Summary of Fund Types

INTRODUCTION

Accounts fall into one of the following fund types.

- State funds
- State receipt-supported activities funds
- Contract & grant funds
- Facilities & administrative (F&A) funds (Institutional Trust)
- Auxiliary funds (Institutional Trust)
- Gift & other expendable trust funds (Institutional Trust)
- Endowment funds (Special)
- Agency funds (Special)
- Other funds

Institutional trust and special funds are non-state funds with defined depository and reporting requirements.

STATE FUNDS

Overview

Source: State appropriations; tuition and fee revenue
Use: To provide support for the academic mission of the University
Governed by: General Assembly rules and regulations and Office of State Budget and Management (OSBM) guidelines.
Monitored by: Budgets – Financial Planning and Budget Office
Expenditures – Accounting Services Office

Increases

Tuition and fees: Imposed by the University for specific use or imposed by General Assembly for general use
Salary: Allocated by the General Assembly
Program: Allocated by the General Assembly and the Office of the President
Enrollment: Allocated by the General Assembly.

Budgets

Permanent: Allocated each year on July 1
Temporary: One-time allocations that do not increase or decrease “permanent budget”
Carryforward: Remaining balance carry forward from one fiscal year to next may be possible based on: 1) your department's reporting structure, and 2) General Assembly rulings
Expenditures: Support department operations and classroom instruction

Account Numbers

- State fund expenditure subsidiary ledger accounts are numbered 2-xxxxx (i.e. ledger 2 plus the account identifier)
- State funds allocated for distance education are specifically identified by account numbers in the range of 2-58xxx
- Accounts are further broken down by budget code and draw on those respective general ledger accounts (i.e. Academic Affairs, Health Affairs, and Area Health Education)

Planning guidelines

- Permanent staff and faculty salaries require permanent budget
STATE RECEIPT-SUPPORTED ACTIVITIES

Overview
Source: Receipts received for goods or services offered by a department
Use: To support programs offering goods or services to participants and customers
Examples: Continuing Education, Field Training
Governed by: General Assembly rules; Office of State Budget and Management guidelines and regulations; and program guidelines and activity
Monitored by: Budgets – Financial Planning and Budget Office
Expenditures – Accounting Services Office

Budgets
Permanent: Projected financial activity for the year; set up by department
Temporary: One-time financial activity; set up by department that do not increase or decrease “permanent budget”.
Carryforward: Remaining balance carryforward from one fiscal year to next depends upon: 1) whether the account is classified as reverting or non-reverting; reverting accounts by definition do not allow carryforward, 2) your department’s reporting procedures, 3) General Assembly rulings and 4) Office of State Budget and Management directives.
Expenditures: Allowed only up to the amount of receipts collected; must be directly related to the programs

Account Numbers
• Subsidiary ledger accounts are numbered 3-8xxxx (i.e. ledger 3 plus the account identifier)
• Accounts are further broken down by budget code and draw on those respective general ledger accounts (i.e. Academic Affairs, Health Affairs, and Area Health Education)

Planning guidelines
• Permanent staff and faculty salaries require permanent budget
• Staff and faculty salary expenditures charged to these accounts must be proportional to the percentage of time working with these programs
CONTRACT & GRANT FUNDS

Overview
Source: Federal government, not-for-profit organizations, state government, and for-profit organizations
Use: Conduct research, training, or public service programs, or provide financial aid to students
Governed by: Terms and conditions specified by the sponsoring agency; notice of grant award, cooperative agreement, or contract.
Monitored by: Office of Sponsored Research (OSR)

Budgets
General: Set up by OSR upon notification of award approval for amount and time period(s) specified in award
Budget year for the account may not coincide with the University fiscal year
Carryforward: Agency awarding funds determines whether budget remaining from one budget period may be carried forward to the next budget period.
Expenditures: Award dictates how funds will be allocated and includes funding parameters.
Categories are specified in award document.

Account Numbers
- Contract and grant subsidiary ledger accounts are numbered 4-xxxxx (typically clinical trials and other contracts) and 5-xxxxx (research and training); i.e. ledger 4 or 5, respectively with account identifier.

Planning guidelines
- Faculty member(s) in conjunction with departmental Finance Manager write and send proposal (including project description and budget outline) to appropriate agency. All proposals must be routed to and approved by either the Office of Sponsored Research or Office of Clinical Trials, with the exception of School of Medicine (SOM) proposals designated to receive final University signature at Sponsored Programs Office in SOM, prior to submission to the sponsoring agency.
- Office of Sponsored Research and the Office of Clinical Trials (OCT) offers guidance and assistance with budget and forms
- If project is funded, agency and/or responsible faculty member (Principal Investigator, or “PI”) notifies OSR or OCT for budget account set up
- PI and Finance Manager manage/spend funds in accordance with the terms and conditions of the grant award and University policy. Also responsible for preparing and timely submission of required progress and technical reports.
- OSR generally responsible for financial reporting and invoicing
- Funding sources for all personnel should be reviewed regularly (ideally on a monthly basis). Funding sources should be compared to Personal Activity Reports (PARS) and properly reflect PI effort and funding. A new PD form will have to be submitted whenever effort changes or when a contract or grant terminates.
- PI and Finance Manager responsible for documenting cost sharing or cash matching on funded grants when applicable.
FACILITIES AND ADMINISTRATIVE (F&A) FUNDS (INSTITUTIONAL TRUST)
(Previously known as Overhead Receipts)

