



Business Process - Accounting for Capital and Maintenance Projects

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Business Process Description

This Business Process describes the accounting requirements for capital and maintenance projects. Properly accounting for such projects is a shared responsibility of the System Office and the Campuses. The purpose of this document is to:

1. Identify responsibilities belonging to the campuses.
2. Identify responsibilities belonging to the System Office.
3. Describe the numerous procedures required to properly account for capital and maintenance projects.

Individual capital and maintenance projects are frequently funded from several sources including State of Maine bonds, University Revenue Bonds, and internal loans. Such sources of funding require specialized procedures, which are not discussed in this document. The reader should refer to the following process documents for projects funded from such sources:

- “Accounting for University Revenue Bonds”
- “Accounting for State Capital Bond Proceeds”
- “Accounting for Internal Loans”

Key Assumptions

The reader is familiar with:

- PeopleSoft GL Chartfields and their use.
- Administrative Practice Letter (APL) No. 52, “Accounting for Capital Assets.”
- Construction Management: Capital Project Procedures.

The reader is familiar with the following Business Process Documents:

- “Journal Entry (Online) – Enter” and/or “Journal Entry (Excel) – Enter/Copy”
- “Budget Adjustments & Transfers”
- “Requesting a Project – Completing the Project Create Form”

Conversion

With rare exception, each ledger 7 account in FAST was mapped to a capital or maintenance project in PeopleSoft General Ledger. This document is designed to describe how new capital and maintenance projects should be accounted for in PeopleSoft General Ledger. The process in this document differs somewhat from what was used with the old FAST system due to limitations of that system. Consequently, just after conversion, chart field combinations used for existing projects may not look exactly as illustrated in this document. Steps will be taken by the System Accounting Department (SAD), working with campus personnel, to make the needed adjustments to account for the existing projects in accordance with this document.

Capital and Maintenance Projects in PeopleSoft General Ledger

General Procedures

Once the campus has obtained approval for a project, several steps must occur to properly account for the project in PeopleSoft GL:

<u>Steps:</u>	<u>System Accounting</u>	<u>Campus</u>
1. Request creation of project code.		X
2. Create project code in PeopleSoft GL.	X	
3. Identify the funding sources for the project.		X
4. Record project budget.		X
5. Record project funding.		X
6. Accumulate expenses.		X
7. Monitor the project budget.		X
8. Request that completed project be closed.		X

>> Steps #1&2: Request Creation of Project Code and Create the Project in PeopleSoft GL

Please see the process document “Requesting a Project – Completing the Project Create Form” for directions on requesting a new project. That document addresses the following matters:

- Do I have a project?
- What type of project do I have?
- Needed information that is common to all types of projects.

This process document addresses the **ADDITIONAL REQUIRED** information that is unique to capital or maintenance projects:

**Facility ID
In Service Date** **Depreciation status
Project Tree Level**

Facility ID: This was known in FAST as the Asset Number. It is required for all projects other than equipment projects. Capital projects should generally only encompass one facility; therefore, there should only be one Facility ID. A maintenance project that is not to be funded with restricted sources may encompass more than one facility; therefore, each Facility ID should be included on the form. The System Facility Office maintains the list of Facility ID’s for all campuses. Any questions related to the Facility ID should be directed to that office.

Depreciation

Status: This is required only for a Capital project. This information is used by the SAD to determine when to begin depreciating the project. Valid depreciation statuses are as follows:

“P” In Progress – The project has begun and activity is ongoing. No part of the project/building is yet occupied.

- “H” On Hold – The project has not begun and it is not known when/if it shall be undertaken.
- “I” In Service – The project/building is **occupied** (in part or in whole). Some invoices may still be outstanding and/or a small amount of work is not yet complete.
- “C” Capitalized – There are no outstanding invoices or changes to the project and it is 100% complete and the project can be closed.

Please note that the status for all new project requests will be “P”. Periodically, the SAD will ask the campuses to review and update the Depreciation Status for each capital project.

In-Service

Date: This is the date, (month, day, and year) the facility or asset is expected to be placed in service (see the above definition of depreciation status “I”). The last day of the applicable month must be used.

Periodically, the SAD will ask the campuses to review and update the “In-Service” date. After the Depreciation Status is set to “I” the “In-Service” date is considered final and should not be changed, unless approved by the SAD.

Project Tree

Level: For various purposes, the System must track information regarding the type (e.g., E&G property purchase, Auxiliary alterations/renovations, etc.) of construction or maintenance project involved. In our old accounting system, this information was stored in an attribute field associated with each ledger 7 account. In PeopleSoft GL, however, the information is stored in a tree (UMS_PROJECT) containing all of the values for the ‘project’ chartfield. This tree is structured with levels that represent various categories of information that need to be tracked for the projects.

In completing the project create form, you need to provide the name of the lowest tree level that will accurately provide all pertinent information about the construction/maintenance project. If an appropriate level does not exist, please notify the System Accounting Department so that the level can be created.

An excerpt from the UMS_PROJECT tree is found on the next page. **The complete tree can be located at <http://www.maine.edu/oft/pstrees.htm>.**

Node Name	<div style="display: flex; justify-content: space-between;"> Category Maj Source Min source LOC Group Proj Grp Proj Sub Grp Project Type </div>									Description	
Level	1	2	3	4	5	6	7	8	9		
	ALL_PROJECTS										All Projects
	A, B, C PROJECT_VALUES										All Non-Blank Values
	A, B, C CONST_PROJ										Construction Projects
						A	CAPITAL_CONST				Capital Construction
							A	CAP_CONST_EG			Capital Construction E&G
								A	PROP_ACQ_EG		Property Purchases - E&G
									BLDG_ADD_EG		New Buildings & Additions E&G
									ALTER_EG		Alterations & Renovations E&G
									IMPROV_EG		Non-Bldg Improvements E&G
									LH_IMPROV_EG		Leasehold Improvements E&G
									EQUIP_EG		Equipment E&G
									CAP_CONST_AUX		Capital Construction Auxiliary
									PROP_ACQ_AUX		Property Purchases - Aux
									BLDG_ADD_AUX		New Buildings & Additions Aux
									ALTER_AUX		Alterations & Renovations Aux
									IMPROV_AUX		Non-Building Improvements Aux
									LH_IMPROV_AUX		Leasehold Improvements Aux
									EQUIP_AUX		Equipment Axiliary
						B	NON_CAP_CONST				Non-Capital Construction
									NON_CAP_EG		Non-Capital Construction E&G
									FIRE_LOSS_EG		Fire Losses - E&G
									DEMO_EG		Demolition Projects E&G
									NON_CAP_OTH_EG		Non-Capital Other E&G
									MNT_EG		Maintenance E&G
									FEAS_EG		Feasibility Studies - E&G
									NON_CAP_AUX		Non-Capital Projects Auxiliary
									FIRE_LOSS_AUX		Fire Losses - Aux
									DEMO_AUX		Demolition Projects Auxiliary
									FEAS_AUX		Feasibility Studies Auxiliary
									NON_CAP_OTH_AUX		Non-Capital Other Aux
									MNT_AUX		Maint - Auxiliary
						C	REV_BONDS				Revenue Bonds
			MISC_PROJ								Miscellaneous Campus Projects
			DEL								To be Deleted
			UM_CFRU								UM Coop Forestry Research Unit
			STATE_R&D_APPROP								State R&D Appropriation
			STATE_JEG								2003 State JEG Bonds
			SFA_GRANTS								Grants - Financial Aid
			GRANTS_CONTRACTS								Grants & Contracts
			MAFES								ME Agric&Forestry Exp Station
			UM_CE								UM Cooperative Extension
		NO_PROJECT_VALUE									Blank Project Value

Please note that level 1 in the above tree represents the highest level of the tree. As you work your way to the right, you are moving to a lower level on the tree. An explanation of the levels is provided below:

Level 1	This is a PeopleSoft required level and is of no concern in completing the project create form.
Level 2	This is a PeopleSoft required level and is of no concern in completing the project create form.
Level 3 – Category	This level divides the project chartfield values into various types of projects (e.g., construction and maintenance, student financial aid grants, other grants and contracts, etc.).
Level 4 – Major Source	Does not apply to construction and maintenance projects.
Level 5 – Minor Source	Does not apply to construction and maintenance projects.
Level 6 – LOC Group	Does not apply to construction and maintenance projects.
Level 7 – Proj Grp	A high level categorization of projects between capital construction, noncapital construction, and bond administration.
Level 8 – Proj Sub Grp	A subset of Level 7 that separates E&G projects from Auxiliary projects.
Level 9 – Project Type	Provides the most detailed categorization of construction and maintenance projects. This is the level that should be reported on the project create form as the ‘Project Tree Level.’


