BUDGETING WITH FUNDS 101

Office of Budgeting & Financial Analysis
Introductions

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Office of Budgeting & Financial Analysis
Presentation Overview

**Section 1 – Fund Accounting Defined**
- Definition of Funds
- Fund Groups
- Breakdown of account elements
- Transferability
- Budget Terminology

**Section 2 – Basic Budgeting with Fund Types**
- Centrally Budgeted Accounts - Piece of the Pie
- Estimated Income Accounts
- Revenue Increasing Budget (RIB) Accounts

**Section 3 – Year-end Process with Fund Types**
- What is Fund Balance?
- Accounts with Carry Forwards
- Accounts with Fund Balance and Available Reserves
- RIB Multi-Year Accounts
Section 1

Fund Accounting Defined

• Definition of Funds
• Fund Groups
• Breakdown of account elements
• Transferability
• Budget Terminology
Fund Accounting 101

• An internal accounting system 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.

• Individual funds are set up to track the cash received and associated expenditures to allow for accountability to the provider of the resources and ensure funds are being spent according to any existing restrictions against those funds.

• Funds can be restricted (used for a particular purpose) or unrestricted (used for general purpose).
What is my Account?

FUND / FUND CENTER / FUNDED PROGRAM

10-digit numbers

- **Fund** - Identifies the source of revenue for the account.
- **Fund Center (Cost Center)** - Identifies the area of the university in which expenditures occur and the hierarchy of responsibility.
- **Funded Program (Internal Order)** – 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:

2000011024 / 1318140000 / 9000000997

Designated Method Fund for Fiscal Year 2024

Family & Consumer Sciences

Professional Development Faculty Travel
Fund Defined

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 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 fund:
    - 2000011024
    - Designated Method for FY 2024
    - Changes with each fiscal year

  - Example – multi-year fund:
    - 4700011000
    - Restricted fund group
    - Remains the same year after year
# Fund Groups

<table>
<thead>
<tr>
<th>Fund Range</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10000500XX – 14999900XX</td>
<td>E&amp;G – General Appropriations</td>
</tr>
<tr>
<td>15000000XX – 15099900XX</td>
<td>E&amp;G – HEF</td>
</tr>
<tr>
<td>15100000XX – 18499900XX</td>
<td>E&amp;G – Other Appropriations</td>
</tr>
<tr>
<td>18500000XX – 19999900XX</td>
<td>E&amp;G – Benefits</td>
</tr>
<tr>
<td>20000010XX – 29999910XX</td>
<td>Designated</td>
</tr>
<tr>
<td>30000010XX – 39999910XX</td>
<td>Auxiliary</td>
</tr>
<tr>
<td>4000001000 – 4099991000</td>
<td>Restricted Gifts</td>
</tr>
<tr>
<td>4200001000 – 4299991000</td>
<td></td>
</tr>
<tr>
<td>4100001000 – 4199991000</td>
<td>Endowment Recipient Funds</td>
</tr>
<tr>
<td>4400001000 – 4599991000</td>
<td>Restricted – Federal, Non-Grant</td>
</tr>
<tr>
<td>4600001000 – 4699991000</td>
<td>Restricted – State, Non-Grant</td>
</tr>
<tr>
<td>4700001000 – 4799991000</td>
<td>Restricted Scholarship Funds</td>
</tr>
<tr>
<td>4800001000 – 4899991000</td>
<td>Endowed Scholarship Funds</td>
</tr>
<tr>
<td>5000001000 – 5999999999</td>
<td>Loan Funds</td>
</tr>
<tr>
<td>6000001000 – 6999991000</td>
<td>Endowment &amp; Similar Funds</td>
</tr>
<tr>
<td>7000001000 – 7999999999</td>
<td>Plant Funds</td>
</tr>
<tr>
<td>8000001000 – 8999999999</td>
<td>Grant Funds</td>
</tr>
<tr>
<td>9000000000 – 9999999999</td>
<td>Agency Funds</td>
</tr>
</tbody>
</table>
The Primary Fund Group (PFG)

• Source of funding is appropriations and tuition.

