Glossary of General Accounting and Financial Terms

A/P
Accounts Payable

AA
Academic Affairs

ABR
Automatic Budget Reallocation – pool level budgets are automatically reallocated as expenditures and encumbrances are made

Account
An accounting record in which the results of transactions are accumulated; shows increases, decreases, and a balance.

Account ID
The first six digits of an account number.

Accounts Payable
Balances owed to others (vendors) for goods, supplies, or services purchased on open account. Accounts payable arise because of the time lag between the receipt of services or acquisition of title to assets and the payment for them.

Accounts Receivable
A current asset representing money due for goods sold or services performed but not yet paid for by the recipient.

Accrual-Basis Accounting
A system of accounting in which revenues and expenses are recorded as they are earned and incurred, not necessarily when cash is received or paid.

Adjusting Entries
Entries required at the end of the accounting period (fiscal year) to recognize, on an accrual basis, revenues and expenses for the period and to report proper amounts for assets, liabilities and fund balance.

Agency Funds
UNC Chapel Hill acts as an agent for accounts that belong to an external organization or that are affiliated with the University. The monies are held by an institution as a fiscal agent from University-related foundations, individual students, faculty, staff members, and organizations.

AJ-1 form
Account Adjustment form – Form used to move funds and expenditures.

AHEC
Area Health Education Centers
Assets
Economic resources that are owned or controlled by an entity.

Attributes
Account values such as ledger, purpose, and department number.

Auxiliary Funds
Auxiliary funds are self-supporting, receipt-based accounts for non-academic services. They result from the sale of merchandise and services by self-supporting operations. These operations often serve students, faculty, staff, and the general public.

Balance Sheet
The financial statement that shows the assets, liabilities, and fund equity of an entity at a particular date.

Bank Reconciliation
The process of systematically comparing the cash balance as reported by the bank (bank statement) with the cash balance on the books and explaining any differences, such as outstanding checks or deposits in transit.

Bonds Payable
Bonds are debt and are issued for a period of more than one year. The seller of the bond agrees to repay the principal amount of the loan at a specified time. Interest on the bonds is paid periodically to the bond holder.

Book Value
The net amount shown in the accounts for an asset, liability or fund equity item.

Budget (Bud) Code
A single digit that represents the state fund type.

Budget Pool
Budgets are set to a control level, either at the class object code, major object code, or minor object code.

C & G
Contracts and Grants

CAB
Central Airfare Billing

CAFR
(Comprehensive Annual Financial Report) Includes financial statements and other disclosures organized into three sections, introductory, financial, and statistical.

Capital Improvement Funds
Funds for capital acquisitions, construction, additions, improvements, and furnishings when purchasing land, buildings, and equipment.

Capitalized Equipment
An item with an acquisition cost of $5,000 or more.

Cash Basis Accounting
A system of accounting in which transactions are recorded and revenues and expenses are recognized only when cash is received or paid.
CCI
Carolina Computing Initiative

**Chart of Accounts**
A systematic listing of all accounts used by an entity.

**Check Request**
Form used to record small order procedure transactions, those less than $5,000.

**CI Funds**
Capital Improvement accounts.

**Commitment**
A department obligation to pay or fund an activity.

**Consultant**
Professional specialist.

**Contingent Liability**
A potential obligation, dependent upon the occurrence of future events.

**Continuation Budget**
Base budget with adjustments for inflation and Legislative actions/adjustments.

**Contra Account**
An account that is offset or deducted from another account.

**Cost center**
Codes defined within each department to identify expenses (can identify programs, faculty or sub-department, activities, etc); usually for reporting purposes.

**Credit**
Amount appears with a trailing "-" sign on FBM0 reports.

**Current Assets**
Cash and other assets that may reasonably be expected to be converted to cash within a year or during the normal operating cycle.

**Debit**
Amount appears with no sign on FBM0 reports.

**Disbursing Authority**
Individual who has the authority to make purchases from an account for goods or services.

**Division**
Administrative classification defined by the type of educational responsibilities (i.e. academic vs. health education).

