BALANCE SHEET ACCOUNTS

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BALANCE SHEET ACCOUNTS

I. CHAPTER 9 – BALANCE SHEET ACCOUNTS

Chapter 9 of *The Guide* focuses on Balance Sheet Accounts. Balance sheet accounts have a range of 000000 – 199999 and are used to record transactions pertaining to assets, liabilities, and fund balance. This chapter describes selected balance sheet accounts and provides guidelines for using these accounts.

A complete list of the accounts in the Finance System can be accessed from the Office of University Controller website. Another option is to use the Cognos m-Fin Account Tree List report (Public Folders > Finance folder > Look Ups folder) which is selected by account type—revenue, expense, etc.

II. BALANCE SHEET ACCOUNT CLASSIFICATIONS

The balance sheet is the financial statement that reports the financial position of a particular entity, such as CU Boulder, as of a certain point in time. The balance sheet provides information about the entity's assets, liabilities, and fund balance. Within the Finance System, designated ranges of accounts have been assigned to these balance sheet classifications. These are:

- Assets   000100 – 099999
- Liabilities   100000 – 199899
- Net Assets (Fund Balance)   199900 – 199999

> **Note:**
>
> 1. Not all balance sheet accounts are available for departments to use on their transactions. For example, certain balance sheet accounts are System maintained, and others are limited to use by CCO. *The Guide* has included information on these accounts because transactions using them may appear on a department's financial statements.
>
> 2. Not all accounts are permitted to be used in all funds. Account allowability on a fund-by-fund basis is defined in the Finance System Fund/Account Edit Table. Navigation to this table begins at the Finance System homepage and proceeds as follows:
>
>   General Ledger ➔ ChartFields ➔ Fund-Account Combo Edit

III. ASSETS

An asset is defined as 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. All asset accounts, except for allowance accounts, should be in **debit** status. Allowance accounts, should be in **credit** status.

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1. Cash: Accounts 000100 – 004999

Do not use cash account 000100 on any transaction. It is maintained at the System level of the university, and the Finance System has been programmed to reject any transaction entered directly to this account.

The cash account 000100 records a claim on the Treasurer's cash pool according to the current principles of fund accounting. Account 000100 refers to the university's cash, which is combined for investment purposes. Changes in cash result from entering transactions against other asset, liability, revenue, expense, and transfer accounts, because the Finance System creates an offset entry to the cash account for every transaction recorded in these other accounts.

The normal status for accounts within the cash series 000100 – 004999 is **debit**.

The cash accounts include:

> 000100 - Cash
> 000200 - Petty Cash
> 000201 - Money Orders
> 000300 - Change Fund
> 000400 - Checking Accounts
> 000500 - Cash with Trustee
> 000600 - Deposits-in-Transit
> 000700 - Cash with State Treas-Curr
> 004901 - Restricted Cash and Cash Equivalents

Note regarding Loan Fund FOPPS: Since all cash balances in the Loan Funds are restricted to make loans to students, each month, to the extent that cash exceeds current liabilities, a transaction is recorded which changes the classification of some of the cash in Loan Fund FOPPS from unrestricted to restricted. The same analysis is done for capital construction Plant Fund FOPPS funded with debt.

The accounting entry is:
- Debit Account 004901   Restricted Cash and Cash Equivalent
- Credit Account 000150   Cash Offset

Two Accounts of note within the cash series include:
- Account 000200   Petty Cash
- Account 000300   Change Fund.

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a) *Petty Cash: Account 000200*

Petty cash is an amount of money issued to a department, in the charge of a custodian, to be used on a revolving basis for the payment of small, incidental expenses that cannot be paid using another preferred form of payment such as the Procurement Card. Account 000200 records the petty cash held by departments.

Account 000200 is debited for the amount of the fund when the petty cash fund is established or when the amount of the fund is increased. This account is credited when the amount of the petty cash fund is reduced or when the petty cash fund is terminated.

Purchases made using petty cash funds should be charged to an appropriate expense account.

For additional information concerning accounting for petty cash, refer to the *Guide* Chapter 10, *Cash Control*.

The normal status for the petty cash account 000200 is **debit.**

b) *Change Fund: Account 000300*

Account 000300 records change funds held by departments. A change fund is an amount of money advanced to a department that accepts cash payments from customers and, therefore, must have cash available to make change. Change funds should always consist of cash in the exact amount of the advance. An example of a change fund would be the currency and coins found in a department's cash register or cash drawer.

Account 000300 is debited for the amount of the fund when the change fund is established or when the amount of the fund is increased. This account is credited when the amount of the change cash fund is reduced or when the change fund is terminated.

For additional information about change funds, refer to the *Guide* Chapter 10, *Cash Control*.

The normal status for the change fund account 000300 is **debit.**

2. Investments:
Accounts 000500 – 009999 Current
Accounts 081000 – 081401 Non-Current

Investment accounts are primarily used by the Treasurer's office and are not to be used by most departments. If you believe you have a valid reason

to use an investment account, contact your campus accountant prior to executing the transaction.

Accounts in the investment series are used to record the various categories of investments held in the university's investment portfolio. Investments can be current or non-current. Current investments refer to resources that will be realized within a year. Non-current investments refer to those that will be realized in a period exceeding a year.

The status for investment accounts 005000 – 009999 (current) and 081000 – 081401 (non-current) is normally a **debit.**

The investment accounts include:
        005000 - Cash Invest w/ Treas-Curr
        005100 - Invest-Sep Inv Funds-Curr
        005101 - INVEST-Sep. Reinvested Earning
        005102 - TTO Investments
        005103 - Fitz Invest with State
        005104 - Distributable Income
        005200 - Invest-CU Found-Curr
        005201 - Invest-Reinvest Earnings-Curr
        005203 - Invest-Realized Gn/Ls-Curr
        005204 - Invest-Trust Held by Oths-Curr
        005300 - Invest-Blended Entities-Curr
        005400 - Invst-Non-pl Unreal Gn/Ls-Curr
        005401 - Invst-Pool Unrlzd Gn/Ls-Curr
        005402 - TTO Unrealized Gain/Loss
        081000 - Invest w/Treas-NonCurr
        081100 - Invest-Sep Invst Fund-NonCurr
        081101 - Invest Sep Reinvst Fnd-NonCur
        081200 - Invest CU Fdn-NonCurr
        081201 - Invest Reinvst Earn-NonCurr
        081203 - Invst Real Gn/Loss-NonCurr
        081204 - Invst Trust Hld by Oth-NonCur
        081300 - Invest-Blend Entity-NonCurr
        081400 - Invest NonPl Unreal G/L NonCu
        081401 - Invst Pool Unreal G/L NonCurr

3. Accounts Receivable: Accounts 010000 – 014999

Accounts within this series are used to record amounts owed to the university. The most common use for accounts receivable is to record the sale of goods or services that have a future payment date. Accounts receivable represent a legal and enforceable claim. A few examples of other accounts receivable at CU Boulder include parking tickets, late payment fees, and NSF check charges.

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Items of note concerning accounts receivable:

1. Date of delivery, not date of contract, is the effective sale date.

2. Additional uses of accounts receivable include any other amounts owed to the university such as fines, insufficiently funded checks, etc.

3. The accounts receivable structure in the Finance System has been designed to meet the requirements of accounts receivable reporting to the State Controller.

4. Accounts receivable cannot be used for interdepartmental (IN) sales.

5. An allowance for uncollectibles or doubtful accounts must be determined for any account receivable.

The status for accounts within the accounts receivable series 010000 – 014999 is normally **debit**. The status for the allowance accounts within the accounts receivable series is normally **credit**.

Refer to *The Guide* Chapter 12, *Accounts Receivable and Allowances,* for complete instructions on working with accounts receivable.