Overview
Source: Indirect costs generated by contract and grant activity
Use: Support for the research infrastructure and other research-related activities; costs not readily identifiable with a particular project or activity but necessary to the general operation of the University and its activities
Governed by: Most of the same rules and regulations as state appropriations
Monitored by: Budgets - Financial Planning and Budget Office
Expenditures - Accounting Services Office

Budgets
Permanent: Determined by using a formula based on indirect costs generated in the prior fiscal year; only departments that generate indirect costs and some administrative departments are eligible
Temporary: One-time allocations based on departmental needs that do not increase or decrease “permanent budget”.
Carryforward: Remaining balance carry forward from one fiscal year to next may be possible based on: 1) your department's reporting structure, 2) General Assembly rulings, and 3) University Budget Committee directives.
Expenditures: Operating and maintaining buildings and equipment, repairs and renovations, depreciation, general and departmental administrative salaries and expenses, library and other operating costs

Account Numbers
Departments have subsidiary ledger accounts numbered in the range of 3-2xxxx to 3-7xxxx (i.e. ledger 3 plus the account identifier). These account draw on funds in one general ledger account for the entire University.

Planning guidelines
- Staff and administrative salaries charged to F&A are generally individuals that support the research mission but cannot be charged to contract and grant funds due to cost accounting standards or lack of sufficient contract and grant resources.
- Business entertainment expenses are not allowed on F & A funds effective 7/1/02
AUXILIARY FUNDS (INSTITUTIONAL TRUST)

Overview

Source: Sales of non-academic merchandise and sale of services to students, faculty, staff, and the general public
Use: Meet the service mission of the department; maintain or improve areas of teaching, research, patient care, and public service; support plan administration
Examples: Housing operations, food services, bookstores, student health services, parking, central warehouse operations, printing and duplicating services, facilities service and repair operations, Organized Practice Plans (which provide medical, dental, or other health care services) such as UNC Health Care and Dental Faculty Practice, and recharge centers (referred to as internal service funds) which provide goods or services to campus departments
Governed by: General Assembly rules and regulations; program guidelines and activity
Monitored by: Budgets – Accounting Services Office
Expenditures – Accounting Services Office
Note: Recharge center accounts are also monitored by the Cost Analysis and Compliance office of OSR.

Budgets

Permanent: Projected financial activity for the year; set up by department
Temporary: One-time financial activity; set up by department
Carryforward: Balance remaining from prior fiscal year is carried forward to next fiscal year
Expenditures: Actual amount of revenues generated regardless of budget; must be consistent with the operating costs associated with the activity; must be directly related to the support of providing the services

Account Numbers

- Subsidiary ledger accounts are numbered 3-1xxxx (i.e. ledger 3 plus the account identifier)
- Each subsidiary ledger has a general ledger monitored by the department

Planning guidelines

- Prices are set based on costs to provide the services and any other rules and regulations concerning allowable charges
GI FTS & OTHER EXPENDABLE TRUST FUNDS (INSTITUTIONAL TRUST)

Overview
Source: Gift or other expendable funds (available for immediate expenditure) from individuals, corporations, affiliated foundations, and other organizations; monies collected by the University to support student extracurricular activities; monies received by the University on contract with outside entities (contractual services accounts) for the purpose of conducting research, training, or public service programs, or to provide financial aid to students
Use: Classified as either restricted or unrestricted, based upon the terms of the gift.
Restricted: Limited to express use and purposes of donor (you have a fiduciary responsibility to adhere to any terms imposed by the donor)
Examples: Student financial aid (e.g. scholarships or fellowships), gifts to departmental programs, and gifts for faculty research and development
Unrestricted: Discretionary
Examples: General departmental support or gifts to be used at the discretion of the Dean of Department Chair
Governed by: Gift agreement and fund authority outline the terms and purpose of the fund
Monitored by: Budgets – Accounting Services Office
Expenditures – Accounting Services Office

Budgets
Permanent: Generally, only temporary budgets are set for expendable funds.
Temporary: Generally, the budget is set equal to the amount of funds available in the account. However, budget can be specifically set each year by the department.
Carryforward: Balance remaining from prior fiscal year may be carried forward to next fiscal year depending on the source of the funds and the guidelines imposed by the department.
Expenditures: Must to adhere to any terms imposed by the donor