**Dual Employment**
Dual employment is when a state employee performs services for another state agency with the approval of the borrowing and parent agencies.
**E-Commerce**
The E-Commerce system is a series of web links for common use items with links to Staples, Fisher Scientific, MicroWarehouse, FedEx, and the Carolina Computing Initiative. Orders are placed through a vendor-maintained web site that automatically records the University discount and receives desktop delivery.

**Encumbered/Encumbrances**
A commitment of funds prior to an actual expense being incurred. The encumbrance provides a method to reserve budgeted funds for goods or services being purchased.

**Endowment Funds**
Endowment funds result from donations where the principal is to remain intact and is to be invested to produce income that may be expended or reinvested.

**Enrollment Budget**
Adjustment of Base Budget for enrollment increases or decreases.

**e~Print**
On-line FRS (FBM) report viewer/printer.

**EPA**
Exempt from the Personnel Act. Includes faculty and EPA non-faculty positions.

**EPA non-teach**
Employees exempt from the State Personnel Act (non-teaching).

**Expansion Budget**
The expansion budget is used to provide for increased budget needs of the University due to enrollment changes, EPA salary increases, new programs, and improvements to existing programs.

**Expenditures**
Costs incurred in the normal course of business.

**F&A Funds**
Facilities & administrative funds (formerly known as overhead funds) are funds generated by contract and grant activity and are used to support infrastructure and other research-related activities.

**FACS Coordinator**
Administrator who authorizes employees’ access to University systems.

**FACS ID**
Five character (alpha) id that identifies you to University systems.

**Fair Market Value**
The current value of an asset, e.g., the amount at which an asset could be sold or purchased in an arm’s-length transaction.

**FBM0**
Financial (and) Budget Monthly Report for each account. Can be viewed/printed through e~Print.
**Fiduciary Responsibility**
The requirement to perform financial duties with integrity to prevent misuse and to demonstrate trust so that others have confidence in the financial activities of the University.

**Fiscal Year**
An entity’s reporting year, covering a 12-month accounting period.

**Fixed Charges**
Costs that tend to be relatively constant in amount during the monthly, quarterly, semi-annual, or annual periods. The amounts to be paid are generally supported by a contract or agreement and are of a continuing nature. Examples: rent, maintenance contracts, insurance, dues, and subscriptions.

**Foundation**
A nongovernmental, nonprofit organization established to maintain or aid social, educational, religious, or other charitable activities serving the common welfare.

**Fringe Benefits**
University contributions to programs or services that provide non-salary compensation (i.e., benefits) to faculty, staff, and student employees. Fringe benefits differ for temporary and permanent employees. Examples: Social Security, retirement, and health insurance.

**FRS**
*(Financial Records System)* The computerized financial accounting system used by the University, consisting of general ledger and subsidiary ledger accounts that produces monthly account statements (FBM090 and FBM091 reports) that are distributed to campus users.

**FRS Account**
A 10-digit number to which revenue/expenses are assigned.

**FTE**
Full time equivalent. Example: Full time = 1.00 FTE

**Fund Authority**
Document that states the name, responsible person, source, purpose, and terms of an account.

**Fund Balance**
Fund Balance represents the residual interest in the University’s assets after deducting liabilities. Assets – Liabilities = Fund Balance

**GAAP**
*(Generally Accepted Accounting Principles)* Authoritative guidelines that define accounting practice at a particular time.

**GASB**
*(Governmental Accounting Standards Board)* Entity responsible for developing standards for state and local governmental accounting and financial reporting (including public colleges and universities).

**General Ledger (account)**
Includes cash and other assets, liabilities, and fund balance.
HA
Health Affairs

Honorarium
Payment to a professional person for services rendered when custom or propriety forbid the setting of a fee.

HR Facilitator (HRF)
Employees in University departments who process permanent, temporary, or student personnel actions; handle leave, benefits, or payroll matters for their department; or who supervise a work group that performs these functions.

HSL menu
List of options available to user after signing into the mainframe University computer system (AIS).

Imprest Petty Cash Fund
A petty cash fund in which all expenditures are documented by vouchers or vendors’ receipts or invoices, the total of which, along with cash in the fund, should equal the established balance.

