



North Dakota University System Accounting Manual

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Chapter: Introduction

The objectives of accounting are to provide information to assist management in the allocation and use of resources; enable management and others to evaluate financial operations; and comply with generally accepted accounting principles (GAAP).

The objective of the colleges and universities of the North Dakota University System (NDUS) is to provide a service that meets various educational and social needs and to ensure that institutional resources are used to provide services for which the institution was established. Given this, the NDUS seeks a surplus of revenue over expenses solely to enhance service delivery and to provide reserves to protect the institutions against future contingencies.

In higher education, charges for tuition and fees are only one component of revenue; rarely is there a direct relationship between those charges and the actual cost of the services or programs provided. Other revenue sources include donations, state appropriations, governmental grants and contracts, investment income and auxiliary enterprise revenues. Often the provider of the institutions resources directs how those resources are to be used. Expenditure of the resources may be restricted to specific uses or that the principal must remain intact and only the earnings may be spent.

ACCOUNTING STANDARDS

GAAP are the rules, procedures and conventions guiding accounting and reporting practices. Uniform and consistent accounting standards ensure that the NDUS's general purpose external financial statements are fairly and consistently presented. The history of accounting standards that formed what GAAP is and where it comes from is as follows:

- The Financial Accounting Foundation (FAF) was incorporated in 1972. Its purpose is to advance the education of the public, investors, creditors, reporting entities, and CPAs with regard to standards of financial accounting and reporting.
- The Financial Accounting Standards Board (FASB) was created in 1973 by the FAF and is an independent standard-setting body for all private-sector commercial and not-for-profit entities.
- The Governmental Accounting Standards Board (GASB) was created in 1984 by the FAF and is an independent standard-setting body for all state and local government entities, including public colleges and universities. The institutions of the NDUS, being public entities, follow the GASB standards, for the most part.
- Standards that have been issued by FASB, GASB and the American Institute of Certified Public Accountants (AICPA) can be markedly different for public and independent institutions.

GAAP HIERARCHY –

There are separate hierarchies of authoritative accounting literature the NDUS must follow:

Category A:

1. Officially established accounting principles such as GASB statements and interpretations

Category B:

2. GASB Technical Bulletins; GASB Implementation Guides and literature of AICPA cleared by the GASB

Authoritative GAAP is incorporated periodically into the *Codification of Governmental Accounting and Financial Reporting Standards* (Codification), and when presented in the Codification, it retains its authoritative status.

If the accounting treatment for a transaction is not within Category A or Category B, an institution should first consider accounting principles for similar transactions that do fall into Category A or Category B and then may consider non-authoritative accounting literature from the sources below that does not conflict with or contradict Category A or Category B.

1. GASB Concept Statements.
2. Financial Accounting Standards Board (FASB) pronouncements and other literature.
3. Federal Accounting Standards Advisory Board.
4. International Public Sector Accounting Standards Board.
5. International Accounting Standards Board.
6. AICPA literature not cleared by the GASB.
7. Practices that are widely recognized and prevalent in state and local government.
8. Literature of other profession associations (for example, NACUBO).
9. Literature of other regulatory agencies
10. Accounting text-books, handbooks and articles.

FUND ACCOUNTING

Under fund accounting, resources are classified so that they comply with activities or objectives as specified by donors; regulations, restrictions or limitations imposed by sources outside the institution; or directions issued by the governing board. A fund is commonly thought of as a self-balancing fiscal and accounting entity. Although fund-based reporting is no longer required for external financial statements, the vast majority of institutions (including the NDUS) still rely on fund accounting to manage resources.

To achieve the objects of accounting, financial information must be consistently compiled and reported in a manner that corresponds to users' needs. The NDUS accounting structure, as explained in the following chapters, lays the groundwork necessary to produce information to meet internal and external reporting requirements.

Note: The NACUBO FARM manual was used extensively as a resource in the development of the NDUS Accounting Manual.

Chapter: Ledgers

The NDUS maintains and posts non-budget transactions to three ledgers in the finance module of the PeopleSoft system; ACTUALS, FULLACCRUE, and CONSOL.

ACTUALS: This ledger records financial transactions from accounts payable, student finance, payroll and from journals manually entered into the general ledger. The majority of day-to-day activities are recorded in the ACTUALS ledger. As an exception, all activity and balances for the Investment in Plant funds are maintained in the FULLACCRUE ledger.

FULLACCRUE: This ledger is used primarily to post adjustments and accruals at fiscal year-end, so that when combined with the ACTUALS and CONSOL ledgers, full accrual basis is achieved and accounts are consistent with GASB reporting requirements for financial statement purposes. In addition, activity and balances for the Investment in Plant funds are maintained in the FULLACCRUE ledger.

CONSOL: This ledger is used to post adjustments to income statement accounts that will not be reversed and eliminate internal activity for financial statement reporting purposes.

Financial statement presentation is achieved when account balances in the ACTUALS, FULLACCRUE and CONSOL ledgers are combined in reports created in the PeopleSoft reporting tool called nVision.

Chapter: Fund Classification

The general ledger of the NDUS is divided into four groups of funds: plant/other funds, unrestricted funds, restricted funds, and agency funds. Within those groups are various subgroups of funds that are more descriptive. When setting up new funds, the following fund ranges should be observed. These fund ranges are used in the creation of the reports that generate the financial statements; therefore, consistency across all campuses is crucial to presentation of accurate financial statements.

Fund Group	Fund Subgroup	Budget Ledger	Fund Ranges
Plant/Other	Investment in plant	None	00001 - 00100
	Renewals & replacements	None	00101 - 00499
	Retirement of indebtedness	None	00500 - 00999
	Receivable holding fund	None	01000
	AR conversion balances	None	01001
	Unused		01002 - 09999
Unrestricted	Auxiliaries	Fund	10000 - 10999
		Project	11000 - 11999
	Local		
	Regular	Project	12000 - 19999
Cash		20000 - 24999	

		Fund	25000 - 27999
	Unexpended plant	Project	28000 - 29999
	Appropriation		
	Regular	Fund	30000 - 33999
		Project	34000 - 34999
	Capital improvements	Project	35000 - 39999
	Scholarships	Fund	50000-59999
	Scholarships	Project	50000-59999
	Quasi-Endowments	Cash	70000-70400
Restricted	Grants and contracts	Project	40000 - 49999
	Scholarships & fellowships		
	Scholarships	Fund	50000 - 52999
			55000-57999
	Scholarships with Projects	Fund	53000 - 54999
		Project	58000 - 59999
	Loans		
	Short-term	Cash	60000 - 64999
	Long-term	Cash	65000 - 69999
	Endowments/Quasi Endow.	Cash	70000 - 78999
Other Restricted	None	79000 - 79999	
Agency	Other	Cash	80000 - 84999
	Foundations	Cash	85000 - 89999
Unused			90000 - 99999

Note: Fund number ranges & budget ledgers used by NDSU & UND will differ from the above table. See the UND & NDSU Accounting Offices for tables at those institutions.

The Scholarship groups indicated within the unrestricted fund group is different than how scholarship funds were initially setup in PS. The unrestricted and restricted ranges for scholarship funds are recommended. If the ranges are not used and automatic close process closes all scholarship funds to 320176, a manual adjustment needs to be made for any unrestricted fund balance that may exist in scholarship funds. Unrestricted fund balances in scholarships are not the norm.

Section: Plant Funds/Other Funds

Investment in Plant

Long-lived capitalized assets, related debt incurred for those assets and construction in progress are recorded in Investment in Plant funds. This fund group uses the FULLACCRUE ledger for all transactions.

Renewal and Replacement

This subgroup includes funds that have been set aside per bond covenants or institutional designation to provide reserves for the renewal and replacement of capital assets. Additions to these funds usually arise from transfers from unrestricted funds and/or income

earned on the investment of the funds. Deductions from these funds consist of expenditures for renewal and replacements and/or losses incurred on the investment of the funds.

Retirement of Indebtedness

These funds are established (usually by bond covenant) to accumulate reserves for the payment of interest and principal and other debt service charges. Separate funds are established for each bond. An amount equal to the principal and interest due is transferred from other current funds where the revenue is collected. The Retirement of Indebtedness fund makes all required debt payments to the bond trustee. Funds that are transferred to set up reserves pursuant to bond covenants are invested and the interest earned accumulates in the fund to either build up reserves or to reduce future payment transfers. The Liabilities section includes entries that are common to this fund.

AR Clearing – SF Refunds

This fund is used to hold excess payments or excess financial aid until refunded to the student. AR debit balances may occur if unearned financial aid is returned to the provider and not collected from the student.

AR Conversion balances

This fund was used during the conversion of legacy to PS to accumulate the converted accounts receivable balances. Item types in Student Finance have GL mapping to this fund to process payments made on the converted balances. Once the conversion balances are paid, this fund will no longer be needed.

Section: Unrestricted Funds

Unrestricted funds are current funds that are available for use within the current operating period, for which there is no apparent external-use restriction. Local funds may be internally designated for a specific use, but do not meet the accounting guidelines for classification as restricted funds.

Auxiliary Funds

Auxiliary funds are unrestricted funds of the institution which furnish services directly or indirectly to students, faculty or staff and which charge fees directly relating to, but not necessarily equal to, the costs of services. These funds are self-supporting and typically include bookstore, foods service, housing and student centers. Athletics and parking structures, if they are self-supporting, are included in auxiliary funds. In order to track and report auxiliary revenues separate from other fund revenues, the revenue account range of 470000 – 479999 has been created for auxiliary fund use only. Revenue sources in this range include sales, rent, room and board contracts, fees, season tickets, and many others. Excess of revenues over expenditures at year-end (or reserves carried over from year-to-year) is usually used in support of auxiliary enterprises, including auxiliary building renovations, improvements and additions.

See further information regarding the process for determining whether an enterprise is self-supporting in the Fund Functions section.

Local Operating Funds

Regular local funds include funds that are available at the administration's discretion to supplement the institutions appropriated funds. Local fund revenue comes from a variety of sources, including: student fees, box office receipts from campus productions, gifts, investment income, parking fines, late fees, rental of campus facilities and many others. Local funds are appropriated in a continuing appropriation clause of the NDUS funding bill. Biennial estimates of revenue and expenditures of other funds, by source of funds, is submitted to the Office of Management and Budget (OMB) when biennial budget requests are submitted to OMB, as required by NDCC Section 15-10-12.

Local Capital Improvement Funds

Local Capital Improvement funds are local funds that have been authorized for capital projects purposes. Gifts, grants, bond proceeds and other revenue received/designated for plant improvements are recorded in this group of funds. (State appropriations for capital improvements are accounted for in the Appropriated Funds subgroup.) Unexpended plant funds are generally available for the duration of a project and expenditures are limited to those that directly benefit the project according to bond, gift, grant or other documents. Expenditures for these projects will almost always be recorded in the capitalized land and buildings expenditure accounts.

Appropriated Operating Funds

Regular appropriated funds are general funds that have been appropriated by the legislature for operating purposes. Tuition revenue received from students is also included in this category. General funds are recorded as revenue when drawn down from the state treasurer, on a semi-monthly basis (See Appropriations in the Revenue Section of this manual). Tuition revenue is recorded when charged to student accounts. General Fund and tuition revenue are typically budgeted together and collectively they support the instruction and academic functions, administrative and student services and physical plant expenditures of the institution.

Appropriated Capital Improvement Funds

Appropriated capital improvement funds are general or state bonding funds that have been appropriated by the legislature for specific capital projects. The expenditure of these funds must be in accordance with the language in the bill authorizing the project. Funds are drawn down from the state treasurer as expenditures are incurred.

Section: Restricted Funds

Restricted funds are current funds for which there is a restriction placed on the use of the funds by grantors, donors or other external sources. The key to classification as restricted funds is that the restriction must be imposed by an external source. Classification as a restricted fund requires substantive evidence through contracts, donor letters, fund raising

materials or other analysis that the funds are subject to significant, externally imposed use restrictions. Funds internally designated for a specific use are not classified as restricted.

Grant and Contract Funds

Grant and contract funds are restricted funds that are provided to the institution via an award from a third-party grantor. Funds from grant and contract awards are recorded as federal, state or private grant and contract revenues. In addition, grant or contract awards for capital projects are separately identified in the chart of accounts. Use of grant and contract awards must be in accordance with the grant or contract document. In addition, accounting and control over federal awards must follow grantor agency guidelines and US OMB Circular A-133 requirements.

Non-endowed Scholarship and Fellowship Funds

Non-endowed scholarship and fellowship funds are restricted funds provided by a donor for the purpose of providing scholarships and fellowships for the institution's students.

Short-term Loan Funds

Short-term loan funds are restricted funds that are held for the purpose of providing short-term loans to students. Principal and interest repayments are re-invested back into the loan fund and are available for disbursement to students.

Long-term Loan Funds

Long-term loan funds are restricted funds that are available for long-term loans to students. Examples include the Federal Perkins Loan Program and Nursing Student Loan Program that are serviced by the ND Student Loan Service Center. Principal and interest repayments are re-invested back into the loan fund and are available for disbursement to students.

Endowment Funds

"Pure" endowments are those funds that have been given by a donor to support the institution with explicit instructions that the value of the initial gift be held in perpetuity. Only the income generated by the investment of these funds can be used to support the institution. These funds are considered restricted and non-expendable.

Other Restricted Funds

Gifts that have been given by a donor with a restriction on the use of the funds. Both the corpus and the income generated by investment of these funds can be used to support the institution.

Section: Agency Funds

Agency funds are funds that are owned and controlled by a third party, that are held by the campus as custodian or fiscal agent. Assets of agency funds may include cash, investments or receivables. Liabilities may include accounts payable and accruals. The assets and liabilities of agency funds are included in the statement of net position of the NDUS, with the net amount shown as a deposit, representing the net position owed to the organization for which the campus is acting as fiscal agent. The revenues and expenses do not represent

financial activity of the campuses and therefore are not included in the statement of revenues and expenses of the NDUS.

Other Agency Funds

Other agency funds are funds that are owned and controlled by students, faculty, staff or other organizations.

Foundation Agency Funds

Foundation agency funds are funds that are owned and controlled by a related foundation or alumni association. Since assets and liabilities of foundations and alumni associations are presented separately in the NDUS financial statements, they are eliminated from the general ledger at year-end via a fiscal year-end entry.

Deficit Cash Balances in Agency Funds

There may be times where an agency fund has a temporary deficit cash balance, due to timing differences, transaction errors or an agency mistakenly overdrawing the fund. However, it is not the intent for institutions to create a de facto line of credit to external organizations. Therefore, deficit cash balances in agency funds should be resolved within a reasonable period of time, not to exceed 90 days. Deficits in the NDSU’s Country Auditor agency funds are to be resolved within 120 days, due to the nature and timing of the billings.

Chapter: Fund Functions

A functional expense classification is a method of grouping expenses according to the purpose for which the costs are incurred. The classification tells *why* an expense was incurred rather than *what* was purchased. The NDUS assigns functions to funds for the functional operating expense note for the financial statements, for management tracking and other reporting purposes. Reporting expenses by functional classification helps donors, granting agencies, creditors, and other readers of the financial statements to understand the various mission-related activities of the institution and their relative importance. All NDUS funds must be assigned a function code from the list below. The Integrated Post-Secondary Education Data System (IPEDS) is the basis for the fund function codes used by in PeopleSoft as follows:

Function	Code	Function Description
No Function	00	No Function
Auxiliary Services	01	Auxiliary services
Instruction	11	General academic instruction
	12	Vocational/technical instruction
	13	Medical school instruction
Public Service	21	Community Service
Research	31	Institutional research
	32	Research centers

	33	EPSCOR
Academic Support	41	Academic libraries
	42	Academic administration
	43	Other support services
	44	Information technology-Academic support
Student Services	51	Student services
	52	Student services - Athletics
Institutional Support	61	General administration
	62	Information technology-Institutional support
	63	Internal service funds
	64	Reserves
Physical plant	71	Physical plant
Scholarships	81	Scholarships and fellowships
Unexpended plant	91	Plant improvements – appropriated
	92	Other unexpended plant funds

The Integrated Post-secondary Education Data System (IPEDS) definition for each major function is as follows.

Auxiliary Services

In addition to the IPEDS definition, the NACUBO FARM manual provides further guidance on classifying enterprises as auxiliaries.

Auxiliary enterprises are essentially self-supporting operations and may include residence halls, food services, intercollegiate athletics (if self-supporting), college unions, college stores, and other self-supporting services. Institutions include actual or allocated costs for operation and maintenance of plant and interest, if applicable.

The NACUBO FARM manual defines an auxiliary enterprise as one that exists to furnish goods or services to students, faculty, staff, other institutional departments, or incidentally to the general public, and charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. The distinguishing characteristic of an auxiliary enterprise is that it is managed to operate as a self-supporting activity. Over time, the revenues will equal or exceed the expenses, although in any individual year there may be a deficit or a surplus. Examples are residence halls, food services, intercollegiate athletics (if operated as essentially self-supporting, otherwise classified as student services), college stores, faculty clubs, parking, and faculty housing. Student health services, when operated as an auxiliary enterprise, also are included. Hospitals, although they may serve students, faculty, or staff, are classified separately because of their financial significance.

An enterprise is considered to be essentially self-supporting when revenues received covers all or most of the direct and indirect operating expenses, assignable indirect costs, debt service and allowable capital expenditures for the activity.

Each campus is responsible for assessing whether an enterprise is considered essentially self-supporting using the revenue sources and types of expenditures defined in the previous paragraphs. Generally, a one-time analysis will be sufficient, unless there are material changes to the funding of the auxiliary or other circumstances that merit a more frequent review. The previous three years will be analyzed. If the assessment concludes that an enterprise is not self-supporting, it should be classified as student services. As a result of this analysis, it is possible that institutions will classify similar auxiliaries differently because funding and cost structure may vary across the NDUS institutions.

Revenues include fees for services, sales, dedicated general fees, private contribution (including foundation contributions) and investment income. State appropriations are excluded.

The auxiliary enterprise category includes all expenses relating to the operation of auxiliary enterprises. Because of a desire to assess whether the enterprise is self-supporting, an allocation of expenses for operation and maintenance of plant, depreciation, interest, and administration is included, even though that allocation is not required of public institutions for financial statement purposes. Also included are other direct and indirect costs, whether charged directly as expenses or allocated as a proportionate share of costs of other departments or units. To ensure that data regarding individual auxiliary enterprises are complete and adequate for management decisions, cost data should be prepared using full costing methods. Full costing means that the costs attributed to each enterprise includes a portion of indirect costs related to that enterprise, as well as the costs directly attributable to its operation.

Indirect costs should include the following costs.

- Executive Administration
- Fiscal services – accounting, accounts payable, budget
- Student Financial Aid
- Student Accounts
- Procurement
- Payroll
- Human Resources
- IT
- Facilities and depreciation
- Utilities and Telephone
- Custodial services
- Risk Management and Safety

The list above is not all-inclusive and does not preclude institutions from identifying other services provided to auxiliaries.

If direct expenditures exceed revenues, it is not necessary to complete the allocation of indirect costs for the purposes of determining whether an enterprise is self-supporting.

Indirect costs should be allocated in a manner that is reasonable relative to the activity. NDUS institutions will each develop their own methodologies for allocating indirect costs to determine whether an enterprise is essentially self-supporting, using the following principles:

- Reasonable - costs which are applicable to the overall operation of the activity
- Properly allocable – costs are allocated based on the relative benefits received by the enterprise
- Verifiable for audit and easy to understand
- Objective: based on relevant and reliable financial and other information

The list below provides allocation suggestions for the purposes of assessing whether an enterprise is self-supporting. These include commonly used allocation methods/bases for allocation, but any reasonable, accepted method may be used. The allocation of plant operating expenses used for the year-end close process may be used to allocate these expenses for purposes of the essentially self-supporting analysis.

- Square Footage
- % of Total Budget
- % of Total Square Footage
- % of Total Budget
- Use studies
- % of Total Budget
- % of Total Compensation
- % of Total Expenditures
- Credit Hours/FYE/Student Headcount
- Number of Employees or FTE
- % of Total Compensation
- % of Total Budget
- % of Total Expenditures
- Time Studies

The calculation to determine whether an enterprise is self-supporting is as follows:

**Analysis of Self Support for Auxiliary Classification
For the Previous Three Fiscal Years**

Add additional lines, as needed

	Current Fiscal Year minus 1	Current Fiscal Year minus 2	Current Fiscal Year minus 3	Total
Direct Revenues				
Total Direct Revenues	\$ -	\$ -	\$ -	\$ -
Direct Operating Expenses				
Total Direct Operating	\$ -	\$ -	\$ -	\$ -
Direct Capital Expenses				
Total Direct Capital	\$ -	\$ -	\$ -	\$ -
Indirect Expenses				
Total Indirect Expenses	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ -	\$ -
Excess (Deficit) of Revenue over Expenditures	\$ -	\$ -	\$ -	\$ -

The following core enterprises are designated as auxiliary enterprises and therefore assessment of the essentially self-supporting criteria is not required:

- Housing
- Food services
- Campus bookstores
- Student Unions

Instruction

Expenses associated with the colleges, schools, departments, and other instructional divisions of the institution and for departmental research and public service that are not separately budgeted. This would include academic instruction, occupational and vocational instruction, community education, preparatory and adult basic education, and regular, special, and extension sessions. Also includes expenses for both credit and non-credit activities. Excludes expenses for academic administration where the primary function is

administration (e.g., academic deans). Information technology expenses related to instructional activities, if the institution separately budgets and expenses information technology resources, are included (otherwise these expenses are included in academic support).

Research

Expenses associated with activities specifically organized to produce research outcomes and commissioned by an agency either external to the institution or separately budgeted by an organizational unit within the institution. The category includes institutes and research centers and individual and project research. This function does not include non-research, sponsored programs (e.g., training programs). Also included are information technology expenses related to research activities if the institution separately budgets and expenses information technology resources (otherwise these expenses are included in academic support.)

Public Service

Expenses associated with activities established primarily to provide non-instructional services beneficial to individuals and groups external to the institution. Examples may include conferences, institutes, general advisory services, reference bureaus, community services, cooperative extension services, public broadcasting services, and similar services provided to particular sectors of the community. Also includes information technology expenses related to the public service activities if the institution separately budgets and expenses information technology resources (otherwise these expenses are included in academic support).

Academic Support

Expenses associated with activities and services that support the institution's primary missions of instruction, research, and public service. It includes the retention, preservation, and display of educational materials (for example, libraries, museums, and galleries); organized activities that provide support services to the academic functions of the institution (such as a demonstration school associated with a college of education or veterinary and dental clinics if their primary purpose is to support the instructional program); media such as audiovisual services; academic administration (including academic deans but not department chairpersons); and formally organized and separately budgeted academic personnel development and course and curriculum development expenses. Also included are information technology expenses related to academic support activities; if an institution does not separately budget and expense information technology resources, the costs associated with the three primary programs will be applied to this function and the remainder to institutional support.

Student Services

Expenses associated with admissions, registrar activities, and activities whose primary purpose is to contribute to students' emotional and physical well-being and to their intellectual, cultural, and social development outside the context of the formal instructional program. Examples may include student activities, cultural events, student newspapers, intramural athletics, student organizations, supplemental instruction outside the normal

academic program (remedial instruction for example), career guidance, counseling, financial aid administration, and student records. Intercollegiate athletics (if self-supporting) and student health services may also be included except when operated as essentially self - supporting auxiliary enterprises. Also may include information technology expenses related to student service activities if the institution separately budgets and expenses information technology resources (otherwise these expenses are included in institutional support.)

Institutional Support

Expenses associated with the day-to-day operational support of the institution. Includes:

- Expenses for general administrative services,
- Central executive-level activities concerned with management and long range planning,
- Legal and fiscal operations,
- Space management,
- Employee personnel and records,
- Logistical services such as purchasing and printing,
- Parking structures that are not classified as auxiliaries,
- Public relations and development.
- Information technology expenses related to institutional support activities. If an institution does not separately budget and expense information technology resources, the IT costs associated with student services and operation and maintenance of plant will also be applied to this function.

Physical Plant

Expenses associated with operations established to provide service and maintenance related to campus grounds and facilities used for educational and general purposes. Examples may include utilities, custodial, general maintenance, property insurance, and similar items. Expenses of this function are reduced by amounts reallocated to auxiliary enterprises, hospitals, and independent operations at year-end for financial statement purposes. Also includes information technology expenses related to operation and maintenance of plant activities if the institution separately budgets and expenses information technology resources (otherwise these expenses are included in institutional support).

Scholarships and Fellowships

The scholarships and fellowships classification includes expenses for scholarships and fellowships—from restricted or unrestricted funds—in the form of grants that neither require the student to perform service to the institution as consideration for the grant, nor require the student to repay the amount of the grant to the funding source. In public institutions, they may result from selection by the institution or from an entitlement program. The classification also includes trainee stipends, prizes, and awards. (However, trainee stipends awarded to individuals who are not enrolled in formal course work should be charged to instruction, research, or public service.)

The scholarships and fellowships classification excludes student awards that are made in exchange for services provided to the institution, such as graduate and teaching assistantships and student work-study programs. When services are required in exchange for financial assistance, charges are classified as expenses of the department or organizational unit to which the service is rendered and reported as expenses of the function classification benefited by the work provided by the student.

Unexpended Plant Funds

Expenses associated with extraordinary repairs, renovations, additions or new construction of capital assets.

Chapter: Chart of Accounts

The NDUS chart of accounts includes three types of accounts: transaction accounts, financial statement (or roll-up) accounts and budget accounts.

Transaction accounts include activity that is generated from manual online (ONL) entries or from entries created and journal generated from another module (AM, SF, AP, PAY). These accounts will include all day-to-day activity.

Financial statement accounts are accounts that are used at year-end to reclassify balances in accordance with GASB 34/35 or to roll-up accounts for summary. The roll-up accounts are all balance sheet accounts and the six-digit account number ends in '000'. The accounts used to reclassify balances for financial statement purposes are interspersed throughout the chart of accounts (balance sheet and income statement) and have no specific numbering structure.

Budget accounts are revenue and expense accounts used by commitment control. No accounting transactions are posted to these accounts. Budget accounts end in '000'.

A detailed description of each account is included in the *NDUS People Soft General Ledger Account Descriptions*, which is included herein as Appendix A. A summary description of accounts, their uses and journal entries of common transactions is included in the following sections.

Creating, Modifying or Inactivating General Ledger Accounts

- NDUS has a defined process for adding, modifying or inactivating general ledger accounts. Requests are brought to the monthly Controller Group meeting for discussion.
- Requests can also be submitted using the Controller Group listserv.
- After agreement is reached by the Controller Group, the NDUS Director of Financial Reporting submits a help desk ticket to CTS with instructions to create the new account(s) in PeopleSoft.
- CTS personnel create the account(s) and notifies the NDUS Director of Financial Reporting by email.

- The Director of Financial Reporting notifies users through the NDUS Controllers listserv that the account(s) has been created.
- The NDUS Director of Financial Reporting updates the NDUS system-wide accounting manual for the new account(s). The updated manual is posted to the NDUS website.

Section: Assets

Assets are resources owned by the Institution. Assets have value because they can be used or exchanged to produce the services or products of the Institution. Assets possess service potential or utility to their owner that can be measured and expressed in money terms.

CASH & CASH EQUIVALENTS

Cash is accounted for in accounts 101001 – 112201. The most commonly used account codes are:

- **101001 – PETTY CASH** – established for the purpose of disbursing small amounts (usually less than \$200) that are not practical to pay by voucher.
- **102001 – CASH ON HAND**– established for the purpose of making change when collecting cash receipts (i.e. till funds and change funds).
- **105251 – CASH IN BND** established at the Bank of ND to account for receipts and disbursements.

Cash equivalents are defined as short-term, highly liquid investments that are both:

- a.) Readily convertible to known amounts of cash
- b.) So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Generally, only investments of original maturities of three months or less meet the definition of cash equivalents.

The NDUS has numerous cash accounts to handle day-to-day transactions, facilitate the reconciliation process and categorize for financial statement purposes. The accounts are organized to separate cash at the Bank of North Dakota from cash at other institutions (Non-BND) for reporting purposes in the State of ND CAFR. Additionally, the cash accounts separate restricted, noncurrent and endowment funds for financial statement purposes.

The NDUS is required (NDCC 54-06-08.1) to hold its funds in the BND unless a gift or endowment document specifies otherwise; therefore, the mostly commonly used cash account is 105251 – Cash in BND. The institutions should use the detail cash accounts whenever possible, unless it interferes with the efficiency of the cash reconciliation process. If the detail cash accounts are not used for day-to-day transactions, year-end entries are required to bring the accounts into financial statement format. These entries are included in the Financial Reporting Manual.

A monthly reconciliation between the balance per the financial institution's bank statement(s) and the balance per the general ledger must be completed. Various daily and

monthly reports/queries exist to facilitate this reconciliation. The account(s) must be reconciled to zero on a monthly basis with reconciling items identified and resolved in a timely manner. The reconciliations are to be reviewed by a designated campus finance official in a timely manner. The reviewer must document their approval by signature, initials or email. The approved reconciliation, supporting documentation and the reviewer's approval must be retained in accordance with the NDUS records retention schedule in SBHE Policy 1912(7).

Per NDCC 54-06-08.1, institutions need authorization from the State Auditor's Office (SAO) to open a new bank account. The Institution must prepare a letter to the State Auditor's Office providing justification and need for the new bank account(s). In addition, authorization from the SAO is needed for any new petty cash or till fund, their amounts, along with the intended use of the fund. Once approval is obtained, the institution may close out and re-open a till or petty cash fund during the year. The only stipulation is that the fund may not exceed the amount authorized by the SAO.

Section: INVESTMENTS

Investments consist of certificates of deposit with a maturity of greater than 3 months, US Treasuries, bonds, stock and other securities. Investments are accounted for in accounts 113000 – 121301. The accounts are organized to separate investments at the Bank of North Dakota from investments at other institutions (Non-BND). Like cash accounts, investment accounts are also separated as restricted, noncurrent, and endowment funds for financial statement purposes.

Institutions should use the detail investment accounts whenever possible. If the detail accounts are not used for day-to-day transactions, year-end entries are required to bring the accounts into financial statement format. For financial statement purposes, investments are interest rate risked, credit risked, and custodial risked (See Appendix)

Purchased investments are recorded at cost, including brokerage and other transaction fees. Contributed investments are recorded at the fair market value as of the date of the gift.

For year-end financial reporting, investments are reported at fair value. Fair value is the price that would be received for an asset in a current arms-length transaction between market place participants.

GASB Standard #72 defines an investment as a security or other asset that is held for income or profit and has a present service capacity based solely on its ability to generate cash or to be sold to generate cash.

Investments required to be reported at fair value are:

- Debt securities
- Equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values
- Interest-earning investment contracts
- Life settlement contracts

- Land and other real estate held as investments by true and term endowments
- Open-end mutual funds.

Investments not subject to the fair value reporting requirements are:

- Ownership interests recorded using the equity method of accounting
- Investments in life insurance contracts (reported at cash surrender values)
- Nonnegotiable certificated of deposit with redemption terms not affected by market rates, provided that the value is not significantly impaired by the credit standing of the issuer or other factors.
- Governmental entities that are not external investment pools may value money market investments and participating interest-earning investment contracts that have a remaining maturity at purchase of one year or less at amortized cost, provided that the value is not significantly impaired by the credit standing of the issuer or other factors.
- For external investment pools, the threshold for reporting money market investments and participating interest-earning investment contracts at amortized cost is 90 days or less. Again, provided that the value is not significantly impaired by the credit standing of the issuer or other factors.

Investment Definitions for Fair Value Reporting, as required by GASB 72

Debt securities are defined as:

Any security that represents a creditor relationship with an entity. It also includes (a) preferred stock that either is required to be redeemed by the issuing entity or is redeemable at the option of the investor and (b) a collateralized mortgage obligation (CMO) or other instrument that is issued in equity form but is accounted for as a non-equity instrument. However, it excludes option contracts, financial futures contracts, and forward contracts.

Debt security includes, among other items, U.S. Treasury securities, U.S. government agency securities, municipal securities, corporate bonds, convertible debt, commercial paper, negotiable certificates of deposit, securitized debt instruments (such as CMOs and real estate mortgage investment conduits-REMICs), and interest-only and principal-only strips. Trade accounts receivable arising from sales on credit and loans receivable arising from real estate lending activities of proprietary activities are examples of receivables that do not meet the definition of a security; thus, those receivables are not debt securities. (If, however, they have been securitized, they would meet the definition.)

Equity securities are defined as:

Any security that represents an ownership interest in an entity, including common, preferred, or other capital stock; unit investment trusts; and closed-end mutual funds. However, the term equity security does not include convertible debt or preferred stock that either is required to be redeemed by the issuing entity or is redeemable at the option of the investor.

Equity securities also include option contracts, stock warrants, and stock rights. External investment pools are defined above.

An interest earning investment contract is defined as:

A direct contract, other than a mortgage or other loan, that a government enters into as a creditor of a financial institution, broker-dealer, investment company, insurance company, or other financial services company and for which it receives, directly or indirectly, interest payments. Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed and bank investment contracts (GICs and BICs).

Life settlement contracts are defined as having the following characteristics:

1. *The government-investor does not have an insurable interest (an interest in the survival of the insured, which is required to support the issuance of an insurance policy).*
2. *The government-investor provides consideration to the policy owner of an amount in excess of the current cash surrender value of the life insurance policy.*
3. *The contract pays the face value of the life insurance policy to the government-investor when the insured dies.*
4. *The government-investor is the policyholder.*

Open-end mutual funds are defined as:

An SEC-registered investment company that issues shares of its stock to investors, invests in an investment portfolio on the shareholders' behalf, and stands ready to redeem its shares for an amount based on its current share price. An open-end mutual fund creates new shares to meet investor demand, and the value of an investment in the fund depends directly on the value of the underlying portfolio. Open-end mutual funds include governmental external investment pools that are registered as investment companies with the SEC and that operate as open-end funds.

Valuation

With very few exceptions as noted below, governmental entities are required to carry investments at fair value. Fair value is a measurement based on market conditions, not reporting-entity characteristics.

Quoted market prices need to be obtained at year-end and an adjustment made to increase or decrease the general ledger value of the investment. Market adjustments may be made to either the actuals or full accrue ledger and can be made throughout the fiscal year or during the fiscal year-end accounting close.

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Actuals or Full Accrue	Increase investment value to market	113021-120151	Investment account	x,xxx	
		442025	Unrealized Gain/Loss		x,xxx
Actuals or Full Accrue	Decrease investment value to market	442025	Unrealized Gain/Loss	x,xxx	
		113021-120151	Investment account		x,xxx

In the absence of quoted market-based prices, fair value must be determined through alternative valuation methods. Examples of alternative valuation methods include, but are not limited to, appraisals, present value analysis, expected cash flow techniques, comparison analysis of similar investments, replacement cost analysis. Institutions should contact the NDUS Director of Financial Reporting for additional guidance before using alternative valuation methods.

When investments are sold for more or less than book value, a gain or loss on the sale needs to be recorded as follows:

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Actuals	Gain on sale of investments	103251-112201	Cash account	x,xxx	
		113021-120151	Investment account		x,xxx
		442020	Gain/loss on sale		x,xxx
Actuals	Loss on sale of investments	103251-112201	Cash account	x,xxx	
		113021-120151	Investment account		x,xxx
		442020	Gain/loss on sale	x,xxx	

A. Custodial Credit Risk
B. Concentrations of Credit Risk

Financial Instrument	Applies to A Only	Applies to A and B	Applies to B Only
	Deposit	Investment	
		Security	Not Security
Checking account	X		
Demand deposit	X		
Savings Account	X		
Time deposit	X		
NOW account	X		
Negotiable CD		X	
Non-negotiable CD	X		
Money market account at financial institution	X		
Money market mutual fund			X
Bank Investment Contract (BIC)	X		
Savings and Loan Investment Contracts (SLIC)	X		
GIC (is a contract, not a security)			X
Annuity Contracts			X
US government security		X	
Government-sponsored entity debt (e.g., FNMA)		X	
Bankers' acceptance		X	
Commercial paper		X	
Corporate bonds		X	
Municipal debt securities		X	
Corporate stock/equity securities		X	
Asset-backed securities		X	
Real estate			X
Closed-end mutual fund		X	
Open-end mutual fund			X
Unit investment trust		X	
Investment pool managed by another government			X
Investment assets of IRC		X	X
Investment in foreign markets (such as Eurodollar CD's or obligations of World Bank or other international agency)		X	
Venture capital investment			X
Investment in limited partnership			X
Investment in private placement			X
Direct investments in mortgages and other loans			X

SECTION: RECEIVABLES

Receivables are amounts due for goods or services delivered but for which no collection has been made. Receivables of all types are accounted for in accounts 124001 – 137001.

Student Receivables

Student receivables include amounts due for tuition, fees, food service, room and board charges and apartment rent and are generated by and managed in the student finance module and/or ancillary modules. Student finance module transactions should be balanced to the entries uploaded and posted to the general ledger. Manual accounts receivable can be recorded using account 124003 (AR-Nonstudent Non G/C).

Credit Policy

SBHE Policy 830.1, summarized below, outlines the billing and collection policy for student accounts.

- All tuition and fees shall be paid within the first 12 school days of the term unless the student is expected to receive financial aid or is participating in an approved plan providing for delayed payment.
- Financial aid disbursements may be applied directly to student charges.
- Tuition, fees, room, board and other charges may be billed to a third party payor.
- Institutions may provide for a 30-day "billing" period for collection of flight fees, parking fines and other payments not practical on an advance "cash payment" basis.
- Institutions may assess a carrying charge not to exceed 1.75% per month on any charge not paid within 30 days of the date due. See also NDCC 13-01-14 for more on late fees.

