

Sources and Uses of University Funds

October 2022

Introduction-

Greg Verret- Director of Treasury Services at Charlotte. His team has responsibility for the finance and accounting functions for the university's affiliated entities, the university's investment and debt portfolios, and the university's student accounts and eCommerce operations. Joined UNC Charlotte in 2012 and previously held several roles within the Controller's Office before assuming his current position in 2017. Prior to joining UNC Charlotte, Greg was a senior manager in Bank of America's Corporate Audit department, where he led internal audits of centralized finance and accounting functions, administered staff training programs, and led the department's quality assurance function. Greg began his career as an auditor at KPMG after graduating from Louisiana Tech University with a Master's degree in Accountancy and from Louisiana College with a Bachelor's degree in Accounting.

Carrie Smith- Deputy Chief Budget Officer at Charlotte. The Budget Office has responsibility for the budgeting functions for the university's general funds, student fee funds, positions, and capital projects. Carrie joined UNC Charlotte in 2006 and previously held roles within Treasury Services and Budget Office before assuming her current position in 2020. Carrie graduated from UNC Charlotte with a Master's degree in Accounting and Western Carolina University with a Bachelor's degree in Accounting.

Topics

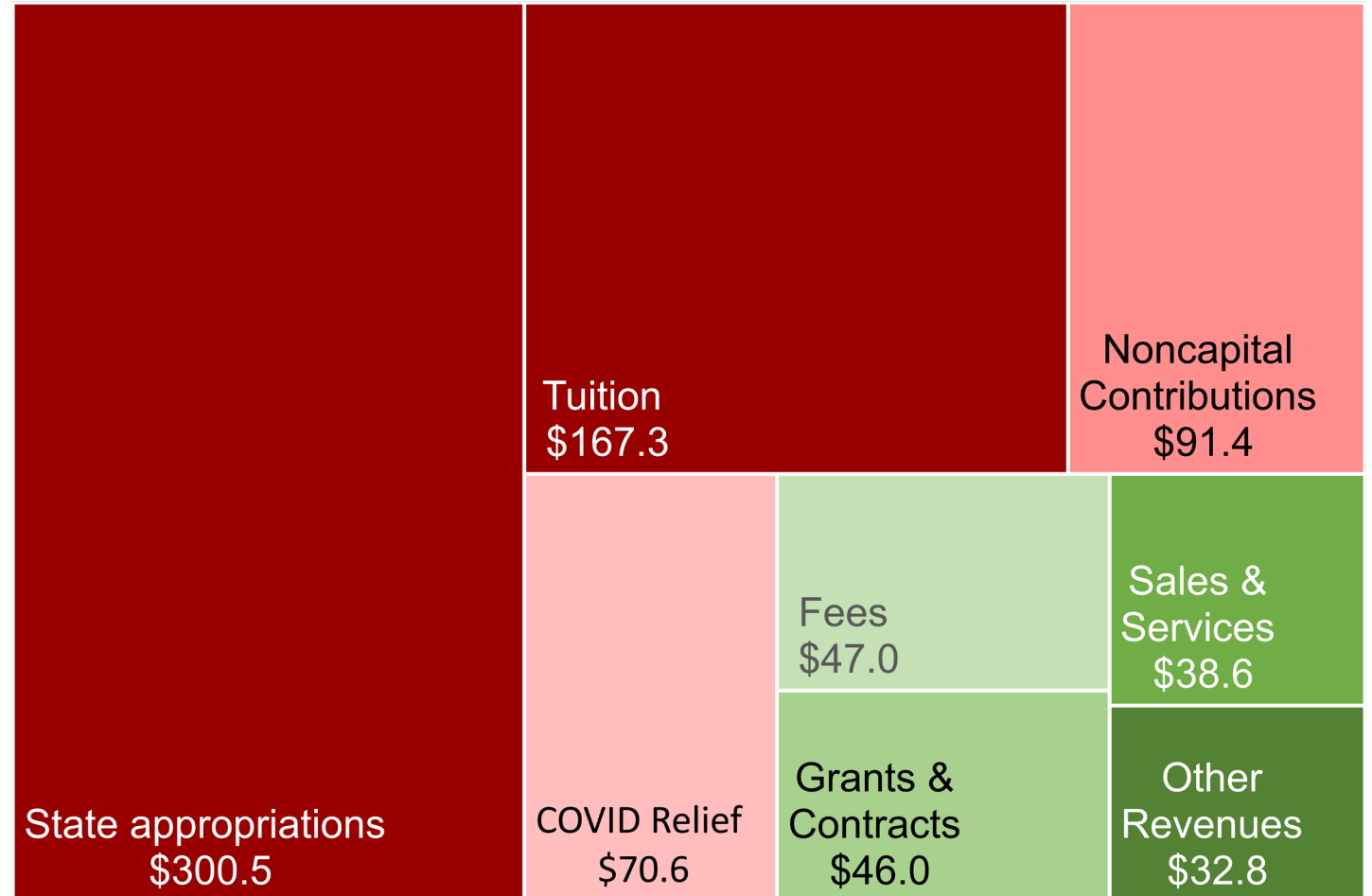
- Primary sources of University funds
- Fund usage and guidelines
- Enrollment funding model
- Capital projects
- Procurement
- Endowment funds
- Other considerations and resources