Illustration 1: Campus A has received approval to purchase property adjacent to the campus. The property will eventually be used for general parking. To complete the project create form, Campus A would enter ‘PROP_ACQ_EG’ as the project tree level. Follow the  from Level 2 to Level 9 to see how the Campus arrived at this answer.



Illustration 2: Campus A has received approval to conduct a feasibility study related to one of the dining halls. To complete the project create form, Campus A would enter ‘FEAS_AUX’ as the project tree level. Follow the  from Level 2 to Level 9 to see how the Campus arrived at this answer.

Illustration 3: Campus A receives proceeds from a new University Revenue Bond issuance. The SAD requests the creation of a new control project to record issuance of the bonds. To complete the project create form, the SAD would enter ‘REV_BONDS’ as the project tree level. Follow the  from Level 2 to Level 7 to see how the SAD arrived at this answer.

When the Project Create Form is complete it should be sent to the System Office’s Director of Facilities for review and approval. The form will then be forwarded to the SAD for final approval and set up in PeopleSoft GL.

>> Step 3: Identify Funding Sources

A single project may be funded from several sources, many of which may be restricted. In this situation, a single project number would be used in combination with several program codes representing the various funding sources. Please note that in some cases the program chartfield would be blank (i.e., if the funding source is E&G or Auxiliary).

The combination of project and program code must be used in combination with one of two fund codes depending on whether the source is restricted or not: Fund 18 – Unrestricted Plant or Fund 28 – Restricted Plant. Below is a summary of the program and fund code requirements for various funding sources:

<u>Funding Source</u>	<u>Program Code Required?</u>	<u>Applicable Fund Code</u>
E&G transfers	No	18
Auxiliary transfers	No	18
Reserve transfers	No	18
Internal loans	Yes	18
State capital bonds	Yes	28
University revenue bonds	Yes	28
Gifts	Yes	28
Grants	Yes	28

>> Step 4: Record Project Budget

A balanced budget (i.e., budgeted sources/revenues must equal budgeted expenses) must be recorded for each funding source for a project. This approach is different from our old accounting system in which we only recorded a budget for project expenses. The budget in PeopleSoft GL represents the total amount approved to be spent on a project. It does not represent the amount that has been funded. The actual funding of a project is recorded in PeopleSoft GL as an actual revenue or source.

Generally, the account code used to record the budgeted and actual sources/revenues for a project will be a 'transfer' from another fund. The first digit of the account code is always 8. The second and third digits represent the fund from which the funding is being received. The more commonly used account codes for transfers in to the project are as follows

80000	Transfers from E&G
80300	Transfers from Auxiliary
81000	Transfers from Designated
81800	Transfers from Plant Unrestricted
82000	Transfers from Restricted
82800	Transfers from Restricted Plant

Please refer to Appendix A for a listing of the more common expense accounts to be used with capital and maintenance projects.

Illustration 1: In July 2004 the University of Maine receives approval to build a flammables storage building for \$95,000. Project number 5100112 has already been requested and created in PeopleSoft GL. The funding is from one source, Unrestricted E&G. Unless needed for special tracking purposes a program code will not be required for E&G funding. The journal entry to record the project budget in the 'BUDGET' ledger would be as follows:

<u>LEDGER</u>	<u>BU</u>	<u>DEPT</u>	<u>FUND</u>	<u>PROGRAM</u>	<u>PROJECT</u>	<u>ACCOUNT</u>	<u>CLASS</u>	<u>AMOUNT</u>	<u>Jnl Line Description</u>
BUDGET	UMS05	5750970	18		5100112	80000		(\$95,000.00)	E&G budget
BUDGET	UMS05	5750970	18		5100112	67000		\$357.00	E&G budget
BUDGET	UMS05	5750970	18		5100112	67004		\$1,786.00	E&G budget
BUDGET	UMS05	5750970	18		5100112	67100	01	\$15,000.00	E&G budget
BUDGET	UMS05	5750970	18		5100112	67200	03	\$2,857.00	E&G budget
BUDGET	UMS05	5750970	18		5100112	67401		<u>\$75,000.00</u>	E&G budget
								Net Budget	<u>\$0</u>

Below is a representation of the GL Inquiry display for this project after the E&G budget has been recorded:

Fiscal Year: 2004		Accounting Period: 1 - July							
Business Unit: UMS05		University of Maine							
Department: 5750970		Fac Admin Capital Projects							
Fund Code: 18		Unrestricted Plant							
Program:									
Project: 5100112		Flammables Storage Building							
Operating Unit:									
Revenues/Expenses									
Account	Description	Class	Base Budget	Current Budget	Current Month	Year-to-Date	Project-to-Date	Encumb	Balance Available
80000	Transfers from E&G			-95,000.00	0.00	0.00	0.00	0.00	-95,000.00
	Total Revenues and Transfers			-95,000.00	0.00	0.00	0.00	0.00	-95,000.00
67000	University Administration			357.00	0.00	0.00	0.00	0.00	357.00
67004	Project Contingency			1,786.00	0.00	0.00	0.00	0.00	1,786.00
67100	Main Construction Contract	01		15,000.00	0.00	0.00	0.00	0.00	15,000.00
67200	Non-Building Improvements	03		2,857.00	0.00	0.00	0.00	0.00	2,857.00
67401	Equip \$5000 & Over			75,000.00	0.00	0.00	0.00	0.00	75,000.00
	Total Expenses & Transfers		0.00	95,000.00	0.00	0.00	0.00	0.00	95,000.00
	Net		0.00	0.00	0.00	0.00	0.00	0.00	0.00

Illustration 2: Gannett Sprinkler Project is to be funded from several sources as follows:

2002 University Revenue Bonds	\$127,829.00
State Sprinkler Bonds	250,763.00
Auxiliary	405,277.00
Total	\$783,869.00

Separate program codes exist for each of the above funding sources. One project number, 5100099, has been assigned to the Gannett Sprinkler Project and will be used in combination with each program to track the costs of the project. As previously mentioned, balanced budgets must be recorded for each combination of project and program:

- The entry to record the budget related to the \$405,277.00 from Auxiliary would be similar to the one in Illustration 1.
- Please see the business process document titled "Accounting for University Revenue Bonds" for a discussion of how to record the budget for the \$127,829.00 coming from the 2002 University Revenue Bonds.
- Please see the business process document titled "Accounting for State Capital Bond Proceeds" for a discussion of how to record the budget for the \$250,763 coming from the State Sprinkler Bonds.