The accounts receivable and allowance accounts include:
    010000 - AR-Fed Non-LOC *[LOC=Letter of Credit]*
    010100 - AR-Fed LOC
    010101 - LOC AR Suspense
    010300 - AR-StOfColo Government
    010301 - AR-StOfColo Agencies
    010302 - AR - State of Colorado – COF *[COF=College OpportunityFund]*
    010400 - AR-StOfColo Universities
    010500 - AR-StOfColo FedSubRecip
    010600 - AR-StOfColo Univ-FedSubRecip
    011000 - AR-InStateGovts
    011100 - AR-InStateGovts FedSubRecip
    011200 - AR-OutOfStGovts
    011300 - AR-OutOfStGovts FedSubRecip
    011400 - AR-Public University
    011500 - AR-Public Univ FedSubRecip
    011501 - A/R BAB Subsidy
    012000 - AR-Grant Related Income-Other
    012100 - AR-Priv Gift/Grant/Contract
    012200 - AR-Priv FedSubRecip
    012300 - AR-Priv University

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012400 - AR-Priv UnivFedSubRecip
012600 - AR-Accrued Investment Income
012700 - AR-University Hospital
012701 - AR-CU Foundation
012702 - AR-Coleman
012703 - AR-CUREF
012800 - AR-Patients
012801 - AR-In-Patients
012802 - AR-Out-Patients
012900 - AR-Students
012901 - AR-BRS Receivables
012902 - AR-BRS Miscellaneous
012903 - AR-Students Non-BRS
012904 - AR-Lib Non-Student Chgs
012970-012974 - AR-Third Prty On Behalf Pymnts
013000 - AR-Customers
013100 - AR-Miscellaneous
013101 - AR-Sponsorships
013102 - AR-Tickets
013103 - AR-Payroll Deductions
013104 - AR-Returned Checks
013105 - AR-Returned Merchandise
013106 - Departmental Cash Clearing
013107 - AR-TTO Royalties Rec
013108 - AR-From UPI
013109 - Company Card Personal Charges
013200 - AR-State Approp Not Remitted
013300 - AR-Credit Cards

Particular accounts of note within the accounts receivable series are those associated with student receivables and the Billing/Receivable System (BRS). These include:

- Account 012900   Accounts Receivable Students
- Account 012901   Accounts Receivable BRS Receivables
- Account 012902   Accounts Receivable BRS Miscellaneous.

Billing & Receivables System (BRS)
BRS resided within the university's legacy Student Information System (SIS) which was replaced with CU-Student Integrated Systems (CU-SIS) in 2009-10. CU-SIS incorporates student billing and collections functionality (*Student Financials* in CU-SIS parlance) and feeds data to the General Ledger as did its BRS predecessor. Although the BRS account code descriptions have yet to be updated, when you see *BRS*, just think *Student Receivables*.

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a) *Student Accounts Receivables: Accounts 012900, 012901, 012902*

Student receivables can be recorded only by the ISIS sub-system. The direct entry of any Student Receivables transaction into these accounts through the Finance System is not allowed.

ISIS Student Financials, the main student accounts receivable system, is used to record amounts owed by a student for a sale of services. It is used primarily for billing the following charges:

- Tuition
- Fees
- Housing
- Telecommunications
- Parking permits
- Library
- Wardenburg (health center)

Items of note regarding student accounts receivable:

- An allowance for uncollectibles or doubtful accounts that must be determined for any accounts receivable.
- The Bursar's Office has primary responsibility over student receivables. Bursar staff/unit listing information is online http://bursar.colorado.edu/resources/campus-resources/staff-contact-list/ or you may email bursar@colorado.edu.

The normal status for accounts within the accounts receivable BRS series, 01290x, is **debit.**

4. Accounts Receivable Allowances: Accounts 015000 – 019999

This series of accounts is used to record the estimation of accounts receivable that management believes will not be collected. Departments must have guidelines addressing accounts receivable allowances, as allowance recognition and calculation must be logical and consistent.

Note: The *recording* of an allowance *does not remove* the account receivable from the Finance System. The allowance is a valuation code. Refer to *The Guide* Chapter 12*, Accounts Receivable and Allowances* for more information about accounts receivable allowances.

The normal status for accounts within the accounts receivable allowance series 015000 – 019999 is **credit.**

The allowance for accounts receivables accounts include:

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015000 - Allw AR-Fed Non-LOC
015100 - Allw AR-Fed LOC
015300 - Allw AR-StOfColo Government
015301 - Allw AR-StOfColo Agencies
015400 - Allw AR-StOfColo Universities
015500 - Allw AR-StOfColo FedSubRecip
015600 - Allw AR-StOfColo UnivFedSubRec
016100 - Allw AR-Colo In State Govts
016200 - Allw AR-In ST Gvts FedSubRecip
016300 - Allw AR-OutOfSt Govts
016400 - Allw AR-OutOfSt Gvts FedSubRec
016500 - Allw AR-Public Universities
016600 - Allw AR-Public Unv FedSubRecip
017000 - Allw AR-Grant Related Income
017100 - Allw AR-Prv Gft/Grant/Contract
017200 - Allw AR-Prv FedSubRecip
017300 - Allw AR-Prv University
017400 - Allw AR-Prv Univ FedSubRecip
017600 - Allw AR-Accrd Invest Income
017700 - Allw AR-University Hospital
017800 - Allw AR-Patients
017801 - Allw AR-IP-Doubtful Accts
017802 - Allw AR-IP-Indigent Care
017803 - Allw AR-IP-3rd Party Adj
017851 - Allw AR-OP-Doubtful Accts
017852 - Allw AR-OP-Indigent Care
017853 - Allw AR-OP-3rd Party Adj
017900 - Allw AR-Students
017901 - Allw AR-BRS Receivables
017902 - Allw AR-Students Non-BRS
017903 - Allow AR-Lib Non-Stud NonBRS
018000 - Allw AR-Customers
018100 - Allw AR-Miscellaneous

5. Loans and Notes Receivable
Accounts 025000 – 027499 Current
Accounts 083001 – 083301 Non-Current
The loans and notes receivable accounts are not available for departmental use. If you believe you have a valid reason to use one of these accounts, contact your campus accountant prior to executing the transaction.

These accounts are used to record loans receivable in the Loan Fund (Fund 50) and notes receivable.

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Loans are different from accounts receivable. A loan is *an advancement of money* to a student and is supported by a promissory note that outlines the terms of the loan. An account receivable is generated by *selling goods and/or services on credit*.

All Loan Funds are administered by the Bursar's office in conjunction with CCO. At a minimum, a promissory note must be executed for each loan made. Federal and state regulations may stipulate additional requirements. Additionally, a loan subsystem must be maintained. This subsystem will track each loan by individual and show the following information: amount of the loan, date the loan was made, date of payment, the breakdown of each payment between principal and interest, and the outstanding balance of each loan. The outstanding loan balances by individual must be reconciled at least monthly to the control amounts in the Finance System, as adjusted by the principal payments recorded in account 025400, Loan Payment-Clearing. Contact the Bursar's office for more information about loans.

A **Note Receivable** is a "designation of receivables for which a written statement acknowledging the obligation has been received from the obligor" (*Accountants' Handbook,* 6th Edition, page 17-40). This is in contrast to an Account Receivable in which "no written statement acknowledging the obligation has been received from the obligor" (*Accountants' Handbook,* 6th Edition, page 17-40).

Notes receivable accounts are not generally used on the Boulder campus. As previously stated, loan promissory notes are accounted for in the loans receivable accounts. In contrast, all accounts receivable, even those supported by a written statement from the obligor acknowledging the obligation, are accounted for the accounts receivable accounts. This is done in order to provide the accounts receivable categories required in reporting to the State Controller.

Loans and notes receivable can be either current or non-current. Current refers to those loans and notes receivable whose resources will be realized within the current year. Non-current refers to those loans and notes receivable whose resources will not be realized until a period beyond a year.

