

GT Accounting Basics

Funds

THE BASICS OF FUNDS

What is Fund Accounting?

An accounting system organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance or net assets, revenues and expenditures or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon purposes for which they are to be spent and the means by which spending activities are controlled. Fund accounting is used by state and local governments and by not-for-profit organizations that need to account for resources, the use of which is restricted by donors or grantors.

What is a set of self balancing accounts?

For each fund: $ASSETS = LIABILITIES + FUND\ BALANCE + (REVENUE - EXPENSE)$

Balance Sheet	
Assets	<u>\$100,000</u>
Liabilities	\$ 65,000
PY Fund Bal	10,000
Rev-Exp	<u>25,000</u>
	\$100,000

How do funds work at Georgia Tech?

We have many funds and fund groups at GT. Several of the larger funds are managed at the Business Office level. For example, Fund 10010, the Resident Instruction fund, is the largest fund at Georgia Tech. Most of our state projects are under the umbrella of the Fund 10010 and their expenses would be considered part of the 10010 balance sheet.

We establish a new fund every time there is a unique accounting situation with a unique set of accounting rules. For example, GTRI does business differently and has different rules than regular state funds. Their projects do not fit the mold of state projects found in Resident Instruction so a unique fund was established for them, 11021. Same goes for DLPE, they do business separately from Resident Instruction and GTRI, so they utilize fund number 11022. Auxiliary Services is another example. They are different from GTRI, DLPE and Resident Instruction so they have their own fund, 12050.

For these larger funds, the assets, liabilities, fund balance and revenue are managed at a high level. Auxiliary Services, DLPE and GTRI have their own accounting departments who handle the balance sheet accounts and any revenue. Accounting Services manages Resident Instruction, Plant Funds, Loan and Endowment Funds and some other smaller funds. Grants and Contracts maintain these accounts for all Sponsored Funds.

Let's review a balance sheet for Fund 12050 (Auxiliary Services) to see all the accounts posted.

Cur Unrestricted - Auxiliary 12050

ACCOUNT	BEGINNING BALANCE	TRANSACTIONS	ENDING BALANCE
ASSETS			
CASH			
CASH ON HND/IN BANKS			
CASH ON HAND			
112350 P/C-Student Center	5,375.00	0.00	5,375.00
112430 P/C-Parking	5,000.00	0.00	5,000.00
112502 P/C-Housing Office	15,000.00	0.00	15,000.00
112851 P/C-Stu Hith Ctr	100.00	0.00	100.00
112901 P/C-Buzz Card	500.00	0.00	500.00
TOTAL CASH ON HAND	25,975.00	0.00	25,975.00
CASH/BANKS- DMD DEP			
118000 C/B-Demand Deposits	24,192,937.99	10,847,319.00	35,040,256.99
TOTAL CASH/BANKS- DMD DEP	24,192,937.99	10,847,319.00	35,040,256.99
TOTAL CASH ON HND/IN BANKS	24,218,912.99	10,847,319.00	35,066,231.99
TOTAL CASH	24,218,912.99	10,847,319.00	35,066,231.99
RECEIVABLES			
STUD ACCTS & NOTES			
121040 A/R-Student Health	7,351.00	-7,351.00	0.00
121080 A/R-Student Parking	78,003.68	3,440.51	81,444.19
121200 A/R-Doubtful Accounts	348,505.96	-563.00	347,942.96
TOTAL STUD ACCTS & NOTES	433,860.64	-4,473.49	429,387.15
OTHER RECEIVABLES			
129040 A/R-Cable Network	6,739.17	201.00	6,940.17
129051 A/R-Summer Conference	320,119.64	-229,624.36	90,495.28
129110 A/R-Housing (Ho)	298,841.03	145,649.83	444,490.86
129152 A/R - Student Center	28,080.76	-28,080.76	0.00
129262 A/R-Food Svc-SODEXO Marriott	91,157.59	-91,157.59	0.00
129340 A/R-Buzz Card Equipment	12,125.22	117,104.50	129,229.72
129450 A/R-Buzz Card	3,956.71	18,339.32	22,296.03
129481 A/R-Buzz Card - SHS	0.00	1,296.00	1,296.00
129510 A/R-Student Ctr Rec-Buzz Card	619.14	2,647.76	3,266.90
129560 A/R-Food Service	4,908.77	16,779.00	21,687.77
TOTAL OTHER RECEIVABLES	766,548.03	-46,845.30	719,702.73
TOTAL RECEIVABLES	1,200,408.67	-51,318.79	1,149,089.88
PREPAID ITEMS			
132100 Prepaid Expenses	200.00	-200.00	0.00
TOTAL PREPAID ITEMS	200.00	-200.00	0.00
INVENTORIES			
142500 Pharmacy Inventory	21,701.53	0.00	21,701.53
TOTAL INVENTORIES	21,701.53	0.00	21,701.53

