

MANUAL OF PROCEDURE

PROCEDURE NUMBER: 3100

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PROCEDURE TITLE: Fund Groups Used by Florida's Community Colleges

STATUTORY REFERENCE: FLORIDA STATUTE 1010.01
STATE BOARD OF EDUCATION RULE 6A-14.072

BASED ON POLICY: III-1 College Business Affairs

EFFECTIVE DATE: February 16, 1970

LAST REVISION DATE: October 11, 2005

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I. PURPOSE

A. To provide employees of Miami Dade College with Fund titles and definitions utilized by the State Board of Education and all Florida Community Colleges in the Financial Management of the institutions.

B. Definition

The term "fund" is defined as an accounting entity with a self-balancing set of accounts consisting assets, liabilities, and a fund balance.

1. The purpose of fund accounting is to classify resources according to restriction and limitations placed on them, and to provide information that is sufficient to determine whether proper use has been made of those resources.

II. PROCEDURE

A. The State Board of Education and Florida's Community Colleges utilize the following funds:

FUND	TITLE
1	Current Fund-Unrestricted
2	Current Fund-Restricted
3	Auxiliary Fund
4	Loan and Endowment Funds
5	Scholarship Fund
6	Agency Fund
7	Unexpended Plant Fund

- 8 Retirement of Indebtedness Fund
- 9 Investment in Plant Fund

B. Functional Statement of the Funds

1. Fund I - Current Fund-Unrestricted

- a. This fund is used to account for economic resources that are available to accomplish the primary and supporting objective of the College. The only restrictions on the resources of this fund are those imposed by law, regulations or the budget.
- b. The organizational units to be financed through this fund are those directly concerned with the operation and support of the College's educational program.
- c. The revenue accounts to be credited to this fund are the resources received to finance the educational program of a college as a whole. Resources that are earmarked, or restricted, for certain purposes, would not be included in this fund.

2. Fund 2 - Current Fund-Restricted

- a. This fund is used to account for those economic resources that are available to accomplish the primary and supporting objectives of the College, but are restricted as to their use by an outside agency or person. The College's Board of Trustees may not create restricted funds; agencies and individuals outside the College must impose the restrictions. Examples of resources accounted for in the Current Fund-Restricted would be: (1) gifts from organizations, which must be used only for, specified purposes or programs, and (2) federal grants for other than construction and student loan and scholarship purposes (including reimbursable type grants). Legislatively imposed categorical funds shall be recorded in this fund and expenditures and transfers accounted for thereto. The Division of Community Colleges will identify, annually, those categorical funds that are to be recorded in this fund.
- b. Student Activity Fees are to be recorded in this fund and expenditures or transfers accounted for thereto.
- c. The organizational units to be financed through this fund will usually be the same as those financed through the Current Fund-Unrestricted. The only difference is that a "2" will be used as the first digit of the organizational unit code rather than a "1".

3. Fund 3 - Auxiliary Fund

- a. This fund is used to account for activities which are intended primarily to provide non-instructional services for sale to students, staff and/or college departments and which are intended to be self-supporting. Examples are bookstores, vending machines and central stores.
- b. Service departments may be accounted for in this fund if the service

department is to operate on a self-supporting basis. This will require that charges for the goods and services of the service department be adequate to recover all costs of operation including personnel expenses. If the policy of the service department is not to recover the full cost of operation of the service department, it should be accounted for in Fund 1.

4. Fund 4 - Loan and Endowment Funds

- a. This fund is used to account for two types of resources: loan funds and endowment funds.
- b. Loan Fund accounts should be established within the Loan and Endowment Funds to account for those resources that are available for loan to students regardless of whether or not the college is responsible for the collection of the loan. Resources received for loans to students who are selected for the loan by a third-party donor are accounted for in the Agency Fund.
- c. An Endowment Fund is used to account for those resources for which the principal is required to be maintained in conformance with restrictions placed thereon by the donor or other outside agency. Generally, only the income from these funds may be used.
- d. No operating expenditures should be charged to the Loan and Endowment Fund, but authorized transfers may be transferred to other funds.

5. Fund 5 - Scholarship Fund

- a. This fund is used to account for those resources available for award to students that are not in payment of services rendered to the college and will not require repayment to the college.
- b. Financial aid fees are to be recorded in this fund and expenditures or transfers accounted for thereto.
- c. No operating expenditures should be charged to this fund, but authorized transfers may be made to other funds.

6. Fund 6 - Agency Fund

- a. This fund is used to account for resources received and held by a college as custodian or fiscal agent for others, such as funds of students or staff organizations and clubs, and temporary revenue and expenditure accounts, which serve as "clearing" accounts for the college.
- b. Transactions of an agency account are to represent charges and credits to the asset and liability accounts. However, the regular revenue and expenditure codes may be used to record Agency Fund transactions.
- c. It is usually desirable to class agency accounts into two groups:
 - 1) Clearing Accounts: Temporary accounts to aid the college in distributing income and expenditures between funds.

- 2) Organization Accounts: Activities of students, staff or faculty, which are financed primarily through dues or sales of goods or services.

7. Fund 7 - Unexpended Plant Fund


- a. This fund is used to account for, (1) resources that are available for the acquisition or construction of physical property to be used for institutional purposes; (2) resources designated for the major repair and/or replacement of institutional property; and (3) associated liabilities.
- b. Technology and capital outlay fees will be accounted for in this fund, and expenditures and transfers accounted for thereto.

8. Fund 8 –Retirement of Indebtedness Fund

- a. This fund is used to account for the long-term debt of a college and for the resources, which will be used to retire the debt and pay the interest on the obligation(s).

9. Fund 9 - Investment in Plant Fund

- a. This fund is used to account for the cumulative costs of plant assets. The assets consist of:
 - 1). Land
 - 2). Buildings
 - 3). Other Structures and Improvements
 - 4). Furniture, Machinery and Equipment,
 - 5). Construction in Progress

	
10/11/05	
PRESIDENT	DATE