

Financial Policy & Procedure Instructions Manual
FPI A-2 Fund Groups
Pending conversion from FPI 31

FPI 31-Fund Group Definitions and Usage

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I. PURPOSE

To define the sources of revenue and permitted expenditures for each of the University's funds.

II. GENERAL

This procedure provides guidance for determining which funds will be used to account for each of the activities of the University. Activities are to be assigned to funds based on the type of activity involved. Issues not related to the specific type of activity (indirect cost, approvals required, and so on) are used to assign account numbers to activities. Where there exists confusion about which fund should be used to account for a particular activity, the final decision rests with the Director of Business and Financial Services. For clarification or advice on which fund to use, contact General Accounting.

All funds of the University are subject to State and Federal laws. All University fund groups are subject to the State Fiscal Rules (available from the Director of Business and Financial Services's Office) and the Colorado State University Financial Policy and Procedure Instructions contained in this manual.

III. DEFINITIONS

A. Current Unrestricted Appropriated Funds

- 1. Includes funds 11(SO) 13, 14, 15, 16, 17, 19 and 25
- 2. This fund group includes those economic resources of a college or university which are expendable for the purpose of performing the primary missions of the institution (instruction, research and public service) and which are not restricted by external sources of designated by the governing board for other than operating purposes. Unless otherwise authorized by the President, the resources will be expended in the fiscal year for which they are appropriated and they will be used for operating expenses.
- 3. The State Board of Agriculture fund (account numbers 11XXXX) is limited solely to the activity of the State Board of Agriculture.
- 4. Revenues of this fund are appropriated by the State through the Long Appropriations Bill (Long Bill). There are three categories: General Funds, Federal Funds and Cash Funds. General Funds are distributed from State revenue. Cash Funds may include tuition and fees, indirect cost recoveries and miscellaneous sources that have traditionally been appropriated as cash funds to institutions and agencies of higher education.

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5. Expenditures of this fund represent the cost incurred for goods and services used in the conduct of the institution's or agency's operations in carrying out the primary mission of the institution) instruction, research and public service). They include the acquisition cost of capital assets, such as equipment and library books, to the extent appropriated funds are budgeted for and used by operating departments for such purposes.
6. Year end closing policy for these funds involves two primary closing dates. All academic resident instruction accounts close on May 20th and all other appropriated accounts close on June 30th of each year. Any unexpended budget remaining at year end is subject to State and University regulations regarding carryforward into the new year. There is no automatic carryforward of budget balance (fund balance). Approved carryforward amounts are brought back into the account through the budgeting process.
7. Each of the funds in this fund group has a specific stated purpose and the revenues and expenditures recorded in that fund are to be only for that specific purpose. A listing of each of the funds, its primary source of revenue and the allowable expenditures is shown in Attachment #1.
8. Special Course Fee Fund (25XXXX accounts) This fund accounts for instructional fees charged to those students enrolled in certain academic courses; such fees are designed to cover specific supplies, services, facility rentals, equipment replacement and/or maintenance and other costs not covered by general tuition. The assessing of a course fee is subject to extensive review and approval by the deans of the colleges, the Provost/Academic Vice President and the Vice President for Administrative Services. Accounts may only be established in this fund for course fees that have such approval. Details on establishing and using accounts in the Special Course Fee Fund are contained in the SPECIAL COURSE FEE MANUAL.

B. Current Unrestricted Auxiliary and Self-Supporting Funds

1. Includes funds 12, 20, 21, 22, 23, 24, 26, 32, 34, 35, 39, 62, and 88
2. This fund group is used to account for the sale of goods and services incidental to the University's primary mission (instruction, research and public service). It is University policy to undertake only those activities that are substantially related to the functions of the institution. Please refer to FPI 28.00 POLICY ON EDUCATIONAL BUSINESS ACTIVITIES AT COLORADO STATE UNIVERSITY for more information on these activities. In general, the purpose of such activities is focused primarily on serving the students, faculty and staff of the University. Sales of goods and services to the external community are allowed provided such good and services represent a resource which is directly related to a specific element of the University's mission.

