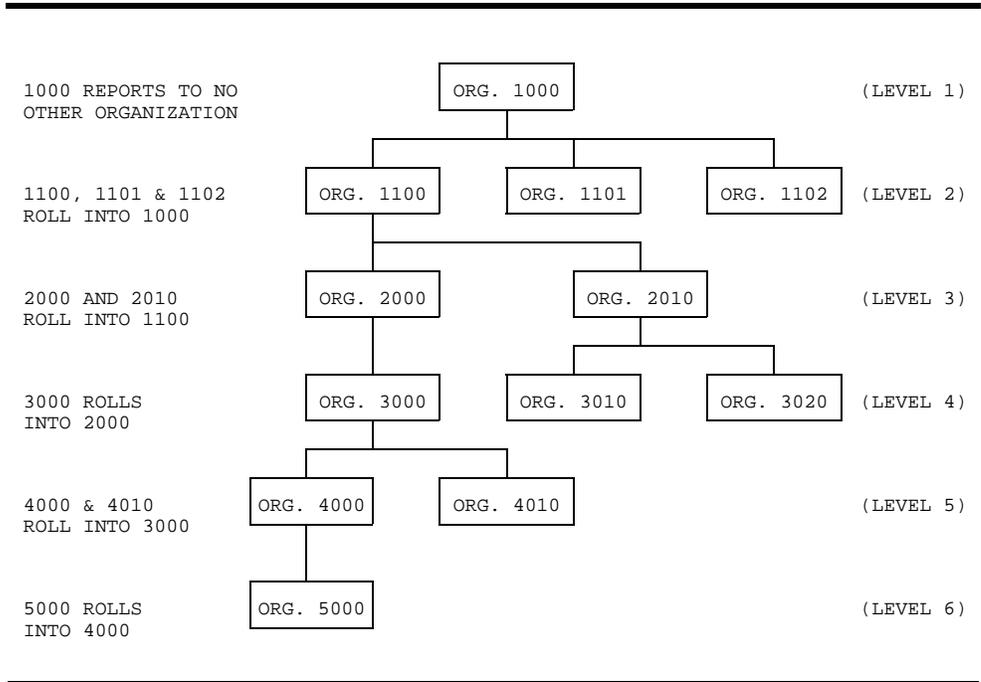
Sub-Organizations

Each organization can be assigned one or more sub-organizations. The sub-organization defines a distinguishable sub-function of the organization. Separate budget lines cannot be established for a sub-organization, regardless of the organization level. Accounting transactions may be recorded by sub-organization, however, which allows expense or revenues to be accumulated at the sub-organization level. Louisiana has not implemented the sub-organization structure in AFS.

**Louisiana
Organization
Hierarchy**

The Louisiana organization structure provides a separate means of capturing organizational information - detached from the standard organization hierarchy. The Louisiana organization structure is similar to the organization structure in that both have twelve levels of reporting hierarchy. However, the Louisiana organization may cross agencies - allowing a flexible means of accumulating and reporting information from separate government entities.

Louisiana organizations are tied to the expenditure and revenue organizations on Organization (ORG2). When organizations are entered on ORG2, an optional field allows the user to enter a Louisiana Organization to which the organization code reports.

These Louisiana organizations must be valid on Louisiana Organization (LORG), which records the Louisiana organization code, its Louisiana organization hierarchy, and other information.

Implementing Organization Hierarchies

The organization hierarchy and budget levels are implemented by entering the various codes and reporting levels in Organization (ORG2). The following points may help you transfer your organizational structure to the AFS system.

1. Draw a "tree" such as the one in Figure 3-7, distinguishing the levels of responsibility among organizations reporting to a department and the relationships between organizations.

2. Assign a code to each box (each organization) in your tree. Each box represents a separate entry in Organization (ORG2). While AFS does not require structured codes, you may want a structured or "blocked" coding scheme so that users can infer information, such as level, from the code. AFS does require that each organization code be unique for a given agency.

3. Determine to what level budgeting will be performed. Assign the proper Appropriation, Expense Budget and Revenue Budget Organization Codes to each organization. Note that the chosen budget levels must be valid for all funds for the department.

4. Starting at the top of the organization chart, assign a level (1 through 12) to each line of boxes (thereby assigning a reporting level to each organization). The limit is twelve levels.

5. Define the default appropriation and reporting category to be inferred by the organization on all transactions. This information will be recorded on ORG2.

6. Identify the organization type and Louisiana Organization (LA Organization) for each organization code. Valid organization types are '**1**' (Revenue Organization), '**2**' (Expenditure Organization), '**3**' (Program Organization), and '**4'** (Warrant Organization). Louisiana Organizations must be valid on the Louisiana Organization Table (LORG). This information will be recorded on ORG2.