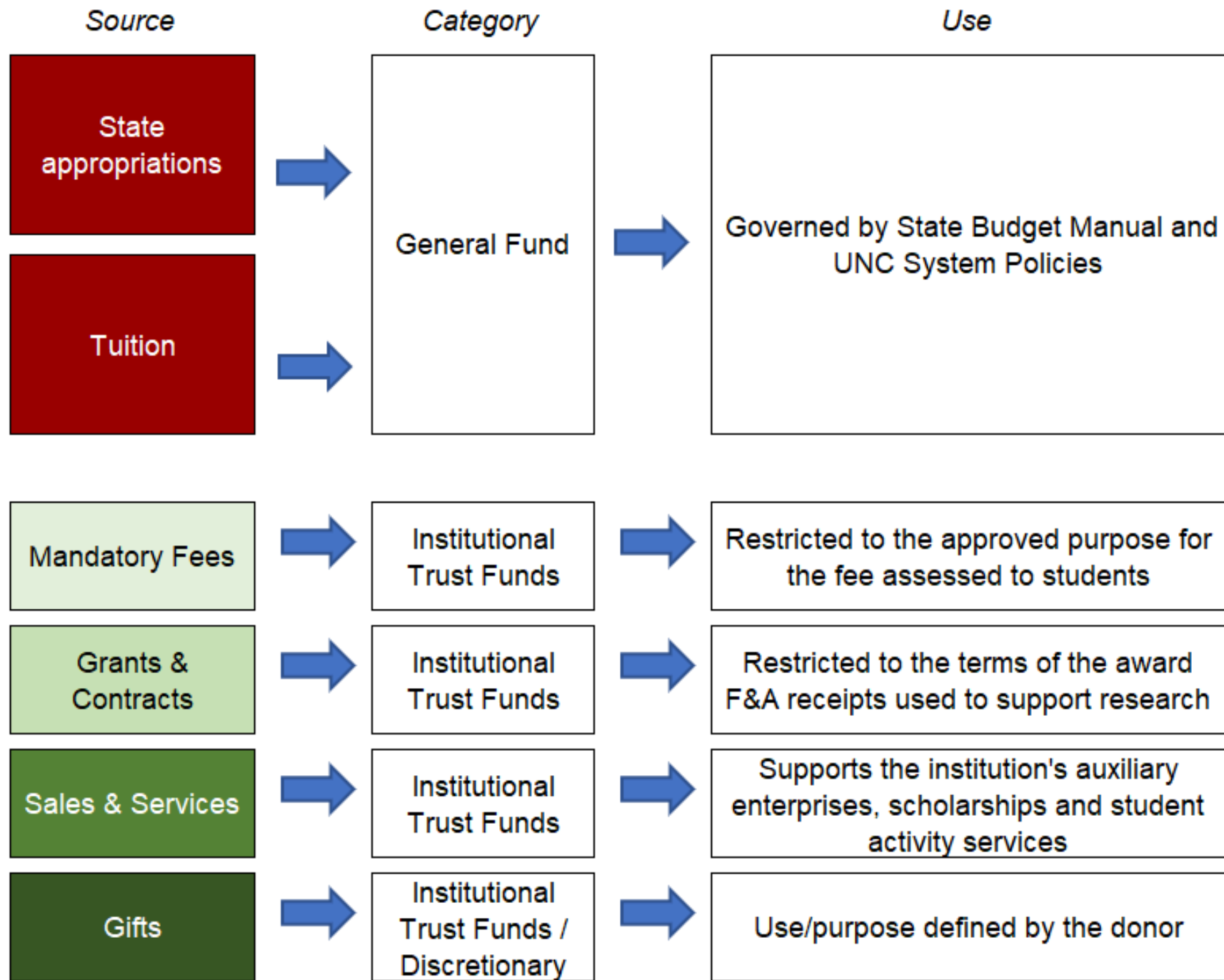
Sources

University Revenue Sources, FY2021
\$ in millions

Primary sources of funding:

- State appropriations
- Tuition
- Mandatory fees
- Grants and contracts
- Noncapital contributions (financial aid)
- Sales and services
