

# ADMINISTRATIVE MEMORANDUM

---

**SUBJECT** Regulations of the Board of Governors of The  
University of North Carolina with Respect to  
Institutional Vending Facilities

**NUMBER** 210

**DATE** November 12, 1984

At its meeting on September 14, 1984, the Board of Governors, as required by 1984 legislation, adopted a resolution (Attachment A hereto) establishing a policy for the use by the constituent institutions of net proceeds from vending facilities. These regulations reflect the intent of the General Assembly that such authorized uses be more restrictive than past practices. This Administrative Memorandum provides instructions for actions which are required for implementation of the Board's resolution.

## 1. Definition

The term "vending facilities," as defined in the 1984 legislation and the Board's resolution, has broad applicability. The term "vending facilities" is defined to include any mechanical or electronic device dispensing items or something of value or entertainment or services for a fee, regardless of the method of activation, and regardless of the means of payment, whether by coin, currency, tokens, or other means; and the net proceeds therefrom are accounted for under G.S. 116-36.1 (institutional trust funds), G.S. 116-36.2 (institutional special funds), or G.S. 116-36.3 (institutional student auxiliary enterprise funds).

## 2. State funds

As specified by legislation and the Board's resolution, the receipts from vending facilities operated by a constituent institution of The University of North Carolina are State funds. The payments received by a constituent institution of The University of North Carolina under which another party operates vending facilities and pays a sum to the State, whether computed as a percentage of gross or net receipts or gross or net profits, or as a fixed or variable fee, are State funds.

## 3. Deposits

Those receipts or payments deemed State funds pursuant to paragraph 2, above, shall be deposited as provided by law in the appropriate fund to be determined by the Office of State Budget and Management.

In this regard, UNC-General Administration requested specific confirmation from the Office of State Budget and Management (OSBM) that current practices for depositing vending receipts are acceptable. By letter of September 27, 1984, to Vice President Joyner from Mr. Marvin K. Dorman, Jr., Deputy State Budget Officer, it is indicated that current practices followed by the constituent institutions are acceptable and may be continued.

4. Uses

As provided in the Board's resolution, only the following uses of net proceeds from the operation of vending facilities are authorized:

- (a) Scholarships.
- (b) Debt service on self-liquidating facilities.
- (c) Operating expenses of the Student Supply Store, Student Union, Student Housing, Food Service, and Laundry when vending receipts are an integral part of the overall revenues of these self-supporting student service operations and expenditures are not identified by internal receipts source.

(Note: This use is especially appropriate to situations where vending receipts have historically been viewed as a general revenue source for the identified self-supporting operations.)

- (d) Student activities specifically authorized by the Chancellor.

5. Reports

The Board's resolution authorizes and directs the President to make such reports with respect to vending facilities as may be required under G.S. 116-36.4.

Under legislative provisions, itemized annual and quarterly reports to the Joint Legislative Commission on Governmental Operations are required, in a format to be determined by the Office of State Budget and Management. The legislation further stipulates that the reports show the receipts, expenditures, and use of net proceeds from operations of vending facilities. The reporting format determined by the OSBM is provided as Attachment B hereto. This prescribed format should be used for both quarterly and annual reports, which should be submitted to Vice President Joyner's Office according to the schedule identified below. This Office will consolidate institutional reports into a single report of The University for the appropriate period. Therefore, preparation in the prescribed format and timely submission (in two copies) are imperative.

<u>1984-85 Reporting Period</u>	<u>Date Due in UNC-GA</u>
Quarter Ending 12/31/84	February 10, 1985
Quarter Ending 3/31/85	May 10, 1985
Quarter Ending 6/30/85	August 10, 1985
Fiscal Year Ending 6/30/85 (3 Quarters Only)	August 10, 1985

  

<u>1985-86 and Thereafter</u>	<u>Date Due in UNC-GA</u>
Quarter Ending 9/30	November 10
Quarter Ending 12/31	February 10
Quarter Ending 3/31	May 10
Quarter Ending 6/30	August 10
Fiscal Year Ending 6/30	August 10

A single, comprehensive report is required from each institution for each fiscal period even though vending machine receipts may be deposited into more than one account. Therefore, it is necessary for each institution to establish carefully the appropriate internal procedures, records, and documentation in order to substantiate each report. These reports will be subject to audit, as well as other outside review.

