



Lehigh University Chart of Accounts



Chart Elements

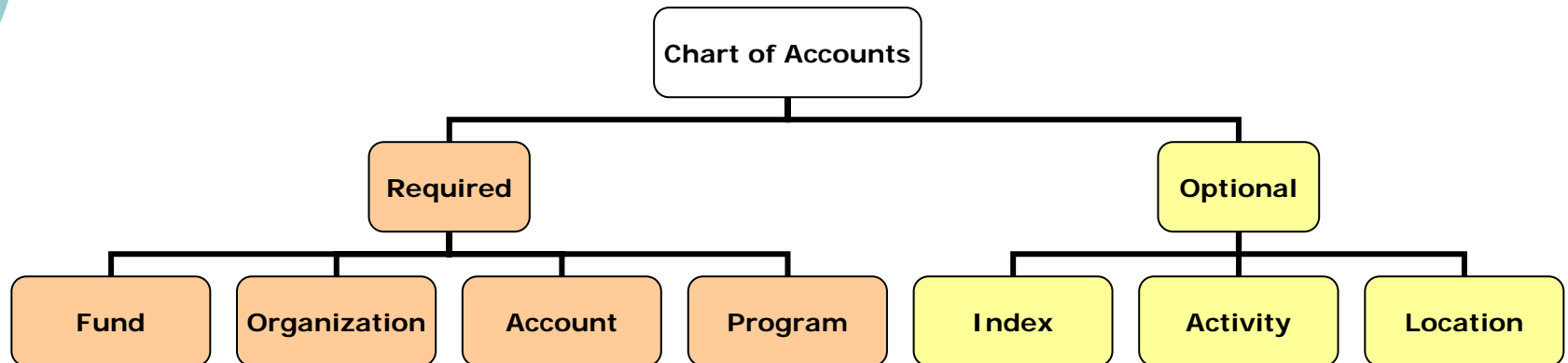
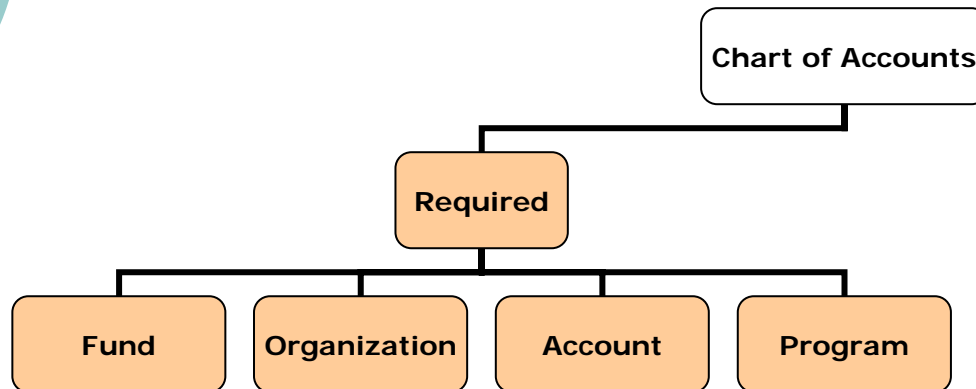




Chart Elements





Required: **Fund Code**

The **FUND** Code:

- Is an accounting entity that keeps track of resources whose use may be limited by:
 - Donors
 - Granting Agencies
 - Governing Boards
 - Other Individuals or Entities
- Segregates assets, liabilities, and fund balances into separate accounting entities associated with specific activities, donor-imposed restrictions or objectives
- Further classified as:
 - Unrestricted
 - Temporarily Restricted
 - Permanently Restricted



Required: **Fund Code**

- **Unrestricted**

Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets

- **Temporarily Restricted**

Net assets whose use by the University is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the University pursuant to those stipulations

- **Permanently Restricted**

Net assets whose use is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the University



Required: Fund Code

University **FUND** structure within Banner:

- Banner provides for 5 levels of hierarchy
- Fund hierarchy levels identify the sources and uses of the fund
- 6 digit fund used for data entry is the same as the 6 digit index given to a financial manager associated with a University department for their use for all but Current Unrestricted University Budgeted indexes



Required: Fund Code

Explanations of funds that are typically requested for use by University departments follows:

- **Current Unrestricted** – Funds that receive revenue from unrestricted sources such as tuition and investment earnings and are allocated through the budget process.
 - Individual indexes are established in which a budgetary allocation is made for a specific purpose.
 - These indexes display activity against a budget which is maintained by the Budget Office.
 - Since funds received from unrestricted sources are not physically transferred into individual funds, individual fund balances are not maintained and the budget provides the only guide as to the availability of resources.
 - These budgets are approved by the Board of Trustees. The indexes are budgeted annually for use during one fiscal year.

