Housekeeping

- Class Duration: Scheduled for 3 hours
- Start on Time- End on Time
- 3 Major sections to class to cover
- Bathrooms/breaks
  - Location
  - 2-10 minute breaks after each section
- Coffee/Drinks/Snacks in 5th floor break room
- Think about your accounts during class, ask questions!

Presentation Overview

Part I - Fund Accounting Defined
- Definition of Funds
- Fund Groups
- Cost/Fund Center Structure
- Funded Programs
- Transferability

Part II – Basic Budgeting with Fund Types
- Centrally Budgeted Accounts – Piece of the Pie
- Estimated Income Accounts
- RIB - Revenue Increasing Budget Accounts

Part III – Year-end Process with Fund Types
- Accounts with Carry Forwards
- Accounts with Fund Balance and Available Reserves
- Multi-Year Accounts
Part I

Fund Accounting Defined

- Definition of Funds
- Fund Groups- Numbering Schema
- Cost/Fund Center Structure
- Funded Programs
- Transferability
- Fund Manager vs. Account Manager

Fund Accounting 101

- Fund Accounting - Accounts for financial resources according to their source, purpose, and restrictions placed upon their use.
- Restrictions and limitations can be placed upon the use of resources by the provider and regulatory authorities, such as donors, grantors, the TSUS Board of Regents, and the state legislature.

What is my Account?

FUND / FUND CENTER / FUNDED PROGRAM
(10-digit number)

- Fund - identifies the source of revenue for the account.
- Fund Center - identifies the area of the university in which expenditures occur and the hierarchy of responsibility.
- Funded Program – identifies a particular project within an area of the university for which expenditures occur.

Note: Many accounts do not have funded programs, in which case the third number is NR, for not relevant.

Example

2000011018 / 1110000000 / 9000000119
Designated Method Fund for Fiscal Year 2018
Equity & Access Office
FAS Diversity Initiatives
A fund is a self-balancing set of accounts with:

- Its own revenue stream
- Its own particular limitations and restrictions
- Its own fund balance and available reserves calculated for each year.
- The Fund determines how the account behaves with regards to budgeting.

**Fund Defined**

**Fund Number Schema**

- 1st digit designates the fund group.
- 1st 6 digits are the fund #
- 7th & 8th digits designate the bank number. Any number other than "10" represents funds held in the state treasury (funds that start with a 1 generally)
- 9th & 10th digits designate the fiscal year, if applicable:
  - Example – fiscal year based fund:
    - 2000011018
    - Designated Method for FY 2018
  - Example – multi-year based fund:
    - 4300011200
    - Restricted fund group used multiple years

**Fund groups**

<table>
<thead>
<tr>
<th>Fund Range</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>10000000XX - 14999999XX</td>
<td>E&amp;G-General Appropriations</td>
</tr>
<tr>
<td>15000000XX - 15999999XX</td>
<td>E&amp;G-HEAF</td>
</tr>
<tr>
<td>16000000XX - 16999999XX</td>
<td>E&amp;G-Other Appropriations</td>
</tr>
<tr>
<td>18000000XX - 18999999XX</td>
<td>E&amp;G-Senate</td>
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<tr>
<td>20000100XX - 29999100XX</td>
<td>Designated</td>
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<tr>
<td>30000100XX - 39999910XX</td>
<td>Auxiliary</td>
</tr>
<tr>
<td>4000001000 - 4099991000</td>
<td>Restricted Gifts</td>
</tr>
<tr>
<td>4100010000 - 4199991000</td>
<td>Endowment, Recipient Funds</td>
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<tr>
<td>4200010000 - 4299991000</td>
<td>Restricted - Federal, Non-Grant</td>
</tr>
<tr>
<td>4300010000 - 4399991000</td>
<td>Restricted - State, Non-Grant</td>
</tr>
<tr>
<td>4400010000 - 4499991000</td>
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<tr>
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<td>Loan Funds</td>
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<tr>
<td>4700010000 - 4799991000</td>
<td>Endowment, &amp; Similar Funds</td>
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<tr>
<td>4800010000 - 4899991000</td>
<td>Plant Funds</td>
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<td>4900010000 - 4999991000</td>
<td>Grant Funds</td>
</tr>
<tr>
<td>5000000000 - 5999999999</td>
<td>Agency Funds</td>
</tr>
</tbody>
</table>
The Method Of Finance Fund Group

- Source of funding is appropriations and tuition.
  - Called "Method"
  - Primary Fund Group on campus for most departments
- Does not include accounts that are funded by fees, income generated from sales, services, gifts, or grants.
  - Called "Non-Method"

The Method Of Finance Fund Group

- Includes most Educational & General (E&G) or State funds (1XXXXXXXXX).
  - Excludes income-generating accounts and Coordinating Board grants.
- Includes Designated Method fund 20000110XX.