The entries to record the project budget for each of these programs would look similar to the following:

LEDGER	BU	DEPT	FUND	PROGRAM	PROJECT	ACCOUNT	CLASS	AMOUNT	Jnl Line Description
BUDGET	UMS05	5750970	28	59203	5100099	67100		\$127,829.00	Budget – Univ Rev Bonds
BUDGET	UMS05	5750970	28	59203	5100099	82800		(\$127,829.00)	Budget – Univ Rev Bonds
				Total	Program			\$0	
BUDGET	UMS05	5750970	28	59106	5100099	67100		\$250,763.00	Budget – State bonds
BUDGET	UMS05	5750970	28	59106	5100099	43102		(\$250,763.00)	Budget – State bonds
				Total	Program			\$0	

BUDGET	UMS05	5750970	18	5100099	67100	01	\$405,277	Budget - Auxiliary
BUDGET	UMS05	5750970	18	5100099	80300		<u>(\$405,277)</u>	Budget - Auxiliary
Total Program							<u>\$0</u>	

>> Step 5: Record Project Funding

Before incurring project expenses, the Campus should fund the project in whole or in part. If a project is initially funded only in part, the remaining funding should be recorded before the project goes into a deficit situation. The entry to record the funding is recorded in the 'ACTUALS' ledger in PeopleSoft GL. As previously mentioned, generally, the account code used to record the budgeted and actual sources/revenues for a project will be a 'transfer' from another fund.

Illustration 1: The University of Maine has already recorded the budget for its new flammables storage building. Prior to incurring any project costs, the Campus records the following entry to fund the project as planned from an E&G transfer:

<u>LEDGER</u>	<u>BU</u>	<u>DEPT</u>	<u>FUND</u>	<u>PROGRAM</u>	<u>PROJECT</u>	<u>ACCOUNT</u>	<u>CLASS</u>	<u>AMOUNT</u>	<u>Jnl Line Description</u>
ACTUALS	UMS05	5000108	00			71800		\$95,000.00	Fund project
ACTUALS	UMS05	5750970	18		5100112	80000		(\$95,000.00)	Fund project

Below is a representation of the GL Inquiry display for this project after the E&G funding has been recorded:

Fiscal Year: 2004		Accounting Period:		1 - July					
Business Unit: UMS05		University of Maine							
Department: 5750970		Fac Admin Capital Projects							
Fund Code: 18		Unrestricted Plant							
Program:									
Project: 5100112		Flammables Storage Building							
Operating Unit:									
Revenues/Expenses									
Account	Description	Class	Base Budget	Current Budget	Current Month	Year-to-Date	Project-to-Date	Encumb	Balance Available
80000	Transfers from E&G			-95,000.00	-95,000.00	-95,000.00	-95,000.00	0.00	0.00
	Total Revenues and Transfers			-95,000.00	-95,000.00	-95,000.00	-95,000.00	0.00	0.00
67000	University Administration			357.00	0.00	0.00	0.00	0.00	357.00
67004	Project Contingency			1,786.00	0.00	0.00	0.00	0.00	1,786.00
67100	Main Construction Contract	01		15,000.00	0.00	0.00	0.00	0.00	15,000.00
67200	Non-Building Improvements	03		2,857.00	0.00	0.00	0.00	0.00	2,857.00
67401	Equip \$5000 & Over			75,000.00	0.00	0.00	0.00	0.00	75,000.00
	Total Expenses & Transfers		0.00	95,000.00	0.00	0.00	0.00	0.00	95,000.00
	Net		0.00	0.00	-95,000.00	-95,000.00	-95,000.00	0.00	95,000.00

>> Steps #6&7: Accumulate Project Expenses and Monitor the Project

The Campuses must spend the project budgets on qualified expenses in accordance with University of Maine System policies. As previously discussed, a single project number may be used in combination with several program codes. As project costs are incurred the Campus must select the program to be charged. It is imperative that the Campus charge the appropriate program code when the costs are first recorded, especially for those projects that are funded with restricted sources. The SAD routinely requests reimbursement for expenses posted against the restricted monies. If the Campus later reclassifies one of these expenses to a different program code, the System is left in a situation of having

overdrawn money from the restricted source. As the recipient of restricted monies, the System is expected to only request reimbursement for qualified expenses that have been incurred.

The Campuses should regularly monitor their projects by program for incorrect charges and to compare funding to actual spending. Neither the overall project nor the individual combinations of project + program should carry a deficit.

For additional information on administering a capital project please refer to the SWS Facilities web-site.

Illustration 1: As of January 2005, the University of Maine's flammables storage building project is still in progress. The project manager reviews the project on the GL Inquiry screen and sees that the project has been funded in full and that there is still money available to spend on the project:

Fiscal Year: 2005		Accounting Period:		7 - January					
Business Unit: UMS05		University of Maine							
Department: 5750970		Fac Admin Capital Projects							
Fund Code: 18		Unrestricted Plant							
Program:									
Project: 5100112		Flammables Storage Building							
Operating Unit:									
Revenues/Expenses									
Account	Description	Class	Base Budget	Current Budget	Current Month	Year-to-Date	Project-to-Date	Encumb	Balance Available
80000	Transfers from E&G			-95,000.00	0.00	0.00	-95,000.00	0.00	0.00
	Total Revenues and Transfers			-95,000.00	0.00	0.00	-95,000.00	0.00	0.00
67000	University Administration			357.00	0.00	90.70	224.73	0.00	132.27
67004	Project Contingency			1,786.00	0.00	0.00	0.00	0.00	1,786.00
67005	Architect Fees			0.00	0.00	0.00	0.00	150.00	-150.00
67008	Engineering Inspection			0.00	0.00	0.00	400.00	0.00	-400.00
67100	Main Construction Contract	01		15,000.00	0.00	956.00	13,021.00	0.00	1,979.00
67100	Main Construction Contract	02		0.00	0.00	0.00	68,415.00	0.00	-68,415.00
67200	Non-Building Improvements	01		0.00	0.00	268.87	268.87	0.00	-268.87
67200	Non-Building Improvements	03		2,857.00	0.00	1,586.56	2,422.79	0.00	434.21
67200	Non-Building Improvements	06		0.00	0.00	-1,171.48	3,071.04	0.00	-3,071.04
67200	Non-Building Improvements	07		0.00	0.00	95.83	95.83	0.00	-95.83
67201	Communication Lines			0.00	0.00	25.00	25.00	0.00	-25.00
67207	Roads & Parking			0.00	0.00	376.05	376.05	0.00	-376.05
67401	Equip \$5000 & Over			75,000.00	0.00	0.00	0.00	0.00	75,000.00
	Total Expenses & Transfers		0.00	95,000.00	0.00	2,227.53	88,320.31	150.00	6,529.69
	Net		0.00	0.00	0.00	2,227.53	-6,679.69	150.00	6,529.69

Illustration 2: As of April 2005, the Wells roof replacement project at the University of Maine is still in progress. The project manager reviews the project on the GL Inquiry screen and sees that although the project still has money available it has not been fully funded and will soon be in a deficit situation if the remaining funding does not occur soon. In this case the project manager should contact the appropriate campus office to obtain the remaining funding.

