



# NMIMT FUND Accounting Overview

---

New Mexico Tech Business Office

Last modified April 29, 2010

The purpose of this document is to define FUND accounting and give examples of some commonly used types of FUNDS and account numbers.

This is a working document and as such, we would appreciate any information and/or insight which would help us develop stronger policies for NMIMT's research community.

**Table of Contents**

- I. Fund Accounting..... 3**
  - A. Current Monies – Unrestricted .....3
  - B. Current Monies – Restricted .....4
  - C. Loan Monies .....5
  - D. Endowment Monies .....5
  - E. Plant Funds.....5
  - F. Agency Monies .....6
- II. Transfers ..... 7**
- III. Cost Sharing..... 8**
- IV. References..... 9**

**I. Fund Accounting**

FUND accounting is a method of segregating assets into categories according to the restrictions placed on their use by the funding sources. A FUND is an accounting entity with a self-balancing set of accounts for recording assets, liabilities, a fund balance, and changes in the fund balance (NACUBO 1992).

The following sections contain FUND groups that are used by NMIMT and reported on the institution’s annual financial statements.

**A. Current Monies – Unrestricted**

Current unrestricted monies are resources received by an institution that have no limitations or stipulations placed on them by the external agencies or donors. They consist of monies over which the Board of Regents retains full control for use in achieving any of the institute’s authorized institutional purposes.

Activities accounted for in the current unrestricted FUND group include the following, where # symbols are replaced with the appropriate digits for a given FUND:

Instruction and General account exhibit	101###
Student Social and Cultural Development exhibit	102###
Institutional Research exhibits	103### 122###*
Public Service exhibit	104###
Internal Service exhibit	1050##
Student Aid grants and stipends	106###
Auxiliary enterprises including dining hall and canteen, dormitories, married student housing, swim center, student center, golf course, bookstore, Macey Center, and other independent operations including the Bureau of Mines and Mineral Resources and athletics.	107### 108### 109###

**\*122### FUNDS are overhead return accounts. The monies are state monies that are allocated to the department of the Principal Investigator (PI) who earned the overhead. They are subject to all of the standard restrictions on state monies (e.g., no alcoholic beverages), plus the internal restrictions of no professional salaries.**

**Monies cannot be added from any other source to overhead returns account, nor can they be transferred except for identified cost share or write-offs.**

**B. Current Monies – Restricted**

Current restricted monies are resources provided to an institution that have externally established limitations or stipulations placed on their use, but are intended for current purposes. At the direction of the external funding source (for example, individual, corporation, foundation, or governmental agency), restrictions can be broad (e.g. to use for scholarships) or quite specific (e.g. to analyze a particular research objective).

Activities accounted for in the current restricted FUND group include the following where # symbols are replaced with the appropriate digits for a given FUND:

Research Facility Support	1052##
Specialized Service Facilities (EMRTC's range, Playas, MRO)	280###
College Work-Study Program	210###
Pell Grant Program	211###
SEOG Program	212###
Perkins Loan Fund	213###
Outside College Work-Study	220###
Departmental Grants	230###*
Undergraduate Student Scholarships/Minority Scholarships	240###
Contracts and Grants	FUND Type 29
Other Sponsored Activities	FUND Type 29

**\*Departmental Grants (230###) are external funds either donated (gifts) or earned incidentally (not a usual practice or sale). They are only subject to the terms of the gift and legal uses of non-state, non-federal funds.**

**C. Loan Monies**

Loan monies consist of loans made and resources that are available as financial loans to institute students.

Activities accounted for in the loan FUND group include the following where # symbols are replaced with the appropriate digits for a given FUND:

Loan Monies	410###
-------------	--------

**D. Endowment Monies**

Endowment Monies consist of monies in which the original principal must remain intact (nonexpendable) in perpetuity and only the income earned (dividends and interest) can be expended.

Exhibits accounted for under the endowment FUND group include the following where # symbols are replaced with the appropriate digits for a given FUND:

Quasi Endowment Monies	510###
Endowments	610###

**E. Plant Funds**

The plant FUND group is used to account for monies that acquire long-lived assets for institutional purposes. The subgroups provided for in the plant FUND group are as follows where # symbols are replaced with the appropriate digits for a given FUND:

Unrestricted Plant Monies	910###*
Restricted Plant Monies	920###**
Internal Plant Monies	914###***
Retirement of Indebtedness	940###****

Investment in Plant	950###
Renewals and Replacement	930###

**\*The source of money for the Unrestricted Plant Monies (910###) is the NM Land and Permanent Fund plus the NM Severance Tax Fund. Projects funded from this FUND group are determined internally.**

**\*\*Restricted Plant Monies (920###) are generally from an outside source earmarked for a particular project. Monies are generally restricted by the State of NM, the largest source of plant monies. However, restricted plant monies can also come from other government or private sources. In addition, the monies from a bond issue are also restricted to a particular project.**

**\*\*\*Internal Plant Monies (914###) are generally loaned to a revenue-generating department, such as Auxiliary, for capital improvements not funded by the state or other sources.**

**\*\*\*\*The Retirement of Indebtedness (940###) monies are reserved to pay outstanding bond principle and interest. The source of monies is determined by the bond issue. The actual bond is recorded in the 950### exhibit.**

### F. Agency Monies

Agency monies consist of monies held by the institute as custodian or fiscal agent for others. The resources are deposited with the institution for safekeeping, to be used or withdrawn by the depositor at will.

Exhibits included in the agency FUND group include the following where # symbols are replaced with the appropriate digits for a given FUND:

Agency FUNDS	810###
Benefit Trust	820###
Investment Pool (memo account to track investment pool activity)	830###

## II. Transfers

Transfers represent changes in spending authority. The main reason for any transfer is to allow the receiving FUND to use money currently held in the transferring FUND. This money could be for immediate use in order to increase the spending authority of the receiving FUND or for future use, as in the case of a reserve FUND or renewal and replacement FUNDS.

Since transfers always move money from one FUND to another, they must themselves always be in balance. In addition, transfer account codes are **never used to correct erroneous charges** in a FUND.

For all FUNDS beginning with 101###, (INDEX codes beginning with alpha character A, B, C, D, E, and those not included in the Grants and Contracts exhibit), the budget determines the authority to spend. If the transfer is to go to or come from a department within this FUND group, then the request must be forwarded to the Budget Office in order for them to initiate a budget revision to properly reflect the change in spending authority. A journal entry is then prepared and posted.

Inter-FUND transfers, that is, transfers that cross FUNDS or exhibits, must be recorded as follows:

- If non-mandatory, 782012 is the debit (“from”) side of the transfer, while 58012 is the credit (“to”) side.
- If mandatory, 781### is the debit side, while 581### is the credit side, where # symbols are replaced with the appropriate digits for a given account number.

Intra-FUND transfers, that is, transfers within the same FUND or exhibit, will use the following object codes:

- 782010 is the debit (“from”) side, while 582010 is the credit (“to”) side.

### III. Cost Sharing

Cost sharing refers to NMIMT's participation in the expenditures of a sponsored program or project. Cost sharing can be mandatory if required by a sponsor as a condition of the award, or it is voluntarily offered by NMIMT as an inducement for award consideration.

Note: Cost shares should not be viewed as inter-FUND transfers.

Refer to the [Cost Share Policy](#) for a full discussion on tracking mechanisms for cost share arrangements.



#### **IV. References**

National Association of College and University Business Officers (NACUBO), *College and University Business Administration 1992, Fifth Edition.*

National Association of College and University Business Officers (NACUBO), *Financial Accounting and Reporting Manual for Higher Education Release 97-3.*