

- (d) In recent legislative sessions, the General Assembly has shown a special interest in these activities and the sources (both appropriated and non-appropriated) from which these functions are supported. Therefore, there is a special concern that the budget presentation be informative and comprehensive.

Accounting and Budgeting Procedures

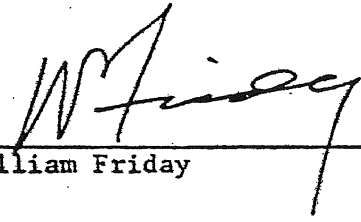
The following accounting and budgeting procedures are applicable to receipts-supported Extension Instruction and Public Service activities:

- (1) Effective January 1, 1980, or as soon thereafter as possible but no later than July 1, 1980, all receipts and accumulated balances related to the budget purposes (Chart of Accounts) of Extension Instruction (103), Educational Television (141), and Community Services (142) will be deposited directly into the appropriate General Fund academic budget code of each institution. (Special Note: This procedure does not apply to any receipts related to these budget purposes which are properly classified as institutional trust funds or endowment funds.)
- (2) On or before June 1, 1980, each constituent institution will provide the Office of State Budget and Management a list of accounts and the current balances of these accounts which will be transferred to the appropriate General Fund academic budget. An information copy should be furnished to Vice President Joyner's office.
- (3) On or before June 1, 1980, each constituent institution will submit a formal budget revision proposing the estimated 1980-81 annual operating budget, including appropriate statistical data, for the activities being transferred to the academic budget. If the transfer is to be made during 1979-80, the appropriate budget revision for the current fiscal year should also be prepared. A detailed list of personnel positions included in the salary lines should accompany the proposed budget revision. An information copy should be furnished to Vice President Joyner's office.
- (4) Upon approval of the budget revision by the Office of State Budget and Management, each institution will take the appropriate internal steps in order to operate these activities as an integral part of its academic budget.
- (5) All 1980-81 authorized budgets for these activities will be considered a part of the institution's continuation budget. Therefore, the budgets for these activities will be considered a part of the authorized base year (1980-81) for 1981-83 biennial budget considerations.
- (6) The Off-Campus Branches (Code 26066) of East Carolina University will be transferred into the General Fund academic budget no later than July 1, 1980. Internal procedures should be established in order to maintain at the institution the separate identity of these funds within the academic budget code.

3

Special Carry-Forward Considerations

The Office of State Budget and Management has specifically acknowledged the need to carry forward receipts related to these programs from one fiscal year to the next in order to provide sufficient working capital and program development funds, to help meet costs of courses or activities where the revenues and corresponding expenditures do not occur within the same fiscal year, and to meet other justified needs. In this regard, the Office of State Budget and Management has indicated that all justified institutional requests for such purposes at the end of each fiscal year will be honored.



William Friday

STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

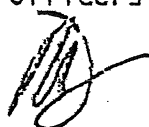
JAMES B HUNT JR. GOVERNOR
AND DIRECTOR OF THE BUDGET

JOHN A. WILLIAMS, JR.
EXECUTIVE ASSISTANT TO THE GOVERNOR
AND STATE BUDGET OFFICER

October 17, 1980

MEMORANDUM

TO: Chancellors and Chief Fiscal Officers - The University of North Carolina

FROM: Marvin Dorman
Deputy State Budget Officer 

SUBJECT: "Entertainment Expenses" Connected With Receipts - Supported Extension
Instruction and Public Service Funds

Administrative Memorandum #131 issued by President Friday on January 11, 1980 directed that all receipts and expenditures connected with "receipts - supported Extension Instruction and Public Service activities" become a part of the appropriate General Fund academic budget code of each institution, effective not later than July 1, 1980. All receipts and accumulated balances related to the budget purposes of Extension Instruction (103), Educational Television (141), and Community Services (142) were to be deposited directly into the appropriate General Fund code. Prior to July 1, 1980, a large portion of these funds (on some campuses) had historically been accounted for as institutional trust funds and therefore were not expended through General Fund codes. Generally speaking, such trust funds were not on deposit with the State Treasurer and were considered exempt from the provisions of the Executive Budget Act. Certain special activities such as banquets, luncheons, "coffee breaks" and other social events, were held in connection with short courses, workshops, seminars, conferences, etc. Expenditures connected with these program offerings, including "entertainment expenses", were paid from the trust fund into which the "extension fees" had been deposited. This procedure was considered an acceptable way of handling such expenses.

