

Prepared by General Accounting and Loan Collection Office.
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A8.617

A8.600 Accounting

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A8.617 REVENUE AND EXPENDITURE FUNCTIONAL CODES

1. Purpose

To describe the purpose and role of the functional codes in the University fiscal accounting system.

2. Objective

To insure the proper assignment of functional codes for preparation of the University financial statements of net assets, revenues, expenses, and changes in net assets.

3. Definition

Functional codes are three-digit codes classifying sources of revenue and types of expenditure for reporting purposes. These classifications are established in accordance with college and university accounting and reporting standards.

Effective July 1, 2001, the University has expanded the use of functional codes to identify the type of net assets (assets less liabilities) for the statement of net asset required under Governmental Accounting Standards Board (GASB) 34 and 35 statements.

4. Applicability/Responsibilities

Administrative officers/Fiscal Officers are responsible for the proper assignment of functional codes on the request for GL & SL Account Code Maintenance form, FMIS-21GLSL. Functional codes are maintained as an attribute (non-dollar value) associated with each account.

5. Description

- a. Revenue Functional Codes identify major funding sources of account.
- 1) Tuition and Fees (11X) includes all tuition and fees assessed against students for current operating purposes.
 - a) Regular Session (111) are tuition and fees of all course offerings except Summer Session and College of Continuing Education.
 - b) Summer Session (113) are tuition and fees of the Summer Session Program.
 - c) College of Continuing Education (114) are tuition and fees of the College of Continuing Education.
 - d) Activities (115) are fees assessed by student organizations.
 - 2) Governmental Appropriations (12X, 13X, 14X) include amounts received from or made available to the institution through Act of a legislative body (Federal, State and Local governments), except grants or contract. These categories include only governmental appropriations made from tax levy funds, Federal land-grant appropriations, and Federal revenue-sharing funds. Federal appropriations received through State channels are included in Federal appropriations.
 - 3) Governmental Grants and Contracts (15X, 16X, 17X) include revenues from governmental agencies for specific research projects or other types of programs, e.g., Research projects training programs and similar activities for which amounts are received or expenditures are reimbursable under the terms of a government grant or contract.

- 4) Private Gifts, Grants, and Contracts (18X) include amounts received from individuals or non-governmental organizations, including private gifts and contracts. Private gifts and grants include those monies received from private donors for which no legal consideration is involved (i.e., no specific goods or services must be provided to the donor in return for the monies). Private contracts include those monies received for which specific goods and services must be provided to the donor. This category includes only those revenues directly related to instruction, research, and public service. Monies received as a result of gifts, grants, or contracts from a foreign government are included here.
- 5) Endowment Income (261) includes income from endowment and similar funds, and income from funds held in trust by others under irrevocable trusts.
- 6) Sales and Services of Educational Activities (271) are revenue derived from the sale of goods or services incidental to the conduct of instruction, research, or public service (e.g., film rental, scientific and literary publications testing services, University presses, and dairy products).
- 7) Sales and Services of Auxiliary Enterprises (30X) include all revenues generated by auxiliary enterprise operations. This category does not include revenues received in the form of grants, gifts, or endowment income restricted for auxiliary enterprises, but is limited to monies derived directly from the operation of auxiliary enterprises.
- 8) Other Sources (351) include all items of revenue not covered elsewhere. This category also includes revenues resulting from the sales and services of internal service departments to persons or agencies external to the institution.

- 8) Independent Operations (40X) include all revenues associated with operations independent of or unrelated to the primary missions of the institution (instruction, research, public service) although they may contribute indirectly to the enhancement of these programs. This category generally includes only those revenues associated with major federally-funded research laboratories.
- b. Expenditure Functional Codes identify the purpose of account for AICPA reporting purpose.
- 1) Instruction (A) includes expenditures for all activities that are part of the instructional credit program. Excluded are expenditures for academic administration where the primary assignment is administration (as in the case of academic deans). However, expenditures for department chairpersons are included in this category, since instruction is still an important role of such administrators. Subcategories for Instruction are:
 - a) Vocational Education (AA) include expenditures for instructional activities in the trade and paraprofessional areas.
 - b) General Education (AB) includes instructional expenditures of a formal degree or certificate curriculum. Excluded are Vocational (AA) and Professional (AC) Education expenditures.
 - c) Professional Education (AC) includes expenditures of instructional programs leading to a professional degree or certificate.
 - d) Preparatory/Remedial Instruction (AD) includes expenditures for formally organized and/or separately budgeted instructional activities which offer students the basic

knowledge and skills required by the institution prior to undertaking formal academic course work leading to a postsecondary degree or certificate.

