INTRODUCTION TO IRIS FUND STRUCTURE

The University of Tennessee accounts for its activities using fund accounting and prepares its financial statements in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. It uses SAP R/3 business software configured for the university's processes. The university named its SAP R/3 implementation "IRIS" (Integrated R/3 Information System).

In IRIS, a financial transaction is recorded using a six-digit numerical General Ledger (GL) account along with a 10-character alpha-numeric fund. The first three digits of GL's are coded to identify transaction nature as to specific asset, liability, revenue, expense, or fund balance classification. An *IRIS General Ledger Account List* with short descriptions is presented under the General Accounting section of the Controller's Office website. Select *IRIS General Ledger Account Definitions* to view detailed *expense* GL definitions.

Fund structures identify transaction nature to a degree but also pin point organizational *area of fiscal responsibility*. Fund structures vary based on the information needed for each transaction category. For example, expense fund structures require more detailed organizational information than loan fund structures. The first character of any fund is an alphabet. It provides key information in that the alphabet visually identifies the fund structure type that best describes the fund's transactions. Below is a list of Fund Structures with their alphabetic Identifier(s).

FUND STRUCTURES	IDENTIFIER
Current Unrestricted Funds:	
Assets, Liabilities and Fund Balances	A
Income	I
Expense	E
Current Restricted Funds	R, B (B's have limited usage)
Loan Funds	D
Endowment Funds	F
Life Income and Annuity Funds	G
Unexpended Plant Funds	J
Retirement of Indebtedness and Renewal and replacement Plant Funds	K
Investment in Plant	M
Agency Funds	N, P

The nine characters following the fund identifier (alphabet) are always numeric. The two digits following the alphabet character identify the university's accounting entity. The entity indicates distinct, separate fiscal responsibility.

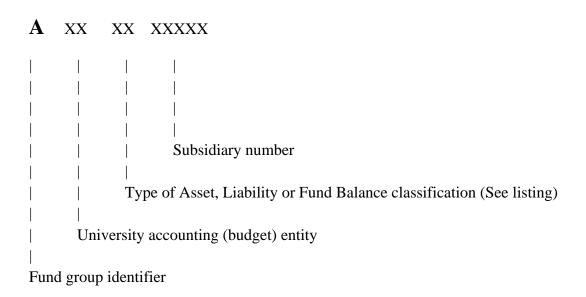| BUDGET ENTITY	CODE
Knoxville	01
Space Institute at Tullahoma	02
Chattanooga	04
Martin	05
Memphis	07
Clinical Ed Center-Knoxville	08
Clinical Ed Center-Chattanooga	09
UHS Memorial Research Center	10
Agricultural Experiment Station	11
Agricultural Extension Services	12
Institute for Public Service	13
Municipal Technical Advisory Services	14
County Technical Assistance Services	15
University Wide Administration	17
College of Veterinary Medicine	18
University Health Systems (UHS)	20
Family Practice-Knoxville	21
Family Practice-Jackson	23
Family Practice-Memphis	24
Bowld Hospital	25

The use of the first three characters to identify fund structure and entity is common to all fund structures. However, the information provided in the digit positions that follow varies vastly between fund structures. For example, the fourth and fifth characters specify asset or liability classification in some fund structures and college or division information for others. Likewise, in one fund structure the sixth and seventh characters carry meaningful information but in another fund structure these digits merely represent part of a sequentially assigned number. The information provided depends on the fund structure. Unrestricted funds have the most variety with three distinct fund structures. The following pages describe and visually layout the main fund structures in IRIS beginning with unrestricted funds.

UNRESTRICTED FUNDS

Unrestricted funds record the educational, general administration, business and auxiliary operations of the university. The unrestricted funds require three fund structure types to account for its operations. The alphabetic identifiers used are A, I and E. Brief descriptions of unrestricted activity and fund structure follow.