- Other (investment income, gifts, and other sources)



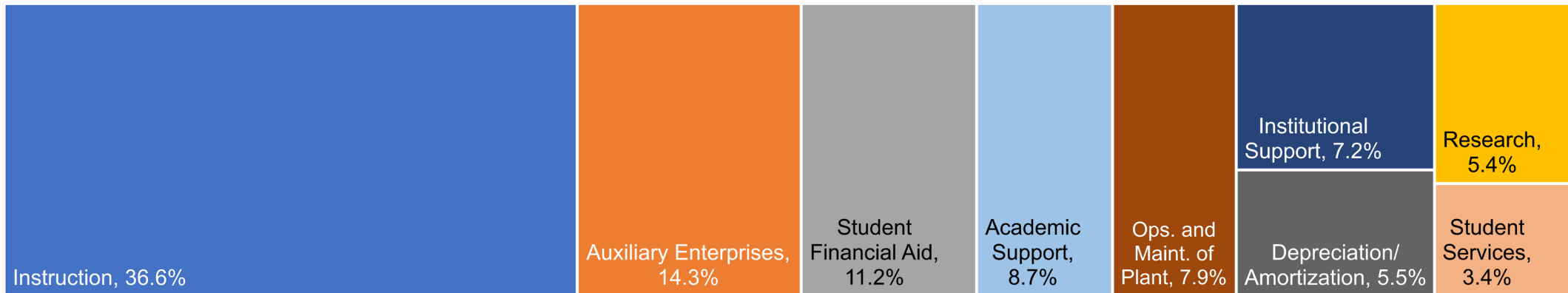
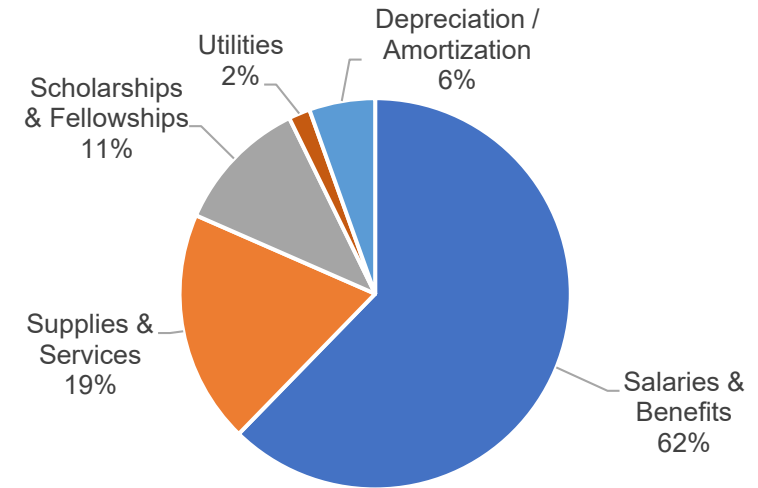


Uses

Primary operating expenses (\$644M in FY21):

- Salaries and benefits
- Supplies and services
- Scholarships and fellowships
- Utilities
- Depreciation/amortization