Fund Centers/Cost Centers

Fund Center/Cost Center - identifies the area of the university in which expenditures occur and the responsibility hierarchy.

10 digits = 5 identification pairs
First two digits = Division (eg, President, VP, or Institutional)
Remaining pairs break down the reporting hierarchy

Example: 1318131000
VP Academic Affairs, Provost
College of Applied Arts, Dean
Criminal Justice Department, Chair
Texas Justice Court Training Center, Director
Other fund centers under the TJCT Center
Funded Programs and Internal Orders

- Provides a way to separately account for an activity managed by a member of a university department or university organizational unit.
- Usually time dependent, have end dates.
- Internal orders can be created as a statistical order (5*), funded program (9*), or grant (8*).
- Grants are internal orders whose master data is maintained by the Office of Sponsored Programs.
- The distinction between the statistical orders and funded programs/grants is the level for budgetary control:
  - Funded Programs & Grants are budgeted at the IO level.
  - Internal orders (start with a 5*) and are statistical and not budget relevant.
    - Used for tracking purposes only.
    - Need special report to track these.

Funded Programs and Internal Orders

- Funded Programs start with a 9*
- Funded Programs are budget relevant
- Budget is always temporary
- Funded programs usually have end dates, and generally only good for a year or two.
- Money is returned to funding source if not consumed in specified timeframe.
- Examples of Funded Programs:
  - SURF awards
  - Diversity Initiatives
  - REP Grants
  - Cost Share accounts
  - Construction project accounts

Transferability

- Transfers between funds:
  - You may not move "money" between funds via either an FMBB or E-IDT.
  - Budget (or spending authority) is transferable only between accounts in the same fund or a relevant fund group.
  - You may move Expense (FI postings) between funds via an E-IDT (accounting) or PCR (HR).
  - ZIDT_FORM - E-IDT FORM
  - Sponsorships are allowed in some cases and information is on GAO’s website at this link:
    http://www.txstate.edu/gao/reporting/forms.html
Transferability

- **Method of Finance Transferability:**
  - Budget can be transferred between E&G funds (10000500XX and 10000600XX) and Designated method fund (200001100XX).
  - Budget office must process these transfers for the departments.
  - Usually done to move between M&O and Salary lines.

Other Fund Groups Transferability:

- Budget can be transferred between the fiscal year fund and the multi-year fund for Indirect Cost (20000210XX) and Electronic Course Fee funds (20278110XX).

Transferability within funds:

- Is allowed between cost centers within the same fund.
  - You can move between cost centers within the same college:
    - 1323000000 > 1323120000
  - You can move between cost centers across colleges:
    - 1323000000 > 1321000000
    - You can move across divisions:
      - 1500000000 > 1323120000
  - Account managers of both accounts should be aware of and approving these transfers.
  - Budget office can assist with all transfers.
Transferability

Transferability within Funds:
- Budget can be transferred within a fund between fund centers

Transferability within Accounts:
- Budget can be transferred within an account between commitment items (budget lines)
- 3000001018 / 1323120000

Fund Manager vs. Account Manager

- Fund managers manage the entire fund; revenue, distributions, expenses, reserve balances, projections etc.
- Account management is cost center driven. An Account Manager is responsible for any accounts associated with their cost center.
- Account Managers are not always the fund manager, but they can be.
- Account Managers are responsible for their account(s) within a fund.
- Fund Managers are ultimately responsible for all accounts within the fund.
- Account managers are assigned responsibility in SAP and all workflows, emails etc. about an account is driven off the cost center assignment.
- Fund Managers are conceptual; there is no master data in SAP assigning a fund to a particular person.
Part II

Basic Budgeting with Fund Types

• Centrally Funded Accounts - Piece of the Pie
• Income Generating Accounts
• RIB - Revenue Increasing Budget Accounts

Piece of the Pie

Centrally Funded Funds have a single revenue stream with a fund manager who then allocates the budget to the individual departments.

