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A-21: Abbreviation for OMB A-21.

Academic Support: An educational and general function for funds expended primarily to provide support services for the institution's primary missions – instruction, research, and public service. Examples – libraries, museums, galleries, demonstration schools, audiovisual services, computer support, academic administration including chairs, and support for course and curriculum development.

Accounting Standards: Accounting standards recommended by the CHECU and issued by the State Controller to promote consistency in financial reporting among Colorado institutions of higher education.

<http://www.sco.state.co.us/highed/standard.html>

Accounts Receivable are amounts owed to a state agency by an identified debtor. In many circumstances, the accounts receivable refers to the amount due from a Customer for the sale of goods or services, when the goods or services have been delivered to the Customer, and payment is not received by the seller prior to or at the time the goods were received by the Customer. In other situations, the accounts receivable results from charging fines, assessing late fees, accepting a non-sufficient funds check, etc. Each individual transaction associated with any of the above-noted items is an account receivable.

Accrual Accounting: The basis of accounting that recognizes revenue when earned and expenses when incurred regardless of when cash changes hands. (Accounting Standard 1)

Acquisition Cost: is the total value of resources expended and committed to bring equipment or buildings and improvements up to intended and useful condition. Total "capitalized costs" may include, but are not limited to, the cost of an item, freight, taxes, in-transit insurance, installation/modification costs, consultant services related to acquiring the item, construction costs, capitalized interest, and the Current book value of college assets given in exchange. For donated capital assets, acquisition cost is its fair market value at the time of the donation (plus any acquisition related expenses such as freight and installation).

Aged Accounts Receivable is a schedule that categorizes each account receivable by the number of days it is past due.

Agency Funds: The fund group used to account for funds held by an institution as custodian or fiscal agent for others such as independent (verses affiliated) student organizations, individual students, private businesses and other organization that have a working relationship with the college.

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Allowable Costs: are costs that satisfy **all** of the following conditions:

1. **Are reasonable:** A reasonable cost reflects the action a prudent person would make under the circumstances in light of their stewardship responsibility to the college community, State of Colorado, Federal Government and the public. Major considerations involved in the determination of the reasonableness of a cost include:
 - a). Whether the cost is generally recognized as necessary.
 - b). The restraints or requirements imposed by such factors as arms-length bargaining and federal/state laws and regulations.
 - c). The extent to which the actions are consistent with established Board of Trustees policy.
2. **Are consistently applied** according to cost accounting standards that have been documented for the federal disclosure statement DS-2.
3. **Are properly allocable** to goods/services in accordance with relative benefits received or other equitable relationship. Costs allocable to a particular good/service cannot be shifted to other goods/services. A cost is allocable to a good/service if it is necessary to the provision of the goods/services and meets either of the following conditions:
 - a). The cost solely benefits the good/service.
 - b). The cost benefits the good/service and other goods/services or activities in proportions that can be reasonably approximated based on benefits derived, a traceable cause and effect relationship, or logic and reason where neither benefit nor cause and effect relationship is determinable.
4. **Are historically based** (with appropriate adjustments for applicable credits).

Note: In the case of *Current operating costs*, projected costs may be considered in lieu of historical costs to the extent they are based on objective evidence (for example, approved changes to next year's operating budget) and not on speculation.
5. **Are not specifically unallowable.** Refer to Section VIII.B. of this chapter for a list of unallowable costs per federal regulations as articulated in Section J of A-21.

Allowance is an estimate of the amount of accounts receivable that is unlikely to be collected.

Applicable Credits: are receipts or negative expenditures that operate to offset or reduce costs. Examples of applicable credits include purchase discounts, rebates, or allowances (including "educational discounts" where the arrangement is not

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clearly and specifically identified as a gift by the vendor), recoveries or indemnities on losses, and adjustments for overpayments or erroneous charges. The Department of Health and Human Services considers interest earned on the investment of an ISC's operating fund cash to be an applicable credit. Therefore, ISCs will be credited (using an allocation mechanism) for investment earnings on their cash balances attributable to internal sales.

Appropriations: The amount of funds the annual Long Bill authorizes the College of Colorado to spend for Current operating purposes and selected capital construction projects.

Asset: Tangible and intangible personal and real property such as cash, investments, inventory, accounts receivable, loans receivable, prepaid expenses, equipment, buildings, land, improvements to land other than buildings, etc.

Attribute: Descriptive information associated with a chartfield value. Examples include title, manager's name and phone number, campus box, expense purpose code, bond fund, etc.

Auxiliary Enterprises: One of the NACUBO four functional classifications of:

- ❑ Educational & General
- ❑ Auxiliary Enterprises
- ❑ Hospitals
- ❑ Independent Operations

An auxiliary enterprise is an entity created primarily to provide goods and services to students, faculty and staff that charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. The distinguishing characteristic of auxiliary enterprises is that they are managed as essentially self-supporting activities. The general public incidentally may be served by some auxiliary enterprises. Housing, Bookstore, Parking, etc.

Auxiliary Enterprise Revenue: Revenue of an auxiliary enterprise.

Auxiliary Enterprise Expense: Expense of an auxiliary enterprise.