The normal status for accounts within the loans and notes receivables series, 025000 – 025501 (current) and 083001 – 083388 (non-current), is **debit.**

The loans and notes receivable accounts include:

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025000 - Loans Rec-Student Fed-Curr
025100 - Loans Rec-ShTrm Inst-Curr
025200 - Loans Rec LT Current Portion
025300 - Loans Rec-Other-Curr
025400 - Loan Payment-Clearing
025500 - Notes Receivable-Curr
025501 - Notes Rec-DPCUs
083001 - Loans Rec Student Fed-NonCurr
083101 - Loans Rec Inst-NonCurr
083200 - Loans Rec Other-NonCurr
083300 - Notes Receivable-NonCurr
083301 - Notes Rec-NonCurr-DPCUs

6. Loans and Notes Allowances
Accounts 027500 – 029999 Current
Accounts 083500 – 083800 Non-Current

Entries into loans and notes allowance accounts are made only by the Bursar's office or CCO staff, and are not available for departmental use.

These accounts are used to record the estimation of loans receivable and notes receivable that management feels will not be collected. Like the loans receivable and notes receivable accounts, the associated allowance accounts can be either current or non-current.

Recording a transaction in an allowance account does not remove the receivable from the Finance System. The allowance is a valuation code.

The normal status for accounts within the loans and notes allowances series, 027500 – 029999 (current), 083500 – 083800 (non-current) is **credit.**

The allowance accounts for loans and notes receivable include:
027500 - Allw Loans Rec-Stud Fed-Curr
027600 - Allw Loans Rec-ShTrm Inst-Curr
027700 - Allw Loans Rec-LngTrm Inst-Cur
027800 - Allw Loans Rec-Oth-Curr
027900 - Allw Notes Receivable-Curr
083500 - Allw LoansRec Stud Fed-NonCur
083600 - Allw Loans Rec Inst-NonCurr
083700 - Allw Loans Rec Oth-NonCurr
083800 - Allw Notes Rec-NonCurr

7. Inventories: Accounts 030000 – 049999
Inventory consists of goods in excess of $35,000 per location which are to be sold or consumed either within one year, or within an annual business

cycle such as a fiscal year. Amounts in inventory accounts represent the cost of unsold or unused goods that belong to the department.

The inventory accounts are used primarily in Auxiliary Fund FOPPS (Funds 20, 28, 29), but may also be used in General Fund FOPPS (Fund 10). Talk to your campus accountant *before* you record inventory transactions in Fund 10. Inventory accounts rarely are found in other Funds.

Refer to *The Guide* Chapter 11, *Inventory,* for additional information and accounting instructions pertaining to this topic.

The normal status for inventory accounts 030000 – 049999 is **debit.**

The inventory accounts include:
        030000 - Invtry-Sales External to Univ
        030001 - Inventory - Rental Asset
        040000 - Invtry-Internal Sales/Consumed
        040001 - Invtry-Medical Supplies
        040002 - Invtry-Office Supplies
        040003 - Invtry-New Furniture
        040004 - Invtry-Used Furniture
        040005 - Invtry-Computer Supplies
        040006 - Invtry-Paper Goods
        040007 - Invtry-Custodial Goods
        040008 - Invtry-LabSupply/AnimalBedding
        040009 - Invtry-Meter Postage
        040010 - Invtry-Bulk Meter Postage
        040011 - Invtry-Bus Reply Mail Prmt 165
        040012 - Invtry-Mail Permit #257
        040013 - Invtry-PeriodMail Prmt 651-060

8. Other Assets: Accounts 070000 – 079999

Frequently used other assets accounts include:
        070000 - Prepaid Expenses-Curr
        070100 - Deferred Charges
        070200 - Travel Advances
        070300 - Expense Advances

a) *Prepaid Expense: Accounts 070000 – 070099 Current*
Account 086000 – Non-Current

Discretion is required when using this account to ensure that only true prepaid items are recorded. Prepaid expenses should be recorded only if the amount of the payment is material. Recording a prepaid expense is not necessary for small dollar amounts (under $35,000) or for recurring payments such as subscriptions, dues, maintenance

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agreements, etc., where the amount expensed from one year to the next is essentially the same. Contact your campus accountant if you have questions concerning prepaid expenses.

A prepaid expense is an expense that is paid before the benefits are realized. Examples include rent and insurance premiums. For instance, rent may be paid for six months in advance. The prepaid expense account is used for proper accrual accounting by matching expenses to the period in which the goods/services are received. Prepaid expense can be either current or non-current. Using a current account indicates that the prepaid expense will benefit the current year. Using a non-current accounts indicates that the benefit derived from the prepaid expense will impact a period exceeding a year.

The prepaid expense entry should be done at the time the payment is made. Prepaid expenses should either be re-classified monthly to expense, or as needed according to when the benefits are received. This is particularly important at fiscal year end to prevent the recording of future year's expense in the current year.

The prepaid expense components consists of:
- The prepaid expense balance on the Balance Sheet.
- The Finance System FOPPS where the expense is to be recorded.
- A schedule of the amount of the prepaid expense and when to prepare the journal entry to charge prepaid expense to expense.

Procedure for a Prepaid Expense
1. Pay the prepaid expense and record it in account 070000 (current) or 086000 (non-current) of the appropriate FOPPS.

2. Convert the prepaid expense to a regular expense according to the established schedule. This is done using a JE which will credit the prepaid expense account 070000 (current) or 086000 (non-current) and debit the appropriate expense account

3. Compare and reconcile account 070000 (current) or 086000 (non-current) to the respective expense account to verify that the prepaid expense related entries are being recorded in the correct accounts, in the correct amount, in the correct period.

4. If a prepaid expense item is cancelled, request a refund from the vendor. Deposit the refund into the prepaid expense account, 070000 or 086000. **Note:** If a journal entry has already been done to record the prepaid expense as an expense,

then the refund should be deposited directly to the actual expense account in order to reduce the expense.

The normal status for the prepaid expense accounts, 070000 (current) or 086000 (non-current) is **debit.**

b) *Deferred Charges: Accounts 070100 – 070199*
Use of the deferred charges account is limited to specific situations, and may not be used unless prior approval is received from your campus accountant.

The deferred charges account is used for payment of expenses associated with goods and services that have been received and used by the university but for which recognition of the expense is deferred to a future period. When charges are deferred correctly, proper accrual accounting is demonstrated because expenses are matched to revenues. A good example is the Shakespeare Festival. In order to get its summer theatre productions up and running, the Shakespeare Festival must incur costs (e.g. secure scripts, build sets, create advertising, etc.) prior to receiving revenue from ticket sales. Thus, the Shakespeare Festival may choose to defer these up-front expenses to a later accounting period so they are recorded in the same period as the revenue stream.

The normal status of the deferred charges account, 070100, is **debit.**
070100 - Prepaid Charges
070101 - Patent Acquisition Costs
070102 - Trademark Acquisition Costs

c) *Travel Advance: Accounts 070200 – 070299*
Expense Advance: Accounts 070300 – 070399

Departments should not make entries to either the travel advance (070200) or expense advance (070300) accounts. These advance accounts are used only by the PSC because the PSC issues advances.

The travel and expense advance accounts record temporary cash advances from the university to an employee. An advance is used for either approved travel (travel advance – 070200), or for a purchase when normal university procurement services are not available or cannot be used (expense advance – 070300). The balance listed in the respective account indicates the total amount of outstanding advances.

Accrual accounting requires the recording of the financial effects of transactions in the fiscal period in which they have their economic

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impact, rather than when the cash is received or disbursed. Thus, advances cannot be recorded as expenses *before* the travel is completed or *before* the purchase is made. However, the disbursement of cash and its replacement with a different asset, (either a travel advance or an expense advance), must be recorded in order to state fairly the financial condition of the university.

In addition to following proper accounting procedures, the university must control its resources by documenting each advance with approved and authorized request forms. Such forms must indicate
- The due date by which the employee must return the funds
- Authorization by the employee for a payroll deduction in the event s/he does not clear the advance by the designated date.

For more information about cash advances review the *Cash Advances* PPS on the PSC website: https://content.cu.edu/psc/procedures/. It covers advances for travel as well as qualifying remote stays.

