

GLOSSARY OF IMPORTANT TERMS

Account Code	The "A" in FOAP; describes the nature of expenditures and revenues in the ledger as well assets and liabilities on the balance sheet. Account listing available on Acct Listing tab.
Accrual	An accounting method based on reporting revenue when earned (rather than when received) and expenses when incurred (rather than paid). Quarterly and a fiscal year end, Accounting reviews activity in the following period to determine if any of it belongs in the quarter or year being closed. If activity needs to be moved, it is done so with an accrual and reversed in the next period. <i>Example: Duke issued a utility bill on July 5, but it was for utilities provided in June. Accounting will make an entry to accrue the expense into June and reverse the accrual in July. The reversal offsets the actual invoice posting, so all of the expense is in June.</i>
Actuals	Refers to real revenues, salaries, expenditures, or transfers posted to a foap. In Banner, actuals are referred to as YTD (year-to-date).
Adjusted Budget	Adopted Budget plus all Budget Adjustments
Adopted Budget	Original Budget for each fiscal year
Agency Funds	Resources held by XU as custodian or agency for student organizations. XU designates all of the 8xxxxx funds as agency funds.
Amortization	Process of allocating the cost of an intangible asset over the period that it benefits. <i>Example: Software license paid up front for three years. Accounting will spread the cost of the license over the full three years because each of the three years receives the benefit of the software.</i>
Annuity Funds	Resources invested or available for investment to produce income to be paid to named beneficiaries, along with partial return of principal. The institution may use the remaining principal upon the deaths of the beneficiaries.
Asset	A tangible or intangible item that has a positive value to the institution. <i>Examples are Cash, Student Receivables, Buildings, Investments. Assets have a debit balance in the ledger.</i>
Auxiliary Services	Exists to furnish a service to students, faculty, or staff and charges a fee directly related to the cost of the service. <i>Examples are Student Housing and Athletics Departments.</i>
Available Balance	Adjusted Budget less Year-To-Date Activity less Commitments = Available Balance
Balance Sheet	Accounting report of financial status at a specific time showing assets, liabilities, and fund balances of an entity
Budget Adjustments	Changes to the Original Budget; could be permanent budget adjustments or temporary budget adjustments
Capital Asset	Assets intended for long-term, continued use or possession; examples are Land, Buildings, and Equipment. Also referred to as Fixed Asset or Capital Addition.
Capitalize	Record the value of purchases that qualify as capital assets.
Construction In Progress	Accumulated value of expenditures for a capital asset that is not yet complete. Example would be expenses incurred during the construction phase of the Hub; invoices were held in Construction in Progress and recorded as a capital asset when the building was complete and placed in service.
Credit	Accounting entry that is one of the following: an addition to a liability account, a revenue, a deduction from an asset account, or a reduction of expense.
Debit	Accounting entry that is one of the following: an addition to an asset account, an expense, a deduction in a liability account, or a reduction of revenue.
Default	Portions of the FOAP are saved in Banner as a short cut to minimize data entry and to prevent errors. Banner orgs are set up with a default fund and a default program code; Banner funds are set up with a default org and a default program code.
Deferred Revenue	Receipt of funds in advance of the accounting period in which the revenue will be earned. Example is payment received by XLC for a program taking place in the future. XU addresses deferred revenue at the close of each fiscal year.
Deficit	An org that has overspent its budget or a fund that has overspent its funding.
Depreciation	The means by which the cost of a capital asset is matched against the revenue generated by the asset. The cost of the asset is spread over its useful life to determine the amount of annual depreciation on the asset.
Encumbrance	Anticipated expenditure evidenced by a contract or purchase order
Endowment	Funds that are invested or available for investment to produce revenue for current use. The Endowment itself may not be spent, but the income earned on the invested endowment funds can be spent, usually with donor restrictions.
Expenditure	Cost of goods delivered or services rendered, whether paid or accrued
Expense	Charges incurred whether paid or accrued
Fiscal Period	A month within the fiscal year. XU uses a fiscal year beginning in July, so fiscal period 1 is July, period 2 is August, etc.
Fiscal Year	Twelve consecutive months used as an accounting period/cycle. XU uses a fiscal year beginning in July and ending in June.
FOAP	The acronym representing the elements of the university's chart of accounts: Fund, Org, Account, Program Code
Fund Code	The "F" in FOAP defining the source of the money and whether a restriction has been imposed by the contributor of the money as to how it can be spent.
General Ledger	Set of books against which assets, liabilities, and fund balances are recorded.
Gift	Resource provide by a donor who enters into the transaction voluntarily and receives nothing other than a "token" of appreciation in exchange for the resources provided. Contributions can be cash, security, tangible fixed assets, consumable commodities. Gifts are either restricted or unrestricted and are classified according to the absence or presence of donor stipulations.
Liability	Obligations of the university to transfer assets or provide services to other parties in the future as a result of past transactions or events. Examples are unpaid balances to vendor, tuition and fees collected from students before the academic year has started. Liability accounts normally have a credit balance.
Month End	Monthly process to close the general ledger. Once the month is closed, no additional transactions can be posted to the period.
Operating Funds	Resources provided from the central university budget. The resources are pooled and allocated to the university's operating orgs via the budget.
Org code	The "O" in FOAP that defines the departmental entities or budgetary units within the university responsible and accountable for financial activity
Prepaid Expense	Expenses paid in a fiscal year which specifically relate to multiple periods during the year or future years. Prepaid expenses are amortized over the term of coverage. <i>Examples are university insurance paid in full in July but covering the full fiscal year.</i>
Program Code	The "P" in FOAP that defines the functional area in which funds are being spent. All XU program codes are listed on the Program Code tab of this file.
Restricted Funds	Funds provided by a contribution with stipulations imposed by the contributor, sponsor, donor, etc. who is external to the university.
Restrictions	Stipulations imposed that specify how resources must be used.
Revenue	Funds coming in to the university. <i>Examples include tuition and fee revenue, sales of goods and services to external entities, earnings on investment, Athletic ticket sales</i>
Transfer	Movement of resources from one account to another with no intention of repayment
Unrestricted Funds	Funds not subject to external limitations and therefore available for operations of the current or future periods
Year End	Term to describe both the time of closing and processing the closing of the university's operating cycle. XU's fiscal year end is June 30. The year end process takes 6-8 weeks and is followed up the annual audit, supplemental audits, and issuance of financial statements.
Year End Cutoff dates	Specific dates that "cut off" activity in the general ledger. Please watch for a specific year end cutoff notification to be jointly issued by Procurement and the Controller's Office.