• Appropriations include Educational & General (E&G) Funds and other State funds (1XXXXXXXXX).
  • Specifically, there are four funds included in this group:
    • 10000500XX Operations Support
    • 10000600XX Space Support
    • 10001000XX Round Rock Higher Education
    • 10001100XX Edwards Aquifer Research Center

• Tuition included is the designated tuition students pay and resides in the Designated Method fund 20000110XX.

• Does not include accounts that are funded by fees, income generated from sales, services, gifts, or grants.

• Primary Fund Group is the primary focus of President's Cabinet and the Texas State University System Board of Regents. Decisions made for PFG affect other funds and expenditures, including pay raises and benefits. Policy is more articulated for PFG.
The Primary Fund Group (PFG)

Educational & General Funds

- 10000500XX
- 10000600XX
- 10001000XX
- 10001100XX

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 (see next slide for reference)

- Remaining pairs break down the reporting hierarchy

- Example:

  1318141000

  VP Academic Affairs, Provost

  College of Applied Arts, Dean

  Family & Consumer Sciences, Chair

  Child Development Center (CDC), Director

  Other Fund Centers under the CDC if applicable
<table>
<thead>
<tr>
<th>First two digits</th>
<th>Area or Division</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Institutional</td>
</tr>
<tr>
<td>11</td>
<td>President</td>
</tr>
<tr>
<td>12</td>
<td>Information Technology</td>
</tr>
<tr>
<td>13</td>
<td>Academic Affairs</td>
</tr>
<tr>
<td>14</td>
<td>Finance &amp; Support Services</td>
</tr>
<tr>
<td>15</td>
<td>Student Success</td>
</tr>
<tr>
<td>16</td>
<td>University Advancement</td>
</tr>
<tr>
<td>17</td>
<td>Athletics</td>
</tr>
<tr>
<td>19</td>
<td>Marketing &amp; Communications</td>
</tr>
<tr>
<td>20</td>
<td>Round Rock</td>
</tr>
<tr>
<td>21</td>
<td>Research</td>
</tr>
<tr>
<td>22</td>
<td>TXST Global</td>
</tr>
</tbody>
</table>
Funded Programs - Internal Orders

• Provides a way to separately account for an activity managed by a member of a university department or university organizational unit.

• Internal orders can be created as a statistical order (5*), funded program (9* or 7*), or grant (8*).

• Grants (8*) are internal orders whose master data is maintained by the Office of Research & Sponsored Programs (ORSP).

• The distinction between the statistical orders and funded programs/grants is the level for budgetary control:
  
  • Funded Programs & Grants are budgeted at the internal order level.

  • Internal orders that being with a 5 are statistical and not budget relevant. These are used for tracking purposes only and require a special report provided by the Financial Reporting & Analysis office to view.

• 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 time frame.
# Funded Programs - Internal Orders

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Funded Program</th>
<th>Statistical Internal Order</th>
<th>Grant</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account numbers start with the indicated number</td>
<td>9* or 7*</td>
<td>5*</td>
<td>8*</td>
<td>8* grants are tied to 8* funds only. 5* Internal orders can be tied to any non-grant account. 7* funded programs are tied to 7* funds (plant)</td>
</tr>
<tr>
<td>An Account that consist of a third set of numbers in SAP linked to an existing fund and fund center</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Funded Programs, Statistical IO's, and grants are all linked to existing accounts within SAP but are considered a separate account in SAP.</td>
</tr>
<tr>
<td>Provides a way to separately account for activity managed by a member of the university department or university organization unit</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>The account manager for this type of account is often a different person than the account manager for the fund/fund center combination it is linked to.</td>
</tr>
<tr>
<td>Budget control is provided by budgeting at the account level.</td>
<td>Y</td>
<td>N</td>
<td>Y</td>
<td>Funded Programs and Grants will have a unique budget. Statistical IO's are for expense tracking only and do not receive budget.</td>
</tr>
<tr>
<td>Funding is returned to the funding source if not expended during the life of the account.</td>
<td>Y</td>
<td>N</td>
<td>N</td>
<td>Statistical Orders do not have budget, so there is not an allocation to balance. Grants are subject to grant accounting principles. Refer to ORSP office for grant management principles.</td>
</tr>
<tr>
<td>Accounts are time-dependent and usually have end dates in SAP</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Grants are for the life of the grant. All other funded programs are created for specific projects or functions and are usually only valid from one to four years.</td>
</tr>
<tr>
<td>Examples by name include</td>
<td>REP Grants, Cost Share Accounts, Construction Projects and Startup Funding</td>
<td>Varies: depends on what the department is trying to track</td>
<td>Grants are named after the award they are receiving</td>
<td>Funded Programs and Grants both have naming conventions that help to identify the activity around those accounts in terms of budget control, allowable expenses, and end of account processing.</td>
</tr>
</tbody>
</table>
**GL Codes and Commitment Items**