- These accounts will typically fund salary review, longevity, and benefits at a high-level cost center.
- Examples include Designated Method, Housing, Student Service Fee, and Athletics.

Distributions are usually done via Budget Development with permanent budget.

- Exceptions are some MY funds which get temporary adjustments throughout the year. (ECF and IDC are two).
- Revenue stream controlled and budgeted by the fund manager.
- New revenue for the fund does not usually increase departmental budgets. Example Designated Method funds.
- Departmental account manager should not be depositing revenue into these type of funds. The revenue stream is specific and other revenue should not be comingled.
- Ex: Student Service Fee – revenue is Student Service Fee paid by students. Departments should not deposit other revenues into their account.
Piece of the Pie

How do I increase my budget?

- Permanent budget increases may occur through a variety of processes including:
  - Request through chain of command and DOE formula (Academic Depts)
- Temporary increases may occur between departments, and/or via new allocations.
  - Example: ECF does distributions in the fall, spring, and summer.
  - Example: Dean’s may allocate out temp budget for GRA’s annually.

Budget to Actual & My Fund

How does my fund affect the way I use SAP?

Choose the Commitment Item Group that works for your type of fund. Generally are not concerned with pulling in revenue on these accounts.
Estimated Income Accounts

- All Fiscal Year funds operate with an estimated income.
  - The large centrally funded funds are managed by the fund manager and budgets are allocated out to the departments (Piece of the Pie just discussed).
  - Many Estimated Income accounts are smaller in nature and managed by the account manager of the main cost center.
- Estimated budgets are used to set an income (revenue) and expense budget based on either a business model or past performance.
- Original budgets are set by the account managers with approval from the budget office. These initial budgets are usually set as permanent. Revenue and Expense budgets must match and net to zero.
- Funds can have one cost center mapped to them or many.

Estimated Income Accounts

- Includes funds in the following Fund Groups:
  - Organized Activities
  - Designated Fund Group (2*)
    - Excludes Designated Method 20000110xx and 20000210XX.
  - Auxiliary Fund Group (3*)
    - Excludes SSF and others
Estimated Income Accounts

How do I increase my budget?

- Once permanent budget is set it will remain at that level each year unless permanent changes are made during the year or in budget development.
- Increasing estimated income mid-year:
  - Can be done either perm or temp with budget office approval.
- Temporary budget increases can be made by "recognizing revenue" when it exceeds the estimated revenue
- Or using reserves if available
- Budget office must process all of these types of increases.
  - Both must be approved by Asst. VP of OBFEPA (Budget office)
  - Send request to Budget@txstate.edu
  - Some divisions also want divisional VP approval to use reserves in your funds.

Estimated Budget in B2A:

Revenue = 905,000

Expenses:
- In many expense lines but equal to a total of 905,000.
- Overall balance at bottom is zero:
  -905,000.00
  -905,000.00
  -0-

Expense budgets can also be spread across fund centers.

How do I read my budget in B2A?

Choose the Commitment Item Group that works for your type of fund.
Estimated Income Accounts

Reading Revenue in B2A:
Use Commitment Item group 28 Revenue

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Project Code</th>
<th>Commitment Item Group</th>
<th>Amount Budgeted</th>
<th>Budget Actual</th>
<th>Total Actual</th>
<th>Budget Variance</th>
<th>Total Variance</th>
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</tr>
</tbody>
</table>

Estimated Income Accounts

Reading Expenses in B2A:
- Use appropriate Commitment Item group

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Project Code</th>
<th>Commitment Item Group</th>
<th>Amount Budgeted</th>
<th>Budget Actual</th>
<th>Total Actual</th>
<th>Budget Variance</th>
<th>Total Variance</th>
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</tbody>
</table>

Estimated Income Accounts

Budget vs. Actuals—what’s important to know.
Commitment item group: OOBUDREVEX
- Revenue vs. Expense
Estimated Income Accounts

Points to take away on Budget vs. Actuals:

- The actuals column, revenue/expense net is the real picture of how my fund is performing.
- Learning how to judge my revenue estimate vs my actual revenue and how that effects how I spend my budget is important.
- An account manager can spend within budget and still end up with a deficit if the account doesn’t bring in enough revenue.