When reviewing the indexes associated with these funds, use:

Organization Budget Status Form (FGIBDST)



Explanations of Funds (continued)

- **Designated** – Funds that are created to manage special programs and events and are funded by revenue producing activities carried out by University departments
 - Includes funds that receive revenue from activities such as short courses, conferences, seminars, athletic camps, athletic rentals, equipment use, transportation services, artistic performances, etc.
 - Revenue Stream and Incentive Funds are also included in this fund group
 - Also represents funds restricted or appropriated for specific purposes or set aside for specific future commitments or contingencies



Explanations of Funds (continued)

- **Financial Aid; Liaison/Special Projects; Gifts, Grants, Contracts-Other** – Funds are physically received for a specific purpose which requires separate accounting. Financial Aid and Gifts, Grants, Contracts – Other include private and government gifts and grants and endowment earnings. Liaison/Special Projects are funded through payments made for contracted services performed, usually by one of the University's Centers or Institutes.
- **Agency** – Funds that are not University owned but are deposits held for others. These funds are held by the University as a custodian or agent for an outside organization and appear as a liability on the University's Statement of Financial Position.



Explanations of Funds (continued)

For **Designated; Financial Aid; Liaison/Special Projects; Gifts, Grants, Contracts and Agency funds** the fund balance is determinative and must not be overspent. The financial manager may wish to identify a spending plan (a budget) to aid in the management of funds, however, any resulting budget balance is subordinate to the fund balance in the fund. When reviewing these funds/indexes, use:

Trial Balance Summary Form (FGITBSR)

And

Organization Budget Status Form (FGIBDST)



Explanations of Funds (continued)

- **Sponsored Programs and Lehigh Ben Franklin** – Funds are received from private or government sources and administered by the Office of Research and Sponsored Programs. These funds are budgeted for the total of the grant. When reviewing the indexes associated with these funds, use:

Grant Inception to Date Form (FRIGITD)



Explanations of Funds (continued)

- **Plant** – These funds are primarily used by University departments for construction, renovation, and purchase of **Major** pieces of equipment. The budget is normally determined by appropriation or amount of gifts. These funds operate on a project basis and also maintain a fund balance which carries over the fiscal year. The financial manager should monitor the fund balance and the budget to keep them in a positive position. When reviewing the indexes associated with these funds, use:

Trial Balance Summary Form (FGITBSR)

And

Grant Inception to Date Form (FRIGITD)



Explanations of Funds (continued)

- **Endowment** – represent funds for which donors stipulate that the principal must be maintained and that only the income of the fund can be expended.

When reviewing these funds/indexes, use:

Trial Balance Summary Form (FGITBSR)

And

Organization Budget Status Form (FGIBDST)



Explanations of Funds (continued)

Other funds:

- **Auxiliary Enterprises** – An auxiliary enterprise is an entity that exists predominantly to furnish goods and services to students, faculty and staff. Auxiliary enterprises includes the child care center, conference services, debit card, telecommunications, residential operations, food services, Stabler Arena, and the bookstore.
- **Ben Franklin, Manufacturers Resource Center, Lehigh and Northampton Counties Revolving Loan Fund** – These organizations are wholly-owned subsidiaries of Lehigh University.



Explanations of Funds (continued)

- **Annuity and Life Income** – Annuity and life income funds are given to an institution with the stipulation that they be invested and an amount paid to an entity (generally, an individual) outside the institution for a period of years or for life.

At the end of the donor's and/or beneficiary's life, the remaining assets are transferred to the University.



Explanations of Funds (continued)

- **Contributions Receivable** – Funds used to record outstanding pledges.
- **Loan** – Funds used as revolving loan funds for students.



