

Basic Accounting

“Learn It and Love It”



Accounting Services Department

- **Customer Account Services**
- **Cashiering**
- **Accounts Payable**
- **Bank Reconciliations**
- **Plant Accounting**
- **General Accounting**

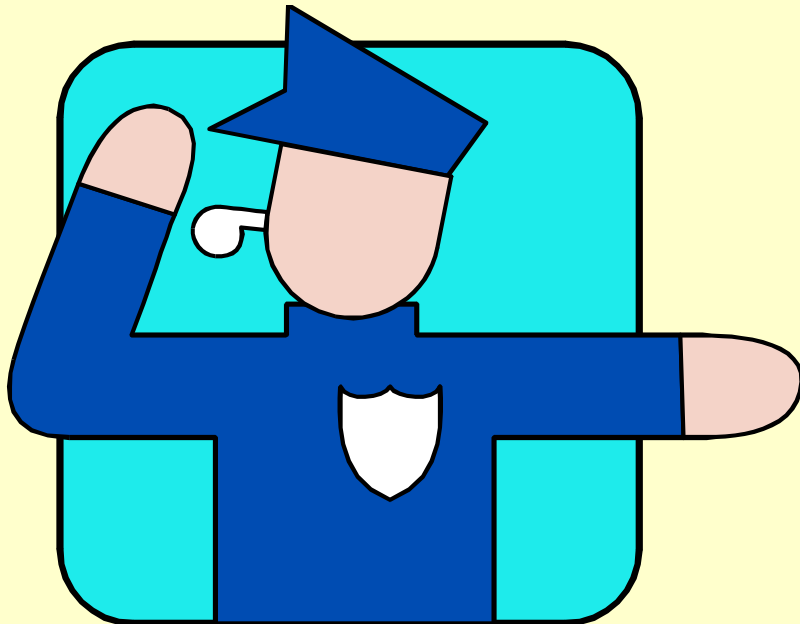


Purpose of General Accounting

- Assist departments with questions/issues regarding financial operations
- Ensure financial transactions reported accurately, completely and timely



General Accounting Department



- Responsible for all transactions posted to general ledger

GAAP

- **Generally Accepted Accounting Principles**
- **Accounting rules**
- **Importance in financial statement presentation**



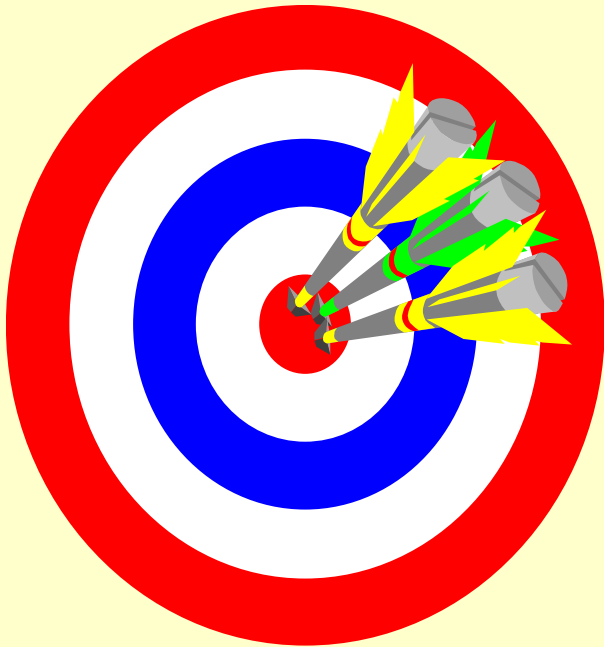
Fiscal year vs. Calendar Year

- Fiscal year 2003
 - July 1, 2002 through June 30, 2003
 - Period 1 = Jul 2002
 - Period 2 = Aug 2002
 - Period 3 = Sep 2002
 - Period 10 = Apr 2003
 - Period 11 = May 2003
 - Period 12 = Jun 2003
- Calendar year 2003
 - January 1, 2003 through December 31, 2003
 - Period 1 = Jan 2003
 - Period 2 = Feb 2003
 - Period 3 = Mar 2003
 - Period 10 = Oct 2003
 - Period 11 = Nov 2003
 - Period 12 = Dec 2003

Special Accounting Periods

- Period 0 - Carryforwards from old fiscal year to new fiscal year
- Period 998 - Year-end adjusting entries
- Fiscal year option in Glow includes period 0 and period 998