Cur Unrestricted - Auxiliary 12050

ACCOUNT	BEGINNING BALANCE	TRANSACTIONS	ENDING BALANCE
TOTAL ASSETS	25,441,223.19	10,795,800.21	36,237,023.40
LIAB/FUNDEAL/RESERVE			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE			
A/P-General Operations	-21,160.26	53,361.44	32,201.18
A/P Food Vending	17,380.21	-4,526.94	12,853.27
A/P-Vending School Supplies	0.00	91.25	91.25
A/P-Laundry	27,186.64	-27,186.64	0.00
A/P-Video Game Sales	172.35	-319.85	-147.50
A/P-Summer Conf	-1,436.00	19,697.85	18,261.85
TOTAL ACCOUNTS PAYABLE	22,142.94	41,117.11	63,260.05
ACCRUED EXPENSES			
Accrued Payroll Expense	101,538.44	-101,538.44	0.00
TOTAL ACCRUED EXPENSES	101,538.44	-101,538.44	0.00
DEPOSITS			
Meal Plan-Prior Term	0.00	-1,521.24	-1,521.24
Meal Plan-Fall 2002	163,276.84	-163,276.84	0.00
Meal Plans-Spring 2004	0.00	-17,058.49	-17,058.49
Meal Plans - Summer 04	746,459.69	28,494.18	774,953.87
Meal Plans - Fall 04	0.00	50,188.92	50,188.92
Meal Plans - Spring 05	0.00	3,267,276.60	3,267,276.60
TOTAL DEPOSITS	909,736.53	3,164,103.13	4,073,839.66
DEFERRED REVENUE			
Deposits - Housing Prepayments	3,582,220.00	-3,496,337.00	85,883.00
Deposits - Summer Conferences	55,943.75	-55,943.75	0.00
D/R-Student Fees Summer Semest	235,109.37	-235,109.37	0.00
D/R-Bookstore	80,000.00	-80,000.00	0.00
D/R-Parking Permits	429,178.00	-32,092.00	397,086.00
D/R-Gift Certs/Bookstore	17,152.33	0.00	17,152.33
D/R-Res Halls, Summer	862,661.00	-862,661.00	0.00
TOTAL DEFERRED REVENUE	5,262,264.45	-4,762,143.12	500,121.33
OTHER CURRENT LIAB			
Oth Liab-Tech Square Aux Oper	6,429.17	815.83	7,245.00
Buzz Card Funds - Deposits	309,375.09	1,141,430.79	1,450,805.88
Sales Tax-Conf Housing	3,928.85	-3,928.85	0.00
Sales Tax-Stu Ctr Rec	200.79	315.82	516.61
TOTAL OTHER CURRENT LIAB	319,933.90	1,138,633.59	1,458,567.49
TOTAL CURRENT LIABILITIES	6,615,616.26	-519,827.73	6,095,788.53
FUND BAL & RESERVES			
ALLOC F/BAL-RESERVES			

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Cur Unrestricted - Auxiliary 12050

ACCOUNT	BEGINNING BALANCE	TRANSACTIONS	ENDING BALANCE
314101 Pharmacy Inventory Reserve	21,701.53	0.00	21,701.53
315300 Rsv - FY 02 Enc	471,995.64	-471,995.64	0.00
315400 Rsv FY04 Enc and Prior	731,237.47	0.00	731,237.47
317100 Rsv-Doubtful Accounts	348,505.96	800.50	349,306.46
TOTAL ALLOC F/BAL-RESERVES	1,573,440.60	-471,195.14	1,102,245.46
UNALLOC F/BAL - PRYR			
Unalloc F/B-Prior Year	17,252,166.33	-7,889,057.54	9,363,108.79
Tfr of Prior Yr Surplus	0.00	-69,113.93	-69,113.93
TOTAL UNALLOC F/BAL - PRYR	17,252,166.33	-7,958,171.47	9,293,994.86
TOTAL FUND BAL & RESERVES	18,825,606.93	-8,429,366.61	10,396,240.32
CURRENT YEAR EXCESS			
TOTAL REVENUE		59,744,871.18	59,744,871.18
TOTAL EXPENSE		-39,999,876.63	-39,999,876.63
TOTAL CURRENT YEAR EXCESS		19,744,994.55	19,744,994.55
TOTAL LIAB/FUNDBAL/RESERVE	25,441,223.19	10,795,800.21	36,237,023.40

Agency Funds

For the most part, fund maintenance is handled at the Business Office level. There is an exception to the general rule, however. Agency Funds are funds handled at the department level.

What is an Agency Fund?

A fund consisting of resources received and held by the governmental unit as an agent for others; for example, taxes collected and held by a municipality for a school district. This means that Georgia Tech is acting as an intermediary for the agency funds transactions. The revenue brought in by the Agency fund does not belong to Georgia Tech and should not be used for normal Georgia Tech expenses. The funds should only be used for the purpose of the Agency fund. Even though the unit is acting as an agent, it is still responsible for funds and the expenses.