The normal status for the travel advance 070200 and expense advance 070300 accounts is **debit.**

9. Non-Current Assets: Accounts 080000 – 089999

A non-current asset is an economic resource (tangible and intangible personal and real property such as investments, accounts receivable, loans receivable, prepaid expenses, etc.) representing expected future economic benefits to be obtained or controlled by an entity that will not be converted into cash or used to provide goods or services within one year.

The normal status for the non-current asset accounts is **debit.**

10. Capital Assets: Accounts 090000 – 094999

The capital asset accounts are used only by CCO and may not be used by departments.

According to the Higher Education Accounting Standards #5, *Capital Asset Reporting* https://www.colorado.gov/pacific/osc/higher-education-accounting-standards, a capital asset is defined as any physical resource that benefits a program for more than one year. The capital asset accounts are used in the Investment In Plant Fund (Fund 74) to record the capitalization of capital expenditures such as land, improvements to land, building, leasehold improvements, equipment, collections, library books, and construction in progress. The capital asset account titled *Construction in Progress* is used in the Capital Construction Plant Fund (Fund 71) during the course of the year, and then moved to Investment In Plant Fund (Fund 74) at year end. Changes in capital asset result from entering

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transactions for fixed assets acquisitions, additions, adjustments, and disposal during the year.

The chart below includes selected capital assets (listed alphabetically) and their associated dollar threshold amounts.

Capital Asset	Dollar Threshold
Buildings	≥ $75,000
Computer Software	≥ $75,000
Equipment	≥ $5,000
Film Collections (ITS/Film Studies only)	all dollar amounts
Improvements to Land	≥ $75,000
Land	all dollar amounts
Leasehold Improvements	≥ $75,000
Library Materials (Norlin & Law Libraries only)	all dollar amounts
Remodeling	≥ $75,000
Renovation	≥ $75,000
Works of Art and Historical Treasures (CU Art Gallery & Museum only)	all dollar amounts

For more information about capital assets, contact Debt & Asset Management. The normal status for a capital asset accounts 090000 – 094999 is **debit.**

The capital asset accounts include:
090000 - Land
090100 - Depr Improve-Other Than Blds
090200 - Buildings
090300 - LeaseHold Improvements
090300 - Leasehold Improvement
090400 - Equipment >= $5000
090470 - Software
090480 - Other Intangibles
090500 - Library Books & Materials
090550 - Collections
090555 - Non Depreciable Collections
090600 - Construction-in-Progress
090601 - Construction in Progress Equip

a) Depreciation: Accounts 092500 – 093999
Depreciation is the systematic allocation of the cost of an asset to expense over the accounting periods making up the asset's estimated useful life. Depreciation is usually measured in years, but sometimes it is based upon the volume of usage.

Additional information about depreciation can be found in Higher Education Accounting Standard #5 issued by the State Controller.

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The normal status for depreciation accounts 092500- 094999 is **credit.**

The depreciation accounts include:
    092500 - AccumDep-Improv OtherThan Blds
    092600 - AccumDep-Blds
    092700 - AccumDep-Leasehold Improvements
    092800 - AccumDep-Equipment
    092870 - Accum Depr Software
    092900 - AccumDep-Libr Books&Materials
    092901 - Accum Depr- Gifted Royalty Bks
    092950 - Accum Depr-Collections
    094000 - Accum Amortization-Patents
    094100 - Accum Amortization-Intangibles

11. Due From: Accounts 095000 – 099999
- The *Due From* and *Due To* accounts must be used together.
- Agency FOPPS (Fund 80) cannot use accounts in the due from series (except for student agency FOPPS).
- All loans must be approved by the controller.

These accounts record loans of cash *from* one FOPPS *to* another, hence the *Due From/Due To* account description. These loans can be within the same fund group, between different fund groups, or across campuses.

Accounts 095000 – 095900 identify the fund from which the loan is due within the same campus, and accounts 096000 – 096900 signify that the loan is due from another campus. The offset accounts for the due from transaction are the due to accounts. These accounts are 195000 – 195900 for loans within the same campus, and 196000 – 196900 for loans from one campus to another. The due to account series is discussed later in the chapter.

The normal status for accounts within the due from series, 095000-095999, is **debit.**

The Due From accounts include:
    095000 - DueFrom Unrest General Fund
    095100 - DueFrom Unrest Aux/Self-Fund
    095200 - DueFrom Restr Sponsored Pgms
    095300 - DueFrom Restr Gift Fund
    095400 - DueFrom Loan Fund
    095450 - Due from- Intrnl Loan Interest
    095500 - DueFrom Endowment Fund
    095600 - DueFrom Plant-Unexp Constr
    095700 - DueFrom Plant-Unexp R&R

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095800 - DueFrom Plant-Retire of Debt
095900 - DueFrom Plant-Invest in Plant
096000 - DueFrom OC-Unrest Gen Fund
096100 - DueFrom OC-Unrest Aux/Self-Fnd
096200 - DueFrom OC-Sponsored Pgms
096300 - DueFrom OC-Restr Gift Fund
096400 - DueFrom OC-Loan Fund
096500 - DueFrom OC-Endow Fund
096600 - DueFrom OC-Unexp Constr
096700 - DueFrom OC-R&R
096800 - DueFrom OC-Retire of Debt
096900 - DueFrom OC-Invest in Plant

Procedures for Executing a Loan
When executing a loan, the borrower and lender must arrive at an agreement on the following points:
▪ FOPPS involved
▪ Amount of the loan
▪ Reason for the loan
▪ Repayment terms such as length of the loan, frequency of payments, amount of each payment, etc.

A formal principal repayment schedule should be drawn up, and the interest rate should be reasonable.

Signatures of both parties should be secured on the agreement. Once completed, the loan document must be submitted to the campus controller for approval.

IV. LIABILITIES

A liability is an amount owed to an external entity.

Per the Uniform Commercial Code, a liability is created upon receipt of goods from a common carrier, unless notice has been given to the vendor—within a reasonable time—that the goods are unacceptable. Upon acceptance of the goods and/or services, a liability and expense are created. **Note:** This accounting entry occurs upon 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* the university having earned the revenue through the provisions of goods and/or services.

Liability accounts are normally in a **credit** status.

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1. Payables: Accounts 100000 – 104999

Most accounts within the payables series are used to record amounts owed to vendors for goods or services received. Accounts of note within the payables series include:

    100000 - AP-System-Generated
    100100 - AP-Manual
    100200 - AP-Contracts Payable
    100300 - AP-BRS Clearing
    100400 - Sales Tax Payable

The normal status for accounts within the payables series 100000 – 104999 is a **credit.**

a) A/P System Generated: Accounts 100000 – 100099

Direct entries to account 100000 are not allowed. Transactions are recorded in this account as a result of the following:

Initially, a pre-encumbrance is created in an expense account when a purchase requisition is prepared, and then an encumbrance is created in the expense account when the purchase order (PO) is issued. An encumbrance is also created in an expense account when an item is ordered using a departmental purchase order (DPO). Standing purchase orders (SPO) also create an encumbrance. When the goods and/or services are received, invoices are then processed for payment. At this time, the appropriate expense account will be debited, the balance sheet liability account 100000 will be credited, and the encumbrance will be deleted. Upon actual payment of the amount due, the balance sheet liability account 100000 will be debited, and the balance sheet cash account 000100 will be credited. Purchases made using a procurement card, payment voucher, or IN are not encumbered.

Refer to the PSC website for complete purchasing and payables information.

The normal status for A/P system generated account 100000 is **credit**.

The A/P system generated accounts include:
    100000 - AP-System-Generated
    100001 - AP-Cullinet Accounts Payable
    100002 - AP Accrual - Receipts

BALANCE SHEET ACCOUNTS

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b) *A/P Manual: Accounts 100100 – 100199*
Except at fiscal year end, departments do not use the A/P manual account. Use of this account is typically limited to CCO.

