

SELECTED FUND ACCOUNTING TERMINOLOGY

Fund

A fund is an accounting entity with a self-balancing set of accounts for recording assets, liabilities, a fund balance, and changes in fund balance. Separate accounts are maintained for each fund to ensure observance of limitations and restrictions placed on the use of resources. For accounting and reporting purposes, however, funds of similar characteristics can be combined into fund groups. See next page for fund categories.

Fund Accounting

It is the system by which resources are allocated to and accounted for a separate entity (fund) according to the purpose for which resources may be used in accordance with limitations, regulations or restrictions imposed by sources outside the institution or by the governing board. At Valencia, the governing board is the District Board of Trustees.

Fund Balances

Represents the portion of each fund's equity that is available for use by the college; also referred to as surplus funds. If funds are used, it is for nonrecurring expenses approved by the District Board of Trustees.

Budget

A budget is a financial operating plan for the implementation of an organization's strategic goals and objectives.

Cost to Continue

A term for continuing operating costs. These costs continue on a year-to-year basis and must be factored into budgets. An example would be the cost of utilities or a multi-year contract with a yearly increase.

Recurring vs. Nonrecurring costs

Recurring costs are continuing operation costs. Nonrecurring costs are generally one-time acquisition costs such as the purchase of printers. The cost of ink and paper for the printers would be recurring costs.

Discretionary vs. Nondiscretionary costs

Discretionary costs are optional costs. Managers or institutions have the option of choosing to spend or not spend funds to acquire goods or services.

Nondiscretionary costs are costs that must be covered. Managers or institutions have no control over whether or not these items must be paid. An example of nondiscretionary costs would be the salaries of employees, general insurance, etc.

Restricted vs. Non-restricted Funds

Managers of restricted funds can only spend fund monies on items specifically designed by the fund donors and/or grantors. An example of this would be the Endowed Chairs and grants.

Managers of non-restricted funds can use their professional judgment as to how fund monies are spent within State guidelines.

Fiduciary Responsibility

Fiduciary responsibility occurs when an individual or institution has the authority to manage someone else's money. The College has a fiduciary responsibility to the State of Florida, and ultimately the taxpayers of Florida, to manage monies received from the State in a fiscally responsible manner.

FUND CATEGORIES

- 1 Operating
 - Current and unrestricted
 - Funds for day to day operations
 - Governed by statute
- 2 Grants and Student Activities
 - Current and restricted
 - Specific purpose funds governed by grantors/funding agencies
 - Monies come from government and student fees
- 3 Auxiliary
 - Current
 - Enterprise initiatives, self-supporting
 - Conferencing, Bookstore
- 4 Loans and Endowments
 - No longer hold loan funds
 - Quasi-endowment (self-funded)
 - Spending restricted to return on investments, no use of corpus
 - Two funds
 - Valencia quasi-endowment – District Board of Trustees approval
 - Student Activity quasi-endowment
- 5 Scholarship
 - Restricted
 - Government sources such as Pell and FEA grants
 - Valencia Foundation scholarship
 - Student funded via financial aid fees
 - Governed by statute or grantor
- 6 Agency
 - Pass through funds
 - Valencia has no ownership of these monies
 - Typically Valencia student/staff clubs
- 7 Unexpended Plant
 - Monies for equipment and building construction
 - Sources include PECO, state bond issues, and capital improvement fees
- 8 Debt Service
 - 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 for the interest on the obligation
- 9 Invested in Plant
 - Net capitalization of land, buildings and equipment
 - Required by GASB 34, this is an asset valuation account

TYPICAL SOURCES OF FUNDING

- Tuition and fees
- State appropriations
- Federal aid
- Grants and contracts
- Gifts & donations
- Income from endowments
- Interest on investments
- Sales of goods and services