How do I get an Agency Fund?

Fill out an agency fund request form and submit to Accounting Services. If approved, you will receive a Fund Number AND a project. The project number should be used for all Deposits and Purchases.

Accounting for and Agency Fund

Accounting procedures for an Agency Fund are fairly simple. All funds received should be deposited to the Agency Project and Account 400000. You can make the deposits in the Bursar's Office using the deposit form. Most expenses can be charged to 791000. No other detail is needed for these expenses. However, if you are charging employee travel or per diem and fees, please use the appropriate account codes and include the vendor/employee id.

Agency funds DO NOT have budgets. There is no need for them. You are only allowed to spend what is received. To monitor your balance, use the Agency Fund Report (R251). This report will post Revenue and Expense. Revenue – Expense will equal the available balance. Sometimes, agency funds may cross over fiscal years. When a fiscal year closes, the net of revenues and expense is posted to the fund balance. This will be your beginning balance for the next fiscal year.

On the next page, we will review an Agency Fund Report.

FUND: 60630 - GRASS Conference

DATE	DESCRIPTION	ACCOUNT	CAMPUS REF	REVENUE	EXPENSE	BALANCE
01-JUL-2003	Fund balance					0.00
13-JAN-2004	HOUSING-GRASS CONF//	400000	839992	540.00	0.00	540.00
16-JAN-2004	HOUSING-GRASS CONF//	400000	840959	1,051.00	0.00	1,591.00
21-JAN-2004	HOUSING//	400000	841397	806.00	0.00	2,397.00
27-JAN-2004	GRASS Conference//	400000	842004	4,177.00	0.00	6,574.00
27-JAN-2004	GRASS Conference//	400000	842004	361.00	0.00	6,935.00
11-FEB-2004	GRASS Conference AF//	400000	844421	581.00	0.00	7,516.00
16-FEB-2004	JE02-436/Reclassify to Grass	400000		1,137.00	0.00	8,653.00
18-FEB-2004	Gordon College	727900	536GS04002	0.00	7.00	8,646.00
19-FEB-2004	Art Institute of Atlanta	727900	536GS04001	0.00	42.00	8,604.00
25-FEB-2004	Spelman College	727900	536GS04004	0.00	117.00	8,487.00
25-FEB-2004	Savannah State Univ	727900	536GS04003	0.00	19.00	8,468.00
04-MAR-2004	iPROMOTEU	727900	536GS04005	0.00	3,000.00	5,468.00
15-MAR-2004	GA Tech Hotel & Conference Cen	791000	536C000507	0.00	3,550.00	1,918.00
26-MAR-2004	GRASS Conference//	400000	853968	23.00	0.00	1,941.00
17-JUN-2004	HOUSING//	400000	874386	230.00	0.00	2,171.00

**GEORGIA INSTITUTE OF TECHNOLOGY
REQUEST FOR AGENCY FUND ACCOUNT**

Date _____

School/Dept./Unit _____

Suggested name of Agency Fund _____

Principal person responsible for the account:

(Name) (Title) (Campus Address)

Other persons authorized to accept receipts and initiate disbursements from account:

(Name) (Title) (Campus Address)

(Name) (Title) (Campus Address)

(Name) (Title) (Campus Address)

Attach a detailed description of the activities, programs, or operations to be supported by this account. Indicate any specific restrictions, terms, or conditions for the use of funds deposited to this account.

Any agency relationship exists when Georgia Tech is providing accounting or other services for an organization and the funds belong to that organization and not Georgia Tech.

Is Georgia Tech acting in an agency capacity in handling this account?
yes _____ no _____

Please provide the following information regarding the source of funds deposited to this account:

- a. Estimated total annual receipts: \$ _____
- b. Source of receipts: (If necessary, continue description on reverse side)

Please attach photocopies of correspondence, donor letters, and any other relevant documentation that will provide information for a permanent file.

Requested by _____
(Signature) (Title) (Phone Number)

Approved by _____
(Dean, Director, or Department Head)

SUBMIT THIS FORM TO THE ACCOUNTING SERVICES DEPARTMENT - LYMAN HALL - MAIL CODE 0257
QUESTIONS CONCERNING COMPLETION OF THIS FORM SHOULD BE DIRECTED TO THE
ACCOUNTING SERVICES DEPARTMENT - 894-4681

**GEORGIA INSTITUTE OF TECHNOLOGY
AGENCY FUND ACCOUNT AUTHORITY**

Account Name _____

School/Department _____

Old (Short) Account Number _____

BOR Account Number _____

MSA Account Number _____

Principal Person Responsible for the Account:

SOURCE(S) OF REVENUE/RECEIPTS: _____

PURPOSE (Including specific restriction, terms, or conditions on use of monies):

Approved:

Signature

Controller

Date