Texas State University uses common General Ledger (GL) Codes subject to Governmental Accounting Standards Board (GASB) regulations to account for all financial postings and internally identified Budgetary Commitment Items to budget for and report on all allowable revenues and expenses. Below is chart of the different attributes related to each with additional explanations:

<table>
<thead>
<tr>
<th>Attribute</th>
<th>General Ledger Codes (GL)</th>
<th>Budgetary Commitment Item (CI)</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unique identifier used by accounting for posting revenue and expenses and used in all financial statement reporting</td>
<td>Y</td>
<td>N</td>
<td>GL codes are used to identify revenue and expenses for accounting and must follow state and federal guidelines for categorization and reporting.</td>
</tr>
<tr>
<td>Unique identifier used by budget for posting and reporting budgetary control</td>
<td>N</td>
<td>Y</td>
<td>Budget is grouped into various control line items and helps budget for groups of GL’s by category. Salary, operating, travel, etc....</td>
</tr>
<tr>
<td>Within SAP master data, each item is linked to a specific budgetary commitment item or roll up to help with reporting and budgetary control by various categories</td>
<td>Y</td>
<td>Y</td>
<td>All GL codes roll up to a budgetary commitment item. Budgetary commitment items can be unique or can also rollup to higher-level commitment item groups.</td>
</tr>
<tr>
<td>SAP is broken up into three modules: FM=budget, FI=accounting, GM=grants management.</td>
<td>FI/GM</td>
<td>FM/GM</td>
<td>GL codes will map to and be controlled by budget in both the FM modules and the GM modules.</td>
</tr>
<tr>
<td>Revenue numbering schema</td>
<td>4* = Revenue</td>
<td>64* = Revenue</td>
<td>4* GL’s will roll up to a 64* budgetary commitment item.</td>
</tr>
<tr>
<td>Expense numbering schema</td>
<td>7* = Expenses</td>
<td>67* = Expenses</td>
<td>7* GL’s will roll up to and check budget at a 67* budgetary commitment item.</td>
</tr>
</tbody>
</table>
Below is a sample roll-up in the Budget-to-Actual (B2A) report in SAP:

<table>
<thead>
<tr>
<th>Commitment Item</th>
<th>Commitment Item Name</th>
<th>Total Budget</th>
<th>Current YTD Actuals</th>
<th>Encumbrances</th>
<th>Available Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>02GRADUATE</td>
<td>Graduate Student Sal</td>
<td>1,550,815.29</td>
<td>0.00</td>
<td>0.00</td>
<td>1,550,815.29</td>
</tr>
<tr>
<td>02GRADUATE</td>
<td>TA/IA Group Item</td>
<td>684.58</td>
<td>0.00</td>
<td>0.00</td>
<td>684.58</td>
</tr>
<tr>
<td>02GRADUATE</td>
<td>Fac Salaries-Grad St</td>
<td>0.00</td>
<td>1,053,979.07</td>
<td>314,534.02</td>
<td>1,368,513.09</td>
</tr>
<tr>
<td>02GRADUATE</td>
<td>Grad Rsrch Salaries</td>
<td>0.00</td>
<td>2,981.34</td>
<td>0.00</td>
<td>2,981.34</td>
</tr>
<tr>
<td>02GRADUATE</td>
<td>Grad Asst Sal-non-ex</td>
<td>0.00</td>
<td>9,210.56</td>
<td>3,005.04</td>
<td>12,215.60</td>
</tr>
</tbody>
</table>

**Total:** 1,551,499.87 1,066,170.97 317,539.06 167,789.84
Transferability

• Funds are created based on their unique revenue stream. To keep those revenue streams tied to their individual funds we do not want to process any transactions that would effectively co-mingle funding. Therefore, the following rules apply:

• You may not move revenue postings between funds via either an FMBB (budget transfer) or E-IDT. Work with Student Business Services to move/correct any revenue postings.

