

## **Appendix C: JMU Glossary of Financial Budget Terms**

---

### **JMU Glossary of Financial and Budget Terms**

**Academic Support** - Includes all funds expended (program 104) for activities carried out primarily to provide support services that are an integral part of the operations of one of the institution's three primary programs: instruction, research, and public service.

**Account** - A six-digit numeric reference that identifies revenues and expenses and indicates how these funds are being spent or earned.

**Account Number** - The expenditure or revenue code that best describes the transaction being processed. Refer to Section 2015 for expenditure codes and Section 2020 for revenue codes.

**Accounting Voucher** - The form used to initiate prepayments and other payments that do not require a purchasing document. Refer to Section 4205.

**Accounts Receivable** - Amounts owed the University or a department of the University by individuals or organizations (other than state agencies and institutions) for goods and services rendered, tuition and other fees, and other obligations. Refer to Section 4115, Receivables, for additional definitions and information.

**Administrative Unit** - A group of organizations which function as an administrative unit (for example, Facilities Management, Finance, Resource Management, Dining Services, College of Arts and Letters).

**Agency Funds** - See Local/Agency Funds.

**Agency Transaction Voucher (ATV)** - The form used to distribute, adjust, and/or correct revenue and expenditure transactions from one University account to another and to record recoveries from one university account to another. Refer to Section 4230. To use the form for Agency/Local Fund accounts, refer to Section 3045.

**Allotment** - Distribution of a biennial appropriation to a specific month and fiscal year. The allotment provides agencies with the authority to spend within an appropriation.

**Amendment** - Any change to a previously enacted Appropriation Act. Amendments can be initiated by the Governor or the General Assembly, and must be approved by the General Assembly.

**Appropriation** - An authorization by the legislature to make expenditures or enter into an obligation for specific purposes. A general fund appropriation is backed with tax payer dollars. A non-general fund appropriation is dependent on institutional funds to support the expense.

**Appropriation Act** - A statute, under the jurisdiction of the House and Senate Appropriations Committees, that generally provides authority for agencies to incur obligations for the acquisition of

goods, services, or facilities and to make payments out of the Treasury for purposes specified in the act. The authorization usually expires at the end of a specified term, most often one year.

**Autonomy** - The ability/authority to operate independently. Generally applies to the University operating independent from the State.

**Auxiliary Enterprise** - An entity (program 809) that exists to furnish goods or services to students, faculty, or staff in support of the traditional missions of instruction, research, and public service. These enterprises are financially self-supporting and do not receive tuition revenue or a General Fund appropriation. Auxiliary enterprises are supported by charging for the services provided. Revenue is generated through cash sales and student fees. Organization Numbers 3xxxxx.

**Base Budget** - In an incremental budget environment, there is usually a consistent funding level from year to year for various programs. The base budget is the portion of the budget that is identified to fund ongoing operating costs, rather than short-term projects. While base budgets are dependent on resource availability, as are all budgets, the intent of the base budget is an ongoing allocation.

**Biennium** - A two-year period used by the state for financial and budget purposes. It includes two fiscal years, running from July 1 in an even-numbered year to June 30 of the next even-numbered year. For example, the 2004-2006 biennium runs from July 1, 2004 to June 30, 2006.

**Budget** - A spending plan that balances revenues and expenditures over a fixed time period-usually one year.

**Budget Line Item** - A specific category of funds in the budget that has been established to provide funds for an activity being performed, i.e., personnel, telephone, printing, etc.

**Budget Revision** - A process by which a change in the established budget is made. The budget revision form may be completed to transfer funds from one org to another org in the same division/department with appropriate approval. Budget Revisions may also be used to create a budget entry for deposited/recovered funds.

**Commonwealth Accounting Policy and Procedures (CAPP) Manual** - A policy and procedures manual maintained and distributed by the Department of Accounts for the Commonwealth.