Auxiliary Enterprise Units: as used in the ISC policy, are departments or activities which were established primarily to provide goods/services to students, faculty, staff and/or the general public, but which also regularly provide goods/services to ASC departments, sponsored programs or activities. For example, the Bookstore and the Department of Housing are auxiliary enterprise units. These units are not considered as being ISCs.

Bad Debt Expense refers to the administrative costs for the collection of past due accounts receivable and the writing-off of uncollectible accounts receivable.

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Balance Sheet: The financial statement that reports the financial position of a reporting entity such as the college for each fund group or a single ORG UNIT as of a point in time and lists the entity's assets, liabilities and fund balance.

Base Budget is the original budget amounts recorded for a ORG UNIT at the beginning of the fiscal year. The term base budget is used primarily in the General Fund.

BJE: Abbreviation for Budget Journal Entry.

Break-Even Period: is a reasonable time-period in which cumulative allowable and allocable revenues for a good/service should equal cumulative expenses. This period of time is usually the fiscal year.

Budget: A financial plan for the revenues and/or expenses and/or transfers of a ORG UNIT. The budget shows the planned financial activity of the ORG UNIT and can be entered at the budget pool level or the individual account level.

Budget Balance Available: Budget less actual transactions (revenue or expense) to date (fiscal year or project-to-date) less pre-encumbrances and encumbrances.

Budget Cycle describes a process of budget planning and control which includes the actions of developing a financial plan, comparing the financial plan to actual performance, and taking corrective action to bring substandard performance into line with the plan or adjusting the plan to reflect changing financial conditions.

Budget Journal Entry: The Finance System on-line transaction pages used to enter and adjust budgets.

Capital Construction Plant Funds: The fund group used to account for funds borrowed, given or designated to be used for capital construction projects typically administered by Facilities Management. Must be used for all new buildings and remodeling/renovation estimated to cost more than \$50,000 per project.

Capitalize: To record a fixed asset (building, equipment, improvement to land, library collection, museum collection, etc.) in the investment in plant fund as the result of expending funds in other funds groups.

- All land regardless of cost
- Improvement to land costing over \$50,000
- Buildings and new additions costing over \$50,000
- Leasehold improvement costing over \$50,000
- Equipment costing \$5,000 or more
- Library books
- Art collection

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- ❑ Museum collection
- ❑ Music collection
- ❑ Remodeling costing over \$50,000
- ❑ Computer software costing over \$500,000

Capitalized Costs: see Acquisition Costs.

Cash Carry Forward: The June 30 general fund budget balance available before encumbrances after final close. This is rolled forward into the next year as a general fund temporary budget. This is also called the Temporary Rollforward.

Cash Fund: State budget term referring to the funds self-generated by the college – tuition, fees, F&A, auxiliary, etc.

Central Collection Services - (CCS) is a department within the state of Colorado's Division of Finance and Procurement. The main function of CCS is collection. The college is required by state law to use CCS and to follow their procedures in the collection of past due accounts receivable, other receivables, and debt. Additional information about CCS is available on the Web at <http://www.sco.state.co.us/CCS/info/generalinfo.htm>.

COA: Abbreviation for Chart of Accounts.

ChartField: A Finance System term describing the ten fields of information that comprises an accounting transaction.

- ❑ Fund (required)
- ❑ Organization (required)
- ❑ Account (required)
- ❑ Program (or project required)

CHEASC: Colorado Higher Education Accounting Standards Committee. This is an advisory board to the State Controller to recommend accounting standards applicable to all Colorado institutions of higher education. Part of Colorado GAAP.

COFRS: Colorado Financial Reporting System – the financial reporting system used by the State of Colorado. All accounting for the College of Colorado is crossed over from the Finance System to COFRS and reconciled.

Cognizant Federal Agency: Department of Health and Human Services. The federal agency to which we are assigned for purposes of certain administrative functions such as F&A rate negotiation and audit resolution.

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Combination: A Finance System term designating a combination of chartfields designating a NACUBO fund. Consists of fund/organization/program or fund/organization/project.

Combo: Abbreviation for combination.

Compensated Absences: Accrued annual leave and sick leave vested with the employee and expected to be paid out. The Compensated absence expense and liability must be accrued and reported in our financial statements. (Accounting Standard 18)

Continuing Budget: A general fund budget established in a ORG UNIT that will be established again at the beginning of each year until it is changed.

Cost Sharing: Cost sharing occurs when we spend college funds to pay a portion of the salary for work done on a sponsored project. Example: A PI spends 25% of his/her time working on a project. The project pays 20% of the PI's salary directly and the 80% of the PI's salary is charged to the department's instructional ORG UNIT. 5% of the PI's salary is cost shared on the project. Cost sharing can be:

- Mandatory
- Voluntary committed cost sharing
- Voluntary uncommitted cost sharing

Credit: An accounting convention designating an increase in liabilities, fund balance and revenue or a decrease in assets and expenses. The entry on the right side of a T-account.