7. If revenue for the organization will use original funds, define the original fund that will first receive any revenue and the cash account to be used for transfers from the original fund to the final fund. This information will be recorded on ORG2. Cash account must be recorded for both revenue and expenditure type organizations.

8.   If appropriate, designate the responsible agency for the organization. This information will be recorded on ORG2.

9.   Coding instructions for Organization (ORG2) may be found in the *AFS Online Features Guide*. Figure 3-8 illustrates the proper coding for the sample tree in Figure 3-7.

Figure 3-8
Sample Coding Structure for Organization Reporting Hierarchy

```
                          ------------------- REPORTING -----------------------
ORG  LEVEL IND   ORG1   ORG2    ORG3    ORG4    ORG5    ORG6 ... ORG12
_____
1000    01       1000
1100    02       1000   1100
1101    02       1000   1101
1102    02       1000   1102
2000    03       1000   1100    2000
2010    03       1000   1100    2010
3000    04       1000   1100    2000    3000
3010    04       1000   1100    2010    3010
3020    04       1000   1100    2010    3020
4000    05       1000   1100    2000    3000    4000
4010    05       1000   1100    2000    3000    4010
5000    06       1000   1100    2000    3000    4000    5000
```

Balance Sheet Account Hierarchy

Balance sheet accounts may be classified in up to four levels, as is shown in Figure 3-9. The balance sheet account code (the lowest level in the hierarchy) is the level of detail used on transaction lines and recorded in the ledgers.

Figure 3-9
Balance Sheet Account Hierarchy
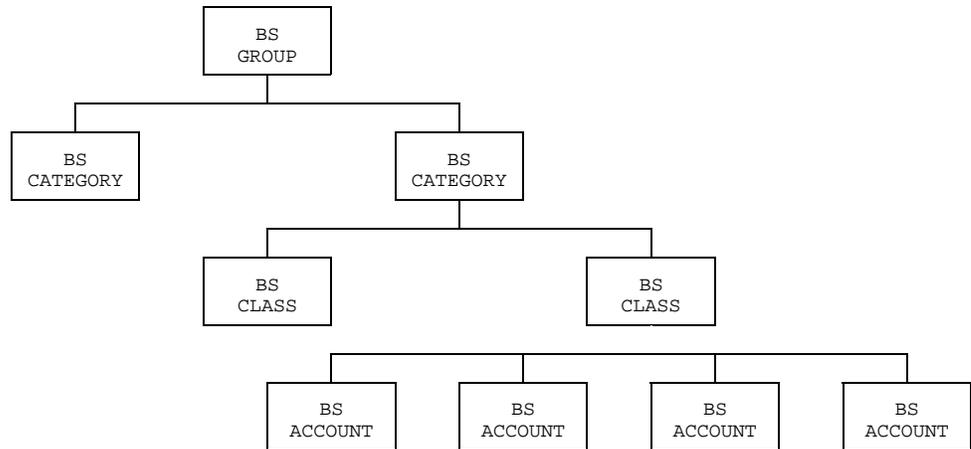
This hierarchy could be helpful in organizing and summarizing reports, or to break up and subtitle an otherwise long list of account numbers.

Implementing Balance Sheet Account Hierarchies

This hierarchy is implemented by:

- Defining balance sheet category, class and group codes, if desired, in the Balance Sheet Category, Class, and Group Master Tables.

- Assigning the class, category and group associations for each balance sheet account in Balance Sheet Account (BAC2).

Whether the balance sheet account code is used on a transaction or inferred from another master table, AFS obtains the hierarchy associated with it from Balance Sheet Account (BAC2).

Fund Hierarchy

Funds may be classified in up to five levels as is shown in Figure 3-10. The fund code (the lowest level in the hierarchy) is the level of detail used on transaction lines and recorded in the ledgers.

Figure 3-10
Fund Hierarchy
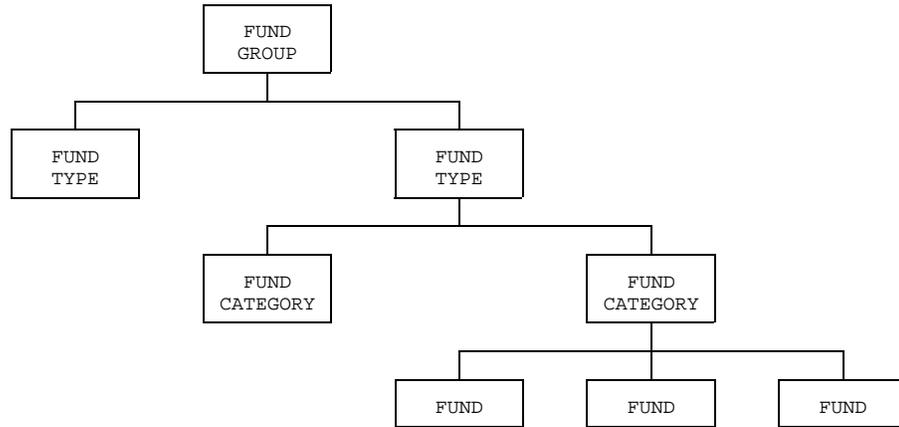
The fund hierarchy could be helpful in organizing and summarizing reports, to break up and subtitle an otherwise long list of funds.