Fiscal Year: 2005		Accounting Period: 10 - April							
Business Unit: UMS05		University of Maine							
Department: 5750970		Fac Admin Capital Projects							
Fund Code: 18		Unrestricted Plant							
Program:									
Project: 5200043		Wells Roof Replacement							
Operating Unit:									
Revenues/Expenses									
Account	Description	Class	Base Budget	Current Budget	Current Month	Year-to-Date	Project-to-Date	Encumb	Balance Available
80300	Transfers from Auxiliary			-107,182.00	0.00	-70,000.00	-71,380.68	0.00	-35,801.32
	Total Revenues and Transfers			-107,182.00	0.00	-70,000.00	-71,380.68	0.00	-35,801.32
67000	University Administration			2,144.00	0.00	0.00	0.00	0.00	2,144.00
67004	Project Contingency			10,718.00	0.00	0.00	0.00	0.00	10,718.00
67011	University Overhead			0.00	0.00	0.00	1,380.68	0.00	-1,380.68
67100	Main Construction Contract	01		94,320.00	0.00	66,285.00	66,285.00	0.00	28,035.00
67200	Non-Building Improvements			0.00	0.00	1,134.75	1,134.75	0.00	-1,134.75
67200	Non-Building Improvements	04		0.00	0.00	931.37	931.37	0.00	-931.37
67200	Non-Building Improvements	06		0.00	0.00	230.52	230.52	0.00	-230.52
67301	Asbestos Admin			0.00	0.00	425.70	425.70	0.00	-425.70
67201	Communication Lines			0.00	0.00	0.00	0.00	0.00	0.00
67207	Roads & Parking			0.00	0.00	0.00	0.00	0.00	0.00
67401	Equip \$5000 & Over			0.00	0.00	0.00	0.00	0.00	0.00
	Total Expenses & Transfers		0.00	107,182.00	0.00	69,007.34	70,388.02	0.00	36,793.98
	Net		0.00	0.00	0.00	-992.66	-992.66	0.00	992.66

>> Step #8: Request That A Completed Project Be Closed

A project is ready to be closed in PeopleSoft GL when all of the following are true for each combination of project + program code:

- There are no outstanding invoices or changes to the project and it is 100% complete.
- The 'Current Balance' for asset, liability, and net asset accounts associated with the project is zero. Please note that these types of account codes primarily relate to projects funded with University Revenue Bonds and State of Maine Capital Bonds. Please refer to the separate process documents for these items.
- Project-to-date funding (revenues) minus project-to-date expenses must equal zero. Any unspent funding must be moved out of the project and/or program.

The following steps must occur to close a project in PeopleSoft GL:

1. The Campus ensures that the project meets the above criteria.
2. The Campus notifies the System Director of Facilities that the project is ready for closure.
3. The System Director of Facilities reviews the project and if satisfied, approves the closure.
4. The System Director of Facilities notifies the System Manager of Accounting Operations that the project may be closed.
5. The System Manager of Accounting Operations changes the status of the project to "C" for complete and inactivates the project in PeopleSoft GL.

Projects Funded with a Grant

In PeopleSoft GL grants and contracts and capital and maintenance projects both use the 'project' chartfield. Thus, in the situation where a capital or maintenance project is funded by a grant, two project codes will be needed in PeopleSoft GL: one for the grant and one for the capital project. Using two project codes will help ensure that expenses are properly tracked for the purpose of managing both the grant and the capital project. The specialized accounting for this type of situation is explained in the remainder of this section.

>> Capital Project

To track the project expenses funded by the grant, the campus will need to use the capital project number in combination with a program code for the capital grant. If the program code does not already exist, the campus will need to request the creation of one following the guidance in the process document titled, "How to Request a Program."

Campus personnel responsible for administering the capital project should record a balanced budget for the combination of capital project + capital grant program. The account code used to record the revenue/source would be one of the following depending on the type of grant involved:

82000	Transfer from Restricted Fund
82200	Transfer From Restricted MAFES/CE
82300	Transfer From Restricted Appropriations

The combination of capital project + capital grant program will be funded through a monthly allocation process run by the SAD. The amount to be funded will be based on what has been expended in this combination.

>> Grant Project

With one minor exception, campus personnel should account for a grant that funds a capital project as they would a grant that does not, following the procedures described in the process document, "Accounting for Grants and Contracts." The one exception relates to the account code that should be used to record the portion of the grant that is to fund the capital project. Instead of using an expense account code, the Campus should use account code '72800-Transfer to Restricted Plant.' The grant budget should be recorded by the campus; however, the SAD will run a monthly allocation process to charge the grant (account 72800) and fund the capital project to the extent that expenses have been incurred for the capital project.

>> Illustration

In FY2004 the University of Maine at Presque Isle receives a \$223,538 federal grant to help fund the costs of the Health Complex project. The project has been assigned to Project 7400065. The Campus requests that a program code be created for the grant funding and also requests that a project code be created for the grant and another for the capital project.

The Campus would post the following entries to the 'BUDGET' ledger to record the capital construction budget and the grant budget.

Capital Project:

<u>LEDGER</u>	<u>BU</u>	<u>DEPT</u>	<u>FUND</u>	<u>PROGRAM</u>	<u>PROJECT</u>	<u>ACCOUNT</u>	<u>CLASS</u>	<u>AMOUNT</u>	<u>Jln Line Description</u>
BUDGET	UMS07	7701700	28	79301	7100004	67100		223,538.00	Budgeted expenses
BUDGET	UMS07	7701700	28	79301	7100004	82000		(223,538.00)	Budgeted sources

Grant:

LEDGER	BU	DEPT	FUND	PROGRAM	PROJECT	ACCOUNT	CLASS	AMOUNT	Jln Line Description
BUDGET	UMS07	7400065	20		74XXXXX	72800		223,538.00	Budgeted expenses
BUDGET	UMS07	7400065	20		74XXXXX	43510		(223,538.00)	Budgeted revenue

As of December 31, 2004 UMPI has spent \$100,000 on the capital project using the grant dollars. After the monthly allocation process has run the GL Inquiry screen for the two projects would look as follows:

Fiscal Year: 2005		Accounting Period		6- December					
Business Unit: UMS07		University of Maine at Presque Isle							
Department: 7701700		Phys Plant Capital Projects							
Fund Code: 28		Restricted Plant							
Program: 79301		HUD Health Complex Protel							
Project: 7100004		HUD Health Complex Protel							
Operating Unit:									
Revenues/Expenses									
Account	Description	Class	Base Budget	Current Budget	Current Month	Year-to-Date	Project-to-Date	Encumb	Balance Available
82000	Transfers from Restricted		0.00	-223,538.00	0.00	-100,000.00	-100,000.00	0.00	-123,538.00
	Total Revenues		0.00	-223,538.00	0.00	-100,000.00	-100,000.00	0.00	-123,538.00
67100	Main construction contract		0.00	223,538.00	0.00	100,000.00	100,000.00	0.00	123,538.00
	Total Expenses & Transfers		0.00	223,538.00	0.00	100,000.00	100,000.00	0.00	123,538.00
	Net		0.00	0.00	0.00	0.00	0.00	0.00	0.00

Fiscal Year: 2005		Accounting Period		6- December					
Business Unit: UMS07		University of Maine at Presque Isle							
Department: 7502200		Grants Office							
Fund Code: 20		Restricted Expendable							
Program:									
Project: 7400065		UMPI Construction Grant							
Operating Unit:									
Revenues/Expenses									
Account	Description	Class	Base Budget	Current Budget	Current Month	Year-to-Date	Project-to-Date	Encumb	Balance Available
43510	Grant Revenue- Federal		0.00	-223,538.00	0.00	-100,000.00	-100,000.00	0.00	-123,538.00
	Total Revenues		0.00	-223,538.00	0.00	-100,000.00	-100,000.00	0.00	-123,538.00
72800	Transfers to Restr Plant		0.00	223,538.00	0.00	100,000.00	100,000.00	0.00	123,538.00
	Total Expenses & Transfers		0.00	223,538.00	0.00	100,000.00	100,000.00	0.00	123,538.00
	Net		0.00	0.00	0.00	0.00	0.00	0.00	0.00

Projects Funded with Gifts

Occasionally, capital or maintenance projects are funded with cash gifts. In PeopleSoft GL gifts are tracked using the 'program' chart field; thus, the program code for the gift can be used in combination with the project code to identify the gift portion of the capital or maintenance project. The specialized accounting for this type of situation is explained in the remainder of this section.

>> Capital Project

To track the project expenses funded by the gifts, the campus will need to use the capital project number in combination with the program code for the gifts. It is likely that by the time construction begins the program code will have already been created. However, if it has not, the campus will need to request the creation of one following the guidance in the process document titled, "How to Request a Program."