Accounting Structure



- Fund
 - Highest level
 - Two-digit number
- Department
 - Seven-digit number where last digit is 0
- Account
 - Specific
 - Four-digit number

Fund

- General - 11
- Designated - 23 and 24
- Expendable Restricted - 21, 25-30
- Student Loan - 31
- Life and Annuity Income - 32
- Auxiliary Activities – 41 - 47
- Agency – 51 and 52
- Foundations – 54 and 56
- Insurance and Benefits – 55
- Plant – 61, 63 – 65

Allowable/Disallowable Transactions

- Question: I can transfer money from fund 11 to fund 23. True or False?
- Answer: Transferring unspent fund 11 money to fund 23 is forbidden. The only exception is if a correction is necessary. (I.e. wrong fund was charged).

- Question: When can I deposit money into a fund 24?
- Answer: Deposits of checks/cash directly into fund 24 should never occur. Money should be sent to WMU Foundation for deposit into a fund 54. The Foundation will transfer this money to your fund 24 twice a year (Feb & Aug).

Allowable/Disallowable Transactions

- Question: I am paying for a Dean's luncheon with fund 24 money. Is this acceptable? Why or why not?
- Answer: This is acceptable as long as it serves an academic purpose (not frivolous), and the donor money is either 1) unrestricted or 2) restricted for this purpose.
- Question: I want to set up a department (cost center) to track our departmental coffee or flower fund. May I do this, and if so, what fund do I use?
- Answer: This type of department is not allowed. Do not record this type of transaction in any fund.

Allowable/Disallowable Transactions

- Question: A donor has given us money to assist us with our fund 23 expenses. When can I transfer money from fund 24 to fund 23?
- Answer: The money may be transferred from fund 24 to fund 23 after the expense is incurred in the fund 23. Fund 24 money should be transferred on a reimbursement basis after expenses are incurred in another fund. Do not transfer fund 24 money in anticipation of future charges.

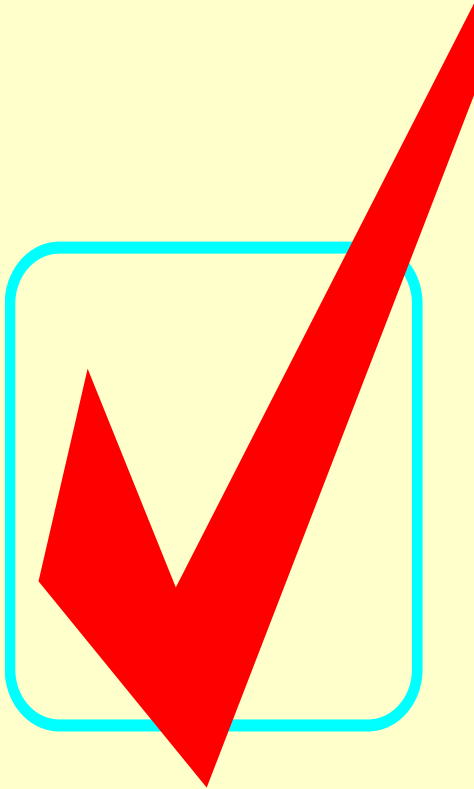
Department

- Also called cost center
- Each fund consists of many departments
- Accumulates revenues and expenses related to specific project or for special purpose
- “Department Number Setup Request” form
- New numbers assigned sequentially

Account

- Also called object code
- Each department consists of many accounts
- Associated with particular revenue or expense
- New accounts rarely set up

Account Types



- 1xxx = Asset
- 2xxx = Asset (CIP)
- 3xxx = Payroll Expense
- 4xxx = Other Expense
- 6xxx = Liability
- 7xxx = Liability
- 8xxx = Revenue
- 9xxx = Fund Balance

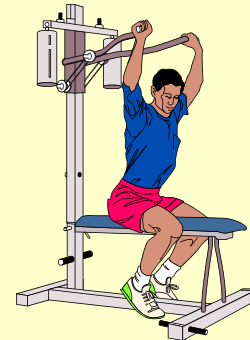
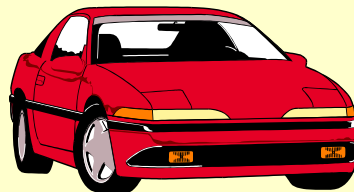
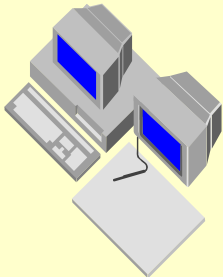
Debits and Credits?



