

CASH: DEPOSITS AND OTHER CREDITS

I. INTRODUCTION

The Deposits accounts referred to in this chapter are classified as liability accounts. These accounts are used to record deposits received by the University to ensure the fulfillment of an obligation or in anticipation of payment of an amount when it becomes due. Unless forfeited, these deposits are either credited to the depositor or returned, in whole or in part, to the depositor.

Other Credits accounts are classified as suspense accounts. These accounts are used to record the receipt of funds that, unlike deposits, belong to the University but whose final distribution will be recorded later. Thus, Other Credits accounts are used either to record transactions temporarily or to record amounts for which there is not enough information to determine the appropriate accounts.

The account numbers for Deposits and Other Credits are divided into two ranges:

116000-116699	Deposits and Other Credits--General
116700-116999	Deposits and Other Credits--Auxiliary and Service Enterprises

There is no breakdown within these ranges of accounts to separate Deposits from Other Credits.

II. DEPOSITS AND OTHER CREDITS--GENERAL

This section contains a description of some of the more common types of Deposits and Other Credits accounts used by the University. Accounting officers may establish other types of accounts as required by local circumstances.

A. DEPOSITS

- 1) Security Deposits. These are deposits made against the return of University property. For example, key deposits or musical instrument deposits made by students or deposits from contractors for construction plans issued to them by a campus office of architects and engineers, in connection with the solicitation of bids on University construction projects.

II. DEPOSITS AND OTHER CREDITS--GENERAL (Cont.)

A. DEPOSITS (Cont.)

- 2) Acceptance of Admission Fees. These are deposits of fees paid by new undergraduate or medical students to confirm their acceptance of admission to the University. Such fees are generally considered nonrefundable deposits to be applied against a student's registration or tuition fees. If a fee is forfeited because the student fails to register, the amount of the deposit should be transferred to an income account.
- 3) Cash Advances. This type of deposit is an advance made to the University by certain public agencies to cover future expenditures for contracts, grants, or other agreements; these amounts, e.g., deposits made to cover certain Air Force and Navy contracts, Medicare claims, etc., are accounted for in detail after the expenditures are made.

B. OTHER CREDITS

- 1) Cash Received--Undistributed. Cash is occasionally received and deposited in University bank accounts without adequate identification as to its purpose. This cash is generally from miscellaneous investments held from endowments or gifts, unclaimed University property, or wires received from foreign countries. In this situation, the bank must be asked to verify that the cash belongs to the University and that all the pertinent documentation has been forwarded to the department. The cash should be recorded in a Cash Received Undistributed account in the General Ledger. Separate accounts may be established for different cashiering stations.

A periodic review of this account should be made in an attempt to determine which department owns the cash. Any unidentified cash transferred to a selected fund must be authorized by the Chancellor.

- 2) Indirect Cost Recovery on Contracts and Grants--Suspense. This account is used to record payments received for the recovery of indirect costs under contracts and grants. These payments are held in this account until the end of the fiscal year, at which time the campus account balances are transferred to Universitywide accounts as part of the closing process.

III. DEPOSITS AND OTHER CREDITS--AUXILIARY AND SERVICE ENTERPRISES

Most of the accounts in this group are used to record student deposits made against breakage, loss, or damage to University housing furnishings or facilities. In accordance with the policies set forth in Sections 52.138 and 52.139 of Part A of the publication *Policies Applying to Campus Activities, Organizations, and Students*, the following guidelines should be followed in accounting for these funds:

- 1) Funds received for the damage or misappropriation of University property should be transferred to the respective department or enterprise to be used for repair or replacement purposes;
- 2) Other monetary penalties imposed, including fines, should be treated as other sources of income and may be used at the discretion of the Chancellor.

Any Other Credits transactions pertaining to auxiliary and service enterprises, e.g., cash received undistributed, also should be recorded in this range of accounts.

Historical note: Original Accounting Manual chapter first published as D-265, Deposits and Other Credits 2/2/70. Present revision 6/30/95; analyst--Gayle Tapscott.