**Commonwealth Accounting and Reporting System (CARS)** - The State's centralized accounting system operated by the Department of Accounts (DOA).

**Capital Outlays** - Expenditures to acquire, significantly expand, repair, maintain, or renovate fixed assets.

**Capital Project Budget** - The Commonwealth has two types of budgets, an operating budget, and a capital budget. The capital project budget describes large, non-recurring expenditures of funds to purchase, construct, or renovate fixed assets such as land, buildings, and other physical plants, or equipment- costing more than \$250,000 to construct or \$500,000 to improve.

**Capital Projects Fund** - A fund created to account for the budget and actual expenses and revenues associated with a particular capital project.

**Chart of Accounts** - A chart of accounts facilitates recording transactions appropriately.

**Classified Employee** - A permanent or temporary staff employee.

**Commitments** - Reservations of funds initiated by a purchase requisition or travel authorization.

**Control Account** - The expenditure levels within each organization used by the Financial Information System to verify the availability of funding before transactions are processed into the system.

**Department of Accounts (DOA)** - The central State agency that serves as the State Controller's Office.

**Department Purchase Order (DPO)** - The form that a department may use to purchase certain items with a value of \$5,000 or less. Refer to Section 7005.

**Debt**- All long-term or short-term credit obligations.

**Debt Service** - The amount of the periodic principal and interest payment owed on borrowed money.

**Debt Set-Off** - See Set-Off Debt Program.

**Department Organization Number** - The six-digit code assigned to identify a University department in the Financial Information System. Refer to Section 2010 for a listing of active numbers. Organization Numbers 7xxxxx.

**Deposit Transmittal Form** - The form used to transmit deposit information for revenue items and expenditure credits/recovery transactions for input to the Financial Information System. Refer to Section 4105.

**Detail Account** - Budgets assigned by the organization to specific accounts such as student wages, office supplies, equipment leases, etc.

**Employer Identification Number (EIN)** - Nine-digit number assigned by the IRS to identify taxpayers required to file various business tax returns.

**ETF** - See Equipment Trust Fund.

**Educational and General Programs (E&G)** – A state program code describing all operations related to the institution's educational objectives. All activities associated with instruction, research, public service, academic support, student services, institutional support, and operations and maintenance of plant. Organization Numbers 1xxxxx.

**Encumbrance** - Commitments incurred whereby the goods and services have not yet been received.

These commitments are expressed by purchase orders, contracts, future salary, etc. It ceases to be an encumbrance when the commitment is paid or otherwise canceled. (See Commitment.)

**Equipment Trust Fund (ETF)** - A trust fund, made available through the State Council of Higher Education for Virginia. The funds are provided to purchase instructional or instructional related equipment for higher education agencies. Academic departments eligible to participate are determined by SCHEV. A list of the items to be purchased must be approved by SCHEV prior to making any commitment to purchase.

**Expenditure Code** - The six-digit account number assigned to identify types of expenditures, e.g., classified salaries, ADP equipment. Refer to Section 2015.

**Expenditure Credit** - A reimbursement to a university account for an expenditure made during the current fiscal year, for which a prior expenditure document can be cited, and the original vendor returned the funds.

**Facilities & Administrative Costs (F&A)** - Costs incurred in support of many activities that cannot be identified with a single project. Costs for maintenance and operation of buildings, use of equipment and administrative expenses are usually considered F & A costs.

**Federal Identification Number (FIN)** - A unique number containing nine to twelve digits assigned to businesses.

**Financial Accounting System Deposit Transmittal Form** - See Deposit Transmittal Form.

**Federal Insurance Contribution Act--Old Age Survivors Disability Insurance (FICA-OASDI)** - The Federal tax also known as Social Security that provides retirement and disability income to eligible recipients.

**Financial Procedures Manual** - The University manual designed to outline accounting and procurement procedures, describe control responsibilities, and provide guidance for completing financial transaction forms.