Now that all receipts and expenditures related to these programs are handled through General Fund codes (and thereby considered "state funds") questions have arisen concerning the continuation of these entertainment expenses. Recognizing that social hours, banquets, luncheons, etc. are considered an integral part of certain extension and public service activities, the following policies and procedures are established:

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1. Institutions may continue to provide for entertainment expenses connected with extension and public service activities provided that a separate and identifiable special activity charge is assessed of participants to fully cover such expenses.
 2. Entertainment expenses include costs associated with luncheons, banquets, social hours, coffee breaks, etc.
 3. The exact amount being charged to participants for entertainment expense will be shown as a separate and identifiable special activity fee on all forms of information (brochures, catalogs, newspapers, magazines, etc.) that reflect other costs involved with such courses, workshops, seminars, conferences, etc. This fee should also be separate from the registration fee.
 4. Funds collected for entertainment purposes will be deposited into an institutional trust fund account entitled "Special Activities, Extension Instruction and Public Service."
 5. All entertainment expenses for extension instruction and public service activities will be paid from this trust fund account.
 6. Balances in this account will be reviewed by the Extension Director and the Chief Fiscal Officer of each institution, especially at the end of each fiscal year, to insure that this function does not become a "money making" activity.
 7. This trust fund account will be considered under the definition of Institutional Trust Funds covered in President Friday's Administrative Memorandum #113 and all other rules and regulations applicable to such funds.
 8. The institutional trust fund identified in paragraph 4. above will be identified as a component of the Institutional Trust Fund category entitled "Institutional Auxiliary Enterprises and Activities Supporting Scholarship Funds and Student Activity Programs."
 9. This memo is considered effective retroactive to July 1, 1980 although we realize that some institutions may not be in compliance with all of the policies and procedures as outlined. Strict compliance is expected however, as soon as possible but no later than December 1, 1980.
- Any questions concerning the applicability of this memorandum should be addressed to budget analyst.

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Business Manager's Office
12/11/80

STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

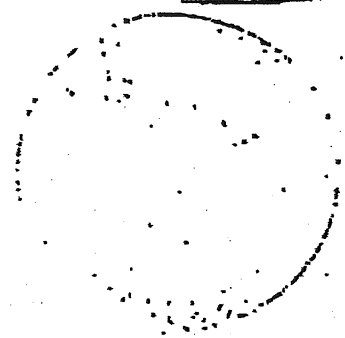
EXHIBIT II
(3 OF 4)

ES B HUNT JR. GOVERNOR
DIRECTOR OF THE BUDGET

JOHN A WILLIAMS JR
EXECUTIVE ASSISTANT TO THE GOVERNOR
AND STATE BUDGET OFFICER

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December 4, 1980



MEMORANDUM

TO: Chancellors and Chief Fiscal Officers
The University of North Carolina

FROM: Marvin Dorman
Deputy State Budget Officer *[Signature]*

SUBJECT: Revision to Policies and Procedures Outlined in Memorandum of
October 17, 1980 concerning "Entertainment Expenses" connected with
Receipts - Supported Extension Instruction and Public Service Funds.

As a result of concerns recently expressed by several campus Extension and Public Service program personnel, we are amending the above referenced memorandum as follows:

1. A separate and identifiable special activity charge to cover the costs of "entertainment expenses" will not be required, although you may still elect to follow such policy.
2. Fees or charges assessed to cover entertainment costs may be included as a part of the registration fee or extension fee.
3. Entertainment expenses (luncheons, banquets, social hours, coffee breaks, etc.) will be paid from an institutional trust fund account entitled "Special Activities, Extension Instruction and Public Service". (No change from the October 17 memo).
4. If a separate and identifiable charge is made to cover entertainment cost, such receipts should be collected and deposited directly to the above mentioned trust fund account. If charges for entertainment costs are commingled with a registration fee or course fee, the total amount of such

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MEMORANDUM
September 4, 1980
Page 2

receipts should be collected and deposited to the appropriate revenue line (usually 0310 - Extension Instruction Fee or 0370 - Special Service Fee) in your general fund operating budget. In this case, the amount of such receipts collected that are necessary to cover entertainment costs should be transferred to the trust fund account. Only the exact amount required to cover entertainment expenses should be transferred.

All other provisions of the October 17, 1980 memorandum remain in effect.
If you have any questions on this matter, please contact your budget analyst.

NBH/bst

C- Frances Beeson
NCSU CAMPUS Auditor