Allowance for Doubtful Accounts

An allowance for doubtful accounts should be established and reviewed annually for every fund in which a portion of that fund's accounts receivable is estimated to be uncollectible. At year-end, an allowance for doubtful receivables should be calculated based on the institution's bad debt history. Aging reports and queries in the Student Finance module are used to assess collectability. An entry should then be made to increase or decrease the allowance as appropriate. In addition, accounts should be written off if the likelihood of collection is remote. Common entries are as follows:

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Actuals	Increase doubtful accts allowance	621065	Bad debts	x,xxx	
		124201	AR-allowance		x,xxx
Actuals	Write off uncollectible A/R	124201	AR-allowance	x,xxx	
		124001	Accounts receivable		x,xxx

Loans Receivable

Loans receivable include amounts due from students that are evidenced by a signed loan agreement, such as Perkins loans, other federal loans and short-term institutional loans. The ND Student Loan Service Center in Fargo manages collection of the Perkins loans and other federal loans. Each month, NDSLSC sends a check (or ACH) to each institution for payments received from students. These receipts need to be recorded as follows to update the general ledger so the notes receivable balance matches the records of the NDSLSC.

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Actuals	Cash revd	105251	Cash	x,xxx	
	Interest on loans	442030	Interest Inc. -Loans		x,xxx
	Late/svc chgs	462085	Late charges		x,xxx
	Int. on cash/invest	442035	Interest Inc - nonop.		x,xxx
	Principal pd.	126002	Loans receivable		x,xxx

At year-end, the NDSLSC will provide an aging report of outstanding loans. From this report, the allowance for uncollectible loans should be calculated and an entry made as follows:

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Actuals	Allowance for doubtful loans	621065	Bad debts	x,xxx	
		126202	Loans Rec.-allow.		x,xxx

The NDSLSC provides the amount of cancelled loan principal (as a result of various forgiveness provisions or uncollectability) that needs to be recorded in the general ledger with the following entry:

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Actuals	Cancel loan principal	621300	Loan princ cancel.	x,xxx	
		126002	Loans Receivable		x,xxx

When there are cancellations due to bad debt write offs/loan assignments to the Department of Education the entry that needs to be recorded in the general ledger is as follows.

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Actuals	Cancel loan principal	126202	Loans Receivable - Allowances	x,xxx	
		126002	Loans Receivable		x,xxx

Interest Receivable

Interest receivable on investments is recorded at year-end to accrue income from the date of the last credit of interest to the fiscal year-end.

Grants and Contracts Receivable

Grants and contracts receivable are amounts due from federal, state, local or private entities for expenditures incurred under grants and contracts, but not reimbursed. An entry at year-end should be made to record a receivable in each project, to appropriately reflect the activity for the financial statements.

Appropriation Receivables

Appropriation receivables are amounts due from the state for general fund expenditures that have been incurred, for which the funds have not yet been drawn. If appropriate, a receivable should be recorded at year-end for operating and/or capital expenditures, in their respective funds.

Due from Other NDUS Institutions

Record amounts due from other NDUS institutions in account 137005. Generally, this account will only be used at year-end.

SECTION: OTHER ASSETS

Other assets are accounted for in accounts 141001 – 144002 and 161002-162102.

Inventories

Inventories represent goods held for general distribution by central stores and recharge centers or goods held for resale by auxiliary enterprises and for. Inventories are generally stated at cost plus freight and are generally accounted for under the first-in, first-out, or moving weighted average methods. A physical count of inventory should be conducted on at least an annual basis to verify the accuracy of the amount recorded in the general ledger. When the inventory count is completed, the information should be forwarded to the Controller's office where any necessary adjustments will be made to the general ledger.

Prepaid Expenses

By the end of the fiscal year, all prepaid expenses should be recorded in the general ledger in account 142002.

Bond Issuance Costs and Discounts – See Long-Term Liabilities Section

SECTION: CAPITAL ASSETS

Capital assets are accounted for in accounts 151002 – 152127. Capital assets consist of real property such as land, buildings and improvements thereon, and personal property which includes equipment, library books and collections. Capital asset policies and categories are described below.

Beginning June 30, 2015, all NDUS institutions will use the PeopleSoft Asset Management module to record and track land, building, improvements, infrastructure and intangibles assets as well as accumulated depreciation for each of the categories.

CAPITALIZATION POLICY:

Information on capitalization thresholds can also be found in appendix A at <http://www.nd.gov/fiscal/docs/fiscaladmin2011.pdf>

Land

All tracts of land acquired by purchase, gift, bequest or other means should be capitalized. Land that is purchased shall be capitalized at the purchase price plus ancillary charges such as broker and legal fees and expenses incurred in preparing the land for use, such as building demolition and grading. Donated land should be capitalized at fair market value at the date of the gift or bequest. An independent professional appraisal is appropriate for establishing the valuation of land and buildings acquired by gift or bequest. Minimum capitalization threshold is \$10,000.

Land Improvements & Infrastructure

Land improvements include such items as parking lots, fencing, gates and athletic fields. Work to maintain land improvements in existing condition should be expensed. Work to improve the land should be capitalized.

Infrastructure includes items such as streets, street lighting, roads, sidewalks, bridges, tunnels, curbs, utility distribution systems and storm sewers. An institution should only capitalize infrastructure if it has title to the asset. Bond documents, city or county minutes or departmental records may need to be reviewed to determine proper title. Work to maintain infrastructure assets in existing condition should be expensed. Work to improve the institution's infrastructure should be capitalized. Minimum capitalization threshold is \$10,000.

Buildings & Building Improvements

This category consists of all structures used for operating purposes and includes all permanently attached fixtures, machinery, and other components. If a component can be removed without damaging the building, it is considered equipment and should not be included in the value of the building. When a building is purchased or acquired by donation, the valuation method to be utilized is the same as that for land. If a building is constructed, all direct costs of construction (including work performed by university personnel) are included in the capitalized value of the building. Interest expense relating to construction is also capitalized, net of interest income earned on resources set aside for the construction or remodeling costs.

This category also includes significant structural changes that increase the building's usefulness, efficiency, or useful life. Alterations, structural changes and extraordinary repairs and replacements that increase the usefulness, efficiency or life of existing buildings should be added to the recorded value as noted above. Work to maintain buildings in existing condition, such as painting or repairs, should be expensed. Minimum capitalization threshold is \$10,000.

Repairs versus Capitalized Improvements

Expenditures to maintain a capital asset in its normal good state of repair are considered ordinary repairs and replacements. Such items are reported as expenditures and are not capitalized. Examples are replacement or repair of floor coverings or roofs, reconditioning by replacing small parts, painting or regular maintenance costs.

Extraordinary repairs and replacements are major repairs and replacements made, not to keep an asset in its normal state of repair, but to extend its useful life beyond that originally estimated. Such items costing greater than \$10,000 are capitalized and depreciated over the remaining life of the asset.

The following accounts are to be used for land, land improvements & infrastructure, buildings & building improvements, construction in progress costs that are capitalized per the definition above:

Acct#	Acct Descr.
682005	Architect Fees Capitalized
682007	Consulting Capitalized
682015	Engineering Fees Capitalized
682020	Building Improvements Capitalized
682030	Electrical Contractor Capitalized
682040	General Contractor Capitalized
682050	Heating/Ventilation Capitalized
682060	Land & Site Preparation Capitalized
682070	Surveying Capitalized
682075	Testing Services Capitalized
682080	Internal Labor Capitalized
682085	Internal Materials Capitalized
682090	Other Capital Payments Capitalized
682100	Plumbing Mechanical Contractor Capitalized
682110	Special Assessments
682113	Furniture Capitalized
682115	Asbestos Capitalized

Capital Improvement Fund and Account Coding

Generally, costs in the capital account code group (682000-682115) are charged to a capital improvement type of fund (local, appropriated, or grant). It is permissible to use capital account codes in operating funds, to a certain extent. Small remodeling projects (between \$10,000 and \$100,000) or other small capital costs may be charged to an operating fund.

Generally, costs incurred in a capital improvement type of fund are for costs coded to the capital account code group (682000-682115). It is permissible to use non-capital account codes in a capital improvement type of fund. In certain cases, appropriated extraordinary repair projects are most appropriately classified as repairs, based on the NDUS capitalization policy.

For purposes of capital tracking report preparation, the capital codes charged to operating funds should be included. Non-capital costs in capital improvement funds should also be reported in the capital tracking report. Each year's costs in the capital tracking report should be reconciled to the total of the capital improvement funds (both capital & non-capital account codes), plus any capital costs charged to operating funds.

Construction in Process

This category includes all capitalizable costs incurred in the construction or fabrication of an asset, which is not completed at the end of the fiscal year. Interest expense relating to construction is capitalized, net of interest income earned on resources set aside for the construction or remodeling costs. These costs are not depreciated until the asset is substantially complete.

Equipment

This category includes personal property that is movable. Equipment may be purchased, fabricated, or received by donation. Purchased equipment should be capitalized at invoice cost (less all discounts) plus any freight, installation costs and any trade-in allowance. Fabricated equipment should be capitalized using all direct costs associated with fabrication and installation of the item. Donated equipment is capitalized at fair market value as of the date of the gift.

Each institution should establish an inventory system that provides for accountability of capitalized equipment. Equipment should be “tagged” with identifying numbers. An investigation should be made of equipment not found during periodic physical inventories, and such equipment should be removed from the records.

The following accounts should be used when paying an invoice for individual equipment purchases (including enhancements) costing greater than \$5,000. The following groups of accounts are used to record these acquisitions of capitalized equipment.

Transaction	Acct#	Acct. Descr.
IT Equipment over \$5,000	693005-693025	Major Equip-IT
Other equip over \$5,000	691005-691040	Major Equip-Other

Library Books

Library books should be capitalized at their purchase price plus shipping and any incidental costs. Donated books should be recorded at fair value as of the date of the gift. Rare books that are considered “collections” similar to works of art and historical treasures should follow the guidance for collections below.

Account codes 532020-532090 are used for the purchase of library materials that may be capitalized at year-end.

Acct	Acct Descr.
532020	Books
532085	Periodicals

Intangible Assets

This category includes assets that benefit the institution through special rights and privileges of their ownership as opposed to the physical characteristics (e.g. patents, copyrights, leases, licenses). Capitalization is required in accordance with GASB, SFAS 51.

Account codes to be used for costs related to the acquisition of intangible assets are as follows:

Large Intangible Asset Costs Capitalized - Intangible Assets

(Use the codes on the next page if at the onset the total expenses are expected to exceed \$25,000; except for Website Intangibles, Internally Developed Software, and Capitalized Software which have other thresholds noted below.)

Acct#	Acct Descr.
691065	Website - Intangible Asset (&50,000 threshold if internally developed, see Definitions below)
691045	Mineral, Water, Timber Rights - Intangible Asset
691070	Other Easements - Intangible Asset
691075	Right of Way - Intangible Asset
691050	Copyright - Intangible Asset
691060	Trademark - Intangible Asset
691080	Logos - Intangible Asset
691055	Patent - Intangible Asset
693030	Internally Developed Software - Intangible Asset (\$50,000 threshold - See Definitions below)
693035	Capitalized Software - Intangible Asset (\$5,000 threshold) (See Definitions Below)

Definitions

Intangible Assets – Intangible assets lack physical substance (cannot be physically touched), are non-financial in nature and the useful life extends beyond one year.

Software (Purchased) – Most purchased software is not capitalized, even if the cost exceeds \$5,000, because what is usually being paid for is an annual maintenance fee or license to use the software for one year or less. Since the cost is only benefitting one year, it should be considered an operating expense and coded to account 531015. If a perpetual license is purchased (lifetime or license for more than one year) and the cost exceeds \$5,000, the license should be capitalized using account code 693035.

Internally Developed Software – Use account code 693035 for all costs if at the start of an internally developed software project the total costs are expected to exceed \$5,000. In addition to the \$5,000 threshold, the project must have specific objective and service capacity; demonstrate feasibility to complete the project, and demonstration of an intention to develop the software. If software is developed while research is being conducted and it did not have that objective or service capacity at the beginning of the research, the costs would not be capitalized.

Website – Account code 691065 should be used to account for all costs if at the start of a web project the total costs related to the development of a website internally (by university personnel) are expected to exceed \$50,000. Also use 691065 for any costs related to the development of a website by a 3rd party and costs are expected to exceed \$25,000 at the onset of the 3rd party agreement. If an existing web site is being updated and considered more of maintenance than enhancements, those costs should be expensed in the period the expense is incurred and *not* recorded with account code 691065.

Collections

GASB Statement 34 defines collections as “works of art, historical treasures, or similar assets that are (a) held for public exhibition, education, or research in furtherance of public service rather than financial gain,, (b) protected, kept unencumbered, cared for, and preserved, and (c) subject to organizational policy that requires the proceeds of items that are sold to be used to acquire other items for collections.” Works of art, historical treasures, and similar assets that do not meet the above definition are not considered to be collections and must be capitalized.

The NDUS chooses not to capitalize collections, but a comprehensive list should be maintained by each institution for insurance purposes. Purchased “collections” should be expensed. Donated “collections” should be recorded as Contribution and Donations Revenue and Operating Expense in equal amounts, as required by GASB Statement 33.

Leased Assets

Public colleges and universities are required to apply the criteria of FASB Statement 13, Accounting for Leases, to determine when a lease agreement requires capitalization. Institutions should record both the capital asset and the associated liability as noted under Long-term Liabilities.

Sale of capital assets

Capital assets that are sold should be removed from the accounting records. Receipt of cash for capital assets should be recorded as follows:

Ledger	Transaction	Acct#	Acct Descr.	Debit	Credit
Actuals	Record proceeds of sale of capital assets	105251	Cash	x,xxx	
		462060	Excess Property Sales		x,xxx

The sales proceeds are input to PeopleSoft Asset management in deleting the sold equipment item and are used in calculating a gain or loss on disposal.

Accumulated Depreciation

The NDUS calculates depreciation using the straight-line method over the following estimated useful lives. Currently, all Institutions, except UND and NDSU, use the ½ year convention. UND and NDSU use the full-year straight-line method. The composite method is used for library book depreciation. All books purchased during a year are consolidated together and depreciated as a group of assets rather than individually.

Land Improvements	10 – 50 years
Infrastructure	20 – 60 years
Buildings	10 – 50 years
Building Improvements	10 – 50 years
Equipment	3 – 20 years
Intangibles	5 – 30 years
Library Books	10 years

The above range may vary by institution depending on specific circumstances. In order to estimate useful lives, institutions may use facilities management industry guidelines, the institution’s prior experience, and information from other similar public and private institutions as long as they are within OMB’s guidelines. Generally equipment is assigned a salvage value of zero both to ease calculation and to be consistent with amounts received in the past when the institution has scrapped equipment.

Examples of fixed asset journal entries can be found at <http://www.ndus.edu/employees/accounting-manual-forms/>.

Fair Value

If a capital asset is held for investment, it should be measured at fair value. GASB 72 defines fair value as the price that would be received for an asset or paid to transfer a liability in a current transaction between marketplace participants. GASB 72 defines an investment asset as a “security or other asset that a government holds primarily for the purpose of income or profit and its present service capacity is based solely on its ability to generate cash or to be sold to generate cash.” The investment designation is made upon acquisition and remains for the life of the asset, even if the usage changes at a later time. Assets designated as investments should be reclassified to investments for financial reporting purposes. Refer to the investment section of this manual for additional guidance on valuing and recording these investments.

Assets initially reported as a capital asset and later held for sale would not be reclassified as an investment.

Section: Deferred Outflows of Resources

A deferred outflow of resources is defined as a consumption of net position by an institution that is applicable to a future reporting period. It has a positive effect on net position, similar to assets. GASB statement 63/65 requires these items to be reported in a separate section of the Statement of Net Position (SNP) (formerly the Statement of Net Assets). Examples of deferred outflows are:

- Service Concession Arrangements.
- Grant expenditures paid in advance of meeting timing requirements. This does **not** include those amounts paid in advance of eligibility requirements.
- Deferred amounts from refunding of debt (debit amounts).
- Cost to acquire rights to future revenues.
- Deferred loss from sale and leaseback.
- Negative fair value of government hedge of a future transaction (applies to derivatives).
- Actuarially determined portion of pension expense.
- Employer contributions to the pension plan subsequent to the measurement date of the net pension liability.

Section: Liabilities

Liabilities are debts owed by the Institution. Typically, debts must be paid by certain dates. Many liabilities are incurred by purchasing an item on credit. Other liabilities are assumed through the acquisition of assets or through the payroll process.

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable are accounted for in accounts 201001 to 217001 and include all obligations of an institution for goods or services received, but for which no payment has been made.

Accounts Payable Auditing

Accounts payable transactions should be audited by the accounting department, using one of the methods below or a combination of both. Institutions should chose the method that best fits their institution's needs, risk assessment and staffing levels.

- Audit 100% of transactions.
- Sample Auditing. The following conditions must be in place before implementing this option. Institutions currently using sample auditing as of July 6, 2017 must comply with the following conditions by December 31, 2017.
 - Methodology: Institutions must develop a methodology that includes:
 - The categories of transactions that will be audited (for example, electronic, paper transactions, travel, P-card, etc.)
 - Detailed description of how the samples are selected.

- Include name of PeopleSoft queries used, if applicable.
- Whether the sample is selected randomly or based on a monetary threshold, or a combination of both.
- Monetary thresholds.
 - For example: “All transactions between \$x,xxx and \$x,xxx will be subject to sample auditing. All transactions greater than \$x,xxx will be audited at 100%”.
- The methodology must be in writing and approved by the institution’s Vice-President of Finance. The approval must be documented in writing.
- The methodology document must be retained and made available to auditors and NDUS System Office, if requested.

Whether 100% audit or sample auditing is chosen, the transactions should be audited, at a minimum, for the following:

- Existence of proper documentation. For example:
 - Invoices, receipts, signed contract
 - Purchase orders, if one was issued.
- Existence of proper approval.
- Proper account coding. Accuracy of amounts and quantity billed.
- Compliance with SBHE policies, NDUS procedures, institution policies and North Dakota century code.

The auditor should document and date the transaction, to indicate an audit of the transaction has been completed. Any exceptions or discrepancies found should be documented and the transaction returned to the originator for resolution.

Accounts/Vouchers Payable - 201001

Vouchers created in the accounts payable module are typically posted to the general ledger with a debit to an expense account and a credit to accounts/vouchers payable. The credit to accounts/vouchers payable remains until the vouchers is paid. When paid, an entry debiting accounts/vouchers payable and a credit to cash is posted to the general ledger. At fiscal year -end, vouchers may be entered into the system and given an invoice and accounting date of the month prior to the payment date. The system will create a June 30th accounts/voucher payable entry with a date of 6-30-xx until the voucher is paid. The payable will be extinguished on the date the payment is made.

Sales Tax Payable - 201101

This account is used to record sales tax collections that have not been remitted to the State Tax Commissioner. Typically, sales tax collections are remitted to the State Tax Commissioner on a quarterly basis.

Interest payable Current (203001) and Non-Current (203101)

These accounts are used to record current and non-current interest payable on outstanding bonds Notes and Capital Leases.

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Actuals	Record accrued interest on L-T debt	581025	Capital Lease Interest pymts	x,xxx	
		701005	Bond interest pymts	x,xxx	
		701015	Notes payable-int. pymts	x,xxx	
		203001	Interest payable		x,xxx

Contracts Payable – Construction (208001) & Contracts Payable-Retainages (208101)

208001 – Contracts Payable Construction

Account used at year end to record the liability for amounts due to contractors. This account would be used when an actual payment is not available to be backdated.

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Actuals	Record Contracts Payable – Construction	682005-682115	Capital project expenses	x,xxx	
		208001	Contract Payable-Construction		x,xxx

208101 – Contracts Payable - Retainages

Account used during the year or at year end to record liability for amounts withheld from the amount due a contractor until the projects is complete.

Construction contracts typically will have a provision for an amount that is retained and paid at the end of the contract, after all final inspection of the work is completed. The cumulative amount the institution has retained on payments to contractors should be recorded in the accounting records at fiscal year-end as follows:

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Actuals	Record contractor retainage	682005-682115	Capital project expenses	x,xxx	
		208101	Contract Payable-Retainages		x,xxx

Due to Other Funds - Current (211001) and Due to Other Funds - Non Current (211101) – Due to Other Funds – Current – (reported on SNP to A/P and Accrued Liabilities) – Amount borrowed to another University Fund that is to be repaid within a year.

211101 – Due to Other Funds – Non Current – (reported on SNP to Other Non-Current Liabilities) – Amount borrowed to another University Fund that is not expected to be repaid within a year.

Accounts Payable to CU Current (213001) and Non-Current (213101)

These accounts should be used to record current and non-current amounts owed to component units for financial statement reporting purposes. Amounts due to component

units within one year should be recorded using account 213001, those more than one year account 213101.

Due to other State Agencies – 217001

Accounts payable to North Dakota state agencies other than NDUS institutions outstanding as of June 30th should be reclassified to account 217001 in the FullAccrue Ledger and reversed on July 1st. Query NDU_AP51 may be used to identify year-end payables due to other state agencies.

Due to Other NDUS Institutions – 217005

Records amounts due to other NDUS institutions at year end in account 217005. Generally, this account will only be used at year end.

Interest Payable

This account is used to accrue interest on long-term debt from the last payment date through fiscal year-end. The accrual is recorded on June 30 as follows in the retirement of indebtedness fund where the interest is paid:

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Actuals	Record accrued interest on L-T debt	701005	Bond interest pymts	x,xxx	
		701015	Notes payable-int. pymts	x,xxx	
		203001	Interest payable		x,xxx

ACCRUED PAYROLL

Accrued salaries and fringe benefits are accounted for in accounts 223001 to 223101.

Accrued Salaries Payable

This account includes the accrued cost of salaries and wages earned by the employee at year-end, but for which payment has not yet been made. NDUS employees are paid semi-monthly with a two-week lag time. The CND staff provides directions to upload the system-generated entries to this account at year-end to record the salaries and wages earned for the two-weeks ended June 30 but not paid until the middle of July.

Faculty – 9mo Pd over 12 Liab

This account includes the accrued cost of salaries and wages earned by the employee, but not paid out yet. E.g. if an instructor’s contract is August-May, but he/she chooses to be paid through July, the amount that has been earned, but not paid yet will be in this account.

Payroll Withholdings

This account records all amounts withheld from employee’s pay for which the institution has an obligation to remit to an outside agent. Examples of withholdings include flex benefits, AFLAC, employee FICA, federal and state taxes, NDPERS, and TIAA-CREF (employee’s portion). These accounts will have balances throughout the year, depending upon timing of payments to the vendors.

Health Insurance Payable

This account includes the health insurance amount that has been charged to each department each payroll. When the payroll payables have been paid to the vendor, there should not be a balance in this account. It should zero out each month.

Accrued Fringes Payable

This account records all amounts for which the employer is liable with the exception of health insurance. Examples of accrued fringes include NDPERs and TIAA-CREF (employer's portion), TIAA disability, unemployment compensation, employer FICA, and workers' compensation. These accounts may have balances throughout the year, depending upon timing of payments to the vendors.

Retirement/Tenure Payable

Institutions can negotiate early retirement and tenure agreements in accordance with SBHE Policy 703.1. When the employee and institution have signed the agreement, a payable needs to be recorded in the accounting records as follows:

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Actuals	Record early retirement agreements	512005	Salaries other	x,xxx	
		516055	Health Insurance	x,xxx	
		516075	Life Insurance	x,xxx	
		223101	Retirement/tenure payable		x,xxx

The retirement payable at fiscal year-end needs to be recorded reversing the expenditure to reflect payments made during the year in the HRMS module:

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Actuals	Record payments on early retirement agreements	223101	Retirement/tenure payable	x,xxx	
		512005	Salaries other		x,xxx
		516055	Health Insurance		x,xxx
		516075	Life Insurance		x,xxx

In addition, GASB 47 requires the retirement liability to include projections of health insurance cost increases, discounted to the present for financial statement purposes. This adjustment is included in the Financial Reporting Manual.

OTHER LIABILITIES

Other liabilities are accounted for in accounts 224002 - 225005 and 234002, 234102 and 234202.

Deposits

The deposit account reports an institution's liability for amounts placed on deposit for such items as room deposits, key deposits, or lab breakage fees. These amounts may be returned

to the depositor or utilized by the institution to cover expenses incurred in relation to the purpose of the deposit.

Amounts Held for Others

This account represents the net amount of funds the institution is holding in agency funds as custodian for an outside organization. Net activity in agency funds is closed to this account at fiscal year end.

Unearned revenue

The deferred revenue account reports payments received by the institution for which no goods or services have yet been delivered as of the fiscal year end. The recognition of revenue occurs in a subsequent fiscal period in which delivery is completed.

Summer school tuition revenue is a common unearned revenue item. Tuition and fee revenue is prorated to the appropriate fiscal year based on the number of days in the term that fall into each year. The prorated amount for the period of instruction that falls after June 30 is reclassified to unearned revenue for fiscal year-end reporting:

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Fullaccrue	Record unearned revenue for summer school	460001	Tuition and fees	x,xxx	
		225002	Unearned revenue		x,xxx

SECTION: LONG-TERM LIABILITIES

This section is based upon information from the Financial Accounting & Reporting Manual for Higher Education (FARM), Chapter 323 Bonds and Notes Payable and Chapter 326 Compensated Absences.

NDUS currently prepares the following footnotes related to long term liabilities for the annual financial statements:

- Pension Liability
- Long term Liabilities
 - Bonds Payable
 - Notes Payables
 - Capital Leases
 - Other Long Term Liabilities
 - Compensated Absences

Long-term liabilities are liabilities expected to mature more than one year from the balance sheet date. These include the **noncurrent** portion of pension liability, bonds and notes payable, compensated absences, special assessments and capital lease agreements. The current portion of long term liabilities should be adjusted once a year.

Pension Liability

GASB 68, effective July 1, 2014 requires institutions to record the actuarially determined pension liability and corresponding expense, deferred inflow and deferred outflow related to the pension liability. During each year-end close, NDPERS will provide the amounts and corresponding accounts to the NDUS System Office who, in turn, will forward to the institutions. The full amount of the liability is recorded to account 234205 – Pension Liab - Noncurrent. There is not a current component for the pension liability.

Long-Term Debt

Public institutions often issue long-term debt to finance construction or acquisition of academic, student service, or auxiliary enterprise facilities. Such debt may be issued at par, or at a discount or premium. Bonds are often sold between interest payment dates. Certain bond issuance costs may be incurred. Bonds will carry interest requirements, generally paid semiannually. Bonds are generally paid in serial installments. Bonds and long-term notes may be retired by repayment, assumption by third parties, or by advance refunding that represent legal or “in-substance” defeasance of debt. Finally, bond covenants generally require reserve requirements for debt service and for renewals and replacements.

Bonds Payable

The bonds payable account reports the institution’s liability for indebtedness represented by a bond indenture. Bonds payable are normally recorded in the investment in plant fund as they were incurred to acquire capital assets.

BOND ISSUE COSTS

Bond issuance costs are expensed in the period they are incurred using account 671205- Bond Issuance Costs.

REVENUE BONDS

Proceeds from the issuance of revenue bonds should be receipted as follows in an unexpended plant fund:

The cash could be deposited into an Investment in Plant fund but NDUS has always accounted for the cash in the same fund that pays for the purchases from the bond proceeds.

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Actuals	Record proceeds of revenue bonds	105251	Cash	x,xxx	
		483010	Other bond proceeds		x,xxx

The principal balance payable on the bond should be recorded in the investment in plant fund as follows:

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Fullaccrue		483010	Other bonds proceeds	x,xxx	

	Record revenue bond payable	230102*	Bonds payable- noncurr		x,xxx
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By the end of the fiscal year, the current portion of the long term debt is coded to account 230002-Bonds Payable-Current for financial statement purposes. This is the amount of the bond issue that must be paid within a fiscal year. Use 230003-Bonds Payable to CU-Current for current portion of bonds payable to component units.

**Use account 230103-Bonds Payable to CU-NonCurrent for the non-current portion of bonds payable to component units*

STATE BONDS:

Some NDUS capital projects are funded by the legislature with state bonds issued by the state bonding authority. Sometimes the institution will have a match requirement, which means the institution will be required to pay a portion of the bond principal and/or interest. Receipt of state bond proceeds from the bonding authority is recorded as follows:

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Actuals	Record proceeds of bonding authority bonds	105251	Cash	x,xxx	
		483005	Bonding Authority		x,xxx

The principal balance payable on any match requirement of the state bond should be recorded in the investment in plant fund as follows:

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Fullaccrue	Record state bond match payable	483005	Bonding Authority	x,xxx	
		230102	Bonds payable- noncurr		x,xxx

By the end of the fiscal year, the current portion of the long term debt is coded to account 230002 for financial statement purposes. This is the amount of the bond issue that must be paid within a fiscal year.

SALE BETWEEN INTEREST PAYMENT DATES:

When a bond is sold between payment dates, the bond purchaser pays for the accrued interest in addition to the bond. The example above assumed the bonds were sold on the first day of the interest period (and the fiscal year), July 1, 200X. If the bonds were sold at par on October 1, 200X (half way through the first interest period), the entry to investment in plant to record the bond sale would be:

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Fullaccrue		483010	Bond Proceeds	x,xxx	

	Record interest payment between payment dates at time of bonds purchased	203001	Interest Payable Current		x,xxx
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The entry to record the interest payment in investment in plant is as follows:

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Fullaccrue	Record interest payment between payment dates at time of bonds purchased	203001	Interest Payable Current	x,xxx	
		701005	Bond Interest Payments		x,xxx

This entry assumes the actual cash payment was recorded in the actuals ledger with a debit to 701005, bond interest payments.

SALE BETWEEN INTEREST DATES AND BONDS ISSUED AT A DISCOUNT OR PREMIUM:

When bonds are sold between interest dates at a premium or discount, compute the accrued interest at the date of sale. The remaining amount is the unamortized balance of bonds payable. For example, if the bonds were sold on October 1, 200X, (three months until the next payment of 3 percent) at a price of \$10,355,000. The accrued interest payable would be \$150,000 ($\$10,000,000 \times 06 \times 3/12$). The \$10,205,000 would be the net proceeds, resulting in a premium of \$205,000.

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Fullaccrue	Record interest payment between payment dates at time of bonds purchased	144002	Bond Discount	x,xxx	
		483010	Bond Proceeds		x,xxx

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Fullaccrue	Record interest payment between payment dates at time of bonds purchased	701005	Interest Expense	x,xxx	
		144002	Bond Discount Bond Proceeds		x,xxx

Premiums and Discounts

When bonds are sold at a premium, the effective interest rate in the market is lower than the stated interest rate on the bonds, and the market is willing to pay a premium for the bonds. The proceeds from the bond premium are used for purposes specified in the bond agreement. Amortization of the premium results in a reduction of interest expense. The receipt of a premium does not affect the amount paid in interest.

When bonds are sold at a discount, the effective interest rate in the market is higher than the stated interest rate on the bonds, and the market is willing to pay a lower amount for

the bonds. The proceeds are less than the par amount of the bonds, so interest expense would be greater than the interest paid. Bond discounts increase interest expense. A discount would be recorded as an asset at the time of the bond sale and amortization is calculated in the same manner described above for premium amortization.

The entries to record the asset or liability for the bond premium or discount at the time of bond issuance are as follows.

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
FullAccrue	Record revenue bond premium	483010	Bond Proceeds	x,xxx	
		234105	Unamortized bond premium		x,xxx
Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
FullAccrue	Record expense bond discount	144002	Unamortized bond discount	x,xxx	
		483010	Bond Proceeds		x,xxx

The method to amortize a premium or discount is the effective interest method; that is, to multiply the effective interest rate by the amount actually borrowed. Another method of amortization of the premium or discount is the straight-line basis. This method can be used if yields amounts that are close enough to the effective interest method of amortization. With the straight line method, the premium or discount amortization is spread evenly over the life of the bonds. The entries would be to the same general ledger accounts using either the effective interest method or the straight-line method, but with different amounts.

When amortizing the discount, the interest expense is debited and bond discount (asset) is credited. When amortizing the premium, the interest expense is credited and bond premium (liability) is debited.

Example using effective interest method: If \$10,000,000 par value bonds with a stated interest rate of 6% and an effective interest rate of 5% were sold for \$10,460,339, the premium calculation over the life of the bonds using the effective interest method of amortization would be:

Effective Amount Borrowed	Effective Interest @2.5%	Payment	New Balance
\$10,460,339	\$261,508	\$ 300,000	\$10,421,847
10,421,847	260,546	1,300,000	9,382,393
9,382,393	234,560	270,000	9,346,953
9,346,953	233,674	1,270,000	8,310,627
8,310,627	207,766	240,000	8,278,393
8,278,393	206,960	1,240,000	7,245,353

7,245,353	181,134	210,000	7,216,487
7,216,487	180,412	1,210,000	6,186,899
6,186,899	154,673	180,000	6,161,572
6,161,572	154,039	1,180,000	5,135,611
5,135,611	128,390	150,000	5,114,001
5,114,001	127,850	1,150,000	4,091,851
4,091,851	102,296	120,000	4,074,147
4,074,147	101,854	1,120,000	3,056,001
3,056,001	76,400	90,000	3,042,401
3,042,401	76,060	1,090,000	2,028,461
2,028,461	50,712	60,000	2,019,173
2,019,173	50,479	1,060,000	1,009,652
1,009,652	25,241	30,000	1,004,893
1,004,893	25,107*	1,030,000	-0-

* Rounded

The same calculation would apply for a bond discount.

The entries for the amortization of the bond premium or discount are as follow:

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
FullAccrue	Record revenue bond premium	234105	Unamortized bond premium	x,xxx	
		701005	Amortization expense		x,xxx
Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
FullAccrue	Record expense bond discount	701005	Amortization expense	x,xxx	
		144002	Unamortized bond discount		x,xxx

The premium on bonds amount in invested in capital assets, net of related debt would be a valuation account added to the liability account. Conversely, a discount on bonds amount would be a contra-liability. The entry for the first interest payment on January 1, 200Y, would be:

At the end of the fiscal year, an entry needs to be made to reclass the current portion of bond premiums and discounts to general ledger accounts 144001 and 234005.

Entry to reclass current portion of bond discounts:

Transaction	Acct #	Acct Descr.	Debit	Credit
Record payment in investment in plant	144001	Bond Discounts - Current	x,xxx	

	144002	Bond Discounts-Non-Current		x,xxx
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Entry to reclass current portion of bond premiums:

Transaction	Acct #	Acct Descr.	Debit	Credit
Record payment in investment in plant	234105	Unamortized Bond Prem-Non-Curr	x,xxx	
	234005	Unamortized Bond Premium- Current		x,xxx

BOND RESERVE REQUIREMENTS:

Bond covenants generally require reserve requirements for debt service and for renewals and replacements. Monies for these reserves will be transferred from the bond proceeds or other funding sources to the retirement of indebtedness funds or the renewal and replacement funds, as appropriate.

INSTALLMENT PAYMENTS:

The principal and interest portions of the bond installments are identified separately on the amortization schedule provided in the final bond documents. After the installments are paid from the retirement of indebtedness fund (701010 and 701005), the interest and principal amounts should be recorded in the investment in plant fund as follows:

Transaction	Acct #	Acct Descr.	Debit	Credit
Record payment in investment in plant	230002	Bonds Payable	x,xxx	
	701010	Bond Principal		x,xxx
	701005	Bond Interest		x,xxx

This entry assumes the actual cash payment was recorded in the actuals ledger with a debit to 701005, bond interest payments.

BOND REFUNDING:

While an institution might make several internal entries to record this transaction, the net effect would be, assuming that the initial proceeds were used to acquire capital assets:

Invested in Capital Assets, Net of Related Debt

Plant Funds

Bonds Payable	10,000,000	
Deferred Loss on Refunding	2,500,000	
Bonds Payable		12,500,000

Refundings involve the issuance of new debt whose proceeds are used to repay previously issued debt. According to GASB, a current refunding represents a situation where new debt proceeds are used immediately to retire old debt. An advance refunding occurs when new debt proceeds are placed in an irrevocable trust with an escrow agent and invested where they are used to pay principal and interest on the old debt at a future time. Debt may be advance refunded for a number of reasons. Generally, advance refunding occurs to take

advantage of lower interest rates. Other factors, such as extending maturity dates, revising payment schedules, or removing or modifying restrictions, may also lead to advance refunding. It may be necessary in advance refundings to issue new debt in an amount greater than the old debt. In these cases, savings may still result if the total new debt service requirements are less than the old debt service requirements. Most advance refundings will result in the defeasance of debt, either legally or in substance, for public institutions that report as BTAs.

A legal defeasance occurs when debt is legally satisfied based on certain provisions in the debt instrument even though the debt is not actually paid. An in-substance defeasance occurs when, for accounting purposes, the debt is considered defeased even though a legal defeasance has not occurred.

The difference between the reacquisition price and the net carrying amount of the old debt (i.e., gain or loss on refunding) should be deferred and amortized as an adjustment of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. The straight-line or effective interest methods are the ones most commonly encountered. The deferred amount should be reported in the Statement of Net Position as a deduction from or addition to the new debt liability. If the current or advance refunding is a refunding of a prior refunding, then the amount of the deferred gain or loss should be added to the remaining deferred balance from the prior refunding. The reacquisition price includes any call premium on the old debt but excludes any discount, premium, or issuance costs of the new debt.

Reacquisition price is the amount required to repay previously issued debt in a refunding transaction. In a current refunding, this includes principal of the old debt and any call premiums. In an advance refunding, it is the amount placed in escrow that, together with interest earnings, is necessary to pay interest and principal on the old debt and any call premium. Premium or discount and issuance costs pertaining to the new debt are not considered part of the reacquisition price, but instead are separate items related to and amortized over the life of the new debt.