- e) Non-Imposed Fringe (AN) includes employer's share of fringe benefit costs absorbed by the State of Hawaii for Instruction.
- 2) Research (B) includes all expenditures for activities specifically organized to produce research outcomes commissioned by an agency either external to the institution or separately budgeted by an organizational unit within the institution. Expenditures for departmental research not separately budgeted should be included in Instruction.
- a) Agricultural Experiment Station (BA) includes expenditures for research related program elements of the Hawaii Agricultural Experiment Station.
 - b) Centers and Institutes (BB) include expenditures for research related program elements that are part of a research organization created to manage a number of research efforts, excluding Agricultural Experiment Station expenditures coded "BA".
 - c) Individual or Project Research (BC) includes expenditures for research activities that are normally managed within the academic departments and have been created as a result of a contract or a grant or through the specific allocation of institutional resources for the conduct of a research study or investigation.
 - d) Non-Imposed Fringe (BN) includes employer's share of fringe benefit costs absorbed by the State of Hawaii for Research.

- 3) Public Service (C) includes all funds budgeted specifically for public service and expended for activities established primarily to provide services to groups external to the institution (e.g., seminars, projects and services provided to particular sectors of the community by various organizational entities). Subcategories for Public Service are:
 - a) Community Service (CA) includes expenditures for those activities carried out to provide general community services, excluding instructional activities. Community Service is concerned with making available to the public, various resources and unique capabilities that exist within the institution (e.g., conferences and institutes, general advisory service and reference bureaus, consultation, similar activities).
 - b) Cooperative Extension Services (CB) include expenditures for noninstructional activities established as the result of cooperative extension efforts (e.g., agriculture extension) between the institution and outside agencies.
 - c) Non-Degree Instruction (CC) includes expenditures for non-credit instructional services to members of the community (e.g., short courses, professional review courses, etc).
 - d) Non-Imposed Fringe (CN) includes employer's share of fringe benefit costs absorbed by the State of Hawaii for Public Service.
- 4) Academic Support (D) includes all funds expended to provide support services for the institution's three primary programs--instruction, research, and public service. It includes the retention, preservation, and display of educational materials

and the provision of services that directly assist the academic functions of the institution.

Subcategories for Academic Support are:

- a) Libraries (DA) includes expenditures for all activities that directly support the operation of a catalogued or otherwise classified collection of published material.
- b) Educational Media Services (DB) include expenditures for all activities providing audiovisual and other services that aid in transmitting information to support the institution's instruction, research, and public service programs.
- c) Academic Computing Support (DC) includes expenditures for activities that provide computing support to the three primary programs. Excluded from this category is administration data processing, which is classified as institutional support.
- d) Ancillary Support (DD) includes expenditures for activities providing support services to the three primary programs but not appropriately classified within the previous subcategories (e.g., laboratory schools, press, chemical stockroom, etc.).
- e) Academic Administration and Personnel Development (DE) includes expenditures for activities specifically designed and carried out to provide administrative and management support to the academic program.
- f) Course and Curriculum Development (DF) includes expenditures for activities established either to significantly improve or add to the institution's instructional offerings, but only to the extent that such activities are formally organized and/or separately budgeted.

- g) Non-Imposed Fringe (DN) includes employer's share of fringe benefit costs absorbed by the State of Hawaii for Academic Support.
- 5) Student Services (E) include all funds expended for admissions, registrar activities, and activities whose primary purpose is to contribute to students' emotional and physical well-being and to their intellectual, cultural and social development outside the context of the formal instruction program. Subcategories for Student Services are:
- a) Social and Cultural Development (EA) includes expenditures for activities established to provide for the students' social and cultural development outside the degree curriculum, (e.g., cultural events, intramural athletics, student organizations, etc.).
 - b) Counseling and Career Guidance (EC) includes testing centers, placement office, etc. Excluded is informal academic counseling provided by the faculty in relation to course assignments.
 - c) Financial Aid Administration (ED) includes expenditures for activities established to provided financial aid services and assistance to students. Excluded are expenditures for outright grants to students, included in "Scholarships and Fellowships."
 - d) Admissions and Records (EE) includes expenditures for activities of the student admission office and the registrar's office.
 - e) Student Health Service (EF) includes expenditures for student health services operated as a service to the student body rather than as an essentially self-

supporting enterprise.

- f) Student Services Administration (EG) includes expenditures for organized administrative activities that provide assistance and support (excluding academic support) to the needs and interests of students. This subcategory includes only administrative activities that support more than one subcategory of student activities and/or provide central administrative services related to various student services activities.
 - g) Non-Imposed Fringe (EN) includes employer's share of fringe benefit costs absorbed by the State of Hawaii for Student Services.
- 6) Institutional Support (F) includes all funds expended for activities whose primary purpose is to provide operational support for the day-to-day functioning of the institution, excluding expenditures for physical plant operations. Subcategories for Institutional Support are:
- a) Executive Management (FA) includes expenditures for all central executive-level activities concerned with the management of and long-range planning for the entire institution, distinct from any one program within the institution. Includes operations such as executive direction (e.g., governing board) and planning and programming.
 - b) Fiscal Operations (FB) include expenditures for those operations related to fiscal control and investments of the institution (e.g., accounting office, treasury operations, internal audits, etc.)
 - c) General Administration and Logistical Services (FC) include expenditures for those activities that provide central

administrative support to other activities of the institution (e.g., space management, personnel administration, purchasing and maintenance of supplies and materials, campuswide communication and transportation services, general stores, printing shops and safety services).

