

Guidelines on Institutional Vending Facilities

The 1990 Session of the General Assembly amended N.C.G.S. § 116-36.1 to provide an expanded definition of institutional "trust funds." That definition now includes institutional student auxiliary enterprise funds and funds received from the operation and maintenance of institutional forests and forest farmlands. The same legislation also repealed N.C.G.S. § 116-36.3, which had regulated institutional student auxiliary enterprise funds. This legislation required revision to the Board of Governors' regulations for institutional vending facilities. On February 8, 1991, the board adopted the foregoing resolution to make appropriate changes to board policy with respect to institutional vending facilities and guidelines related to the board's new regulations for reporting proceeds from vending facilities (Attachment B). These administrative policies provide further guidance in implementing the amended law and the revised regulations through comment within the following series of paragraphs, whose titles and numbers correspond to the section titles and numbers of the board's revised regulations. In addition, "Vending Facilities Reporting Guidelines" and report formats are attached.

1. **Vending Facilities Definition.** The term "vending facilities" as defined in the regulations is unchanged and thereby continues the broad and comprehensive definition previously established by the General Assembly.

2. **State Funds.** The designation as "State funds" of receipts from vending facilities operated by a constituent institution of the University of North Carolina remains in effect.

3. **Deposits.** The deposit requirement remains unchanged. UNC General Administration previously requested specific confirmation from the Office of State Budget and Management (OSBM) that current practices for depositing vending receipts are acceptable. By letter of November 17, 1987, to Vice President Joyner from Mr. Marvin K. Dorman, Jr., Deputy State Budget Officer, OSBM reaffirmed its earlier acceptance of institutional practices for depositing vending receipts. This reaffirmation remains in effect.

4. **Authorized Uses.** The authorized uses of net proceeds from the operations of vending facilities are unchanged. In some cases, though, those uses are closely conditioned by instruments of gift or other external documents. For example, Carolina Inn proceeds, as specified in the gift of the Inn to the University of North Carolina at Chapel Hill, are used, in part, to support the University libraries, especially the North Carolina Collection.

5. **Account Applicability.** The requirement under N.C.G.S. § 116-36.4 for reporting the net proceeds of vending facilities embraces only those accounts defined, budgeted, and expended pursuant to N.C.G.S. § 116-36.1 (Institutional Trust Funds). However, N.C.G.S. § 116-36.1, as amended in 1990, expanded the definition of institutional "trust funds" to include institutional student auxiliary enterprise funds for the operation of housing, food, health and laundry services, effective July 1, 1990; and to include moneys received from the operation and maintenance of institutional forests and forest farmlands, effective July 1, 1991. The effect of the first statutory addition was to subject accounts for the four student auxiliary services to the vending regulations. On the other hand, moneys received from the operation and maintenance of institutional forests and forest farmlands, by definition, are not subject to vending regulations.

The majority of the vending operations covered by N.C.G.S. § 116-36.1, as amended, are included in student auxiliaries (activity 200), along with some portions of institutional auxiliaries (activity 210) and independent operations (activity 220). The attached "Reporting Guidelines" denote general categories of reporting applicability. This listing should be used as a guide. A continuing assessment must be made by each institution to determine the institutional vending facilities covered by the legislation and related reporting requirements. In some instances, it may be necessary to establish internal records to provide a separate accounting for covered vending facilities. It is the responsibility of each institution to establish such records. Refer to Section 7. or applicable formatting instructions.

Special Funds (N.C.G.S. § 116-36.2) are not covered by the vending legislation; but the budgeting and expenditures of those accounts are covered by other applicable legislation.

6. Definition of Net Proceeds. The definition of the term "net proceeds" for a covered vending facility is unchanged. It continues to be the equivalent of "net income" in accounting terminology.