In addition, activities in these funds are: 1) self supporting, 2) NOT primarily for the discovery of new knowledge, 3) NOT to compete with private industry in serving the general public and 4) NOT to engage in business-type operations unrelated to the mission of the University.

3. Revenues of this fund group are generated by a vendor/customer relationship. Sources may include (but are not necessarily limited to): sales of goods and services, room and board charges, facility rentals,

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student fees, ticket sales, continuing education tuition and parking permits.

4. Expenditures of this fund group include all reasonable and necessary costs related to the goods or services provided.
5. Each of the funds in this fund group has a specific stated purpose and the revenues and expenditures recorded in that fund are to be only for that specific purpose. A summary of each of the funds, its primary source of revenue and the allowable expenditures is shown in Attachment #2.

Specific information for each fund follows:

- a. Continuing Education Fund (Accounts 120001- 124999) This fund accounts for the activities of the Division of Continuing Education, including all tuition for Continuing Education courses (credit and non-credit), all expenditures associated with providing such courses and all Continuing Education administrative costs as approved by the Colorado Commission on Higher Education (CCHE).
- b. Continuing Education Departmental Distribution Funds (Accounts 125000-128900) The 3-2 funds were created to monitor activities in various departments that pertain to Continuing Education programs. Revenues reported in these accounts are those received through Continuing Education and redistributed to the departments on an agreed percentage/distribution basis. Expenditures in these accounts are to be those incurred by the departments in direct relation to the Continuing Education programs.
- c. Suspense Fund (020XXX accounts) This fund is reserved for accounting transactions which require correction. Use of this fund is limited to General Accounting in the Department of Business and Financial Services.
- d. Revolving Fund (21XXXX accounts) This fund is a fiscal entity for the purpose of accumulating and billing costs. Individual accounts or a group of accounts record the supplying of goods and services at cost by one University department or unit to multiple University departments, projects or units. Details on the use of this fund and the regulations which govern it are available in FPI 17.00, REVOLVING FUND MANUAL.
- e. General Operations Fund (22XXXX, 1499XX, 15XXX6, and 193000-197999 accounts) This fund accounts for goods and services provided to students, faculty, staff and the external community which are created as a result of operations of a self-supporting nature and which are substantially related to the University's mission of instruction, research and public service. There may be some sales to University departments.

In general, operations in this fund are linked to one or more of the following activities:

1. Instructional or laboratory experiences for students
2. Laboratory experiences for student in support of research
3. Public service provided to the external community using the expertise of the professional staff of a land-grant institution (such services not generally available from private industry in Colorado).

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4. General on-campus services provided as part of the overall administration of the University (e.g., parking management)

Details on the use of these funds and the regulations which apply to them are contained in FPI 18.00, GENERAL OPERATIONS FUND MANUAL.

- f. Student Organizations Fund (23XXXX accounts) This fund accounts for activities whose primary purpose is students' emotional and physical well-being as well as intellectual, cultural and social development, outside the context of formal academic programs. The major funding source for this fund is student activity fees. Some activities may result in sales of goods or services to the external community, but the focus is that of self-supporting activities funded by students, directed by students for the benefit of students.

Included in this fund are:

1. Associated Students of Colorado State University (ASCSU) and affiliated social, cultural and special interest groups and clubs:
2. Intramural/recreational sports activities (excluding direct expenses of and bond payments for the recreational sports center)
3. Special student services funded through student-approved fees, (e.g., legal service, ombudsman, community services and handicapped access)
4. Publication of the student newspaper and yearbook and operations of the on-campus radio station
5. Other self-governing student clubs and honorary societies not affiliated with ASCUS but recognized by the University and associated with specific academic departments.

More information on establishing and using these funds is available from the Student Organizations Office in the Lory Student Center.

- g. Pooled Accounts Fund (24XXXX)

This fund is used for segregating specific assets of the University for control purposes. These accounts include: Disbursement Imprest Account, Cashiers' Imprest Account, Student Accounts Receivable, Commercial Accounts Receivable, Pooled Investments, Intergovernmental Purchase Vouchers Clearing Account and Payroll Clearing Accounting. Use of these funds is restricted to the Department of Business and Financial Services.