**Fiscal Year** - A fiscal year is a 12-month accounting period. The fiscal year begins July 1 and ends June 30. The fiscal year is designated by the calendar year in which it ends; for example, fiscal year 2004 is the year beginning July 1, 2003, and ending June 30, 2004.

**Fixed Assets** - Assets of a long-term nature intended to continue to be held or used, such as land, land improvements, buildings, machinery, and equipment. These assets must have a value of \$2,000 or greater and a useful life of at least two (2) years to be recorded on the University's fixed asset accounting records. Some restrictions apply to items purchased with Grant or Equipment Trust funds. Refer to Section 6005.

**Full-time Equivalent (FTE)** - A method of calculating employment and enrollment to adjust for part-time or part-year participation. For classified personnel, one FTE equals 2,080 hours per

year. Part-time and part-year employees are expressed as a proportion of a full FTE based on the number of hours. For Graduate Assistants working 20 hours per week, the FTE equivalent is 0.25.

**Fund** - A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities, residual equities or balances, and changes therein that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**Fund Accounting** - An accounting system organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate.

**Generally Accepted Accounting Principles (GAAP)** - Accounting rules and guidelines that are used on such a wide basis as to be uniformly accepted.

**General Fund (GF)** - The General Fund is the predominant fund for financing state government programs. The primary sources of revenue for the General Fund are the personal income tax, sales tax, and corporation taxes. The General Fund is a major funding source for higher education.

**General Ledger** - Reflects balances in the Financial Information System by account assets, liabilities, and fund balances.

**Grants and Contracts Funds** - Funding from governmental and non-governmental organizations that is received or made available for specific projects or programs, such as research or training. Organization Numbers 5xxxxx.

**Indirect Cost** - Sponsored programs and other contracted activities, have an associated cost for facilities and administration. The university recovers indirect costs related to overhead from the sponsoring agency or organization.

**Internal Controls** - Management procedures designed to ensure efficiency and effectiveness in operations, to improve management decision making, to protect resources, to ensure maintenance and reporting of reliable information and execution of operations consistent with established management policy. Refer to Section 3005.

**Institutional Support** - State program classification (106) that includes support for the day-to-day operations of the university. Examples include Executive Management, Fiscal Operations, General Administrative Services, Logistical Services, and Public Relations and Development.

**Instruction** - State program classification (101) that includes all funds expended for activities that are part of the institution's instructional program (e.g., courses and experiences for degree-seeking students).

**JMU Foundation** - A separately incorporated foundation affiliated with the University and organized to support the University through fund-raising activities.

**Local/Agency Funds** - Funds the University holds in a fiduciary role for students, faculty, staff and organizations. Organization Numbers 8xxxxx.

**Maximum Employment Level (MEL)** - The maximum number of full-time equivalent (FTE) employees that a state agency is authorized to employ. An agency's total number of employees may not exceed the MEL unless specifically permitted by language in the Appropriation Act.

**No Carbon Required (NCR)** - A type of multi-part paper that produces the necessary copies without the need for carbon paper.

**Non-general Funds (NGF)** - All sources of revenue other than the General Fund. (e.g., Federal appropriations, tuition and fees, gifts, grants and contracts.

**Operating Budget** - The Commonwealth has two types of budgets, an operating budget, and a capital budget. The annual operating budget guides the University's everyday activities. This document shows spending related to ongoing operations of the programs, services, and activities of state agencies.

**Operating Expense** - Payments for general expenses, contractual services, printing, communication, travel, data processing, equipment, and other expenses occurring in the regular operations of a program.

**Organizational Unit** - An Organizational unit is made up of resources defined by the institution's management structure and functional responsibilities. For instance, an academic department is an organizational unit of a college, and a college is an organizational unit within the division of Academic Affairs.