Income Statement
(Statement of Changes in Fund Equity) The financial statement that summarizes the revenues generated and the expenses incurred by an entity during a period of time.

Independent Contractor
An individual who has no employee affiliation with UNC and provides services to UNC.

Journal Entry
A recording of a transaction where debits equal credits; usually includes a date and explanation of the transaction.

Lapsed Salary
Funds generated when a permanent position is vacant for some period of time.

Ledger
Identifies the type of fund.

Liabilities
Obligations measurable in monetary terms that represent amounts owed to creditors, governments, employees, and other parties.

Liquidate
Make resources available that were previously earmarked.

Long-term Liabilities
Debts or other obligations that will not be paid within one year.

Maturity Date
The date on which a note, bond, or other obligation becomes due.

Loan Funds
A form of financial aid to students. Loans are made and repaid to these current funds.
**MMD**
Materials Management & Distribution

**Money Market**
Temporary investment pool. Available cash balances in the general ledger may participate. Must leave cash to cover three months of expenditures.

**Net Assets**
The ownership interest in the assets of an entity; equal to total assets minus total liabilities.

**Notes Payable Obligations**
Liabilities incurred to obtain financing for the purchase of a University asset.

**Notes to the Financial Statements**
Explanatory information considered an integral part of the financial statements.

**Object code**
Four-digit revenue or expense category identifier.

**Operating Lease**
A simple rental agreement.

**Permanent Budget**
Recurring budget (screen 029 in FRS or TC code = 083)

**Petty Cash Fund**
A small amount of cash kept on hand for making miscellaneous payments.

**Position Control System**
Encumbrance system for state and F&A accounts with EPA personnel actions and/or budget.

**Principal**
The amount that will be paid on a bond at a maturity date.

**Procurement**
Refers to obtaining goods or services for the University through the purchasing process.

**Property**
Usually pertains to land or real estate but also can refer to something of value that is owned by the University.

**Prorates**
Journal entries or other transactions that are automatically generated during the month-end process based on parameters that were previously calculated and input in FRS.

**Purchase Order (PO#)**
Official contract document for securing services and materials from commercial vendors.

**Purchase Requisition**
A written request for the purchase of goods or services.
**Purpose**
Code that identifies the institutional purpose for each account the type of expenditures allowed.

**RACF ID**
Same as FACS ID

**Receivables**
Claims for money, goods, or services.

**Receiving Report**
This document signifies that the supplies were received in full and in good order, or that services were satisfactorily performed, and authorizes Accounts Payable to issue a check to the vendor.

**Revenues**
Increases in an entity’s resources from operations including sale of goods or services.

**Segregation of Duties**
Strategy to provide an internal check on performance through separation of custody of assets from accounting personnel, separation of authorization of transactions from custody or related assets, and separation of operational responsibilities from record keeping responsibilities.

**Soft money**
Funds that are not permanent (may refer to grant funding).

**South Building**
Location of Chancellor’s Office, Office of the Provost, Business & Finance Administration

**SPA**
Subject to the Personnel Act. Refers to staff positions.

**Standing Order (W#)**
Blanket order established for up to a one-year period to facilitate repetitive orders.

**State Funds**
State appropriated funds.

**Statement of Cash Flows**
The financial statement that shows an entity’s cash inflows (receipts) and outflows (payments) during a period of time.

**State Term Contracts**
Competitively awarded contracts that cover designated state agencies for a period of one or more years. The University is obligated to purchase specified items from the appropriate State Term Contract vendors.

**Subsidiary Ledger**
A grouping of individual accounts that in total equal the balance of a control account in the general ledger.

**Temporary Budget**
One-time budget received in one fiscal year (TC code = 020).
**Trust Funds**
Non-state funds, such as gifts, grants, endowments, etc.

**UNC P&A**
UNC Physicians & Associates

**Unit Accounting System**
System that maintains the market values and other information for University endowments and funds of affiliated foundations that invest through the UNC-CH Foundation Investment Fund, Inc.

**Useful Life**
The term used to describe the life over which an asset is expected to be useful to an entity.