University Operating Expenses, FY2021



Uses

- University funds are managed based on fund restrictions:
 - General Funds
 - Institutional Trust Funds
 - Discretionary Funds
- Spending of University funds is governed by [University Policy 601.8, “Appropriate Use of Funds”](#):
 - Provides principles-based guidance consistent with NC General Statutes, State Budget Manual, and UNC System Policies
 - Specific fund usage standards are maintained by Business Affairs to outline spending procedures and provide guidance for common expenditures
- University departments are responsible for managing their funds in accordance with policies:
 - Must comply with State Budget Manual, UNC System Policies, and University policy, standards, and guidelines
 - Must be used for valid University business purpose
 - Must pass appearance and reasonableness test

Allowable Expenditures from General Funds

- Allowable Expenditures from general funds include “ordinary business expenditures” which are routine, operational, and easily documented as those supporting the University’s mission.
- Examples:
 - Faculty/Staff Salaries
 - Classroom, Research, and Support Equipment and Supplies
 - Plant Operation and Maintenance
- Unallowable Expenditure examples:
 - Those that provide a personal benefit
 - Non-operational expenditures

Type of Expense		Discretionary Funds ²	The General Fund	Special Funds	Institutional Trust Funds				
					Student Auxiliary & Student Fees	Unrestricted Trust Funds	Overhead Receipts (F&A)	Restricted Funds- Grants & Contracts	Restricted Trust Funds
Business Meals (In Travel Status)	Subsistence (OSBM Budget Manual - 5.2.1)	✓	✓	✓	✓	✓	Use is limited to scholarly development of faculty/staff/ students, support of campus infrastructure, or expansion of research	Use is restricted to the specific terms and purpose defined in the award agreement (consult with Grants & Contracts Administration)	Use/purpose of these funds are restricted by the donor
	Exceeds Subsistence or Does Not Meet OSBM Requirements	✓							
Business Meals (Not in Travel Status) ³		✓	Interview candidate meals allowed only						
Refreshments at Conferences & Trainings	External ⁴ (OSBM Budget Manual - 7.3)	✓	✓	✓	✓	✓			
	Internal ⁴ (OSBM Budget Manual - 7.3-7.5)	✓	✓	✓	✓	✓			
Food & Beverage for Student-Oriented Activities ⁵ (not in Travel Status)		✓		✓	✓	✓			
Alcoholic Beverages and "Set-ups" ⁶ (OSBM Budget Manual - 7.8)		✓							
Entertainment		✓			Student-oriented only				
Advertising, Marketing, and Promotional Items ⁷		✓	Only if appropriated or received for this purpose						
Articles of clothing ⁷		✓	Only for safety/security need						
Amenities; Cultivation of donors and development of community relationships ⁷		✓							
Awards and Gifts ⁸		✓	Only allowed for certain programs	✓	✓	✓			
Receptions to Honor an Employee		✓							
Membership Dues and Professional Certifications	Member Dues ⁹	✓	Allowed if for the benefit of the State rather than the individual						
	Professional License/Certification ⁹	✓	Cost to maintain license/certification allowed if required as condition of employment						

Discretionary Funds

- As defined in University Policy 601.8, a “discretionary” fund is an internal designation assigned to certain funds that originate from one of the following sources:
 - (1) unrestricted, undesignated donations initially made to one of the University’s fundraising foundations;
 - (2) donor-restricted gifts initially made to a University foundation or endowment earnings allowing discretionary spending; or
 - (3) University-level income earned on certain non-General Fund sources.
- All discretionary purchases must have a University business purpose and follow University policies and procedures.

Transfers

- A transfer of an amount to another fund must follow the same restrictions established at initial fund set-up.
- Examples:
 - Cannot transfer Restricted funds to Unrestricted funds
 - Cannot transfer General Funds out of the General Fund
 - Cannot transfer expenses from one fund to another after the close of a fiscal year

New Enrollment Funding Model

- Enrollment Portion:
 - Calendar Year – Spring, Summer, Fall
 - Student credit hours – depend on the type of course registered
- Performance Portion:
 - Four Year Graduation Rate
 - Undergraduate Degree Efficiency
 - Student Debt at Graduation
 - Education & Related Expense per Degree