Net carrying amount is the amount due at maturity, adjusted for any unamortized premium or discount.

For example, assume a public institution decides to defease \$10 million of its 10 percent term bonds due in 20 years, but with an earlier call date, with a 1 percent call premium. The institution issues at par \$10 million par value 5 percent debt maturing in 10 years. The deferred gain or loss on this refunding is calculated as:

Reacquisition price	\$10,000,000	
Call premium	<u>100,000</u>	
Funds needed to acquire old bonds		\$10,100,000
(continued on next page)		
Par value of old debt		<u>10,000,000</u>
Deferred loss on refunding		<u>\$ 100,000</u>

The deferred loss would be amortized over the shorter period of the remaining life of the old debt or new debt.

Assume that the institution sold \$12,500,000 of refunding bonds at 5 percent to retire the \$10 million amount of bonds cited in the previous example but the call date was in 10 years. The net proceeds from the new issuance were used to acquire U.S. Treasury securities yielding 5 percent that were deposited with an escrow agent. The principal and interest receipts from the Treasury securities are sufficient to fund interest payments on the debt until the call date and to pay the call premium along with the full maturity value of \$10 million and meet all of the requirements of an in-substance defeasance. The deferred gain or loss on this refunding is calculated as:

Reacquisition price	\$12,500,000
Net carrying amount of old bonds	<u>9,750,000</u>
Deferred Loss on Refunding	<u>\$ 2,750,000</u>

GASB requires all entities to make certain disclosures in the annual financial statements when they defease debt through advance refundings. The NDUS discloses the following, (a) change in total debt service payments (the difference between the cash flows required to service the old debt and the new debt, (b) the economic gain or loss resulting from the transaction (difference of the present values of the debt service payments on the old and the new debt), (c) average interest rate of the old and new debt, and (d) the amount outstanding of the in substance defeased debt, as long as a balance remains outstanding.

New debt issued in an advance refunding should be recorded like any other revenue bond, as identified above. Gains and losses on the close-out of the old debt resulting from advance refundings are to be deferred and recognized over the remaining life of the old debt or the remaining life of the new debt, whichever is shorter in the fund holding the debt. The old debt that is in-substance defeased should be removed from the investment in plant fund as follows:

Certificates of Participation

Certificates of participation (COP) are debt instruments similar to bonds however an investor purchases a share of the lease revenues of a program rather than the bond being secured by those revenues. The accounting for COP's is the same as for bonds. However, the following general ledger accounts should be used to record COP's.

230004 – Cert of Participation – Curr

230104 – Cert of Participation – NC

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Fullaccrue	Remove defeased debt	230002	Bonds payable-current	x,xxx	
		230102	Bonds payable-noncurrent	x,xxx	
		171005	Deferred outflows (used to record deferred loss on refunding).	x,xxx (loss)	
		235005	Deferred inflows (used to record deferred gain on refunding)		x,xxx (gain)
		483010	Other bond proceeds		x,xxx

A sample template and journal entries are included below.

EXAMPLE
Series xxxxx Refunding Bonds

	Int	Par	Unamortized Bond Discount	FY14 Amortized
Old Bonds, Series 2004 (6/30/2013)		8,505,000		
4/1/2014 pymt - Recorded as usual	(205,326)	(250,000)		
Old Bonds Refunded		8,255,000	166,168	149,095
Refunding of Series 2004 bonds	8,710,326			
Regular 4/1/2014 scheduled pymt	(455,326)			
Par Value of Old Debt	8,255,000			

Cost of Issuance Summary (New Debt)				
Underwriter's Discount	\$	84,939		
Other Costs of Issuance	\$	108,975		
Total Costs of Issuance			\$ 193,914	
Other Costs of Issuance	\$	108,975		
COI Expended	\$	(101,683)		
Cash Balance in COI Fund			\$ 7,292	immaterial

Principal of old Debt	\$	8,255,000		
Call Premium on Old Debt	\$	-		
Reacquisition Price			\$ 8,255,000	per GASB 65, para 6 footnote 3
Net Carrying Value of Old Debt	\$	(8,255,000)		
Adjustment for Unamortized Original Issue Discount	\$	17,072		
Net Carrying Amount of Old Debt			\$ (8,237,928)	per GASB 65, para 6 footnote 3
Cost of Issuance - Unused				
Deferred outflow on refunding			\$ 17,072	

Accounting Entries

Purpose	Acct Description	Acct #	Debit / (Credit)	
Remove defeased Debt-Principal	Bonds Payable-noncurrent	230102	\$ 8,255,000	Full Accrue
Amortize FY14 Deferred Loss	Deferred gain/loss current	171005	\$ 284	Full Accrue
Amortize FY14 Deferred Loss	Bond Interest Expense	701005	\$ (284)	Full Accrue
Expense the Bonds Issuance Costs on New Debt	Bond Issuance Cost Expense	671205	\$ 193,914	Full Accrue
Original Issue Premium on new bonds	Uamortized Bond Premium	234105	\$ (108,914)	Full Accrue
Add new debt - par value	Bonds Payable-current	230002	\$ (290,000)	Full Accrue
Add new debt - par value	Bonds Payable-noncurrent	230102	\$ (8,050,000)	Full Accrue
Remove defeased Debt-Unamortized Original Issue Discount	Bond Discounts	144002	\$ (17,072)	Full Accrue
Deffered Outflow	Deferred outflow	171005	\$ 17,072	Full Accrue
			\$ -	

Notes Payable

Notes payable are not as common as bonds payable in the NDUS but notes payable can be recorded for performance contracts issued for energy improvements, and other approved items financed.

Cash received by the institution should be receipted as follows in the unexpended plant fund: *The cash could be deposited into an Investment in Plant fund but NDUS has always accounted for the cash in the same fund that pays the purchases from the bond proceeds.*

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Actuals	Record proceeds of notes payable	105251	Cash	x,xxx	
		715015	Other additions/deductions		x,xxx

The principal balance payable on the note should be recorded in the investment in plant fund as follows:

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Fullaccrue	Record note payable	715015	Other additions/deductions	x,xxx	
		231102*	Notes payable-noncurr		x,xxx

By the end of the fiscal year, the current portion of the long term debt is coded to account 231002 for financial statement purposes. This is the amount of the notes payable that must be paid within a fiscal year. Use account 231003-Notes Payable-Current for current portion of notes payable to component units.

*Use 231103 for noncurrent portion of notes payable to discretely presented component units.

The principal and interest portions of the note payable installments are identified separately on the amortization schedule provided by the lender. When the installments are paid from the retirement of indebtedness fund (701005 and 715015), the interest and principal amounts should be coded as follows:

Transaction	Acct #	Acct Descr.	Debit	Credit
Record payment in investment in plant	715020	Note Principal		x,xxx
	701015	Note Interest		x,xxx

Capital Leases

Capital leases can be recorded for standard capital leases as well as lease transactions for energy performance debt and lease revenue bonds. Leases are accounted for in accordance

with FASB Statement No. 13 and subsequent interpretations. A lease that, at its inception, meets one of the four following criteria, is classified as a capital lease:

- A. The lease transfers ownership of the property to the lessee by the end of the lease term.
- B. The lease contains a bargain purchase option. A bargain purchase option is defined as "a provision allowing the lessee, at his or her option to purchase the leased property for a price which is sufficiently lower than the expected fair value of the property at the date the option becomes exercisable that exercise of the option appears, at the inception of the lease, to be reasonably assured."
- C. The lease term is equal to 75 percent or more of the estimated economic life of the leased property. However, if the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the leased property, including earlier years of use, this criterion shall not be used for purposes of classifying the lease.
- D. The present value at the beginning of the lease term of the minimum lease payments, excluding that portion of the payments representing executory costs such as insurance, maintenance, and taxes to be paid by the lessor, including any profit thereon, equals or exceeds 90 percent of the excess of the fair value of the leased property.

The excel template *Capital Lease Determine-revised Jan-07.xls* should be used to determine whether a lease is capital or operating. It is available on the NDUS website at <http://ndus.edu/employees/accounting-manual-forms/>.

If a lease, at its inception, does not meet any of the above criteria, it is classified as an operating lease. Operating leases represent rentals, which are generally charged as expenses in the period in which incurred. (See Operating Leases in the Expense Section.)

Capital leases, in substance, represent the purchase of a good and the incurrence of a liability. If the asset meets the capital asset criteria, it should be recorded in the fixed asset system in accordance with the procedures outlined in the Capital Asset section. The following general ledger entry is also needed to properly record the capital lease liability in the investment in plant fund:

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Fullaccrue	Record capital lease-assets capitalized	681010	Capital Lease Additions	x,xxx	
		232102*	Capital lease payable-noncurr		x,xxx

By the end of the fiscal year, the current portion of the capital lease is coded to account 232002-Capital Leases Payable - Current for financial statement purposes. This is the amount of the capital lease that must be paid within a fiscal year. Use account 232003-

Cap Lease Pay to CU-Current for current portion of capital leases payable to discretely presented component units.

*Use 232103 – Cap Lease Pay to CU-NonCurr for noncurrent capital lease payable to discretely presented component units.

See the capital asset section of this manual for entries to capitalize the equipment, building or land that has been leased.

If the assets leased do not meet the capitalized asset criteria, the following general ledger entry is needed to properly record the expense and the capital lease liability in the investment in plant fund:

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Fullaccrue	Record capital lease – <u>assets expensed</u>	551005-552095	Minor equipment – less than \$5,000	x,xxx	
		232102*	Capital lease payable-noncurr		x,xxx

*Use 232103 – Cap Lease Pay to CU-NonCurr for noncurrent capital lease payable to discretely presented component units.

The principal and interest portions of the capital lease payable installments are identified separately on the amortization schedule provided by the lessor. When the installments are paid, the interest and principal amounts should be coded as follows:

Transaction	Acct #	Acct Descr.
Principal amount	581030	Equip cap lease- principal
	581040	IT Equip cap lease- principal
	582050	Building cap lease- principal
	582055	Land cap lease-principal
Interest amount	581025	Equip cap lease- interest
	581035	IT Equip cap lease- interest
	582040	Building cap lease- interest
	582045	Land cap lease-interest

See the revenue bond section of this manual for example of entry in the investment in plant fund for principal payments made.

Extinguishment of Debt

A public institution reporting as a BTA may consider debt to be extinguished for financial reporting purposes when it:

- Repays or refinances its debt;
- Is legally released from its primary obligation to pay the debt; or

- Completes an advance refunding that constitutes either a legal or an “in-substance” defeasance of the debt.

The accounting and financial reporting requirements for extinguishments of debt are contained in SGAS 23, FASB Statement No. 76, *Extinguishment of Debt* (SFAS 76), and SGAS 7. SGAS 23 addresses deferred recognition of gains and losses. SFAS 76 covers events constituting extinguishments. SGAS 7 establishes the disclosure requirements. Any gain or loss from refunding is deferred under the BTA model because the gain or loss on refunding is deemed to be a component of the new debt and should be amortized as part of the new debt.

Extinguishment of Debt by Repayment

Repayment of debt is the most common method of extinguishment. Repayment also includes an institution’s reacquisition of its debt in the open market, regardless of whether the debt securities are canceled or held as treasury bonds. All repayments of debt are considered extinguishments if the institution is relieved of its obligations with respect to the debt. For example, assume that an institution owed \$1,250,000 in debt associated with plant in service. The institution paid \$1,275,000 from debt service funds to retire that debt, in accordance with prepayment requirements. Entries to illustrate this transaction are as follows:

Invested in Capital Assets, Net of Related Debt

Plant Funds

Bonds Payable	1,250,000	
Loss on Retirement	25,000	
Cash		1,275,000

The net effect is a reduction of \$25,000 in total net position.

Extinguishment of Debt by Third-Party Assumption

The second manner in which extinguishment of debt occurs is when an institution is legally released from being the primary obligor under the debt and when it is probable that the institution will not be required to make future payments with respect to that debt under any guarantees. “Probable” used in this context is defined in FASB Statement No. 5, *Accounting for Contingencies*.

Sometimes a third party assumes an institution’s debt. For example, an institution may sell the net assets of a loan fund that has incurred long-term debt. To remove the debt of that fund from its books, the institution must be legally released from the role of primary obligor under the debt.

Whether legal release from the role of primary obligor is obtained depends on terms of the transaction, terms of the debt agreement, and provisions of state laws. An opinion of legal counsel may be necessary to determine whether the legal release criteria have been met. In addition, when the institution remains secondarily liable, it must be probable that no future payments will be required under the secondary obligation before the debt can be removed from the Statement of Net Position.

Debt Refundings

Refundings involve the issuance of new debt whose proceeds are used to repay previously issued debt. A current refunding occurs when new debt proceeds are used to repay old debt immediately. An advance refunding occurs when the new debt proceeds are placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time. Most advance refundings will result in the defeasance of debt, either legally or in substance, for public institutions that report as BTAs. A legal defeasance occurs when debt is legally satisfied based on certain provisions in the debt instrument even though the debt is not actually paid. An in-substance defeasance occurs when, for accounting purposes under the guidance in SFAS 76, the debt is considered defeased even though a legal defeasance has not occurred. When debt is defeased, it is no longer reported as a liability in the Statement of Net Position; only the new debt is reported as a liability.

Debt may be advance refunded for a number of reasons. Generally, advance refunding occurs to take advantage of lower interest rates. Other factors, such as extending maturity dates, revising payment schedules, or removing or modifying restrictions, may also lead to advance refunding. It may be necessary in advance refundings to issue new debt in an amount greater than the old debt. In these cases, savings may still result if the total new debt service requirements are less than the old debt service requirements.

Debt is considered defeased in substance if the debtor irrevocably places cash or other assets in a trust with an escrow agent to be used solely for satisfying scheduled payments of interest and principal of the defeased debt. In addition, the probability of the debtor being required to make future payments on that debt must be considered remote. The trust is restricted to owning only monetary assets that are essentially risk-free as to the amount, timing, and collection of principal and interest. These assets are generally limited to direct U.S. Treasury obligations, obligations guaranteed by the U.S. government, or those securities backed by U.S. government obligations as collateral. These monetary assets held in trust must also provide cash flows that coincide, in timing and amount, with the scheduled interest and principal payments on the defeased debt.

For current refundings and advance refundings resulting in defeasance of debt reported by public institutions reporting as BTAs, the difference between the reacquisition price and the net carrying amount of the old debt (i.e., any gain or loss on refunding) should be deferred. This deferred amount should be amortized as an adjustment of interest expense in a systematic and rational manner over the shorter period of the remaining life of the old debt or the life of the new debt. The straight-line or effective interest methods are the ones most commonly used. The deferred amount should be reported in the Statement of Net Position as a deduction from or addition to the new debt liability. If the current or advance refunding is a refunding of a prior refunding, the amount of the deferred gain or loss should be added to the remaining deferred balance from the prior refunding. The reacquisition price includes any call premium on the old debt but excludes any discount or premium.

For example, assume an institution decides to defease \$10 million of its 10 percent term bonds due in 20 years, but with an earlier call date, with a 1 percent call premium. The institution issues at par \$10 million par value 5 percent debt maturing in 10 years. The deferred gain or loss on this refunding is calculated as:

Reacquisition price	\$10,000,000	
Call premium	<u>100,000</u>	
Funds needed to acquire old bonds		\$10,100,000
Par value of old debt		<u>10,000,000</u>
Deferred loss on refunding		<u>\$ 100,000</u>

The deferred loss would be amortized over the shorter period of the remaining life of the old debt or new debt.

Assume that the institution sold \$12,500,000 of refunding bonds at 5 percent to retire the \$10 million amount of bonds cited in the previous example but the call date was in 10 years. The net proceeds from the new issuance were used to acquire U.S. Treasury securities yielding 5 percent that were deposited with an escrow agent. The principal and interest receipts from the Treasury securities are sufficient to fund interest payments on the debt until the call date and to pay the call premium along with the full maturity value of \$10 million and meet all of the requirements of an in-substance defeasance. The deferred gain or loss on this refunding is calculated as:

Reacquisition price	\$12,500,000
Net carrying amount of old bonds	<u>10,000,000</u>
Deferred Loss on Refunding	<u>\$ 2,500,000</u>

While an institution might make several internal entries to record this transaction, the net effect would be, assuming that the initial proceeds were used to acquire capital assets:

Invested in Capital Assets, Net of Related Debt

Plant Funds

Bonds Payable	10,000,000	
Deferred Loss on Refunding	2,500,000	
Bonds Payable		12,500,000

Special Assessments Payable

This account is used to record the institution’s liability for special assessments to the county treasurer for land and infrastructure improvements. Special assessments on city/county owned property are expensed in the year assessed. Special assessments on campus-owned that meet the capitalization requirements are capitalized and depreciated over the useful life of the improvements. Special assessments on campus-owned property that do not meet the capitalization requirements are expensed as repairs. The payable for the capitalized special assessments is recorded in the Investment in Plant funds. The fund for the

city/county owned property and the campus non-capitalized payable may vary depending on what fund is used to record the expense.

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
FullAccrue	Record special assessments on <u>city/county owned property</u>	682110	Special Assessments (expense)	x,xxx	
		205001	Spec assessment payable		x,xxx
Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
FullAccrue	Record special assessments on capitalizable <u>campus-owned property</u>	681020	Infrastruct/land impr additions	x,xxx	
		205001	Spec assessment payable		x,xxx
FullAccrue	Record special assessments on non-capitalizable <u>campus-owned property</u>	591055	Repairs	x,xxx	
		205001	Spec assessment payable		x,xxx

By the end of the fiscal year, the current portion of the long term debt is coded to account 205001 for financial statement purposes. This is the amount of the special assessments payable that must be paid within a fiscal year.

The principal and interest portions of the special assessment installments are identified separately on the amortization schedule provided by the city or county. The accounts payable voucher needs to be coded appropriately for each installment payment, as follows:

Transaction	Acct #	Acct Descr.
Principal amount	683055	Spec assess princ
Interest amount	683060	Spec asses interest

See the revenue bond section of this manual for example of entry in the investment in plant fund for principal payments made.

Compensated Absences

In accordance with Section 6 and 7 of the NDUS Human Resources Policy Manual, “Benefited staff employees terminating employment must be paid for earned unused annual leave subject to all approved payroll matched reductions/deductions. Unused annual leave shall include any leave carried over from the previous year and all accrued leave up to the date of termination.” In addition, “An employee with at least ten continuous years of state employment who leaves the employ of the state, is entitled to a lump-sum payment equal to one-tenth of the pay attributed to the employee’s unused sick leave accrued under Section 7 and in accordance with N.D.C.C. Section 54-0614. The pay attributed to the accumulated, unused sick leave must be computed on the basis of the employee’s salary or wage at the

time the employee leaves the employ of the state.” These unused and payable annual and sick leave balances must be recorded in the accounting records at fiscal year-end. The following HRMS queries provide the data necessary to make the accrual calculation.

- NDU_BN_CAFR_COMP_ABS_10P_SICK_LV – calculates 10 percent of the sick balance of eligible employees.
- NDU_BN_CAFR_COMP_ABS_VACATION – calculates unused vacation balances of eligible employees.

The employer’s share of FICA (7.65%) should be multiplied by the totals from the two queries to arrive at the accrual amount for the fiscal year-end. The following entry should then be made:

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Actuals or Full Accrue	Accrue vacation and sick leave liability	511060	Vac & Sick accrual	x,xxx	
		233002	Comp Absences		x,xxx

The reverse of the above entry would be made if the calculated accrual were less than the accrual balance booked at the end of the previous fiscal year.

By the end of the fiscal year, The current portion of compensated absences is coded to account 233002, this is the amount of the liability estimated to be paid within a year. The NDUS use a percentage of the total liability, the percentage is provided by NDUS to campuses annually

**RECONCILIATION OF NET POSITION, INVESTMENT IN PLANT
RECONCILIATION OF FUND BALANCE:**

Net Position by the end of the fiscal year is total assets less total liabilities. Net position must be displayed in three broad components, invested in capital of related debt, restricted, and unrestricted. The net position balance for debt related to acquisition, construction, or improvement of capital assets is recorded in 310001, Investment in Capital Assets. The net position balance for discounts and premiums is recorded in invested in capital assets. The exceptions are compensated absences which are recorded in an unrestricted fund.

Also, bond proceeds are deposited in an unexpended plant fund. Bond debt is recorded in the investment in plant fund. If significant bond proceeds are not spent, the portion of the net position fund balance in the investment in plant fund should be transferred to the unexpended plant fund.

The calculation is as follows:

- Capital Assets
- Add bond issue costs and prepaid expenses in funds 00001-00019
- Less depreciation
- Less long term debt
- Less unamortized bond premium
- Less interest payable

Add debt portion of any unspent bond proceeds (since that debt doesn't have a related capital asset yet, the unspent portion needs to be added back in)

In accordance with Section 6 and 7 of the NDUS Human Resources Policy Manual, "Benefited staff employees terminating employment must be paid for earned unused annual leave subject to all approved payroll matched reductions/deductions. Unused annual leave shall include any leave carried over from the previous year and all accrued leave up to the date of termination." In addition, "An employee with at least ten continuous years of state employment who leaves the employ of the state, is entitled to a lump-sum payment equal to one-tenth of the pay attributed to the employee's unused sick leave accrued under Section 7 and in accordance with N.D.C.C. Section 54-0614. The pay attributed to the accumulated, unused sick leave must be computed on the basis of the employee's salary or wage at the time the employee leaves the employ of the state." These unused and payable annual and sick leave balances must be recorded in the accounting records at fiscal year-end. The following HRMS queries provide the data necessary to make the accrual calculation.

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The employer's share of FICA (7.65%) should be multiplied by the totals from the two queries to arrive at the accrual amount for the fiscal year-end. The following entry should then be made:

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Actuals	Accrue vacation and sick leave liability	511060	Vac & Sick accrual	x,xxx	
		233002	Comp Absences		x,xxx

The reverse of the above entry would be made if the calculated accrual were less than the accrual balance booked at the end of the previous fiscal year.

By the end of the fiscal year, The current portion of compensated absences is coded to account 233002, this is the amount of the liability estimated to be paid within a year. The NDUS use a percentage of the total liability, the percentage is provided by NDUS to campuses annually

Section: Deferred Inflow of Resources

A deferred inflow of resources is defined as an acquisition of net position by an institution that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities. GASB statement 63/65 requires these items to be reported in a separate section of the Statement of Net Position (formerly the Statement of Net Assets). Examples of deferred inflows are:

- Grant amounts received in advance of meeting timing requirements. This does **not** include those amounts received in advance of eligibility requirements.
- Deferred amounts from refunding debt (credit amounts).

- Proceeds from sale of future revenues.
- Deferred gain from a sale-leaseback transaction.
- Positive fair value of a government hedge of a future transaction – applies to derivatives.
- Advance of revenue from imposed non-exchange transactions.
- Actuarially determined portion of pension expense.

Section: Net Position

Source: NACUBO FARM Manual, section 350.

Net position is the residual interest in the assets that remain after deducting liabilities. GASB requires that public institutions display net position in three components: invested in capital assets, net of related debt; restricted; and unrestricted. Net position is accounted for in accounts 310001 – 330001.

INVESTED IN CAPITAL ASSETS

This category consists of capital assets less the outstanding balance of debt incurred for the purchase of or the construction or improvement of those assets. The balance at the end of each fiscal year should be the net book value after depreciation of land, buildings, equipment, improvements, library books and construction in process, **less** the outstanding debt on such assets. Debt can be in the form of bonds payable, capital leases, notes payable and special assessments. However, if significant unspent related debt proceeds exist at the end of the fiscal year, the portion of the debt attributable to the unspent proceeds should **not** be included in the calculation of invested in capital assets. Rather, that portion of the debt should be included in the same net position component as the unspent proceeds - for example, restricted, expendable or restricted for capital projects. The formula to determine whether unspent proceeds should be reclassified at year-end is located in the *Long Term Liabilities* chapter of this manual under the *Reconciliation of Fund Balance* section.

RESTRICTED

Restricted net position is the portion of net position subject to externally-imposed constraints placed on their use by external creditors (such as through debt covenants), grantors, contributors, or laws and regulations. When restricted expendable net position is present, restricted net position should differentiate between restricted expendable and restricted nonexpendable net position. Restricted nonexpendable net position are those required to be retained in perpetuity (SFAS 34, para. 34 and 35).

a. Restricted Expendable

The corpus of the asset can be spent, but is restricted to certain uses.

Subcategories of expendable net position include:

- Scholarships and fellowships: Net position restricted by donors to providing scholarships and/or fellowships to students.

- Research: Net position is restricted by grantor agencies for research programs according to the terms of the grant.
- Institutional: Net position restricted by grantor agencies for institutional use.
- Loans: Net position restricted by federal and state policies/law for use in student loan programs.
- Capital projects: Net position restricted by bonding covenants for use in construction and renovation projects.
- Debt service: Net position restricted by bonding covenants for debt retirement reserves.
- Other: Miscellaneous other restrictions that don't fit in the above categories.

b. Restricted Nonexpendable Net Position

When a donor makes a contribution and indicates that the contribution is to be maintained permanently and never expended, the net position arising from such a contribution should be classified as restricted nonexpendable net position. The most common type of such a contribution would be a contribution of cash or securities to establish an endowment. For example, an individual creates an endowed professorship for the chemistry department by contributing \$500,000 and specifying that the principal be permanently invested and the earnings be used for a salary supplement. Other examples of restricted nonexpendable net position include collection items that may not be sold, cash given with the stipulation that such permanently restricted collection items be acquired with the cash, and securities given to an institution with the stipulation that they never be sold. Revolving loan funds may be established with nongovernmental contributed resources. If the principal of such funds is to be permanently maintained, either in outstanding loans or as investments, such amounts should be classified as restricted nonexpendable net position.

UNRESTRICTED NET POSITION

Unrestricted net position consist of net position that do not meet the definition of restricted or invested in capital assets, net of related debt. They are available at the discretion of the institution. These funds encompass a wide array of functions core to the operations of the institutions and do not necessarily mean that the funds are unobligated. In contrast to restricted net position, the types of constraints on resources are internal and governing bodies and management can remove or modify them.

The balances are often available at a point in time only due to uneven operating cycles. Near term use of the funds is to support general operations of the units that generated the funds. For example cash balances as of June 30th are used during the fall semester and throughout the remainder of the academic year as campuses staff up for the school year, and to purchase inventory and to support food service, bookstore and other self-supporting operations. Long-term use of the funds is for repair and replacement of related capital assets.

Unrestricted net position includes balances generated from auxiliary services, tuition and fees, interest income, state appropriations and other institutional services. Although these funds are not “restricted”, the Board or the campus may designate them for specific uses. Examples of designations include:

- Emergency reserves
- Major repairs/additions
- Working capital
- Self-supporting programs (reinvestment)
- Student groups

NET POSITION CLOSING RULES

Other than a few year-end closing reclassifications, the net position accounts are only used to record the automatic closing of revenues and expenses at fiscal year-end. The net asset closing rules were set up in PeopleSoft for each institution during the initial conversion. The following chart indicates the net position account to which the fiscal years revenue and expenses are closed for each fund group. ***Please contact the NDUS Director of Financial Reporting before making any manual entries directly to net position accounts. No manual entries can be made to net position accounts in Per 1 of any year.***

The table below contains general guidelines. There may be certain circumstances that warrant exceptions to the information below. These exceptions should be kept to a minimum and should be supported by maintaining proper and auditable supporting documentation.

Fund Ranges	Fund Group	Net Asset Account
00001 - 00100	Investment in Plant	310001-Invest in Cap Assets
00101-00499	Renew & replace	330001-Unrestricted
00500-00999	Retire of Indebt/Renew & replace	320051-Expendable Debt Service - may require manual reclass at year end based upon year end calculation
01000-39999	Auxiliaries/Local/Appropriation	330001-Unrestricted
40000-49999, functions 31-33	Grants & Contracts-research	320101-Expendable Research
40000-49999, all other functions	Grants & Contracts - non-research	320076-Exp Instructional Dept Uses
50000-59999	Scholarships & fellowships	320176 Exp Scholarships & Fellowships
60000-69999	Loans	320126-Expendable Loans
70001-70199	Endowments	321001-NonExp Scholar & Endowments
70200-70499	Quasi-endowments	330001-Unrestricted OR Expendable Restricted account code if purpose is restriction (320026 through 320176)
70500-71999	Endowments	321001-NonExp Scholar & Endowments
72000-78999	Quasi-endowments	330001-Unrestricted OR Expendable Restricted account code if purpose is restriction (320026-320176)
79000-79999	Other restricted	320076-Exp Instructional Dept Uses
80000-89999	Agency	24027-Amounts Held for Others
year-end JVs	See year end entries spreadsheet at http://www.ndus.edu/employees/accounting-manual-forms/	

The year-end journal vouchers that are needed to reclassify net position at year-end are included in the Fiscal Year End Entries document at <http://www.ndus.edu/employees/accounting-manual-forms/>.

Section: Revenues

Revenues are the inflows of assets (such as cash) resulting from the sale of products or the rendering of services to customers. Revenues are recognized in the unrestricted funds as earned; revenues are recognized in the restricted funds as expenditures take place. When restricted resources are received prior to expenditure, the resources (assets) are recorded as unearned revenues. When an institution performs the services required by the restriction, revenues are recognized. A list of revenue accounts codes is included in Appendix A.

TUITION AND FEES

This category includes all tuition and fees assessed against students for educational purposes. Tuition and fees are accounted for in account 460001. Tuition and fees are recorded as revenue even if the intent is to waive the tuition and fees. The amounts of waivers should be recorded as expenditures -661015 unless it is for employee and spouse/dependents waivers. In that case, it should be employee benefits-516020. Based on the various rate and term structures, the PS system will calculate tuition and fees in the

student finance module and create journal entries that interface with the general ledger to record the revenue and receivable.

Tuition and fees charged for terms that fall entirely within one fiscal year would be recognized as revenue in that fiscal year. However, a special situation arises when revenues and student fees are assessed during an academic term that encompasses more than one fiscal year, as is the case of summer sessions. Both revenues and expenditures of these split sessions in the academic year should be reported in the fiscal year in which the revenue is predominately earned. Refer to the Liabilities Section: Unearned revenues for further information regarding year-end journal entry.

For financial statement purposes, tuition and fees and other revenues received from students are reported net of scholarship discounts and allowances. Scholarship discounts and allowances represent financial aid and waivers applied to student accounts that have already been recognized as revenue less the portion of refunds that are potentially refundable to students. Under this approach, a portion of scholarship, waivers, and grants are considered as reductions in tuition and fee revenue rather than as a scholarship expense. Therefore, student tuition and fees and auxiliary revenues are presented net of scholarship discounts and allowances. Certain other scholarship amounts paid or refunded directly to the student are generally reflected as expenses. Instructions for calculating and recording the scholarship allowance are included in the Financial Reporting Manual. A worksheet is provided by the NDUS office.

GRANTS AND CONTRACTS

The grants and contracts category includes all amounts received or made available by grants, contracts, and cooperative agreements from state, federal and private entities that are considered to be exchange transactions.

GASB Statement No. 33 defines non-exchange transactions as those wherein “a government (including the federal government, as a provider) either gives value (benefit) to another party without directly receiving equal value in exchange or receives value (benefit) from another party without directly giving equal value in exchange.” Grants and contracts that are considered to be non-exchange transaction would be classified separately as non-operating revenues.

Determining whether a specific grant or contract falls within this definition requires management to exercise professional judgment and understand the nature of the work performed by the institution, the contracting or grant-making procedures of the sponsor, and the terms of the agreements.

The majority of NDUS grants and contracts are considered exchange transactions and are reported in operating revenues. Examples of NDUS non-exchange transactions reporting as non-operating revenue are PELL, TEACH, SEOG student awards, and capital grant and contracts (capitalized assets). NDUS classifies all construction grant and contracts as non-operating income. If 100% of a grant and contract is purchasing capitalized assets, it is reported as non-operating income. A grant and contract meeting the criteria as an exchange

transaction with a portion of the budget for capitalized assets would be recorded entirely as operating income.

Grants and contracts should be classified to identify the source (federal, state or private) of the entity making the award to the institution and as capital versus operating for financial statement purposes. Additionally, tracking grants and contracts with separate restricted projects is necessary to meet granting agency reporting requirements and to accurately measure revenues and expenses related to the grant. Amounts incurred under grants and contracts are recorded using the following accounts:

Operating Grants (exchange transaction)

Grantor	Acct #	Acct Description
Federal agency	450010	Federal grants & contracts
Federal agency stimulus funding – exchange transaction	450025	Federal Grant/Contract Stimulus
Federal -- received via a non-federal entity	450015	Federal PassThruGrants-State
Federal -- received via a non-federal entity	450016	FederalPass Thru GrantsNonState
State agency	451010	State grants & contracts
Private entity	452010	Private grants & contracts

Capital Grants (non-exchange transaction)

Grantor	Acct #	Acct Description
Federal agency	450005	Federal capital G&C
Federal agency – stimulus funding	450005	Federal capital G&C
Federal agency pass thru	450005	Federal capital G&C
State agency	451005	State capital grants & contracts
Private entity	452005	Private capital G&C

Non-Operating Grants (non-exchange transaction)

Grantor	Acct #	Acct Description.
Federal agency	450020	Federal G&C non operating
Federal agency pass thru	450020	Federal G&C non operating
Federal agency stimulus funding – non-exchange transaction	450020	Federal G&C non operating
State or Private entity	480090	Other non operating revenue

State appropriation pass-through from NDUS (excluding student grant programs*)

Award	Acct #	Acct Description
Title II	450010	Federal G&C
EPSCoR	451010	State G&C
Centers of Excellence - exchange	451010	State G&C
Centers of Excellence – non-exchange	451005	State Cap G&C
Other	Contact NDUS Dir. of Financial Reporting	

*For student grant programs, see Transfer and Other Additions/Deductions section.

Amounts received from grantors for indirect cost recoveries are recorded in the accounts noted above in the grant fund when the funds are drawn from the grantor. These funds are then moved from the grant fund to a local fund with the following entry:

Ledger	Transaction	Acct #	Acct Description.	Debit	Credit
Actuals	Entry to charge the G&C fund for the amount of your indirect charge	730015 and-730020, some schools may need to use 730005-730016	F&A and Admin Allowance	x,xxx	
		105251	Cash		x,xxx
Actuals	Receive indirect cost recovery from grant funds	105251	Cash	x,xxx	
		484005-484010	Admin Allowance and Indirect Costs (F&A)		x,xxx
Consol	Reverse revenue and expense so not double recorded	484005-484010	Admin Allowance and Indirect Revenue (F&A)	x,xxx	
		733015 - 733020	Admin Allowance and Indirect Expense (F&A)		x,xxx

The admin allowance expense and indirect cost revenue are eliminated at year-end with a closing entry in the CONSOL ledger to eliminate the doubling of the revenue and expenses.

Grant and contract funds may be associated with other types of funds for match. The finance system does not associate those funds electronically. The match funds are accounted for in the type of fund related to the activity within that fund. For example, registration fees collected are accounted for in a local fund. Appropriated funds used for a match are still accounted for in an appropriated fund.

At year end all G&C need to be reviewed for proper year end balances in the general ledger. Examples of items to be reviewed are:

- Normally revenue equals expenses at year end
- Cost reimbursable grants & contracts will normally have a negative cash and positive grants receivable at year end
- Advance pay or fixed price grant and contracts (scheduled pays in PS) normally have unearned revenue or grants receivable at year end depending upon the timing of expenses to revenue
- Fixed price may have revenue greater or less than expenses at end of project
- F & A is backdated for expenses backdated in the general ledger

At this time, this is a manual process but every year more queries are developed to assist with this effort.

Accounts normally used for grants and contract revenue may be used for a fund that is not a grant and contract fund. For example, a check is received from the federal government not meeting the requirement to be a grant and contract (no deliverable), the account codes 45xxxx may be used in the non-G&C fund (ex. HUD subsidy for resident hall debt).

Fixed Price Awards

Campuses may have awards that are classified as scheduled pays, task complete and percent complete in PeopleSoft. These award types are also known as fixed price awards. These awards pay based upon something other than cost, it can be a time schedule, completing a task, or the percentage a project is complete. Fixed Price agreements are intended to be break even (not revenue generating); therefore, the budgets should be developed carefully to ensure that it is an accurate estimation of expenditures for meeting the project goals and objectives. The awarding agency allows the campus to keep any funds not used for the project and spend at the discretion of the campus.

The expectation is we will collect all these funds regardless of amount spent. Because of this assumption, campuses recognize the revenue on these awards (fixed price) when it is earned, not when spent. If the entire amount is not spent, the revenue is still 100% recognized.

FARM 361.6 states; once revenue is recognized as restricted, the revenue is not derecognized unless the original entry was an error. In this case, the revenue was not recognized in error, it was recognized when earned. Therefore, when moving the unspent money out of a restricted fund to an unrestricted fund, a following transfer account codes should be used rather than a revenue account code:

- 490002 – Interfund Transfers In
- 490004 – Intrafund Transfers In
- 490009 – Mandatory Transfers In
- 722005 – Intertransfer Out
- 722010 – Intratransfer Out
- 722015 – Mandatory Transfers

Sample journal entry:

Fund	Project	Account Number	Account Name	Debit	Credit
Transfer Out:					
4xxxx	xxxxxxxxxx	use one of the transfer accounts listed above	use one of the transfer accounts listed above	\$x,xxx	
unrestricted local fund	xxxxxxxxxx	105251	Cash		\$x,xxx
Transfer In:					
unrestricted local fund	xxxxxxxxxx	105251	Cash	\$x,xxx	
4xxxx	xxxxxxxxxx	use one of the transfer accounts listed above	use one of the transfer accounts listed above		\$x,xxx

Appropriations

This category includes monies made available to an institution by legislative acts or local authority. This category does not include governmental grants and contracts. Appropriations should be classified to identify the governmental level (federal, state or local) of the legislative body making the appropriation to the institution. Revenue from state or federal appropriations for general operating purposes versus for capital expenditure purposes should be identified at the account level. Appropriations are accounted for in the following accounts:

Operating Appropriations (non-operating on the SRECNP)

Governmental Level	Acct #	Acct Descr.
Federal	461050	Federal appropriations
Local	461150	Local Appropriations
State	461250	State Appropriations
Tax Levies	480020	Tax Revenue – non operating

Capital Appropriations

Governmental Level	Acct #	Acct Descr.
Federal	461100	Federal capital appropriations
State	461300	State capital appropriations

Cash for state operating appropriations is transferred based on a schedule that is set up by the institution at the beginning of the biennium. The semi-monthly draws are scheduled to coincide with tuition collections and expenditure patterns of each institution. The system office collects the drawdown schedules and forwards them to OMB and the State Treasurer for their planning purposes. The schedule can be modified on a quarterly basis if necessary.

