POLICY AND GENERAL STATEMENT
As an institution of higher education, The University of Texas Health Science Center at Houston ("university") utilizes fund accounting. Account managers and those responsible for processing transactions must have a basic understanding of the fund accounting structure used by the university and the different fund groups. Supervisors of account managers and of employees who process transactions must provide these employees with a copy of this policy and ensure the employees have a basic understanding of the information within the policy prior to allowing the employees to complete any transactions within the university's financial management system.

OPERATING FUNDS
Funds received from the State of Texas are available for any purpose that is in direct support of the university in accordance with the regulations set forth by the Texas legislature via statute and appropriation bill, and by the Office of the Comptroller of Public Accounts. Funds received from the State of Texas are referred to as state funds or general funds. Auxiliary enterprise funds are generated by operating entities within the university that furnish services as a convenience to students and employees, and that charge fees directly related to the cost of the services.

Designated funds are funds that have been internally designated for specific activities. Service departments are part of the designated fund group. They result when routine goods and services are provided by university service departments to other university departments. Restricted funds are received from outside entities that have placed certain restrictions on the use of these funds. Examples include federal, state, and/or local governmental agencies, private sources and income from endowments.

NON-OPERATING FUNDS
Loan funds have been set aside for granting loans to students and include interest earned thereon.

Agency funds are received and held by the university as custodian or fiscal agent for others. Agency funds shall be expended in accordance with the limitations of the agency agreement.

Endowment funds are funds that donors have stipulated as a condition of the gift: the principal is to be maintained inviolate in perpetuity or, in the case of "term" endowments, is to be maintained inviolate for a specified term.

Quasi-endowment funds function as endowments. They are originated from current funds and differ from endowments in that they can be returned to the original funding source.

Unexpended plant funds are specified for the acquisition, construction, or improvement of physical properties to be used for institutional purposes.

Funds invested in capital assets, regardless of funding source, are recorded in the investment in plant fund group.