Capital Projects

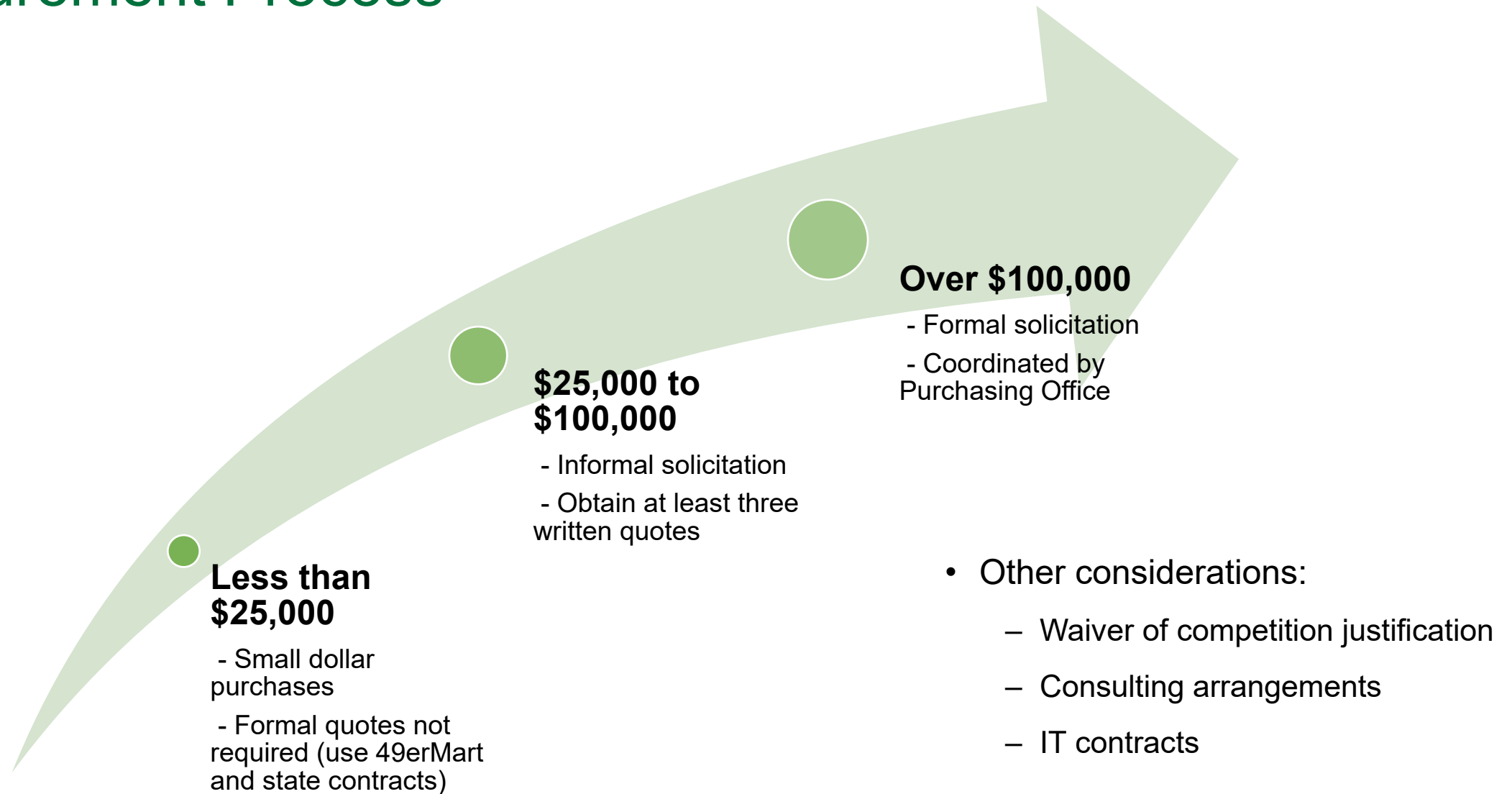
Projects under \$300,000

- Small construction, repair & renovation projects (non-appropriated) less than \$300,000
- Considered “informal” projects
- Approval required by UNC Charlotte Board of Trustees (UNC Board of Governors approval not required)