Once the schedule is set, each institution initiates a draw on the working day immediately preceding the 6th work day and on the working day immediately preceding the 25th of each month by entering an A/P voucher using the state business unit identifier (e.g. UND is 230000) instead of the higher ed business unit (e.g. UND01). An ACH will be generated

to the institutions bank account within a couple of days. All operating appropriations are drawn down by biennium end, whether spent or not.

The institution draws down capital appropriation via an A/P voucher, similar to the like operating appropriation draws, as needed. Unspent capital appropriations can be carried forward to the new biennium if approved by the legislature.

CHARGES FOR SERVICES/SALES

This category includes revenues that are related incidentally to the conduct of instruction, research, and public service and revenues of activities that exist to provide instructional and laboratory experience for students and that incidentally create goods and services that may be sold to students, faculty, staff, and the general public. Examples of revenues of educational activities are advertising in campus publications, fees for conferences organized by the institution and box office sales for campus theatrical and musical events. Revenues generated by hospitals (including health clinics that are a part thereof) should be classified as sales and services of hospitals.

Charges for sales and services of educational activities are accounted for in accounts 462004 – 462935. Auxiliary services are not to use these accounts because these accounts roll-up into the sales and services line in the revenue section of the annual financial statements.

If sales and services to students, faculty, or staff, rather than training or instruction, is the purpose of an activity, the revenue should be classified as sales and services of auxiliary enterprises or hospitals, as appropriate.

Institutions should not take the revenues received from sales and services of educational departments and offset them against departmental expenses. This would have the effect of netting activity.

AUXILIARY SERVICES

An auxiliary enterprise is an entity that exists predominantly to furnish goods or services to students, faculty, or staff, and that charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. The general public may be served incidentally by some auxiliary enterprises.

Auxiliary enterprises are essentially self-supporting operations and may include residence halls, food services, intercollegiate athletics, college unions, college stores, and other self-supporting services. Even though they may serve students and faculty, hospitals are classified separately because of their size and relative financial importance.

This category is limited to revenues derived directly from the operation of auxiliary enterprises. For financial statement purposes, Auxiliary services are accounted for in accounts 470001 – 470799. Departments that are not auxiliary enterprises are not to use these accounts because they roll up into the auxiliary enterprises line in the revenue section of the annual financial statements. Revenues from gifts, grants, or endowment income designated for auxiliary enterprises should be reported under the accounts designated for

these specific categories. Before the end of the fiscal year, there is an automated allocation process to be run to re-categorize revenue transactions within auxiliary services when auxiliary revenue account codes were not utilized and to re-categorize revenue transactions within non-auxiliary services when auxiliary revenue account codes were utilized. The Peoplesoft navigation is: Allocations > Define and Perform Allocations > Request Allocation > Add a new Value. This process will need to be run for each month.

CONTRIBUTIONS AND DONATIONS

This category includes amounts received from nongovernmental organizations and individuals.

Monetary gifts received by the institution should be recorded as follows:

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
Actuals	Monetary gift received	105251	Cash	x,xxx	
		478005	Gifts		x,xxx
	Gifts received from Related Foundations	105251	Cash	x,xxx	
		478007	Gifts from Related Foundations		x,xxx
	Capital Gifts received from Related Foundations	105251	Cash	x,xxx	
		xxxxxx	Other Assets (use if gift included assets instead of or in addition to cash).	x,xxx	
		478015	Capital Gifts from Related Foundations		x,xxx

Gifts of equipment with a fair value at time of gift that is greater than \$5,000 should be entered into the asset management system. The asset management system will debit the asset and credit 681040 in FullAccrue. The following general ledger entry in the FullAccrue ledger is needed to record the gift:

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
FullAccrue	Received gift of assets >\$5,000	681040	Machinery/Equipment Additions	x,xxx	
		478010	Capital Gifts		x,xxx

Gifts of capitalized intangible assets should be entered into the asset management system. The asset management system will debit the asset and credit 681040 in FullAccrue. The following general ledger entry in the FullAccrue ledger is needed to record the gift:

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
FullAccrue	Received gift of capitalized intangible assets	681025	Intangible Asset Additions	x,xxx	
		478010	Capital Gifts		x,xxx

		478015	Capital Gifts from Related Foundations		x,xxx
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Gifts or bequests of capital assets, other than equipment, library books or intangibles, should be recorded at fair market value at date of acquisition as follows: (use accounts from 151002-151177)

Ledger	Transaction	Acct #	Acct Descr.	Debit	Credit
FullAccrue	Record gift of capital assets	151002	Land	x,xxx	
		151052	Buildings & Leaseholds	x,xxx	
		151027	Infrastructure/Land Improvements	x,xxx	
		151077	Building Improvements	x,xxx	
		151152	Construction in Progress	x,xxx	
		478010	Capital Gifts		x,xxx
		478015	Capital Gifts from Related Foundations		x,xxx

INVESTMENT INCOME

Interest received or earned and added to the par value of the investment are recorded in the following accounts:

Transaction	Acct #	Acct Descr.
Investment interest earned on institutional funds	442035	Interest Income-Non Oper
Investment interest earned on endowment funds	442015	Endow Income-Non Oper

Management fees associated with investment management services are recorded in account 4420005-Investment Income Mgmt Fee.

Journal entries to record gains/losses on sales of investments and to mark investments to market value are included under Investments in the Asset Section.

OTHER MISCELLANEOUS REVENUES

This category includes miscellaneous receipts of funds that do not fit in any other category, such as the receipt of insurance settlements, gas tax deposits, med school tax deposits and other non-operating revenue. Receipts that are re-classified as other non-operating revenue are identified in the Financial Reporting Manual. Other miscellaneous revenue is accounted for in accounts 480005 – 480090.

INTERDEPARTMENTAL REVENUE

This category is used to record receipts from other campus departments for transactions such as supplies sold by the bookstore and meals/beverages provided by food service, among others.

Entries to elimination interdepartmental revenues and expenses at fiscal year-end are included in the Financial Reporting Manual.

SYSTEM OFFICE TRANSFERS

See Transfers and Other Additions/Deductions Section.

Section: Expenses

Expenses are the outflows of assets (such as cash) resulting from the purchase of products and services. Expenses are recorded through payroll, accounts payable, interdepartmental billings, and journal entries. A listing of expense account codes is included in Appendix A.

OPERATING LEASES

Under an operating lease arrangement, the institution does not own the rented or leased item, either during, or at the end of the contract's term. (To determine if a lease is capital or operating, see Capital Leases under the Long-Term Liabilities Section.) Payments for operating leases and rentals should be accounted for in the following accounts:

Operating lease agreements:

Acct #	Acct Descr.
581005	Aircraft Rental – operating lease
581015	Equip rental – operating lease
581045	IT equip rental – operating lease
582030	Building rental – operating lease
582035	Land rental – operating lease

Short-term rentals:

Acct #	Acct Descr.
581020	Equipment rental
581055	Office equipment rental
581060	Other rental
582005	Booth & room rental

INTEREST EXPENSE

Interest expense on short-term operating lines, past due accounts and other borrowings not related to capital assets should be accounted for in account 641005.

Interest expense on capital asset related debt should be accounted for in the following accounts:

Acct #	Acct Descr.
581025	Equipment-capital lease-interest
581035	IT Equip – capital lease-interest
582040	Building capital lease – interest
582045	Land capital lease – interest
683060	Special assessment interest
701005	Bond interest pymts
701015	Notes payable- interest pymts

MINOR EQUIPMENT

Individual equipment purchases costing less than \$5,000 should be expensed when paid, using the following accounts.

Transaction	Acct #	Acct Descr.
IT Equip under \$5,000	Minor equip-IT	551005-551035
Other equip under \$5,000	Minor equip-other	552005-552095

NDCC section 44-04-07 requires institutions to maintain “a complete and current inventory record of all property of sufficient value and permanence as to render such inventory record practical”.

OMB policy 205 requires institutions to account for inventory of sufficient value and permanence, independent of the \$5,000 capitalization threshold for financial statement reporting.

For equipment purchased on or after July 1, 2019, each institution will make a one-time determination of the dollar level and type of non-capitalizable equipment to be tracked, based on an internal analysis performed by the appropriate institution personnel, taking into consideration equipment that is particularly at risk or vulnerable to loss.

The analysis and conclusion must be documented, approved by the institution’s Vice-President of Finance or their designee and retained in accordance with NDUS record retention policies.

Institutions will perform an annual physical inventory of the non-capitalizable equipment determined to be tracked as a result of the internal analysis. The inventory must be certified by the appropriate institution personnel and retained in accordance with NDUS record retention policies.

At their discretion, institutions can use the Asset Management module in PeopleSoft to account for non-capitalized equipment for insurance purposes.

INTERDEPARTMENTAL EXPENSES

This category is used to pay for purchases made from other campus departments such as supplies purchased from the bookstore and meals/beverages purchased from food service,

among others. Entries to eliminate interdepartmental revenues and expenses at fiscal year-end are included in the Financial Reporting Manual.

FUNCTIONAL CLASSIFICATION

For information on classification of expenses by functional category, see Chapter: Fund Functions.

Section: Transfers and Additions/Deductions

TRANSFERS

Transfers differ from expenditures. Expenditures are the recognition of the expending of resources toward the objectives of the respective fund. Transfers are amounts moved between funds to be used for the objectives of the recipient fund. There are two types of transfers, mandatory and non-mandatory. Mandatory and non-mandatory transfers in and out of funds are netted in the financial records in the financial reporting process and therefore are not shown on the face of the financial statements.

Mandatory Transfers

Mandatory transfers are made as a result of binding legal agreements, including:

- Debt reserve requirements,
- Debt retirement (principal and interest),
- Required provisions for renewals and replacements of plant,
- Grant match requirements (ex. Perkins FCC), and
- Donor match requirements.

As an example, transferring funds for a debt reserve requirement mandated by the bond covenant is as follows:

Ledger	Fund Group	Acct #	Acct Descr.	Debit	Credit
Actuals	Unrestricted	722015	Mandatory Trsfr-Out	x,xxx	
		105251	Cash		x,xxx
Actuals	Retirement of Indebt. Fund	105251	Cash	x,xxx	
		490009	Mandatory Trsfr-In		x,xxx

Non-mandatory Transfers

Non-mandatory transfers are made at the discretion of management, and include:

- additions to loan funds,
- additions to quasi-endowment funds,
- general or specific plant additions,
- voluntary renewals and replacements of plant, and
- transfers to cover operating expenses or fund deficits.

Intrafund Transfers:

Intrafund transfers are transfers between funds within the same fund group. An example would be a transfer of bookstore funds to the student center to help cover operating expenses, which would be recorded as follows:

Ledger	Fund	Acct #	Acct Descr.	Debit	Credit
Actuals	Bookstore	722010	Intratransfer – out	x,xxx	
		105251	Cash		x,xxx
Actuals	Student Center	105251	Cash	x,xxx	
		490004	Intrafund Transfer-in		x,xxx

Interfund Transfers:

Interfund transfers are transfers between funds in different fund groups. An example would be a transfer of auxiliary funds to plant improvement funds for the construction of an addition to the student center, which would be recorded as follows:

Ledger	Fund Group	Acct #	Acct Descr.	Debit	Credit
Actuals	Local	722005	Intertransfer – out	x,xxx	
		105251	Cash		x,xxx
Actuals	Plant Improvement	105251	Cash	x,xxx	
		490002	Interfund Transfer-in		x,xxx

Inter-Institution Transfers:

Account 722024 is to be used for **one-time unusual** transactions between Institutions and/or the NDUS System Office. It is **not** to be used for day-to-day transactions that occur in the normal course of business. Examples of when this account would be used are transfers of positions, fte’s and/or programs. Use of this account for **any** transaction requires the prior approval of the NDUS Director of Financial Reporting.

Transfers to or from Agency Funds:

Because a campus is only acting as fiscal agent with respect to an agency fund, revenue and expenses of agency funds do not appear in the institution’s financial statements. Therefore, transfer accounts can never be used when a transaction occurs between the institution’s funds and an agency fund, otherwise transfers in and out will not net to zero and the financial statements will not balance. Revenue and expense account codes must be used with any activity between the institution’s funds and agency funds.

OTHER ADDITIONS/DEDUCTIONS

With the adoption of GASB 34 and 35 and the subsequent reporting as a “business-type activity”, the additions and deductions accounts are not used, except within agency funds.

Agency Funds

Accounts 715005 – 715010 can be used in agency funds in lieu of specific revenue and expense codes, since agency fund activity is not included in the institution’s financial

statements. These account codes should not be used in the institution's other funds, for the same reason noted above.

System Office Transfers

The ND University System office periodically sends state appropriation funds to the institutions for student grant programs, such as SSIG, ND Indian Scholars, ND Scholars and Education Incentive Program. Since the system office determines which students receive funding, it is considered a pass-through program; therefore, the institution should not be recording revenue and expense. By recording the receipt from the system office and the subsequent payment to the student in the same account, the transaction is netted to zero.

If the institution records these student grant program receipts in an agency fund, account 715005 (Other Additions/Other Deducts) should be used to record the receipt and the subsequent payment to the students. If the institution records the receipts in local funds, either 224002 (Deposits) or 661005 (scholarship expense) is used to record the receipt and the subsequent payment to the students.

If the institution records these student grant program receipts in an agency fund, account 715005 (Other Additions/Other Deducts) is used to record the receipt and the subsequent payment to the students. If the institution records the receipts in local funds, either 224002 (Deposits) or 661005 (scholarship expense) should be used to record the receipt and the subsequent payment to the students.

Cost Transfers

A cost transfer is a cost that is originally paid by one department/fund, which is then moved to another department and/or fund. Documentation supporting cost transfers should be included with the journal voucher, or journal entry form. At a minimum, the documentation should include the reference number of the original charge of the cost transfer. The form should always be signed by the authorized individual affirming that the appropriate supporting documentation has been reviewed and is maintained and accessible at the department level or central accounting office.

Fiscal Year End Accounting Close Process GENERAL INSTRUCTIONS

The NDUS fiscal year ends on June 30th. Each year, the System Office and the State Auditors' Office will send by email a list of items with due dates needed for the close process, preparation of the financial statements and the annual audits. It is important that all items be submitted by the due dates. **Note: The lists below are not necessarily all-inclusive of year-end close actions. There may be required actions specific to your campus.** Additional items relative to the year-end close may be required by the NDUS System Office. Any such items will be included in the year-end close communications sent to the campus controllers prior to the close and during the close process.

Before Year-End

- Verify all prior year audit adjustments have been recorded in the general ledger.
- Complete the inventory of equipment with an original cost in excess of \$5,000 in compliance with NDCC 44-04-07.
- Notification to employees about existence of Fraud Hotline and verify all employees have completed annual fraud awareness training.
- Notify departments of year-end cut-off dates.
- Drawdown funds for expenditures incurred as of June 30th.
- Prepare and send out billings to other campuses for grant expenditures and other amounts due, if applicable.
- Ensure any billings to foundations have been completed.
- Run Accounts Receivable Aging & GL Recon Reports in the Student Finance module of PeopleSoft. The reports are NDU_0126_SF and NDU_0136_SF. THESE REPORTS MUST BE RUN AT THE END OF BUSINESS ON JUNE 30TH. THEY WILL NOT BE ACCURATE IF THEY ARE RUN ON ANOTHER DATE.
- Run preliminary SNP and SRECNP's:
 - Verify that beginning net position in SRECNP agree to the prior years' final audited ending net position.
 - Verify that current year ending net position in SRECNP agree to current year net position in SNP.

- Verify that all funds have an attribute assigned by running
NDU_GL72_FUND_MISSING_ATTRIBS
- Determine if your campus has derivative instruments enduring the year by reviewing GASB Statement Number 53. If derivative instruments exist, contact the NDUS Director of Financial Reporting.
- If land or other real estate was held as an investment by endowments in the current year, review GASB Statement Number 52 and contact the NDUS Director of Financial Reporting.
- Review assets that may meet the criteria for an investment, as defined by GASB 72 – Fair Value. Contact the NDUS Director of Financial Reporting if you have assets that may need to be reclassified as an investment. Examples of assets to review: mineral leases, land or real estate held for generation of income or profit rather than for the institution’s operations.
- Centers of Excellence funds cannot have an unearned revenue balance at June 30th.
- Fund balances in scholarship funds that are not restricted must be reclassified to unrestricted fund balance.

Year-End Entries

- Complete all journal entries that apply to your campus. The year-end entries are also available on the NDUS website at:
<http://www.ndus.edu/employees/accounting-manual-forms>. You may also have additional adjustments specific to your campus.
- Close the June Period in PeopleSoft whenever entries are made after June 30th. Navigation in PeoplesSoft is: Setup Financials/Supply Chain/Business Unit Related/General Ledger/Open Periods/Open Period Update.
- **By June 30th of each year, the System Office will inform the campuses of the deadline to close the general ledger .** No entries to the actuals, full accrue or consol ledgers should be made beyond that point without first contacting the NDUS Director of Financial Reporting.
- **Other Additions/Deductions** (715015) - should net to zero, between the actuals and fullaccrue ledgers.
- **Full Accrue Adjustments:** The following accounts should net to zero between the actuals and fullaccrue ledgers after fullaccrue adjustment F5 and F6 are made. These accounts in the actuals ledger are for the principal payments on debt and they are netted out by the reduction of the payable in fullaccrue.

581030 – Equipment – Capital Lease-Prin
581040 – IT Equip-Capital Lease-Prin
582050 – Building Capital Lease - Princ
582055 – Land Capital Lease - Principal
701010 – Bond Principal Pymts
701020 – Notes Payable – Principal Pymt
683055 – Special Assessment Principal

- **Cash**
 - Classify Money Market accounts as Cash and not as Investments
 - Review cash accounts to be sure that amounts are properly classified as restricted and unrestricted.
- **Investments**
 - Review restricted investments to ensure amounts do not exceed the amount allowed by bond indentures plus an amount allowed for principal and interest since last payment date to June 30th. For example, if a bond payment was made on April 1st, it is acceptable to have 3/12 of the principal and interest amount as restricted plus the amount allowed by the bond indentures.
 - Review investment accounts to be sure that amounts are properly classified as current (unrestricted) and non-current (restricted and endowments) and are properly valued in compliance with GASB Standard #72.
 - Reclass institution investments held by foundations on behalf of institutions to account 134005-Investments Hel by Fndn-Curr and 134105-Investments Held by Fndn-NC.
- **Receivables**
 - **Accounts Receivable Non-Student:** Record MN Reciprocity Receivable in account 137005. Amounts will be sent to Controllers by the NDUS System Office by June 30th.
 - **Grants Receivable:** Verify that all grants receivables have been properly recorded as of June 30th. Record accounts receivable and revenue for grants and contracts, other than advance pay grants.
 - **Notes Receivable/Loans Receivable:** Reclass current portion from non-current using the following accounts:
 - Notes Receivable
 - Current – 125002/126002
 - Non-Current – 125102/126102

- Due from CU
 - Current – 131001
 - Non-Current – 131051

- **Inventory**
 - Verify year-end inventory count processes have been completed and adjust inventory balances in the general ledger to actual counts.

- **Capital Assets & Intangibles:**
 - The amounts in the >\$5,000 Equipment accounts in the actuals ledger need to equal the amount in the equipment additions account in the fullaccrue ledger after the equipment additions entry has been made. Review capital asset accounts (59xxxx series) to ensure items are properly classified as capitalizable/not capitalizable. In addition, review other general ledger accounts where potentially capitalizable assets may have been recorded and make necessary journal entries. Run Depreciation Calculations and make necessary adjustments to record depreciation expense. Verify and record any gain/loss on disposal of fixed assets.
 - The amounts in the Capitalized plant improvement accounts (capitalized repairs and capitalized expenditures) in the actuals ledger need to equal the amount in the plant improvement additions (bldgs, land, CIP, etc) accounts in the fullaccrue ledger after all improvements have been capitalized. Verify that capital projects that are to be capitalized have ALL expenses capitalized and those that are not have all expenses as NonCapitalized.
 - Verify that intangible assets have been properly capitalized, in accordance with GASB 51.
 - The transfer column in the Capital Assets & Intangibles template must net to zero.
 - Retainage Payable: Tie out Retainage Payable to construction project documents and make necessary entries

- **Other Assets**
 - **Due to/Due from Other State Agencies:** Verify that your campus' Due to/Due From CU's agree with the CU financial statements. Review payables and receivable for any due to/from Other State Agencies - and record appropriate entries.
 - **Prepays:** Record any applicable prepaid expenses in account 142002.

- **Liabilities**
 - **Vacation and Sick Leave Liability:** Record vacation and sick leave liability. To determine liability run query

NDU_BN_CAFR_COMP_ABS_10P_SICK_LV for sick leave accrual and NDU_BN_CAFR_COMP_ABS_VACATION for vacation leave. Record the current portion to account 233002-Compensated Absences-Current. Record the non-current portion to account 233102-Compensated Absences-NonCurrent. The NDUS Director of Financial Reporting will notify campuses, by email, of the percentage to be used to allocate current versus non-current vacation and sick leave liability.

- **Early Retirement/Severance Liability:** If applicable, calculate early retirement/severance liability. System Office will provide discount rate.
- **Retirement Contributions Liability:** Adjust Retirement Payable to actual. Run query ndu_ca_ret_tot_by_pypd to obtain totals.
- **Long-term Liabilities:** Reclass current portion from non-current to current using the following accounts:
 - Bonds Payable
 - Current – 230002
 - Non-Current – 230102
 - Bonds Payable to CU
 - Current – 230003
 - Non-Current – 230103
 - Notes Payable
 - Current – 231002
 - Non-Current – 231102
 - Notes Payable to CU
 - Current – 231003
 - Non-Current – 231103
 - Capital Leases Payable
 - Current – 232002
 - Non-Current – 232102
 - Capital Leases Payable to CU
 - Current – 232003
 - Non-Current – 232103
 - Special Assessments Payable
 - Current – 205001
 - Non-Current – 205001
 - Interest Payable
 - Current – 203001
 - Non-Current – 203101

- **Interest Payable** – Accrue interest payable on bonds, notes and capital leases.
- **Bond Discount/Premium:** Record amortization of Bond Discount/Premium.
- **Unspent Bond Proceeds:** If significant bond proceeds are not spent, the portion of the net asset fund balance in the investment in plant fund should be transferred to the unexpended plant fund.

The calculation is as follows:

Capital Assets
 Add bond issue costs and prepaid expenses in funds 00001-00019
 Less depreciation
 Less long term debt
 Less unamortized bond premium
 Less interest payable

Add debt portion of any unspent bond proceeds (since that debt doesn't not have a related capital asset yet, the unspent portion needs to be added back in).

- If fund balance in debt service fund exceeds amount needed for debt service payments, reclass excess to unrestricted net position.
 - **Bond Refundings:** Contact the NDUS Director of Financial Reporting if your institution had a bond refunding during the fiscal year.
- **Income**
 - **Endowment Income:** Account 442015 – Endowment Income-Non Operating - should include only endowment and land grant income.
 - **Interest Income – Loans:** Account 442030 – Interest Income – Loans should include only loan fund interest. All other interest income should be coded to 442035 – Interest Income-Non Operating. Loan fund interest is included as other operating income on the SRECNP.
 - **Pell Revenues and all non-exchange grants & contracts:** Reclass revenue as nonoperating revenue crediting account 450020-Federal G&C Non Operating. **This includes Pell Grants SEOG, and TEACH grants and any other non-exchange grants & contracts. FSEOG grants should be classified as non-operating revenue.**
 - **Tuition Waivers:** Reconcile Employee Tuition Waivers in account 516020 to query NDU_0040_SF.

- **Scholarship Allowance:** Calculate Scholarship Allowance and record the appropriate journal entry.
- **Auxiliary Revenue allocation:** Automated process that allocates balances in auxiliary funds that have non-auxiliary account codes and non-auxiliary funds using auxiliary account codes as well as eliminates interdepartmental revenue. Contact Nicci Strand at nicci.strand@ndus.edu or Robin Putnam at robin.putnam@ndus.edu for instructions.
- **Reclass capital gifts from gifts accounts:** Review 478005-Gifts and 478007-Gifts from Related Foundations. Reclass capital gifts included in these accounts to 478010-Capital Gifts or 478015-Capital Gifts from Related Foundations.
- **Ensure Challenge Grant funds are properly recorded.** Refer to the Challenge Grant chapter in this document.
- **Expenses**
 - **Interest Expense -** Account 641005 – Interest Expense - should **not** include interest on capital debt. Capital debt interest should be recorded in 683060, 701005, 701015 or 581025. Interest on capital debt is a separate line in the SRECNP.
 - **Grants:** Verify indirect grant expenses are not included in grant funds.
 - **State Capital Appropriations:** Verify that State Capital Appropriations are not included in Capital Grants and Gifts or State Appropriations.
 - **Unspent General Fund Capital Asset Appropriation:** At the end of each biennium, verify that unspent general fund capital asset appropriation is removed from revenue and due from general fund.
 - **Bad Debt Expense Reclass** – in the FullAccrue ledger, reclass the amounts recorded to account 621065-Bad Debt Expense to the appropriate revenue account, such as tuition, auxiliaries, grants and contracts or other.
- **Other:**
 - Prepare Semi-Annual Budget Report. System Office will send template and due dates.

NDUS REQUESTED FORMS AND INFORMATION (STATEMENTS/SI, NOTES, COMPONENT UNITS, ELIMINATIONS, OMB CAFR)

Note: The list of templates required is subject to change at any time. The NDUS Director of Financial Reporting will inform campuses by email of any changes.

- The following year-end templates will be housed in Sharepoint. Please ensure that you have the access to Sharepoint. If you cannot access Sharepoint, contact the NDUS Director of Financial Reporting.
 - Advances from BND
 - Asbestos designation
 - Asset impairment disclosure
 - Bad Debt Entry Reclass JE
 - Beginning net position restatement
 - Capital Assets, Intangibles and CIP
 - Commitments
 - Deferred Inflows-Outflows
 - Donor restrictions on endowments
 - Early retirement statistics
 - Fair Value
 - Flood damage
 - GASB 60 Service Concession Arrangements
 - Investment Expense Allowance
 - Long-Term Liabilities
 - NDSLSC collection fees (NDSU only)
 - On-behalf payments
 - Operating Leases
 - Pledged Revenues
 - SI Bonded Buildings
 - Subcontracts

- The following templates and statements are generated in PeopleSoft financials. They are run in the PS System and the appropriate manual updates/inputs are made by each campus individually. The completed schedules are then sent by email to the NDUS Director of Financial Reporting.
 - Deposits
 - Investments
 - Statement of Net Position (SNP)
 - Statement of Revenues, Expenses and Changes in Net Position (SRECNP)
 - Statement of Cash Flows

- The following templates will be emailed to the campus Controllers from the NDUS Director of Financial Reporting in June.
 - Scholarship Allowances
 - All component unit templates

- Complete all templates listed on the request list, unless they are designated only for certain campuses. Remember to sign-off in the designated area of each template when complete.

- If certain templates in Sharepoint are not applicable to your campus, type “N/A” in the sign-off section of the template.

- If certain templates not in Sharepoint are not applicable to your campus, send an email to Robin Putnam at robin.putnam@ndus.edu with a list of non-applicable items.
- The templates include instructions or notes to aid you in preparation. Several templates also contain edit checks. **Please input the applicable amounts in the colored boxes and make sure that the edit check has a status of “Yes” or a zero difference.** The template is not considered complete if there are outstanding differences. If you have questions, please email robin.putnam@ndus.edu.
- Completed templates should be updated in Sharepoint, unless they are templates that were emailed to you outside of Sharepoint. For non-Sharepoint templates, send to the Director of Financial Reporting at robin.putnam@ndus.edu. **If you know you will not meet certain deadlines, contact the Director of Financial Reporting as soon as possible.** Send the requested schedules only (unless noted otherwise), but have backup available for the OSA.
- Things to keep in mind when preparing templates and statements:
 - Beginning net position in SRECNP should equal prior year ending net position.
 - Ending net position in SRECNP should equal net position in SNP.
 - Ending cash in Cash Flow Statement should equal unrestricted and restricted cash in SNP.
 - Depreciation and amortization expense per the Cash Flow Statement should equal depreciation expense in SRECNP.
 - Depreciation and amortization expense in Cash Flow Statement should equal the total additions to accumulated depreciation and amortization in the capital assets template.
 - Total Operating Income (Loss) on Cash Flow should equal Total Operating Income (Loss) per the SRECNP.
 - CIP template should equal the CIP amount reflected in the capital asset template.
 - Consult the Credit Risk Worksheet for proper classification when completing the investment template.
 - Reflect ALL deposits and CD’s in the Bank of North Dakota as uninsured in the deposit template

BEGINNING BALANCES

- Some templates include beginning balance figures. These need to tie to the prior year ending balances reported in the NDUS consolidated financial statements.

PEOPLE SOFT ACCOUNTS

- A chart of accounts is located at <http://www.ndus.edu/employees/accounting-manual-forms/>.

nVISION TREES

- The NDU_ALLACCTS tree denotes how the general ledger accounts are rolling into the SNP and SRECNP in the nVision reports.

Component Units

GASB requires that we include certain component unit (foundations) in the NDUS Annual Financial Report. If there are changes from the prior year in the foundations that are required, you will be notified by the System Office.

The Director of Financial reporting will email the component unit templates to applicable campus controller. It is the campus controllers' responsibility to forward the templates to their foundation(s). The campus controllers are also responsible for obtaining the audited financial statements from the foundation and forwarding them to the NDUS Director of Financial Reporting by September 15th. The campus controllers should also follow-up on the status of outstanding templates.

STATE AUDITORS' OFFICE (SAO) REQUEST LETTER

Prior to June 30th, the SAO will send a list of items required and due dates for the annual audit to the NDUS Director of Financial Reporting. The Director of Financial Reporting will forward this list to the Campus Controllers.

- Complete the following templates in Sharepoint. The NDUS Director of Financial Reporting will forward them to the State Auditors' Office:
 - C&I 5b – Investment Credit Risk Footnote
 - C&I 11 – NDU_Deposits
 - FA 2b – Capital Assets and Intangibles
 - FA 8b – Commitments
 - FS 7 – SI Bonded Buildings
 - Gen 11 – All funds with negative fund balanceLTD 2 – Bond template
 - LTD 4 – Operating Leases
 - LTD 5 – Long-term liabilities
 -
 - PR 2 – On Behalf Template
 - RRR 7b – Scholarship Allowance

All other SAO requested items can be sent directly to the SAO by using the SAO Sharepoint portal.

- If you know that you will not meet certain deadlines, please contact Mary Feltman at the State Auditors' Office and the NDUS Director of Financial Reporting as soon as possible to request an extension.

Chapter: Internal Control

Internal control constitutes the methods followed by an organization to protect its assets, to protect against improper asset disbursements, to protect against the incurrence of improper liabilities, to assure the accuracy and dependability of financial statements, to judge operating efficiency, and to measure adherence to legal requirements, State Board of Higher Education policies, and institutional policies. An internal control system recognizes that the cost of internal control should not exceed the benefits realized and takes into considerations costs, benefits and risks. It is each campus' responsibility to determine if adequate internal controls or other compensating controls are in place. It is each campus' responsibility to build and implement adequate internal controls or other compensating controls.

A proper and effective system of financial and administrative controls depends on the establishment of accountabilities, on well-planned accounting and financial records, and on the effective segregation of duties of campus personnel. In addition, internal control requirements are imposed via legal requirements and State Board of Higher Education policies. A strong commitment by campus and system management is required to achieve a strong internal control environment. This commitment is demonstrated through good organizational structure, personnel practices and communication. It is each employee's responsibility to question the effectiveness of internal controls in their daily work.

The basic tenets of a sound internal control structure are:

1. Proper Segregation of Duties: Individuals do not have responsibility for incompatible functions.
2. Authorization: Transactions are conducted in accordance with management's general or specific authorizations.
3. Recording: Transactions are properly accounted for and are accurately and promptly recorded.
4. Safeguarding/Security: Assets and records of the institution are adequately safeguarded.
5. Review/Verification: Proper resolution of differences and adequate management review.

The basic principles of internal control can be summarized as follows:

- Responsibility for the performance of each duty must be clearly identified.

- Accounting and financial operations must be separated.
- All available proofs of accuracy should be utilized in order to insure correctness of operation of accounting.
- No one person should be in complete charge of a business transaction.
- Employees must be carefully selected and trained.
- Employees should be rotated on a job, if possible.
- Operating instructions for each position should be in writing.
- All transactions should contain proper documentation.
- Review of journal entries and account reconciliations should be documented with the initials or signature of the review and the date reviewed.

Acceptable Signature Approval Formats

Acceptable signature approval formats are as follows with #1 being the most preferable method:

1. Approver manually signs document. Original is maintained in the accounting department.
2. Approver manually signs document. Signed document is scanned and forwarded by email to accounting department.
3. Approver uses secured electronic signature that requires a password.
4. Approver approves using email. The body of the email must include the pertinent details of the item being approved so that it can be determined what is being approved. For example, the email should contain vendor name, invoice number, amount being approved, items or services purchased. Statements such as, “I approve the attached invoice” are not acceptable.

Note: Typing in an approver’s name in a fillable form is not an acceptable approval.

In designing a system of internal control, personnel should be segregated into functions by those who initiate or authorize a transaction, those who execute the transaction, and those who have responsibility for the asset, liability, expense, or revenue resulting from the transaction. In an ideal environment, a different employee should perform each of the following major functions:

- Authorization
- Recording
- Verification
- Custody of Assets
- Reconciliation and Managerial Review

In a perfect segregation of duties, the monetary accountability and work of one employee is verified by another employee, each employee operates independently and does not duplicate the work of another, and each employee facilitates the logical conclusion of the work.

Specific examples of segregation of duties are as follows:

- The person who requisitions the purchase of goods or services should not approve the purchase.
- The person who approves the purchase of goods or services should not reconcile the monthly financial reports.
- The person who approves the purchase of goods or services should not have access to or custody of checks.
- The person who maintains and/or reconciles the accounting records should not be able to obtain access to or custody of checks.
- The person who opens the mail and prepares a listing of checks received should not be the person who makes the deposit.
- The person who opens the mail and prepares a listing of checks received should not be the person who maintains the accounts receivable accounting records.

Examples of incompatible duties are:

- Authorizing a transaction, receiving and maintaining custody of the asset.
- Performing data entry and data validation tasks.
- Receiving checks and approving account write-offs.
- Depositing cash and reconciling bank accounts.

It is not always practical to have complete segregation of duties, particularly in smaller campuses with limited staff resources. **If it is not practical to establish effective separation of duties, other compensating controls should be implemented, such as additional review of transactions or accounts by someone who is independent from the transaction. Please contact your campus internal audit department or the NDUS Director of Internal Audit for additional guidance on establishing effective compensating controls.**

It is important to note that the points noted in this chapter do not illustrate the full range of internal controls in an institution. It is expected that managers and auditors who are aware of the need for internal control will develop procedures in substitute of or in addition to the points noted here.

Types of Controls

A control can be either preventive or detective. A preventive control helps to stop an adverse action from occurring. A detective control can catch an adverse action after it has happened. Below are examples of preventive and detective controls.

Control	Reduces Risk of:
<p>Segregation of duties (preventive): One person should not be able to initiate, approve and record a transaction, reconcile the account, handle the assets associated with the transaction and review/approve reports that would capture that information.</p>	<p>Misappropriation of cash, financial reporting misstatement, personal purchases, theft, falsification of time and financial records, funds diversion, timing differences across accounting periods.</p>

<p>Approval/Authorization/Verification (preventive): Transactions over a certain dollar amount must be approved by the appropriate level of management.</p>	<p>Unauthorized transactions obligating the university to an unwanted financial or performance commitment, financial reporting misstatement, funds diversion, personal purchases.</p>
<p>Security/Safeguarding (preventive and detective): University assets, information and property should be protected from harm, damage, theft and destruction through locks, passwords, monitoring and/or communication.</p>	<p>Theft, damage, injury, financial loss, negative publicity, adverse legal action, compromise of confidential information.</p>
<p>Information Technology Controls (preventative and detective): General controls over data center operations, software licensing, security access and system maintenance. Application controls include edit checks and matching/batch processing to ensure accuracy, authorization and validity of transactions.</p>	<p>Financial statement misstatement, compromise of confidential information, violation of licensing agreements, legal action and penalties and impaired reputation.</p>
<p>Regular Reconciliations (detective): Verifies information in a timely manner and helps identify errors and variations.</p>	<p>Financial reporting misstatement, making decisions based on erroneous information, personal or prohibited purchases, incorrect payments, account deficits</p>

From the standpoint of internal control, transactions may be divided into the following classes: Sale of assets and services, purchase of assets and services, receipt of cash, disbursement of cash, and other transactions.

