

Lane Community College Fundamentals of Accounting

Terminology:

FOAP: A combination of four, pre-established six-digit elements that identify:

1. F = FUND
 2. O = Organization
 3. A = Account
 4. P = Program
- A FOAP is built like this: FFFFFFFF-OOOOOO-AAAAAA-PPPPPP

 - FUND: “A division within a budget that establishes independent fiscal and accounting requirements. A fund accounts for a revenue source whose use is limited to a particular kind of expenditure.” (Budget Department)
 - i. There are nine funds in the 2004 – 2005 Accounting Operations. Each has an express purpose, found at:
<http://www.lanecc.edu/budget/0304/FundDefs.htm>

 - ORGANIZATION: Division, Department or Activity Unit as listed in Native Banner FTIORGH. An organization is usually a physical area or discipline sub-group of the same. For example the P.E. department has many organizations for accounting purposes, such as volleyball or basketball.

 - ACCOUNT: Classification that describes the type (asset, liability, revenue or expenditure) and nature (Building, Wages Payable, Tuition, or Office Supplies) of the item being reported.

 - PROGRAM: Broad classification that describes the relationship of an organization to the College, example: Instruction or Student Services.

FINDING YOUR FOAPS:

Determine your top level Orgs

- Option 1: If you do not know your Fund(s), Org(s) or Program(s), download the FOAP hierarchy reports. These are available from the Internal Controls website, as Adobe .pdf documents <http://www.lanecc.edu/ic> If you prefer to retrieve up to the minute reports from Native Banner, this process can be found in ExpressLane, under the Financial Information menu. Click on Finance User Documents and select Hierarchy Report Download Process. Many prefer to store these reports in a word processing program. This facilitates searching for the org number by name by utilizing the program’s “find” feature. Identify the parent org, or roll-up under which all your activities reside. This will probably end with three to four zeros.

- Option 2: You can also determine the top level of any org number in Native Banner. In FTIORGH, enter any org number that belongs to your department.

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Check for the Department or Division roll up org that is returned, that corresponds to the activity unit or department org that you entered.

- **Option 3:** In ExpressLane Budget Query, select Budget by Organizational Hierarchy. Click Create Query and then Continue. Click on the Organization button to enter into a look-up field. Enter a wildcard % and then a few letters one word within possible names for the organizations that



you seek. (Note: This can be done with any of the elements by clicking on that button.) For example, if you want to find laundry, enter %aundr% because the search results will not come back right if you get your capitalization different than Banner. Then you get a list to choose from, or click on the underlined number to return to the report parameters with that number. Notice that it doesn't matter if it is the first word or a word that is contained within the whole for the results to come back.

<i>Code lookup results</i>	
Title	Organization
Laundry Washer Replace	<u>226020</u>
SES Laundry	<u>285400</u>
Laundry	<u>295000</u>
Laundry Administration	<u>295001</u>
Laundry Services	<u>295005</u>

Download to complete the picture

In the Revenue and Expense Summary Report, select download by org hierarchy. Enter a parameter only in the org field, and truncate the org determined above to leave off all zeros, and enter a wild card (%) for the balance, ex 123%. Download the data. This will give you a list of all funds and programs that either have budget or have had transactions posted to it already. Combining those results with a download of the previous fiscal year as will give a fairly complete picture.

FINANCIAL REPORTING

For specific information on how to select parameters or run any ExpressLane or Native Banner reports, please visit the Financial User Documents collection behind the Financial Information main menu in ExpressLane.

PROFIT AND LOSS STATEMENT: A list of Revenues and Expenditures with a balance at the bottom. If total revenue minus total expenditures is a positive number, then you have a profit. If it is negative then you have a loss.

BUDGET: A list of spending authority by FOAP. Budget amounts will be input into the same FOAPs as the previous year, unless specified otherwise. With some exceptions such as ICP, a department has received the authority to spend up to the amount listed in the budget for the specified type of expenditure. Budgeted Revenue is the amount of revenue that the College anticipates that you will earn during the fiscal year. It is not spending authority.

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FISCAL YEAR: Lane, like all government agencies, operates on a fiscal year from July 1 through June 30. This means that when you are looking at financial information, July will be period one, August period two and so forth. Fiscal years may be referred to by both the beginning and ending calendar year, example 04-05. However, in Lane's financial systems, inputting the ending year reference will retrieve data for the entire fiscal year.

- Note: when seeking financial information from Banner or ExpressLane, the period number that you input will determine the date that you receive information through. For example, if you enter period 4, you will retrieve data between July 1st and October 31st of the specified year.

