



General Accounting Policy

Accounting Policy: Accounting System Maintenance

Effective Date: 05/01/2009

OBJECTIVE: Maintenance of the Financial Accounting System is necessary to ensure financial accounting and reporting integrity.

POLICY:

The Business Office is responsible for maintaining the accuracy of records in the financial accounting system. The primary purpose of the accounting system is to account for financial transactions in accordance with objectives established by the Trustees, management, donors, government agencies or others.

The financial system on record as of 7/1/2008 is PeopleSoft. The business office maintains integrity of financial reporting by using PeopleSoft G/L report module to record, track, and report transactions using chartfields. The business office has defined the following chartfield values:

- ✓ **Fund**-To record, track and report transactions by Fund
- ✓ **Account**- To record, tracks and report transactions by Assets, Liabilities, Revenue, Expenses and Fund Balance. Accounts are established to reflect the nature of the revenues to be generated and/or the purpose of the expenditures to be incurred. Director of Financial Reporting classifies accounts into the appropriate Statement of Fund Balance and Statement of Activities category for financial reporting in accordance to FASB reporting guidelines.
- ✓ **Department**-To budget, record, track and report transactions by department and functional classification on the statement of activities
- ✓ **Project**-To record, track and report transactions by Project, i.e. Grants
- ✓ **Operating ID**-To record, track and report transactions by Trust & Annuities

The Financial Accounting System is maintained in accordance with the principles of fund accounting. APU has established and defined the following fund groups as follows:

- ✓ **Unrestricted Fund:** Unrestricted resources expendable for any purpose will be accounted for in the Current Unrestricted Fund.

- ✓ **Restricted Fund:** Resources which are restricted for specific operating purposes by outside donors/agencies will be accounted for as Current Restricted Funds, i.e., income from Endowment Funds, Gifts, Grants and Contracts.
- ✓ **Endowment Fund:** True or term endowment principal and endowment designated by the University to function as endowment will be accounted for as Endowment and Similar Funds. Income derived for restricted endowment will be accounted for as Current Restricted Funds Endowment Income. Any income derived from unrestricted endowment funds will be accounted for in the Quasi Endowment Fund
- ✓ **Annuity Fund:** Resources acquired by the University subject to charitable gift annuity agreement that the University pay a stipulated amount to designated individuals will be accounted for as Annuity Funds.
- ✓ **Trust Fund:** Resources contributed to the University subject to Charitable Trust requirements where the University periodically pays the income earned on the assets to designated beneficiaries will be accounted for as Trust Funds
- ✓ **Loan Fund:** Resources for loans to students and others will be accounted for as Loan Funds.
- ✓ **Plant Fund:** Resources reserved or designated for use for the construction or acquisition of plant assets, debt service requirements, or the renewal or replacement of plant assets will be accounted for as Unexpended Plant Fund, Retirement of Indebtedness Fund, Renewal & Replacement Fund, respectively.
- ✓ **Investment in Plant Fund:** Plant assets and related debt will be accounted for in the Investment in the plant fund

All requests to create any new fund, account, department, project, and/or operating unit must be accompanied by proper documentation and approved by the AVP of Finance, Budget Director or the Manager of Financial Reporting. Additional signatures, as indicated below, may become necessary for the following accounts:

New Department: HR

Project Accounts (Grants): Project Lead

Trust: Trust Accountant

Departments are required to notify the Business Office, on a timely basis, of the following:

- A. Any organizational change affecting departmental managers
- B. Any accounts to be deleted such as inactive unrestricted accounts or restricted gift accounts for which the gift has been expended.