Student Billing

Internal Control	Risk if Control Not In Place
Student records should be created only after student has been properly admitted.	A tuition bill may be created and sent to students who are not enrolled.
New students should be processed into the system before registration begins.	An unauthorized student may register, resulting in uncollectible tuition.
Tuition waivers or other discounts should have proper approvals, as defined in the campus policies and procedures.	Unauthorized tuition waivers or other discounts may occur, resulting in decreased tuition and cash flow.

<p>Student information must be protected from unauthorized access.</p>	<p>Student information may be lost, destroyed or improperly altered. Confidential information may be compromised.</p>
<p>A tuition bill should be prepared on the basis of supporting information about credit hours taken.</p>	<p>Tuition may not be billed or recorded correctly or at all.</p>
<p>Procedures should be established to ensure that all credit hours have been billed and exemptions promptly resolved.</p>	<p>Tuition may not be billed or recorded correctly or at all.</p>
<p>Open accounts receivable should be reviewed periodically for outstanding amount owed. Any outstanding fees should be researched and resolved.</p>	<p>Overdue payments may not be identified.</p>
<p>Review procedures or computer edits should be in place to ensure the accuracy of invoices recorded and that revenue is recognized in the appropriate accounting period.</p>	<p>Revenues may be incorrectly recorded or recorded in the wrong accounting period.</p>
<p>All credit memos issued to students should be supported by documentation and contain proper approval, prior to issuance.</p>	<p>Unauthorized credit memos may be issued, resulting in reduced revenue being recorded and collected.</p>
<p>Each campus will have documented criteria and guidelines for awarding each waiver type, including waivers mandated by NDUS Policy 820.</p> <p>a. This should include, at a minimum:</p> <ol style="list-style-type: none"> i. Eligibility requirements, including campus internal requirements or reference to board policy. ii. Application process, including forms and/or required documentation (if applicable). iii. Selection criteria (if awards are limited). iv. Awarding process, including award limits and individuals authorized to make awards (if any) v. Monitoring procedures to ensure accuracy of award and completeness of documentation. 	<p>Improper tuition waivers may be granted, resulting in reduced tuition revenue or proper tuition waivers may not be recorded properly.</p>
<p>Campuses must implement proper internal controls for separation of duties so that a different individual performs each task:</p> <ul style="list-style-type: none"> • Approves waiver • Applies waiver 	<p>Improper tuition waivers may be granted, resulting in reduced tuition revenue or proper tuition waivers may not be recorded properly.</p>

<ul style="list-style-type: none"> • Verifies waiver applied correctly per item C below 	
<p>Campuses must implement independent verification of waiver posting to ensure accuracy. Methods for this may include, but are not limited to, running a query listing waiver type and amount by student and submitting for review to a person independent from the person posting the waiver.</p>	<p>Improper tuition waivers may be granted, resulting in reduced tuition revenue or proper tuition waivers may not be recorded properly.</p>
<p>Each campus will have documented criteria and guidelines for posting all types of credit adjustments, including, but not limited to: Housing credits, Parking credits, Aviation credits, Bookstore credits, Late Fee credits, etc.</p> <p>This should include maintaining supporting documentation (paper or electronic) for credits submitted.</p>	<p>Improper or incorrect credit adjustments may be processed, resulting in reduced revenue.</p>
<p>Proper review and approval will be obtained for all credits before posting to student accounts.</p>	<p>Improper or incorrect credit adjustments may be processed, resulting in reduced revenue.</p>
<p>Credit adjustments should not be applied to tuition and fee charges that are generated by the tuition calculation process.</p> <ol style="list-style-type: none"> a. However, if this is necessary in order to correct a student’s account in a specific circumstance, the campus should be aware of the following potential issues: <ol style="list-style-type: none"> i. The 1098-T for that student will need to be manually updated as credits are not pulled by the 1098-T process. ii. A refund could potentially be generated for the student in error if the tuition and fees later decrease through tuition calculation. 	<p>Improper or incorrect credit adjustments may be processed, resulting in reduced revenue.</p>
<p>Individuals with the security to post credits should not also post cash transactions unless a documented compensating control is in place.</p>	<p>Improper or incorrect credit adjustments may be processed, resulting in reduced revenue.</p>

<p>Campuses must implement independent verification of credit adjustments to ensure accuracy. Methods for this can include, but are not limited to:</p> <ol style="list-style-type: none"> a. Submitting the group post report back to the originating department for review b. Ensuring that proper approvals are obtained before credits are posted 	<p>Improper or incorrect credit adjustments may be processed, resulting in reduced revenue.</p>
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ACCOUNTS RECEIVABLE

Internal Control	Risk if Control Not In Place
<p>Each campus should have written credit, collection and write-off policies.</p>	<p>Credit and collection activities may not be adequately performed. Write-offs could occur prematurely or not at all.</p>
<p>Receipting of cash payments should be separated from posting of accounts receivable subsidiary ledgers and handling of cash disbursements. If this is not practical due to small staff size, other compensating controls should be in place. Note: automated journal feeds are performed through PeopleSoft to post to the general ledger.</p>	<p>Intentional errors or misappropriation of assets could occur, including sales are invoiced but not recorded and cash receipts are incorrectly applied and/or are misappropriated or diverted.</p>
<p>Input to the detailed accounts receivable subsidiary system should be based upon verified billing records and remittances. Procedures should be established to ensure the accurate and timely recording of billings and payments.</p>	<p>The subsidiary system may be inaccurate as invoices and/or cash receipts may not be recorded, may be incorrectly recorded or may be recorded in the wrong accounting period.</p>
<p>The accounts receivable subsidiary ledger should be reconciled to the general ledger on a periodic basis and any differences appropriately resolved. The reconciliation should be reviewed/approved by an accounting supervisor/manager.</p>	<p>Accounts receivable agings and/or general ledger may be incorrect and may result in delinquent customer remittances or the write-off of delinquent accounts.</p>
<p>The accounts receivable detail should be reviewed by financial management for any unusual or seriously delinquent items.</p>	<p>Errors in either the general or subsidiary ledgers may not be identified and corrected on a timely basis.</p>

Accounts to be written off as uncollectible should be approved by someone other than the accounts receivable clerk.	Valid collectible accounts may be written-off resulting in a decrease in tuition revenue and cash flow.
All other adjustments to the receivable balances should contain the proper approval by someone other than the person making the adjustment.	Accounts receivable balances may be misstated.
Accounts receivable allowances and reserves should be reviewed periodically for adequacy and reasonableness by a manager or supervisor. Review should be documented.	Collectible accounts receivable may be written off and/or cash receipts may be misappropriated.
Detailed accounts receivable information should be safeguarded from loss, destruction or unauthorized access.	Loss, destruction, or alteration of accounts receivable records may result in the inability to collect outstanding balances.

CASH

In the case of cash sales, the transaction should be verified or the cash accounted for by someone other than the person who makes the sale. Cash receipts should be recorded utilizing a cash register or other mechanical verifying equipment, which accumulates totals of cash transactions to serve as proof of accuracy.

CASH RECEIPTS

Internal Control	Risk if Control Not in Place
<p>Proper segregation of duties should exist. The individual responsible for receiving and depositing checks/cash should not also be able to:</p> <ol style="list-style-type: none"> 1. Record transactions to the accounts receivable subsidiary ledger; 2. Record transactions to the general ledger; 3. Collect delinquent receivables; 4. Authorize write-offs, credit memos and discounts; 5. Prepare billing documents; 6. Reconcile the bank statement to the general ledger. <p>If it is not possible to establish effective separation of duties due to staff size, then other compensating controls should be in place.</p>	<p>Cash may be misappropriated.</p>

Cash receipt records must be maintained for all cash received. Receipts should be pre-numbered and/or system generated.	Cash receipts may be lost and/or misappropriated.
Checks receipts should be restrictively endorsed and secured immediately upon receipt.	Cash receipts may be lost and/or misappropriated.
Persons who receive cash should not have access to the general ledger.	Cash receipts may be misappropriated
Cash receipts should be logged and deposited in the bank daily or as dictated by policy. The cash receipts log should be compared to bank statements and posted to the general ledger on a timely basis.	Lost, incorrectly recorded, and/or misappropriated cash receipts may not be identified and corrected timely.
Departments other than the Business Office, that receive cash must maintain receipt records and control procedures. Cash receipts of various departments should be deposited to the Business Office intact, on a daily basis.	Cash receipts may be lost and/or misappropriated.
<p>All Business Office receipts must be deposited intact to the local clearing accounts daily.</p> <ul style="list-style-type: none"> • Bank deposits must be prepared by someone other than the person opening the mail, posting the accounts receivable, collecting delinquent receivables and/or authorizing write-offs, credit memos and/or discounts. • Accounts receivable posting should be done by someone other than the person opening the mail or making the bank deposit. • Duplicate deposit tickets should be forwarded to the accounting department and bank deposits should be compared with totals of cash receipts. <p>If it is not practical to separate these duties due to small staff size, other compensating controls should be in place.</p>	Cash receipts may be lost and/or misappropriated.
Disbursements should not be made from receipts, but should be made by check from specific funds established for that purpose.	Cash may be misappropriated and expenditures may not be properly recorded in the general ledger.
Returned checks should be accounted for by someone other than the person responsible	Cash may be misappropriated.

for the bank deposit. If it is not practical to separate these duties due to small staff size, other compensating controls should be in place.	
Only one cashier should be able to access a cash drawer at any given time. Cash drawers should be locked when cashier is not present and should not be shared across shifts/employees.	Cash may be misappropriated.
Cash drawers should be counted and verified at the beginning and end of each shift.	Cash may be misappropriated.
Surprise cash counts should be performed on a periodic basis. The results of the surprise cash count should be documented.	Cash may be misappropriated.
Balancing discrepancies should be investigated by internal audit or the Business Office if internal audit does not exist on a campus.	Cash may be misappropriated.
Cash receipts should be reconciled to the bank deposit by someone independent of the cash receipt process.	Cash may be misappropriated and/or not accurately reported in the general ledger.
Cash accounts should be reconciled monthly to the bank statements by someone other than the person making journal entries to the general ledger or the person making the bank deposit. If it is not practical to separate these duties due to small staff size, other compensating controls should be in place.	Cash may not be properly recorded in the general ledgers, errors may not be identified in a timely manner and cash may be lost or misappropriated.

DISBURSEMENTS OF CASH

Internal Control	Risk if Control Not in Place
Purchasing transactions should be conducted in accordance with SBHE Policies 803.1, 803.2 and NDUS Procedures 803.1 and individual campus policies.	Unauthorized or improperly authorized purchases may be made from an unauthorized supplier. Goods/services may be ordered and received by an unauthorized individual.
Purchasing responsibilities should be segregated from disbursement and accounting activities. If it is not practical to segregate due to small staff size, compensating controls such as periodic buyer rotation or other compensating controls should be in place.	Unauthorized or improperly authorized purchases may occur. Purchases may be made from an unauthorized supplier.

Purchase orders or purchase requisitions should be used for goods or services if required by campus policy.	Payment may be made for unordered goods or services, excessive quantities or incorrect items and/or canceled or duplicate orders.
Purchase orders/transactions should be uniquely identifiable.	Improper purchases may occur.
Purchase orders or access to input screens should be safeguarded.	Unauthorized goods/services may be ordered or authorized goods/services may be reported inaccurately.
Capital or expense items to be returned should be properly approved prior to return.	Items may be inadvertently returned to inventory, and/or recorded incorrectly. Potential of theft.
Receiving department should be segregated from the purchasing department unless it is not practical. If not practical due to small staff size, other compensating controls should be in place.	Unauthorized goods/services may be ordered or authorized goods/services may be reported inaccurately.
When goods are received, they should be weighted, counted, measured and inspected for quality or specification.	Defective or otherwise inadequate goods may be received.
Goods or merchandise should only be accepted that have been ordered by the campus, in accordance with NDUS and campus purchasing policies. All goods and merchandise not properly ordered should be returned to the vendor.	Improper and unauthorized purchases could be made.
The receiving department should prepare a document of receipt that is dated and signed with proper notification to the purchasing and accounting departments.	Payment for goods may be delayed.
The accounts payable function should be segregated from <ul style="list-style-type: none"> • the purchasing and receiving functions and • the recording of transactions in the general ledger function. If not practical due to small staff size, other compensating controls should be in place.	Payment could be made for unauthorized or improper purchases.
Separation of duties requires that the <u>approval</u> of an invoice for payment be separated from: <ul style="list-style-type: none"> • the recording of the payables, • preparing of checks/electronic payments, • controlling and reconciling of checks/electronic payments. 	Unauthorized goods/services may be ordered and/or paid for. Cash may be misappropriated.

<ul style="list-style-type: none"> the individual who prepares and distributes the checks/electronic payments should have no connection with the preparation or approval of the underlying documents or invoices. <p>If not practical due to small staff size, other compensating controls should be in place.</p>	
<p>Satisfactory evidence must exist to establish the validity of each cash disbursement. Examples of satisfactory evidence are properly approved receiving documents, request for payment documents, purchase orders and original vendor invoices. Once paid, documents must be controlled so that they cannot be presented again for payment and accompanying invoices should be marked as paid.</p>	<p>Unauthorized goods/services may be ordered and/or paid for. Cash may be misappropriated.</p>
<p>Before payment is made, invoices should be reviewed, prior to payment, for:</p> <ul style="list-style-type: none"> approval, receipt of goods or services, accuracy of price, accuracy of quantity billed and account coding. 	<p>Improper or unauthorized payments may be made.</p>
<p>Supporting documentation should be matched to invoices. It should then be attached to invoice and retained.</p>	<p>Improper or unauthorized payments may be made.</p>
<p>Original invoices should be used as the basis for payment.</p>	<p>Duplicate payments may occur</p>
<p>Invoices for goods or services where a purchase order does not exist should contain the proper approval.</p>	<p>Improper or unauthorized payments may be made.</p>
<p>Aged, unmatched purchase order, receiving transactions and invoices should be periodically reviewed, investigated and resolved.</p>	<p>Payment may not be made for goods & services, potentially affecting vendor relationships, continuity of future purchases and impaired reputation.</p>
<p>Accounts payable staff should review debit balances periodically and request remittance on debit amounts that will not be offset by future purchases.</p>	<p>Decreased cash flow.</p>
<p>All disbursements other than petty cash should be made by prenumbered checks or electronic payments. Spoiled or voided</p>	<p>Cash may be misappropriated.</p>

checks should be controlled and properly filed.	
Spoiled, voided and canceled checks should have the signature portion removed immediately.	Cash may be misappropriated.
Payment preparation and check signing should be separated. If it is not feasible to separate due to small staff size, other compensating controls should be in place.	Cash may be misappropriated.
Payment preparation, printing of checks/submitting electronic payments, check signing and check distribution should be segregated from supplier set-up and invoice input. If it is not feasible to separate due to small staff size, other compensating controls should be in place.	Cash may be misappropriated.
Blank check stock should be safeguarded from destruction or unauthorized use. The blank check supply should be periodically accounted for as being issued, voided or unused.	Cash may be misappropriated.
Signature plates on mechanical check signing equipment must be separated from the equipment and properly controlled when not in use.	Cash may be misappropriated.
Debit and credit memos issued to supplier accounts should be documented and approved in accordance campus policy	Supplier accounts may not reflect the proper balance and cash may be misappropriated.
Reconciliations should be prepared by someone other than the person handling cash or approving payments. Reconciliations should be reviewed by a manager or supervisor that does not have input responsibilities. The review should be documented.	Cash may be misappropriated.
Banking activity should be reviewed on a daily basis using the bank's online banking system. Individuals reviewing activity should not have the ability to: 1) initiate transfers or payments or 2) make deposits or 3) generate journal entries, unless adequate compensating controls are also in place.	Cash may be misappropriated.

Bank of North Dakota accounts should be reviewed using BND Direct.	
Petty cash funds may be established in departments and used for small transactions for convenience purposes. Petty cash vouchers should be pre-numbered and accounted for in balancing the petty cash fund. Balancing and reimbursing the petty cash fund should be done by someone other than the petty cash custodian.	Cash may be misappropriated.

PAYROLL

Internal Control	Risk if Control Not in Place
All campuses should comply with SBHE policies 600 through 616. In addition, campus human resources policies should be established for the hiring, promotion, transfer and termination of employees.	Unqualified employees may be hired, promoted or transferred. Employees may be improperly terminated.
Policies for employee benefits, such as sick leave, pension, vacations, and insurance should be established. Rules, criteria, procedures, etc. for all benefits should be documented and approved by management.	Incorrect amounts may subsequently be disbursed to employees or accrued/expensed in the general ledger.
All compensation and benefit documentation should be maintained by HR. It should, at a minimum, include properly executed employment forms, authorized classification and pay rates.	Incorrect or unauthorized employment or benefit data may exist.
The duties of hiring, payroll computation, and payment of employees should be separated. If not feasible to separate due to small staff size, other compensating controls should be in place.	Improper employee payments may occur.
Compensation to employees should be made at the authorized rate. Changes to compensation should be properly documented and authorized, according to policy.	Improper employee payments may occur.
Procedures should be established to secure and protect master file information. Changes should be restricted to properly authorized additions, deletions and changes	Unauthorized changes could be made to employee information. Confidential data could be compromised.

<p>which are supported by documentation in the employee's personnel file.</p>	
<p>Only authorized personnel should have access to the Payroll department and its records.</p>	<p>Unauthorized changes could be made to employee information. Confidential data could be compromised.</p>
<p>The Payroll department should be promptly and formally notified of the termination or transfer of any employee or of payroll changes so that payroll records can be adjusted.</p> <p>Before issuing a final payroll check to a terminated employee, HR and the employee's department supervisor should ensure:</p> <ul style="list-style-type: none"> • all outstanding advances and expense statements have been cleared, • all university credit cards have been returned, • all computer accounts have been cancelled or passwords changes and • all university property, proprietary information, employee badges and security passes or keys have been returned. 	<p>Payments could be made to a terminated employee. In the case of a transfer, the expense may not be recorded in the proper department and/or fund.</p>
<p>Payroll payments should be made only from properly approved time records or other evidence of performance of services.</p>	<p>Improper employee payments may occur. Accrued vacation and sick leave balances may not be properly stated.</p>
<p>Hourly employees are required to submit on a timely basis, time cards, time sheets or other authorized recording media before payroll processing is performed.</p>	<p>Improper employee payments may occur. Accrued vacation and sick leave balances may not be properly stated.</p>
<p>Non-exempt employees are required to submit on a timely basis, time cards, time sheets or other authorized recording media indicating leave taken during the previous month or payperiod. The frequency and manner of submission is to be determined by each campus.</p>	<p>Improper employee payments may occur. Accrued vacation and sick leave balances may not be properly stated.</p>

Controls should be maintained, with sufficient edits, to ensure all payroll source data is valid and properly input. Controls should also be established to ensure duplicate or unauthorized payroll source data may not be processed.	Improper employee payments may occur. Accrued vacation and sick leave balances may not be properly stated.
Special payments processed by the Payroll department (e.g., relocations, special engagements for other departments, supplemental pay, etc.) should be properly authorized, approved, and documented before payment and should be in accordance with applicable tax requirements.	Improper employee payments may occur.
All payroll payments should be traceable and uniquely identifiable.	Improper employee payments may occur.
Procedures should be in place to ensure that only authorized additions, deletions or changes to employee information are allowed.	Employee data may be improperly changed.
Blank check stock should be pre-numbered and physically secured. Checks should be periodically accounted for as being issued, voided or unused through as part of the bank account reconciliation process.	Cash may be misappropriated.
Signed payroll checks, manual warrants and direct deposit advices should be physically secured until distributed to employees.	Cash may be misappropriated.
Check signing equipment or facsimile signature plates or digitized signatures should be secured and custody of the equipment or digitized signatures should be secured.	Cash may be misappropriated.
Payroll check signatories should be individuals who have no payroll authorization or preparation responsibilities or access to unused checks. If it is not feasible to segregate due to small	Cash may be misappropriated.

staff size, other compensating controls should be put in place.	
Completed payroll registers should be reviewed and approved by appropriate financial management prior to disbursement. The review should be documented.	Improper employee payments may occur.
On a frequent basis, actual payroll costs should be compared to budgeted costs by department managers or other designated personnel.	Payroll expense and related liabilities may not be reflected in the proper department and/or fund. Improper employee payments may occur.
Payroll liabilities should be reconciled on a at least a quarterly basis by a person by someone who does not have direct access to payroll input.	Payroll liabilities may not be accurately recorded.

INVENTORY

<p>The following duties should be segregated:</p> <ul style="list-style-type: none"> • Custody of inventory and performing inventory counts. • The recording of the inventory in the subsidiary records or spreadsheets and the recording of inventory in the general ledger. • Custody of the inventory and access to make entries in the general ledger. • Reconciliation of the inventory system records or spreadsheets and entering entries in the general ledger system or the subsidiary records or spreadsheets. 	Inventory may be misappropriated.
A perpetual inventory system should be used. If not practical, other compensating controls should be in place.	Inventory may be misappropriated or not accurately reflected in the general ledger.
The person receiving new inventory should sign the requisition or equivalent form to evidence receipt. The signed form should then be forwarded to the accounting department.	Delay in payment may occur. Payment for unauthorized inventory purchases may occur.
Physical access to inventory should be restricted to authorized persons.	Inventory may be misappropriated.
Materials from storerooms should only be disbursed upon proper signed requisition.	Inventory may be misappropriated.

<p>A physical inventory of fixed assets should be done at least annually by persons independent of the custodial or record keeping functions. If this is not practical due to small staff size, other compensating controls should be in place. The physical counts should be reconciled to the general ledger by someone who does not have custody responsibility for the inventory. All general ledger adjustments to reconcile to the physical counts should be approved by the Controller of CFO.</p>	<p>Inventory may be misappropriated and/or may not be accurately reflected in the general ledger.</p>
<p>Physical inventories:</p> <ul style="list-style-type: none"> • should have clearly written instructions. • should be supervised by someone independent of the custodial or record keeping functions. • should have counts made by someone independent of the custodial or record keeping functions. • counts should be signed and dated by person supervising the count. • should have proper cut-off procedures for receipts and issues from inventory at year end. • should use pre-numbered inventory tags • physical counts should be reconciled to the general ledger by someone who does not have custody responsibility for the assets • all general ledger adjustments to reconcile to the physical counts should be approved by the Internal Audit, the Controller or the CFO. 	<p>Inventory counts may be misstated and inventory balances may not be accurately reflected in the general ledger.</p>
<p>A physical inventory should be taken when there is a change at a management or supervisory level that has responsibility for the inventory.</p>	<p>Inventory may be misappropriated.</p>

FIXED ASSETS

<p>The following duties should be segregated:</p> <ul style="list-style-type: none"> • Custody of the fixed assets and performing fixed assets inventory counts. • Reconciliation of the fixed asset system records and entering entries in the fixed asset system. • Custody of the fixed assets and tagging of the assets. • Custody of the fixed assets, access to make entries in the fixed asset system and the general ledger. 	<p>Fixed assets may be misappropriated.</p>
<p>An inventory system should be maintained that includes asset description, location, asset tag number, cost, date acquired, depreciation and depreciable life. The records are to be maintained in the PeopleSoft Fixed Asset Management system.</p>	<p>Fixed assets may be lost or misappropriated.</p>
<p>A physical inventory of fixed assets should be done at least annually by persons independent of the custodial or record keeping functions. If this is not practical due to small staff size, other compensating controls should be in place.</p>	<p>Fixed assets may be lost or misappropriated. Fixed asset balances may not be accurately reflected in the general ledger.</p>
<p>Physical inventories:</p> <ul style="list-style-type: none"> • should have clearly written instructions. • should be supervised by someone independent of the custodial or record keeping functions. • should have counts made by someone independent of the custodial or record keeping functions. • counts should be signed and dated by person supervising the count. • should have proper cut-off at year end. • should use pre-numbered inventory tags • physical counts should be reconciled to the general ledger by 	<p>Inventory counts may be misstated and inventory balances may not be accurately reflected in the general ledger.</p>

<p>someone who does not have custody responsibility for the assets</p> <ul style="list-style-type: none"> • all general ledger adjustments to reconcile to the physical counts should be approved by the Internal Audit, the Controller or the CFO. 	
A physical inventory should be taken when there is a change at a management or supervisory level that has responsibility for the assets.	Fixed assets may be lost or misappropriated.
Newly acquired fixed assets should be tagged promptly	Fixed assets may be lost or misappropriated
Disposals of fixed assets should be approved by a properly designated institutional official.	Fixed assets may be lost or misappropriated

INVESTMENTS

Investment transactions should be performed by authorized campus officials and in accordance with SBHE Policy 810.	Unauthorized or improper investment transactions could occur.
<p>The following duties should be segregated. If it is not practical due to small staff size, other compensating controls should be in place.</p> <ul style="list-style-type: none"> • Performing investment transactions. • Safekeeping of the investment documents. • Recording investment transactions to the general ledger. 	Unauthorized investment transactions could occur. Investment documents could be altered, lost or misappropriated. Investment balances may not be accurately reflected in the general ledger.
Investments should be purchased and sold only upon proper authorization.	Unauthorized investment transactions could occur.
All documents evidencing ownership should be physically secured and safeguarded.	Investment documents could be altered, lost or misappropriated.
<p>Detailed records should be maintained that include the following:</p> <ul style="list-style-type: none"> • Date of purchase, purchase amount and maturity date. • Physical location of document. • Interest dividend or income rates and accrual and receipt dates. 	Investment balances may not be accurately reflected in the general ledger.
Detail accounting records should be reconciled to the general ledger on a periodic basis and reviewed by someone independent of the record keeping or custodial function. The review should be documented.	Investment balances may not be accurately reflected in the general ledger

DEBT

Debt transactions obligating a campus should be performed by authorized campus officials and in accordance with SBHE Policies 804.1, 810.1 and 810.3 as well as NDUS Procedures 804.1	Unauthorized or improper debt transactions could occur.
Documents relating to debt instruments should be physical safeguarded	Debt transaction documents could be altered, lost or misappropriated.
Separate accounting records should be maintained for each debt issuance.	Debt transactions may not be accurately reflected in the general ledger.
The following duties should be segregated. If it is not practical due to small staff size, other compensating controls should be in place. <ul style="list-style-type: none">• The handling and recording of debt.• Review and reconciliation from the posting of debt transactions.	Unauthorized or improper debt transactions could occur. Debt transactions may not be accurately reflected in the general ledger.
Proceeds from debt should be monitored on a regular basis to ensure they are used in accordance with legal requirements.	Proceeds may be used for unauthorized or improper purposes.

JOURNAL ENTRIES

<ul style="list-style-type: none">• All journal entries should be properly documented and recorded in the general ledger. For non-system generated journal entries, proper and sufficient supporting documentation and approval should be retained with the journal entry.	Unauthorized or improper journal entries may be made to the general ledger.
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Chapter: Accounting for North Dakota Challenge Fund

Introduction

The 63rd legislative assembly appropriated \$29 million to NDUS institutions through a matching grant fund program. The 64th Legislative Assembly Appropriated \$23.5 million. One dollar in state matching grants will be awarded for every two dollars of non-state, non-federal dollars raised by the institutions' foundations to support North Dakota colleges and universities. Distributions of grant awards are determined by the legislatively prescribed grant review committee.

Additional information regarding eligibility, the application process, funding and timelines can be found in the North Dakota Higher Education Challenge Grant Fund rules of Operations & Procedures (Challenge Grant Fund Guidelines) issued by the Governor's Office. Copies of the guidelines are available at institutions, the NDUS System Office and the Governor's Office or online at <http://www.ndus.edu/board/nd-higher-education-challenge-fund-grant-review-committee-/guidelines/>.

Eligibility

To qualify for a matching grant, an institution's application must be approved by the grant review committee and meet the minimum threshold established in the Challenge Grant Fund Guidelines. Matching contributions can be from individuals, families, corporations, nonprofits or dedicated campaigns organized by the respective campus foundation. In kind donations are not eligible for match contributions. The institution's foundation is liable to the institution for any shortfall between amount pledged and the amount forthcoming. Private monies designated to be matched by the state may not be leveraged again by public monies. In other words, private monies cannot be used to match other public grants. The NDUS Foundation is not eligible for a grant.

There is no time limit as to when the monies have to be spent. However, pledges cannot exceed seven years.

Funding

Approved monies will be dispersed to the institutions through the NDUS System Office. The project is subject to all state procurement and open record laws. NDUS System Office will issue all monies to the institution in the form of an ACH or a check. This includes money for foundation projects. A signed Memorandum of Understanding (MOU) between the institution and the foundation will need to be in place before monies can be transferred between the campus and the foundation. The agreement will clearly state that the grant monies shall only be used for the purposes stated in the application to the Grant Review Committee. An MOU template can be obtained from the NDUS Special Projects Assistant-Administrative Affairs.

Institutions should account for the state matching grants and by using an unexpended grant plant fund and project or restricted grant fund and project.

Unexpended grant plant funds/projects are used for construction/renovation projects
Other restricted grant fund/project are used for non-construction/renovation projects.

Institutions should use a local fund to account for monies received from the System Office that are to be forwarded to the foundation.

Accounting for State Matching Grant Portion

Revenue is recognized for the full amount of the award after the Committee and Chancellor approvals have been received, in accordance with GASB 33. For practical purposes, the revenue can be recognized when the monies are received. A receivable will be recorded at year-end if approvals are received prior to June 30th and the funds are disbursed after June 30th. The state portion of funds should be coded to revenue using account numbers 451005-State Capital Grants & Contracts or to 451010-State Grants & Contracts, depending on if the funds are for a capital project.

A project should be created in PeopleSoft using a fund in the 40000-49999 fund range. Institutions that use the PeopleSoft Grant Module will set up the project using the processes established at their institutions. Institutions that do not use this module will track revenues and expenditures in the same manner used for other grants at the institution.

At year-end, unspent Challenge Grant monies should be reclassified to unearned revenue.

Accounting for Monies Received from the Foundation that are non-endowment monies

The NDUS System Office will send approved grant monies to the institutions and the institutions, in turn, will forward the monies approved for foundation to the appropriate foundation. Institutions will use account number 213001-Accounts Payable to CU-Current to record the receipt of these monies in the institution's general ledger. Upon remittance to the foundation, the institution will debit this account. Institutions should use a local fund to account for monies received from the System Office that are to be forwarded to the foundation. **Note: this section does not apply to interest earned on endowments that is remitted to the institution by the foundations.**

The institution will record the revenue when the monies are received from the foundation, using account 478007-Gifts from Related Foundations for non-capital projects or account 478015-Capital Gifts from Related Foundation, for capital projects. An unexpended plant fund in the 28000 -29999 range should be used for capital projects. A restricted fund in the 79000-79999 range should be used for non-capital projects.

If the institution creates a project in PeopleSoft to track the activity, submit a CTS help-desk ticket to change the budget definitions to allow projects in the 79000-79999 range, if you have not already done so.

The money may be held in the project for a length of time and not be spent depending how the campus funds the gift portion. For example, the state may send their portion but the Foundation does not send their portion until the project begins expenditures.

Also, the Foundation may advance a gift if the project wants to begin expenditures and the pledge has not been fully received.

Foundation Endowment Funded Projects for Operating Expenses

The NDUS System Office will send approved grant monies to the institutions and the institutions, in turn, will forward the monies approved for foundation to the appropriate foundation. Institutions will use account number 213001-Accounts Payable to CU-Current to record the receipt of these monies in the institution's general ledger. Upon remittance to the foundation, the institution will debit this account. Institutions should use a local fund to account for monies received from the System Office that are to be forwarded to the foundation.

When earnings from these endowments are received from the foundation, the institution will establish a fund in the institution's general ledger that corresponds to how the earnings from the endowment will be spent. The institution will recognize the spending portion of the endowment as gift revenue using a restricted fund.

Quarterly Reporting Requirements

A quarterly report is required to be completed for all Challenge Grant funds. The purpose of the report is to provide an update to the Higher Education Challenge Committee on the amount of distributed awards, the private sector funds pledged and collected and to report any modifications. One report can be submitted that includes both the institution awards and the foundation(s) award.

The report should be sent within 30 days after the quarter close to:

NDUS System Office
Attn: Patty Schock
600 East Boulevard Avenue
Dept. 215
Bismarck, ND 58505-0230
patty.schock@ndus.edu

Chapter: Composite Financial Index (CFI)

The instructions on the following pages were developed by the NDUS Controllers Group, using the guidance from “Strategic Financial Analysis for Higher Education” by KPMG and Prager, Sealy & Co., LLC. The report can be found at <http://prager.com/Public/raihe6.pdf>.

Template: The template included here is an example of the template that campuses will use to calculate the CFI. The calculations for each section are discussed in the paragraphs below. The template was obtained from The Higher Learning Commission website.

The Higher Learning Commission 2013 Annual Institution Data Report Financial Data Worksheet for Public Institutions				
Financial Ratios				
Primary Reserve Ratio Calculation:	Data	Strength	Weight	CFI
Institution unrestricted net assets	+			
Institution expendable restricted net assets	+			
C.U. unrestricted net assets	+			
C.U. temporary restricted net assets	+			
C.U. net investment in plant	-			
Numerator Total		0.0		
Institution operating expenses	+			
Institution non-operating expenses	+			
Elimination of inter-entity amounts	+			
C.U. total expenses	+			
Denominator Total		0.0		
Primary Reserve Ratio =	÷	#DIV/0!	#DIV/0!	0.35
Net Operating Revenue Ratio Calculation:				
Institution operating income (loss)	+			
Institution net non-operating revenues	+			
C.U. change in unrestricted net assets	+			
Elimination of inter-entity amounts	+	0.0		
Numerator Total		0.0		
Institution operating revenues	+			
Institution non-operating revenues	+			
C.U. total unrestricted revenues	+			
Elimination of inter-entity amounts	+			
Denominator Total		0.0		
Net Operating Revenue Ratio =	÷	#DIV/0!	#DIV/0!	0.10
Return on Net Assets Ratio Calculation:				
Change in net assets + C.U. change in net assets	+			
Elimination of inter-entity amounts	+	0.0		
Total net assets + C.U. total net assets (beginning of year)	+			
Return on Net Assets Ratio =	÷	#DIV/0!	#DIV/0!	0.20
Viability Ratio Calculation:				
Expendable net assets				
Numerator Total		0.0		
Institution long-term debt (total project related debt)	+			
C.U. long-term debt (total project related debt)	+			
Denominator Total		0.0		
Viability Ratio =	÷	0.000	10.000	0.35
COMPOSITE FINANCIAL INDICATOR SCORE (CFI)				#DIV/0!
Notes:				
Data used to complete ratios should be based on the most recent audited financial statements.				
We strongly encourage that the Commission's source document, Strategic Financial Analysis for Higher Education , 7th ed., Prager, Sealy & Co., LLC; KPMG LLP, be consulted while entering AIDU financial data.				
http://www.nacubo.org/Products/Publications/Finance/Strategic_Financial_Analysis_for_Higher_Education_7th_Edition.html				
If the strength factor score for any ratio is greater than or equal to 10, the strength factor score for that ratio is 10. If the strength factor score for any ratio is less than or equal to -4, the strength factor score is -4. If an institution has no long term debt, the Viability Strength Factor = 10.				
The ratio calculations for public institutions should include the Component Unit (CU) data, if it is NOT already in your statements. Typically, this data is from foundations, which often use FASB. For further clarification see Strategic Financial Analysis for Higher Education , 7th ed.				

Use of Component Units

Component Units, for the purposes of this calculation, are defined as the major and non-major component units that are discretely presented in the NDUS Annual Financial Report for the fiscal year in which the calculation is being prepared. Each institution should include at least one component unit in the calculation. In the event an institution has no major or non-major discretely presented component units, the institution's largest foundation should be included in the calculation.

Primary Reserve Ratio Calculation

Numerator:

Institution unrestricted net assets: Input the campus unrestricted net assets balance reported in the Net Assets section of the Statement of Net Position (SNP).

Institution expendable restricted net assets: Input the campus total expendable restricted net assets reported in the Net Assets section of the SNP. This includes the following categories reported in the SNP: Scholarships and Fellowships, Research, Institutional, Loans, Capital Projects, Debt Service and Other.

C.U. unrestricted net assets: Input the component unit unrestricted net assets balance reported in the balance sheet of the C.U. audited financial statements and footnotes. This amount can also be obtained from the net assets section of the C.U. SNP in the NDUS Annual Financial Report.

C.U. temporary restricted net assets: Input the component unit temporary restricted net assets balance reported in the balance sheet of the C.U. audited financial statements and footnotes. This amount can also be obtained from the net assets section of the C.U. SNP in the NDUS Annual Financial Report.

C.U. net investment in plant: If the amount is not separately disclosed in the net assets section of the C.U. balance sheet, input the C.U. property, plant and equipment balance, net of accumulated depreciation and capital related debt reported in the C.U. audited financial statements and footnotes.

If it is separately disclosed in the net assets section of the C.U. balance sheet and is not included in the unrestricted and temporary restricted net assets amounts above, do not enter an amount in this cell.

Denominator:

Institution operating expenses: Input the amount reported for total operating expenses in the Statement of Revenues, Expenses and Net Position (SRECNP).

Institution non-operating expenses line items from the SRECNP:

Include the following items:

1. Interest on capital asset-related debt reported on the SRECNP.

2. Losses on disposal of capital assets from account 481005. Do not include gains on disposal of capital assets in account 481005.
3. Other non-operating revenues (expense) line item reported in the SRECNP. Include if the net amount of this line item is an expense.

Elimination of inter-entity amounts: Leave this field blank.

C.U. total expenses: Input amount in the total expense line in the C.U. SRECNP of the NDUS Annual Report or from the Statement of Activities in the C.U. audited financial statements.

