

**PENSACOLA STATE COLLEGE**  
**MANUAL OF PROCEDURES**

Procedure Title:	Accounting	<u>Number</u> 501
Related Policy:	Accounting – 6Hx20-5.001	<u>Page</u> Page 1 of 3

**I. Purpose**

To identify the Basic Accounting System, the State Accounting Manual, and the Basic Coding System.

**II. Procedure**

**A. Fund Accounting**

1. The College utilizes fund accounting which is a system by which resources are allocated to and accounted for as a separate entity (fund) according to the purpose for which resources may be used in accordance with limitations, regulations or restrictions imposed by sources outside the institution or the governing board. A fund is an accounting entity with a self-balancing set up accounts consisting of assets, liabilities, fund balance, and changes in the fund balance.
2. For reporting purposes, funds of similar characteristics are combined into fund groups. The College utilizes the following fund groups:
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<u>Current Funds</u>	<u>Non-Current Funds</u>
Unrestricted Funds	Loan and Endowment Funds
Restricted Funds	Plant Funds
Auxiliary Funds	
Scholarship Funds	
Agency Funds	

**B. Accounting System**

The College is responsible for establishing an accounting system that:

1. Provides for the uniform coding system of organizational units and the uniform general ledger classification.
2. Has a general ledger and subsidiary ledger system which provides for the summarization of accounting transactions and identification to source documentation.
3. Records transactions in accordance with generally accepted accounting principles.
4. Provides reasonable assurance that transactions are executed as authorized; that transactions are recorded as necessary to permit financial statement preparation



4. The two groups are subdivided into eight identifiable categories as shown above. The first digit of the Organizational Unit designates the Fund, the second digit designates the Function, the third digit designates the Sub-Function, the fourth through sixth digits designate the Specific Unit, and the seventh and eighth digits are reserved for a Variable ID code. The Variable ID code is included for expansion in the event future reporting requires information classified by some criteria other than those currently identified.
5. The first digit of the General Ledger Classification designates the account class (i.e., balance sheet, revenue, personnel expense, current expense, capital outlay). The second digit designates the object code. The object code further identifies the revenue or expense to a general type within the classification in the third digit. The fourth and fifth digits designate the lowest level of detail required for any revenue or expenditure.
6. The College maintains its financial records in accordance with the Accounting Manual. Details of the accounting structures can be found therein.

Responsible Official: Vice President, Business Affairs
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President's Signature:
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Date: 02/21/2017
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