RIB Accounts

- Revenue and expense budget are increased after deposits are made.
- This is done through a process called RIB.
  - RIB runs daily and will “pick up” any deposits in the account and create both the revenue and the expense budget.
  - Expense budget is always put to M&O 672000.
- RIB can be run on demand if necessary, but usually revenue will be picked up within 24 hours via normal process.

RIB Accounts

RIB accounts fall into two categories:

- Restricted funds:
  - Funds beginning with 4*, 5*, 6*, 7*, and 9*
- Multi-year Income Generating Funds:
  - Funds that generate their own income but use RIB rather than an estimated income to post revenue
- Fund # is telling you what type of revenue you are receiving.
  - 4* = gift revenue etc.
How do I read my budget in B2A?
Choose the Commitment Item Group that works for your type of fund.

**How to read Revenue:**
- To look at revenue: 28REVENUE
- Or use OOBUDREVEX
*Shows revenue and expenses.

**How to read Expenses:**
- To look at expenses: OOBUDALL
- Use Multi-year layout
Part III
Year End Processes by Fund Type
• High-level concept: What is a Fund Balance?
• Accounts with Carryforwards
• Accounts with Fund Balance and Available Reserves
• Multi-year accounts

What is Fund Balance?
- Fund balance is the accumulation of net income over the years. Some funds may have deficits which ultimately would have to be recovered or paid back in some manner.
- All funds are revenue generating and we calculate fund balance for all funds.
  - Calculation is done in accounting office.
  - Fund manager is responsible for deficits.
  - Fund balance can be seen in special layout of Budget to Actual.
- Multi-year funds – the budget balance is equal to the fund balance so you can see this is your normal Budget to Actual.

What is Fund Balance?
The difference to the cost center level account manager for how this is handled at the end of the year is dependent on what type of account you have:
- Most slice of the pie type of accounts have a fund balance for the fund manager but at the departmental level you will see carryforwards processed.
  - Example: Designated Method SSF.
- Estimated income accounts have a calculated fund balance and available reserves. No carryforwards at any level.
  - Example: Athletics, Orchestra IG, and Medical Service Fee.
- Multi-year accounts don’t get either since fund balance is = to budget balance.
  - Exceptions are ECF and IDC accounts which are slice of the pie accounts in MY funds.
Method of Finance Accounts with Non-Personnel Budgets:
Most are carried forward routinely.

Non-Method Accounts:
Multi-years funds are not carried forward.
Fiscal-year funds are not typically carried forward.
Surplus revenue collapses to available reserves.

Carry Forwards or Reserve balances?

Carry Forwards

MOF Carry Forward Process:
Purpose is to move budgets between the different FY funds and allow the account manager to keep unspent funding from a prior year.

- Example:
  - 2000011017 / 1323120000 / 672000 / $500.00 >>>
  - 2000011018 / 1323120000 / 673100 / $500.00.

- Note: Carry forward amounts are always taken to carry forward GL 673100

Operating budgets:
- 100% carry forward of operating budgets for most accounts.

Salary budgets:
- 100% carry forward of Staff Group items 670198 to operating account.
- Other salary items are not carried forward.

Timing:
- End of year carry forward is processed in September/October of following fiscal year.
- Carry forwards are continually processed weekly throughout the year to catch any released encumbrances that may occur.

Carried Forwards

Funded Programs:
- Funded programs are unique in that they are usually project based and only valid for a year or two.
- Examples:
  - REP Grants, SURF grants, Start-up Funds, Diversity Initiatives.
  - Carry forward rules are dictated by funding manager and the fund the funded programs are in.
  - In general, most will get 100% of all items as long as the account is still valid.
  - Once account has ended, unspent funds are returned to the funding manager.

Timing:
- These typically get the main carry forward in September/October and then may get additional carry forwards throughout the year if encumbrances are released.
Carry Forwards

Carry Forward Calculations:
- Carry forwards are a two step process:
- Returns – determine how much budget needs to be “returned” to zero out the control line.
  - All control lines get a return in all accounts.
- Supplements - are the amount carried forward into the new fiscal year account.