T - ACCOUNT	
Debit Side	Credit side
Increase assets	Decrease assets
Increase expenses	Decrease expenses
Decrease liabilities	Increase liabilities
Decrease fund balance	Increase fund balance
Decrease revenues	Increase revenues

ASC Foundation: A 501(c)3 corporation separate from the college that provides fund raising and investment management services to the college. Per Administrative Policy Statement, all gifts must be deposited to a ASC Foundation account and then transferred to a college ORG UNIT when ready to be spent. We cannot spend gifts to the college directly out of the Foundation. (Accounting Standard 14)

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Current Funds: The fund group that includes those economic resources of the college that are expendable for the purpose of performing the primary missions of the institution – instruction, research, and public service – and that are not restricted by external sources or designated by the governing board for other than operating purposes. The term “Current” means that the resources will be expended in the near term and that they will be used for operating purposes.

Debit: An accounting convention designating an increase in assets and expenses and a decrease in liabilities, fund balance and revenue. The entry on the left side of a T-account.

T - ACCOUNT	
Debit Side	Credit Side
Increase assets	Decrease assets
Increase expenses	Decrease expenses
Decrease liabilities	Increase liabilities
Decrease fund balance	Increase fund balance
Decrease revenues	Increase revenues

Debt: Amounts owed from external borrowings – revenue bonds, certificates of participation, mortgages. (Accounting Standard 10 and 15)

Debtor is any individual, corporation, or business owing money to - or having a delinquent account with - any department whose obligation has not been adjudicated, satisfied by court order, set aside by court order, or discharged in bankruptcy.

Departmental Accounts Receivable System is a record-keeping system developed by the department to record the accounts receivable transactions for each Customer. This system includes the date and amount of each sale, payment, adjustments, and outstanding balance for each Customer. The departmental system is used to generate aging reports and support the summary data recorded in the Finance System.

Departmental Administrator: That person in a department (center, institute, etc.) that is responsible for the day-to-day transaction processing of departmental financial events.

Depreciation: Depreciation accounting is a system of allocating the acquisition cost of an asset (equipment, building, parking lot, etc.) over the estimated useful life of the asset, usually measured in years, but sometimes based on volume of usage. Each accounting period is charged with a proportionate depreciation expense for the estimated useful life of the asset, rather than charging the full cost of the asset as an expense in the year in which it was acquired. Please refer to Section VIII.E

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of this chapter for information on 'Equipment Considerations in Billing Rates' that includes the depreciation requirements.

Direct Costs: Direct costs are those costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other ASC activity, or that can be assigned to such activities relatively easily with a high degree of accuracy. **Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs.** Where ASC treats a particular type of cost as a direct cost of sponsored agreements, all costs incurred for the same purpose in like circumstances must be treated as direct costs of all ASC activities.

DS-2: The ASC Disclosure Statement filed with and approved by our federal cognizant agency (Department of Health and Human Services). The DS-2 formally states our policy for direct charging expenses to sponsored projects.

Due Date is the date the debt is due and payable to the department.

Due From: An amount to be received from another fund as the result of lending cash to that fund. A Balance Sheet/Statement of Net Assets asset.

Due To: An amount to be paid to another fund as the result of borrowing cash from that fund. A Balance Sheet/Statement of Net Assets liability.

Edit: First step in the transaction posting process of edit, budget check, (validate) submit for approval and post. Verifies certain information on the transaction such as valid chartfield values, valid combo, valid fund/account combination, etc.

Educational & General: One of the NACUBO four functional classifications of:

- Educational & General
- Auxiliary Enterprises
- Hospitals
- Independent Operations

Educational & General consists of the functions of instruction, research, public service, academic support, student services, institutional support, operation and maintenance of plant, and scholarships & fellowships.

Effective Dating: A Finance System convention that allows you to enter a new row of information and designate the date when that row of information will be applicable and used in the Finance System.

Encumbrance: A transaction generated from a purchase order showing a commitment to make a future expenditure of funds. Encumbrances are not liabilities or expenses. They are a reminder of a commitment made on a purchase order issued to a

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vendor and used in planning future expenditures in order to not exceed total available resources of the ORG UNIT.

Enterprise: A TABOR term meaning a government-owned business authorized to issue its own revenue bonds and receiving under 10% of annual revenue in grants (gifts) from all Colorado state and local governments combined. To be an enterprise an activity has to be formally designated by the Board of Trustees.

Equipment: Tangible personal property with a life of more than one year and a cost of \$5,000 or more.

Exchange Transaction: Each party involved in an economic event receives and gives up assets of essentially equal value. This results in the recognition of revenue/expense when goods/services have been provided/received. (Accounting Standard 4) (GASB 33)

Exchange-Like Transaction: In an exchange-like transaction, there *is* an identifiable exchange between the reporting government and another party, but the values exchanged may not be quite equal or the direct benefits of the exchange may not be exclusively for the parties to the exchange. Exchange-line transactions should be accounted for in the same way as “pure” exchange transactions. (GASB 33, paragraph 50)

Exempt: Exempt from the TABOR limitations.

Expenditure: The disbursement of money.

Expense: An accounting entry recognizing the consumption of assets. Salaries, wages, fringe benefits, operating expense, office supplies, travel, cost of goods sold, depreciation, amortization of prepaid or deferred expenses, etc. Under accrual accounting, an expense is recognized when the goods/services have been received regardless of when the payment for the goods/services occurs.