"A" FUNDS – UNRESTRICTED ASSET, LIABILITY AND FUND BALANCES:

Unrestricted asset, liability and reserved fund balance activity are accounted for in IRIS using SAP funds that begin with an "A". Results of operations for the separate entity E&G and auxiliary fund balances ("Axx99xxxxx") are accounted for in SAP cost centers. All A's have a common fund structure which is as follows:

A   XX   XX   XXXXX

```
|       |       |       |
|       |       |       |
|       |       |       |
|       |       |       |
|       |       |       Subsidiary number
|       |       |
|       |       Type of Asset, Liability or Fund Balance classification (See listing)
|       |
|       University accounting (budget) entity
|
Fund group identifier
```
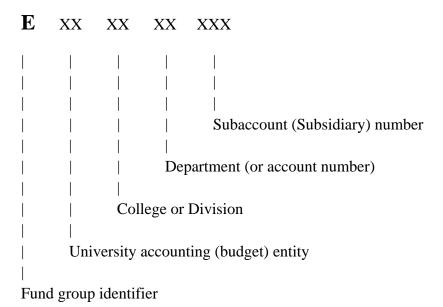
The fourth and fifth positions are critical numbers in the "A" fund structure. These two digits indicate its asset, liability or fund balance type. Also, for asset, liability and reserved fund balances, these correspond to the second and third digit of the six-digit GL that should be used with the fund. See the _List of "A" CLASSIFICATIONS AND CODES_ that follows on the next page. "A" funds can be viewed from the IRIS main menu by typing in the transaction Z_FM_ZFMFINCOD – View/Download Fund Attributes.

LIST OF "A" CLASSIFICATIONS AND CODES

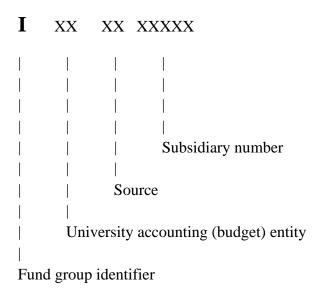| CLASSIFICATION	CODE
ASSETS:	
Cash on Hand	01
Cash in Banks	02
US Government Securities	03
Certificates of Deposit	04
Accounts Receivable	05
Inventories	06
Notes and Mortgages Receivable	07
Judgment Receivable	08
Due from Other Funds	09
Deferred Charges	10
LIABILITIES:	
Deposits	51
Deferred Revenue	55
Accounts Payable	56
Taxes Payable	57
Payroll Deductions	58
Due to Other Funds	60
FUND BALANCES:	
Revolving	70
Reserve for Working Capital	88
Allocated Balance Subject to Reappropriation	90
Reserve for Unexpended Gifts	91
Allocated for Encumbrances	92
Fund Balance *(housed in an SAP cost center)*	99

"E" – UNRESTRICTED EXPENSE:

Unrestricted expense activity is accounted for in IRIS using SAP cost centers. The university begins these with "E". The "E" cost centers can be viewed from the IRIS main menu by typing in the transaction Z_FM_ZFMFINCOD – View/Download Fund Attributes. The fund structure for expense cost centers is as follows:

E   XX   XX   XX   XXX

```
|     |     |     |      |
|     |     |     |      |
|     |     |     |      |
|     |     |     |      Subaccount (Subsidiary) number
|     |     |     |
|     |     |     Department (or account number)
|     |     |
|     |     College or Division
|     |
|     University accounting (budget) entity
|
Fund group identifier
```
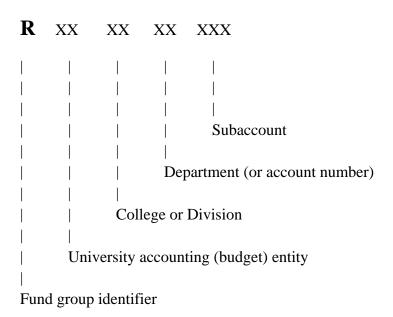
"I" – UNRESTRICTED INCOME:

Unrestricted income activity is also accounted for with SAP cost centers; however income fund structures beginning with an "I" and provides source information. The "I" cost centers can be viewed from the IRIS main menu by typing in the transaction Z_FM_ZFMFINCOD – View/Download Fund Attributes. The fund structure for income funds is as follows:

I   XX   XX   XXXXX

```
|       |        |         |
|       |        |         |
|       |        |         |
|       |        |         |
|       |        |         Subsidiary number
|       |        |
|       |        Source
|       |
|       University accounting (budget) entity
|
Fund group identifier
```
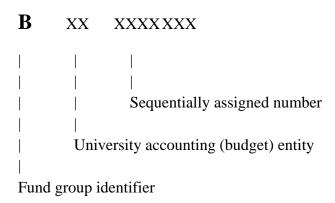
OTHER FUNDS