GENERAL LEDGER: Comparable to a Balance Sheet in the private sector, the G/L is a list of accounts and balances that carry forward from year to year. These consist mainly of assets and liabilities, and are designated by a Fund and Account number only. These accounts are owned or managed by the Director of Finance. If you would like to retrieve data on G/L account(s), try the FGRGLTA. There is a process document on ExpressLane with complete instructions.

OPERATING LEDGER: Comparable to a Profit and Loss Statement (P & L) a.k.a. Income Statement in the private sector, the O/L is a list of accounts and balances that close out at the end of each fiscal year and begin again at zero. These consist mainly of revenues, expenditures and transfers. This information can be retrieved by accessing the Revenue and Expense Summary Report in ExpressLane for any or all Organizations and/or Funds. (See the section on Budgeting & Spending before attempting to use this report based on a Grant's Fund number.) The FGRODTA is the Native Banner version.

- Expenditure Types:
 - Personal (Personnel) services are payroll and their associated accounts. They have an account type of 50 and account numbers that begin with the number 5.
 - M & S: Materials and Services are operating expenses, have an account type of 60 and account numbers that begin with the number 6.

MODULE: Component of computerized accounting such as Accounts Receivable or Accounts Payable. One example of entering an accounting transaction directly into a module is posting a Purchase Order. The user will specify the expense account(s), for example Office Supplies, and the module will supply the other side of the transaction, in this case Accounts Payable.

DOUBLE ENTRY BOOKKEEPING: Self-balancing system of entering accounting transactions that sum to zero. Entries in a module presume one side of the transaction. What appears to be a one-sided entry is the balancing entry on the other side(s) such as the accounts for the Purchase Order above. Total debits equal total credits.

NORMAL BALANCE: Accounts all have a normal balance that is a debit or credit. For example, revenues have a normal credit balance, so when there is revenue in an account,

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the number will be a credit. Expenditures have a normal debit balance. To change an account balance requires a debit or credit. If the normal balance is a debit (expenses or assets) then the balance of the account is increased by debiting. If the normal balance is a credit (liabilities or revenue) then the balance is increased by crediting.

DEBIT: Traditionally on the left in a two column display, and **CREDITS** will be on the right. In most standard accounting presentations, debits will show as a positive number and credits as negative. There are numerous exceptions to this general rule. For example: In ExpressLane, most of the time all numbers present as positive numbers. The same is true in Native Banner, however many times they will be in separate, labeled columns. Other times, there will be an indicator instead: “D” for debits and “C” for Credits.

JOURNAL ENTRY: Posted from a JV, or Journal Voucher, a Journal Entry is a direct entry into the Operating and/or General Ledger, rather than an entry that starts in a module such as Purchasing. These can originate in a department or in Finance, but typically go through an approval queue before being posted. Journal entries are usually written with a standard protocol of debits before credits. If two columns are used for amounts, then debits will be on the left, and credits on the right. Total debits **MUST** equal total credits.

BUDGETING & SPENDING

There are many ways to track your budget and spending. These are usually in the form of a download from ExpressLane or Native Banner into Excel. The most frequently used have process documents located in ExpressLane:

ExpressLane:

- Budget Query: to drill down to detail level on a specific account.
 - GRANTS: Budget Status by Account: If Grant information is queried, all retrieved data is Grant Inception to Date. Otherwise, all information retrieved is through the Fiscal Year to Date. For a Budget Query to be successful, a user with Fund/Organization Query access must enter a value in either the Organization or Grant fields as well as the Fiscal Period, Year and Chart of Accounts fields.
- Revenue and Expense Summary Report: to see everything at once (macros to format in Excel available for download in Financial User Documents)
- Budget Availability: Use this for NSF checking.

Native Banner:

- FGIBDSR: Budget Summary Report
- FGRODTA: Organizational Detail Report
- FRIGITD: Grants Accounting
- FGRGLTA: General Ledger Transaction Detail
- FGRFAAC: General or Operating Ledger Balance Summary

POSTING TRANSACTIONS

CAPITAL OUTLAY: Purchases with a useful life greater than one year, and with a cost per unit that exceeds \$10,000 are posted to the capital outlay account.

- Example: You have purchase order for 50 chairs that you expect to last ten years. The total of the P.O. is \$20,000. This would be correctly posted to an M & S expense account rather than Capital Outlay, because each unit is priced less than \$10,000.
- Example: You have a purchase order for one giant shredder or an oven for your culinary facility. These large dollar items, each by themselves over \$10,000 with a useful life of over one year are appropriately classified as capital outlay items, and posted to those accounts.