Accounts within the range 100100 – 100199 are used to record accrued amounts owed to any external entity that are not processed through the A/P system. This account is also used extensively at fiscal year end to accrue items not automatically accrued through the A/P system. A journal entry with a description that identifies the entity and explains the amount accrued is booked on the June preliminary statements for all accounts payable items accrued for the year-end. Examples include travel, equipment, supplies, etc. The journal entry credits the balance sheet account 100100 and debits the appropriate expense account. This entry is automatically reversed in July.

The normal status for accounts within the range 100100 – 100199 A/P manual is **credit.**

The A/P manual accounts include:
    100100 - AP-Manual
    100101 - AP-United Parcel Service
    100102 - AP-First Class Mail Presort
    100103 - AP-Express Courier
    100104 - AP-International Remail
    100105 - AP-Demand Warrants
    100106 - AP-Automate Clearing House
    100107 - AP-Flats Presort
    100108 - Royalties Payable Current
    100109 - AP-Company CARD-PSC
    100110 - AP - BRS Demand
    100111 - BRS Manual
    100112 - AP Treasury Manual
    100113 - PBS ACH Transaction
    100114 - AP-DPCUs
    100115 - AP-Univ Hospital
    100116 - AP-UPI owed to HSC
    100117 - Gifts Payable to CUF
    100118 - UPS Parcel Insurance Plan
    100119 - AP - Other CO H/E Agencies
    100120 - Payment Plus Payments-PSC

c) *A/P Contracts Payable: Accounts 100200*
Account 100200 – AP Contracts Payable should be used only for those contractual arrangements in which the university is collecting funds on behalf of another entity. This account should not be used for normal payables.

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Contracts payable are payables incurred as a result of a contractual arrangement. The most common circumstance is when the campus is contractually obligated to collect non-payroll funds on behalf of another entity. For example, the university contracts with an insurance company to provide student health insurance. The amounts collected from the students for this insurance represent a contract payable to the insurance company.

As the funds are collected from the students, they are deposited into the balance sheet account 100200, A/P contracts payable. Per the contract, payment vouchers are processed to disburse the funds to the entity for which the funds were collected.

The normal status for account 100200, A/P contracts payable, is **credit.**

d) *A/P BRS Clearing: Accounts 100300 – 100399*
The BRS clearing accounts are not for departmental use.These accounts are used by the Bursar for clearing various types of student financial transactions. For additional information about the BRS clearing accounts, refer to the Bursar's Office. (See the text box on page 6 concerning BRS terminology.)

Depending upon the transaction involved, the status for the BRS clearing accounts, 100300 – 100306, may be either **debit** or **credit.**

The A/P BRS clearing accounts include:
    100300 - AP-BRS Clearing
    100301 - AP-BRS Clear-Accounts Payable
    100302 - AP-BRS Clear-Financial Aid
    100303 - AP-BRS Clear-Third Party
    100304 - AP-BRS Clear-TA's and RA's
    100305 - AP-BRS Clear-Grad Scholarships
    100306 - AP-BRS Clear-Miscellaneous
    100307 - AP-BRS Clear-COF
    100308 - AP-SF Clearing Credit Card

e) *Sales Tax Payable: Accounts 100400 – 100403*
Sales taxes are collected from a buyer by the seller when the buyer purchases certain goods and services. In turn, the seller remits the amounts collected to the taxing authority that levied the tax. This is usually a state, county, municipality, or special taxation district.

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Sales taxes are collected and remitted as a matter of local and state law. Cash register tapes, sales journals, or other original record of the sales transactions should be available to the taxing authority so that it can determine that the correct amount of taxes was collected.

While the sales taxes are still in possession of the seller, they are reported on the balance sheet as a liability since they are an amount owed to a taxing authority. When taxable sales occur, use the appropriate account within the 1004xx range to record that portion of the proceeds which represents sales tax. Then, by looking at the balance in account 1004xx, statement readers can determine the amount of sales tax collected—but not yet paid—to the taxing authority as of the statement date.

For more information about sales tax, refer to the *Sales and Use Tax* Finance Procedural Statement and the CCO *Sales Tax Policy.* Both are accessible from the **Sales Tax page** of the CCO website at http://www.colorado.edu/controller/about-us/technical-operations/sales-tax.

The normal status for accounts within the range100400 – 100499 sales tax payable is **credit**.

Sales tax payable accounts include:
　　100400 - Sales Tax Payable
　　100401 - Sales Tax Payable-Boulder
　　100402 - Sales Tax Payable-Bould Accomo
　　100403 - Sales Tax Pay-St of Colorado

Sales tax collection: The basics

As a tax exempt entity, the university pays no sales tax on items purchased for official university business when bought with the Procurement Card or a Purchase Order. However, when the university *sells* items to non-exempt end-users, we become just like any retailer. We must collect sales tax at the time of sale and remit it to the proper taxing authority.

Do you need to collect sales tax?
If your department only sells to other orgs or campuses, there is no sales tax. This means that internal sales made using an IN or Procurement Card are exempt. But if, for example, your department sells a **t-shirt** to the public, you must collect sales tax. Tax is due on sales of tangible personal property (i.e. you can touch it) and on a few services. One such service common to the university involves catered meals for fundraising events where the price of attendance includes a meal. In this case, tax is due on the fair market value (FMV) of the meal. Note that the published FMV can include the sales tax—you can use the "tax included" calculator tab on the CCO website to figure out the sales tax and net meal cost.

What tax rate to use?
The sales tax rate depends on three things: type of item sold (e.g. food vs. non-food); where the sale takes place or the delivery location; and he current tax rate. In the city of Boulder, the

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tax rate on that t-shirt, for example, is **8.31%** (in 2011) which represents a combined total of all the applicable taxes (state, county, city, and special districts). If that t-shirt were sold and sent to a CU alum in Hawaii, there would be no sales tax collected because the delivery was made out of state, and thus, out of our sales tax jurisdiction. You can find the current tax rate and learn more about tax rates from the CCO sales tax calculator.

What happens after the tax is collected?

Say the price of the t-shirt is $15 and is sold on campus. The 2011 sales tax is $1.25 (15*8.31%) for a total of $16.25. Deposit the money with a cash receipt in the same month that the sale takes place: $15 to revenue in your speedtype and $1.25 to account **100400** (Sales Tax Payable) in speedtype **12918307** (29-10585-17624), the CCO Sales Tax Clearing account. Please send a copy of the cash receipt to: CCO–Sales Tax, 579 UCB. In the Description field of the cash receipt, include your **org name**, if the sale was **food or non-food**, and the **city name** if the sale occurred outside Boulder. This information helps CCO file an accurate tax report, which is the next step. CCO holds the city and state sales tax licenses for the entire campus (although a few departments remit their own tax, e.g. the CU Book Store). Each month, based on information in the Finance System (entered from the cash receipts) and sales reports from a few select departments, CCO files the sales tax reports and pays the tax.

What about fundraising events?

Fundraising events often involve sales that generate sales tax (e.g. meals & auctioned items). Due to the complexity of fundraising events, you have up until the 10th of the month following the closeout date of the event finances to report sales tax. If your event will include sales tax, please give the CCO Sales Tax Accountant a heads up well in advance of the event to better assist you with the sales tax process. You can find the name on the CCO sales tax webpage.

2. Accrued Expenses: Accounts 105000 – 107999

Accounts in this series are used to record a variety of liabilities. Examples include interest, salaries, wages, payroll withholding, and construction contract retainage. There is also an account within this series called Other Accrued Expenses which is used to record liabilities that cannot reasonably be classified in any of the other liability accounts.