7. Reporting. The board's regulations direct the President to make such reports concerning vending facilities as may be required under N.C.G.S. § 116-36.4. The annual reporting requirement and the due date, "not later than October 1 of each year," is unchanged. The reports are due in General Administration by September 1 for subsequent transmittal to the Joint Legislative Commission on Governmental Operations by October 1 of each year.

N.C.G.S. § 116-36.4 requires an "itemized annual report . . . concerning the use of net proceeds. . . broken down by campus and by authorized purpose." This requirement is unchanged; and, therefore, the current format, with emphasis on authorized uses of net proceeds being consistent with N.C.G.S. § 116-36.4, is also unchanged. The reporting format, as determined by the Office of State Budget and Management, is attached. It consists of two sections: Summary Report and Specific Vending Activity Report(s).

The "Summary Report" is the total of the values reported for the separately identified vending activities cited on the accompanying "Specific Vending Activity Report" form(s).

Each "Specific Vending Activity Report" identifies a separate vending activity by stating a brief descriptive title and a three-digit Chart of Accounts purpose number. The use of purpose 219, Other Auxiliaries, requires further identification of specific vending activity(ies) by the use of a more descriptive (non-standard) phrase on the vending report. A separate report is required for each current vending activity and for any additional activities subsequently and appropriately identified pursuant to the "Vending Facilities Definition" and "Account Applicability" sections of the regulations.

The following aspects of the two format sections should be noted:

a. The amount reported in the space for "Total Net Proceeds" should be equal to the amount reported in the space for "Total Authorized Uses of Net Proceeds." All net proceeds for the reporting period must be identified with one or more authorized uses.

b. As a result of multi-year reporting experience, when net proceeds accumulated in a prior fiscal year (typically via item "e" of the authorized uses) are used for an authorized purpose during a subsequent fiscal year, the use of a negative number for item "e" may be required to balance the "Total Net Proceeds" with "Total Authorized Uses of Net Proceeds." This has the effect of spending previously accumulated (prior fiscal year) net proceeds from available fund balances during a subsequent reporting period.

c. Item "f," "Transfers . . . ," is to be specifically identified both on the format sections and by a separate attachment, including appropriate documentation authorizing such use pursuant to the requirements stated in item "f" of the "Authorized Uses" section.

8. Effective Date. These regulations are effective retroactively to July 1, 1990.

[This is a rewrite of Administrative Memorandum #301.]

Vending Facilities Reporting Guidelines

In the institutional trust fund accounts, the majority of the operations covered by the legislation are included in student auxiliaries (activity 200), along with some portions of institutional auxiliaries (activity 210) and independent operations (activity 220). The following general determinations of applicability have been made. This listing is to be used as a guide. A continuing assessment must be made by each institution to determine the vending facilities covered by the legislation and related reporting requirements.

200 Student Auxiliaries

202 Campus Center - Sales and services revenues generated in this purpose are included in the reporting requirement. Typical revenue sources are: game rooms; snack bars; bowling alleys; pool rooms; automated (coin activated) dispensers, including, but not limited to, candy and newspaper stands, food and beverage machines; and similar concessionary activities.

203 Food Services - Sales and services revenues generated in this purpose are included in the reporting requirement. Typical revenue sources include, but are not limited to: snack bars, lunchrooms, cafeterias, restaurants, catering activities, vending machines, and similar concessionary activities.

204 Health Services - Purpose 204 is generally excluded from the reporting requirement.

205 Housing Services - Purpose 205 is generally excluded from the reporting requirement. However, vending machine revenues budgeted and expended in purpose 205 are included.

206 Laundry Services - Sales and services revenues generated in this purpose are included in the reporting requirement. Revenue sources include, but are not limited to, coin activated washers and dryers.

207 Recreational Services - Purpose 207 is generally excluded from the reporting requirement.

208 Student Stores - Sales and services revenues generated in this purpose are included in the reporting requirement. Typical revenue sources include, but are not limited to: over-the-counter sales, services, and rentals; snack bars; book stores; copy machines, satellite vending stands; and similar concessionary activities.