Required: Fund Code

FUND Hierarchy example:

- **Designated Fund**

Level 1 Fund Type → **10 Current Unrestricted**

Level 2 Fund Type → **12 Designated**

Level 1 Fund → **DESIGN Designated**

Level 2 Fund → **DESATH Athletics**

Level 3 Fund → **DESAOT Athletics Other**

Level 4 Fund → **6XXXXXX Athletics Data Entry Fund**



Required: **Organization Code**

The **Organization (ORGN)** Code:

- Classifies data by University Departments or budget units
- Structure is dynamic based on University's organizational structure
- Method of grouping data to enable reporting by organizational unit
- Method of grouping data to give end users the ability to summarize data
- University uses 7 levels of hierarchy
- 6 digit **ORGN** used for data entry is the same as the 6 digit index given to a financial manager associated with a University department for their use on all Current Unrestricted University Budgeted indexes



Required: **Organization Code**

Organization Structure *

- **Level 1** – President (University)
- **Level 2** – VP/Direct Reports to the President
- **Level 3** – Direct Reports to VP/Directors (Facilities, Internal Audit, etc.)
- **Level 4** –Department/Center/Special (Controller's Office, Budget Office, etc.)
- **Level 5** – Category (Revenue Associated, Unrestricted Budgets, 1X Special, Fund Balance)
- **Level 6** – Subcategory (if required)
- **Level 7** – Organization associated with index on university budgeted accounts or organization attached to indexes that carry a fund balance, organization used for data entry.

* Organization hierarchies can be found via the Controller's web page link:
Understanding Lehigh's Chart of Accounts

Required: Organization Code

Hierarchy example:

- **Controller's Office**

Level 1 → LU Institution-LU

Level 2 → 70 Finance & Administration

Level 3 → 730 Controller

Level 4 → 7310 Controller

Level 5 → 7310B Controller Dept Budget

Level 6 → 7310BX Controller Dept Budget

Level 7 → **ORGN Code# 2XXXXX Controller's Office**



Required: Program Code

The **Program (PROG)** Code:

- Classifies expenses by function
- Expenses are reported by program on the University's Statement of Activities and the IPEDS Finance Survey
- The functional classification pattern provides the greatest comparability of information across institutions
- The Controller's Office or Research Accounting will assign the program based on information provided by the financial manager when requesting a new index

LEHIGH UNIVERSITY

Statement of Activities

Year ended June 30, 2003

(With summarized financial information for the year ended June 30, 2002)

(In thousands)

	Unrestricted	Temporarily restricted	Permanently restricted	Total	2002
Revenues:					
Tuition and fees, net	\$ 100,572	—	—	100,572	95,129
Federal grants and contracts	25,432	—	—	25,432	21,054
State and local grants and contracts	15,525	—	—	15,525	14,005
Private gifts, grants, and contracts	17,535	—	—	17,535	17,582
Investment return (note 2)	48,089	—	—	48,089	45,030
Auxiliary enterprises	27,783	—	—	27,783	26,061
Economic development (note 7)	9,601	—	—	9,601	11,044
Other sources	8,313	—	—	8,313	8,354
Gifts and trusts released from restrictions	1,448	(1,448)	—	—	—
Total revenues	254,298	(1,448)	—	252,850	238,250
Expenses:					
Instruction	87,546	—	—	87,546	81,111
Research	38,360	—	—	38,360	34,241
Public service	1,837	—	—	1,837	1,996
Academic support	19,537	—	—	19,537	18,888
Student services	19,293	—	—	19,293	17,878
Institutional support	37,829	—	—	37,829	34,900
Auxiliary enterprises	24,935	—	—	24,935	22,788
Economic development (note 7)	7,697	—	—	7,697	9,421
Total expenses	237,034	—	—	237,034	221,223
Operating income	17,264	(1,448)	—	15,816	17,036
Nonoperating activity – increase (decrease):					
Investment return (note 2)	9,588	9,632	795	20,015	(79,349)
Gifts and trusts	2,105	(2,364)	21,562	21,303	12,807
Gifts and trusts released from restrictions and changes in donor intent	488	(1,166)	678	—	—
Economic development (note 7)	(366)	—	—	(366)	(2,254)
Other	(1,353)	796	(933)	(1,490)	(1,139)
Nonoperating income	10,462	6,898	22,102	39,462	(69,935)
Change in net assets	27,726	5,450	22,102	55,278	(52,899)
Net assets, beginning of year, as restated (note 13)	530,487	289,373	211,461	1,031,321	1,084,220
Net assets, end of year	\$ 558,213	294,823	233,563	1,086,599	1,031,321

See accompanying notes to financial statements.



