**Accreditation recommendation on auxiliary enterprises**

**EPC 4-23-13**

**NWCCU Standard**

2.F.6 The institution defines the financial relationship between its general operations and its auxiliary enterprises, including any use of general operations funds to support auxiliary enterprises or the use of funds from auxiliary services to support general operations.

**ACCREDITATION RECOMMENDATION #3**

The Committee recommends that the College take immediate action to formally define the financial relationship between its general operations and its auxiliary enterprises.

**What are auxilliary entrprises?**

An auxiliary enterprise exists to furnish goods or services to students, faculty, staff, or incidentally to the general public. An auxiliary enterprise also charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. The distinguishing characteristic of an auxiliary enterprise is that it is managed as an essentially self-supporting activity. Examples are residence halls, food services, intercollegiate athletics (only if essentially self-supporting), college stores, faculty clubs, faculty and staff parking, and faculty housing.

NACUBO, the National Association of College and University Business Officers

**WHAT ARE CCC’S AUXILLIARY ENTERPRISES?**

CCC accounts for auxiliary enterprises in proprietary funds.

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|  | **FINANCIAL POLICIES FOR ENTERPRISE FUNDS** |  |
|  | **Bookstore Fund 52** | **Technical Mechanical Fund 53** | **Customized Training Fund 54** | **Internal Service Fund 41** |
| Source of revenue | Sales to students and the general public, with incidental sales to departments for college use. | Sales to students and the general public, with incidental sales to departments for college use. | Charges for contracted training. | Charges to college departments for centralized duplication, copiers in individual buildings, motor pool vehicles, and fuel |
| Direct cost of operations | Cover Bookstore staff, cost of goods sold, and other materials and services. | Cover staff who maintain parts inventory, and cost of goods sold. | Cover staff dedicated to customized training, and related materials and services. | Cover staff in centralized duplication. Cover materials and services, such as copier maintenance agreements and vehicle repair and maintenance. |
| Capital costs | Cover equipment specific to the Bookstore, such as the MBS software, shelving, and security cameras.  | Fund balance in excess of working capital needs is earmarked for Automotive instructional equipment.  | None. | Maintain fund balance sufficient cover cost of scheduled replacements of copiers and motor pool vans over the next four fiscal years. |
| Use of funds from general operations to support auxiliary enterprises  | None. | None. | None. | None. |
| Use of funds from auxiliary enterprises to support general operations | Operating transfer to General Fund for indirect costs such as accounting, utilities and insurance. The amount of the transfer is set annually as part of the budget process. | None. | None. | None. |