Expense Purpose Code: An attribute assigned to every program and project in the Current funds that classifies all expenses of the ORG UNIT using that program or project into the Current fund function classifications.

External Customer: is any Customer, other than one paying for the goods/services by charging a ORG UNIT-account combination. Agency Fund ORG UNIT are considered to be external Customers.

Facilities: are the physical space occupied by the ISC, including utilities and routine maintenance such as custodial services.

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Facilities and Administrative (F&A) Costs: F&A costs are those that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other ASC activity. **Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs.** Where ASC treats a particular type of cost as an F&A cost of sponsored agreements, all costs incurred for the same purpose in like circumstances must be treated as F&A costs of all ASC activities. ASC cost accounting standards are documented for the Federal Disclosure Statement DS-2.(F&A costs is the new term for indirect costs.)

Facilities & Administrative Rate: A percentage rate charged to sponsored grant and contract (30, 31) MTDC expenses and paid to the general fund in recognition of the general fund expenses (administration and facilities) incurred in support of the sponsored programs. This is a cost allocation methodology to recognize that the general fund incurs cost for accounting, payroll, employment, purchasing, accounts payable, utilities, safety, sponsored projects administration, departmental administration, library usage, general administration, etc. in support of the sponsored projects. Specific costs cannot be identified with specific projects so an F&A rate is calculated and negotiated with our cognizant federal agency to be charged to sponsored projects and paid to the general fund. (Accounting Standard 3)

F&A: Abbreviation for the Facilities & Administrative rate. Used to be called ICR.

F&A Revenue: The revenue generated by applying the F&A rate to sponsored projects. Used to be called Indirect Cost Revenue.

FASB: Financial Accounting Standards Board. An independent board acknowledged by the American Institute of Certified Public Accountants as having authority to promulgate accounting standards applicable to private and not-for-profit organizations.

Federal Cognizant Agency: Departmental of Health and Human Resources. The federal agency to which we are assigned for purposes of certain administration functions such as F&A rate negotiation and audit resolution.

Fee: An amount charged for providing a good or service. For higher education our fees are categorized as Instructional Fees, Student Activity Fees, and Non-Fee Revenue. (Accounting Standard 2)

Fellowships: See scholarships and fellowships.

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Financial Aid: The term that generally encompasses a number of forms of assistance to students - loans, scholarships, fellowships, and workstudy. (Accounting Standard 8 and 12)

Financial Statement Presentation Fund: The fund group (99) used to book entries to convert the NACUBO fund group financial statement format to the GASB 34/35 financial statement format. See Financial Statements. Examples of entries are:

- ❑ Entry to net F&A revenue and expense to zero
- ❑ Scholarship allowances

Financial Statements: The formally published statements of the college reflecting its financial position as of a given point in time and the results of its operations over a period of time. Through fiscal year 2001 the financial statements consisted of a:

- ❑ Balance Sheet
- ❑ Statement of Changes in Fund Balance
- ❑ Statement of Current Funds Revenues, Expenditures and Other Changes.
- ❑ Related Notes.

Per GASB Statement No. 35, beginning with fiscal year 2002 the financial statements consist of:

- ❑ Managements' DisCUssion and Analysis
- ❑ Statement of Net Assets
- ❑ Statement of Revenues, Expenses and Changes in Net Assets
- ❑ Statement of Cash Flows
- ❑ Related Notes.

(Accounting Standard 17)

Fiscal Rules: State of Colorado Fiscal Rules issued by the State Controller.
<http://www.sco.state.co.us/rules/rules.htm>

Fiscal Year: July 1 through June 30.

ORG UNIT: Finance System's coding structure is made up of blocks of information called ChartFields. They can be joined together in various combinations to tell the system where to record a transaction. The entire ChartField is as follows:

Fund - Identifies the source of the money being received and spent. There are general funds, auxiliary funds, sponsored program funds, gift funds, plant funds, renewal and replacement funds, and retirement of indebtedness funds. Funds are discussed further below.

Organization, "org" - Identifies the campus/department/school/reporting division spending or receiving the funds.

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Program - Identifies distinct College activities for one and/or multiple organizations. A program is required to be used if project is not used. The program ChartField is used with general, auxiliary, gift, renewal and replacement, retirement of indebtedness, investment in plant, and agency funds. Both program and project may be used to reflect matching/cost sharing.

Foundation: Term for the ASC Foundation.

Function: A NACUBO basic category for classifying operating expenditures of an institution of higher education. Instruction, Research, Public Service, Academic Support, Student Services, Institutional Support, Operation and Maintenance of Plant, Scholarships & Fellowships, Auxiliary Enterprises.

Fund: A self-balancing set of records that includes assets, liabilities, revenue, expense and fund balance. Each fund/organization/program (project) combination is a fund. Also, a chartfield in the Finance System. See fund group.

Fund Accounting: To ensure the observance of limitations and restrictions placed on the use of the resources available to the college, the accounts are maintained in accordance with the principles of “fund accounting.” This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with the activities or objectives specified for the resources. Separate accounts are maintained for each fund. Funds with similar characteristics are combined. Accordingly, all financial transactions are recorded and reported by fund group.