Campus personnel responsible for administering the capital project should record a balanced budget for the combination of capital project + gift program. The account code used to record the revenue/source would be one of the following depending on whether or not the gift was restricted:

80000	Transfers from E&G
81000	Transfers from Designated
82000	Transfers from Restricted Fund

The combination of capital project + gift program will be funded by the Campus as the gift monies are collected and the funding is needed.

>> Gift Program

With one minor exception, campus personnel should account for a gift that funds a capital project as they would a gift that does not, following the procedures described in the process document, "Accounting for Gifts and Endowments." The one exception relates to the account code that should be used to record the expenditure of the gifts on the capital project. Instead of using an expense account code, the Campus should use one of the following account codes depending on whether the gift monies were unrestricted or restricted:

71800	Transfer to Plant Unrestricted
72800	Transfer to Restricted Plant

The Campus is responsible for recording the gift budget and the actual transfer of monies to the capital project. Such transfers should occur as the gift monies are received and as the project needs the funding.

>> Illustration

The University of Maine at Farmington is raising \$1 million in gifts to help fund the Classroom Building Project. As of January 31, 2005 UMF has collected \$565,000 in gifts. Program code 24485 already exists for these gifts. The construction project is about to commence so UMF requests that a project number be created in PeopleSoft GL. The project number assigned is 2200025

The Campus would post the following entry to the 'BUDGET' ledger to record the capital construction budget.

<u>LEDGER</u>	<u>BU</u>	<u>DEPT</u>	<u>FUND</u>	<u>PROGRAM</u>	<u>PROJECT</u>	<u>ACCOUNT</u>	<u>CLASS</u>	<u>AMOUNT</u>	<u>Jln Line Description</u>
BUDGET	UMS02	2721701	28	24485	2200025	67100		1,000,000.00	Budgeted expenses
BUDGET	UMS02	2721701	28	24485	2200025	82000		(1,000,000.00)	Budgeted sources

UMF posts the following entry to the 'ACTUALS' ledger to fund the construction project with the gift monies collected to date:

LEDGER	BU	DEPT	FUND	PROGRAM	PROJECT	ACCOUNT	CLASS	AMOUNT	Jln Line Description
ACTUALS	UMS02	2550605	20	24485		72800		565,000.00	Transfer funding
ACTUALS	UMS02	2721701	28	24485	2200025	82000		(565,000.00)	Transfer funding

After the above entry has been posted the GL Inquiry screens for the gift and the construction project would look as follows:

Fiscal Year: 2005		Accounting Period		7 - January					
Business Unit: UMS02		University of Maine at Farmington							
Department: 2721701		Facilities Cap Proj Operations							
Fund Code: 28		Restricted Plant							
Program: 24485		Classroom Building Gift Acct							
Project: 2200025		Classroom Building Project							
Operating Unit:									
Revenues/Expenses									
Account	Description	Class	Base Budget	Current Budget	Current Month	Year-to-Date	Project-to-Date	Encumb	Balance Available
82000	Transfers from Restricted		0.00	-1,000,000.00	-565,000.00	-565,000.00	-565,000.00	0.00	-435,000.00
	Total Revenues		0.00	-1,000,000.00	-565,000.00	-565,000.00	-565,000.00	0.00	-435,000.00
67100	Main construction contract		0.00	1,000,000.00	0.00	0.00	0.00	0.00	1,000,000.00
	Total Expenses & Transfers		0.00	1,000,000.00	0.00	0.00	0.00	0.00	1,000,000.00
	Net		0.00	0.00	-565,000.00	-565,000.00	-565,000.00	0.00	565,000.00

Fiscal Year: 2005		Accounting Period		7 - January					
Business Unit: UMS02		University of Maine at Farmington							
Department: 2550605		Alumni & Devel Gifts							
Fund Code: 20		Restricted Expendable							
Program: 24485		Classroom Building Gift							
Project:									
Operating Unit:									
Revenues/Expenses									
Account	Description	Class	Base Budget	Current Budget	Current Month	Year-to-Date	Project-to-Date	Encumb	Balance Available
436x	Gifts		0.00	-1,000,000.00	-10,000.00	-565,000.00	-565,000.00	0.00	-435,000.00
	Total Revenues		0.00	-1,000,000.00	-10,000.00	-565,000.00	-565,000.00	0.00	-435,000.00
72800	Transfers to Restr Plant		0.00	1,000,000.00	565,000.00	565,000.00	565,000.00	0.00	435,000.00
	Total Expenses & Transfers		0.00	1,000,000.00	565,000.00	565,000.00	565,000.00	0.00	435,000.00
	Net		0.00	0.00	555,000.00	0.00	0.00	0.00	0.00

Capital Gifts-in-Kind

Occasionally, gifts are received as a gift-in-kind rather than as cash. Generally, the accounting for gifts-in-kind should be done as previously described under the section of this process document titled, "Projects Funded With Gifts." There is, however, a major difference between cash gifts and gifts-in-kind when it comes to how they are recorded in the general ledger. Cash gifts (including pledge payments) are fed to the general ledger from the Benefactor System. Historically, however, gifts-in-kind have not been recorded in our accounting system, but capital gifts-in-kind have been manually included in our audited financial statements through the use of a shadow system. **Please note that capital gifts-in-kind should be recorded in PeopleSoft GL.** An automatic feed from the Benefactor system is not available; therefore, the Campus will need to post a journal entry to:

- Record the gift in the applicable gift program **and**
- Transfer funding from the gift program to the project for which the gift was received.

As with cash gifts, the program code for the gift should be used in combination with the applicable project code to track expenditure of the gift. The following revenue codes have been created in PeopleSoft GL to record revenue from gifts-in-kind:

<u>Account</u>	<u>Description</u>
43840	Gifts-in-kind – Corporate Business
43860	Gifts-in-kind – Individuals
43870	Gifts-in-kind - Alumni

>> Illustration

The University of Maine at Farmington is raising \$1 million in gifts to help fund the Classroom Building Project. As part of the fundraising, in January 2005 UMF receives a gift-in-kind of materials valued at \$100,000. Program code 24485 already exists for these gifts. The construction project and the fundraising campaign began several months ago so a project number (2200025) has already been created and the budget recorded.

The Campus posted the following entry several months ago to the 'BUDGET' ledger to record the budget for the capital construction project.

<u>LEDGER</u>	<u>BU</u>	<u>DEPT</u>	<u>FUND</u>	<u>PROGRAM</u>	<u>PROJECT</u>	<u>ACCOUNT</u>	<u>CLASS</u>	<u>AMOUNT</u>	<u>Jln Line Description</u>
BUDGET	UMS02	2721701	28	24485	2200025	67100		1,000,000.00	Budgeted expenses
BUDGET	UMS02	2721701	28	24485	2200025	82000		(1,000,000.00)	Budgeted sources

UMF posts the following entry to the 'ACTUALS' ledger to record the gift-in-kind and fund the construction project with the gift-in-kind. No cash gifts or pledge payments have been received to-date:

<u>LEDGER</u>	<u>BU</u>	<u>DEPT</u>	<u>FUND</u>	<u>PROGRAM</u>	<u>PROJECT</u>	<u>ACCOUNT</u>	<u>CLASS</u>	<u>AMOUNT</u>	<u>Jln Line Description</u>
ACTUALS	UMS02	2550605	20	24485		72800		100,000.00	GIK
ACTUALS	UMS02	2550605	20	24485		43840		(100,000.00)	GIK
ACTUALS	UMS02	2721701	28	24485	2200025	67019		100,000.00	GIK
ACTUALS	UMS02	2721701	28	24485	2200025	82000		(100,000.00)	GIK

After the above entry has been posted the GL Inquiry screens for the gift and the construction project would look as follows:

