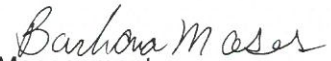


October 4, 2019

MEMORANDUM

TO: Vice Chancellors, Deans
Vice Provosts, and Associate Vice Chancellors

FROM: Barbara Moses, Associate Vice Chancellor, Budget and Resource Management



SUBJECT: Tort Assessment

Auxiliary units are assessed an annual charge as needed which is held in a reserve to cover tort claims against those units. The University has determined the appropriate reserve balance should be sufficient to cover three maximum tort claims which would be a total of three million dollars. Because we had a claim in FY18, the reserve balance is currently short by nearly \$700,000 after the assessment in FY19. We will restore this balance gradually over the next few years, assuming there are no additional claims.

An assessment equal to approximately 0.1% of the prior year's expenditures will be charged to each auxiliary unit's projects against account 53616 in October, on journal number TORT2020. Expenses identified as purchases for resale (account 52700) and cash transfers (account 58XXX) will be excluded from the total prior to calculating the assessment.

You may contact Rhonda Raynor (rrbarefo@ncsu.edu) or Luke McHale (lnmale@ncsu.edu) with any questions.