Fund Balance/Net Assets: Assets minus liabilities equals fund balance on the Balance Sheet/Statement of Net Assets.
 $\text{Assets} - \text{Liabilities} = \text{Fund Balance}$

GAAP: Abbreviation for Generally Accepted Accounting Principles.

GASB: Governmental Accounting Standards Board. An independent board acknowledged by the American Institute of Certified Public Accountants as having authority to promulgate accounting standards applicable to governmental entities.

GASB 34-35 Reporting Fund: The fund group used to present entries needed for GASB 34-35 financial statement presentation. Example entries are facilities & administrative revenue and expense offset, scholarship allowances.

General Administrative Recharge: A percentage rate charged to auxiliary and self-funded funds and their renewal and replacement plant fund expenses and paid to

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the general fund in recognition of the general fund administrative expenses incurred in support of the auxiliary and self-funded activities. This is a cost allocation methodology to recognize that the general fund incurs general administrative costs such as accounting, payroll, employment, purchasing, accounts payable, etc. in support of the auxiliary and self-funded activities. The general fund credit is to institutional support.

General Budget is a term used to denote the broadest level of budgeting by category of revenue, expense or transfer.

General Fund: The state appropriated fund group used to account for the revenues and expenses of the college's primary mission of instruction, public service and the related support functions of academic support, student services, institutional support, operation & maintenance of plant, and scholarships & fellowships. Also a budget term referring to the funds appropriated (state appropriations) to the college from the general revenues of the State.

General Infrastructure Recharge: A percentage rate charged to auxiliary and self-funded funds and their renewal and replacement plant fund expenses and paid to the general fund in recognition of the general fund infrastructure expenses incurred in support of the auxiliary and self-funded activities. This is a cost allocation methodology to recognize that the general fund incurs infrastructure expenses such as grounds maintenance, roads, sidewalks, etc. in support of the auxiliary and self-funded activities. The general fund credit is to operations and maintenance of plant.

General Ledger: That part of the Finance System software to record the official system of record transactions for the college and that is used to generate the official financial reports of the college. Various subsystems feed the general ledger such as purchasing, accounts payable, student billing and receivable, departmental IN transactions (such as Telecommunications, stores, Transportation Services, Copying & Printing, etc.), payroll, etc.

Generally Accepted Accounting Principles: A technical term encompassing the conventions, rules, and procedures identified by the American Institute of Certified Public Accountants as necessary to define accepted accounting practice and financial reporting at a particular time and to which we are audited. These Currently consist of GASB Statements and Interpretations, certain FASB Statements and Interpretations, AICPA Statements of Position, Fiscal Rules and Accounting Standards.

Gifts: Funds received from an external party (donor) for which there was no equal value of goods and/or service provided to the donor. Most gifts are for general operating purposes and accounted for in fund 34. Gifts restricted for other than

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Current operating purposes (loans, capital construction) must be accounted for as gifts of the fund group to which they are restricted, and not accounted for as a gift of the Current funds and transferred to the other fund group.

Gifts-in-kind: The gift of equipment or other assets other than cash to the college. Accounted for directly in Investment in Plant plant fund .

GL: Abbreviation for general ledger.

Grants and Contracts: Sponsored project agreements negotiated and entered into by the Office of Contracts and Grants.

Indirect Cost Revenue: See F&A revenue.

ICR: Abbreviation for indirect cost revenue. Now called F&A Revenue.

IN: Abbreviation for an interdepartmental invoice.

In-kind Cost Sharing: Project matching provided by an external entity.

Instructional Fee: Instructional fees are defined as those mandatory fees charged to students where the fee is directly related to specific instructional programs. This includes fees related to whole academic programmatic areas as well as to specific course fees. Examples of this type of fee are a lab fee (i.e., chemistry, anatomy), a microscope fee (when the microscope is required for a particular program or course), music fee, telecourse fee, physical education fee, and program fee, (i.e., school of business or college of engineering fee). These fees are recorded in the "Tuition and Fees" program code.

Internal Service Center: An organization created primarily to provide goods and services to other college departments, but that may have incidental sales to the public. Examples include Printing & Copying, Telecommunications, etc. (Accounting Standard 11)

Institutional Support: An educational and general function for funds expended for: (1) central executive-level activities concerned with management and long-range planning of the entire institution such as the governing board, planning and programming, and legal services; (2) fiscal operation; (3) administrative data processing; (4) space management; (5) employee personnel and records; (6) logistical activities that provide procurement, storerooms, safety, security, printing, and transportation services to the institution; (7) support services to faculty and staff that are not operated as auxiliary enterprises; and (8) activities concerned with community and alumni relation, including development and fund raising.

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Instruction: An educational and general function for the expenditure of funds for all activities that are part of the institutions instruction program, with the exception of expenditures for remedial and tutorial instruction which should be categorized as Student Services.

Interdepartmental Invoice: A form and a transaction used to record the sale of goods and services provided by an Internal Service Center to a college department.