Implementing Fund Hierarchies

This hierarchy is implemented by:

- Defining fund category, class, group and type codes, if desired, in the Fund Category, Class, Group and Type Tables.

- Assigning the category, class, group and type associations for each fund in Fund (FUN2).

Whether the fund code is used on a transaction or inferred from another master table, AFS obtains the hierarchy associated with it from Fund (FUN2).

Administrative Fund

Certain control agencies for the State of Louisiana have the responsibility of managing the state's administrative funds. These Administrative Funds will not exist as fund codes in AFS; they will instead be defined on Administrative Fund (ADMF). Administrative funds are an aggregation of information of like funding sources across all agencies (i.e. self-generated funds). Administrative funds are tracked to allow control agencies access to daily trial balances. This will be accomplished through Trial Balance by Administrative Fund (AFTB), discussed in Appendix B of the *ISIS/AFS Online Features Guide*.

Object of Expenditure Hierarchy

Objects may be classified in up to six levels, as is shown in Figure 3-11. The object code is the level of detail used in the budget and thus used to control expenditures, when control is desired.

Figure 3-11
Object Hierarchy

```
                            ┌─────────────┐
                            │   OBJECT    │
                            │   GROUP     │
                            └──────┬──────┘
                     ┌─────────────┴─────────────┐
              ┌──────┴──────┐             ┌───────┴─────┐
              │   OBJECT    │             │   OBJECT    │
              │    TYPE     │             │    TYPE     │
              └─────────────┘             └──────┬──────┘
                                    ┌────────────┴────────────┐
                              ┌─────┴───────┐          ┌──────┴──────┐
                              │   OBJECT    │          │   OBJECT    │
                              │  CATEGORY   │          │  CATEGORY   │
                              └─────────────┘          └──────┬──────┘
                                                ┌─────────────┴─────────────┐
                                          ┌─────┴──────┐            ┌────────┴────┐
                                          │   OBJECT   │            │   OBJECT    │
                                          │   CLASS    │            │   CLASS     │
                                          └────────────┘            └──────┬──────┘
                                           ┌────────────────┬──────────────┴─┐
                                     ┌─────┴────┐     ┌──────┴───┐     ┌──────┴───┐
                                     │  OBJECT  │     │  OBJECT  │     │  OBJECT  │
                                     └──────────┘     └──────────┘     └─────┬────┘
                                                              ┌──────────────┴──────────────┐
                                                        ┌─────┴─────┐               ┌────────┴───┐
                                                        │   SUB-    │               │   SUB-     │
                                                        │  OBJECT   │               │  OBJECT    │
                                                        └───────────┘               └────────────┘
```
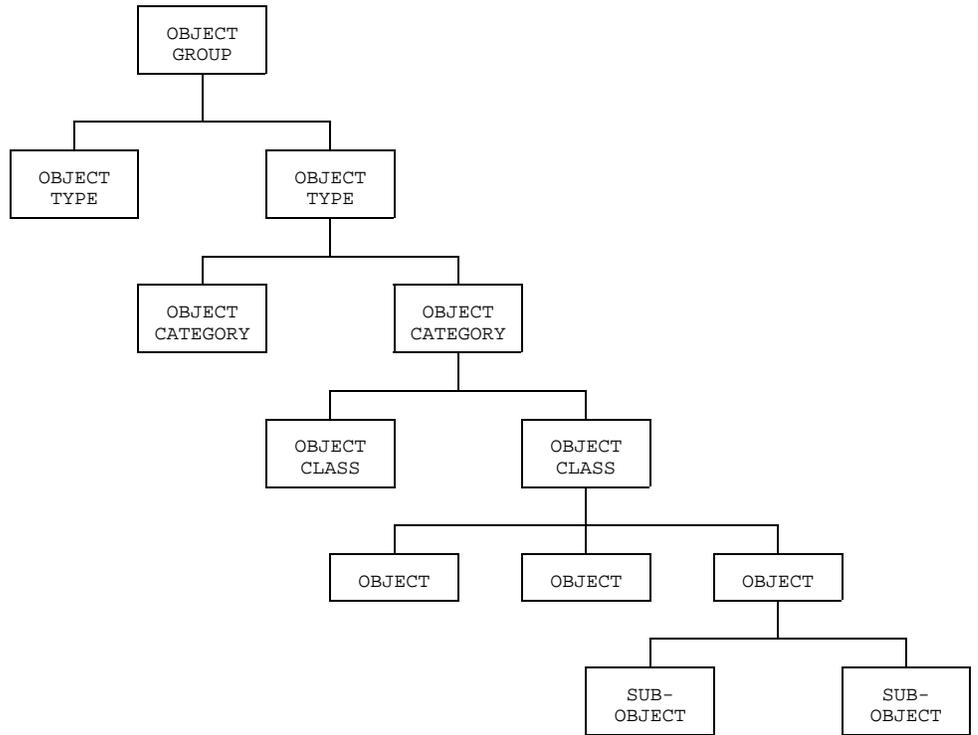
Using the Object Code Hierarchy