Account designations of note within accrued expenses are:
- 105000 - Accrued Interest Payable
- 105100 - Accrued Salaries and Wages
- 105102 - Accr Sal & Ben PayDate Shift
- 105103 - Salaries Wages Payable
- 105200 - Payroll Withholding
- 105201 - CFPE Dues Withholding
- 105202 - Long Term Care Withholding
- 105203 - Short Term Disability Withhold
- 105204 - American General Life Withhold
- 105300 - Construction Contract Retainage
- 105400 - Other Accrued Expenses
- 105401 - PSC
- 105402 - Abandoned Agency Funds
- 105403 - Unclaimed Warrant

The normal status of accrued expense accounts 105000 – 105400 is **credit.**

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a) *Accrued Interest Payable: Account 105000*
Most departments will not use the accrued interest payable account. This account is used to accrue interest expense payable, which is usually related to debt and other liabilities such as bonds payable, notes payable, mortgages payable, etc. Interest payable and interest expense should be accrued as of the date it is payable. Complete a journal entry to accrue the interest payable and the interest expense. Process a payment voucher to make the interest payment. This accrual process is done primarily at fiscal year end for financial statement and audit purposes.

The normal status for the accrued interest payable account, 105000, is **credit.**

b) *Accrued Salaries and Wages: Accounts 105100 – 105199*
- Account 105100 typically should not be used by departments, because it is system maintained.
- If, at fiscal year end, the accrual process has missed any transaction(s), departments should contact their campus accountant to determine whether or not it is suitable to use account 105100.
- If salaries and wages are accrued, benefits are also normally accrued.

Account 105100 is used to accrue salaries and wages payable to employees. It is used primarily in three areas:
1. Accrual of salaries payable to faculty holding nine month appointments, but who are being paid over 12 months (9 pay 12)
2. Year-end accrual of the salary payroll
3. Year-end accrual of the hourly payroll.

- **Faculty 9 pay 12**
  The payroll system is programmed to accrue the salaries for the 9 pay 12 faculty. This process accrues the amounts for September through May. The payroll system then pays out these amounts from June through August. In other words, one-third of the faculty member's pay is withheld each month during the period of September through May and is then paid out during the months of June, July, and August.

- **Year end accrual of salary payroll**
  At year-end, some June salary payroll expense and payroll expense transfers do not get processed in time for the June payroll cutoff. Since the employee's work was done in June,

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the salary expense must be reflected as a June expense. The amount of June payroll expenses and payroll expense transfers that were not processed in the June payroll are accrued.

- **Year end accrual of hourly payroll**
  At year-end, special accrual programs are run to accrue the hourly payroll that represents the work completed through June 30, but not to be paid until after June 30. The hourly expense is booked in the appropriate departmental FOPPS as designated in the Human Resources Management System. The accrued salaries and wage liabilities are booked in select balance sheet accounts as needed for financial statement reporting. These accrual transactions are automatically reversed in July.

The normal status for account 105100, accrued salaries and wages, is **credit.**

The accrued salaries and wages payable accounts include:
105100 - Accrued Salaries and Wages
105102 - Accr Sal & Ben PayDate Shift
105103 - Salaries Wages Payable

c) *Payroll Withholding: Accounts 105200 – 105299*
Since no action is needed on the part of the department with respect to payroll withholding (as the payroll system is programmed to record each type of withholding and the respective campus match, where applicable, into designated FOPPS) the payroll withholding account should not be used by departments.

Accounts within the range 105200 – 105299 are used to accrue payroll withholdings from employee paychecks, and also to accrue any campus matching amounts. These include, but are not limited to, withholding and matching for
- Income tax
- Retirement programs
- Insurance programs
- Tax sheltered annuity programs.

Within the range of payroll withholding accounts are found both short term and long-term accounts. Using a short-term account indicates that the liability will become due in a period of less than one year. Using a long-term account indicates that the liability will become due in a period exceeding one year.

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The normal status for accounts within the payroll withholding series 105200 – 105299 is **credit.**

Payroll withholding accounts include:
    105200 - Payroll Withholding
    105201 - CFPE Dues Withholding
    105202 - Long Term Care Withholding
    105203 - Short Term Disability Withhold
    105204 - American General Life Withhold

d) *Construction Contract Retainage:*
    Accounts 105300 – Current
    Account 160000 – Non-Current
Since construction activity is administered primarily by Facilities Management with assistance from CCO, the construction contract retainage account is not used by departments. Retainage, in a construction contract, is the money earned by a contractor but not paid to the contractor until the satisfactory completion of construction or another predetermined date. The retainage is held back as assurance for the quality of the contractors work.

Account 105300 Constr Contract Retainage-Curr is used to record the retainage liability on construction contracts that will become due within a year, and account 160000 Constr Contract Retain-NonCur is used to record the retainage liability on construction contracts that will become due beyond a year. Thus, for each payment made to the contractor,
    1. The full invoice is charged as construction costs,
    2. The retainage amount is credited to account 105300, and
    3. The net difference is paid to the contractor.

Upon satisfactory completion of the construction project, a payment voucher is processed to pay this liability to the contractor.

The normal status for the construction contract retainage accounts 105300 and 160000 is **credit.**

3. Accrued Compensated Absences
Accounts 108000-109999 Current
Accounts 160500-169999 Non-Current
The accrued compensated absence accounts should not be used by departments. They are used only by CCO for year-end accrual adjustments and financial reporting.

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Accounts within this series are used to record the university's liability arising out of vested annual and sick leave accruals. Using a current account indicates that the liability will become due in a period of less than one year. Using a long-term account indicates that the liability will become due in a period exceeding one year.

The primary accounts within the current series are:
        108000 - CompAbsences-Annual Leave-Curr
        108100 - CompAbsences-Sick Leave-Curr

The primary accounts within the non-current series are:
        160500 - Comp Absence Annual Lv-NonCur
        160600 - Comp Absence Sick Lv-NonCurr

The normal status for the accrued compensated absence accounts 108000 – 109999 (current) and 1600000 – 169999 (non-current) is **credit.**

4. Other Liabilities: Accounts 150000 – 159999

The accounts within this series record liabilities that cannot reasonably be classified in any of the other liability accounts. Examples include:
- Account 150000   Contingent Liability
- Account 150100   Risk Financing Related Liabilities
- Account 150200   Unearned Revenue
- Account 150300   Undistributed Receipts
- Account 150400   Deposits Held in Custody

The normal status for the other liabilities accounts 150000 – 159999 is **credit.**

a) Contingent Liability – Current:
Accounts 150000 – 150099 Current
Account 180000 – Non-Current
Since contingent liabilities are very difficult to determine, this account is not usually used by departments. Contact your campus accountant before using the contingent liabilities account.

The *Accountants' Handbook*, 6th Edition (p. 25-30) provides the following discussion of contingent liabilities:

*There is often some confusion between estimated liabilities and contingent liabilities. Hendriksen (*Accounting Theory*) makes the following distinction (p. 361):*

…The difference between an estimated liability and a contingent liability is that a liability has a positive most probable value even

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though this must be estimated; a contingent liability will probably not result in a specific obligation, but there is a chance that a specific obligation may arise if an event or events occur. For example, obligations under warranties are definite liabilities because it is highly probable that some payments will be required even though the total amount must be estimated. A legal suit against the company for damages, however, is a contingent liability if it appears likely that the firm will lose the case. If it is almost certain that the case will be lost, a liability exists and the main problem is in estimating the most probable amount of damages to be awarded . . .

*…Accrual of Loss Contingencies. In SFAS No. 5 the FASB requires that an estimated loss from a loss contingency be accrued by a charge to income if **both** the following conditions are met:*

1. *Information available prior to the issuance of the financial statements indicates that it is **probable** that an asset had been impaired or a liability had been incurred at the date of the financial statements. This condition implies that it must be probable that one or more future events will occur confirming the fact of the loss.*
2. *The amount of loss can be **reasonably estimated**."*

Therefore, a liability is not accrued as a contingency unless it is
- highly probable that an event or events will occur resulting in a loss to the campus, **and**
- the amount of the loss can be reasonably estimated.

For example, a loss contingency exists if a lawsuit is filed against the university. However, the university would not book a loss and the associated contingent liability unless the university thought it was highly probable that it would lose the lawsuit **and** the amount to be paid under the lawsuit could reasonably be estimated.

Contingent liabilities are categorized as being either current or non-current. Using a current account indicates that the liability will become due in a period of less than one year. Using a non-current account indicates that the liability will become due in a period exceeding one year.