Required: Program Code

- 3900 Instruction
- 4000 Research
- 4001 Research-LU-BF
- 4050 Public Service
- 4100 Academic Support
- 4200 Student Services
- 4300 Institutional Support
- 4400 Physical Plant-O&M
- 4500 Employee Benefits
- 5400 FA-Institutional Grants
- 5500 FA-External Grants
- 6400 Auxiliary Enterprises
- 8000 Affiliated Organizations
- 8900 Agency

Required: Program Code

- **3900 – Instruction:** includes expenses for all activities that are part of the University's instructional program, both credit and noncredit. This category includes expenses of academic departments and programs and Summer Sessions. It also includes expenses of department chairpersons, but excludes academic deans who are reported as academic support.
- **4000 – Research:** includes expenses for research activities, whether sponsored by agencies external to the University (generally referred to as grants and contracts), or separately budgeted for by an organizational unit within the University, such as centers and institutes.
- **4050 - Public Service:** includes expenses for activities established primarily to provide non-instructional services beneficial to groups external to the University. Included are certain conferences, institutes, and general advisory services, such as those offered by the Iacocca Institute, College of Education, and the Small Business Development Center.

Required: Program Code

- **4100 - Academic Support:** includes expenses incurred to provide support services for the University's primary missions: instruction, research, and public service. It includes expenses for libraries, museums and galleries, academic computing support, and academic administration including academic deans.
- **4200 – Student Services:** includes expenses incurred for student services administration, student activities and cultural events, athletics, counseling and career guidance, health services, financial aid administration, admissions, and student records.
- **4300 – Institutional Support:** includes expenses incurred for executive management, fiscal operations, treasury and investment functions, general administration, legal services, administrative computing support, human resources, purchasing, risk management, and community and alumni relations, including development and fund raising.

Required: Program Code

- **4400 – Physical Plant-O&M Expenses** and **4500 – Employee Benefit Expenses** are allocated to the other major programs on the University's Statement of Activities.
- **5400 - FA-Institutional Grants** and **5500 - FA-External Grants** includes financial aid applied directly to tuition and fees billed to students which is netted against tuition and fees on the University's Statement of Activities. This expense category also includes other forms of financial aid, such as fellowships, awards, and student employment awarded in the form of student aid that is allocated to the other major programs on the University's Statement of Activities.
- **6400 - Auxiliary Enterprises:** is for entities that exist predominantly to furnish goods and services to students, faculty and staff. Auxiliary Enterprises include expenses incurred by the child care center, conference services, debit card, telecommunications, residential operations, food services, Stabler Arena and the bookstore.



Required: Program Code

- **8000 - Affiliated Organizations:** includes the following Affiliated Organizations: Ben Franklin Technology Partners, Manufacturers Resource Center and Revolving Loan Fund.
- **8900 – Agency:** includes all the University's agency funds and do not appear on the University's Statement of Activities.



Required: **Account Code**

The **Account (ACCT)** Code:

- Classifies assets, liabilities, fund balances, revenues, expenses, transfers and non-operating activity
- Collects data by natural expense classification such as salaries & wages, benefits, supplies, etc.
- Not attached to an index like the fund, org, and program are
- Used in conjunction with Index when recording activity on either the General Ledger or the Operating Ledger
- Expenses are reported by account on the University's Form 990, Return of Organization Exempt from Income Tax
- Assets, liabilities, and net assets (summary totals of fund balances by net asset classification) are reported by account on the University's Statement of Financial Position and on the IPEDS Finance Survey
- Revenues and non-operating activity are reported by account on the University's Statement of Activities and on the IPEDS Finance Survey

LEHIGH UNIVERSITY

Statements of Financial Position

June 30, 2003 and 2002

(In thousands)