The most common use of object codes is to classify expenditures into groups such as personal services, equipment, supplies, etc. Examples of object hierarchy illustrated below.

Object Group: Personal Services
      Object Type: Classified employee
            Object Category: Benefits
                  Object Class: Insurance
                        Object: Disability

Object Group: Equipment Costs
      Object Type: Motor Vehicles
            Object Category: Automobiles
                  Object Class: Maintenance
                        Object: Replacement Parts

Sub-Objects

Sub-objects provide the capability to track objects of expenditure at a level lower than the budget. This data may be useful for preparing future budgets, or for isolating one item to track costs. When sub-objects are used, they appear on the line level in some reports. The Sub-Object Option on the Expenditure Budget (EB) transaction can be used to enforce the use of sub-object codes on accounting transactions. The option is recorded in the expense budget table for individual budget lines.

An example for using sub-object codes for a specific use is shown below:

Object: Aid to Local Government
      Sub-object: Acadia Parish
      Sub-object: Allen Parish
      Sub-object: Ascension Parish

In the example above, an agency may want to keep records of money spent within each parish for external reporting requirements. The expense budget line for that agency and object could be coded with a Sub-Object Option indicator of "Y". Then, all accounting transactions submitted against the budget line must contain a sub-object code.

Implementing Object Hierarchies

This hierarchy is implemented by:

- Defining object category, class, group and type codes in the Object Category, Class, Group and Type Master Tables.

- Assigning the category, class, group, and type associations for each object in Object (OBJ2).

- Coding expense budget transactions with a Sub-Object Option indicator of "Y", when desirable.

Revenue Source Hierarchy

Revenue sources may be classified in up to five levels, as is shown in Figure 3-12. The revenue source code is the level of detail used in the revenue budget.

Figure 3-12
Revenue Source Hierarchy

```
                        ┌─────────────┐
                        │   REVENUE   │
                        │    GROUP    │
                        └──────┬──────┘
                ┌──────────────┴──────────────┐
         ┌──────┴──────┐              ┌────────┴──────┐
         │   REVENUE   │              │    REVENUE    │
         │    TYPE     │              │     TYPE      │
         └─────────────┘              └───────┬───────┘
                              ┌───────────────┴───────────────┐
                       ┌──────┴──────┐                ┌────────┴──────┐
                       │   REVENUE   │                │    REVENUE    │
                       │  CATEGORY   │                │   CATEGORY    │
                       └─────────────┘                └───────┬───────┘
                                          ┌───────────────────┴────────────┐
                                   ┌──────┴──────┐                  ┌───────┴───────┐
                                   │   REVENUE   │                  │    REVENUE    │
                                   │    CLASS    │                  │     CLASS     │
                                   └─────────────┘                  └───────┬───────┘
                                                       ┌───────────────────┴─────────────┐
                                                ┌──────┴──────┐                   ┌───────┴───────┐
                                                │   REVENUE   │                   │    REVENUE    │
                                                │   SOURCE    │                   │    SOURCE     │
                                                └─────────────┘                   └───────┬───────┘
                                                                      ┌───────────────────┴─────────────┐
                                                               ┌──────┴──────┐                   ┌───────┴───────┐
                                                               │    SUB-     │                   │     SUB-      │
                                                               │   REVENUE   │                   │    REVENUE    │
                                                               └─────────────┘                   └───────────────┘
```
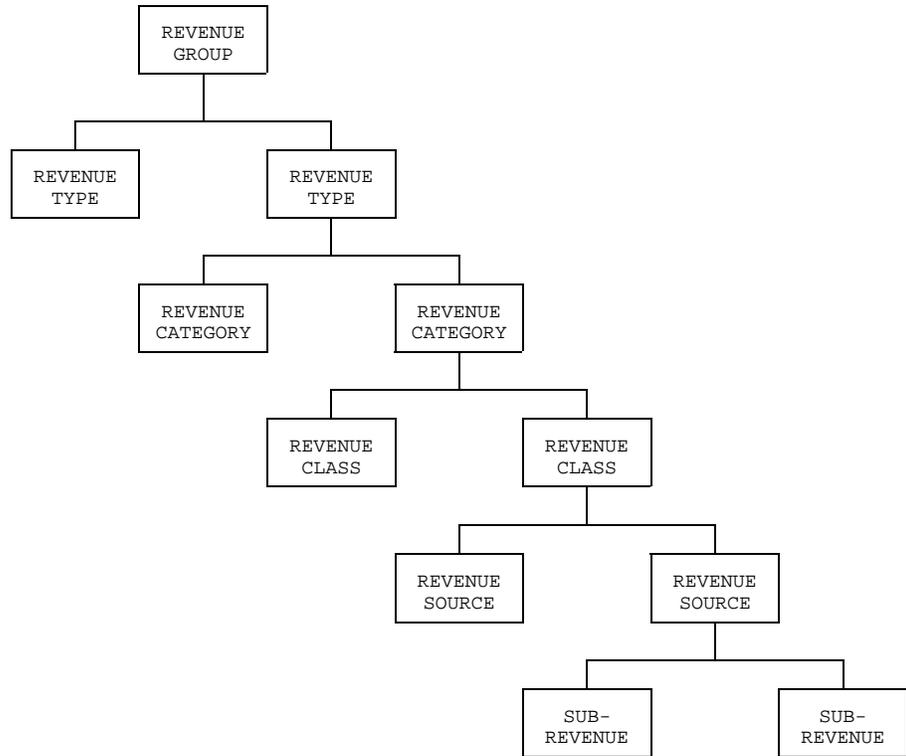
Using the Revenue Source Hierarchy