Projects over \$300,000

- Capital improvement projects with a total cost of greater than \$300,000 follow the governance processes stated in UNC Policy 600.1.1
- Approval required by UNC Charlotte Board of Trustees, UNC System Office, and UNC System Board of Governors
- Projects that include the issuance of debt (“self-liquidating” projects) require additional approval steps

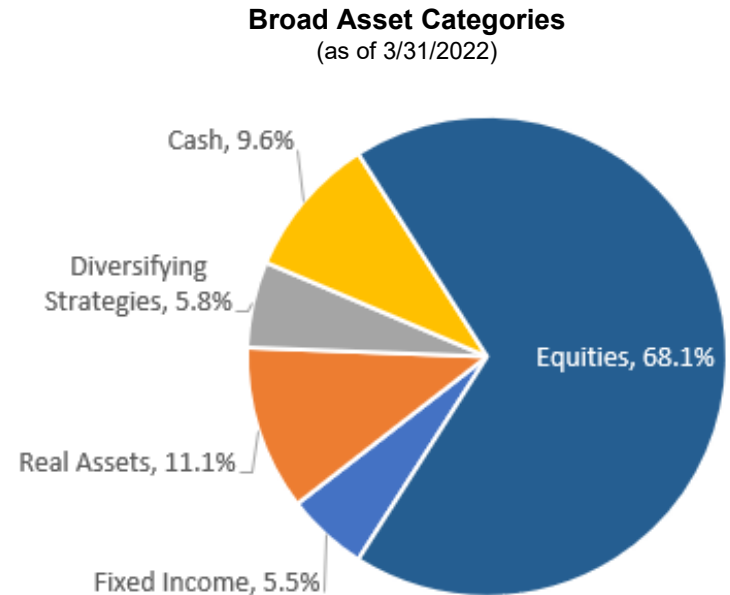
Procurement Process



Endowments

Endowment =	Corpus (principal) <i>Held in perpetuity</i>	+	Accumulated investment earnings <i>Used partially for annual spending according to gift agreement</i>
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- Endowment generates annual spending to support scholarships and other uses specified by donors
- Three “members” in the investment pool:
 - University
 - Foundation of UNC Charlotte
 - Athletic Foundation of UNC Charlotte
- Investment management is fully outsourced



Other considerations

- June 30 fiscal year:
 - General fund budgets must be expended by the end of each fiscal year
 - A small percentage of appropriation is statutorily allowed to be “carried forward” to the subsequent fiscal year
 - Institutional trust fund balances roll-forward to the next fiscal year
 - Funds may not have deficit balances at the end of the fiscal year
- Department responsibility for funds:
 - Ensure financial resources for areas of responsibility are managed in a manner consistent with the intended purpose of the funds established for the department
 - Maintain processes and internal controls to provide effective stewardship of assets

Resources

Alumni & Friends | Community | Current Students | Faculty & Staff | Parents & Family | Prospective Students | Campus Resources | site search

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RESOURCES

RESOURCES

- [Policies, Procedures, Forms and Guides](#)
- [Banner - Fund Name Change](#)
- [Banner - New Banner Fund Request \(NBFR\)](#)
- [Budget Pool Account Codes](#)
- [Budget Revision Deadlines](#)
- [eBudget Revision FTR Forms](#)

MANUALS - GUIDES - PROCEDURES

- [Budget FTR Rules for General Funds](#)

TRAINING MATERIALS

- [General Fund Presentation](#)

FORMS

- [Banner - New Fund Request Form](#)
- [eBudget Revisions \(FTR\)](#)
- [EHRA Payroll/Personnel Action Form \(PD-7\)](#)

INFORMATIONAL DOCUMENTS

- [Budget FTR's for New and Modified Positions in Niner Talent](#)
- [Budget Office Org Chart](#)
- [Budget Pool Account Codes](#)
- [Budget Revision Deadlines](#)
- [EHRA Niner Talent Budget Process Flow](#)

Resources

- Financial Services and Budget Office websites:
 - Fund usage standards, manuals and guidance
 - “How to” reference guides
 - Other job aids
- Training and outreach:
 - Business officer updates (3-4 updates per year)
 - Topical training courses
 - Informal training and consultation