Fiscal Year: 2005		Accounting Period		7-January					
Business Unit: UM82		University of Maine at Farmington							
Department: 2721701		Facilities Cap Prj Operations							
Fund Code: 28		Restricted Plant							
Program: 24485		Classroom Building Gift Act							
Project: 220025		Classroom Building Project							
Operating Unit:									
Revenues/Expenses									
Account	Description	Class	Base Budget	Current Budget	Current Month	Year-to-Date	Project-to-Date	Encumb	Balance Available
8200	Transfers from Restricted		0.00	-1,000,000.00	-100,000.00	-100,000.00	-100,000.00	0.00	-900,000.00
	Total Revenues		0.00	-1,000,000.00	-100,000.00	-100,000.00	-100,000.00	0.00	-900,000.00
6710	Main construction contract		0.00	1,000,000.00	0.00	0.00	0.00	0.00	1,000,000.00
6709	Construction costs- misc			0.00	100,000.00	100,000.00	100,000.00	0.00	-100,000.00
	Total Expenses & Transfers		0.00	1,000,000.00	100,000.00	100,000.00	100,000.00	0.00	900,000.00

Fiscal Year: 2005		Accounting Period		7-January					
Business Unit: UM82		University of Maine at Farmington							
Department: 2550605		Alumni & Devel Gifts							
Fund Code: 20		Restricted Expendable							
Program: 24485		Classroom Building Gift							
Project:									
Operating Unit:									
Revenues/Expenses									
Account	Description	Class	Base Budget	Current Budget	Current Month	Year-to-Date	Project-to-Date	Encumb	Balance Available
436x	Gifts		0.00	-1,000,000.00	0.00	0.00	0.00	0.00	-1,000,000.00
43840	Gift-in-kind- corp business		0.00	0.00	-100,000.00	-100,000.00	-100,000.00	0.00	100,000.00
	Total Revenues		0.00	-1,000,000.00	-100,000.00	-100,000.00	-100,000.00	0.00	-900,000.00
72800	Transfers to Restr Plant		0.00	1,000,000.00	100,000.00	100,000.00	100,000.00	0.00	900,000.00
	Total Expenses & Transfers		0.00	1,000,000.00	100,000.00	100,000.00	100,000.00	0.00	900,000.00
	Net		0.00	0.00	0.00	0.00	0.00	0.00	0.00

Please note that a journal entry is not needed to move part of the \$1,000,000 gift budget from the account code series 436xx to account code 43840.

Capitalization of Project Costs

Generally accepted accounting principles (GAAP) require that the costs associated with each capital construction project be capitalized. This process was not recorded in our old accounting system (FAST), but was instead recorded in a shadow system used to prepare the audited financial statements. With PeopleSoft, however, all entries needed to prepare the audited financial statements will be reflected in PeopleSoft GL.

The SAD will run a process at least annually, if not monthly, to post an entry to capitalize the costs associated with each capital construction project. To determine what projects are 'capital', the SAD will look at the projects in the UMS_PROJECT tree that are under the level 7 node of 'CAPITAL_CONST.' Based on certain attribute information, the SAD will capitalize the costs as follows:

<u>Depreciation Status</u>	<u>In Service Date</u>	<u>Capitalized Asset</u>
P	After the current fiscal year-end	Construction in Progress
I	Before the current fiscal year-end	Land, Building, Improvement Other Than Building, Equipment
C	Before the current fiscal year-end	Land, Building, Improvement Other Than Building, Equipment

Classification of the costs as land, building, improvement other than building, or equipment will be made based on the type of project (property acquisition, renovation, etc.) in combination with the account codes used. The same logic used with the costs in FAST will be used with the costs in PeopleSoft GL:

<u>If the Project Type Is:</u>	<u>Then Account Codes Are Allocated As Follows:</u>				
	<u>Land</u>	<u>Nonbuilding Improvements</u>	<u>Building</u>	<u>Equipment</u>	<u>Maintenance Expense</u>
Property Purchase	67601 - 67602 67600 (partial)	67200 - 67210	51000 - 52500 67000 - 67199 67600 (partial) 67500 67601 67400	67401 - 67402	n/a
New building or addition	67601 - 67602 67600 (partial)	67200 - 67210	51000 - 52500 67000 - 67199 67600 (partial) 67500 67601 67400	67401 - 67402	n/a
Alteration/Renovation	67601 - 67602 67600 (partial)	67200 - 67210	51000 - 52500 67000 - 67199 67600 (partial) 67500 67601 67400	67401 - 67402	n/a
Improvements Other Than Buildings	67601 - 67602 67600 (partial)	51000 - 52500 67000 - 67400 67500	67601 67600 (partial)	67401 - 67402	n/a
Leasehold Improvements	67601 - 67602 67600 (partial)	67200 - 67210	51000 - 52500 67000 - 67199 67600 (partial) 67500 67601 67400	67401 - 67402	n/a
Equipment Projects	67601 - 67602 67600 (partial)	830 - 849	67601 67600 (partial)	51000 - 52500 67000 - 67399 67500	67400

To capitalize the project costs, the SAD must do the following:

1. Post an entry that does two things:
 - a. Reclassifies the year-to-date project expenses from 'expense' to 'transfer to plant net investment' within the project in fund 18 or fund 28.
 - b. Capitalizes the costs in account code 17400-Construction in Progress within fund 48. Please note that the program and project codes used in funds 18 and 28 are used in fund 48 to record the asset in account code 17400.
2. Post an entry to reverse the project-to-date costs that were reclassified from construction in progress to other asset accounts as of the end of the prior fiscal year. Please note that projects that were complete (Depreciation status of "C"-Capitalized) as of the end of the prior fiscal year should not be included in this entry.
3. Post an entry to reclassify project-to-date costs from construction in progress to other capital asset accounts for projects with a Depreciation Status of "I"-In Service or "C"-Capitalized as of the current fiscal year-end.

Please note that the department code to be used in the above referenced journal entries is 'C00005-Plant Fund.' This department code is used to minimize the impact on the project manager's view of the project. If the manager runs a query based on his department + project he will not see the impact of the SAD's capitalization entry.

>> Illustration 1

As of June 30, 2005 UM's project number 5100099-Gannett Sprinkler Project has the following project-to-date costs:

<u>Project</u>	<u>Department</u>	<u>Program</u>	<u>Fund</u>	<u>YTD Exp</u>	<u>PTD Exp</u>
5100099	5750970	59203-Rev Bonds	28-Restricted Plant	\$ 25,000.00	\$ 25,000.00
5100099	5750970	59106-State Bonds	28-Restricted Plant	30,000.00	30,000.00
5100099	5750970		18-Unrestricted Plant	<u>50,000.00</u>	<u>50,000.00</u>
Total				<u>\$105,000.00</u>	<u>\$105,000.00</u>

The project began in fiscal year 2005; therefore, no costs have ever been capitalized before. As of June 30, 2005 the project has not yet been placed in service. The SAD will post the following entry to capitalize the above costs as 'construction in progress':

<u>LEDGER</u>	<u>BU</u>	<u>DEPT</u>	<u>FUND</u>	<u>PROGRAM</u>	<u>PROJECT</u>	<u>ACCOUNT</u>	<u>CLASS</u>	<u>AMOUNT</u>	<u>Jln Line Description</u>
ACTUAL	UMS05	5000005	28	59203	5100099	74800		25,000.00	Transfer costs out
ACTUAL	UMS05	5000005	28	59203	5100099	67699		(25,000.00)	Capitalize costs
ACTUAL	UMS05	5000005	28	59106	5100099	74800		30,000.00	Transfer costs out
ACTUAL	UMS05	5000005	28	59106	5100099	67699		(30,000.00)	Capitalize costs
ACTUAL	UMS05	5000005	18		5100099	74800		50,000.00	Transfer costs out
ACTUAL	UMS05	5000005	18		5100099	67699		(50,000.00)	Capitalize costs
ACTUAL	UMS05	5000005	48	59203	5100099	17400		25,000.00	Add costs to CIP
ACTUAL	UMS05	5000005	48	59106	5100099	17400		30,000.00	Add costs to CIP
ACTUAL	UMS05	5000005	48		5100099	17400		50,000.00	Add costs to CIP
ACTUAL	UMS05	5000005	48	59203	5100099	82800		(25,000.00)	Transfer costs in
ACTUAL	UMS05	5000005	48	59106	5100099	82800		(30,000.00)	Transfer costs in
ACTUAL	UMS05	5000005	48		5100099	81800		(50,000.00)	Transfer costs in