"R" – RESTRICTED FUNDS:

Restricted fund activity is accounted for using an SAP fund known as WBS element (WBSE's). WBSE's are designed to account for income/revenues, expenses, fund balances, asset and liability activity all within the one fund structure. The fund structure used predominantly for restricted funds is the "R" fund structure. The restricted R's are the most complex of the WBSE structures. The "R" WBSE's can be viewed from the IRIS main menu by typing in the transaction Z_FM_ZFMFINCOD – View/Download Fund Attributes. Below is fund structure for WBSE "R" restricted funds.

R   XX   XX   XX   XXX

```
|     |     |     |      |
|     |     |     |      |
|     |     |     |      |
|     |     |     |      Subaccount
|     |     |     |
|     |     |     Department (or account number)
|     |     |
|     |     College or Division
|     |
|     University accounting (budget) entity
|
Fund group identifier
```

<u>"B", "D", "F", "G", "J", "K", "M", "N", "P" FUND STRUCTURES</u>

Like the "R's" the remaining fund structures for the university are accounted for using an SAP WBS element (WBSE's) because they also need the ability to account for income/revenues, expenses, fund balances, asset and liability activity all within one WBSE. The restricted "B's", loan, endowment, life income, annuity, plant and agency funds utilize the WBSE's ability to record receipts, expenses and transfers that will be closed to its ending fund balance GL recorded within the WBSE at yearend. These WBSE's can also be viewed from the IRIS main menu by typing in the transaction Z_FM_ZFMFINCOD – View/Download Fund Attributes.
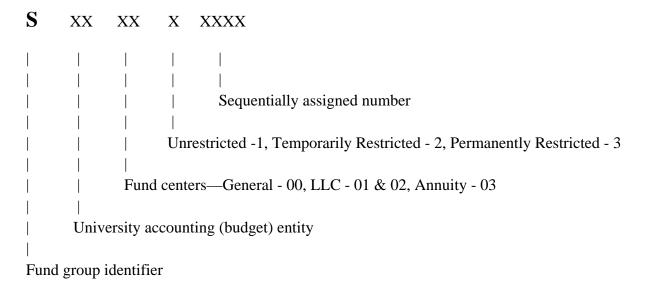
Unlike the "R's", these other fund structures do not maintain college, division or department information within their WBSE fund structure; therefore the fourth through tenth characters are merely a subsidiary number that is assigned sequentially. A "B" is used below to illustrate the structure of "B", "D", "F", "G", "J", "K", "M", "N", and "P" fund structures.

B   XX   XXXXXXX

Sequentially assigned number
University accounting (budget) entity
Fund group identifier

UT FOUNDATION FUND STRUCTURE

The University of Tennessee Foundation uses IRIS to account for its business transactions. Generally, foundation activity is maintained in a separate ledger referred to as company code "UTFA". Most university IRIS users cannot access UTFA. Like the university, the foundation uses a 10 character alpha-numeric fund structure. Foundation funds begin with either an "S" or "T". The foundation uses university budget entity codes but also uses entity code "99" to identify operating expense funds in its "T" funds. The bulk of foundation funds are donor funds placed in "S" gift funds. The operating funds of the foundation are accounted for in "T" funds. Both "S" and "T" funds in used can be viewed from the IRIS main menu by typing in the transaction Z_FM_ZFMFINCOD – View/Download Fund Attributes.

"S" – GIFT FUNDS:

S   XX   XX   X   XXXX

```
|     |     |     |       |
|     |     |     |       |
|     |     |     |       Sequentially assigned number
|     |     |     |
|     |     |       Unrestricted -1, Temporarily Restricted - 2, Permanently Restricted - 3
|     |     |
|     |       Fund centers—General - 00, LLC - 01 & 02, Annuity - 03
|     |
|       University accounting (budget) entity
|
Fund group identifier
```

"T" – OPERATING FUNDS:

T   XX   XXXX

```
|     |       |
|     |       |
|     |       Sequentially assigned number
|     |
|       University accounting (budget) entity
|
Fund group identifier
```