• Budget (or spending authority) is transferable only between accounts in the same fund or a relevant fund group.
  • Primary Fund Group funds are an example of a relevant fund group.
    • Budget can be transferred between E&G funds (10000500XX and 10000600XX) and the Designated Method fund (20000110XX).
    • The Budget Office must process these transfers for the department.
    • This is usually done in cases to move between M&O and salary lines.

• You may move expenses (FI postings) between funds via an E-IDT (Accounting) or PCR for salary expenses (HR).

• Sponsorships are allowed in some cases and information is available on the Financial Reporting website at this link: http://www.txstate.edu/gao/reporting/forms.html
Primary Fund Group Transferability:

- Budget can be transferred between E&G funds and Designated method fund.

- Budget office must process these transfers for the departments.
- Usually done to move between Maintenance & Operating (M&O) and Salary lines.
Transferability

Other Fund Groups Transferability:

• Budget can be transferred between the fiscal year fund and the multi-year fund.
• Note: 1st 6 digits identify the fund, these are essentially the same fund

Example: Indirect Cost (IDC) Fund (20000210XX)

These types of transfers can only be processed by the Budget Office or the Office of Research & Sponsored Programs
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
• Example: Student Service Fee fund transfer between School of Music and VP of Student Success
Transferability within Accounts:

- Budget can be transferred within an account between budgetary commitment items (budget lines)
- Example: 30000010XX / 1323120000

Diagram:

- 672000 Maint. & Oper. (left)
- 670103 Hourly Wages (right)
- Arrows indicating transferability between the two accounts.
<table>
<thead>
<tr>
<th>Task</th>
<th>Fund Manager</th>
<th>Account Manager</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsible for revenue projections, budget distributions, and fund balances (deficits/profits)</td>
<td>Y</td>
<td>N</td>
<td>Fund managers are activity involved in revenue projections, budgeting, expenditures, and managing fund balances</td>
</tr>
<tr>
<td>Conceptually responsible for activities in all fund centers within the fund</td>
<td>Y</td>
<td>N</td>
<td>Although fund managers may not be the account manager for all accounts within a fund, they are ultimately responsible for all activities within the fund</td>
</tr>
<tr>
<td>Account manager of maybe one or more fund centers within a fund</td>
<td>Y</td>
<td>Y</td>
<td>Fund managers may be the account manager for all the accounts or maybe just a few, other account managers may have access to budget with a given fund.</td>
</tr>
<tr>
<td>Identity of who is response is available in SAP in master data</td>
<td>N</td>
<td>Y</td>
<td>Fund managers are conceptual, account managers are identified in SAP and are linked to the fund center.</td>
</tr>
<tr>
<td>Manager receives notifications from SAP for over budgets and approves PO’s and other actions which expense the account.</td>
<td>N</td>
<td>Y</td>
<td>Approvals and notifications are linked to the fund center structure, therefore only account managers receive these notifications.</td>
</tr>
</tbody>
</table>
Section 2

Basic Budgeting with Fund Types

• Centrally Budgeted Accounts - Piece of the Pie

• Estimated Income Accounts

• Revenue Increasing Budget (RIB) Accounts
Centrally Budgeted Accounts

• Centrally budgeted accounts (piece of the pie) reside in a fund that has a single revenue stream with a fund manager who then allocates the budget to the individual departments.

• A primary characteristic of these types of funds is that typically fringe benefits and salary related items (salary review, state longevity and ULP) are budgeted at a high-level cost center, which the fund manager controls.

• All other items are budgeted at the individual departmental cost centers and are the responsibility of the individual departmental account manager.

