

THE DIVISION OF BUSINESS & FINANCE

Clarification of the Authority to Use Overhead Receipts

[REVISED June 2008]

Second Revision June 30, 2008

Third Revision July 11, 2008

Editor's NOTE: The "new language" is underlined, and the language to be deleted is represented with "strike-through."

X. Overhead Receipts

Authorized Use of Overhead Receipts

All amounts earned by a college as overhead receipts, indirect cost allowances subject to OMB circulars, reporting fees or other similar items, shall be divided into two parts: Unrestricted and Restricted.

The first part will be called Unrestricted, and is calculated to be twenty-five percent (25%) of the total amount received each year. This ~~part will be considered the~~ unrestricted portion ~~and~~ may be used for purposes directly benefiting ~~the~~ students, and for the costs associated with the "Single Audit Act", as billed by the State Auditor. In the absence of sufficient unrestricted receipts, ~~the College may use state funds to pay~~ audit costs billed by the State Auditor. If there are costs incurred related to a county audit, they should be paid from county funds. These purposes shall be approved by the college's board of trustees only once, unless the purposes are changed. Funds cannot be approved for any purpose under Plant Funds, since renovation or construction ~~equipment, etc. were~~ are generally not among the items allowed for in the original grants responsible for generating overhead receipts. If equipment was permitted under the original grant, equipment may be purchased with the unrestricted portion only.

The second part will be called Restricted, and is calculated to be seventy-five percent (75%) of the total amount received each year. This ~~part will be considered the~~ restricted portion ~~and~~ may be used ~~without expressed written approval~~ for the following:

1. Publications containing financial aid and other student services information information.
2. College Work-Study matching or continuation of the College Work-Study Program after regular funds have been exhausted
3. Salaries and related fringe benefits in the financial aid, ~~or~~ business office, grants administration or student services, which are necessitated by grants earning overhead receipts. (Supplements to regular salaries are not permitted.)
4. Supplies and materials for use in either the financial aid office, ~~or~~ business office, grant administration or student services which are related to the grants providing the overhead receipts.
5. Travel of persons in the financial aid office, student services or others who are responsible for administration of grants providing overhead receipts.
6. Membership dues or fees paid to financial aid and student services associations.
7. Service fees paid to billing and collection services.

Requests to spend the Restricted portion (75%) of overhead receipts for any purpose not listed above must be submitted in writing to the North Carolina Community College System Associate Vice President of Business and Finance. ~~Requests will not be approved for any purpose under Plant Funds since renovations, construction, equipment, etc. were not among the items allowed for in the original grants responsible for the generating overhead receipts.~~

Special Provisions

The fund balance that accumulates from year-to-year in Overhead Receipts as of June 30, 1981 will be ~~divided into two parts: Twenty five percent (25%) restricted and seventy five percent (75%) restricted,~~ and is available for uses as described in the second part above. ~~These amounts shall be placed in separate reserves. All receipts subsequent to June 30, 1981 must be divided into this ratio during the fiscal year in which they are earned.~~ Funds should be transferred out of the Overhead Receipts Fund to other appropriate funds to be expended.

Effective _____, 2008