Revenue groups, types, categories and classes may be helpful in organizing and setting up the revenue budget. It is easier to classify items if they can be organized under headings. Reports are also easier to read, and meaningful summary statistics can be produced using classes, categories, and groups. An example of how the revenue source hierarchy might be used is illustrated below:

Revenue Group: Taxes
    Revenue Type: Government
        Revenue Category: Sales and Use Tax
            Revenue Class: Sales and Use/General Sale
              Revenue Source: General Sales and Use

        Revenue Category: Income Tax
            Revenue Class: Individual
            Revenue Class: Corporate
            Revenue Class: Sole Proprietor

Sub-Revenue Source

Sub-revenue sources are defined within revenue sources and provide the capability to track revenue sources at a level lower than the budget. It may be helpful to know, for example, how much gasoline tax is attributed to diesel fuel and how much to regular fuel. If a revenue source is defining investment earnings, it may help finance officers to know what types of investments are the most profitable.

Implementing Revenue Source Hierarchies

This hierarchy is implemented by:

- Defining revenue source categories, classes, groups and types in the Revenue Category, Class, Group and Type Master Tables.

- Assigning the category, class, group and type associations for each revenue source in Revenue Source (RSR2).

Default Codes

Defaults are codes required for processing that the system automatically uses in the absence of other applicable codes. Defaults make coding transaction input forms easier, since they eliminate the need for the coder to even be concerned with some attributes. All default codes are inferred from master tables at the time of transaction processing and are stored in the ledger along with the rest of the transaction. Some can be overridden on transaction input forms.

Bank Account Code

The bank account code relates cash transactions to the appropriate bank account. The bank account code refers to both depository and checking accounts.

On Deposit Suspense (DS) transactions, the bank account code is entered in the line portion of the input document. The bank account code on each line of the Deposit Suspense transaction is the bank and bank account number to which the deposit was made. There may be multiple bank codes entered on each Deposit Suspense transaction.

On Cash Receipt (CR) transactions, the bank code is inferred from the referenced deposit on Open Deposit Items (ODIT).

On payment voucher transactions, the bank account code is inferred from Fund (FUN2). Each fund has one default bank account code associated with it in the table. This should be the checking account from which automated disbursements are drawn.
The default bank account code will then be used by the automated disbursement process to write the check. Manual warrants and journal vouchers may override the default bank account.

On manual warrant transactions, the bank account is a required code on the header part of the input document. This would be the account whose check was used to write the check being recorded.

AFS accommodates any type of bank account-to-fund relationship. Multiple funds can use the same bank account, allowing transfers from a central account, or a one-to-one relationship may be established between funds and bank accounts. A checking account should be the default bank account for the fund, in order to take advantage of automated disbursements.

For example, the General Fund may be set up with several bank accounts as illustrated in Figure 3-13.

