On January 25, 1979 Administrative Memorandum Number 113 (Resolution of the Board of Governors and Administrative Procedures Relative to Trust Fund Legislation) was issued. That Administrative Memorandum outlined administrative procedures for the custody and management of federal and other non-appropriated funds held by institutions of The University. A group of funds related to receipts-supported Extension Instruction and Public Service activities, which had historically been accounted for as institutional trust funds in many instances, were not specifically addressed in the trust fund legislation. By agreement with the Office of State Budget and Management as an interim arrangement, these funds have been maintained as a separate fund group within institutional trust funds. Over the past several months, the accounting and budgeting of these funds have been discussed with the Office of State Budget and Management; an agreement has now been reached with that Office regarding the appropriate procedures. Therefore, the purpose of this Administrative Memorandum is to outline administrative procedures relative to these receipts-supported Extension Instruction and Public Service funds.

Special Characteristics of Funds

The Extension Instruction and Public Service activities supported by these receipts have characteristics that warrant consideration of special accounting and budgeting arrangements. Among these characteristics are:

(a) Although these activities are a basic part of The University's mission, historically, these activities have been largely supported by fees and other charges. Appropriation support has been directed primarily to administrative costs associated with these activities and to specifically identified programs.

(b) Revenues for these activities and the corresponding expenditures related to the programs do not always occur within the same fiscal year. Therefore, the need to provide a cash balance carry-forward becomes a major consideration in the administration of these funds. Special carry-forward arrangements have been required when these funds were accounted for in the regular academic budget.

(c) Since these activities are largely receipts supported, there is a continuing need to provide working capital and program development funds. Although these programs are required to be operated on an overall self-supporting basis, individual courses or activities may not "break-even." The ability to exercise administrative judgment in course offerings should be maintained.
(d) In recent legislative sessions, the General Assembly has shown a special interest in these activities and the sources (both appropriated and non-appropriated) from which these functions are supported. Therefore, there is a special concern that the budget presentation be informative and comprehensive.

**Accounting and Budgeting Procedures**

The following accounting and budgeting procedures are applicable to receipts-supported Extension Instruction and Public Service activities:

1. Effective January 1, 1980, or as soon thereafter as possible but no later than July 1, 1980, all receipts and accumulated balances related to the budget purposes (Chart of Accounts) of Extension Instruction (103), Educational Television (141), and Community Services (142) will be deposited directly into the appropriate General Fund academic budget code of each institution. (Special Note: This procedure does not apply to any receipts related to these budget purposes which are properly classified as institutional trust funds or endowment funds.)

2. On or before June 1, 1980, each constituent institution will provide the Office of State Budget and Management a list of accounts and the current balances of these accounts which will be transferred to the appropriate General Fund academic budget. An information copy should be furnished to Vice President Joyner's office.

3. On or before June 1, 1980, each constituent institution will submit a formal budget revision proposing the estimated 1980-81 annual operating budget, including appropriate statistical data, for the activities being transferred to the academic budget. If the transfer is to be made during 1979-80, the appropriate budget revision for the current fiscal year should also be prepared. A detailed list of personnel positions included in the salary lines should accompany the proposed budget revision. An information copy should be furnished to Vice President Joyner's office.

4. Upon approval of the budget revision by the Office of State Budget and Management, each institution will take the appropriate internal steps in order to operate these activities as an integral part of its academic budget.

5. All 1980-81 authorized budgets for these activities will be considered a part of the institution's continuation budget. Therefore, the budgets for these activities will be considered a part of the authorized base year (1980-81) for 1981-83 biennial budget considerations.

6. The Off-Campus Branches (Code 26066) of East Carolina University will be transferred into the General Fund academic budget no later than July 1, 1980. Internal procedures should be established in order to maintain at the institution the separate identity of these funds within the academic budget code.
Special Carry-Forward Considerations

The Office of State Budget and Management has specifically acknowledged the need to carry forward receipts related to these programs from one fiscal year to the next in order to provide sufficient working capital and program development funds, to help meet costs of courses or activities where the revenues and corresponding expenditures do not occur within the same fiscal year, and to meet other justified needs. In this regard, the Office of State Budget and Management has indicated that all justified institutional requests for such purposes at the end of each fiscal year will be honored.

William Friday