• Examples include Designated Method (20000110XX), Housing (30100010XX), Student Service Fee (30000010XX), and Athletics (30050010XX).
**Centrally Budgeted Accounts**

- Distributions are usually done via Budget Development with permanent budget.
  - Exceptions are multi-year funds which get temporary adjustments throughout the year.
    - Example: 2000021000 – Indirect Cost Fund receives temp adjustments during FY.
- Revenue stream controlled and budgeted by the fund manager.
- New revenue for the fund does not usually increase departmental budgets.
  - Example: 20000110XX – Designated Method fund
- Departmental account manager should not be depositing revenue into these funds.
  - The revenue stream is specific and other revenue should not be comingled.
  - Example: 30000010XX – Student Service Fee fund
    - Revenue is Student Service Fee paid by students.
    - Departments should not deposit other revenues into their account.
Centrally Budgeted Accounts

How do I increase my budget?

• Permanent budget increases may occur through a variety of processes including:
  • Request through chain of command.
  • New appropriations for certain non-formula support items.
  • Permanent adjustments for PFG approved and allocated by President's Cabinet.
  • For Academic departments – Department Operating Expense (DOE) formula to address increases or decreases calculated by the Office of Data, Analytics, & Institutional Research annually.

• Temporary increases may occur between departments, and/or via new allocations.

  • Examples:
    • Indirect Cost distribution allocates distributions monthly based on grant revenue.
    • Deans may allocate out temporary budget for GRA’s annually.
**Funds Crosswalk**

- This document will help you determine which Commitment Item Group or Layout to use in Budget to Actual or Budget Balance reports based on the fund you are using.
Centrally Budgeted Accounts

How does my fund affect the way I run reports in SAP?

• Choose the correct commitment item group based on your fund (see next slide for reference).
• Centrally funded accounts are not concerned with managing the revenue stream.
• Note: SAP Budget Balance Reports class delves further into this report.
**Centrally Budgeted Accounts**

After running Budget to Actual with the correct commitment item group:

- Only items that fund is responsible for will be included in the report results.
- Notice fringe and other salary related items are not included in results.
- Running with incorrect commitment item group will make account appear overbudget.

<table>
<thead>
<tr>
<th>Commitment Item Group</th>
<th>Commit.</th>
<th>Commitment Item Name</th>
<th>Total Budget</th>
<th>Current YTD Actuals</th>
<th>Total Encumbrances</th>
<th>Available Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>00FACULTY SALARIES</td>
<td>700800</td>
<td>Faculty Salaries</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>FACULTY SALARIES</td>
<td>700804</td>
<td>Fac Sal - Adjunct</td>
<td>1,500.00</td>
<td>0.00</td>
<td>0.00</td>
<td>1,500.00</td>
</tr>
<tr>
<td>FACULTY SALARIES-Adjunct</td>
<td>700803</td>
<td>Faculty Sal-Adjunct</td>
<td>0.00</td>
<td>1,500.00</td>
<td>0.00</td>
<td>1,500.00</td>
</tr>
<tr>
<td>01FACULTY SALARIES-Adjunct</td>
<td>670081</td>
<td>Graduate Student Sal</td>
<td>219,814.32</td>
<td>0.00</td>
<td>0.00</td>
<td>219,814.32</td>
</tr>
<tr>
<td>01FACULTY SALARIES-Adjunct</td>
<td>670094</td>
<td>TA/IA Group Item</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>01FACULTY SALARIES-Adjunct</td>
<td>700801</td>
<td>Fac Salaries-Grad St</td>
<td>0.00</td>
<td>131,094.20</td>
<td>65,389.08</td>
<td>196,483.28</td>
</tr>
<tr>
<td>02GRADUATE STUDENT SALARIES</td>
<td>670081</td>
<td>Grad Student Sal</td>
<td>219,814.32</td>
<td>131,094.20</td>
<td>65,389.08</td>
<td>23,331.04</td>
</tr>
<tr>
<td>02GRADUATE STUDENT SALARIES</td>
<td>670094</td>
<td>TA/IA Group Item</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>02GRADUATE STUDENT SALARIES</td>
<td>700801</td>
<td>Fac Salaries-Grad St</td>
<td>0.00</td>
<td>131,094.20</td>
<td>65,389.08</td>
<td>196,483.28</td>
</tr>
<tr>
<td>10STAFF SALARIES</td>
<td>670100</td>
<td>Staff Salaries</td>
<td>1,000.00</td>
<td>0.00</td>
<td>0.00</td>
<td>1,000.00</td>
</tr>
<tr>
<td>10STAFF SALARIES</td>
<td>701000</td>
<td>Unclassified Salary</td>
<td>0.00</td>
<td>1,000.00</td>
<td>0.00</td>
<td>1,000.00</td>
</tr>
<tr>
<td>10STAFF SALARIES HOURLY</td>
<td>670103</td>
<td>Staff Sal - Hourly</td>
<td>13,000.00</td>
<td>0.00</td>
<td>0.00</td>
<td>13,000.00</td>
</tr>
<tr>
<td>10STAFF SALARIES HOURLY</td>
<td>701503</td>
<td>Class Salary-hourly</td>
<td>0.00</td>
<td>11,204.50</td>
<td>0.00</td>
<td>11,204.50</td>
</tr>
<tr>
<td>10STAFF SALARIES HOURLY</td>
<td>670109</td>
<td>Comp/Overtime Pay</td>
<td>63.93</td>
<td>0.00</td>
<td>0.00</td>
<td>63.93</td>
</tr>
<tr>
<td>10STAFF SALARIES HOURLY</td>
<td>702101</td>
<td>Student Overtime Pay</td>
<td>63.93</td>
<td>0.00</td>
<td>0.00</td>
<td>63.93</td>
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<td>25,126.54</td>
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<tr>
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<td>374,437.71</td>
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<td>91,332.60</td>
<td>42,790.63</td>
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<td></td>
</tr>
</tbody>
</table>
Estimated Income Accounts