Assets	2003	2002 (Restated)
Cash and cash equivalents	\$ 71,734	68,194
Accounts receivable, net (note 3)	15,131	15,687
Inventories	1,140	1,050
Prepaid expenses and other assets	5,433	5,927
Contributions receivable, net (note 5)	41,318	37,841
Notes receivable, net (note 3)	11,918	11,029
Investments (note 2)	958,289	916,351
Funds held in trust by others	4,405	4,514
Land, buildings, and equipment, net (note 4)	227,367	214,844
Total assets	\$ 1,336,735	1,275,437
Liabilities		
Accounts payable and accrued expenses	\$ 27,795	26,821
Deferred revenues	25,118	23,326
Annuity payment liability	19,479	19,540
Other liabilities (notes 8 and 9)	23,167	17,177
Deposits held for others	2,761	2,823
Refundable federal student loan funds	3,326	3,364
Long-term debt (note 8)	148,490	151,065
Total liabilities	250,136	244,116
Net assets (notes 6 and 13):		
Unrestricted	558,213	530,487
Temporarily restricted	294,823	289,373
Permanently restricted	233,563	211,461
Total net assets	1,086,599	1,031,321
Total liabilities and net assets	\$ 1,336,735	1,275,437

See accompanying notes to financial statements.

LEHIGH UNIVERSITY
Statement of Activities
Year ended June 30, 2003
(With summarized financial information for the year ended June 30, 2002)
(In thousands)

	Unrestricted	Temporarily restricted	Permanently restricted	Total	2002
Revenues:					
Tuition and fees, net	\$ 100,572	—	—	100,572	95,129
Federal grants and contracts	25,432	—	—	25,432	21,054
State and local grants and contracts	15,525	—	—	15,525	14,005
Private gifts, grants, and contracts	17,535	—	—	17,535	17,582
Investment return (note 2)	48,089	—	—	48,089	45,030
Auxiliary enterprises	27,783	—	—	27,783	26,061
Economic development (note 7)	9,601	—	—	9,601	11,044
Other sources	8,313	—	—	8,313	8,354
Gifts and trusts released from restrictions	1,448	(1,448)	—	—	—
Total revenues	254,298	(1,448)	—	252,850	238,250
Expenses:					
Instruction	87,546	—	—	87,546	81,111
Research	38,360	—	—	38,360	34,241
Public service	1,837	—	—	1,837	1,996
Academic support	19,537	—	—	19,537	18,888
Student services	19,293	—	—	19,293	17,878
Institutional support	37,829	—	—	37,829	34,900
Auxiliary enterprises	24,935	—	—	24,935	22,788
Economic development (note 7)	7,697	—	—	7,697	9,421
Total expenses	237,034	—	—	237,034	221,223
Operating income	17,264	(1,448)	—	15,816	17,036
Nonoperating activity – increase (decrease):					
Investment return (note 2)	9,588	9,632	795	20,015	(79,349)
Gifts and trusts	2,105	(2,364)	21,562	21,303	12,807
Gifts and trusts released from restrictions and changes in donor intent	488	(1,166)	678	—	—
Economic development (note 7)	(366)	—	—	(366)	(2,254)
Other	(1,353)	796	(933)	(1,490)	(1,139)
Nonoperating income	10,462	6,898	22,102	39,462	(69,935)
Change in net assets	27,726	5,450	22,102	55,278	(52,899)
Net assets, beginning of year, as restated (note 13)	530,487	289,373	211,461	1,031,321	1,084,220
Net assets, end of year	\$ 558,213	294,823	233,563	1,086,599	1,031,321

See accompanying notes to financial statements.



Required: **Account Code**

- Generally, University departments only use revenue, expense and transfer accounts when requesting reallocations, payments to employees, payments to vendors, deposits of revenue, etc.
- Once the data entry is done to record these transactions, Banner automatically updates cash, fund balance, and accounts payable
- Departments that hold assets in inventory may use a general ledger inventory account
- Departments that operate summer session programs may use general ledger deferred revenue and expense accounts



Required: **Account Code**

- The University account structure consists of up to four levels of accounts which are linked to account types that identify the classification of the account.
- Accounts available for use by University departments can be found on Banner form (FTVACCT), **Account Code Validation Form**. Generally, departments should only use accounts associated with the operating, grant or encumbrance ledger. If there is a B in the data entry field of the FTVACCT account record, that account can only be used to record budget.
- Accounts used with the general ledger should not be used unless permission is received from the Controller's Office. **Cash, accounts payable, fund balance and control accounts should never be used.**



Required: Account Code Structure

Example levels which are linked to account types to identify the classification of the account