Using the Revenue Bond portion as an illustration, we see that the GL Inquiry display for department 5750970 (project manager's department) after the above entry is the same as it was before the entry was made:

Fiscal Year: 2005		Accounting Period: 12 - June							
Business Unit: UMS05		University of Maine							
Department: 5750970		Fac Admin Capital Projects							
Fund Code: 28		Restricted Plant							
Program: 59203		2002 University Rev Bonds							
Project: 5100099		Gannett Sprinkler Project							
Operating Unit:									
Revenues/Expenses									
Account	Description	Class	Base Budget	Current Budget	Current Month	Year-to-Date	Project-to-Date	Encumb	Balance Available
82800	Transfers from Restricted Plant			-127,829.00	0.00	-127,829.00	-127,829.00	0.00	0.00
	Total Revenues and Transfers			-127,829.00	0.00	-127,829.00	-127,829.00	0.00	0.00
67000	University Administration			0.00	0.00	0.00	0.00	0.00	0.00
67004	Project Contingency			0.00	0.00	0.00	0.00	0.00	0.00
67011	University Overhead			0.00	0.00	0.00	0.00	0.00	0.00
67100	Main Construction Contract	01		127,829.00	0.00	25,000.00	25,000.00	0.00	102,829.00
67200	Non-Building Improvements			0.00	0.00	0.00	0.00	0.00	0.00
67200	Non-Building Improvements	04		0.00	0.00	0.00	0.00	0.00	0.00
67200	Non-Building Improvements	06		0.00	0.00	0.00	0.00	0.00	0.00
67301	Asbestos Admin			0.00	0.00	0.00	0.00	0.00	0.00
67201	Communication Lines			0.00	0.00	0.00	0.00	0.00	0.00
67207	Roads & Parking			0.00	0.00	0.00	0.00	0.00	0.00
67401	Equip \$5000 & Over			0.00	0.00	0.00	0.00	0.00	0.00
	Total Expenses & Transfers		0.00	127,829.00	0.00	25,000.00	25,000.00	0.00	102,829.00
	Net		0.00	0.00	0.00	-102,829.00	-102,829.00	0.00	102,829.00

Using the Revenue Bond portion again as an illustration, we see that the GL Inquiry display would look similar to the following for department 5000005 used by the SAD:

Fiscal Year: 2005		Accounting Period: 12 - June							
Business Unit: UMS05		University of Maine							
Department: 5000005		Plant Fund Administration							
Fund Code: 28		Restricted Plant							
Program: 59203		2002 University Rev Bonds							
Project: 5100099		Gannett Sprinkler Project							
Operating Unit:									
Revenues/Expenses									
Account	Description	Class	Base Budget	Current Budget	Current Month	Year-to-Date	Project-to-Date	Encumb	Balance Available
82800	Transfers from Restricted Plant			0.00	0.00	0.00	0.00	0.00	0.00
	Total Revenues and Transfers			0.00	0.00	0.00	0.00	0.00	0.00
67000	University Administration			0.00	0.00	0.00	0.00	0.00	0.00
67004	Project Contingency			0.00	0.00	0.00	0.00	0.00	0.00
67011	University Overhead			0.00	0.00	0.00	0.00	0.00	0.00
67100	Main Construction Contract	01		0.00	0.00	0.00	0.00	0.00	0.00
67200	Non-Building Improvements			0.00	0.00	0.00	0.00	0.00	0.00
67200	Non-Building Improvements	04		0.00	0.00	0.00	0.00	0.00	0.00
67200	Non-Building Improvements	06		0.00	0.00	0.00	0.00	0.00	0.00
67301	Asbestos Admin			0.00	0.00	0.00	0.00	0.00	0.00
67201	Communication Lines			0.00	0.00	0.00	0.00	0.00	0.00
67207	Roads & Parking			0.00	0.00	0.00	0.00	0.00	0.00
67401	Equip \$5000 & Over			0.00	0.00	0.00	0.00	0.00	0.00
67699	Capitalized Costs			0.00	-25,000.00	-25,000.00	-25,000.00	0.00	25,000.00
74800	Transfer to Plant Net Investmnt			0.00	25,000.00	25,000.00	25,000.00	0.00	-25,000.00
	Total Expenses & Transfers		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Net		0.00	0.00	0.00	0.00	0.00	0.00	0.00

Now assume that the project manager opens the GL Inquiry tool and puts in the following criteria for his query:

Project 5100099-Gannett Sprinkler Project
 Program 59203-2002 University Revenue Bonds
 Department ALLDEPTS

Based on the above criteria the GL Inquiry display would look as follow. As you can see the balance available for the revenue bond portion of the project is still \$102,829.00.

Fiscal Year: 2005		Accounting Period:		12 - June					
Business Unit: UMS05		University of Maine							
Department: ALLDEPTS		All Departments							
Fund Code: 28		Restricted Plant							
Program: 59203		2002 University Rev Bonds							
Project: 5100099		Gannett Sprinkler Project							
Operating Unit:									
Revenues/Expenses									
Account	Description	Class	Base Budget	Current Budget	Current Month	Year-to-Date	Project-to-Date	Encumb	Balance Available
82800	Transfers from Restricted Plant			-127,829.00	0.00	-127,829.00	-127,829.00	0.00	0.00
	Total Revenues and Transfers			-127,829.00	0.00	-127,829.00	-127,829.00	0.00	0.00
67000	University Administration			0.00	0.00	0.00	0.00	0.00	0.00
67004	Project Contingency			0.00	0.00	0.00	0.00	0.00	0.00
67011	University Overhead			0.00	0.00	0.00	0.00	0.00	0.00
67100	Main Construction Contract	01		127,829.00	0.00	25,000.00	25,000.00	0.00	102,829.00
67200	Non-Building Improvements			0.00	0.00	0.00	0.00	0.00	0.00
67200	Non-Building Improvements	04		0.00	0.00	0.00	0.00	0.00	0.00
67200	Non-Building Improvements	06		0.00	0.00	0.00	0.00	0.00	0.00
67301	Asbestos Admin			0.00	0.00	0.00	0.00	0.00	0.00
67201	Communication Lines			0.00	0.00	0.00	0.00	0.00	0.00
67207	Roads & Parking			0.00	0.00	0.00	0.00	0.00	0.00
67401	Equip \$5000 & Over			0.00	0.00	0.00	0.00	0.00	0.00
67699	Capitalized Costs			0.00	-25,000.00	-25,000.00	-25,000.00	0.00	25,000.00
74800	Transfer to Plant Net Investmnt			0.00	25,000.00	25,000.00	25,000.00	0.00	-25,000.00
	Total Expenses & Transfers		0.00	127,829.00	0.00	25,000.00	25,000.00	0.00	102,829.00
	Net		0.00	0.00	0.00	-102,829.00	-102,829.00	0.00	102,829.00

>> **Illustration 2**

By the end of fiscal year 2006, the campus has spent a total of \$783,869.00 on the Gannett Sprinkler Project and the depreciation status for the project is "C"-Capitalized.