Net Operating Revenue Ratio Calculation

Numerator:

Institution operating income (loss): Input the amount reported on the Operating Income (Loss) line in the SRECNP.

Institution net non-operating revenues: Input the amount reported on the net non-operating revenue (expense) line in the SRECNP. Exclude the following accounts:

- 442020 – Gain on Sale of Investments
- 442025 – Unrealized G/L on Investments
- 442045 – Loss on Sale of Investments

C.U. change in unrestricted net assets: This amount is obtained from the C.U. audited financial statements in the Statement of Activities or in the footnotes. The financial statements or footnotes will disclose separate columns for the change in unrestricted, temporarily restricted and permanently restricted net assets. Input the change in the unrestricted net assets column only.

Elimination of inter-entity amounts: Leave this field blank.

Denominator:

Institution operating revenues: Input the amount reported on the total operating revenues line in the SRECNP.

Institution non-operating revenues: Include the following line items in the SRECNP:

1. State appropriations
2. Local appropriations
3. Federal appropriations
4. Federal grants and contracts
5. Gifts
6. Tax Revenue
7. Endowment investment income. Exclude the following accounts from this line item:

- a. 442020 – Gain on Sale of Investments
 - b. 442025 – Unrealized G/L on Investments
 - c. 442045 – Loss on Sale of Investments
8. Gain on disposal of capital assets. Exclude losses recorded 481005- Gain (loss) on Disposal of Capital Assets.
9. Insurance proceeds
- Other non-operating revenues (expense). Other non-operating revenues (expense) line item reported in the SRECNP. Include if the net amount of this line item is revenue.

Exclude state appropriations for capital assets, inter-institution transfers and capital grants and gifts from the numerator and denominator because they are not used for operating purposes.

C.U. total unrestricted revenues: This amount is obtained from the C.U. audited financial statements in the Statement of Activities or in the footnotes. The financial statements or footnotes will disclose separate columns for unrestricted, temporarily restricted and permanently restricted revenue. Input the revenue reported in the unrestricted column only.

Elimination of inter-entity amounts: Leave this field blank.

Return on Net Assets

Change in net assets + C.U. change in net assets:

1. Institutions: Change in net assets: input the change (increase or decrease) in net assets reported in the SRECNP.
2. C.U.: This amount is obtained from the C.U. audited financial statements in the Statement of Activities or in the footnotes. The financial statements or footnotes will disclose separate columns for the change in unrestricted, temporarily restricted and permanently restricted net assets and total change. Input the change in the total net assets column only. This amount can also be obtained from the C.U. SRECNP in the NDUS Annual Financial Report.

Elimination of inter-entity amounts: Leave this field blank.

Total net assets + C.U. total net assets (beginning of year):

1. Institutions: Report the amount on the line “Beginning Net Position, as restated” in the current year SRECNP.
2. C.U.: This amount is obtained from the “Net Assets, Beginning of Year” line in the Statement of Activities in the current year C.U.

audited financial statements. This amount can also be obtained from the C.U. Statement of Activities in the NDUS Annual Financial Report.

Viability Ratio Calculation

Numerator:

Expendable net assets: The numerator is the same as the numerator for the Primary Reserve Ratio.

Denominator

Institution long-term debt (total project related debt): Include the current and non-current portion of long-term debt reported in the SNP. Excluding borrowings for liquidity (operating) purposes and compensated absences. Note: borrowings for liquidity purposes rarely, if ever, occur North Dakota's institutions. However, in the event that a campus incurs debt for this purpose, it should be excluded. C.U. debt that is included in institution long-term debt for financial reporting purposes should also be excluded.

C.U. long-term debt (total project related debt): This amount is obtained from the C.U. audited financial statements in the Statement of Activities or in the footnotes. Exclude compensated absences and borrowings for liquidity

Appendix A

NORTH DAKOTA UNIVERSITY SYSTEM

PEOPLE SOFT GENERAL LEDGER

ACCOUNT DESCRIPTIONS

Assets (101001-162102)

Assets are resources owned by the Campus. Assets have value because they can be used or exchanged to produce the services or products of the Campus. Assets possess service potential or utility to their owner that can be measured and expressed in money terms.

Petty Cash- (Acct 101001)- Used to account for a petty cash fund established for the purpose of disbursing small amounts that are not practical to pay by voucher. The funds are replenished periodically by submitting a voucher. All petty cash funds must be recorded on the general ledger and need prior approval from internal auditing or business office.

Cash on Hand- (Acct 102001)- Used to account for cash on hand maintained for the purpose of making change when collecting cash receipts (i.e. till or change funds). No disbursements should be made from cash on hand. All till or change funds must be recorded on the general ledger and have prior approval from internal auditing or business office.

Cash & Cash Equiv-Non BND Curr- (Acct 103000)- Used for account roll-up purposes only, not actual accounting transactions.

Cash - Non BND- (Acct 103251)- Represents cash deposited in a bank account or with a trustee outside the Bank of ND to which receipts, disbursements or transfers are recorded – checking account. Quasi-endowments recorded in 103251 thru 105501.

Cash-Savings/Money Mark-NonBND- (Acct 103501)- Represents the market value of any money market or passbook savings accounts invested outside of the Bank of North Dakota. Quasi-endowments recorded in 103251 thru 105501.

Cash & Cash Equiv-BND Current- (Acct 105000)- Used for account roll-up purposes only, not actual accounting transactions.

Cash - in BND - (Acct 105251)- Main cash account. Represents cash deposited in a Bank of North Dakota bank account, or trustee account, to which receipts, disbursements, transfers, etc. are recorded – checking account. Quasi-endowments recorded in 103251 thru 105501. Use for journal entry and import transactions.

Cash-Savings/Money Market BND- (Acct 105501)- Represents the market value of any money market or passbook savings account invested at the Bank of North Dakota. Quasi-endowments recorded in 103251 thru 105501.

Deposits/Cash-BND- (Acct 107000)- Used for account roll-up purposes only, not actual accounting transactions.

Cash - In BND- (Acct 107101)- Deposits. Used to record cash deposited in an escrow fund or with a trustee. May also be used to record cash deposits from students or others that are deposited in a Bank of ND checking account.

Cash-Savings/Money Market BND- (Acct 107201)- Deposits. Used to record cash deposited in an escrow fund or with a trustee. May also be used to record cash deposits from students or others that are invested in a money market or passbook savings account at the Bank of ND.

Deposits/Cash-NonBND- (Acct 108000)- Used for account roll-up purposes only, not actual accounting transactions.

Cash - Non BND- (Acct 108100)- Deposits. Used to record cash deposited in an escrow fund or with a trustee. May also be used to record cash deposits from students or others that are deposited in a checking account outside the Bank of ND.

Cash-Savings/Money Mark-NonBND- (Acct 108200)- Deposits. Used to record cash deposited in an escrow fund or with a trustee. May also be used to record cash deposits from students or others that are invested in a money market or passbook savings account outside the Bank of ND.

Cash-Restricted Noncurr-BND- (Acct 109000)- Used for account roll-up purposes only, not actual accounting transactions.

Cash - In BND- (Acct 109100) – Restricted. Used for financial statement entries. To reclassify restricted cash from Acct 105251 that are the following: unspent bond proceeds and accrued principal and interest in bond payment funds.

Cash-Savings/Money Market BND- (Acct 109200) – Restricted. Used for financial statement entries. To reclassify restricted cash from 105501 that are the following: unspent bond proceeds and accrued principal and interest in bond payment funds.

Cash-Restrict Noncurr-Non BND- (Acct 110000)- Used for account roll-up purposes only, not actual accounting transactions.

Cash - Non BND- (Acct 110101) – Restricted. Used for financial statement entries. To reclassify restricted cash from 103251 that are the following: unspent bond proceeds and accrued principal and interest in bond payment funds.

Cash-Savings/Money Mark-Non BND- (Acct 110201)- Restricted. Used for financial statement entries. To reclassify restricted cash from 103501 that are the following: unspent bond proceeds and accrued principal and interest in bond payment funds.

Cash - Endowment-BND- (Acct 111000) - Used for account roll-up purposes only, not actual accounting transactions.

Cash - In BND- (Acct 111100)- Endowment. May be used to record cash in pure endowment funds with separate bank accounts. Or used for financial statement entries to reclassify balances from Acct 105251 in pure endowment funds. Quasi-endowments use 103251 thru 105501.

Cash-Savings/Money Market BND- (Acct 111200)- Endowment. May be used to record cash in pure endowment funds with separate bank accounts. Or Used for financial statement entries to reclassify balances from Acct 105501 in pure endowment funds. Quasi-endowments use 103251 thru 105501.

Cash - Endowment-Non BND- (Acct 112000)- Used for account roll-up purposes only, not actual accounting transactions.

Cash - Non BND- (Acct 112101)- Endowment. May be used to record cash in pure endowment funds with separate bank accounts. Or used for financial statement entries to reclassify balances from Acct 103251 in pure endowment funds. Quasi-endowments use 103251 thru 105501.

Cash-Savings/Money Mark-Non BND- (Acct 112201)- Endowment. May be used to record cash in pure endowment funds with separate bank accounts. Or used for financial statement entries to reclassify balances form Acct 103501 in pure endowment funds. Quasi-endowments use 103251 thru 105501.

Investments Non BND Current - (Acct 113000) - Used for account roll-up purposes only, not actual accounting transactions.

Investments - CD's Non BND- (Acct 113021) - Includes certificates of deposit with original terms greater than three months invested outside the Bank of ND.

Investments - Pooled Non BND- (Acct 113041) - Includes market value of treasury notes/bills, stocks, bonds and investment accounts invested outside the Bank of ND that represent the pooling of investments .

Investments - Other Non BND- (Acct 113061) - Includes market value of treasury notes/bills, stocks, bonds and investment accounts with brokers, invested outside the Bank of ND that are specifically identifiable to a fund.

Investments-BND Current- (Acct 115000) - Used for account roll-up purposes only, not actual accounting transactions.

Investments - CD's In BND- (Acct 115021) - Includes certificates of deposit with original terms greater than three months invested in the Bank of ND that are specifically identifiable to a fund.

Investments - Pooled In BND- (Acct 115041) - Includes certificates of deposit with original terms greater than three months invested in the Bank of ND that represent the pooling of investments from several funds.

Investments - Other In BND- (Acct 115061) - Not used.

Investments Restr Noncurr-BND- (Acct 117000) - Used for account roll-up purposes only, not actual accounting transactions.

Investments - CD's In BND- (Acct 117051) - Restricted; Used for investments in bond reserve funds or to reclassify for financial statement purposes, the restricted investments from acct 115021 & 115041 that are the following: unspent bond proceeds and accrued principal and interest in bond reserve funds.

Investments - Pooled In BND- (Acct 117101) - Restricted. Not used.

Investments - Other In BND- (Acct 117151) - Restricted. Not used.

Invest Restr Noncu-Non BND- (Acct 118000) - Used for account roll-up purposes only, not actual accounting transactions.

Investments - CD's Non BND- (Acct 118050) - Restricted. Used for financial statement entries. To reclassify restricted investments from acct 113021 that are unspent bond proceeds and accrued principal and interest in bond payment funds.

Investments - Pooled Non BND- (Acct 118100) - Restricted. Used for financial statement entries. To reclassify restricted investments from acct 113041 & 113061 that are unspent bond proceeds and accrued principal and interest in bond payment funds.

Investments - Other Non BND- (Acct 118150) - Restricted. Not used.

Investments-Endow Non current BND- (Acct 119000) - Used for account roll-up purposes only, not actual accounting transactions.

Investments - CD's In BND- (Acct 119051) – Endowment; may be used to record CDs in pure endowment funds or used for financial statement entries to reclassify balances from Acct 115021 & 115041 in pure endowment funds.

Investments - Pooled In BND- (Acct 119101) - Endowment. Not used. May be used to record investments in pure endowment funds or used for financial statement entries to reclassify balances from Account 115041 in pure endowment funds.

Investments - Other In BND- (Acct 119151) - Endowment. Not used.

Invest-Endow Noncurr Non BND- (Acct 120000) - Used for account roll-up purposes only, not actual accounting transactions.

Investments - CD's Non BND- (Acct 120051) – Endowment; may be used to record CDs in pure endowment funds or used for financial statement entries to reclassify balances from Acct 113021 in pure endowment funds.

Investments - Pooled Non BND- (Acct 120101) - Endowment; may be used to record investments in pure endowment funds or used for financial statement entries to reclassify balances from Acct 113041 & 113061 in pure endowment funds.

Investments - Other Non BND- (Acct 120151)- Endowment. Not used.

Investments-Other Non current-BND- (Acct 121000) - Used for account roll-up purposes only, not actual accounting transactions.

Investments - CD's In BND- (Acct 121051) - Non current; used for financial statement entries; to reclassify unrestricted balances from Acct 115021 & 115041 with maturities > 1 year.

Investments - Pooled In BND- (Acct 121101) - Non current. Not used.

Investments - Other In BND- (Acct 121151) - Non current. Not used.

Investments - CD's Non BND- (Acct 121201) - Used for financial statement entries; to reclassify unrestricted balances from Acct 113021 with maturities > 1 year.

Investments - Pooled Non BND- (Acct 121251) - Used for financial statement entries; to reclassify unrestricted balances from Acct 113041 & 113061 with maturities of > 1 year.

Investments - Other Non BND- (Acct 121301) - Used to record other investments, such as stock.

Investment-Land Held by Inst – (Account 122801) – Used to record investment land held by institutions.

Accounts Receivable – Current- (Acct 124001)- Account used by journal generation process from student finance module.

Salary Advance Receivable- (Acct 124002)- Used to account for the 12-month payroll advance approved by the State Board of higher Education for fiscal 2005.

AR-NonStudent Non G/C- (Acct 124003)- To record manual accounts receivable.

Accounts Receivable-Patient- (Acct 124004)- Used by UND CFMs to record patient receivables.

Employee Payroll Receivable – (Account 124005) – used to record employee payroll receivables.

Accounts Receivable-NonCurrent- (Acct 124101)- Used for financial statement entries. To reclassify balances from Acct 124001 to be collected beyond the next 12 months.

Accounts Receivable-Allowances- (Acct 124201)- Contra-asset account used to record the estimated uncollectible accounts receivable.

AR-NonStudent Non G/C Allow (Acct 124203) – Contra-asset account used to record estimated uncollectible non-student and/or non-grants and contracts related accounts receivable.

Accounts Rec Patient Allowance (Acct 124204) - Contra-asset account used to record estimated uncollectible patient accounts.

Notes Receivable - Current- (Acct 125002)- Amounts due to the campus from 3rd parties that are evidenced by an agreement.

Notes Receivable - Non Current- (Acct 125102)- **Used for financial statement entries. To reclassify balances from Acct 125002** expected to be collected beyond the next 12 months.

Notes Receivable - Allowances- (Acct 125202)- Contra-asset account used to record the estimated uncollectible current notes receivable.

Notes Rec-Allow NonCur- (Acct 125302)- Contra-asset account used to record the estimated uncollectible noncurrent notes receivable.

Loans receivable - Current- (Acct 126002)- Loan funds. Amounts due from students to the Campus and evidenced by a loan agreement (i.e. Perkins loans).

Loans receivable - Non Current- (Acct 126102)- **Used for financial statement entries. To reclassify balances from Acct 126002** expected to be collected beyond the next 12 months.

Loans receivable - Allowances- (Acct 126202)- Contra-asset account used to record the estimated uncollectible Loans Receivable.

Loans Rec-Allow NonCur- (Acct 126302)- Contra-asset account used to record the estimated uncollectible noncurrent loans receivable.

Interest Receivable -Current- (Acct 127002)- Used to accrue investment income from the date of the last credit of interest to the fiscal year-end. Interest expected to be collected in the next 12 months.

Interest Receivable-Non Current- (Acct 127102)-Interest expected to be collected beyond the next 12 months.

Interest Receivable-Allowances- (Acct 127202)- Contra-asset account used to record the estimated uncollectible interest receivable.

Grant & Contract Rec - Current- (Acct 128002)- Represents amounts receivable due to Campus grant or contract expenditures waiting to be reimbursed by a federal, state, or private agency.

AR Maintenance Control (Acct 128050)- A holding account available to be used by NDSU, MiSU, and UND sponsored agreement offices for specific AR transactions on sponsored agreements.

AR Refund Control (Acct 128055)- A holding account available to be used by NDSU, MiSU, and UND sponsored agreement offices for specific AR refund transactions on sponsored agreements.

AR Cash Control (Acct 128060)- A holding account available to be used by NDSU, MiSU, and UND sponsored agreement offices for specific receipts on sponsored agreements.

Grant & Contract Rec-NonCurr- (Acct 128102)- Used for financial statement entries. To reclassify balances from Acct 128002 expected to be collected beyond the next 12 months.

Grant & Contract Receivable-Allowance- (Acct 128202)- Contra-asset account used to record the estimated uncollectible grants receivable.

Accounts Receivable-notinvoice- (Acct 129002)- Do Not Use. For the grants and contracts AR and BI modules only.

Due from Other Funds- Current- (Acct 131001)- Used for making temporary transfers of cash between funds. Entries with this account should be offset with account 211001- Due to other funds. Accounts expected to be collected in the next 12 months.

Due from Other Funds-Non Current- (Acct 131051)- Used for financial statement entries. To reclassify balances from Acct 131001 expected to be collected beyond the next 12 months.

Appropriation Receivable State - Cur- (Acct 133001) - Represents the amount of state appropriation expenditures in excess of previous drawdowns from the state general fund.

Appropriation Receivable Other - Cur- (Acct 133101) - Represents the amount of federal appropriation expenditures in excess of previous drawdowns.

Due from Component Units-Current- (Acct 134001) - Used for financial statement entries. To reclassify balances from Acct 124001 for amounts due from component units - to be collected within the next 12 months.

Investments Held by Fndn-Current – (Acct 134005) – Used for financial statement entries. To reclassify institution investments held by a foundation on behalf of the institution from the investment accounts

Due from Component Units-NonCurr- (Acct 134101) - Used for financial statement entries. To reclassify balances from Acct 124001 for amounts due from component units - to be collected beyond the next 12 months.

Investments Held by Fndn-NC – (Acct 134105) - Used for financial statement entries. To reclassify institution investments held by a foundation on behalf of the institution from the investment accounts.

Due from Other State Agencies- (Acct 137001) - Used for financial statement entries. To reclassify balances from Acct 124001 & 128002 for amounts due from state agencies.

Due from Other NDUS Institutions (Acct 137005) – Used for financial statement entries. Used reclassify receivable balances for amounts due from other NDUS institutions at year end.

Inventory - Supplies- (Acct 141001)- represents goods held for resale by auxiliary enterprises and goods held for general distribution by central storerooms and recharge centers.

Prepaid Expenses- (Acct 142002)- established to account for prepaid amounts for items such as insurance or supplies that are to be consumed in subsequent fiscal periods. Deferred charges include long-term charges that will be converted to expense over several fiscal periods such as development costs, leasehold premiums, or long-term contract costs.

Deposits- (Acct 143002)- Do not use.

Bond Discounts - Current (Account 144001) – used to record current portion of unamortized bond discounts. **Note:** an entry should be done at year-end to reclass current portion from account 144002 to 144001.

Bond Discounts-Non-Current (Account 144002) – used to record non-current portion of unamortized bond discounts. **Note:** an entry should be done at year-end to reclass current portion from account 144002 to 144001.

Other Assets - Current- (Acct 161002)- used only for items of value that don't fit into any of the other asset categories.

Other Assets - Non Current- (Acct 161102)- Account is used during the year or at year-end to record unrestricted assets that will be converted to cash beyond 12 months.

Other Restricted Assets - Curr- (Acct 162002)- used for restricted items of value that don't fit into any of the other asset categories.

Other Restricted Assets - Non Curr- (Acct 162102)- Account is used during the year or at year-end to record restricted assets that will be converted to cash beyond 12 months.

Investment in Plant Accounts- Used for financial statement entries. Entries are journal generated from the asset management module to record changes to capital assets. These accounts are used in the Investment in Plant funds (fund range 00001-00100).

- **Land (Acct 151002)**- Purchased land should be recorded at the purchase price plus all ancillary charges such as broker and legal fees. Land acquired by gift should be recorded at fair market value at the date of the gift.
- **Infrastructure/Land Improve - (Acct 151027)**- Includes parking lots, fencing, gates, athletic fields, streets, lighting, roads, bridges, tunnels, sidewalks, curbs, utility distribution systems and storm sewers. Record only those assets to which the institution has title.
- **Buildings & Leaseholds- (Acct 151052)**- **All direct costs of construction, including permanently attached fixtures, machinery and other components that cannot be removed without damaging the building.**
- **Building Improvements- (Acct 151077)**- Costs in excess of \$10,000 that increase the buildings usefulness, efficiency or asset life.
- **Machinery and Equipment- (Acct 151102)**- Personal property that is moveable, which costs in excess of \$5,000. Include purchase price plus freight and installation costs. Equipment acquired by gift should be recorded at fair market value at time of donation.
- **Library Books- (Acct 151127)**- Purchased books should be recorded at purchase price plus transportation and incidental costs. Books acquired by gift should be recorded at fair market value at time of gift.
- **Construction in process- (Acct 151152)**- Capitalizable costs to date of construction that is not completed as of fiscal year-end.

- **Intangible assets- (Acct 151177)**- Assets that benefit the Campus through the special rights and privileges of their ownership as opposed to the physical characteristics. Examples are: patents, copyrights, leases, and licenses.
- **Asset Grt Deferrals- (Acct 151999)**- DO NOT USE. Account is used behind the scenes in the asset management module.

Accumulated Depreciation- Used for financial statement entries. To record current year depreciation and to remove accumulated depreciation on assets removed from the books.

- **Infrastructure Acc Dep- (Acct 152027)**
 - **Buildings Acc Dep- (Acct 152052)**
 - **Building Improvements Acc Dep- (Acct 152077)**
 - **Machinery & Equipment Acc Dep- (Acct 152102)**
 - **Library Books Acc Dep- (Acct 152127)**
 - **Intangibles – Acc Amortization (Acct 152177)**
-

Other Assets - Current- (Acct 161002)- used only for items of value that don't fit into any of the other asset categories.

Other Assets - Non Current- (Acct 161102)- Account is used during the year or at year-end to record unrestricted assets that will be converted to cash beyond 12 months.

Other Restricted Assets - Curr- (Acct 162002)- Used for restricted items of value that don't fit into any of the other asset categories.

Other Restricted Assets - Non Curr- (Acct 162102)- Account is used during the year or at year-end to record restricted assets that will be converted to cash beyond 12 months.

Deferred outflows of resources (Acct 171005) – to be used to account for transactions identified in GASB 53, 60, 63 and 65 that do not qualify for treatment as assets. Those transactions are:

- Service Concession Arrangements.
- Grant expenditures paid in advance of meeting timing requirements. This does **not** include those amounts paid in advance of eligibility requirements.
- Deferred amounts from refunding of debt (debit amounts).
- Cost to acquire rights to future revenues.
- Deferred loss from sale and leaseback.
- Negative fair value of government hedge of a future transaction.
- Actuarially determined portion of pension expense.
- Employer contributions to the pension plan subsequent to the measurement date of the net pension liability

Liabilities (201001-234102)

Liabilities are debts owed by the Campus. Typically, debts must be paid by certain dates. Many liabilities are incurred by purchasing an item on credit. Other liabilities are assumed through the acquisition of assets or through the payroll process.

Accounts/Vouchers Payable- (Acct 201001) -

Vouchers created in the accounts payable module are typically posted to the general ledger with a debit to an expense account and a credit to accounts/vouchers payable. The credit to accounts/vouchers payable remains until the vouchers is paid. When paid, an entry debiting accounts/vouchers payable and a credit to cash is posted to the general ledger. At fiscal year -end, vouchers may be entered into the system and given an invoice and accounting date of the month prior to the payment date. The system will create a June 30th accounts/voucher payable entry with a date of 6-30-xx until the voucher is paid. The payable will be extinguished on the date the payment is made.

Sales Tax Payable- (Acct 201101)- used for recording the Campus's liability for sales tax collected but not remitted to the state tax commissioner.

Interest Payable - Current- (Acct 203001)- used to accrue interest on bonds payable from the last payment date through fiscal year-end. This is generally recorded in the retirement of indebtedness fund where the interest is paid (00500-00999).

Interest Payable - NonCurrent- (Acct 203101)- interest payable beyond 12 months.

Special Assessments Pybl-Curr- (Acct 205001)- used to record the Campus's liability for Special Assessments payable to the County Treasurer for land and infrastructure improvements. These entries are recorded in the Investment in Plant funds (fund range 00010-00100).

Special Assessments Pybl-NonCu- (Acct 205101)- Used for financial statement entries. To reclassify the portion of Acct 205001 that is due beyond 12 months.

Contracts Payable- Construction- (Acct 208001)- May be used to record payables to contractors (other than retainages) for work done through fiscal year-end.

Contracts Payable- Retainages- (Acct 208101)- used to record cumulative amount the Campus has retained on payments to contractors on capital improvement projects. This

amount is remitted to the contractors upon final inspection of the work by the architect/engineer and Campus.

Due to Other Funds - Current- (Acct 211001)- for making temporary transfers of cash between funds. Entries with this account should be offset with account 131001-Due from other funds. Accounts expected to be collected in the next 12 months.

Due to Other Funds-Non Current- (Acct 211101)- Used for financial statement entries. To reclassify balances from Acct 211001 expected to be collected beyond the next 12 months.

Accounts Payable to CU – Current - (Acct 213001)- Used for financial statement entries. To reclassify balances from Acct 201001 for amounts due to component units - to be collected within the next 12 months.

Accounts Payable to CU - NonCurr- (Acct 213101)- Used for financial statement entries. To reclassify balances from Acct 201001 for amounts due to component units - to be collected beyond the next 12 months.

Due to Other State Agencies- (Acct 217001) - Used for financial statement entries. To reclassify balances from Acct 201001 for amounts due to state agencies.

Due to Other NDUS Institutions (Acct 217005) – Used for financial statement entries. To reclassify payables due from other NDUS institutions at year end.

Accrued Salaries Payable- (Acct 223001)- Entries journal generated from payroll module. Use for obligations of the Campus for salaries and wages at fiscal year-end. The payroll system records salaries payable each year at June 30 for accrued salary expenditures - generally, hours worked through June 30 that are paid in July.

Faculty- 9mo Pd over 12 Liab- (Acct 223002)- Used for the liability for faculty members on 9 month appointments that want to be paid over 12 months.

Payroll Withholdings- (Acct 223026)- Used for recording all amounts withheld from employee's salaries for which the Campus has an obligation to remit to an outside agent (flex, AFLAC, employee FICA, fed/state taxes, NDPERS, TIAA).

Health Insurance Payable- (Acct 223051)- Used for recording the appropriate amount of employee health insurance premium payable for each fund.

Accrued Fringes Payable- (Acct 223076)- Used for recording matching employer fringe benefits, other than health insurance, payable from each fund (TIAA disability, UC, employer FICA).

Retirement/Tenure Payable- (Acct 223101)- Used to record the amounts payable to employees under an early retirement or tenure buyout agreement.

Deposits- (Acct 224002)- Used to record the Campus's liability for amounts placed on deposit for items such as: room deposits, key deposits, flight deposits or laboratory breakage fees. These amounts may be returned to the depositor or utilized by the Campus to cover expenses incurred in relation to the purpose of the deposit.

Amounts Held for Others- (Acct 224027)- In agency funds (fund range 80000-86000) net activity for the year is closed to this account instead of a net asset account. The Campus does not own the agency fund net position, as it is holding them as custodian for an outside organization.

Unearned Revenues- (Acct 225002)- Used for Financial Statement Entries. Assets received (usually cash) that have not yet been recognized as revenue.

- **Unearned Revenues-SponAgrmts (Acct 225003)-** used primarily in the grant/contract funds
- **Unearned Revenues – SF- Summe - (Acct 225005)-** not used.

Bonds Payable- Current- (Acct 230002)- Used to record the Campus's liability for indebtedness represented by a bond indenture. Generally, bonds payable are recorded in the Investment in Plant funds (00001-00100) as they were incurred to acquire capital assets.

Bonds Payable to CU - Current- (Acct 230103)- Used to record the Campus's bond liability to a discretely presented component units for indebtedness represented by a bond indenture. Generally, bonds payable are recorded in the Investment in Plant funds (00001-00100) as they were incurred to acquire capital assets.

Bonds Payable- NonCurrent- (Acct 230102)- Used during the year or at year-end to record bonds payable that are due beyond 12 months.

Bonds Payable to CU- NonCurrent- (Acct 230103)- Used during the year or at year-end to record bonds payable to a discretely presented component units that are due beyond 12 months.

Notes Payable- Current- (Acct 231002)- Used to record the Campus's liability when long-term written agreements have been signed to repay a loan. Short-term agreements are recorded as accounts payable.

Notes Pay to CU-Current - (Acct 231003)- Used to record the Campus's liability when long-term written agreements with discretely component units have been signed to repay a loan. Short-term agreements are recorded as accounts payable.

Notes Payable- NonCurrent- (Acct 231102)- Used during the year or at year-end to record notes payable that are due beyond 12 months.

Notes Payable- NonCurrent- (Acct 231103)- Used during the year or at year-end to record notes payable to discretely presented component units that are due beyond 12 months.

Capital Leases Payable- Current- (Acct 232002)- Used to record the Campus's liability for written lease agreements entered into to acquire capital assets. These liabilities are recorded in the Investment in Plant funds (fund range 00500-00999) to offset the capital asset (e.g. equipment) that is recorded at total cost.

Cap. Lease Pay to CU - Current- (Acct 232003)- Used to record the Campus's liability for written lease agreements entered into to acquire capital assets with discretely presented component units. These liabilities are recorded in the Investment in Plant funds (fund range 00500-00999) to offset the capital asset (e.g. equipment) that is recorded at total cost.

Capital Leases Payable- NonCurr- (Acct 232102)- Used during the year or at year-end to record capital leases payable that are due beyond 12 months.

Cap Lease Pay to CU-NonCurr - (Acct 232103)- Used during the year or at year-end to record capital leases payable to discretely presented component units that are due beyond 12 months.

Compensated Absences-Current- (Acct 233002)- Used for financial statement entries. To record the Campus's fiscal year-end annual and sick leave liability for all employees.

Compensated Absences-NonCurr- (Acct 233102)- Used during the year or at year-end to record compensated absences payable that are due beyond 12 months.

Other Liabilities-Current- (Acct 234002)- Used to record payments to others that don't fit into any of the other liabilities categories.

Unamortized Bond Premium-Current (Acct 234005)- Used to record the current portion of liability when bonds are issued at a premium. **Note:** an entry should be done at year-end to reclass current portion from account 234105 to 234005.

Other Liabilities-Non Current (Acct 234102) – Used to record the non-current portion of payments that don't fit into any of the other non-current liability categories.

Unamortized Bond Prem-Non-Curr - (Acct 234105)- Used to record the non-current portion of liability when bonds are issued at a premium. **Note:** an entry should be done at year-end to reclass current portion from account 234105 to 234005.

Advances from BND- (Acct 234202)- Used during the year or at year end to record advances from the Bank of North Dakota.

Pension Liab – Noncurrent (Acct 234205) – Used to record the actuarially determined pension liability. Amounts are provided by NDPERS to the NDUS System Office, who, in turn, will forward to the institutions.

Deferred inflows of resources - (Acct 235005)- Deferred inflows of resources (Acct 235005) – to be used to account for transactions identified in GASB 53, 60, 63 and 65 that do not qualify for treatment as liabilities. Those transactions are:

- Grant amounts received in advance of meeting timing requirements. This does **not** include those amounts received in advance of eligibility requirements.
- Deferred amounts from refunding debt (credit amounts).
- Proceeds from sale of future revenues.
- Deferred gain from a sale-leaseback transaction.
- Positive fair value of a government hedge of a future transactions.
- Advance of revenue from imposed non-exchange transactions.
- Actuarially determined portion of pension expense.

Equities (310001-330001)

Residual interest is the assets of an entity that remains after deducting its liabilities. Also, the amount of a business' total assets less total liabilities. After setting up closing chartfield value sets and the closing process, these accounts will not typically be used except in rare instances by the controller's office. **Please contact the NDUS Director of Financial Reporting before making any manual journal entries directly to these accounts.**

Invest in Capital Assets- (Acct 310001) - Used for Investment in Plant funds (00001-00100).

Restricted various- (Acct 320001) - Not used.

Expendable Capital Projects- (Acct 320026) - Used for financial statement entries. To reclassify unspent bond proceeds yet to be spent on projects from Acct 330001.

Expendable Debt Service- (Acct 320051) - Used for retirement of indebtedness funds (00500-00999).

Exp Instructional Depr Uses- (Acct 320076) - Used as the 'Default' in the chartfield value sets for all restricted funds that don't fall into another net asset account. (40000-49999 and 79000-79999 with fund functions other than 31-33).

Expendable Research- (Acct 320101) - Used for funds 40000-49999 with fund functions of 31-33.

Expendable Loans- (Acct 320126) - Used for loan funds (60000-69999).

Expendable Restricted Other- (Acct 320151) - Used for financial statement entries for component units on PeopleSoft.

Exp Scholarships & Fellowships- (Acct 320176) - Used for non-endowed scholarship & fellowship funds (50000-54999).

Non Exp Scholar & Endowments- (Acct 321001) - Used for endowed scholarships and endowment funds (55000-59999 and 70000-78999).

Non Expendable Instruction & Public S- (Acct 321026) - Used for financial statement entries.

Unrestricted- (Acct 330001) - Used for all unrestricted funds (01000-39999).

Revenues (400000-484010)

Revenues are the inflows of assets (such as cash) resulting from the sale of products or the rendering of services to customers.

Departments may choose to use the 'detail' accounts for recording revenues; however, for accounting purposes, only the 'general' account is required to be used.

Revenue- (Acct 400000)- Used for budgeting purposes only, not actual accounting transactions.

Licenses, Fees & Permits- (Acct 440000)- Used for budgeting purposes only, not actual accounting transactions.

Transaction accounts for licenses, fees and permits issued by the campus.

Departments may choose to use the 'detail' accounts for recording revenues;

however, for accounting purposes, only the ‘general’ account is required to be used.

- **Other Licenses, Fees & Permits (Acct 440005)**- general account. Used if detail is not needed.
 - **Parking Permits- (Acct 440010)**- detail account
 - **Parking Permits Temporary- (Acct 440015)**- detail account
-

Fines-Forfeitures-Escheat- (Acct 441000)- Used for budgeting purposes only, not actual accounting transactions.

Transaction accounts for fines levied by the campus, forfeitures of deposits, and escheat of funds to the campus. Departments may choose to use the ‘detail’ accounts for recording revenues; however, for accounting purposes, only the ‘general’ account is required to be used.

- **Fines (Acct 441015)**- general account. Use if detail is not needed.
 - **Library Fines- (Acct 441020)**- detail account.
-

Cash/Investment Earnings- (Acct 442000)- Used for budgeting purposes only, not actual accounting transactions.

Transaction accounts for recording earnings and losses on funds invested by the campus in deposits, investments and loans. Departments may choose to use the ‘detail’ accounts for recording revenues; however, for accounting purposes, only the ‘general’ account is required.

- **Investment Income Mgmt Fee (4420005)** – contra revenue account to be used to record investment management fees.
 - **Div Income – Non Operating (Acct 442010)**- detail account
 - **Endowment Income-Non Operating- (Acct 442015)**- general account for investment earnings on endowment funds.
 - **Gain on Sale of Investments- (Acct 442020)**- general account
 - **Unrealized G/L on Investments- (Acct 442025)**- to be used to record mark to market adjustments on investments.
 - **Interest Income - Loans- (Acct 442030)**- general account for interest earned on Loan Fund loans receivable
 - **Interest Income – Non Operating (Acct 442035)**- general account to record earnings on investments other than endowment funds.
 - **Loss on Sale of Investment- (Acct 442045)**- general account
-

Federal Awards- (Acct 450000) - Used for budgeting purposes only, not actual accounting transactions.

Transaction accounts for recording federal grants & contracts:

- **Federal Capital Pass Thru G&C (Acct 450005)**- used for financial statement entries. To reclassify federal capital pass thru grants & contracts from Acct 450010. May code directly to this account to avoid year-end entry.
- **Federal Grants & Contracts- (Acct 450010)**- general account.
- **Federal PassThruGrants-State - (Acct 450015)**- used to record federal pass through grants received from state agencies. To reclassify federal pass thru

grants & contracts from Acct 450010. May code directly to this account to avoid year-end entry.

- **Federal Pass Thru Grants Non State – (Account 450016)** – used to record federal pass through grants received from non-state agencies. To reclassify federal pass thru grants & contracts from Acct 450010. May code directly to this account to avoid year-end entry.
 - **Federal G&C Non Operating- (Acct 450020)**- used for financial statement entries. To reclassify non-operating federal grants & contracts from Acct 450010 (ex. FEMA). May code directly to this account to avoid year-end entry.
 - **Federal Grant/Contract Stimulu (Account 450025)** – used for federal grants and contracts received through federal stimulus programs.
-

State Awards- (Acct 451000) - Used for budgeting purposes only, not actual accounting transactions.

Transaction accounts for recording state grants & contracts:

- **State Capital Grants&Contracts (Acct 451005)**- used for financial statement entries. To reclassify state capital grants & contracts from Acct 451010. May code directly to this account to avoid year-end entry.
 - **State Grants & Contracts- (Acct 451010)**- general account.
-

Private Awards- (Acct 452000) - Used for budgeting purposes only, not actual accounting transactions.