- h. Auxiliary Enterprises (260200-269999) and Intercollegiate Athletics (260001-260199)

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This fund is used to account for entities that exist to furnish goods and services to students, faculty or staff and that charge a fee directly related to, although not necessarily equal to, the cost of goods or services provided. Such fees are set annually, approved by the State Board of Agriculture and assessed through the central administrative offices of the University. The general public incidentally may be service by some of the activities in this fund. These funds include funds for current operations of facilities and activities which are or have been self-liquidating. These funds generally operate according to restrictions set forth in a bond indenture. These funds and facilities include the Student Center, the Student Housing System, the Student Health Center, the Student Sports Recreational Center, Hughes Stadium and Moby Auditorium-Gymnasium.

i. Work-In-Progress Fund (88XXXX accounts)

This fund allows for accumulation of costs for the fabrication of equipment/models. The costs are then transferred to the fund which will ultimately fund the expense, either monthly or upon completion of the project. Details of the operations of this fund are provided in FPI 21.00, WORK-IN-PROGRESS.

C. **Current Restricted Funds**

1. Includes 27, 53, 40, 42, 64, 99, 49, 54, 55, and 59 funds
2. This fund group includes resources received from an external source for a specific purpose. These funds are only restricted by externally imposed limitations. They are not created by the State Board of Agriculture, only by an external donor, agency, legislature or other sponsor. Current restricted funds include appropriated funds restricted by and appropriating government to a specific use which cannot be changed without permission of the appropriating agency. Other sources of current restricted funds are restricted government contracts and grants and private restricted gifts, grants and contracts. There are legal limitations on the use of all of these funds.
3. Revenues of this fund group are categorized as appropriations, contract and grant revenue, gifts and investment income.
4. Monies in this fund group are to be expended according to the restrictions placed by the external sponsor. However, regardless of sponsor restrictions, these funds may still NOT be expended for any purpose which is not allowed by State or Federal law, State Fiscal Rules, or Colorado State University Financial Policy and Procedure Instructions.
5. For some funds in this fund group, receipts are recognized as revenue only to the extent that they equal expenditures.
6. Specific funds included in this fund group are:
 - a. Cooperative Extension Service (27)
General Ledger accounts 027XXX
Subledger accounts 27XXXX

This revenue comes from restricted federal appropriated funds, federal contracts and grants, state contracts and grants and

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private contracts and grants. The function of this fund is public service.

- b. Sponsored Programs (53)
General Ledger accounts 03XXXX
Subledger accounts 53XXXX

Revenue in this fund comes from federal, state and private contracts, grants and agreements as reimbursement for costs incurred. The nature of the relationship between the University and the external sponsor can be characterized as grantee/grantor, sponsor/contractor or cooperators. Each account is supported by a signed funding document, although an individual funding document may have several accounts. Funds are to be expended for the purpose specified by the external sponsor and must be allowable as defined by the sponsor. Accounts in this fund generally carry the federally negotiated indirect cost rates. Activities administered in this fund include organized research, sponsored instruction and other sponsored activities.

- c. Workstudy Fund (40)
General Ledger accounts 04000-041999
Subledger accounts 64000-641999

Revenue in this fund comes from federal appropriations and payments from off-campus employers. The only appropriate expenses in this fund are salaries and administrative costs.

- d. Student Financial Assistance Fund (42)
General Ledger account 042000
Subledger accounts 642000-642999

The only source of revenue for this fund is CCHE. The expenditures are limited to scholarships and workstudy salaries and must conform to CCHE guidelines.