<u>Project</u>	<u>Department</u>	<u>Program</u>	<u>Fund</u>	<u>YTD Exp</u>	<u>PTD Exp</u>
5100099	5750970	59203-Rev Bonds	28-Restricted Plant	\$102,829.00	\$127,829.00
5100099	5750970	59106-State Bonds	28-Restricted Plant	220,763.00	250,763.00
5100099	5750970		18-Unrestricted Plant	<u>355,277.00</u>	<u>405,277.00</u>
Total				<u>\$678,869.00</u>	<u>\$783,869.00</u>

The SAD has determined that the total project-to-date costs of \$783,869 should be allocated to 'buildings.'

The SAD will post the following entry to fiscal year 2006 to add the new year-to-date costs to 'construction in progress':

<u>LEDGER</u>	<u>BU</u>	<u>DEPT</u>	<u>FUND</u>	<u>PROGRAM</u>	<u>PROJECT</u>	<u>ACCOUNT</u>	<u>CLASS</u>	<u>AMOUNT</u>	<u>JIn Line Description</u>
ACTUAL	UMS05	5000005	28	59203	5750970	74800		102,829.00	Transfer costs out
ACTUAL	UMS05	5000005	28	59203	5750970	67699		(102,829.00)	Capitalize costs
ACTUAL	UMS05	5000005	28	59106	5750970	74800		220,763.00	Transfer costs out
ACTUAL	UMS05	5000005	28	59106	5750970	67699		(220,763.00)	Capitalize costs
ACTUAL	UMS05	5000005	18		5750970	74800		355,277.00	Transfer costs out
ACTUAL	UMS05	5000005	18		5750970	67699		(355,277.00)	Capitalize costs
ACTUAL	UMS05	5000005	48	59203	5750970	17400		102,829.00	Add costs to CIP
ACTUAL	UMS05	5000005	48	59106	5750970	17400		220,763.00	Add costs to CIP
ACTUAL	UMS05	5000005	48		5750970	17400		355,277.00	Add costs to CIP
ACTUAL	UMS05	5000005	48	59203	5750970	82800		(102,829.00)	Transfer costs in
ACTUAL	UMS05	5000005	48	59106	5750970	82800		(220,763.00)	Transfer costs in
ACTUAL	UMS05	5000005	48		5750970	81800		(355,277.00)	Transfer costs in

The SAD will also post the following entry to fiscal year 2006 to move the total project-to-date costs from 'construction in progress' to 'buildings'. **Please note that once the costs leave 'construction in progress' we no longer track them within the general ledger by program and projects.**

<u>LEDGER</u>	<u>BU</u>	<u>DEPT</u>	<u>FUND</u>	<u>PROGRAM</u>	<u>PROJECT</u>	<u>ACCOUNT</u>	<u>CLASS</u>	<u>AMOUNT</u>	<u>JIn Line Description</u>
ACTUAL	UMS05	5000005	48			17100		783,869.00	Capitalize bldg
ACTUAL	UMS05	5000005	48	59203	5750970	17400		(127,829.00)	Remove capital costs
ACTUAL	UMS05	5000005	48	59106	5750970	17400		(250,763.00)	Remove capital costs
ACTUAL	UMS05	5000005	48		5750970	17400		(405,277.00)	Remove capital costs

APPENDIX A**EXPENSE ACCOUNTS FOR CAPITAL AND MAINTENANCE PROJECTS**

<u>ACCOUNT</u>	<u>TITLE</u>	<u>COMMENTS</u>
ADMINISTRATION AND MISCELLANEOUS:		
51000	Non-Faculty Salaries	Non-Faculty salaries connected with construction projects.
51002	Non-Fac Fixed Length	Non-Faculty salaries connected with construction projects.
51008	Non-Fac Stipend	Non-Faculty salaries connected with construction projects.
51009	Non-Fac Additional Comp	Non-Faculty salaries connected with construction projects.
51011	Non-Fac Overtime	Non-Faculty salaries connected with construction projects.
51012	Non-Fac Temporary	Non-Faculty salaries connected with construction projects.
51100	UMPSA Professional Base	Non-Faculty salaries connected with construction projects.
51200	Non-Rep Professional Base	Non-Faculty salaries connected with construction projects.
52000	Wages Classified – Regular	Classified wages connected with construction projects.
52002	Shift	Classified wages connected with construction projects.
52003	Call Back	Classified wages connected with construction projects.
52009	Classified Additl Comp	Classified wages connected with construction projects.
52011	Classified Overtime	Classified wages connected with construction projects.
52012	Classified Temporary	Classified wages connected with construction projects.
52100	Wages Confidential	Classified wages connected with construction projects.
52200	Wages COLT	Classified wages connected with construction projects.
52500	Wages Supervisor	Classified wages connected with construction projects.
67000	University Administration	NOT for use with State bond or appropriation projects.
67001	System Administration	NOT for use with State bond or appropriation projects.
67002	% for Art Artwork	Use only for State financed projects.
67003	% for Art Admin	Use only for State financed projects.
67004	Project Contingency	
67005	Architect Fees	
67006	Architect Inspection	

APPENDIX A
CONTINUED

<u>ACCOUNT</u>	<u>TITLE</u>	<u>COMMENTS</u>
67007	Engineering Fees	Also reimbursable consultants to Architect.
67008	Engineering Inspection	
67009	Project Insurance	Builder's risk or other special insurance purchased by the University for the specific project during construction.
67010	Site Clear & Build Demolition	For work in the specific area of a building.
67011	University Overhead	Advertising, telephone, reproduction or other similar type costs paid directly by the University.
67019	Construction Costs – Misc.	General expenses not previously categorized.
BUILDING AND FIXED EQUIPMENT:		
67100	Main Construction Contract	Individual contracts (separate class code assigned to each contract).
NONBUILDING IMPROVEMENTS:		
<i>Whether related to a building project or not. This work includes roads, walks, parking, utilities, sports and recreation fields, etc. and is not on the inside of a building.</i>		
67200	Non-Building Improvements	
67201	Communication Lines	Telephone, data, TV, etc.
67202	Design Fees	
67203	Electric Lines	
67204	Gas Lines	
67205	Landscaping	
67206	Nonbldg Site Clear	
67207	Roads & Parking	Roads, walks, & parking.
67208	Sewer Lines	
67209	Steam Lines	Heat distribution lines.
67210	Water Lines	Domestic water or sprinkler service.
ASBESTOS REMOVAL:		
67300	Asbestos Removal	Use only when asbestos removal is not a separate project.
67301	Asbestos Admin.	Use only when asbestos removal is not a separate project.

**APPENDIX A
CONTINUED**

<u>ACCOUNT</u>	<u>TITLE</u>	<u>COMMENTS</u>
EQUIPMENT – MOVEABLE EQUIPMENT AND FURNISHINGS:		
67400	Equipment under \$5000	Based on the unit cost of the equipment, not the invoice total.
67401	Equipment \$5000 & Over	Based on the unit cost of the equipment, not the invoice total.
67402	Design Fees for Moveable Equip	
MOVING EXPENSES RELATED TO OCCUPANCY OF PROJECT:		
67500	Project Moving Expenses	
REAL ESTATE ACQUISITION:		
<i>This sequence is used for building and/or land acquisitions. If both land and buildings are part of the project, their values should be listed as separate account codes, as shown below.</i>		
67600	Acquisition Fees and Costs	Legal and administrative costs related to the acquisitions.
67601	Building Acquisition Value	
67602	Land Acquisition Value	
SYSTEM ACCOUNTING USE ONLY FOR GASB REPORTING:		
67698	Capitalized Interest	This account will be used by the System Accounting Department to charge capitalized interest costs to the projects funded by University Revenue Bonds.
67699	Capitalized Costs	This account will be used by the System Accounting Department to move capitalized costs to an asset account for financial statement reporting purposes.