Internal Service Center (ISC): An ISC is an organizational unit that provides a specific type of good or service to ASC departments, (rather than to individuals or the general public), and is supported by interdepartmental charges to the user department's operating ORG UNIT. The users typically determine the amount of goods/services they obtain. While such a good/service could be purchased from commercial sources, for reasons of convenience, cost, or control, the good/service is often provided more effectively through a ASC service center. The rates charged by an ISC are generally formulated to recover operating costs.

ISCs provide activities for which a Rate Schedule is required. This rate schedule is developed annually.

In addition to the previously-stated information, ISCs:

- Are established primarily to provide goods/services to other ASC departments, sponsored programs, or activities.
- Operate as a discrete unit having control of revenues and expenses.
- Are ongoing activities.
- Charge all INTERNAL users equally for services at a rate calculated to recover their costs over a fixed period of time.
- May make sales to external entities. However, if external sales are made, they are usually incidental.

ISCs range in size from small departmental copy machine operations to the Telecommunication System and the Co-generation Plant. ISCs do not include clearing , in which actual expenses are distributed among benefiting units each month. For example, the ASC annual insurance premium is initially charged to a Risk Management Office ORG UNIT. The premium is then allocated to other units. This is not an ISC activity. Neither is an ISC a one-time distribution of expense.

Inventory: The State of Colorado year-end closing instructions define inventories as those that total \$35,000 or more per location. If inventories of lesser amounts are recorded on the Balance Sheet/Statement of Net Assets, they must be verified by physical count.

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Investment in Plant Funds: The fund group used to record the capital assets and related debt of the college.

Journal Entry: The Finance System on-line transaction pages used to enter financial transactions in the general ledger. All subsystems feed transactions to the GL as journals. On-line journals are used to make corrections; enter accruals such as accounts receivable and revenue, allowance for bad debts and bad debt expense, or expense inventory to cost of goods sold; transfers; due to/due from; etc.

Liability: Amounts owed to external entities. Per the Uniform Commercial Code a liability is created upon receipt of goods from a common carrier if you have not given notice to the vendor within a reasonable time that the goods are unacceptable. A liability and expense are created upon the acceptance of the goods and/or services regardless of when the vendor is paid. A liability of deferred or unearned revenue is created upon the receipt of payment from a Customer in advance of having earned the revenue by providing the goods and/or services.

Loan Funds: The fund group used to account for loans made to students and the collection of loan principle and interest, and the payment of loan administrative expenses.

Long Bill: The annual legislation setting the budget for the State of Colorado including the College of Colorado. This sets our appropriation authority for Current operating funds and selected capital construction projects.

Management's Discussion and Analysis: A required part of our financial statements that provides an objective and easily readable analysis of the college's financial activities based on Currently known facts, decisions or conditions. MD&A should discuss the Current-year results in comparison with the prior year, with emphasis on the Current year. This fact-based analysis should discuss the positive and negative aspects of the comparison with the prior year.

Mandatory Cost Sharing: Cost sharing required by the sponsor.

Mandatory Transfers: Cash transfers between ORG UNIT arising out of (1) binding legal agreements related to the financing of educational plant such as amounts for debt retirement, interest, and required provisions for renewals and replacement of plant not financed from other sources and (2) grant agreements with agencies of the federal government, donors, and other organizations to match gifts and grants to loan and other funds. Usually transfers to the loan fund or retirement of indebtedness fund to pay for plant debt principal and interest.

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Matching: A commitment to use college funds to pay a portion of the cost of equipment purchased for a sponsored project. The project pays a portion and the college pays a portion. Matching is most common for equipment but can be for other non-salary and wage items. Matching ORG UNIT are set up for each award and are funds moved into the ORG UNIT. These funds should only be used to fulfill our matching obligation. Using a unique ORG UNIT per award gives us a clean audit trail that we have fulfilled our matching obligation for a specific project and the funds spent are used to match a single project.

MD&A: Abbreviation for Management's Discussion and Analysis.

NACUBO: National Association of College and College Business Officers. An independent organization that provides management, accounting and financial reporting guidelines to institutions of higher education. NACUBO provides responses to GASB, FASB, AICPA and the federal government on issues affecting higher education. They also provide training opportunities on various aspects of higher education management, accounting and financial reporting.

Nonexchange Transaction: One party involved in an economic event gives (or receives) value without directly receiving (or giving) equal value in exchange. Essentially these are gifts given (financial aid) or received (Foundation gifts). Recognition of revenue and expense for nonexchange transactions depends on when any eligibility requirements have been met. (Accounting Standard 4) (GASB 33)

Nonexempt: Subject to the TABOR limitations.