**Personnel Action Request (PAR) Form** - The form used to initiate personnel actions.

**Payroll Time Authorization Form** - The form used to submit hours worked by temporary/student employees.

**PeopleSoft Finance** - The University's financial information system.

**Petty Cash Change Fund** - A Petty Cash Change Fund is established with a specific amount of funds for making cash advances for authorized purposes.

**Position Number** - The unique number assigned by Human Resources to each full-time Position. All temporary positions are assigned number 99000.

**Procurement** - The act of acquiring goods, supplies, and services.

**Program** - Virginia's budget is based on a program structure (see box below), a mechanism for conveniently and uniformly identifying and organizing the state's activities and services. Under this structure, services that the state provides are classified as items in programs and subprograms. A program is a distinct organization of resources by a state agency directed toward a specific objective.

**Public Service** - State program classification (103) that includes activities established primarily to provide non-instructional services beneficial to individuals and groups external to the institution. Such activities could include seminars, projects, and various organizational entities to provide services to particular sectors of the community.

**Purchase Requisition** - The form used to initiate purchases of items that require the participation of Procurement Services. Generally, this form is required for items that have a value of more than \$5,000 or are specifically exempt from procurement via the Department Purchase Order. Refer to Section 7005.

**Recapitulation** - A summary.

**Receivable** - Any amount owed to the University. Refer to Section 1115, "Receivables", for additional definitions and information.

**Reconciliation** - Identification and resolution of differences between separate sets of records. Refer to Section 3035.

**Recovery** - A reimbursement to a University Departmental Organization for various expenditures (in full or partial) incurred during a fiscal year.

**Research** - State program classification (102) that includes all funds expended for activities specifically organized to produce research outcomes and commissioned by an agency either external to the institution or separately budgeted by an organizational unit within the institution.

**Revenue** - Any addition to cash or other current assets that do not increase any liability or reserve and does not represent the recovery or reimbursement of an expenditure. Revenues are not available for current expenditure until appropriated or allocated.

**Revenue Account Code** - The six-digit code assigned to identify and summarize types of revenue. Refer to Section 2020.

**Revenue Refund** - A return of revenue collected, to an individual or business. In specific cases, a refund may be made to the University for distribution.

**SCHEV** - State Council of Higher Education for Virginia.

**Set-Off Debt Program** - The Commonwealth program whereby delinquent accounts receivable balances are collected by reducing the individual's State tax refund.

**Signature Authority** - The signature authority is a listing of individuals on record with the University who has authority to initiate fiscal transactions for a specific organization or department.

**Signature Authorization Form** - A form that lists approved signatures of individuals authorized to sign department purchase requests and financial transaction documents. Refer to Section 3020.

**Sponsored Programs** - Activities of the university that are financed through external funds that support various instructional, research, and public service functions of the institution.

**Standard Tool for Accounting Reconciliation (STAR)** - A tool used for reconciling departmental budgets.

**Student Financial Assistance** - State program code (110) to classify monies given in the form of outright grants and trainee stipends to individuals enrolled in official courses, either for credit or not.

**Student Services** - A state program code (105) including expenses for activities whose primary purpose is to contribute to students' emotional and physical well-being and to their intellectual, cultural, and social development outside the context of formal instruction.

**Subsidiary (Ledger)** - Individual ledgers that reflect balances by account for budgets, revenues, expenditures, and encumbrances (commitments).

**Surplus Property** - University property that is excess to the needs of a department is considered surplus property. Disposal of surplus items is regulated by the Commonwealth and University Policy.

**Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF)**  
- An annuity and retirement program for faculty and teaching and research administrators.

**Travel Authorization Form** - The form used to obtain approval for University supported travel. Refer to Section 4215.

**Unrelated Business Income Tax** - This tax is assessed on the net profit of tax-exempt organizations for activities outside the mission.

**Virginia Retirement System (VRS)** - The State program designed to provide retirement and disability benefits to all full-time employees.

**Work Order** - The form and/or electronic media used to initiate a variety of work actions by the University's Facilities Management Department.