

## GLOSSARY

<b>Advance</b>	A type of internal borrowing (temporary or long term) between fund groups for which a due to/from must be set up.
<b>Agency funds</b>	Resources held by the institution as custodian or agent for students, faculty or staff, and organizations. No institutional equity in these funds.
<b>AICPA</b>	<i>American Institute of Certified Public Accountants</i>
<b>Annuity funds</b>	Funds established through a deferred giving contract. Payments to beneficiaries include both interest and a portion of principal. Upon the beneficiaries' death, the funds revert to the agency.
<b>Auxiliary enterprise</b>	An entity that exists to furnish a service to students, faculty, or staff and charges a fee directly related to although not necessarily equal to the cost of the service; managed as essentially self-supporting.
<b>Balance Sheet</b>	Financial statement reflecting self-balancing classification of each fund group, including assets, liabilities, and fund balances.
<b>Board of Regents</b>	A group of persons, appointed by the Governor, whose powers are described in the charter or some legislative act that establishes the legal identity of the institution. Also, the governing board.
<b>Bond covenant</b>	Agreement between bondholders and the issuer, representing the board action that issued the bonds and setting forth related terms and conditions.
<b>Book value method</b>	Distribution of income among funds in an investment pool by book value of the funds.

<b>Capital asset</b>	Asset intended for long-term, continued use or possession, such as land, buildings, and equipment. Synonymous with fixed asset or capital addition.
<b>Capital expenditure</b>	Expenditure intended to benefit future periods; addition to a capital asset.
<b>Capitalization policy</b>	Statement of criteria to determine which assets will be expended or recorded as capital assets. Also, a statement of criteria used to determine if an expenditure will increase the value of a fixed asset to benefit a future period.
<b>Capitalize</b>	To record in plant funds the value of expenditures, which are to result in an addition to capital assets.
<b>Chart of Accounts</b>	List of accounts in the general ledger, systematically classified by title and number, developed to be compatible with organizational structure and in agreement with financial reports to be presented.
<b>Construction in process</b>	Accumulated value of capitalized expenditures for a capital asset that is incomplete at the end of the accounting period.
<b>Current funds</b>	Economic resources of an institution expendable for primary and supporting missions of the institution; intended for general operating purposes and to be expended in the near term.
<b>Debt service</b>	Payment of interest and matured principal on outstanding bonds or notes payable.
<b>Designated funds</b>	Economic resources of an institution internally required by the governing board to be used for a particular purpose.
<b>Due from</b>	Asset classification in the lending fund group to reflect interfund borrowing or an advance to another fund group.
<b>Due to</b>	Classification of a liability reported on the financial statements to reflect an interfund loan or advance from another fund group.

<b>Encumbrance</b>	Anticipated expenditure evidenced by a contract or purchase order; a commitment.
<b>Endowment and Similar funds</b>	Funds donated by outside entities, or established by management, to produce income to be used by the agency for specified purposes.
<b>FASB</b>	<i>Financial Accounting Standards Board</i>
<b>Forgiveness feature</b>	Provision of a student loan allowing cancellation of payments for certain activities, such as teaching or military services.
<b>Fund</b>	A self-balancing separate entity with its own set of accounts, consisting of assets, liabilities, and fund balance.
<b>Fund accounting</b>	Method of segregating assets into categories according to restrictions placed on their use by the funding source.
<b>Fund balance</b>	Value of the excess of assets over liabilities in any fund group or subgroup; may be equated to commercial equity.
<b>Funds Functioning</b>	A subgroup of endowment and similar funds. Funds directed as <b>Endowment</b> for investment by the institution's governing board. Board may later direct that the principal be expended. Also known as "quasi-endowment funds".
<b>GASB</b>	<i>Governmental Accounting Standards Board</i>
<b>Indirect cost (overhead)</b>	Cost associated with the accomplishment of the specific purpose of a project or program, such as use of space, equipment, and utilities. These costs are typically recovered based upon some percentage of total project or program direct costs.
<b>Investment book value</b>	Recorded value of an investment asset. Book value is cost at date of acquisition, or market or appraised value at date of receipt as gift.

<b>Investment in plant</b>	Fund subgroup used to report the cost of long-lived asset owned and held by the institution, and any liabilities related to such assets.
<b>Investment pool</b>	A number of endowment or other funds commingled for asset management and accounting purposes.
<b>Life Income funds</b>	Funds established by the donor through a deferred giving contract. Payments to beneficiaries are investment income only and do not include any principal. The funds revert to the agency upon the beneficiaries' death.
<b>Loan funds</b>	Resources available for loans to students, faculty or staff.
<b>Mandatory transfer</b>	Transfer from unrestricted funds to fulfill legal obligation in another fund group.
<b>NACUBO</b>	<i>National Association of College and University Business Officers</i>
<b>Net investment in plant</b>	The excess of the carrying values of capital assets over the associated liabilities in the Investment in Plant subgroup. Represents institution's ownership equity in capital assets.
<b>Non-mandatory transfer</b>	Transfer made at governing board or management's discretion from one fund group to another.
<b>Notes to financial statements</b>	Inherent part of financial statements used to describe various data in greater detail.
<b>Ordinary income</b>	Earnings of an investment exclusive of realized and unrealized gains; includes dividends, interest, rents, and royalties.
<b>Parent Loans for Undergraduate Students</b>	Loans made primarily by financial institutions to students' parents, with government-guaranteed repayment.
<b>Perkins Loans</b>	Student loan program administered by colleges and universities, but primarily financed and regulated by the federal government.

<b>Plant funds</b>	Fund group to account for acquisition of long-lived assets; renewal and replacement of assets; debt service charges and debt retirement; and cost of long-lived assets, including the associated liability.
<b>Quasi-endowment funds</b>	See Funds Functioning as Endowment.
<b>Renewals and Replacements</b>	Funds set aside for the renewal or replacement of long-lived assets.
<b>Restricted</b>	Resources available for financing operations but limited by donor or other external agency for specific purposes, programs, departments or schools.
<b>Retirement of Indebtedness</b>	Funds set aside for debt service payments of principal, interest and associated handling charges or fees for indebtedness incurred in acquisition or construction of fixed assets.
<b>Revolving fund</b>	Institutional fund which makes new funds available from the original capital and payments of principal and interest or use charges on prior funds.
<b>Stafford Loans</b>	Made to students primarily by financial institutions, with government-guaranteed repayment and partial interest subsidy.
<b>Statement of Changes</b>	A financial statement that presents a summary of activities
<b>In Fund Balances</b>	Affecting each fund group and the net increase or decrease of that fund's balance.
<b>Statement of Current Funds Revenues and Expenditures</b>	A specialized financial statement that details current fund revenues received and expenditures made during a fiscal year.

**Summary of significant accounting policies**

Part of the financial statements that describes the basis for financial statements, accrual or cash, and any adaptation or modification to those concepts.

**Term Endowment funds**

Subgroup of endowment and similar funds. Investment of principal required for specified period of time or until specific event occurs.

**Transfer**

Movement of funds from one group to another with no intention of repaying donor fund.

**True Endowment funds**

Subgroup of endowment and similar funds. Donors require investment of principal and use of investment income for a specific purpose that they identify.

**Unexpended Plant funds**

Funds specifically identified and formally committed to construction or acquisition of capital assets, which are unexpended at the reporting date.