Account Type 1: → 10 – Assets

Account Type 2: → 11 – Cash and Cash Equivalents

Account 1: A1100 – Cash and Cash Equivalents

Account 2: 11101 – Petty Cash

•
•
•
•
•

20 – Liabilities



Required: **Account Codes** – General Ledger

11XXX Assets

22XXX Liabilities

3XXXX Beginning Fund Balances

(Banner displays Current Fund Balance at the bottom right hand corner of FGITBSR)

C0005 Budgeted Revenue Control

C0025 Revenue Control

C0045 Budgeted Expenditure Control

C0065 Expenditure Control

C0085 Budgeted Transfer Control

C0105 Transfer Control

C0165 Encumbrance Control



Required: **Account Codes** – Operating, Grant, Encumbrance Ledger

5XXXX Revenues

6XXXX Salaries, Wages, Employee Benefits

7XXXX General and Administrative Expenses

8XXXX Transfers

9XXXX For Controller's Office Use



Chart Elements

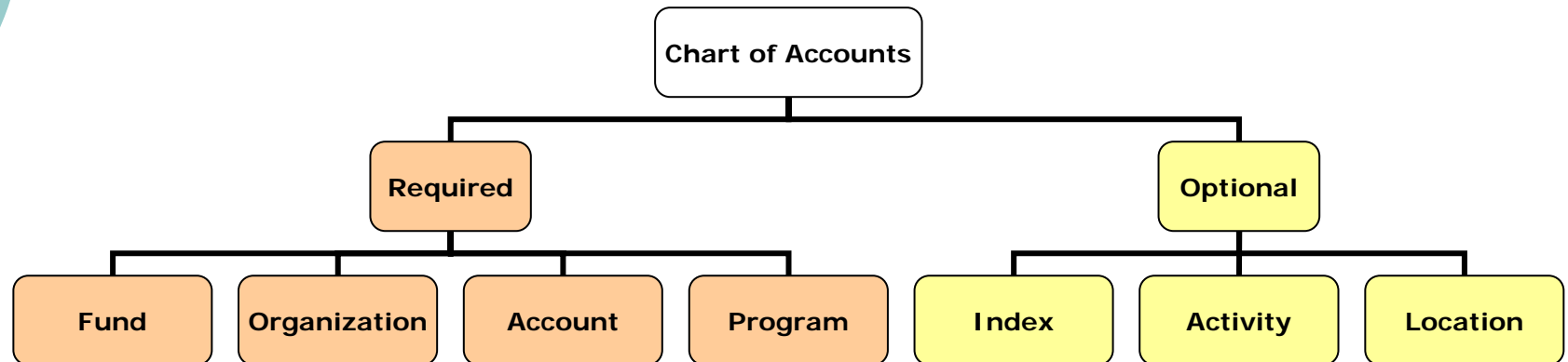
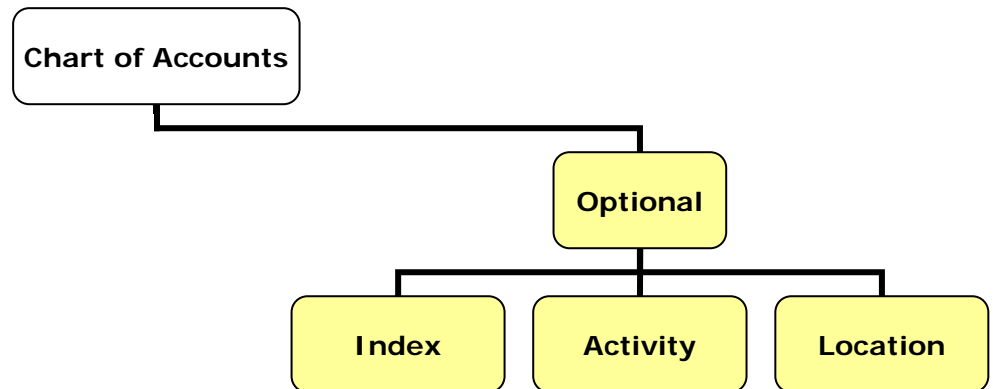