210 Institutional Auxiliaries

211 Central Motor Pool - Purpose 211 is generally excluded from the reporting requirement.

212 Central Stores - Purpose 212 is generally excluded from the reporting requirement.

213 Creamery (NCSU only) - Purpose 213 is generally excluded from the reporting requirement.

214 Printing and Duplicating - Sales and services revenues generated in this purpose are included in the reporting requirement. Satellite copy machines and copy centers are included in the reporting requirement.

215 Rental Property - Purpose 215 is generally excluded from the reporting requirement.

216 Vehicle Registration - Purpose 216 is generally excluded from the reporting requirement.

219 Other Auxiliaries - Institutions should identify applicable sales and services revenues for purpose 219. Separately organized vending operations would be included, for example.

220 Independent Operations

222 Carolina Inn (UNC-CH only) - Sales and services revenues generated in purpose 222 are included in the reporting requirement. Typical revenue sources include, but are not limited to: dining room; cafeteria; catering activities; vending machines; and similar concessionary activities. Room rentals and conference fees are excluded from reporting requirements.

227 Utility Services - Purpose 227 is generally excluded from the reporting requirement.

228 Continuing Education Center - Sales and services revenues generated in purpose 228 are included in the reporting requirement. Typical revenue sources include, but are not limited to: dining rooms, snack bars, and restaurants; catering activities; vending machines; and similar concessionary activities. Room rentals and conference fees are excluded from the reporting requirement.

Institution _____

Report on Vending Facilities Authorized Uses of Net Proceeds

Summary Report

For the Fiscal Year Ending June 30, _____

Total Net Proceeds \$ _____

Authorized Uses of Net Proceeds:

a. Scholarships and other direct student financial aid programs \$ _____

b. Debt service on self-liquidating facilities _____

c. Student activities specifically authorized by the chancellor:

i. Social and recreational activities for students residing in self-supporting University housing (not to exceed the amount of total net proceeds derived from vending facilities located in such housing facilities) _____

ii. Special orientation programs for targeted groups of students _____

iii. Operating expenses of scholarships and other student awards and honors programs _____

iv. Supplementary Student Center operating support (not to exceed the total net proceeds derived from vending facilities located in such Student Center facilities) _____

d. Use required by express condition of gifts, grants, or bequests _____

e. Retention to provide for working capital, replacement of facilities and equipment, and other purposes to support the continuing, orderly operation of the particular self-supporting service operation _____

f. Transfers to other self-supporting student service operations and authorized capital improvements projects (identify) _____

Total Authorized Uses of Net Proceeds \$ _____

Report Approved by: _____
Chief Finance Officer

Date

Institution _____

Report on Vending Facilities Authorized Uses of Net Proceeds
Specific Vending Activity Report

For the Fiscal Year Ending June 30, _____

Description _____

Chart of Accounts Purpose No. _____

Total Net Proceeds \$ _____

a. Scholarships and other direct student financial aid programs \$ _____

b. Debt service on self-liquidating facilities _____

c. Student activities specifically authorized by the chancellor:

i. Social and recreational activities for students residing in self-supporting University housing (not to exceed the amount of total net proceeds derived from vending facilities located in such housing facilities) _____

ii. Special orientation programs for targeted groups of students _____

iii. Operating expenses of scholarships and other student awards and honors programs _____

iv. Supplementary Student Center operating support (not to exceed the total net proceeds derived from vending facilities located in such Student Center facilities) _____

d. Use required by express condition of gifts, grants, or bequests _____

e. Retention to provide for working capital, replacement of facilities and equipment, and other purposes to support the continuing, orderly operation of the particular self-supporting service operation _____

f. Transfers to other self-supporting student service operations and authorized capital improvements projects (identify) _____

_____ Total Authorized Uses of Net Proceeds \$ _____

Report Approved by: _____
Chief Finance Officer

Date