Non-fee Revenue: Many college or college activities generate a charge which is commonly called a "fee", but which for purposes of this standard, is called non-fee revenue. Non-fee revenue is incidental to the teaching mission and includes charge-for-service revenue, charges related to the Registrar function and penalty charges. Charge-for-service revenue is generated, for example, by room and board, parking, student centers, identification badges, food services, college stores and recreation centers. These operations, for purposes of financial reporting, should have their charges recorded in the appropriate program code such as "Sales/Services of Education Activities" or "Sales/Services of Auxiliaries". Charges related to the Registrar function, such as those for admission, drop/add, late registration, transcript and graduation are also non-fee revenue. These, together with penalty charges for bad checks, deferred or late payment of instruction related fees and charges for processing financial aid applications, are non-fee revenue and should be recorded in the appropriate program code such as "Other Revenues/Additions" in the fund where the related expense is incurred. (Accounting Standard 2)

GLOSSARY

Notes: Notes to the financial statements. The notes to the financial statements are intended to communicate information that is necessary for a fair presentation at the financial statement level that is not readily apparent from, or cannot be included on, the face of the financial statements. The notes to the financial statements are an integral part of the financial statements and are intended to be read with the financial statements. (Accounting Standard 13)

OMB A-110: Office of Management and Budget Circular A-110, *Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals and Other Non-Profit Organizations*. The federal guidelines that define the requirements for administering federal grants and other agreements.

OMB A-21: Office of Management and Budget Circular A-21, *Cost Principles for Educational Institutions*. The federal guidelines that define allowable and unallowable costs for federal grants.

Other Receivables refer to any other amounts owed to the college such as amounts due from retirees, from employees for payroll overpayments, credit memos due from suppliers, fines owed to the library, citation fees owed to parking services, late-payment fees, etc.

Operation & Maintenance of Plant: An educational and general function for funds expended for the operation and maintenance of the physical plant, in all cases, net of amounts charged to auxiliary enterprises, hospitals, and independent operations. It includes all expenditures for operations established to provide services and maintenance related to grounds and facilities. Also included are utilities, fire protection, property insurance, safety and security, and similar items.

Organization: Identifies a reporting unit within the Finance System such as Chemistry Department, Athletics Football, Athletics Basketball, etc.

Past Due means any debt not paid by the close of business on the due date.

PI: Abbreviation for Principal Investigator.

Plant Funds: The general fund group comprised of capital construction plant fund, renewal and replacement plant funds, retirement of indebtedness plant funds, and investment in plant funds.

Pre-encumbrance: An encumbrance type transaction generated by entering a requisition through the Finance System purchasing. The pre-encumbrance is replaced by an encumbrance when a purchase order is issued from the requisition.

GLOSSARY

Principal Investigator: The principal investigator (PI) (may also be known as "program director" or "project director") is the individual, designated by the grantee, responsible for the scientific or technical aspects of the grant and day-to-day management of the program. The PI must have a formal written appointment with the applicant organization, which must be in the form of an official relationship between the parties, but need not involve a salary or other form of remuneration. The PI is a member of the grantee team responsible for ensuring compliance with the financial and administrative aspects of the award. He or she works closely with designated officials within the grantee organization to create and maintain necessary documentation, including both technical and administrative reports; prepare justifications; ensure that Federal support of research findings is appropriately acknowledged in publications, announcements, news programs, etc.

Public Service: An educational and general function for the expenditure of funds for activities that are established to provide noninstructional services beneficial to individuals and groups external to the institution. These activities include conferences, institutes, general advisory services, reference bureaus, radio & television, consulting, and similar noninstructional services to particular sectors of the community.

R&R: Abbreviation for renewal and replacement plant funds.

Reimbursement: Payment received from another entity for expenses of goods and services incurred on behalf of that entity. For example, employees pay travel costs and the travel is not for the benefit of the employee, but for the benefit of the college. The college reimburses employees for the cost of the travel.

Renewal and Replacement Plant Funds: The fund group used to account for funds set aside for the renewal and replacement of institutional properties (equipment, buildings, road, parking lots, etc.). Renewal and replacement funds are used only for expenditures that will be capitalized – equipment costing \$5,000 or more.

Research: An educational and general function for the expenditure of funds for activities **separately budgeted and accounted for** and specifically organized to produce research outcomes, whether commissioned by an agency external to the institution or separately budgeted by an organizational unit within the institution. This category does not include all sponsored programs (training grants for example) nor is it necessarily limited to sponsored research, since internally supported research, if separately budgeted, might be included in this category under the circumstances described above.

Restricted Funds: Cash received from donors that the donor has restricted the use of the assets for certain programs, departments, divisions, activities or purpose.

GLOSSARY

Management is not free to use the cash for any legal activity of the college. Restrictions can only be created by external parties. Management cannot create restrictions by designating the use of funds for a certain activity or purpose. For this purpose, the state legislative process is not considered external to the college.

Retirement of Indebtedness Plant Funds: The fund group used to account for funds set aside to pay college debt.

- ❑ Bonds payable
- ❑ Certificates of participation
- ❑ Lease purchases
- ❑ Notes payable
- ❑ Mortgages payable

Revenue: Revenue results from the payment to the college from an external entity in exchange for providing goods and/or the rendering of services. This is measured by the charge made to Customers, clients, or tenants for goods and services furnished to them. Revenue is recorded when earned, that is when the goods and/or services have been furnished, regardless of when payment is received from the Customer. Revenue is not dependent on the basis for setting the charges to the Customer, cost or cost plus. All revenue must be properly recorded as revenue and not netted against expenses to ensure proper accounting, financial reporting and that we do not violate the TABOR revenue limits.

