



ConnectCarolina 2018 User Conference

TRUST FUNDS: ABC TO Z

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Welcome



Agenda:

- *What are trust funds?*
- *Do I use cash, budget or both?*
- *Special trust fund budget terminology*
- *Tips and Tricks*
- *Resources*
- *Questions*

How many types of Trust Funds are there?



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What is a trust fund?

- ▶ Defined by North Carolina State Statute
- ▶ § 116-36.1. Regulation of institutional trust funds

§ 116-36.1. Regulation of institutional trust funds.

- ▶ (a) The Board is responsible for the custody and management of the trust funds of the University of North Carolina and of each institution. The Board shall adopt uniform policies and procedures applicable to the deposit, investment, and administration of these funds which shall assure that the receipt and expenditure of such funds is properly authorized and that the funds are appropriately accounted for. The Board may delegate authority, through the president, to the respective chancellors of the institutions when such delegation is necessary or prudent to enable the institution to function in a proper and expeditious manner.
- ▶ (b) Trust funds and investment earnings thereon, are available for expenditure by each institution without further authorization from the General Assembly.
- ▶ (c) Repealed by Session Laws 2011-145, s. 9.6E(a), effective July 1, 2011.
- ▶ (d) Trust funds are subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes but are not subject to the provisions of the State Budget Act except for capital improvements projects which shall be authorized and executed in accordance with G.S. 143C-8-8 and G.S. 143C-8-9.
- ▶ (e) Each institution shall submit such reports or other information concerning its trust fund accounts as may be required by the Board or by the Director of the Budget.
- ▶ (f) Trust funds or the investment income therefrom shall not take the place of State appropriations or any part thereof, but any portion of these funds available for general institutional purposes is appropriated and shall be used to supplement State appropriations to the end that the institution may improve and increase its functions, may enlarge its areas of service, and may become more useful to a greater number of people.
- ▶ (g) As used in this section, "trust funds" means:
 - ▶ (1) Monies, or the proceeds of other forms of property, received by an institution as gifts or devises that are neither presumed nor designated to be gifts or devises to the endowment fund of the institution;
 - ▶ (2) Moneys received by an institution pursuant to grants from, or contracts with, the United States government or any agency or instrumentality thereof;
 - ▶ (3) Moneys received by an institution pursuant to grants from, or contracts with, any State agencies, any political subdivisions of the State, any other states or nations or political subdivisions thereof, or any private entities whereby the institution undertakes, subject to terms and conditions specified by the entity providing the moneys, to conduct research, training or public service programs, or to provide financial aid to students;
 - ▶ (4) Moneys collected by an institution to support extracurricular activities of students of the institution;
 - ▶ (5) Moneys received from or for the operation by an institution of activities established for the benefit of scholarship funds or student activity programs;
 - ▶ (6) Moneys received from or for the operation by an institution of any of its self-supporting auxiliary enterprises, including institutional student auxiliary enterprise funds for the operation of housing, food, health, and laundry services;
 - ▶ (7) Moneys received by an institution in respect to fees and other payments for services rendered by medical, dental or other health care professionals under an organized practice plan approved by the institution or under a contractual agreement between the institution and a hospital or other health care provider;
 - ▶ (8) The net proceeds from the disposition effected pursuant to Chapter 146, Article 7, of any interest in real property owned by or under the supervision and control of an institution if the interest in real property had first been G.S. 116-36.1 Page 2
- ▶ acquired by gift or devise or through expenditure of monies defined in this subsection (g) as "trust funds," except the net proceeds from the disposition of an interest in real property first acquired by the institution through expenditure of monies received as a grant from a State agency;
- ▶ (9) Moneys received from the operation and maintenance of institutional forests and forest farmlands, provided, that such moneys shall be used, when used, by the institution for support of forest-related research, teaching, and public service programs;
- ▶ (10) Moneys received from an activity authorized by G.S. 66-58(b)(8)m., n., and o.;
- ▶ (11) Moneys deposited to the State Education Assistance Authority Fund pursuant to G.S. 116-209.3;
- ▶ (12) Any other moneys collected by an institution as student fees previously approved by the Board of Governors.
- ▶ (h) The Board may authorize, through the President, that the chancellors may deposit or invest each institution's available trust fund cash balances in interest-bearing accounts and other investments as may be authorized by the Board in the exercise of its sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries. For any cash balances placed on deposit with a bank in the form of traditional demand or time deposits, such as checking, savings, or certificate of deposit accounts, these cash balances shall be secured by deposit insurance, surety bonds, or investment securities satisfying the rules or regulations prescribed under G.S. 147-79.
- ▶ (i) The cash balances on hand as of June 30, 1978, and all future receipts accruing thereafter, of funds identified in this section are hereby appropriated to the use of the University of North Carolina and its constituent institutions. (1977, 2nd Sess., c. 1136, s. 30; 1981, c. 529; 1983, c. 913, s. 19; 1989 (Reg. Sess., 1990), c. 936, s. 1(c); 2005-397, s. 3; 2006-203, s. 45; 2011-145, s. 9.6E(a); 2011-284, s. 84; 2012-142, s. 9.9; 2014-100, s. 11.4; 2015-241, s. 11.2.)

