

## 3.0 ACCOUNTING POLICIES AND PROCEDURES

### 3.1 FINANCIAL REPORTING

The Board of Trustees of State Institutions of Higher Learning (IHL) policies require all universities to report, at the end of each fiscal year, operations of the university beginning July 1st and ending June 30<sup>th</sup>. The report is due mid-August.

### 3.2 ACCRUAL BASIS OF ACCOUNTING

Currently, the University uses the accrual basis of accounting, which means that all revenues are recorded when earned and all expenses are recorded when there is an obligation to pay.

### 3.3 INVESTMENTS

The University accounts for its investments at fair value in accordance with GASB Statement No. 31. Investments for which there are no quoted market prices are not material.

### 3.4 INVENTORIES

Inventories consist of agricultural produce and crops and warehouse supplies. These inventories are generally valued at the lower of cost or market, on either the first-in, first-out (FIFO) basis or the average cost basis.

### 3.5 CAPITAL ASSETS

Capital assets are recorded at cost, at the date of acquisition, or if donated, at fair market value at the date of donation. The following policies are used to compute depreciation at fiscal year-end for capital assets:

<u>Asset</u>	<u>Useful Life</u>	<u>Capitalization Threshold</u>
Building	40 years	\$50,000
Land Improvements	20 years	\$25,000
Equipment	3-15 years	\$ 5,000
Library Books	10 years	\$0

### 3.6 AUXILIARIES

Auxiliaries typically exist to furnish goods or services to students, faculty or staff. This department charges a fee directly related to, although not necessarily equal to, the cost of the rendered goods or services. Auxiliaries' activities are considered to be self-supporting, which means that revenue earned is used to support the expenditures associated with Auxiliaries' activities. Some examples include residence halls, food services and intercollegiate athletic programs (only if they are essentially self-supporting). The general public may be serviced incidentally by Auxiliaries' activities.

### **3.7 BANK RECONCILIATIONS**

The Accounting Office maintains monthly bank reconciliations for the University's banking partners. All adjustments are posted by journal voucher. The bank reconciliation is reviewed by the 15<sup>th</sup> of the following month.

### **3.8 RETURN CHECK POLICY**

There is a \$50.00 return check fee for all NSF checks. The student/employee account is charged the amount of the check along with the fee. The student/employee is then notified by letter of the NSF. Payment is due upon receipt of the letter.

### **3.9 TRAVEL ADVANCE CLEARING**

A travel advance is granted to an employee, traveling with students, who attends a university related business trip. Once the check is printed, it is sent to the Accounting Office. The employee acquires the advance check from the Accounting Office after signing and dating a copy of the duplicate check.

Upon returning to the University, the employee must return any unused funds to the Business Office. The Accounting Office provides the employee with a form to be completed which depicts his or her ID number, encumbrance number for the trip and the amount he or she is returning. Afterwards, the employee submits the form along with the unused funds to the cashier's window to be receipted to the travel advance account.

The employee must return all receipts pertaining to the trip to the Accounting Office no later than 30 days upon return from the trip. Once the employee submits his or her original receipts to the Accounting Office, the expenses are posted to the appropriate fund for the advance to be cleared from the employee's record. If any funds pertaining to the advance are not returned to the Business Office within thirty days, the balance due will be deducted from the employee's payroll check.

### **3.10 OUTSIDE PAYMENTS (SALLIE MAE, AMERICORPS, WIA)**

The University records all outside payments received via Automated Clearing House (ACH) on the bank statement by journal voucher. Afterwards, an authorization is submitted to Accounts Payable by the Accounting Office for the student(s) identified. A check is processed to Alcorn State University indicating for whom the payment is applicable. The cashier receives the payment information along with the supporting documentation for receipting of the check. The check is then deposited into the bank.

### **3.11 TUITION/ROOM AND BOARD RATES**

Tuition/Room and Board rates are submitted annually to the Board of Trustees of State Institutions of Higher Learning (IHL) governing board for approval in April. Once they are

approved, the rates for the school year are applied to the Banner System for the fall, spring and summer terms. The rates are posted to the Alcorn website under the Registration tab.

### **3.12 NURSERY CHARGES**

The University requires that all employees be set up on payroll deduction for those who utilize the Child Development Center. A report is generated at the end of each month to identify those employees whose nursery charge is payroll deducted.

### **3.13 RENT CHARGES**

The University requires that all employees be set up on payroll deduction for University housing. A report is generated at the end of each month to identify those employees whose housing charge is payroll deducted.

### **3.14 INTERDEPARTMENTAL CHARGES**

Interdepartmental charges are expenses charged to one department and expensed to other departments. For example, the University Post Office charges each department for mailings from week to week. The expense is recorded to the postal service. At week's end, the Post Office provides the Accounting Office with a report detailing the department charge. The Accounting Office submits a journal voucher that posts the expense to the department and credits the Post Office for their expenses. Other monthly interdepartmental services include: printing and duplicating, facilities management and transportation. The charges are generally posted on the 15<sup>th</sup> of the following month.