

Accounting Handbook

Definition of Fund Groups

1. General Funds (State-Fund 1XXX)

Funds reported in this fund group represent primarily two revenue streams; General Revenue Appropriations (Fund 1XXX) and Other E & G (Fund 1052.) General Revenue appropriations are those funds which are formula generated and allocated by legislative action. Other E & G includes all revenue collected by the institution and required to be deposited in the State Treasury. Included in other E & G are the following: tuition, fees, and other miscellaneous income.

NOTE: See your component Business Coordinator for specific account numbers.

2. Designated Funds (Fund 2XXX)

Funds reported in this fund group represent funds internally allocated by the governing board or management (assuming delegation by the board) and are not restricted in the true accounting sense, since any self-imposed designation can be removed. Revenue streams include sale of educational services, unrestricted gifts from outside agencies and/or donors that have no limitations placed on them, fees, local funds administrative charge, indirect cost, interest income.

UHCL Policy: Any gift given to the President for general university support without specific intent regarding use, will be recorded in designated funds. Use of funds may be determined by a governing board or management.

2.1 Examples:

2.2.1 A corporation gives a gift for general support of the university. This will be recorded in designated funds.

2.2.2 Various campaigns may specifically solicit unrestricted gifts to support numerous programs essential to maintaining UHCL's continued excellence in education, research, and community service. The solicitation letters state that the gifts will support several priority areas including scholarships, library acquisitions, faculty enrichment, alumni programs, and cultural arts. When gifts are received based on this solicitation, it is assumed that there is no specific intent regarding use; therefore, will be recorded in designated funds. See Restricted Funds section for handling gifts with specific donor intent.

3. Auxiliary Funds (Fund 3XXX)

Funds reported in this fund group represent self-supporting operating units. Auxiliary enterprises are entities that exist to furnish goods or services to students, faculty, or staff, and that charge a fee directly related to, although not necessarily equal to, the cost of the goods or services.

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4. Restricted Funds (Fund 4XXX)

The term "restricted fund" describes a fund whose use is limited as specified by external resources (i.e., unit specific and/or use specific.) It is important that restricted resources be distinguished from resources designated by an internal source (governing board or management) for a specified purpose.

Funds reported in this fund group represent funds received from outside sources that are restricted and have externally established limitations placed on their use. Gifts received without limitation on use may be used for general support of the unit specified.

UHCL Policy: Any gift received from an external source with specific intent regarding the unit to receive the gift and/or the use of funds will be recorded in restricted funds.

4.1 Examples:

4.1.1 A gift given to a Dean to support the school, with or without specific intent regarding use, will be recorded in restricted funds. By giving a gift to a Dean, it is understood that the gift will be used by the Dean for school purposes.

4.1.2 A gift given to the University (via the President, Vice President, Dean, or individual) for use by a specified program or unit will be recorded in restricted funds.

4.1.3 A gift is received through a fund drive and the donor specifies the intent of the donation, such as library acquisitions. This gift will be recorded in restricted funds.

5. Contracts and Grants (Fund 5XXX)

Funds reported in this fund group represent funds received from outside sources and require a deliverable as a result of the funding. All funds are restricted by the funding agency to be expended only in support of the funded project.

6. Indirect Cost Rate

Indirect cost recovery on contracts and grants is required by the State of Texas and the University of Houston - Clear Lake. The indirect cost recovered becomes an integral part of the budget of the University of Houston - Clear Lake. The University of Houston - Clear Lake has an approved, negotiated rate for indirect cost recovery with the Department of Health and Human Services. This approved rate must be used on any contract or grant proposal submitted from the University. If a rate other than the approved rate is to be used in a proposal it must be the official rate of the funding agency for all grantees or contractors. Exceptions to the DHHS negotiated rate or the official agency rate or a zero dollar rate must have prior written approval of the Vice President for Administration and Finance, and the Senior Vice President and Provost.

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If a funding agency requests a reduction in the approved indirect cost rate during contract negotiations, the Vice President for Administration and Finance and the Provost must be notified and written approval obtained to adjust the rate.

7. Agency Funds (Fund 9XXX)

Moneys held by an institution acting as custodian or fiscal agent.

Reporting Financial Accounting Information to External Parties

The [University of Houston System Administrative Memorandum \(SAM\) 03.A.22](#) references the reporting of financial accounting information to external parties. It is essential that the financial information presented is accurate, complete, and agrees with the official University of Houston System financial records.

For the purposes of this policy "financial information" is defined as historical financial information recorded in the official University of Houston Clear Lake Financial Records System maintained by the UH System Controller's office. This policy does not cover financial or accounting records for individuals, students, or employees; budgetary records; building/cost records; research data; or other official records maintained in authorized databases by departments.

For the purposes of this document, "external parties" shall include both governmental entities and non-governmental entities that are not formally recognized as an operating unit of the UH System.

The Vice President for Administration and Finance at UHCL has designated the Associate Vice President for Finance as the person responsible for the implementation of this AM. All financial information prepared by UHCL for distribution to external parties must be reviewed for accuracy, completeness, and integrity by the Associate Vice President for Finance.

If there are any questions, please contact the [Associate Vice President for Finance](#) before responding to any request from external parties.