Returns:
- All fiscal year funds get returns even if they collapse to fund balance. We must zero out all budgets at the end of the fiscal year.
- Returns determine how much budget to return to zero out the prior year’s budget.
- This is a return by commitment item. For High level operating the return will be to 670000. For all other commitment items the return will be done in the regular commitment item.
- Returns are calculated as follows:
  - Total budget – actuals - encumbrances = available balance.
  - The return is the opposite amount.
  - 100-20-20=60.  The return is -60.00.  So 60.00 -60.00 = 0

Supplements:
- Supplements are the carry forward into the next fiscal year.
- You may not see everything that was returned in the prior year in your supplements.
- Supplements are based on the carry forward rules, and therefore only those items allowed to be carried forward will be.
- All carry forwards go into one commitment item called YEBB (673100) which is part of your operating budget.
  - Exception is Awards (670101) which carries forward to same GL (670101).
Carry Forwards

How do I see my Carry Forwards?

B2A: the carry forward will be in the CI YEBB 673100 in your operating section of your budget.

<table>
<thead>
<tr>
<th>Commitment</th>
<th>Commitm.</th>
<th>Commitm. Item Name</th>
<th>Original &amp;</th>
<th>Budget A/B</th>
<th>Total Budget</th>
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</table>

Reserve Balances

What are Fund Balances and Reserves and how are they Calculated?

- Fund balance and available reserves are calculated by GAO each year.
- This is also done end of Sept / beg of Oct and is a “snapshot” of your account on the day they do the calculation.
- Fund Balance is the net cumulative amount of all prior year activity from revenue and expenses.
- Available Reserves is your fund balance minus any encumbrances on the books at the time the “snapshot” was taken.
  - This is usually different from your fund balance but sometimes can be the same number.
  - Reserves are built up to help in lean years, fund special projects/purchases.
Reserve Balances

What are reserves and how are they calculated?

- Fund Balance Calculation is:
  - Prior-year Ending Fund Bal + Revenues-expenses-transfers = Current Year Beginning Fund Balance.

- Available Reserves Calculation is:
  - Prior-year Ending Fund Bal + Revenues-expenses-transfers - encumbrances = Current Year Available Reserves.

- Snapshot of B2 Schedule Report from GAO:

<table>
<thead>
<tr>
<th>Fund</th>
<th>BALANCES</th>
<th>SALES AND SERV</th>
<th>BILLS PAYABLE</th>
<th>OTHER EXPENSES</th>
<th>TRANSFERS AND</th>
<th>FUND BALANCES</th>
<th>ENCUMBRANCES</th>
<th>AVAILABLE RESERVES</th>
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</table>

How to look at my reserves:

- Need security for fund center 1040999999
- Not all users will be given access, usually fund manager and admin/budget specialist will have access.
- Special B2A layout (directions on reference pg)

Execute report and you get this—

Drill down and you can see detail:
Multi-Year Accounts
Year end Process

- RIB Multi-year accounts do not get carry forwards or go through the fund balance/available reserves calculation process.
- Because the revenue is real time via RIB (Revenue Increasing Budget) and expenses are real time, the fund balance equals the budget balance.
- RIB Multi-year accounts are accounts that start with 4*, 5*, 6*, and 9*.
- We now also have many designated funds that are multi-year RIB accounts. (2****1000)

Important Take-Aways!

- A fund is a self-balancing set of accounts with a fund balance.
- The type of fund dictates all processes:
  - Restrictions and limitations on spending
  - How budget is set up in the account
  - How the account is read in various reports
  - What happens to the budgeted balances at the end of the year.
  - Carry forwards or available reserves or nothing changes.

Budget Related Reports

- ZBUDACT - Budget To Actual – ALV
- FMEDDW - Drilldown for Budget Entry Documents
- ZBUDGETBALANCE - Budget Balance Report
- FMBB - Budgeting Workbench
- ZOPEN_ENCUMBRANCE - Open Encumbrance Report
- ZFMRP_RFFMEXP1AX - All postings
- ZFI_OPER_EXP_RPT - Rec Report Operating Exp
- ZFIPOSBD - Annual Position Budget Report
- ZFI_SALFRINGE - Salary/Fringe Report
- ZFM_SAL_RECON - Recon. for Salary Encumbrances
- PA20 - Personnel Management -> Administration -> HR Master Data -> Display
- PO13D - Display Position
- Bex Analyzer Queries in BP2 (separate system with own log in)
Budgeting Classes

Classes are available 3 times a year:
- Budgeting with Funds 101
- Report Fundamentals
  - (some portions available online)
- Budget To Actual
- Budget Related Reports I & II
- Salary Related Reports

Sign up for classes via the training tab in your SAP Portal.

Congratulations!!

You have successfully completed Budgeting with Funds 101 Training through Texas State University.