Transaction accounts for recording private grants & contracts:

- **Private Capital G&C (Acct 452005)**- used for financial statement entries. To reclassify private capital grants & contracts from Acct 452010. May code directly to this account to avoid year-end entry.
 - **Private Grants & Contracts- (Acct 452010)**- general account.
-

Tuition and Fees- (Acct 460000) - Used for budgeting purposes only, not actual accounting transactions.

- **460001 - Tuition and Fees-** general account. Entries to this account are usually journal generated from the Student Finance module. Detail is available by item type in the SF module. If the application fee is set up through Marketplace and not being recorded on Accounts Receivable, there will also be entries to this account from Marketplace.

Also see 462100 – Non-credit course fees

Appropriations- (Acct 461000) - Used for budgeting purposes only, not actual accounting transactions.

Transaction accounts for recording federal, state and local appropriations:

- **461050 - Federal Appropriations**
- **461100 - Federal Capital Appropriations**

- **461150 - Local Appropriations**
- **461200 - Other Appropriations**
- **461250 - State Appropriations**
- **461300 - State Capital Appropriations**

Charges for Services/Sales - (Acct 462000)- Used for budgeting purposes only, not actual accounting transactions.

Transaction accounts for recording monies derived from selling **non-auxiliary** goods and services, and other miscellaneous sources of revenue. If auxiliary services use these accounts, they will need to be reclassified to the auxiliary services accounts (47xxxx) at year-end. Most of these accounts are self-explanatory.

- **Advertising- (Acct 462005)**-
- **Books Fees- (Acct 462015)**-
- **Box Office Sales- (Acct 462020)**
- **NCAA Distributions – (Acct 462022)** – used for revenue distributions from the NCAA.
- **Season Ticket Sales – (Acct 462023)**
- **Single Games – (Acct 462024)**
- **Commissions- (Acct 462025)**
- **Clothing Sales –Non-Auxiliary - (Acct 462026)**
- **Athletics Conf Distributions – (Acct 462027)** – used for revenue distributions from the athletic conference affiliations.
- **Athletics Settlement Revenue – (Acct 462028)** – used for funds received from events and/or tournaments held by the Athletics Department in conjunction with another entity in which a net loss or net profit is determined.
- **Conferences and Education- (Acct 462030)**- Used to record fees from conferences and community service/enrichment.
- **Consignment Sales- (Acct 462035)**-
- **Contract Service- (Acct 462040)**-
- **Dues and Memberships- (Acct 462045)**-
- **Events- (Acct 462055)**-
- **Excess Property Sales- (Acct 462060)**- used to record income from the sale of property transferred to Surplus.
- **Fines–Non-Auxiliary (Acct 462065)**
- **Flyer Sales – Non-Auxiliary (Account 462066)**
- **Guarantees- (Acct 462070)**-
- **IT Services- (Acct 462075)**-
- **IT Supplies (Acct 462080)**-
- **Late Charges (Acct 462085)**- must be used to record late charges on loans receivable in the Loan Funds.
- **Microfiche & Microfilm Service (Acct 462090)**-
- **Non credit course fees (Acct 462100)**-
- **Nursery Stock (Acct 462105)**-

- **Other Services (Acct 462110)**- Used for non-auxiliary receipts when other accounts don't apply.
- **Radio/TV (Acct 462120)**
- **Recreation Programs – Non Aux (Acct 462122)**
- **Refunds (Acct 462125)**-
- **Registration Fees (Acct 462130)**- Used to record student registration fees.
- **Sales Discounts & Allow-NonAux (Acct 462135)**
- **Sponsorships (Account 462140)**
- **Subscriptions (Acct 462165)**-
- **Utility Charges (Acct 462175)**
- **Camp Fee-Non-Auxiliary (Acct 462180)**
- **Camp Food Sales –NonAuxiliary (Acct 462185)**
- **Cancellation Fee-NonAux (Acct 462190)**
- **Crop Sales (Acct 462200)**
- **Livestock Sales (Acct 462210)**
- **Seed Sales (Acct 462220)**
- **Other Commodity Related Sales (Acct 462230)**
- **Sales Merchandise Taxable (Acct 462235)**

Auxiliary Services - (Acct 470000)- Used for budgeting purposes only, not accounting transactions.

Transaction accounts for recording monies derived from the operating of auxiliary goods and services. If these accounts are used in non-auxiliary funds, they will need to be reclassified at year-end. Most of these accounts are self-explanatory.

- **Apartment Guests Rent- (Acct 470005)**-
- **Apartment Rent- (Acct 470010)**-
- **Apartment Transfer Fee- (Acct 470015)**-
- **Art Supply Sales- (Acct 470020)**-
- **Banquet Sales- (Acct 470025)**-
- **Non-Taxable Banquet Sales- (Acct 470026)**-
- **Bike Storage- (Acct 470030)**-
- **Board Contracts- (Acct 470035)**-
- **Book Sales- (Acct 470040)**-
- **Book Sales Taxable- (Acct 470045)**-
- **Book Sales Used- (Acct 470050)**-
- **Book Rentals – (Acct 470051)**-
- **Camp Fee- (Acct 470055)**-
- **Camp Food Sales- (Acct 470056)**-
- **Cancellation Fee- (Acct 470060)**-
- **Candy & Pop Sales- (Acct 470065)**-
- **Cap & Gown Sales- (Acct 470070)**-
- **Cell Phone Sales- (Acct 470075)**-
- **City Tax- (Acct 470080)**-
- **Clothing Sales- (Acct 470085)**-
- **Community Center Meals- (Acct 470090)**-
- **Concession Sales- (Acct 470095)**-

- **Copies- (Acct 470100)-**
- **Daily Green Fees- (Acct 470105)-**
- **Damage Apartment- (Acct 470110)-**
- **Damage Camp- (Acct 470115)-**
- **Damage Common Apartment- (Acct 470120)-**
- **Damage Common Camp- (Acct 470125)-**
- **Damage Common Residence Hall- (Acct 470130)-**
- **Damage Residence Hall- (Acct 470135)-**
- **Fines Auxiliary (Acct 470137)**
- **Parking Permits-Auxiliaries – (Acct 470138)**
- **Daycare Fees1- (Acct 470140)-**
- **Daycare Fees2- (Acct 470145)-**
- **Daycare Fees3- (Acct 470150)-**
- **Daycare Fees4- (Acct 470155)-**
- **Daycare Fees5- (Acct 470160)-**
- **Daycare Food Program- (Acct 470165)-**
- **Daycare Matching Fees- (Acct 470170)-**
- **Dry Cleaning- (Acct 470175)-**
- **DSL Apartment Charges- (Acct 470180)-**
- **Electricity- (Acct 470185)-**
- **Flyer Sales- (Acct 470190)-**
- **Food Sales- (Acct 470195)-**
- **Garage Rent- (Acct 470200)-**
- **Gas Income- (Acct 470205)-**
- **Gift Certificate Sales- (Acct 470210)-**
- **Gift Item Sales- (Acct 470215)-**
- **Golf Car Rental- (Acct 470220)-**
- **Greeting Card Sales- (Acct 470225)-**
- **Guest Housing- (Acct 470230)-**
- **Health and Beauty Aid Sales- (Acct 470235)-**
- **Improper Checkout Apartment- (Acct 470240)-**
- **Improper Checkout Residence- (Acct 470245)-**
- **Key Replacement Fee- (Acct 470250)-**
- **Loft Rental- (Acct 470255)-**
- **Long Distance Sales- (Acct 470260)-**
- **Meal Tickets- (Acct 470265)-**
- **Monthly Telephone Line Sales- (Acct 470270)-**
- **Network Connection Fee- (Acct 470275)-**
- **Newspaper Sales- (Acct 470280)-**
- **Non Taxable Sales- (Acct 470285)-**
- **Other Dorm Violations- (Acct 470290)-**
- **Other Services- (Acct 470295)-**
- **Other Telephone Service- (Acct 470300)-**
- **Passport Point Sales- (Acct 470305)-**
- **Payphone Commissions- (Acct 470310)-**
- **Pet Violation- (Acct 470315)-**

- **Photo- (Acct 470320)-**
- **Recreation Programs- (Acct 470325)-**
- **Refrigeration Rental- (Acct 470330)-**
- **Remote Telephone Sales- (Acct 470335)-**
- **Residence Hall Rate Adj- (Acct 470340)-**
- **Residence Hall Double/Single- (Acct 470345)-**
- **Residence Hall Interim Rev- (Acct 470350)-**
- **Residence Hall Overflow- (Acct 470355)-**
- **Residence Hall Revenue- (Acct 470360)-**
- **Residence Hall Single- (Acct 470365)-**
- **Residence Hall Transfer- (Acct 470370)-**
- **Resident Forfeit Fee- (Acct 470375)-**
- **Restaurant Sales- (Acct 470380)-**
- **Sales Discounts & Allowances- (Acct 470385)-**
- **Scrap Metal Revenue- (Acct 470390)-**
- **Season Tickets- (Acct 470395)-**
- **Season Tickets- (Acct 470400)-**
- **Sewage/Garbage Charge- (Acct 470405)-**
- **Shipping Charges- (Acct 470410)-**
- **Snack Bar Sales- (Acct 470420)-**
- **Software Sales- (Acct 470425)-**
- **Sponsorships- (Acct 470430)-**
- **Staff ID Cards- (Acct 470435)-**
- **Staff ID Replacements- (Acct 470440)-**
- **Staff ID Temporary- (Acct 470445)-**
- **Storage Rental- (Acct 470450)-**
- **Student Calling Card Sales- (Acct 470455)-**
- **Student Calling Card Sales Tax- (Acct 470460)-**
- **Student ID Cards- (Acct 470465)-**
- **Student ID Replacement- (Acct 470470)-**
- **Student ID Temporary- (Acct 470475)-**
- **Student Long Dis/Line Sales- (Acct 470480)-**
- **Student Tele Reconnect Fee- (Acct 470485)-**
- **Student Tele Repair/Serv Order- (Acct 470490)-**
- **Supply Sales- (Acct 470495)-**
- **Tele Repair/Serv Order Materi- (Acct 470500)-**
- **Tele Repair/Serv Orders Labor- (Acct 470505)-**
- **Telephone Signing Bonus- (Acct 470510)-**
- **Unrelated Business Income- (Acct 470515)-**
- **Non-Taxable UBI- (Acct 470516)-**
- **Vending Sales- (Acct 470520)-**
- **Videos- (Acct 470525)-**
- **Water Charge- (Acct 470530)-**
- **Guarantees - Auxiliaries- (Acct 470535)-**
- **Commissions - Auxiliaries- (Acct 470540)-**
- **Lease Rental - Aux Rooms/Bldgs- (Acct 470545)-**

- **Cash Long - Auxiliaries- (Acct 470550)-** To record cash long in petty cash or change/till funds in auxiliary funds only. For general cash long for non-auxiliary funds, use account 480005.
 - **Advertising - Auxiliaries- (Acct 470555)-**
 - **Steam Revenue- (Acct 470560)-**
-

Medical Charges Services/Sales- (Acct 471000) - Used for budgeting purposes only, not actual accounting transactions.

Transaction accounts for recording UND med school sales and services as well as other campus medical services/sales:

- **Other Sales- (Acct 471005)-**
 - **Out Patient Sales- (Acct 471010)-**
 - **Out Patient Services- (Acct 471015)-**
 - **Services- (Acct 471020)-**
-

Leases, Rents, and Royalties- (Acct 472000) - Used for budgeting purposes only, not actual accounting transactions.

Transaction accounts for recording receipts from lease/rent agreements and royalty rights:

- **Lease-Rental of Equipment- (Acct 472005)-**
 - **Lease-Rental of Land- (Acct 472010)-**
 - **Lease-Rental of Rooms-Bldgs- (Acct 472015)-**
 - **Royalties- (Acct 472040)-**
-

Off-Site Medical Fees & Services – (Account 473000) – used for budgeting purposes only, not actual accounting transactions.

Transaction accounts are:

- **Off-Site HospitalClinicalGMS- (Acct 473005)**
 - **On-Site Clinical Services – (Acct 473010)**
 - **Medical Service Plan – (Account 473015)**
-

Contributions & Donations- (Acct 478000) - Used for budgeting purposes only, not actual accounting transactions.

Transaction accounts for recording receipts of gifts and donations:

- **478005 - Gifts-** general account.
- **478007 - Gifts from Related Foundations**
- **478010 - Capital Gifts -** Used for financial statements entries. To reclassify gifts of capital assets from Acct 478005. May code directly to this account to avoid year-end entry.
- **478015 – Capital Gifts from Related Foundations**

Interdepartmental Revenue- (Acct 479000) - Used for budgeting purposes only, not actual accounting transactions.

Transaction accounts for recording receipts from other campus departments. Offset cash entry will be to account 105251:

- **Interdepartmental Revenue 1- (Acct 479005)**- Used for recording receipts when charging another department on your campus when an approved recharge center is not used.
 - **Interdepartmental Revenue 2- (Acct 4790010)**- Used for recording receipts when charging another department on your campus when an approved recharge center is not used.
 - **Interdepartmental Revenue 3- (Acct 4790015)**- For use by approved recharge centers only.
 - **Interdepartmental Revenue 4- (Acct 479020)**- For use by approved recharge centers only. Used for recording receipts when charging another department on your campus.
-

Other Misc Rev- (Acct 480000) - Used for budgeting purposes only, not actual accounting transactions.

Transaction accounts for recording other revenue not identified above:

- **Cash Long- (Acct 480005)**- To record cash overages in non-auxiliary petty cash or change/till funds. For auxiliary cash long, use account 470550.
 - **Insurance Proceeds- (Acct 480010)**- must be used to record the receipt of property insurance settlements for financial statement purposes.
 - **Tax Revenue – Non Operating- (Acct 480020)**- To record tax levies received by the campus (ex. NDSU gas tax deposits for Ag and UND tax deposits for med school).
 - **Services to NDUS Institutions – (480025)** – to record payments received from other NDUS institutions for services performed on behalf of other institutions. Example: Shared Services arrangements between institutions. Note: Institutions making payments for Shared Services arrangements should record the expense in 623030 – Contract Services.
 - **Other Non Operating Revenue- (Acct 480090)** - Used for financial statement entries only. To reclassify revenues that are considered non-operating revenue for financial statements purposes.
-

Sale of Capital Asset- (Acct 481000) - Used for budgeting purposes only, not actual accounting transactions.

Transaction accounts for recording gain or loss on the sale of capitalized assets:

- **Gain(Loss) Disposal Cap Asset- (Acct 481005)**- Used for financial statement entries. To record the gain(loss) on the sale or retirement of capital assets from the asset management module.
-

Proceeds of Debt- (Acct 483000) - Used for budgeting purposes only, not accounting transactions.

Transaction accounts for recording proceeds of bonds in the unexpended plant funds (28000-29999):

- **Bonding Authority- (Acct 483005)**- To record proceeds of bonds issued by the building authority.
 - **Other Bond Proceeds- (Acct 483010)**- To record proceeds of all other bond issues.
-

Indirect Costs- (Acct 484000) - Used for budgeting purposes only, not actual accounting transactions.

Transaction accounts for recording recovery of administrative and indirect costs:

- **Administration Allowance - (Acct 484005)** - to record the recovery of administrative costs on Federal financial aid programs in a local fund (20000-24999). The revenue should be offset by accounts 730005-730016 in the financial aid or grant funds where the recovery is drawn.
 - **Indirect - (Acct 484010)** - To record the recovery of indirect costs on grants and contracts in a local fund (20000-24999). The revenues should be offset by account 730020 in the grant or contract funds where the indirect costs are recovered. (40000-49999).
-

Transfers In- (Acct 490000) - Used for budgeting purposes only, not actual accounting transactions.

Transaction accounts for recording transfers between funds. Do not use in agency funds (fund group 80000-89999):

- **Interfund Transfers- (Acct 490002)**- to record voluntary transfers between funds in different fund groups.
 - **Intrafund Transfers- (Acct 490004)**- to record voluntary transfers between funds in the same fund group.
 - **Mandatory- (Acct 490009)**- to record non-voluntary transfers to another fund that are required by bond covenants or other financing arrangements.
-

Interdept Transfer- (Acct 491000) - Used for budgeting purposes only, not actual accounting transactions.

- **Interdept Service- (Acct 491005)**- Used when department gives a greater level of service over what is customary (Example: A lab wants floors sterilized weekly over the once every two week cleaning).
- **Interdept Inst Support (Acct 491010)** – Used when department receives institutional support for operations (Example: a department has a general operating need and resources are being temporary reallocated to meet this need.)
- **Interdept Investment (Acct 491015)** – Used when a department on campus is given centrally allocated dollars for a strategic initiative. (Example: a department is working on drone development to deliver mail on campus via a drone.)

Expenses (500000-730020)

Expenses are the outflows of assets (such as cash) resulting from the purchase of products or service. Expenses are recorded through payroll, accounts payable, interdepartmental billings, and journal entries.

Departments may choose to use the 'detail' accounts for recording expenses; however, for accounting purposes, only the 'general' account is required to be used.

Expenses- (Acct 500000)- Used for budgeting purposes only, not actual accounting transactions.

- **Total Direct- (Acct 501000)-** Used for budgeting purposes only, not actual accounting transactions.
-

- **Operating Expenses by Line Item- (Acct 520000)-** Used for budgeting purposes only, not actual accounting transactions.
-

SALARIES & FRINGE BENEFITS

Salaries- (Acct 510000)- Used for budgeting purposes only, not actual accounting transactions.

Entries will journal generate from payroll module. Adjusting entries to these accounts should only be done by the accounting office. Payroll detail is available in the HRMS module.

Salaries-Regular - Benefitted- (Acct 511000)- Used for budgeting purposes only.

- **511002 - Salaries - Regular -Benefitted--** should be used for all permanent full-time or part-time support staff.
- **511005 - Staff Overload-** should be used for overload payments made to staff.
- **511060 - Vacation and Sick Accrual-** Used to record change in the vacation and sick leave liability at fiscal year end.

Salaries - Other- (Acct 512000)- used for budgeting purposes only.

- **512005 - Salaries - Other-** Other salary payments including: student assistants, temporary part-time support staff, Federal Work Study program, employee awards, terminate/leave pay, and sick leave payments.
- **512015 - Unassigned Payroll-** Used to temporarily post payroll expenses to the general ledger that do not have an appropriate fund or project at the time of payroll compensation.

- **512020 - Salaries-Other-Participant Sup-** Used to pay stipends on sponsored agreements that will only allow F&A on participant costs.

Temp-Salaries-NonBenefitted- (Acct 513000)- Used for budgeting purposes only.

- **513005 - Temp-Salaries-NonBenefitted-** should be used for all temporary full-time or part-time staff and faculty that are not entitled to benefits.
- **513020 - Temp-Sal-NonBen-Participant Sup-** Used to pay stipends on sponsored agreements that will only allow F&A on participant costs.

Overtime- (Acct 514000)- Used for budgeting purposes only.

- **514005 - Overtime-** should be used for overtime payments for services performed beyond forty hours a week for those employees subject to the Fair Labor Standards Act.

Salaries - Faculty- (Acct 515000)- Used for budgeting purposes only.

- **515005 - Salaries - Faculty-** should be used for personnel employed in a faculty role, whether in teaching, research, or public service.
- **515010 - Faculty Overload-** to be used for overload payments to faculty.
- **515015 – Salaries-Non-Teaching Faculty-Extension Service –** to be used for NDSU Cooperative Extension Service to comply with federal appropriation (Smith Lever) requirements.

Salaries- Graduate Assistants (Acct 517000)- Used for budgeting purposes only.

- **517005 - Salaries-Grad Assistants-** should be used for stipends/salaries of graduate assistants employed by the institution.

Fringe Benefits- (Acct 516000)- used for budgeting purposes only, not actual accounting transactions.

The fringe benefit codes are utilized to record the Campus's expenditures for matching expenses toward each of the respective programs. The codes are also utilized to record the remittance of monies to each of the respective organizations responsible for the fringe benefit program. This information will be journal generated from the HRMS module.

- **516005 - Disability Insurance**
- **516010 - Vacation/Sick Leave**
- **516015 - Employee Assist Program**
- **516020 - Employee Tuition Waivers**
- **516025 – Graduate Assistant Waivers**
- **516030 - Federal Health Insurance**

- **516035 - Federal Life Insurance**
- **516040 - Federal Retirement**
- **516050 - Great West Life Retirement**
- **516055 - Health Insurance**
- **516056 - Health Insurance GRA GTA GSA**
- **516060 - HMO Insurance**
- **516165 – Section 125 Adm Fee Board Office Payroll**
- **516075 - Life Insurance**
- **516080 - Medicare**
- **516085 - Oasis**
- **516160 - Risk Management Premium**
- **516165 – Section 125 Adm Fee**
- **516170 - Social Security**
- **516175 - ND PERs Retirement**
- **516190 - Teacher Insurance & Retirement**
- **516198 – Pension Expense**
- **516200 - TIAA/CREF**
- **516205 - Unemployment Insurance**
- **516210 - Workers Comp Premium**
- **516215 - Fringes- Unassigned**
- **516220 - Other Payroll Taxes**

Other Taxable Compensation:

Other Taxable Compensation - (Acct 518000) - Used for budgeting purposes only, not actual accounting transactions.

The other compensation category is used to pay taxable amounts that are not part of regular earnings, such as cell phone payments and moving expenses.

- **518005 – Other Taxable Compensation**

Expenses – Travel:

Travel - (Acct 521000) - Used for budgeting purposes only, not actual accounting transactions.

The travel category is utilized for travel expenses incurred by employees and students in carrying out assigned duties. Use 623200 for non-employee travel.

- **521010 - In State - Air Transportation** - Used for reimbursements to employees for commercial airline expense and payments to travel agencies for airline travel when the point of destination is within the state of ND.
- **521015 - In State – Lodging** - - Used for reimbursements to employees for lodging in ND at the in-state rate.

- **521020 - In State – Meals** - Used for reimbursements to employees for meals at the in-state per diem rate.
- **521030 - In State - Vehicle Mileage** - Used for reimbursements to employees for mileage at the in-state mileage rate.
- **521035 - Meals Taxable** - Used for reimbursements to employees for meals incurred during in-state or out-of-state travel in which no overnight stay is involved and foreign travel when the rate is over the non-taxable allowance.
- **521045 - Motor/Aircraft Pool** - Used by departments to pay for using the state's motor pool or campus's aircraft pool.
- **521055 - Moving – Taxable** - Used to reimburse moving expenses to new employees that will be considered taxable income to the employee.
- **521060 - International - Air Transportation** - Used for reimbursements to employees for commercial airline expense and payments to travel agencies for airline travel when the point of destination is outside the United States.
- **521061 - International – Lodging** - Used for reimbursements to employees for lodging out of country at the international rate.
- **521062 - International – Meals** - Used for reimbursements to employees for meals at the international per diem rate.
- **521063 - International - Vehicle Mileage** - Used for reimbursements to employees for mileage at the international mileage rate.
- **521064 – International Other Misc. Trav** – Used for other miscellaneous international travel that does not fit into any other category.
- **521065 - Other Transportation & Misc Expense** - Used for reimbursements to employees for personal airplane mileage and reimbursements for miscellaneous travel expenses allowed by campus policies.
- **521070 - Out of State- Air Transportation** - Used for reimbursements to employees for commercial airline expense and for payments to travel agencies for airline expense when the point of destination is outside the state of ND.
- **521075 - Out of State – Lodging** - Used for reimbursements to employees for lodging out of state at the amount of actual expense.
- **521080 - Out of State - Meals** - Used for reimbursements to employees for meals incurred out-of-state, at the per diem rate applicable to the destination.
- **521090 - Out of State - Vehicle Mileage** - Used for reimbursements to employees at the out-of-state rate for mileage incurred outside the state of ND.
- **521095 - Recharge- Travel-** used by recharge centers only.
- **521103 - Travel – Athletic Team or Other Organized Institution Organization** – For all travel expenses related to an athletic team or other organized group, this includes actual expenses for the entire group including coaches, trainers, or other employees submitting for payment on a team or group travel expense report
- **521105 - Travel – Students** - Used to pay student travel expenses except if part of a team or organized group trip see 521103.

Expenses – International Travel:

International Travel - (Acct 522000) - Used for budgeting purposes only, not actual accounting transactions.

The international travel category is utilized for international travel expenses incurred by employees and students in carrying out assigned duties.

- **Intl Air Transportation - (Acct 522010)**
 - **Intl Lodging – (522015)**
 - **Intl Meals – (522020)**
 - **Intl Mileage – (522025)**
 - **Intl Meals Taxable – (522030)**
 - **Intl Other Trans & Misc Exp - (522035)**
-

SUPPLIES

Supplies - IT Software- (Acct 531000)- Used for budgeting purposes only, not actual accounting transactions. To be used for the purchase of computer supplies, software and software licenses.

- **Data Processing Supply - Misc.- (Acct 531005)-** should be used for the purchase of supplies and accessories to be used with the operation of a computer system. Examples include: ribbons, blank diskettes & CD-ROMs, laser printer cartridges, mice, keyboards.
- **Network Supplies - (Acct 531010)** – used for network supplies such as network cables, patch cords, connectors, and other non capitalizable network equipment.
- **Software/Licenses/Maint Non Cap - (Acct 531015)** this account is used for the purchase of computer software/licenses/maintenance agreements that have a term of one year or less, even if the cost exceeds \$5,000. Annual software maintenance can be a separate related expense and should also be expensed to this account. Annual software maintenance costs are not capitalized as equipment or intangible assets.

This account is also used for payments made to CTS for software that is not capitalized. Examples of such payments to CTS are, but not limited to, payments for Touchnet, Microsoft Campus Agreements, Blackboard, Qualtrics and Tegrity.

Supply/Material - Professional- (Acct 532000)- Used for budgeting purposes only, not actual accounting transactions.

To be used for the purchase of supplies and materials for instructional or research purposes.

- **Athletic Supplies- (Acct 532010)-** used for the purchase of athletic supplies.
- **Audio Visuals- (Acct 532015)-**used for the purchase of microfilm, microfiche, cassettes, records/albums, and slide duplication.

- **Books- (Acct 532020)**- used for the purchase of books by the Library. Also used by other departments when the books are not for general office usage. If used by a library fund this account would be capitalized as “Library Books”.
- **Films/Video- (Acct 532045)**- used for purchasing films and videotapes. Use Account 621145 for costs of developing film from cameras. If used by a library fund this account would be capitalized as “Library Books”.
- **Instructional Supplies- (Acct 532050)**- Used for the purchase of supplies that are used in a classroom or teaching environment. Supplies purchased for use in an office should be coded to Acct 536015.
- **Lab Supplies- (Acct 532060)**- Used for purchase of expendable supplies for labs.
- **Chemical and/or Biological Sup- (Acct 532061)**-
- **Maps & Plats- (Acct 532065)**-
- **Microfilm Supplies- (Acct 532070)**-
- **Multimedia Supplies- (Acct 532075)**-
- **Nursing Supplies- (Acct 532080)**-
- **Periodicals- (Acct 532085)**- used when paying for subscriptions to newspapers, magazines, journals, yearbooks, indexes, and cumulative series. If used by a library fund this account would be capitalized as “Library Books”.
- **Library Continuations- (Acct 532090)**- used for the purchase of a series of published material from an organization or society, where each volume is published individually, over an undefined span of time. If used by a library fund this account would be capitalized as “Library Books”.
- **Library Approval Plans- (Acct 532091)**- used for the purchase of monographic titles covered by a specific predefined subject oriented approval plan.
- **Photography Supplies- (Acct 532095)**-
- **Publications- (Acct 532100)**- used for the purchase of a series of published material from an organization or society. Also, used for costs incurred in the publication of an article and reprint of such article.
- **Interlibrary Loan/Publications- (Acct 532101)**- used for interlibrary loans and for costs incurred in the publication of an article and reprint of such article.
- **Purchasing Cards- (Acct 532105)**- Items purchased with a purchasing card that have not been reallocated to other account codes.
- **Recharge-Instructional Supply- (Acct 532110)**- used by recharge centers only.
- **Reference Materials- (Acct 532115)**-
- **Research Supplies/Materials- (Acct 532120)**- used for supplies used in research settings, online database searching, including the cost of various databases and annual subscription fee which pays for the operating manuals and also authorizes access to the various databases.
- **Electronic Resources/Subscriptions (Acct 532121)- (Proposed Name Change)** used for online database searching and subscription fees that have a useful life of one year or less. May also be used for materials from the

proceedings of a conference. This account would be used for reference materials, whereas account 621320 “Online Database Services” should be used for resources used for other online database information.

- o **Subscriptions- (Acct 532130)-** Should be used when paying for newspapers, magazines, journals where the subscription is used in the operation of an office.
- o **Video/Audio/DVD’s/CD’s/Tapes- (Acct 532145)- (Proposed Name Change)** Purchases of prerecorded video /audiotapes, CD’s, tapes . If used by a library fund and volumes cannot be counted, this account would be capitalized as “Library Books”.

Food and Clothing- (Acct 533000)- Used for budgeting purposes only, not for actual accounting transactions.

Used for the purchase of food, small wares and uniforms. Departments may choose to use the ‘detail’ accounts for recording expenses; however, for accounting purposes, only the ‘general’ account is required to be used.

- o **Banquet and Meeting Food & Bev- (Acct 533005)-** general account. Used to pay meal and snack expenses in the recruitment of new employees, staff retreats, hosting official guests, or refreshments at meetings. Should also be used for room rental for conferences and meetings.
- o **Clothing- (Acct 533010)-** general account.
- o **Smallwares- (Acct 533015)-** general account. Used for dishes & utensils, small appliances and other food service items.
- o **Athletic Food Non-Travel – (Account 533020)** – meals provided to student-athletes that are not related to team travel or pre-game meals.
- o **Food Supplies- (Acct 533025)-** general account. Used for food purchases other than for resale.
- o **Interdepartmental- Smallwares- (Acct 533040)-** used only for charges from other departments, this account is a clearing account, not used by Recharge Centers. **Interdepartmental- Uniforms & Linens- (Acct 533045)-** used only for charges from other departments, this account is a clearing account, not used by Recharge Centers.
- o **Uniforms & Linens- (Acct 533065)-** general account. Used for purchase of uniforms and table linens. Cleaning of these items should be coded Acct 621275.
- o **Uniforms & Linens- (Acct 533070)-** Duplicate account to #533065 above. Do not use.

Bldg, Grounds, Vehicle Supply- (Acct 534000)- Used for budgeting purposes only, not actual accounting transactions.

Used by physical plant department for purchase of operating supplies. Departments may choose to use the ‘detail’ accounts for recording expenses;

however, for accounting purposes, only the ‘general’ account is required to be used.

- **Building Supplies- (Acct 534020)-** general account.
- **Custodial Supplies- (Acct 534025)-** detail account.
- **Electrical Supplies- (Acct 534030)-** detail account.
- **Equipment Repair Parts- (Acct 534035)-** detail account.
- **Fuel & Oil - Vehicle- (Acct 534040)-** general account.
- **Hardware & Bldg Supply- (Acct 534045)-** detail account.
- **Interdepart-Sanitation- (Acct 534050)-** used only for charges from other departments, this account is a clearing account, not used by Recharge Centers.
- **Landscaping & Ground Supplies- (Acct 534065)-** general account.
- **Maintenance Supplies- (Acct 534070)-** general account.
- **Paint- (Acct 534105)-** detail account.
- **Part Supplies- (Acct 534110)-** detail account.
- **Plumbing Supplies- (Acct 534115)-** detail account.
- **Recharge- Fuel and Oil Vehicle- (Acct 534120)-** used by recharge centers only.
- **Sanitation Supplies- (Acct 534145)-** detail account.
- **Shop Supplies- (Acct 534155)-** general account.

Miscellaneous Supplies- (Acct 535000)- Used for budgeting purposes only, not actual accounting transactions.

Used for supplies of a miscellaneous nature that do not fit another supply category. Departments may choose to use the ‘detail’ accounts for recording expenses; however, for accounting purposes, only the ‘general’ account is required to be used.

- **Farm & Livestock Supplies- (Acct 535025)-** detail account
- **Other Supplies- (Acct 535045)-** general account.
- **Name Tags, Business Cards, ID Cards- (Acct 535050)-** detail account.
- **Plaques & Trophies- (Acct 535055)-** detail account. Used to pay for certificates, plaques, trophies, ribbons, or some other non-cash item to confer or bestow on an individual or organization for special achievement.
- **Promotional Supply Unlicensed- (Acct 535060)-** detail account. Used to pay for items purchased for a promotional purpose that are not licensed. (Ex. pens or other trinkets imprinted with the campus logo).
- **Promotional Supply Licensed - (Acct 535070)-** detail account. Used to pay for items purchased for a promotional purpose that are licensed.
- **Seed, Feed & Fertilizer Supplies- (Acct 535080)-** detail account.
- **Veterinarian Supplies- (Acct 535090)-** detail account.
- **Expendable Equip Not Tagged- (Acct 535100)-** used for items less than \$5,000 that are not tracked for inventory purposes.
- **Tool Crib (EERC) Recharge- (Acct 535105)-**
- **Recharge-Facilities Supplies- (Acct 535110)-**

- **MineralWaterTimberRightNo Cap (Acct 535205)** – used for Mineral, Water, and Timber rights expenses that are not capitalized.
- **Copyright – NonCap (Acct 535210)** – used for Copyright expenses that are not capitalized.
- **Patent – NonCap (Acct 535215)** – used for Patent expenses that are not capitalized.
- **Trademark – NonCap (Acct 535220)** – used for Trademark expenses that are not capitalized.
- **Website – NonCap (Acct 535225)** – used for Website expenses that are not capitalized.
- **Other Easement – NonCap (Acct 535230)** – used for easement expenses that are not capitalized.
- **Right of Way-NonCap (Acct 535235)** – used for right of way expenses that are not capitalized.
- **Logos-NonCapitalized (Acct 535240)** – used for logo expenses that are not capitalized.

OFFICE

Office Supplies- (Acct 536000)- Used for budgeting purposes only, not actual accounting transactions.

Used for purchase of supplies used in an office setting.

- **Indepartmental-Paper- (Acct 536010)-** used only for charges from other departments.
- **Office Supplies- (Acct 536015)-** used for the purchase of supplies that are used in the operation of an office. If used in a classroom or teaching environment, use account 532050.
- **Paper Products- (Acct 536020)-** Used for purchase of paper, letterhead, envelopes, etc. used in the operation of an office.
- **Recharge - Paper- (Acct 536025)-** used by recharge centers only.
- **Recharge - Office Supplies- (Acct 536030)-** Used by recharge centers only.

Postage- (Acct 541000)- Used for budgeting purposes only, not actual accounting transactions.

Used to pay expenses to mail items via U.S. Post Office.

- **Bulk Mailing Charges- (Acct 541005)-**
- **Postage or P.O. Box Rental- (Acct 541015)-**
- **Postage Due- (Acct 541020)-**
- **Postage Meter- (Acct 541025)-**
- **Postage Stamps- (Acct 541030)-**
- **Recharge - Mailing Services- (Acct 541035)-** used by recharge centers only.

Printing- (Acct 542000)- Used for budgeting purposes only, not actual accounting transactions.

Accounts used to pay costs of printing supplies and materials for the campus.

- **Copier Supplies- (Acct 542010)-** used for copier toner, parts, and small accessories. **Printing- (Acct 542025)-** used when typesetting or other design work is necessary to create a master copy and reproduce the master copy to create the end product. **Copies/Duplicating- (Acct 542030)-** used when paying fees for the use of photocopy machines that are billed based on usage.
- **Recharge - Copying- (Acct 542040)-** used by recharge centers only.
- **Recharge - Printing- (Acct 542045)-** used by recharge centers only.

MINOR EQUIPMENT

IT Equipment under \$5,000- (Acct 551000)- Used for budgeting purposes only, not actual accounting transactions.

Used for any personal property IT items costing less than or equal to \$5000, individually. Cost includes freight and installation charges. (Ex. printers, fax machines, computers, PDAs.)

These items will not be capitalized but may be tracked in the asset management module.

Departments may choose to use the ‘detail’ accounts for recording expenses; however, for accounting purposes, only the ‘general’ account is required to be used.

- **Computer Equipment under \$5,000- (Acct 551005)-** detail account.
- **Other IT Equipment under \$5,000- (Acct 551020)-** general account. Used if detail is not needed.
- **Printer Equipment under \$5,000- (Acct 551025)-** detail account.
- **Recharge-IT Equip under \$5,000- (Acct 551030)-** used for recharge centers only.
- **Telecomm Equipment under \$5,000- (Acct 551035)-** detail account.

Other Equipment under \$5,000- (Acct 552000)- Used for budgeting purposes only, not actual accounting transactions.

These items will not be capitalized but may be tracked in the asset management system. Used for any personal property items costing less than or equal to \$5000, individually. Cost includes freight and installation charges. (Ex. copiers, desks, chairs, book shelves, file cabinets, larger food service appliances, musical instruments, vacuums, large power tools, a/v projectors, wrestling mats, etc.)

Departments may choose to use the ‘detail’ accounts for recording expenses; however, for accounting purposes, only the ‘general’ account is required to be used.

- **Office Equipment under \$5,000- (Acct 552005)-** detail account.
- **Athletic Equipment under \$5000- (Acct 552010)-** detail account.
- **Audio Visual Equipment < \$5000- (Acct 552015)-** detail account.
- **Maint/Construction Equipment <\$5000- (Acct 552020)-** detail account.

- **Musical Equipment under \$5000- (Acct 552025)-** detail account
 - **Other Equipment under \$5000- (Acct 552030)-** general account - if detail is not needed.
 - **Vending/Food Equipment under \$5000- (Acct 552035)-** detail account.
 - **Recharge-Equipment under \$5,000- (Acct 552095)-** for recharge center use.
-

Expenses: Utilities & Insurance, Rents & Leases, Repair

UTILITIES & INSURANCE

Utilities- (Acct 561000)- Used for budgeting purposes only, not actual accounting transactions.