Account Numbers
• Each new institutional trust fund must be requested from and approved by the University Controller, as outlined in Policy 12 in the Accounting Services section of the Business Manual. The subsidiary accounts usually begin with a ledger 6 but may be a ledger 3.
• In many cases, a department manages both the general ledger and subsidiary ledger; cases also exist where the department manages only the subsidiary ledger

Planning guidelines
• Do not plan continuing programs with expendable funds as donor patterns may not be consistent; the nature of these types of funds makes them susceptible to unforeseen circumstances: economic conditions could affect a donor’s ability to fulfill a pledge
ENDOWMENT FUNDS (SPECIFICAL)

Overview
- Source: Donations of principal to remain intact and invested to produce income that may be expended or reinvested; gift exists in perpetuity; can be funded by one gift or several gift installments over time; Solicitation of University endowment funds is usually coordinated through the Office of University Advancement; solicitations of endowments held in affiliated foundations are usually coordinated by that foundation.
- Use: Limited to express use and purposes of donor (you have a fiduciary responsibility to adhere to any terms imposed by the donor) but may be discretionary; can be used to support continuing programs; may be used to support one-time expenditures
- Governed by: Gift agreement and fund authority state the terms and purpose of the fund
- Monitored by: Budgets – Accounting Services Office
  Expenditures – Accounting Services Office

Structure:
- Principal: Core gift(s) kept in separate general ledger account; these funds are kept in perpetuity; the funds generate income that may be spent.
- Income: Separate general ledger account that receives payout of approximately 5% (this may vary with fund performance) per year each June following one full year of investment; Investment is made in the Investment Fund.
- Expenditures: Income may be spent for purpose specified by donor or invested in principal to build the fund. Expenditures may not be made directly from the general ledger accounts. Income to be spent is transferred to an appropriate trust account.

Account Numbers
- University Endowment Funds are represented by General Ledger accounts. Principal accounts are 0-7xxxx accounts and the corresponding Income accounts are in the 0-6xxxx series.
- Trust accounts for expenditures may be a specific related account or may be a general departmental account (e.g. a general scholarship trust account used to process awards from several endowed scholarship funds)

Planning guidelines
- You should keep three months of projected expenditures in cash
- Payout is posted to your Income account on a yearly basis
- If the income is not needed, you may want to reinvest it, thereby generating additional income in future years; you reinvest income to principal by submitting an account adjustment form to Accounting Services
- You have the option to temporarily invest income account funds in the University's temporary investment pool (money market fund); you can purchase or liquidate shares of money market the first of each month; Income account funds invested in the University's money market earns investment income on a quarterly basis; contact Accounting Services for more information on the University's money market fund
- Endowment fund guidelines and minimum amounts required to provide income to support such funds are detailed in Development (DEV) Policy 2: Endowment Gifts in the Business Manual
AGENCY FUNDS (SPECIAL)

Overview

Source: UNC-Chapel Hill acting as an agent for accounts that belong to an external organization affiliated with the University; monies held by an institution as a fiscal agent for University-related foundations, individual students, faculty, staff members, and organizations.

Use: Limited to express use and purposes of donor (you have a fiduciary responsibility to adhere to any terms imposed by the donor) but may be discretionary; can be used to support continuing programs; may be used to support one-time expenditures

Example: University-related foundations

Governed by: Gift agreement and fund authority state terms and purpose of the fund

Monitored by: Solicitation of University endowment funds is usually coordinated through the Office of University Advancement; solicitations of endowments held in affiliated foundations are usually coordinated by that foundation

Structure: May be endowments, quasi-endowments or expendable funds.

Principal: Same structure/rules as University endowment accounts; quasi-endowments have similar structure to endowment accounts but a special provision allows the principal to be drawn down to funds the use specified by the donor.

Income: Separate general ledger account that receives payout of approximately 5% (this may vary with fund performance) per year each June following one full year of investment; Investment may be made in the Investment Fund or other funds as determined by the affiliated organization.

Expenditures: Income may be spent for purpose specified by donor or invested in principal to build the fund. Expenditures from endowments may not be made directly from the general ledger accounts. Income to be spent is transferred to an appropriate trust account; affiliated foundations may spend directly from 9-9XXXX accounts rather than transfer the funds to University trust accounts;

Account Numbers

- The accounts are usually denoted by a 0-9XXXX general ledger account and 9-9XXXX subsidiary account

Planning guidelines

- Agency funds include expendable and endowment funds. The expendable agency funds are typically restricted to a specific purpose. Endowments of an affiliated foundation are administered in agency funds.

OTHER FUNDS

While these fund types may not be common, you should be aware that they exist as you may hear the terms used around campus.

- **LOAN FUNDS**
  Loan funds are designated for the exclusive use of the Student Aid Office and the Cashier’s Office and are administered through institutional trust funds.

- **CAPITAL FUNDS**
  Capital funds are used exclusively for capital improvements and are administered through state budget codes