Figure 3-13
*Bank Account Example
(General Fund)*

Account	Description
01	Depository - Training Grants
02	Depository - Field Offices
03	Depository - All Others
04	Checking
05	Checking - Payroll

In this example, all cash receipts would specify bank account 01, 02 or 03. The general checking account (04) would automatically be inferred for all payment vouchers. Payroll vouchers would be coded with the bank code 05.

When multiple depository accounts apply to a single fund, you can follow one of the following procedures.

- Internal office procedures can be established to enforce the correct use of Bank Account codes on transactions.

• All revenue can be deposited in a single account initially (entered on each receipt transaction), and then journal vouchers can be used at month's end to transfer amounts to the desired bank accounts. The Bank Account code is a line item attribute on the journal voucher document.

The Bank Account code identifies a *bank* account; it has nothing to do with the balance sheet accounts and is not a part of the balance sheet account code hierarchy. The bank account code is a separate AFS attribute and does not distort cash audit trails.

Cash Account Code

Balance sheet account codes for cash are required by AFS for all cash-related transactions. Default codes are assigned to bank accounts in Bank Account (BANK) and to organizations on Organization (ORG2). The defaults recorded can be overridden for manual warrants, payroll vouchers, and cash journal voucher transactions on the transaction input forms. (On the journal voucher transactions, the override cash account would be coded in the balance sheet account field.)

The cash account code cannot be specified on automated disbursements. This means two things:

• Default cash account codes must be provided in Organization (ORG2) or Bank Account (BANK) for every account code distribution to be used for automated disbursements.

• Although a bank account can keep funds belonging to multiple cash accounts, only one of those cash accounts may be used for automated disbursements. It is this cash account code that must be the default.

If a cash account is not coded on a cash transaction, it is inferred from ORG2 or BANK. This inference occurs using the cash account entered on ORG2, or if none is coded there, using the bank account that was inferred from the fund.

Fund Type

Every fund listed in Fund (FUN2) should be assigned a fund type. Fund types are pre-established in AFS to correspond to the fund types recommended in GAAFR. These fund types and their associated AFS codes are listed in Figure 3-14.

Figure 3-14
Fund Types

```
TYPE            DESCRIPTION

 A     AGENCY FUNDS
 C     CAPITAL PROJECT FUNDS
 D     DEBT SERVICE FUNDS
 E     ENTERPRISE FUNDS
 F     GEN FIXED ASSET GROUP
 G     GENERAL FUND
 I     INTERNAL SERVICE FUNDS
 L     GEN LONG TERM DEBT GROUP
 N     NON-EXPENDABLE TRUST/AGY FUNDS
 P     REVENUE SHARING FUNDS
 R     SPECIAL REVENUE FUNDS
 S     SPECIAL ASSESSMENT FUNDS
 T     EXPENDABLE TRUST/AGENCY FUNDS
 U     COLLEGE & UNIVERSITY FUNDS
 V     INVESTMENT POOL FUNDS
 X     SUSPENSE CLASSIFICATION FUNDS
 Z     DISCRETE FUNDS
```

Fund Group

Every fund listed in Fund (FUN2) should be assigned a fund group. Fund groups are pre-established in AFS to correspond to the fund groups recommended in GAAFR. These fund groups and their associated AFS codes are listed in Figure 3-15.

Figure 3-15
Fund Group

```
TYPE            DESCRIPTION

 A      ACCOUNT GROUPS
 F      FIDUCIARY
 G      GOVERNMENTAL
 P      PROPRIETARY
 U      COLLEGES & UNIVERSITIES
 X      SUSPENSE CLASSIFICATION
 Z      DISCRETE
```

Balance Sheet Account Codes

AFS users only have to code one side of most accounting transactions. AFS automatically generates the offsetting balance sheet account entry. (Journal vouchers require the user to code both sides of the transaction.) AFS obtains the balance sheet account codes to perform this double entry accounting function from master tables, and in some instances, directly from the transaction input document.

At the beginning of each fiscal year, various special balance sheet account codes must be stored in System Special Accounts (SPEC). AFS will usually infer account codes from this table when it generates an offsetting entry. However, some of these account codes may be overridden, either on the transaction input form or by storing

an account code in some other master table. Figure 3-16 is a copy of System Special Accounts (SPEC).