The utilities category is used for expenditures incurred in the operation of the Campus's facilities. The cost included in each account should include the applicable delivery charge.

- **561005 - Asbestos Abatement and Removal**
- **561010 - Coal**
- **561013 - Steam Heat**
- **561015 - Electricity**
- **561020 - Heating Oil**
- **561025 - Propane- Used if only for heating purposes**
- **561027 – Glycerin – (used with coal to increase BTUs)**
- **561030 - Natural Gas-**
- **561035 - Radio/Hazard Waste Disposal**
- **561040 - Recharge-Waste Disposal/Landfill**
- **561060 - Waste Disposal and Landfill**
- **561070 - Water and Sewer**

Insurance- (Acct 571000)- Used for budgeting purposes only, not for actual accounting transactions.

The insurance category is utilized for all premiums on insurance policies purchased by the Campus. Departments may choose to use the ‘detail’ accounts for recording expenses; however, for accounting purposes, only the ‘general’ account is required to be used.

- **571005 -Collision & Comprehensive-** detail account. Used for insurance premiums on motor vehicles and aircrafts. This would include the bodily injury, property damage, uninsured motorist, and personal injury protection coverage associated with these vehicles.
- **571010 - Fidelity Insurance-** detail account. Used for insurance premiums on employee bonds or comprehensive crime coverage.
- **571015 -Liability Insurance-** detail account. Used for insurance premiums for professional liability, errors & omissions, student travel liability, and comprehensive general liability policies.
- **571020 - Other Insurance-** general account. Used if detail is not needed.
- **571025 - Property Insurance-** detail account. Used for insurance premiums on real and personal property, except motor vehicles and aircraft, owned or leased by the Campus.

- **571030 - Risk Management Premiums-** detail account. Used for risk management premiums paid annually to OMB.
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RENTS AND LEASES

Rentals/Leases-Equipment&Other- (Acct 581000)- Used for budgeting purposes only, not for actual accounting transactions.

Rentals/Lease-Bldg/Land- (Acct 582000)- Used for budgeting purposes only, not for actual accounting transactions.

Operating leases and rentals - The following transaction accounts should be used for making rental or lease payments for equipment, buildings, land and other items. Under this arrangement, the Campus does not own the rented or leased item, either during, or at the end of the contract's term. Also, this item would not be recorded on the Campus's equipment records or given a Campus tag number.

Use if an operating lease agreement is in place:

- **581005 - Aircraft Rental - Operating Lease**
- **581015 - Equip Rental-Operating Lease**
- **581045 - IT Equip Rental-Operating Lease**
- **582030 - Building Rental - Operating Lease**
- **582035 - Land Rental - Operating Lease**

Use for short-term rentals where no operating lease is in place:

- **581020 - Equipment Rental-** (Ex. renting heavy duty equipment for a project.)
 - **581055 - Office Equipment Rental-** (Short-term rental of office equip.)
 - **581060 - Other Rental-** (Ex. renting tables & chairs for an event.)
 - **582005 - Booth & Room Rental** (Ex. renting booth space at a conference.)
-

Capital leases - to be used for making payments that liquidate a capital lease payable. Items have been added to the equipment records and have been acquired on a capital lease or installment purchase agreement. Assets under capital leases should be recorded on the Campus's asset management system and given a Campus tag number.

Principal payments - The following transaction accounts should be used for the principal amount of the capital lease payment:

- **581030 - Equipment-Capital Lease-Principal**
- **581040 - IT Equip-Capital Lease-Principal**
- **582050 - Building Capital Lease - Principal**
- **582055 - Land Capital Lease - Principal**

Interest payments - The following transaction accounts should be used for the interest amount of the capital lease payment:

- **581025 - Equipment-Capital Lease-Interest**
- **581035 - IT Equip-Capital Lease-Interest**

- **582040 - Building Capital Lease - Interest**
 - **582045 - Land Capital Lease - Interest**
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REPAIRS

Repairs- (Acct 591000)- Used for budgeting purposes only, not for actual accounting transactions.

The repairs category includes the expenses of repairing buildings and equipment items. These expenses include services performed by either the campus facilities management department, or an outside contractor.

- **591025 - Maintenance Agreements**-used for payments on contracts for regular repair and maintenance on plant assets. (Ex. Xerox copy machine contracts.) This account could be used for warranty costs that are separately identified. These expenditures would not be added to the book value of the asset.
 - **591040 - Recharge-Deferred Maint Repair**- used by recharge centers only.
 - **591045 - Recharge - Repairs**- used by recharge centers only.
 - **591070 - Repairs IT** used for repairs of IT equipment.
 - **591095 - Repair Services Noncapitalized**- Used for expenditures incurred to maintain a plant asset in its normal state of operation.
 - **591105 - Repair Supplies Noncapitalized**- should be used for expenditures incurred to maintain a plant asset in its normal good state of operation and do not extend the asset's useful life. (Ex. replacement or repair of floor covering or roofs, reconditioning by replacing small parts, painting, or regular maintenance costs.) Expenditures will not be added to the plant asset's book value.
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Expenses: IT Communications, Professional Development

COMMUNICATIONS

IT - Communications- (Acct 602000) - Used for budgeting purposes only, not accounting transactions.

- **Cellular Phones- (Acct 602005)** - used to for cellular phones and use charges.
- **Fax Charges- (Acct 602010)** - used to pay for the use of a fax machine.
- **ITD Services- (Acct 602015)** - used to pay for services purchased from the State ITD. Account 621328 should be used to record internet services purchased from providers other than the State ITD. An exemption must be obtained from the State ITD before purchasing services from providers other than the State ITD.
- **Long Distance- (Acct 602020)** - used for long distance telephone charges.
- **Line Charges- (Acct 602025)** - used for paying monthly line charges for telephone services (not including long distance charges -see account 602020),

and paying for telegram services. This account should be used for other miscellaneous telephone expenses such as installation, maintenance, and fees for changes in services.

- **Recharge - Line Charges- (Acct 602030)** - Used by recharge centers only.
- **Recharge - Long Distance- (Acct 602035)** - Used by recharge centers only.
- **Recharge-Paging- (Acct 602040)** - Used by recharge centers only.
- **Recharge - Voice/Data- (Acct 602045)**- Used by recharge centers only.
- **Recharge-Tele Service Order- (Acct 602050)** - Used by recharge centers only.
- **Recharge-Tele Repair Order- (Acct 602055)** - Used by recharge centers only.
- **Voice/Data Telephone Service – (Account 602070)** – Used to record voice or data telephone charges.

PROFESSIONAL DEVELOPMENT

Professional Development- (Acct 611000) - Used for budgeting purposes only, not accounting transactions.

Used for expenses related to the professional development of staff and faculty.

- **Dues & Memberships- (Acct 611010)** - Includes memberships in professional societies or organizations.
- **Professional Development - (Acct 611020)** - Used for payments for conference and training seminar registration fees, including webinars, for employees.
- **Employee Education- (Acct 611025)** - Used for payments made to an employee or on their behalf for education that may be taxable to the employee based on IRS regulations.

FEES AND SERVICES

Operating Fees and Services- (Acct 621000)- Used for budgeting purposes only, not for actual accounting transactions.

Used to pay services and fees incurred in the operation of the campus.

Departments may choose to use the ‘detail’ accounts for recording expenses; however, for accounting purposes, only the ‘general’ account is required to be used.

- **Advertising Services (621020-621035)**- the following Accounts should be used for payment of public notices, announcements, want ads, and similar expenses:
 - **Advertising Services-Radio- (Acct 621020)**- detail account.
 - **Advertising Online/Internet – (Acct 621023)**- detail account.
 - **Advertising Services-TV- (Acct 621025)**- detail account.
 - **Advertising Services-Print- (Acct 621030)**- detail account.

- **Advertising Services-Other- (Acct 621035)**- general account. Use for advertising expenses that don't fit into the above accounts.

- **Athletic Settlement Expense (Acct 621040)** - funds from events and/or tournaments held by the Athletics Department in conjunction with another entity in which a net loss or net profit is determined. If a net profit would result from an event or tournament, a journal entry would be made to move that amount to a revenue account code.
- **Athletic Special Assistance (Acct 621045)** – items provided to student-athletes for special assistance such as clothing, travel home, school supplies, etc.
- **Athletic Guarantees- (Acct 621050)**- used to make payments to other colleges and universities as guarantees that home sporting events will not be cancelled.
- **Athletic Conference Fee (Acct 621051)** – expenses required by the athletic conference in which the sport participates.
- **Athletic Officials/Game Person- (Acct 621055)**- used for paying individuals for officiating sporting events.
- **Awards, Rewards, Prizes- (Acct 621060)**- Employee cash awards should be paid through the Payroll Office This Account should not be used on grant and contract funds unless specifically approved in the agreement.
- **Bad Debt- (Acct 621065)**- used to establish and adjust the allowance for doubtful accounts/notes at fiscal year-end. NSF checks returned from the bank can also be written off with this Account.
- **Bank Fees- (Acct 621070)**- used to record bank or trustee handling fees or service charges.
- **Credit Card Fees- (Acct 621071)**- used for credit card service/processing fees.
- **Book Binding- (Acct 621075)**- used for expenses incurred in binding or rebinding books, periodicals, publications, and other instructional material.
- **Collection Expense- (Acct 621080)**- used to pay collection agencies for pursuing old receivables.
- **Contract Services- (Acct 621100)**- general account. Used to pay for operating services under contract. (Ex. temp agencies)
- **Custodial and Maintenance Cont- (Acct 621120)**- used to pay for custodial and maintenance service under contract. (Ex. pest control, HVAC controls service, janitorial services.)
- **Film Processing- (Acct 621145)**- used for developing film into pictures, slides or disks.
- **Freight & Express- (Acct 621150)**- used for payments to freight companies for transporting an item to a particular destination. This can include overnight mail service. It can also be used for shipping/freight charges on items purchased by the campus. Exceptions: freight for capitalized equipment purchases should be included in the equipment account used to acquire the item(s), freight on merchandise purchased for resale should be coded Account 651150.

- **Group Concession Payments- (Acct 621160)-** used when payment is made to a volunteer organization, not employees.
- **IT Contractual Services- (Acct 621230)-** should be used for contractual charges to a department for data processing services performed by an outside agency
- **IT Services- (Acct 621235)-** should be used for ad hoc charges to a department for data processing services performed by an outside agency.
- **SITS Assessments (Acct 621240) –** to record HECN/CND and other SITS assessments to campuses.
- **Laundry & Dry Cleaning - (Acct 621275)-** used for cleaning uniforms, rugs, linens by an external party.
- **Licenses & Taxes- (Acct 621285)-** used to pay legally required licenses or taxes needed to conduct current operations. (Ex. UBIT taxes, motor vehicle licenses, gaming taxes/licenses, performing arts licenses, satellite license.)
- **Drilling Fees- (Acct 621290)-** Used mostly for sponsored agreements to track drilling fees.
- **Outside Lab Fees- (Acct 621295)-** Used mostly for sponsored agreements to track outside lab fees.
- **Loan Principal Cancelled- (Acct 621300)-** Used to record the reduction of Loan Fund Notes Receivable when the debtor meets the conditions of the loan program to receive cancellation (e.g. teaching, military service, death, disability, etc).
- **Other Operating Fees – (Acct 621315) –** used for service fees paid to individuals or organizations for the performance of services for the campus that do not fit into any of the other fee accounts or if detail in this expense category is not needed.
- **Online Database Services- (Acct 621320)-** used to pay online providers. (Ex. CUPA data on demand, library services)
- **Other Operating Fees- (Acct 621325)-** used for service fees paid to individuals or organizations for the performance of services for the campus that do not fit into any of the other fee accounts or if detail in this expense category is not needed.
- **Cable TV- (Account 621326) –** Used for service fees paid to cable providers for television subscriptions.
- **Internet Services – (Account 621328) –** Used for services to internet providers, other than the State ITD. An exemption must be obtained from the State ITD before purchasing services from providers other than the State ITD. Account 602015 should be used to record internet services purchased from the State ITD.
- **Participant Fees- (Acct 621330)-** used to pay project participants usually from grants & contracts funds.
- **Passport- (Acct 621335)-** used to pay for passport registration and photo fees.
- **Photo ID Services- (Acct 621345)-** used to pay an external party to provide photo IDs for students, faculty and staff.

- **Promotional Fees - Licensed- (Acct 621355)**- used to pay for items purchased for a promotional purpose which include the campus copyrighted logo or other licensed image or phase.
- **Promotional Fees - Non Licensed- (Acct 621360)**-not used.
- **Royalty Payments- (Acct 621390)**- used for royalty payments.
- **Recharge - Computer Center- (Acct 621395)**- use by recharge centers only.
- **Recharge - Fees- (Acct 621400)**- use by recharge centers only.
- **CTS (EERC) Recharge- (Acct 621401)**- UND use only
- **PC & D (EERC) Recharge- (Acct 621402)**- UND use only
- **Shops/Ops (EERC) Recharge (Acct 621403)**- UND use only
- **GC/MS (EERC) Recharge (Acct 621404)** UND use only
- **Recharge-Graphics- (Acct 621405)**- use by recharge centers only.
- **FMRL (EERC Recharge)- (Acct 621406)**- UND use only
- **ARL (EERC) Recharge- (Acct 621407)**- UND use only
- **NMARL (EERC) Recharge (Acct 621409)**- UND use only
- **Recharge - Laundry- (Acct 621410)**- use by recharge centers only.
- **PTC (EERC Recharge)- (Acct 621411)**- UND use only
- **Particulate (EERC) Recharge- (Acct 621412)**- UND use only
- **CFBR (EERC) Recharge- (Acct 621413)**- UND use only
- **Sample Trailer (EERC) Recharge- (Acct 621414)**- UND use only
- **Fuel Prep (EERC) Recharge- (Acct 621415)**- UND use only
- **Recharge Research Information – (Acct 621416)** – Recharge account for research information.
- **Software Tech Recharge – (Acct 621417)** – Recharge account for software technology.
- **EERC ENG Serv Rechrge Center – (Acct 621418)** – Recharge account for EERC engineering services.
- **Ticket Master Outlet- (Acct 621435)**- Used when ticket master charges a fee for event sales not on campus
- **Ticket Master Box Office- (Acct 621440)**- Used when Ticket master charges a fee for event sales on campus

Participant Support - (Acct 622000) - used for budgeting purposes only, not actual accounting transactions.

Used to track Participant Support Expenses required by NIH and NSF.

- **Participant Support Stipends- (Acct 622005)**
- **Participant Support Subsistenc – (Account 622010)**
- **Participant Support – Travel – (Account 622015)**
- **Participant Support – Other – (Account 622020)**

Professional Fees and Services- (Acct 623000) - used for budgeting purposes only, not actual accounting transactions.

Used to pay professionals for their service to the campus.

- **Accountants- (Acct 623005)**- used for tax, compilation and accounting services provided by a private CPA firm (or individual).
- **Architects- (Acct 623010)**- used for architectural fees for non-capitalized projects or concept projects in non-plant funds.
- **Artistic & Design Service- (Acct 623015)**- used for non-architectural design services.
- **Audit- (Acct 623020)**- used for audit services provided by private firms or governmental.
- **Consultant- (Acct 623025)**- used for paying non-employees or organizations for professional advice or services. Use Account 515005 or 511002 for employee consultants.
- **Contract Services- (Acct 623030)**- used to pay for other professional services under contract that do not fit into another account description and payments made to other NDUS institutions for Shared Services arrangements.
- **Background Investigations (Acct 623035)** –used to pay for professional services to perform background investigations.
- **Engineers- (Acct 623055)**- used for engineering fees for non-capitalized projects or concept projects in non-plant funds.
- **Entertainers/Performers- (Acct 623060)**- used to pay performing arts professionals for services provided to the campus. (Ex. singers, musicians, bands, magicians, comedians)
- **Honorarium (Acct 623075)**- used if the primary intent of the cost is to confer distinction on, or to symbolize respect, esteem, or admiration for the recipient. This Account cannot be used on Grant and Contract funds (40500-45500).
- **IT-Consultant/Development- (Acct 623090)**- used to pay consultants for IT advice and development services.
- **Lecture- (Acct 623095)**- used to reimburse a non-employee or outside organization for teaching a class.
- **Legal- (Acct 623100)**- used for paying non-employees or outside organizations for legal advice or services.
- **Land Survey Fees- (Acct 623105)**- used for paying surveyors.
- **Other Professional Fees- (Acct 623155)**- used to pay other professional fees that do not fit into another account description.
- **Professional Licensing Fees- (Acct 623165)**- used to pay professional licensing fees for employees. (Ex. CPA, CFP, physicians.)
- **Research- (Acct 623180)**- used to pay organizations to provide research services.
- **Speaker- (Acct 623185)**- for those individuals hired to participate in a specific conference or for a one-time appearance as a guest lecturer.
- **Non Employee Expenses- (Acct 623200)**- used to reimburse non-employee expenses. It may be used to reimburse the non-employee through “Accounts Payable”. If the expense was incurred by an employee, it will be reimbursed through “Travel and Expense”. These non-employees could include consultants, visiting speakers, or prospective candidates for employment (i.e.

interviewing and recruitment). This account could be used when paying travel agencies for non-employees and paying directly to the hotel.

- **Non Employee Taxable Meals- (Acct 623205)-** Should not be used. 1099's are issued by vendor, not by account.

Subcontracts and Subrecipients- (Acct 624000)- used for budgeting purposes only, not actual accounting transactions.

Used to pay grant subcontracts when some sort of procurement action must be completed and documented for the procurement of the goods and services

- **Subcontracts >\$25,000- (Acct 624005)-** used for sub grant or contract payments where the aggregate paid to date exceeds \$25,000.
- **Subcontracts =<\$25,000- (Acct 624010)-** used for sub grant or contract payments where the aggregate paid to date *does not* exceed \$25,000.

Used to pay grant subcontracts when financial assistance is made that does not include the procurement of goods and services.

- **Subrecipients >\$25,000- (Acct 624105)-** used for subrecipient payments where the aggregate paid to date exceeds \$25,000.
- **Subrecipients =<\$25,000- (Acct 624110)-** used for subrecipient payments where the aggregate paid to date *does not* exceed \$25,000.

Medical, Dental and Optical- (Acct 625000)- Used for budgeting purposes only, not accounting transactions.

- **Employee Medical Physicals- (Acct 625005)-** used by the UND med school for employee physicals.
- **Athletic Medical – (Acct 625010) –** used for Student-Athlete medical bills paid by the Athletics Department.
- **Athletic Training – (Acct 625015) –** used for athletic training expenses that are charged to individual sports teams. These expenses should be tracked separately from medical expenses for the Athletic Department's financial reporting.
- **Medical Supplies- (Acct 625030)-** used by the UND med school for medical supplies.

Online Prog Manage (OPM) Fee – (Account 626000): Used for budgeting purposes only, not actual accounting transactions.

- **626005 – Online Prog Manage (OPM) Fee:** Used to pay a third party vendor a fee for online class marketing and support.

STRATEGIC INVESTMENT FEE

Strategic Investment Fee - (Account 628000): Used for budgeting purposes only, not actual accounting transactions.

- **628005 – Strategic Investment Fee:** Used to record fee charged to revenue producing departments.

SUPPORT ALLOCATION COSTS

Support Allocation Costs - (629000): Used for budgeting purposes only, not actual accounting transactions.

- **629005 – Support Allocation Costs:** Used to record overhead costs charged to revenue producing departments.

OTHER OPERATING EXPENSES

Miscellaneous Expenses-(631000): Used for budgeting purposes only, not actual accounting transactions.

- **631005 - Cash Short:** Used to record immaterial shortages in petty cash or change/till funds for auxiliary and non-auxiliary services.
- **631010 - Other Expenses:** Used only when an expense does not fit in any other account category (ex. items for resale by a department not usually in the business of purchasing goods for resale).

Interest Expense-(641000): Used for budgeting purposes only, not actual accounting transactions.

- **641005 - Interest Expense:** Used for interest expense cash outflows for non-capital financing activities including interest payments to lenders and other creditors on borrowings made for purposes other than acquiring, constructing or improving capital assets. May include late fees/interest charged when a payment has been made past the due date. Interest expense in this category is considered an operating expense. Interest expense payments on special assessments should use account 683060. Interest on Capital leases should be recorded as either account 581025, 581035, 582040, or 582045. Interest expense on bonds should be recorded as account 701005.

Cost of Goods Sold-(651000): Used for budgeting purposes only, not actual accounting transactions.

Used exclusively by departments that maintain inventory to be resold to another department or to an outside customer (ex. food services, bookstore). The accounts are used for items purchased and added to the department's inventory to be resold. **Departments may choose to use the 'detail accounts for recording expenses or may choose to use the 'general' account, when detail is not needed.**

- **651005 - Purchase for resale:** General account, use when detail is not needed.
- **651006 – Prchs for resale – Health/Beauty:** detail account
- **651010 - Purchase for resale- Meat:** detail account.
- **651015 - Purchase for resale- Produce:** detail account.
- **651020 - Purchase for resale- Bakery:** detail account.
- **651025 – Purchases resale – Consignment:** detail account.
- **651030 – Purchases resale – Dairy:** detail account.
- **651035 - Purchases for resale- Labor:** detail account.
- **651040 - Purchases for resale- Materials:** detail account.
- **651045 - Purchases for resale- Supplies:** detail account.
- **651050 - Purchases for resale-Dry Foods:** detail account.
- **651051 – Purchases for resale – Food:** detail account
- **651052 – Purchases for resale – Candy/Pop:** detail account
- **651055 - Purchases for resale-Used Books:** detail account.
- **651056 – Purchases for resale – New Bcapcooks:** detail account.
- **651057 – Purchases for resale – Gift Items:** detail account.
- **651058 – Purchases for resale – Clothing:** detail account.
- **651060 - Prchs Resale-Telephone Materials:** detail account.
- **651065 – Purchases for resale-Telecom:** detail account.
- **651070 - Purchases for resale- Phone Car:** detail account.
- **651075 - Purchases for resale- Telecom S:** detail account.
- **651076 – Prchs for resale – Computer/Soft:** detail account for computer and software related items

Recharge accounts (651080 to 651130) Used by recharge centers for internal activities which provide services to the campus and interdepartmental billing for those services:

- **651080 - Recharge- Purchases for resale:** General account, use when detail is not needed.
- **651085 - Recharge-Purchases resale-Meat:** detail account.
- **651090 - Rchrg-Purchases resale-Produce:** detail account.
- **651095 - Rchrg-Purchases resale-Bakery:** detail account.
- **651100 - Rchrg-Prch resale-Consignment:** detail account.
- **651105 - Rchrg- Purchases resale-Dairy:** detail account.
- **651115 - Rchrg-Prchs resale- Labor:** detail account.
- **651120 - Rchrg-Prchs resale- Materials:** detail account.
- **651125 - Rchrg-Prchs resale- Supplies:** detail account.
- **651130 – Rchrg-Prchs resale-Dry Food:** detail account.

- **651135 – Purchases Discounts:** Contra account; used for a reduction in the purchase price, allowed if payment is made within a specific period.
- **651140 – Purchases Returns & Allowances:** Contra account; used for recording the return of, or allowances made, for good/services not wanted by the customer.
- **651145 – Inventory Adjustment:** Used to adjust the book balance of an inventory record to the amount actually on hand. Entries completed at year-end by the accounting office.
- **651150 – Freight In:** Used for shipping/transportation charges paid for goods/inventory received. This is a separate account that is added to purchases in determining the cost of goods and ending inventory.

Waivers/Scholarships/Fellowships-(661000): Used for budgeting purposes only, not actual accounting transactions.

Used for scholarships, tuition remissions, fellowships, waivers, grants and stipend awards to students. Employee and dependent tuition waivers can be coded directly to account code 516020 (Employee Tuition Waivers) or a year-end entry can be completed to move the employee and dependent tuition waivers from account 661015 (Waivers) to 516020. The awards are generally posted from the Student Finance module, on a daily basis, with detail available by item type within the SF module.

- **661005 – Scholarships:** Outside sources of funding used to pay part or all of the educational expenses of a student. Should primarily be used for awards to undergraduate students based on scholastic achievement and/or financial need. Recipients of scholarships are not expected to render services to the Campus in consideration for the awards, nor are they expected to repay the awards. This account is used for the student's initial award and any awards after the initial award.
- **661007 - Tuition Remission:** Used by institutions when recording an award to a graduate student for the actual cost of tuition only, not to be used for other expenses such as fees, room and board. This account is largely used by Grants and Contracts.
- **661010 – Fellowships:** May be used for awards given to graduate students based on scholastic achievement and/or financial need. These awards do not have to be paid back and do not include funds for which services to the institution must be rendered, such as payments for teaching. A fellowship is assistance to or on behalf of an individual to support further studies/training which will enhance that individual's level of competence and research.
- **661015 – Other Waivers:** Used to reduce either part or all of a student's tuition. Should be used only by the Business Office to record tuition and fee waivers or remissions on the tuition and fee billing system.

- **661020 – Title IV GrantsStdt Fin Aid:** Includes the following:
Federal Pell Grant: Federal grant assistance for undergraduate students who have not earned a bachelor's or professional degree. This award does not have to be paid back.

Federal Supplemental Educational Opportunity Grant (SEOG): Federal grant assistance for undergraduate students who are enrolled at least ½ time. This award does not have to be paid back.

TEACH (Teacher Education Assistance for College and Higher Education) Grant: Provides up to \$4,000 per year to students who intend to teach full-time in a public or private school that serves students from low income families. Under some circumstances, this grant may revert to a loan and have to be repaid.

- **661025 – Stipends:** This account code may only be used in limited situations that are approved by the University's Accounting Office. The IRS defines stipends as a "*fixed sum of money paid periodically for services or to defray expenses. The fact that remuneration is termed a "fee" or "stipend" rather than salary or wages is immaterial.*" The IRS also states the income from stipends is reportable.
A key in evaluating stipend payments is to determine the purpose of the payment.
 - If the payment is intended as compensation for work performed, the worker should be paid as an employee through the University's payroll process and the expense should be charged to a salaries & wages expense account code, unless an independent contractor relationship can be supported. (Sometimes graduate students are considered to be paid a stipend, but it is really handled as a payment to an employee through the payroll process.)
 - If the payment is intended as compensation for services performed by an independent contractor, the worker or company should be paid through the University's purchasing and accounts payable process and an operating expense is generally coded in one of the fees group of accounts.
 - Payments to employees to defray expenses, such as travel expenses, must be made based on state laws and board/university policy and charged to the appropriate operating expense account code (i.e., generally in the travel expense group of account codes). Lump sum stipends to defray expenses of university employees are not allowed. Reimbursements must be based on actual receipts or meal allowances under state law.
 - Payments to non-employees to defray expenses, such as travel expenses, must be based on actual receipts or a meal allowance in order for the expense to be coded to "Non Employee Expenses"

(Account 623200). If lump sum stipends are paid to non-employees to defray expenses, the payments must be considered part of the fees for services to the contractor and the operating expense should be coded in one of the fees group of accounts and reported on an IRS 1099-MISC form.

- Payments to enrolled students of the university for the purpose of providing financial assistance must be handled through the university's financial aid processes and generally coded to one of the other account codes in the scholarship group of accounts, such as scholarships (661005), Fellowships (661010), etc., rather than stipends.

OTHER NON-OPERATING EXPENSES:

Other Non-Operating Expenses (Acct 671005)

Bond Issuance Costs - (Acct 671205) – used to expense bond issuance costs.

CAPITALIZED ASSETS

Capital Asset Expense- (Acct 680000)- Used for budgeting purposes only, not for actual accounting transactions.

- **Capital Assets- (Acct 681000)**- Used for budgeting purposes only, not for actual accounting transactions.

The following accounts are used by the accounting department for entries in the Investment in Plant Funds (Fund 00001-00100) to add to or deduct from the book value of capital assets. The offset entry is to the applicable capital asset account (see accounts 151002-151052). Entries will journal generate from the asset management module.

Additions

- **Building/Leasehold Impr Additi- (Acct 681005)**-
- **Capital Lease Additions- (Acct 681010)**-
- **CIP Additions- (Acct 681015)**-
- **Infrastruct/Land Impr Addition- (Acct 681020)**-
- **Intangible Asset Additions- (Acct 681025)**-
- **Land Additions- (Acct 681030)**-
- **Library Book Additions- (Acct 681035)**-
- **Machinery/Equipment Additions- (Acct 681040)**-
- **Motor Vehicles Additions- (Acct 681045)**-

Deletions- NOT USED

- **Building/Leasehold Impr Del- (Acct 681050)**- Not used.
- **Capital Lease Deletions- (Acct 681055)**- Not used.
- **CIP Deletions- (Acct 681060)**- Not used.
- **Infrastructur/Land Impr Deleti- (Acct 681065)**- Not used.
- **Intangible Asset Deletions- (Acct 681070)**- Not used.

- **Land Deletions- (Acct 681075)-** Not used.
- **Library Book Deletions- (Acct 681080)-** Not used.
- **Machinery/Equipment Deletions- (Acct 681085)-** Not used.
- **Motor Vehicle Deletions- (Acct 681090)-** Not used.

CAPITAL ASSET EXPENDITURES

Land and Buildings- (Acct 682000)- Used for budgeting purposes only, not for actual accounting transactions.

This group of accounts should only be used in the Plant funds (fund range 00001-00100) either appropriated or non-appropriated. Determining whether an expenditure is a repair or betterment is a key element in coding expenditures in this Account range. Repair expenses are not capitalized.

Capitalized expenditures- New construction and betterments. Betterments are added to the value of the applicable capital asset (i.e. land, buildings, equipment); Betterments are defined as the replacement of an existing asset, or asset portion, with an improved or superior asset, or portion; usually at a cost materially in excess of the replaced item. Usually, a betterment results in a better, more efficient, or more productive asset.

- **682005 - Architect Fees Capitalized**
- **682007 - Consulting Capitalized**
- **682015 – Engineering Fees Capitalized**
- **682020 - Building Improvements Capitalized**
- **682030 - Electrical Contractor Capitalized**
- **682040 -General Contractor Capitalized**
- **682050 – Heating/Ventilation Capitalized**
- **682060 - Land & Site Preparation Capitalized**
- **682070 – Surveying Capitalized**
- **682075 – Testing Services Capitalized**
- **682080 – Internal Labor Capitalized**
- **682085 – Internal Materials Capitalized**
- **682090 - Other Capital Payments Capitalized -** Used for any expenditure in Plant funds that doesn't fit the other descriptions, but is a capitalizable type of expenditure. (Ex. advertisements for bids and miscellaneous fees.)
- **682100 - Mechanical Capitalize**
- **682110 – Special Assessments**
- **682113 – Furniture Capitalized**
- **682115 – Asbestos Removal Capitalized**

Other Capital Payments- (Acct 683000)- Used for budgeting purposes only, not actual accounting transactions.

- **683055 - Special Assessment Principal-** used for the principal amount of special assessment payments.

- **683060 - Special Assessment Interest** used for the interest amount of special assessment payments.
-

MAJOR EQUIPMENT

Equipment Over \$5000- (Acct 691000)- Used for budgeting purposes only, not for actual accounting transactions.

The following accounts should be used for purchase of equipment items which individually have a greater than \$5000 (including freight and installation costs), a useful life of one years or more, and are capitalizable on the equipment records. The initial purchase of equipment with component parts should be capitalized as one unit and charged to account 693005, if the total cost is greater than \$5,000. However, a subsequent enhancement or add-on should not be capitalized or charged to the equipment category, unless the cost is greater than \$5,000 and the useful life is one year or more.

- **691005 - Office Equipment over \$5000-**
- **691010 - Athletic Equipment over \$5000-**
- **691015 - Audio Visual Equip over \$5000-**
- **691020 - Equipment Fabrication-** to be used for expenses incurred to construct an equipment item that will be added to the equipment record.
- **691025 - Maintenance/Constr Equip>\$5000**
- **691030 - Musical Equipment over \$5000-**
- **691035 - Other Equipment over \$5000-**
- **691040 - Vending/Food Equip>\$5000-**
- **691045 - Intangibles-Mineral, Water, Timber Rights**
- **691050 - Intangibles-Copyrights**
- **691055 - Intangibles-Patents**
- **691060 - Intangibles-Trademarks**
- **691065 - Intangibles-Websites**
- **691070 - Intangibles-Other Easements**
- **691075 - Intangibles-Right of Way**
- **691080 - Intangibles-Logos**
- **691085 – Not Owned Equip/Fabrication**

IT Equipment over \$5000- (Acct 693000)- Used for budgeting purposes only, not for actual accounting transactions.

- **693005 - Computer Equipment over \$5000**
- **693015 - IT Printers over \$5000**
- **693020 - Other IT Equipment over \$5000**
- **693025 - Telecommunications over \$5000**
- **693030 - Intangibles-Internally Developed Software**
- **693035 - Intangibles-Capitalized Software**
-

InterInst Trnsfr-NDUSOapproval – (Acct 722024) – This account is to be used for **one-time unusual** transactions between Institutions and/or the NDUS System Office.

It is **not** to be used for day-to-day transactions that occur in the normal course of business. Examples of when this account would be used are transfers of positions, fte's and/or programs. Use of this account for **any** transaction requires the prior approval of the NDUS Director of Financial Reporting.

OTHER SOURCES & USES

Other Bond Pymnt, Depr, Etc.- (Acct 700000)- Used for budgeting purposes only, not for actual accounting transactions.

- **Other- (Acct 700001)-** Used for budgeting purposes only, not for actual accounting transactions.

Bond Payments- (Acct 701000)- Used for budgeting purposes only, not for actual accounting transactions.

Used to record principal and interest payments

- **Bond Interest Pymts- (Acct 701005)-** Used to record payment of interest on bonds.
 - **Bond Principal Pymts- (Acct 701010)-** Used to record payment of principal on bonds.
 - **Notes Payable - Interest Pymts- (Acct 701015)-** Used to record payment of interest on notes payable.
 - **Notes Payable - Principal Pymt- (Acct 701020)-** Used to record payment of principal on note payable.
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Depreciation Expense- (Acct 702000)- Used for budgeting purposes only, not for actual accounting transactions.

- **Depreciation Expense- (Acct 702005)-** used to record total depreciation expense at year-end for all campus and system office capital assets.
 - **Intangibles Amortization Expense (Acct 702010) –** used to record total amortization expense at year-end for all campus and system office intangibles.
-

Other Additions/Deductions- (Acct 715000)- Used for budgeting purposes only, not actual accounting transactions.

- **Other Additions/Deductions- (Acct 715001)-** Used for budgeting purposes only, not actual accounting transactions.
 - **Additions - Agency Funds- (Acct 715005)- USE ONLY IN AGENCY FUNDS** to record revenues when detail revenue accounts are not used.
 - **Deductions - Agency Funds- (Acct 715010)- USE ONLY IN AGENCY FUNDS** to record expenses in when detail expense accounts are not used.
 - **Other Additions/OtherDeducts- (Acct 715015)-** Consists of any other receipt or disbursement that do not represent revenues, or expenditure reductions.
-

Interdept Transfer- (Acct 721000)- Used for budgeting purposes only, not actual accounting transactions.

- **Interdept Service - (Acct 721005)**- Used for when a department is receiving a greater level of service over what is customary. ((Example: A lab wants floors sterilized weekly over the once every two-week cleaning).
- **Interdept Inst Support – (Acct 721010)** – Used when central office is providing institutional resources to a department for operations. (Example: a department has a general operating need and resources are being temporary reallocated to meet this need).
- **Interdept Investment (Acct 721015)** – Used when central office allocates to a campus department the centrally allocated dollars for a strategic initiative. (Example: a department is working on drone development to deliver mail on campus via a drone.)

Transfers Out- (Acct 722000)- Used for budgeting purposes only, not actual accounting transactions.

- **Transfers Out- (Acct 722001)**- Used for budgeting purposes only, not actual accounting transactions.

Transaction accounts for recording transfers between funds. **Do not use in Agency Fund accounts (Fund group 80000-89999)—use 715005 and 715010 instead:**

- **Intertransfer- (Acct 722005)**- to record voluntary transfers between funds in different fund groups.
- **Intratransfer- (Acct 722010)**- to record voluntary transfers between funds in the same fund group.
- **Mandatory Transfers- (Acct 722015)**- to record non-voluntary transfers to another fund that are required by bond covenants or other financing arrangements.
- **Gen & Spec Grant Exp (NDUS use only)- (Acct 722020)**- Used by NDUS office only to record grant transfers between Institutions and/or the NDUS System Office.
- **Tr to Bldg Auth (NDUS use only)- (Acct 722025)**- Used by NDUS office only to record payments to building authority.
- **PriorPeriod NetPosition Adjust - (Acct 722026)**- to record prior period adjustments to beginning net position for correction of errors or implementation of new GASB standards, requiring retroactive application. **Notify the NDUS Director of Financial Reporting before using this account number.**

Facilities & Administration- (Acct 730000)- Used for budgeting purposes only, not for actual accounting transactions.

- **Facilities & Administration- (Acct 730001)-** Used for budgeting purposes only, not for actual accounting transactions.
- **Facilities & Administration- (Acct 730002)-** Used for budgeting purposes only, not for actual accounting transactions.

The following accounts are available to use to record the amount of administrative costs recovered from the Federal loan programs (e.g. NDSL/Perkins loan).

- **Admin Allowance 90% Federal- (Acct 730005)-**
- **Admin Allowance 10% State- (Acct 730010)-**
- **Admin Allowance- (Acct 730015)-**
- **Admin Allowance 5%- (Acct 730016)-**

The following accounts are used to record the F&A costs to the grant/contract funds.

- **Facilities & Administration- (Acct 730020)-** Used to record the facilities and administration (formally indirect cost) to the grant/contract fund.
-