- e. Gift Fund (64)

The source of revenue in this fund is limited to gifts and investment income earned on accumulated gifts. Gifts for the University are received by the CSU Foundation. The Foundation invests the gift revenue and deposits funds into the Gift Fund to cover anticipated expenditures. Income earned on endowments held by CSU Foundation may also be expended through Gift Fund accounts. Funds are to be expended according to the restrictions placed by the donor and must also comply with all other regulations which apply to expenditures of University funds. Specific policies and procedures related to gift funds can be found in FPI 19.00, RECEIPT AND ADMINISTRATION OF GIFT FUNDS.

- f. Agency Fund (99) General Ledger Subledger 99XXXX

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Agency funds are held by the University as a custodian for students, faculty and others. Ownership of the funds is retained by the agency or sponsor. For an agency relationship to exist, the deposit must be received before expenditures are incurred. Expenditures are made at the direction of the agent. Unused funds must be returned to the agent or sponsor. Expenditures from this fund must also comply with all applicable University policies and regulations as well as restrictions from the agent. For detailed information on the administration of agency funds, please refer to FPI 20.00, ADMINISTRATION OF AGENCY FUNDS.

- g. Veterinary Medicine Restricted Fund (34) General Ledger accounts 014900-014989 Subledger accounts 149000-149899

This fund is used only for recording the federal appropriated funds and the related expense for animal health and disease research. Funds are allocated to the University by a formula based on funds spent on animal health and disease research on food and fiber animals. No other revenue is permitted in the fund. Funds are expended according to the restrictions placed by the federal appropriation.

- h. Experiment Station Restricted Fund (35)
General Ledger 015004
Subledger account 15XXX4

This fund is used only for recording the Federal Hatch Act and McIntyre-Stennis funds awarded to the CSU Experiment Station and the related expenditures. No other revenue or deposits should be made to this fund. Expenditures in this fund should be restricted to the authorized research projects and allowable administrative expenses.

- D. A summary listing of the funds within the Current Restricted Fund group, revenues of these funds and allowable expenditures from these funds is contained in Attachment #3.

E. **Plant Funds**

1. Includes 71, 72, 73, 74, 75, 77, and 78 funds.
2. These funds must comply with all University policies and procedures. In addition, their use is restricted primarily to the Department of Business and Financial Services and the Department of Facilities Services.
3. Four fund groups are contained with this broad fund group. They are Unexpended Plant Funds, Renewal and Replacement Funds, Retirement of Indebtedness Funds, and Invested in Plant Funds.
4. The Unexpended Plant Funds are used to accumulate all the costs for a construction project while it is being built. At the end of the project, the entire cost of the project is capitalized if it meets the capitalization guidelines. Regardless, the accounts are closed at the conclusion of each project. The specific funds and their uses are:
 - a. State Capital Construction Fund (71)
General Ledger 071XXX
Subledger 771XXX

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This fund accounts for projects which are directly appropriated by the State through the Long Appropriations Bill (Long Bill). There are two categories of revenue: General Funds or Cash Funds. General Funds are distributed from state revenues. Cash funds come from sources other than state revenues and are designated in the Long Bill.

- b. Auxiliary Enterprises Construction Funds (72)
General Ledger 072XXX
Subledger 772XXX

This fund accounts for projects that are financed by the operating funds of Auxiliary Enterprises, Intercollegiate Athletics or by the issuing of bonds for the construction of a specific facility. There must be sufficient cash to pay vendors/contractors when the bills come due. Revenues to this fund can come from any number of sources, but are usually proceeds from a bond issue.

- c. Other Unexpended Plant Funds (73)
General Ledger 073XXX
Subledger 773XXX

This fund accounts for all other construction projects of the University. Revenues to the fund come from a variety of sources.

- 5. The Renewal and Replacement Fund is exclusively for reserves held for repair, renewal and replacement of specific plant assets as required by bond indentures or authorized by the State Board of Agriculture.
- 6. The Retirement of Indebtedness Fund accounts for the accumulation and disbursement of funds relating to the retirement of bonds, mortgages and other forms of indebtedness incurred to acquire capital assets.
- 7. The Invested in Plant Fund accounts for funds expended in University properties that have been capitalized. All equipment used for research and teaching, library books, films, buildings, land, improvements to land and long term debt are recorded in these funds.

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