Figure 3-16
System Special Accounts (SPEC)

```
 ACTION: . SCREEN: SPEC USERID:


              S Y S T E M   S P E C I A L   A C C O U N T S

 FISCAL YEAR= ..
 --------------------- PAYABLE AND DISBURSEMENT ACCOUNTS --------------------
  VCHRS PAYABLE: ....  CANCEL VCHRS PAY: ....  WITHHOLDING: ....      A/P: ...
 WARR CLEAR FUND: ....      WARR PAYABLE: .... USE TAX ACCR: .... LIEN PAY: ...
 -------------------------- MISCELLANEOUS ACCOUNTS --------------------------
 RESVD PRE-ENCUM: .... RESVD ENCUM: .... RESV ENCUM PYRL: ....    FUND BAL: ...
   AGENCY DUE TO: .... DUE TO FUND: ....   DUE FROM FUND: ....    RET EARN: ...
  WARRANTS DRAWN: ....       WARRANTS REC'D: ....         AUTO TRANS. OUT: ...
   DEP CASH ACCT: .... DEPOSIT SUSPENSE FUND: ....     DEPOSIT SUSP. ACCT: ...
                                                     LINE OF CREDIT RSRC: ...
 -- --------------------- ACCOUNTS RECEIVABLE ACCOUNTS -----------------------
  FINANCE DELINQ: ....       TYPE: ..   FIXED RATE: .....      BILLED RECV: ...
         USE TAX: ....       TYPE: ..   FIXED RATE: .....            BASIS: ...
 -- ------------------------     OTHER ACCOUNTS     --------------------------
    UNRESTRICTED: ....    TEMP RESTRICTED: ....        PERM RESTRICTED: ...
    DEPR EXPENSE: ....        GFAGA FUND: ....    CASH SWEEP POOL FUND: ...
   CONTRIB TO FA: ....    GN/LS ACCT/OBJ: .... / .... RESV MEMO PRE ENCUM: ...
     SALE FA RSRC: ....                               RESV MEMO ENCUM: ...
```

The following paragraphs list the restricted accounts that must be defined in System Special Accounts (SPEC) and explains how each one is used by the system.

Vouchers Payable

Liabilities incurred on vouchers are normally posted to this account. It is possible to override this account for individual payment vouchers.

Cancel Vouchers Payable

This balance sheet account is the vouchers payable account which will be reversed on a type 3 check cancellation (CX) transaction. Type 3 check cancellations can be used when the payment voucher has been removed from the open items tables.

Withholding Account

The restricted liability account for recording backup withholding. Only journal voucher, alternate journal voucher, payment voucher, alternate payment voucher, manual warrant, and quick voucher transactions may post to this account.

A/P Account

This liability account is used to record encumbrance adjustments to the general ledger for purposes of monthly closing. After monthly closing is performed, the adjustment is reversed.

Warrant Clearing Fund

At installations that issue warrants instead of checks, this is the fund from which warrants will be paid. The individual operating funds, such as the general fund, will contribute to this fund. This feature is not being implemented in Louisiana.

Warrant Payables Account

At installations that issue warrants instead of checks, this balance sheet account is a record of all monies owed through warrants that have been issued but have not yet been paid (i.e., warrants that have not been presented to the bank by the payee). This feature is not being implemented in Louisiana.

Use Tax Account

The default billing unit account in which the results of the use tax calculation will be posted for recurring invoices.

Liens Payable Account

No manually entered documents may use this balance sheet account. It is reserved for vendor Lien/Levy processing, where the account is used in the creation of payment lines to the lienholder. The account used as the Liens Payable account must be a liability account.

Reserve for Pre-Encumbrances

All requisition transactions are posted to this account. This account is not closed to fund balance at year-end.

Reserve for Encumbrances

All purchase order transactions have an offset entry posted to this account.

Reserve for Encumbrances Payroll

This fund balance account can be coded on journal vouchers to make budget reservations of future payroll accounts.

Fund Balance

The generated offsetting entries for budget transactions are posted to this account. At year end (when the annual closing is performed), all revenue, expense, and encumbrance entries are closed to this account.

Agency Due To

During the annual close process, funds with a fund type equal to agency funds, will close to this liability account rather than regular fund balance.

Due To/Due From Other Funds

Inter-fund payment vouchers are posted against these two accounts when the IG Cash Voucher Option is "N". Both accounts may be overridden on the payment voucher form.

Retained Earnings

During the annual close process, funds with a fund type equal to internal service or enterprise will close to this liability account rather than regular fund balance.

Warrants Drawn

The restricted object of expenditure for recording warrants drawn. Only warrant voucher, journal voucher, and alternate journal voucher transactions may use this object code.

Warrants Received

The restricted revenue source for recording warrants received. Only warrant voucher, journal voucher, and alternate journal voucher transactions may use this revenue source code.