- d) Public Relations Development (FE) includes expenditures for activities established to maintain relationships with the general community, alumni, or other constituents and to conduct activities related to development and fund raising.
 - e) Non-Imposed Fringe (FN) includes employer's share of fringe benefit costs absorbed by the State of Hawaii for Institutional Support.
- 7) Operation and Maintenance of Plant (G) includes all expenditures of current funds for the operation and maintenance of physical plant; all expenditures for operations established to provide services and maintenance related to campus grounds and facilities; and utilities, fire protection, and similar items. (Excludes expenditures made from the plant fund accounts.) Subcategories for Operation and Maintenance of Plant are:
- a) Physical Plant Administration (GA) includes expenditures for administrative activities that directly support physical plant operations.
 - b) Building Maintenance (GB) includes expenditures of activities related to routine repair and maintenance of buildings and other structures, including both normally recurring repairs and preventive maintenance.
 - c) Custodial Services (GC) include expenditures related to custodial services in buildings.

- d) Utilities (GD) includes expenditures related to heating, cooling, light and power, gas, water, and all other utilities necessary to operate the physical plant.
 - e) Landscape and Grounds Maintenance (GE) include expenditures related to the operation and maintenance of landscape and grounds.
 - f) Major Repairs and Renovations (GF) include expenditures related to major repairs, maintenance and renovations.
 - g) Non-Imposed Fringe (GN) includes employer's share of fringe benefit costs absorbed by the State of Hawaii for Operation and Maintenance of Plant.
- 8) Scholarships and Fellowships (H) include monies given in the form of outright grants and trainee stipends to individuals enrolled in formal course work, either for credit or not. The recipients should not be required to render services to the institution as consideration for the grant, nor should they be expected to repay the amount of the grant to the funding source.

Expenditures for trainee stipends awarded to individuals not enrolled in formal course work should be included in either Instruction, Research, or Public Service.

Subcategories for Scholarships and Fellowships are:

- a) Scholarships (HA) include outright grant-in-aid, trainee stipends, and prizes to undergraduate students.
- b) Fellowships (HB) include outright grant-in-aid and trainee stipends to graduate students. It does not include funds for which services to the institution must be

rendered (e.g., payments for teaching).

- C) Non-Imposed Fringe (HN) includes employer's share of fringe benefit costs absorbed by the State of Hawaii for Scholarships and Fellowships.
- 9) Auxiliary Enterprises (J) include entities which exist to furnish a service to students, faculty or staff and charge a fee directly related to, although not necessarily equal to, the cost of the service. The distinguishing characteristic of an auxiliary enterprise is that it is managed as an essentially self-supporting operation. Therefore, although revenues do not always exceed or equal expenditures, auxiliary enterprise fees are usually set with this goal in mind. The following are included in Auxiliary Enterprises:
- a) Bookstore (JA)
 - b) Student Housing (JB)
 - c) Faculty Housing (JC)
 - d) Food Services (JD)
 - e) Parking Operations (JE)
 - f) Intercollegiate Athletics (JF)
 - g) University General Activities (JG)
 - h) Auxiliary Services Administration (JH)
 - i) Campus Center (JJ)
 - j) Transportation Services (JK)
 - k) Telephone and Communication (JL)
 - l) Child Care Program (JM)
 - m) Non-Imposed Fringe (JN)
- 10) Independent Operations (T) includes all funds expended for operations that are independent of or related to the primary missions of the institution (i.e., instruction, research, public service), although they may contribute indirectly to the enhancement of these programs. Subcategories for Independent Operations are:
- a) Institutional Operations (TA) include expenditures for activities controlled by the

institution which are foreign to, or independent of, the institution's primary missions.

- b) Outside Agencies (TB) include those activities controlled or operated by outside agencies which are housed or supported by the institution.
 - c) Vocational Education Administration (TC) includes expenditures for the administration of the Vocational Education Office.
 - d) Postsecondary Education Commission (TD) includes expenditures for activities of the Postsecondary Education Program.
 - e) Discoveries and Inventions (TE) includes expenditures for the activities of Discoveries and Inventions.
 - f) Non-Imposed Fringe (TN) includes employer's share of fringe benefit costs absorbed by the State of Hawaii for Independent Operations.
- c. Other Expenditure Functional Codes (L, N, P, R, and U) include a functional code assigned to accounts other than the current funds (Fund Group 11 and 12) for classification of net assets.
- 1) FG20 Loans (L) include loan programs to be classified as Restricted Expendable loans net assets.
 - 2) FG30 Endowment, Nonexpendable (N) includes endowment funds to be classified as Restricted Expendable net assets.
 - 3) FG54 Investment in Plant (P) includes investment in fixed assets to be reclassified as Investment in Capital Assets, net of related debt.

- 4) Restricted - Other Than Current Funds (R) includes endowment fund, unexpended plant, renewal and replacement fund, and retirement of indebtedness accounts to be classified as Restricted Expendable programs.
- 5) Unrestricted - Other Than Current Funds (U) includes endowment fund, unexpended plant, renewal and replacement fund, and retirement of indebtedness accounts to be classified as Unrestricted net assets.