

## GUIDELINES FOR THE DISTRIBUTION OF OPERATING INVESTMENT EARNINGS

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### Purpose of Guidelines

These guidelines describe the parameters for distributing University of Maine System (UMS) operating investment earnings.

### Parameters

The University Services Accounting Department will distribute earnings monthly based on the prior month's Operating Fund money market rate of return. If no funds are held in the money market, distributions will be based on the returns for the primary Operating bank account. Distributions are contingent on positive returns for these short-term investments and will be made to certain funds whereby UMS has a contractual and/or legal obligation or has made an internal decision to do so.

Distributions will be made through the monthly allocation process to chartfield combinations with positive cash balances in the following fund codes:

<u>Fund Code</u>	<u>Description</u>
10	Designated - Gifts and endowment income programs only
20	Restricted - Expendable gifts and endowment income only (i.e., not grants)
20	Restricted - Certain grants for which the University received advance payments
22	UM Cooperative Forestry Research Unit (CFRU) gift only
25	Perkins Loan Fund
26	Nursing Loan Fund
27	University Loan Fund
50	Agency Funds

Earnings may be distributed for other areas when approved by the UMS Chief Financial Officer (CFO).

### Who is Responsible

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The CFO will communicate with the Shared Services Advisory Council (SSAC) as appropriate about the distribution of investment income. SSAC members will in turn communicate with their respective campus budget managers.

The University Services Accounting Department will distribute investment earnings to the applicable general ledger chart field combinations monthly.

Budget managers are responsible for managing their funds to ensure spending is within the available budget.

### **GL Inquiry Attribute for Investment Earnings**

Each eligible general ledger program code has an attribute 'TI\_INCOME\_DIST' that shows the chartfield combination to which the earnings should be credited. In GL Inquiry you can see whether or not a program has this attribute by looking up and selecting the program and then clicking the Attribute Values link next to the program number. This attribute is listed along with the other attributes that a program code may carry.

### **Definitions and Terms**

*Allocations* are an automated process that the University uses to create journal entries for various accounting activities and will be the process used to distribute operating investment earnings. A [General Ledger Monthly Closing Schedule](#) provides the dates that allocations are run each month. The monthly closing schedule is located on the University of Maine System webpage at: <http://www.maine.edu/about-the-system/system-office/finances/accounting-schedules/>

*University of Maine System Operating Investments* include pooled monies from various sources like appropriations, student charges, grants and contracts, sales and services, and auxiliary operations, net of their uses. Operating Investments exclude:

- separately maintained bank accounts and endowments,
- assets of the Managed Investment Pool (MIP). The MIP invests endowment funds, the UMS Other Post-Employment Benefits (OPEB) Trust funds and funds invested for other entities,
- planned giving funds, and
- assets of the Defined Benefit Pension Plan.

Operating funds are invested in compliance with the Operating Funds Guidelines, approved by the UMS Board of Trustees Investment Committee. These guidelines may be viewed at: <http://www.maine.edu/about-the-system/system-office/finances/investment-guidelines-2/>

While operating monies are pooled for investment purposes, those funds for which investment earnings will be distributed are considered to be invested solely in money market instruments

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or the primary operating bank account held within the UMS Liquidity Pool. In this way, monies are liquid and capital will be preserved.

### **Related Documents**

Regarding endowments:

Maine Revised Statutes Title 20-A, Chapter 411: University of Maine §10904 Trust funds

<http://mainelegislature.org/legis/statutes/20-A/title20-Asec10904.html>

Regarding Perkins and Nursing Loans:

Code of Federal Regulations 42 CFR 57.305 Grants for Construction of Teaching Facilities, Educational Improvements, Scholarships and Student Loans which may be found by entering the CFR title, part, and section numbers at:

<http://www.gpo.gov/fdsys/search/submitcitation.action?publication=CFR>