Upon determining a contingent loss is a liability, prepare a journal entry to record the loss and the contingent liability. Upon final determination that the liability must be paid, process a payment voucher. This voucher should charge account 150000 (current) or 180000 (non-current). Any difference between the actual payment amount and the accrued amount should be corrected with a journal entry.

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The normal status for accounts 150000 current contingent liability, and 180000 non-current contingent liability, is **credit.** The contingent liability accounts include:

      150000 - Contingent Liability-Curr
      180000 - Contingent Liab-NonCurrent

b) ***Risk Financing Related Liabilities:***
    Account 150100 – 150199 Current
    Account 180100 – Non-Current
These accounts are generally only used by the CCO and the Office of Risk Management. They are used at the end each fiscal year to record any retrospective premium liability.

Accounts within the 1501xx series record the insurance premium liability for coverage on general liability, property, automobile liability, and workers' compensation that will become due within the year. Account 180100 records these insurance premium liabilities that will become due beyond a year.

At the end of each fiscal year the university's insurance carrier for the above programs calculates a retrospective premium for the previous fiscal year. This is the actual premium the university should have paid for that year. This amount is then compared to the estimated premium the university did pay. This calculation usually results in an additional net premium expense to the university that must be recorded as an expense and liability of that fiscal year.

Risk financing-related liabilities are further categorized as being either current or long term. Using a current account indicates that the liability will become due in a period of less than one year. Using a long-term account indicates that the liability will become due in a period exceeding one year.

The normal status for account 150100 current risk financing related liabilities and account 180100 non-current risk financing related liabilities is **credit.**

The risk financing related liabilities accounts include:
      150100 - Risk Financing Rel Liab-Curr
      150101 - IBNR Reserve
      150102 - Withhold Reserve
      150103 - Termination Reserve
      150104 - Odd Year Flex
      150105 - Even Year Flex
      180100 - Risk Financing Rel Liab-Non-Cur

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c) *Unearned Revenue: Account 150200 – 150299 Current*
Account 180100 – Non-Current

Discretion is required in the use of the unearned revenue account, as only true unearned revenue can legitimately be recorded. Current operating revenue should not be recorded in this account. Accounts in the series1052xx (current) are used to record funds received prior to a good or service being provided when it is anticipated the good or service will be provided within a year. Account 180200 (non-current) is used to record funds received prior to a good or service being provided when it is anticipated the good or service will be provided beyond the period of one year. The correct use of these accounts is essential for proper accrual accounting by recognizing revenue in the period in which the goods or services were provided, rather than by when the cash was actually received.

A cash receipt is the source document for recording unearned revenue. Credit balance sheet account 1502xx unearned revenue current or 180200 unearned revenue non-current when depositing the cash.

The unearned revenue system consists of:
- The unearned revenue balances in account 1502xx and 180200.
- The FOPPS in which the revenue is to be recorded.
- A schedule of the unearned revenue amount and a schedule listing when to prepare the journal entry that will convert the unearned revenue to revenue.

Procedure for Unearned Revenue
1. Receive the unearned revenue and record it using a cash receipt in the appropriate departmental FOPPS using account 1502xx (current) or 180200 (non-current) as appropriate.

2. When the goods or services have been provided, prepare a journal entry to convert the unearned revenue to normal revenue in the appropriate revenue account.
   The transaction on the journal entry is
   - Debit: balance sheet account 1502xx (current) or 180200 (non-current)
   - Credit: appropriate revenue account
3. Compare and reconcile the revenue account to the unearned revenue account, 1052xx (current) or 180200 (non-current), to verify that the entries are going into the proper accounts for the correct amount and at the correct time.
4. Supply a list explaining unearned revenue balances by customer as of June 30th to CCO as directed in the fiscal year end closing instructions.

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The normal status of account 1502xx unearned revenue current, and 180200 unearned revenue non-current, is **credit.**

The unearned revenue accounts include:
    150200 - Unearned Revenue-Curr
    150250 - Unearned Rev-Fed-Curr
    180200 - Unearned Rev-Non-Curr

d) *Undistributed Receipts: Accounts 150300 – 150399*
The *Cash Control* section of the CU Accounting Handbook requires that receipts be deposited in a timely fashion. Thus, for departments receiving funds on a daily basis, this would mean making daily deposits. Departments that receive only nominal amounts on a sporadic basis are permitted to hold their receipts until they total $200.00 before making the deposit but cannot hold cash over the weekend unless granted authorization byt the ccampus controller. **In any event, all receipts on hand at the last working day of each month must be deposited that day.**

Occasionally funds are received for which the university does not know the purpose of the payment. Thus, it is not possible to determine the correct FOPPS-account combination for depositing the funds. The undistributed receipts account is used to facilitate the timely deposit of these funds, as required by policy, while the purpose of the payment and the correct account is being determined.

Procedure for Undistributed Receipts
A cash receipt is the source for recording undistributed receipts. Funds should be credited to account 150300 (or 150301 for credit cards) in a departmental FOPPS. The department must then determine the purpose of the payment. This may involve contacting other departments that might reasonably have been the intended payee, or it perhaps contacting the payer for more information on the purpose of the payment.

The department should maintain a record of each deposit and reconcile to these to account 150300 or 150301. When the purpose of the payment has been determined, a journal entry should be processed to move the funds from the undistributed receipts account 1503xx to the appropriate revenue account within the FOPPS.

The transaction for this journal entry is:
- Debit: balance sheet account 150300 or 150301
- Credit: correct account

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The normal status for account 1503xx, undistributed receipts, is **credit.**

The undistributed receipts accounts include:
    150300 - Undistributed Receipts
    150301 - Undistributed CC Revenue

e) *Deposits Held in Custody: Accounts 150400 - 150499*

Discretion is required in the use of this account, as only true deposits held-in-custody can be legitimately recorded. Departments must maintain detailed records, by payer, of the amounts due. Deposits to be recognized as university revenue must be done so on a timely basis, when the payer fails to meet the conditions required for the return of the deposit.

This account records receipts that are not normally university revenue. This is cash held by the university that is to be returned to the payer upon their satisfactory performance. In other words, when certain future conditions are met, funds are returned to the payer. If the conditions are not met, the cash is retained by the university as revenue.

An example would be a security deposit held for the issuance of university keys. When the keys are returned, the deposit is returned to the payer. If the keys are not returned, the deposit held-in-custody is moved to a revenue account.

Deposits abandoned by the depositor become escheat property to the university. For more information about the accounting requirements pertaining to escheat property**,** refer to, *Escheat Property Accounting* Accounting Handbook > Balance Sheet Accounts > Liabilities > Other Liabilities, and scroll to section e) Deposits Held in Custody: Accounts 150400 – 150499.

Procedure for Deposits Held in Custody
A cash receipt is the source for recording deposits held in custody. Funds should be credited to account 150400 in the appropriate FOPPS.

The department should maintain a record of each deposit and reconcile these to account 150400. When certain conditions are met, funds are returned to the payer by processing a payment voucher. In some cases, the funds become the property of the department and should then be recorded as revenue in a departmental FOPPS. For example, a key for which a deposit has been paid is lost instead of being returned.

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The journal entry transaction for this situation is:
- Debit: balance sheet account 150400
- Credit: appropriate revenue account.
- Auxiliary enterprise FOPPS (those with an expense purpose code of 2000) should use an auxiliary enterprise revenue account that begins with 28xxxx
- All other departments will use an account within the range 325100-334999 miscellaneous income.

CCO sends a Fiscal Year End Supporting Documentation Report for deposits held in custody after the fiscal year end final close. Around the end of July, departments need to provide the detail to CCO.

The normal status for deposits held in custody, account 150400, is **credit.**

The deposits held in custody accounts include:

150400 - Deposits Held in Custody
150401 - Income Tax Deposit

5. Other Liabilities and Debt
Accounts 150500 - 150501 Non-Current
Accounts 155000 - 155301 Current
Accounts 190000 - 194999 Non-Current

These accounts are not for the general use of departments. Contact the Treasurer's office and CCO if the department is considering entering into a debt activity. Most debt is related to the acquisition of capital assets, and is recorded in the Plant Fund fund groups.

