

HIGHER EDUCATION STANDARD FUND STRUCTURE

Current Funds

The current funds group consists of funds expendable for operating purposes, and is divided into two fund subgroups: unrestricted current funds and restricted current funds.

Unrestricted current funds are available for any operating purpose of the institution and may be transferred to other fund groups such as plant funds, loan funds, or endowment funds. Except in very rare circumstances, unrestricted resources transferred from unrestricted current funds to other fund groups will retain their character as unrestricted funds. (The most common exception occurs when there is an external requirement to match restricted funds with institutional funds – and in cases when unrestricted funds are utilized for the match they become restricted funds.) This category also includes funds that have been designated by the governing board for specific operating purposes.

Restricted current funds are operating funds that have been restricted for a specific purpose by external parties, contracts, or legislation. Externally imposed restrictions are different from internally created designations established by the governing board on unrestricted funds because restrictions cannot be removed without the external parties' consent.

There are four main categories of restricted current funds:

- Restricted earnings on endowment funds.
- Gifts restricted for operating purposes, such as scholarships, lectureship series, and salary stipends for faculty (professorships).
- Grants from governmental or private sources for operating purposes when the granting body has imposed restrictions on use.
- Governmental appropriations for operating purposes when the appropriating body has imposed restrictions on use.

Loan Funds

Fund balances of loan funds are also categorized as restricted or unrestricted, but are not considered separate fund subgroups as with current restricted funds and current unrestricted funds. Restricted loan fund balances include donor and governmental funds restricted for purposes of making loans, including resources provided by mandatory transfers required for matching purposes. Restricted loan fund balances include endowment earnings restricted for loan purposes, earnings on other restricted loan fund investments, and interest income on loans previously issued from restricted loan funds. Unrestricted loan fund balances include unrestricted funds designated by the board for loan purposes, including gains on investment of those resources, as well as interest income on loans previously issued from unrestricted resources.

Plant Funds

Traditionally, the plant funds group consists of up to four subgroups, as follows: (1) unexpended plant funds, (2) funds for renewals and replacements, (3) funds for the retirement of indebtedness, and (4) investment in plant. In recent years, however, it has become common to collapse the subgroups into a single plant funds group. Under this approach, various codes or numbering schemes are used to differentiate between the various types of accounts (or funds) utilized in capital asset/debt accounting.

Agency Funds

Agency funds are resources held by an institution as a custodian or fiscal agent for others, such as student organizations, individual students, faculty organizations, or individual faculty members. Agency funds have only assets and liabilities; no fund balance accounts exist. Agency fund transactions are charges or credits to the individual asset and liability accounts and are not included in the revenues and expenses of the institution.