Chart Elements





Optional Element: **Index**

- The **index** number is given to a financial manager to keep track of revenues, expenses and transfers in the operating, grant and encumbrance ledgers of both University budgeted indexes and externally funded indexes and to keep track of fund balances for externally funded indexes
- Linked to a **fund**, **organization** and **program** which are required elements of the Chart of Accounts
- Used to ensure that the correct **fund**, **organization** and **program** are used in each accounting transaction
- Used for data entry
- For Current Unrestricted University Budgeted **indexes**, the **organization** number and **index** number are the same (1XXXXX, 2XXXXX) and individuals responsible for these indexes need to keep track of the operating and encumbrance ledgers using Banner form **FGIBDST**, Organization Budget Status Form



Optional Element: **Index** (continued)

- For externally funded indexes, the **fund** number and **index** number are the same.
 - Individuals responsible for sponsored program indexes (529999-599999) need only keep track of the grant and encumbrance ledgers using Banner form **FRIGITD**, Grant Inception to Date Form.
 - Individuals responsible for plant indexes (7XXXXX) need to keep track of the grant, encumbrance and general ledgers using Banner forms **FRIGITD** and **FGITBSR**, Trial Balance Summary Form.
 - Individuals responsible for other externally funded indexes must keep track of the general, operating, and encumbrance ledgers using Banner forms **FGITBSR** and **FGIBDST**. Note that **FGITBSR** will ask that you enter a fund which will be the same number as the index.
- A positive fund balance and a positive budget available balance must be maintained.
- The anticipated source and use of the funds determines what type of index will be created.



Index – Ranges

Current University Unrestricted Budget– **1XXXXXX, 2XXXXXX**

Auxiliary Enterprises – **3XXXXXX**

Financial Aid

Endowment Spending – **45XXXXX**

All Other – **4XXXXXX**

Gifts, Grants, Contracts –Other

Endowment Spending – **45XXXXX**

All Other – **4XXXXXX**

Liaison/Special Projects – **520000 to 528999**

Sponsored Programs – **529000 to 589999**

Lehigh Ben Franklin – **59XXXXX**

Designated Funds – **6XXXXXX**

Affiliated Organizations – **8XXXXXX**

Ben Franklin

Manufacturers Resource Center

Revolving Loan Fund

Agency – **9XXXXXX**



Index – Ranges (continued)

Loan – **049XXX**

- University Loan Program
- Permanent Loan Funds
- Perkins Student Loans

Endowment – **05XXXX**

- Term Endowments
- Accum Gains on Perm Endowments
- Permanent Endowments

Annuity and Life Income – **06XXXX**

- Annuity Funds
- Life Income Funds
- Annuity and Life Income Funds

Plant Funds – **7XXXXX and 07XXXX**

- Unexpended Plant
- Renewals and Replacements
- Retirement of Indebtedness
- Investments in Plant



Ledger Structure

- The **general ledger** of each fund displays beginning and current balance sheet accounts; assets, liabilities and fund balances. It also displays summary revenue, expenditure, transfer, encumbrance and budget totals for the current fiscal year.
- The **operating ledger** keeps track of accumulations from July 1 to June 30, the University's fiscal year. By starting an index at \$0 on July 1, the University is able to keep track of how much is received or spent during a fiscal period.
- The **grant ledger** keeps track of accumulations from a beginning date until an ending date. Project indexes also begin at \$0, however, these indexes accumulate to the end of the project period so the total project amounts can be identified.
- The **encumbrance ledger** keeps track of funds set aside for future commitments such as paying employee salaries or paying vendors for the purchase of goods or services.



Why is Chart of Accounts Structure Important?

Without COA structure, we cannot accurately track financial information and meet reporting obligations.

For example:

External:

- Audited Financial Statements
- IRS Form 990/990-T
- IPEDS
- OMB Circular A-133 Audit Report
- FISAP
- Multitude of other federal, state and local reporting obligations

Internal:

- Internal Financial Report (Treasurer's Report)
- Many other internal management reports



Consequences of Inadequate Reporting

- o Managers unable to fulfill stewardship responsibilities, make informed decisions
 - Business Managers
 - Senior Management
 - Board of Trustees
- o "Post-Enron" additional audit scrutiny, fear of undisclosed liabilities
- o Negative impact on University's access to Bond Financing
- o Lose ability to receive grants from federal, state, local funding agencies
- o Financial fines and penalties for improper reporting (from IRS and others)
- o Potential loss of donor support
- o Adverse effect on student recruitment
- o Limit ability to establish certain vendor relationships



Questions ?