What is a trust fund?

Governed by:

▶ **Defining document**

Donor Agreement

Contract

Grant

Sales Agreement

▶ **Source (Fund) Authority**

▶ The University of North Carolina at Chapel Hill

SOURCE AUTHORITY

Institutional Trust Funds

GS. GS.SEC.30. CH 116-36.1 (g) (5) Account Title:

Disbursing Authority:

As the Disbursing Authority of this Trust Fund, you have the fiscal responsibility to manage the use of funds in accordance with the fund authority, applicable agreements, university policies, and other regulatory agency guidelines. For more information refer to policy 102: Disbursing authority and General Statute cited in the Fund Authority.

Source: Where does the money come from to fund this new source?

Purpose: How will the funds be used?

Terms: Special terms(i.e. hold for a certain time period, or until it reaches a certain dollar value)

Instructions: Special considerations (i.e. only give the award if recipient was chosen by a search committee that included faculty from two departments)

Date:

Internal Document ID: fund and source

University Controller Signature

How many types of trust funds?

- ▶ Defined by the type of income
- ▶ Categorized by the income and purpose

How many types of Trust Funds are there?



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Foundation Funds

A to Z

Endowments

29920/29910 Zxxxx

Expendable

29930 Zyyy

Do I have cash, budget or both?

Cash

Budget

Fund Balance



Budget Balance	Fund Balance
Represents budget amount available based on the budget entered for a particular budget period	Represents the life-to-date net worth of a fund (whereas the budget balance is only for a particular budget period).
Budget balance only reflects revenues and expenses	Fund balance includes all assets and liabilities life-to-date.
View using InfoPorte's Main Ledgers or OSR Ledger tabs, or ConnectCarolina's Budget Overview Inquiry.	View using InfoPorte's Comprehensive Financial Summary (a SAS report).
Based on Commitment Control ledgers	Based on GL Actuals ledger

Do I have cash, budget or both?

Dean's Office

Dept

Dept

Dept

Department

Inter-school

Special Trust Fund Budget Terminology

▶ Associated Budgets

- ▶ Updates the trust expense budget based on the revenue you receive
- ▶ FY-end fund balance will automatically carryforward as 7/1 budget

▶ Automatic Budget Create (ABC)

- ▶ A process that updates a trust expense budget based on the revenue you receive
- ▶ Applies only to sources in the Associated Budgets table

Tips and Tricks

- ▶ **Beginning Balance**

- ▶ SAS Reports

- ▶ **Program and Cost Coding**

- ▶ Why are these important?

- ▶ **Ending Balance**

- ▶ A/R- track and reconcile

- ▶ Clean up balances

- ▶ Move charges

- ▶ Transfer funds if allowable

Resources

▶ <https://ccinfo.unc.edu/>

▶ Key Words

- ▶ Trust Funds
- ▶ Budget- Commitment Control
- ▶ Fund Balance

▶ Here are a few to get you started:

▶ <https://ccinfo.unc.edu/files/2015/06/Budgeting-101.pdf>

▶ https://ccinfo.unc.edu/files/2016/11/Associated_Budgets_webinar.pdf

▶ https://ccinfo.unc.edu/files/2016/01/Campus_Budgets_slides.pdf

▶ <https://ccinfo.unc.edu/files/2016/01/Finding-Fund-Balances.pdf>

Questions?

Thank you for your participation !!