

Process:	Establishing Ledger 3xxxxx Projects		
Contact:	Humanities and Social Sciences	Last Revision Date:	9/23/24
	Financial Services		

### **Introduction:**

Sales and service activities not part of a contract or gift are normally the purpose for a ledger 3. Generally revenues associated with external conferences and workshops should be received into an appropriated receipt project which is generally referred to as a lower level 3 project, established by the University Budget Office. Authority or the right to do business is given by the state. **(No food or refreshments can be purchased from these funds unless it specifically relates to the purpose of the receipt project or other specific guidelines).** In these cases when food is approved you will also need a trailing upper level 3 project in which food expenses should be charged and revenue moved from lower level 3 project to cover the cost.

An upper level 3 project can also be referred to as a trust fund. These funds are from sales and service which must be for supporting the purpose of the activities for which the project was created and all costs of providing those services including salaries, must be totally self-supporting. These projects are established by the University Budget Office. The funds follow the same guidelines as those for state appropriated funds except funds may be used to purchase meals and/or refreshments for conferences or workshops when a fee is charged to participants. However, the food should be specifically limited and must be included in the fund authority for the project.

**You should not engage in any business until the project is approved and established.**

### **Steps to Establish a Ledger 3 project:**

1. Department schedules meeting with Financial Services Accounting Manager.
2. Department prepares a description of activity, estimated revenue and equivalent estimated expenses for budget structure. This information is needed for the meeting, and will be used to determine your ability to conduct business.
3. The Accounting Manager is normally able to predict at this meeting whether the project will be a lower level 3xxxxx (state appropriated receipts) or upper level 3xxxxx (Trust Fund). If there are no salaries, usually it will be a lower level 3 project.
4. The Accounting Manager will submit the request to the Budget Office for lower level 3xxxxx or upper level 3xxxxx.
5. The appropriate office will contact the Accounting Manager once the project is approved and established.

### **Budget Structure for lower level state appropriated receipts**

If your revenue exceeds your approved budget structure, the Accounting Manager will contact Department Liaison to provide justification for why additional structure is needed. Liaison will

need to estimate the amount of additional structure needed and explain how it will be spent and whether it will be needed on a one-time or continuing basis.

### **Appropriated Receipt Food Expense**

If the lower level 3 project will need to charge food for any activities, there should be an upper level 3 trailing project established for food purchases at the time the lower level 3 project is established. Food must be charged to the upper level 3 project, since food cannot be charged to state funds. Liaison must enter a journal voucher (JV) to move revenue from lower level 3 to upper level 3 to cover the cost of food expenses.

### **Appropriated Receipt Carryforward**

These funds are like other state funds in that they do not normally carryforward. The only exception is **pre-collected receipts**, revenue collected for an event/activity that has not yet transpired or transpires too late in the fiscal year to pay expenses. You cannot carryforward to pay for future events/activities unless the revenue was specifically pre-collected for that event/activity.

#### **Examples of pre-collected receipts**

- You pre-charge for a workshop, conference, or summer camp that doesn't transpire until next fiscal year and if you didn't have the event the funds would have to be refunded to the participants.
- You pre-charged for a future edition journal and that edition isn't published until late June or the next fiscal year.
- You pre-charged for a certification exam that will not take place until late June or next fiscal year

### **Unused 3-projects**

If your Department has not used your lower level 3 project for two fiscal years or more, you will be asked to justify why it is still needed. If your revenue is significantly lower than your budget structure for at least two years, you will be asked to re-evaluate the amount of budget structure needed.

### **Additional References:**

Budget Office

<https://budget.ncsu.edu/budgetoffice/index.php>