Sales and Services of Educational Activities: A Current fund revenue classification that includes:

- ❑ Revenues that are related incidentally to the conduct of instruction, research, and public service, and
- ❑ Revenues of activities that exist to provide an instructional and laboratory experience for students and that incidentally create goods and service that may be sold to students, faculty, staff and the general public.
- ❑ Examples include film rentals, sales of scientific and literary publications, testing services, and sale of products and services of dairy creameries.

Scholarship Allowance: A scholarship allowance is the difference between the stated charge for goods and services provided by the institution and the amount that is paid by students and/or third parties making payments on behalf of students (NACUBO Advisory 2000-05, paragraph 8). The impact of this requirement is that some transactions traditionally reported as scholarship and fellowship expense will now be reported as a reduction in certain types of revenue, up to a limit. (Accounting Standard 8)

Scholarships: See scholarships and fellowships.

GLOSSARY

Scholarships and fellowships: This category should include expenditures for scholarships and fellowships in the form of outright grants to students selected by the institution and financed from Current funds, restricted and unrestricted. It also should include trainee stipends, prizes and awards, except trainee stipends awarded to individuals who are not enrolled in formal course work, which should be charged to instruction, research, or public service as appropriate. If the institution is given custody of the funds, but is not allowed to select the recipient of the grant – for example, funds from the Rotary Club for a student designated by the Rotary Club – the funds should be reported in the Agency Funds group rather than in the Current funds group. The recipient of the grant is not required to perform services to the institution as consideration for the grant, nor is he expected to repay the amount of the grant to the funding source. When services are required in exchange for financial assistance, as in the federal College Work-Study Program, the charges should be classified as expenditures of the department or organizational unit to which the service is rendered. Aid to students in the form of tuition or fee remissions also should be included in this category. However, remissions of tuition or fees grant because of faculty or staff status, or family relationships of students of faculty or staff, should be recorded as staff benefit expenditures, in the appropriate functional expense category.

Sponsored Programs: A specific activity funded by an external party via a grant or contract agreement negotiated by the Office of Contracts and Grants. Sponsored programs are usually for a research project but may also be for instruction or other function.

State Appropriations: An amount appropriated to the college through the Long Bill.

Statement of Changes in Fund Balance: The financial statement that reports the revenues, expenses and transfers that comprises the change in fund balance for each fund group over a designated span of time, usually the fiscal year.

Statement of Current Funds Revenues, Expenditures and Other Changes: The financial statement that reports the revenues, expenses and other changes of just the Current funds over a designated span of time, usually a fiscal year. This statement expands on the Current fund E&G expense reported in the statement of changes in fund balance to report the expenses by functions.

Statement of Cash Flows: The financial statement under GASB 35 that reports the inflows and outflows of cash for the college over a designated span of time, usually a fiscal year.

Statement of Net Assets: The financial statement under GASB 35 that reports the assets, liabilities and net assets of the college as of a specific point in time.

GLOSSARY

Statement of Revenues, Expenses and Changes in Net Assets: The financial statement under GASB 35 that reports the results of operations and the changes in net assets for a designated span of time, usually a fiscal year.

Student Activity Fee: Student activity fees are defined as those mandatory fees charged to the student body in general as a result of their attending the institution. Examples of these types of fees are general student fees, student health fees, student organization fees, student newspaper fees, fees for social-cultural development, and fees for intramural athletics, as well as student activity fees pledged to repay bonded indebtedness. These fees are recorded in the "Tuition and Fee" program code. (Accounting Standard 2)

Student Services: An educational and general function for the expenditure of funds for offices of admissions and registrar and those activities whose primary purpose is to contribute to the student's emotional and physical well-being and to his intellectual, cultural, and social development outside the context of the formal instruction program. It includes expenditures for student activities, cultural events, student newspapers, intramural athletics, student organizations, intercollegiate athletics (if the program is operated as an integral part of the department of physical education and not as an essentially self-supporting activity), supplemental educational services to students to provide matriculated students with supplemental instruction outside of the normal academic program (remedial instruction is an example), counseling and career guidance (excluding formal academic counseling by the faculty), student aid administration, and student health services (if not operated as an essentially self-supporting activity).

TABOR: Taxpayer's Bill of Rights. Amendment 1 to the Colorado Constitution limiting state and local government revenue growth to inflation plus population growth. Individual departments do not need to be concerned about this limitation. It is applied at the college and State level.

Tuition: All amounts charged to students (net of refunds) for educational purposes – classes taken. Tuition should be recorded as revenue even though there is no intention of collection from the student. The amounts of such remissions or waivers should be recorded as expenditures and classified as Scholarships and Fellowships or as staff benefits associated with the appropriate expenditure category to which the personnel relate. (Accounting Standard 2)

Unrestricted Funds: Funds available to the college that have no restrictions placed on them by external donors and are available for use for any legal purpose of the college.

Write-off, when used as a noun, refers to an account receivable that has been removed from the accounting records.

GLOSSARY

Write off, when used as a **verb**, is the act of removing an account receivable from the accounting records. This involves a journal entry to remove the accounts receivable from the financial system and an adjustment to the departmental accounts receivable system.