Automatic Transfers Out	The restricted object of expenditure for the automatic transfer from an original fund to a final fund. The automated process uses journal voucher documents to perform this transfer, but alternate journal voucher transactions may also use this object code.
Deposit Cash Account	Only deposit suspense, journal voucher, and alternate journal voucher transactions may post to this account, which maintains deposited cash.
Deposit Suspense Fund	The restricted fund which may be used only for deposit suspense activity. Only deposit suspense, journal voucher, and alternate journal voucher transactions may be coded with this fund.
Deposit Suspense Account	Only deposit suspense, journal voucher, and alternate journal voucher transactions may post to this account, which maintains the contra account for cash that is in suspense.
Lines of Credit	The restricted revenue source for recording lines of credit. Only journal voucher and alternate journal voucher transactions may use this revenue source code. If the lines of credit revenue source is used, an additional edit requires that the Appropriation Unit on the transaction have an appropriation group code of '**19**'. Group codes are stored on the Appropriation Inquiry Table and must be valid on Appropriation Group Code (GRPC).
Accounts Receivable Accounts	Accounts used with the optional AFS Accounts Receivable sub-system.
Other Accounts	Accounts used with the optional AFS Fixed Asset Management subsystem and Investment Management subsystem.

Account Type Codes

The account type codes are fixed in AFS. They are defined in Account Type (ACCT), and are listed in Figure 3-17. The following paragraphs explain how AFS uses the account type code.

Figure 3-17
AFS Account Types

```
PROPRIETARY ACCOUNTS             SUBSYSTEM ACCOUNTS (memo)

   01 Assets                      80  Federal Aid Charge
   02 Liabilities                 81  Fed Aid Budget - Fed Funds
   03 Fund Balances               82  Fed Aid Budget - State Funds
                                  83  Fed Aid Budget - Bond Funds
TEMPORARY ACCOUNTS               84  Fed Aid Budget - Local Funds
                                  85  Project Charge
   11 Assets Offset to Expenses  86  Project Budget - Fed Funds
   18 Memo Pre-Encumbrances      87  Project Budget - State Funds
   19 Memo Encumbrances          88  Project Budget - Bond Funds
   20 Pre-Encumbrances           89  Project Budget - Other Funds
   21 Encumbrances               90  Performance Target
   22 Expenditures/Expense       91  Performance Actual
   23 Expenditures               92  Job Full Cost Memo
   24 Expenses                   KS  Fed Aid Budget Line
   31 Revenue                    DD  Project Budget Line
   32 Revenue Collected

BUDGETARY ACCOUNTS

   41 Budgeted Obligations
   42 Appropriations
   44 Unissued Bonds
   45 Reverted Amounts
   46 Estimated Receipts
   47 Beginning Cash Balance
   51 Estimated Revenue
```

Proprietary Accounts

Every balance sheet account listed in Balance Sheet Account (BAC2) must be identified with one of the account types listed in Figure 3-17.

These account type codes are related to the basic accounting equation in the following manner:

```
          Assets = Liabilities + Fund Balance
            01   =     02       +      03
```

In balance sheet account terms, this equation can be represented as:

```
      Cash  = Vouchers  +   [Reserve for Encumbrances +
                                Unreserved Fund Balance]
        01  =    02     +             03
```

When balance sheet transactions are coded (on payment vouchers, manual warrants, and cash receipts), the associated account types are automatically inferred from Balance Sheet Account (BAC2).

Temporary Accounts

Various other "temporary" account types also exist in AFS, for internal system use. These temporary accounts are really sub-accounts of the fund balance. They are used in AFS to identify individual expenditure, expense, and revenue transactions for the current year. The temporary accounts are listed in Figure 3-17.

Pre-encumbrances and Revenue Collected are labeled as memo accounts. That means that they do not affect the accounting equation.

On journal voucher transaction input, the account type must be coded on the input form for both sides of the transaction. See Chapter 4 in the *User Guide, Volume II* for more details on the account types that may be used on journal vouchers.

Budgetary Accounts

Because of internal AFS processing procedures, budget offsetting entries are assigned account types. These account types are automatically assigned by AFS.

Debits and Credits

AFS applies debits and credits to the above account types in the following manner:

```
ACCOUNT TYPE       DESCRIPTION               DEBIT      CREDIT

01                 Assets                    Increase   Decrease
02                 Liabilities               Decrease   Increase
03                 Fund Balance              Decrease   Increase
21                 Encumbrances              Increase   Decrease
11, 22, 23, 24     Expenditures, etc.        Increase   Decrease
31                 Revenue                   Decrease   Increase
20, 32             Memo Entries              -          -
61, 62             Memo Entries              -          -
71, 72             Memo Entries              -          -
73, 74             Memo Entries              -          -
80, 81, 82, 83     Memo Entries              -          -
84, 85, 86, 87     Memo Entries              -          -
88, 89, KS, DD     Memo Entries              -          -

41                 Budgeted Obligations      Decrease   Increase
42                 Approp. Authority         Decrease   Increase
43,46,47           Budget Authority (memo)   Decrease   Increase
45                 Extended Bdgt Authority   Increase   Decrease
51                 Estimated Revenue         Increase   Decrease
```