Special note is made of reporting under "Uses," Item 4(c), above, where vending receipts are an integral part of the overall revenues of the Student Supply Store, Student Union, Student Housing, Food Service, or Laundry and where expenditures are not identified by internal receipts source. In these cases, expenditures may be shown to the extent of net proceeds for the period. Therefore, no beginning or ending balance would be reflected on the report.

6. Effective date

The Board regulations were effective October 1, 1984.

Attachments:

- (A) Board of Governors' Resolution of September 14, 1984
- (B) Report on Vending Receipts and Expenditures (with an initial supply of duplicates)

  
\_\_\_\_\_  
William Friday

**REGULATIONS OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF  
NORTH CAROLINA WITH RESPECT TO INSTITUTIONAL VENDING FACILITIES**

1. **Definition.** For purposes of these Regulations the term "vending facilities" includes any mechanical or electronic device dispensing items or something of value or entertainment or services for a fee, regardless of the method of activation, and regardless of the means of payment, whether by coin, currency, tokens, or other means; and the net proceeds therefrom are accounted for under G.S. 116-36.1 (institutional trust funds), G.S. 116-36.2 (institutional special funds), or G.S. 116-36.3 (institutional student auxiliary enterprise funds). [G.S. 143-12.1(g), G.S. 116-36.4]
2. **State funds.** The receipts from vending facilities operated by a constituent institution of The University of North Carolina are State funds. The payments received by a constituent institution of The University of North Carolina under which another party operates vending facilities and pays a sum to the State, whether computed as a percentage of gross or net receipts or gross or net profits, or as a fixed or variable fee, are State funds. [G.S. 143-12.1(a)]
3. **Deposits.** Those receipts or payments deemed State funds pursuant to paragraph 2, above, shall be deposited as provided by law in the appropriate fund to be determined by the Office of State Budget and Management. [G.S. 143-12.1(b)]
4. **Uses.** The following uses of net proceeds from the operation of vending facilities are authorized:

  - (a) Scholarships;
  - (b) Debt service on self-liquidating facilities;

(c) Operating expenses of the Student Supply Store, Student Union, Student Housing, Food Service, and Laundry when vending receipts are an integral part of the overall revenues of these self-supporting student service operations and expenditures are not identified by internal receipts source;

(d) Student activities specifically authorized by the Chancellor.

[G.S. 116-36.4]

5. Reports. The President is authorized and directed to make such reports with respect to vending facilities as may be required under G.S. 116-36.4.
6. Effective date. These Regulations shall be effective on and after October 1, 1984. [Section 175, Chapter 1034, 1984 Session Laws]

(Institution)

## Report on Vending Receipts and Expenditures

For the \_\_\_\_\_ Ending \_\_\_\_\_  
(period)

Balance at \_\_\_\_\_ (beginning of period) \$ \_\_\_\_\_

## Receipts:

For the period ending \_\_\_\_\_ \$ \_\_\_\_\_

Total Beginning Balance and Receipts \$ \_\_\_\_\_

Vending Operating Expenses for the period ending \_\_\_\_\_:<sup>1</sup>

Payments to Contractors \$ \_\_\_\_\_

Personnel Costs \_\_\_\_\_

Supplies \_\_\_\_\_

Utilities \_\_\_\_\_

Maintenance \_\_\_\_\_

Equipment \_\_\_\_\_

Other (identify) \_\_\_\_\_

Total Operating Expenses \$ \_\_\_\_\_

Net Proceeds Available \$ \_\_\_\_\_

## Expenditures of Net Proceeds:

Scholarships \$ \_\_\_\_\_

Debt Service on Self-liquidating Facilities \_\_\_\_\_

## Operating expenses of:

Student Supply Store \_\_\_\_\_

Student Union \_\_\_\_\_

Student Housing \_\_\_\_\_

Food Service \_\_\_\_\_

Laundry \_\_\_\_\_

(When vending receipts are an integral part of  
the overall revenues of these self-supporting  
student service operations and expenditures are  
not identified by internal receipts source.)Student activities specifically authorized by  
Chancellor (Schedule Attached) \_\_\_\_\_

Total Expenditures of Net Proceeds \$ \_\_\_\_\_

Balance at \_\_\_\_\_ (end of period) \$ \_\_\_\_\_

<sup>1</sup>When revenues represent commissions from a vending contractor;  
operating expenses, if any, will likely be limited.

Report approved by:

\_\_\_\_\_  
Chief Finance Officer\_\_\_\_\_  
Date