**Independent Operations**

The Independent Operations category includes expenses of separately organized operations owned or controlled by an institution that are unrelated to or independent of the institution’s primary mission. These expenses are generally associated with commercial enterprises that are not established for the primary benefit of students, faculty or staff of the institution (as opposed to Auxiliaries). Independent Operations should only be established for the primary benefit of the institution (as opposed to Auxiliaries). Independent Operations does not have any sub-categories but the transaction code is as follows:

- (800) Independent Operations

**Capital Projects**

This is a project that maintains, improves, or adds to the physical assets of the institution including new construction or major renovations. To meet the definition of a Capital Project, as opposed to general maintenance and repair, the project must pass a dollar threshold (generally $100k) or increase the useful life or value of the asset by 25% or more. Capital Projects do not have any sub-categories but the transaction code is as follows:

- (850) Capital Projects

**Function in Practice**

**General “Rules of Thumb”**

- VERY IMPORTANT!!! Source of funds should always be considered when assigning the Function classification. It can change the entire Function designation when all else is held equal. For instance, in buying educational supplies, this expense could be recorded as Instruction, if Designated Tuition funds are being used, or as Research if used on a sponsored research project.

- Academic departments and their support staff operating expenses will generally be considered as Instruction, whereas a Deans’ office operations are Academic support.

- If your position and/or department has System-wide or institution-wide responsibilities, usually expenses will be recorded as Institutional Support or Student Services.

- Campus and System Facilities, despite having campus-wide or System-wide duties, are categorized as O&M.

- Police Departments can be either O&M, Student Services or Auxiliary Enterprises depending on how they are funded.

- Athletics at UNT are categorized as Student Services except for scholarship expenses which would fall under Scholarships & Fellowships.

- Independent Operations should only be used with Fund Cat 800 – Agency Funds.

**Introduction**

The Function Chartfield classifies an expense transaction by its intent – i.e., why an expense was incurred rather than what was purchased (as in the “Account” field). The Function structure follows industry standard categories issued by the National Association of College and University Business Officers (NACUBO) (Instruction, Research, Institutional Support, etc.) and is reported in our Annual Financial Reports and to many external organizations. This system helps internal and external parties (such as donors, government agencies, creditors, etc.) understand how we utilize our resources in relation to the missions of our institutions. This document provides an in-depth look at each of the major NACUBO categories and provides the sub-categories we will transact against.

**Instruction**

Expenses classified as Instruction are those activities related to academic instruction. These expenses are to be viewed as those directly contributing to the classroom. This does not include academic personnel whose primary duties are administrative (ex: academic Deans). Departmental research and public service activities that are not budgeted separately should also be coded as Instruction. Instruction transaction codes are as follows:

- (100) Instruction-General
- (110) Instruction-Sponsored
- (130) Practice Direct
- (132) Practice Indirect

**Research**

The Research category is meant for those activities specifically organized to produce research, whether commissioned by the institution or an external agency or entity. This includes, but is not limited to, individual and project research, as well as that of institutes and research centers. Expenses for departmental research that are separately budgeted are included, however, if the research is NOT separately budgeted, it would be included in the Instruction category and not as Research. Research transaction codes are as follows:

- (200) Research-Sponsored
- (215) Research-Univ. Sponsored
- (220) Research-Departmental

**Definitions of sub-categories**

Definitions of sub-categories are available at FIT.untsystem.edu in the "Chart of Accounts" section since transactions will be at the sub-category level.
Public Service

Public Service is defined as activities that provide non-instructional services for the benefit of individuals and groups external to the UNT System. This would include non-instructional community service programs and activities, cooperative extension services, among others. Inclusive activities in Public Service would include, but not be limited to, conferences, institutes, general advisory services, and many other non-instructional services. Public Service transaction code is as follows:

-(300) Public Service

Student Services

This category includes expenses from activities that, as their primary purpose, contribute to students’ emotional and physical well-being and intellectual, cultural, and social development outside of formal classroom instruction. Major uses of this category are for admissions and enrollment offices, registrar, student activities, cultural events, student newspaper, intramural activities, student organizations, counseling and career guidance and student aid administration. It is important to note that to be classified as Student Services, the activity cannot be operated as an auxiliary enterprise (see Auxiliary Enterprise function). Student Services transaction codes are as follows:

-(500) Student Services

Academic Support

Academic Support includes any expenses incurred in providing support services for primary programs of instruction, research, and public service. These services include: academic administration excluding department Chairs (which would be classified as Instruction), administrative support personnel, libraries, museums, galleries, media and audio-visual arts, course and curriculum development, and academic support IT. Academic Support transaction codes are as follows:

-(400) Academic Support

Institutional Support

The Institutional Support category includes administrative areas responsible for management and long-range planning of the institution, such as the Board of Regents, executive management, legal service, financial operations, IT (when not applicable to other categories), business services, Human Resources, community and alumni relations and space management. Institutional Support transaction codes are as follows:

-(400) Academic Support

Support transaction codes are as follows:

-(550) General Administration
-(560) Sponsored Projects Admin.
-(570) Development & Fundraising

Operations & Maintenance

Includes all activity related to the operation and maintenance of physical plant, excluding those amounts that could be included in another category such as auxiliary enterprises or hospitals. Building maintenance, custodial services, landscape and grounds maintenance, non-capitalized repairs and renovations, and administrative activities directly related to support of physical plant operations. Operations and Maintenance transaction codes are as follows:

-(600) Operations and Maintenance

Scholarships & Fellowships

This category is defined as student awards that are recorded as expenses rather than reductions to tuition and fees. This can include grants-in-aid, trainee stipends, and tuition and fee waivers. Scholarships and Fellowships transaction codes are as follows:

-(630) Scholarships & Fellowships

Depreciation & Amortization

When in doubt, do not feel like you have to guess. Resources are provided at FIT.untsystem.edu or call your institution Budget or Controller Office for help.

Auxiliary Enterprises

Auxiliary Enterprises are defined as generally self-supporting enterprises that provide goods or services for the primary benefit of institutional stakeholders where a fee is charged for the good or service. Examples of Auxiliaries are dining services, housing, parking, and student health services. Auxiliary Enterprises transaction codes are as follows:

-(700) Auxiliary Enterprises

Please send any questions to coa@untsystem.edu

Source: NACUBO Financial Accounting and Reporting Manual (FARM)