- Debits are positive numbers
- Assets and expenses normally have debit balances
- Credits are negative numbers
- Liabilities, fund balance and revenues normally have credit balances

Equipment Purchases

- New asset management system implemented on July 1, 2002
- Change in capitalization policy
- Assets costing \$5,000 or more are tagged and tracked on asset management system.



Equipment Definition

- Acquisition cost at least \$5,000
- Tangible personal property
- Life at least two years
- Capable of functioning without assistance (not a component unit)

Equipment Accounts

- 4452 - Software - All software should be charged to this account regardless of cost
- 4865 - Technical Initiatives - Computers and related hardware costing less than \$5k
- 4997 - Internal Service Equip < \$5,000 - Bronco Technology (Microcomputer Sales) purchases costing less than \$5k
- 8980 - Miscellaneous Income - Proceeds received from sale of equipment (notify Russell Frey in Surplus Stores)
- 4481 - Office Supplies - Equipment costing less than \$5k
- 4850 - Equipment \geq \$5,000 - Equipment costing at least \$5k
- Call Cindy Zimmerman at 387-4570 with questions regarding equipment

Transfer/Support Accounts

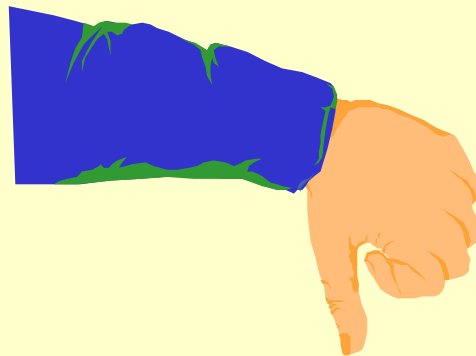
- 4995/8995 and 4999/8999
- Use either pair of accounts
- Move or transfer money between funds and/or departments
- Debit to 4995 requires credit to 8995
- One-sided transfer/support entry generates an error
- Expense remains in account where incurred
- Support shows as revenue in transfer/support account

Question

- The wrong department was charged
- Glow showed that the Grad College incurred printing costs in account 4482. Upon further investigation, you determined the charge belonged to Internal Audit.

Answer

- The correcting JES is a debit to 4482 in Internal Audit and a credit to 4482 in the Grad College.
- Transfer/support accounts not applicable

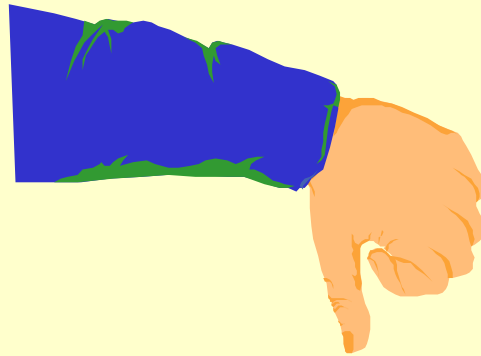


Question

- Agreement to share an expense
- Chemistry and Biology agree to split charge for printing costs. Chemistry department submits A/P voucher and incurs total charge in account 4482.

Answer

- JES is a debit to 4482 in Biology and credit to 4482 in Chemistry.
- Transfer/support accounts not applicable

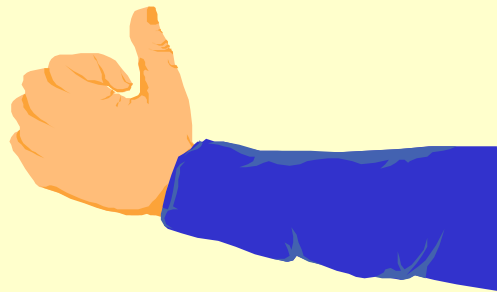


Question

- Assistance promised to department for expense incurred
- The Provost agreed to reimburse the Marketing Department for printing costs incurred in 4482.

Answer

- The Provost is debited in 4995 and Marketing is credited in 8995.
- Transfer/support accounts applicable
- Expense remains in account where incurred
- Support shows as revenue in transfer/support account



Account 9200



- Fund balance
- Represents excess of revenues over expenses since department inception
- Do not use this account

Carryforward

- Amount that rolls from the end of one fiscal year to beginning of next fiscal year
- Funds 11, 41, 42, 44, 45 and 47 - the “fund” gets leftovers at year-end
- Funds 21, 23, 24, 31, 32, 43, 46, 51, 52, 54, 55, 56 and 61 - the “original department” gets leftovers at year-end
- Funds 25, 26, 27, 28, 29, 30, 63, 64 and 65 not closed at year-end