Accounts in this series are used to record the university's debt, royalties, and other non-current liabilities that cannot be appropriately accounted for in another account code. Examples include bonds payable, lease purchase payable, certificates of participation payable, and notes/mortgages payable. Furthermore, accounts within this series can record either current or non-current liabilities. Using a current account indicates that the debt will become due in a period of less than one year. Using a non-current account indicates that the debt will become due in a period exceeding one year.

Account designations of note within the debt series are:
- Account 150500-155302   Other Liabilities
- Account 190000-190099   Bonds Payable
- Account 190100-190299   Lease Purchase Payable
- Account 190300-190399   Notes/Mortgages Payable

BALANCE SHEET ACCOUNTS

The normal status for other liabilities and debt accounts is **credit**.

The other liabilities and debt accounts include:
> 150500 - Liabilities-Other-Non-current
> 150501 - Royalties Pay NonCurrent
> 150510 - Early Retirement Incentive-Cur
> 150520 - Early Retirement Incentive-NC
> 150530 - Alternate Medicare Plan-"Curr
> 150540 - Alternate Medicare Plan-Noncur
> 155000 - Bonds Payable-Current
> 155099 - Bonds Premium Current
> 155100 - COP Lease Purch Pay Current
> 155198 - COP Payable Current
> 155200 - Lease Purch Pay Oth-Current
> 155300 - Notes Mortages Pay-Current
> 155301 - Commercial Paper-Current
> 155302 - AHEC Lease Purch Pay-Current
> 190000 - 190099 - Bonds Payable (see full chart of accounts for detailed list)
> 190100 - Lease Purch Pay-COP-NonCurr
> 190103 - 2003 A COP
> 190104 - 2003 B COP
> 190198 - 1998 COP's Payable-NonCurr
> 190199 - COP Payable Curr- Offset
> 190200 - Lease Purch Pay-Oth - NonCurr
> 190201 - Lease Purch Pay Other Offset
> 190300 - Notes/Mortgages Pay-NonCurr
> 190301 - Commrcl Paper-Lng trm-NonCurr
> 190302 - Notes/Mortgags Pay Curr-Offset
> 190303 - AHEC Lease Purch Pay-Noncurr
> 190304 - AHEC Lease Purch Pay Offsett

Information about Debt
The Treasurer's office has a [page within its website](#) dedicated specifically to the subject of debt. Among the topics covered are university-related debt, financing university projects/equipment, lease-purchases, and bonds.

Procedures Pertaining To Debt
The Treasurer's Office must be consulted prior to the incurrence of any debt. *CCO must also be consulted* whenever a department is considering incurring debt. This is to ensure that the university is not exceeding its debt capacity, that all approvals are properly obtained, and that all necessary information is gathered in order to properly record the debt. (*Exception*: Lease purchase payables incurred through the Procurement Service Center by purchase order or contract do not require consultation with CCO or the Treasurer's office since these follow the normal purchase order and payment processes.)

BALANCE SHEET ACCOUNTS

Specific procedures depend upon the type of debt being incurred, and the process for incurring the debt. Specific procedures for recording the debt will be determined by CCO for each debt issuance.

Debt related to capital construction activity is initially recorded in the construction FOPPS within Fund 71. Upon completion of the construction project, the debt and the related asset are transferred to FOPPS within the Investment In Plant Fund (IIP), Fund 74. Once the debt has been incurred and recorded, then debt payments must be made.

All debt has a payment schedule. Payment of debt related to Plant Fund fixed assets must be paid through the Retirement Of Indebtedness (ROI) Fund, Fund 73. This process requires a mandatory transfer of funds to the designated ROI FOPPS, and a payment voucher made payable to the appropriate entity. The department working with CCO is responsible for transferring funds to the ROI account as scheduled.

The Treasurer's office is responsible for making most major debt payments.

With respect to debt, at year end CCO does the following:
- Adjust the debt payable for total debt payments for the year
- Confirm the outstanding debt balance
- Determine the amount of debt to be paid over the next 12 months
- Adjust the current and non-current portions of the debt payable.

6. Due To: Accounts 195000 - 199899
- The due to and due from accounts must be used together.
- All loans made between FOPPS, funds, or campuses must be approved by the controller.
- Agency FOPPS (Fund 80) cannot use accounts in the due to series (except for student agency FOPPS).

These accounts record loans of cash *to* one FOPPS *from* another, hence the *Due From/Due To* account description. These loans can be within the same fund group, between different fund groups, or across campuses.

Accounts 195000 – 195900 identify the fund to which the loan is due within the same campus, and accounts 196000 – 196900 signify that the loan is due to another campus. The offset accounts for the due to transaction are the due from accounts. These accounts are 095000–095900 for loans within the same campus, and 096000 – 0969009 for loans from one campus to another.

BALANCE SHEET ACCOUNTS

Procedures for Executing a Loan

When executing a loan, the borrower and lender must arrive at an agreement on the following points:

- FOPPS involved
- Amount of the loan
- Reason for the loan
- Repayment terms: length of the loan, frequency of payments, amount of each payment, etc.

A formal principal repayment schedule should be drawn up, and the interest rate should be reasonable. Signatures of both parties should be secured on the agreement. Once completed, the loan document must be submitted to the campus controller for approval.

The normal status for due to accounts, 195000 – 199899, is **credit.**

The due to accounts include:

195000 - DueTo-Unrest General Fund
195100 - DueTo-Unrest Aux/Self-Funded
195200 - DueTo-Restr Sponsored Programs
195300 - DueTo-Restr Gift Fund
195400 - DueTo-Loan Fund
195450 - Due to - Intrnl Loan Interest
195500 - DueTo-Endowment Fund
195600 - DueTo-Plant-Unexp Constr
195700 - DueTo-Plant-Unexp R&R
195800 - DueTo-Plant-Retire of Debt
195900 - DueTo-Plant-Invest in Plant
196000 - DueTo-OC-Unrest General Fund
196100 - DueTo-OC-Unrest Aux/Self-Fund
196200 - DueTo-OC-Sponsored Programs
196300 - DueTo-OC-Restr Gift Fund
196400 - DueTo-OC-Loan Fund
196500 - DueTo-OC-Endowment Fund
196600 - DueTo-OC-Unexp Construction
196700 - DueTo-OC-R&R
196800 - DueTo-OC-Retirement of Debt
196900 - DueTo-OC-Invest in Plant

V.   NET ASSETS (FUND BALANCE)
Accounts 199900 - 199999

- Net Assets accounts are not to be used by departments.
- Net Assets accounts are not to be used on any input document under any circumstances.

BALANCE SHEET ACCOUNTS

- Net Assets are also known as *Fund Balance*. Each has the same meaning.

Net Assets represent the difference between assets and liabilities as represented in the following equation: assets – liabilities = net assets. In other words, net assets are the amount of unexpended resources within a FOPPS. For example, if a department were to convert all of its assets to cash at book value, and then pay of all its liabilities and debt, the amount of cash left over would be the net assets.

All transactions recorded in revenue, expense, and transfer accounts affect net assets. Credit transactions will increase net assets, and debit transactions will decrease net assets. Revenue (with the exception of refunds) and transfers-in are credit transactions. Therefore, these will increase net assets. Expense and transfers-out are debit transactions. Thus, these will decrease net assets. Offsetting entries in balance sheet accounts (assets and liabilities) have no effect on the net assets.

The normal status for accounts within the net assets series is **credit.**

The net assets accounts include:
    199900 - Net Asset
    199901 - Resv-Encumbrances
    199902 - Resv-Pre-encumbrances
    199905 - Resv-Encumb/Telecomm
    199906 - Resv-Encumb/Misc
    199990 - Prior Year Restatement
    199999 - Cash Rollup Transfer