- 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 fund 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.

- All Fiscal Year funds operate with an estimated income.
  - The large centrally budgeted funds are managed by the fund manager.
  - Many Estimated Income accounts are smaller in nature and managed by the account manager of the main cost center.
Estimated Income Accounts

- Unlike Centrally Budgeted Accounts that are managing an allocation, estimated income accounts are responsible for managing the revenue stream and ensuring spending stays within revenue received.
- Estimated budget allows for spending authority prior to receiving revenue.

Examples of Estimated Income accounts:
  - Organized Activities (Child Development Center, Polysom/Sleep Lab, etc.)
  - Designated Fund Group (2*)
  - Auxiliary Fund Group (3*)
  - Excludes Centrally Budgeted Accounts such as 20000110XX, 20000210XX and 30000010XX.
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 – will discuss reserves further in next section

• Budget office must approve and process these types of increases. See UPPS 03.02.01 for more information on these requests.
  • Send request to Budget@txstate.edu
  • Some divisions also want divisional VP approval to use reserves in your funds.
# Estimated Income Accounts

Viewing Estimated Budget in Budget to Actual:

<table>
<thead>
<tr>
<th>Commitment Item Group</th>
<th>Original Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>28REVENUE</td>
<td>325,000.00</td>
</tr>
<tr>
<td>02GRADUATE STUDENT SALARIES</td>
<td>0.00</td>
</tr>
<tr>
<td>10STAFF SALARIES</td>
<td>26,071.89</td>
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<tr>
<td>10STAFF SALARIES HOURLY</td>
<td>22,500.00</td>
</tr>
<tr>
<td>10STAFF SALARIES REVIEW</td>
<td>950.00</td>
</tr>
<tr>
<td>14COMPENSATORY-OVERTIME PAY</td>
<td>0.00</td>
</tr>
<tr>
<td>20STATE LONGEVITY</td>
<td>300.00</td>
</tr>
<tr>
<td>21FRINGE BENEFITS</td>
<td>28,300.00</td>
</tr>
<tr>
<td>TOTAL PERSONNEL COSTS</td>
<td>78,121.89</td>
</tr>
<tr>
<td>22STUDENT WAGES</td>
<td>0.00</td>
</tr>
<tr>
<td>23TRAVEL</td>
<td>0.00</td>
</tr>
<tr>
<td>24MAINTENANCE &amp; OPERATING</td>
<td>232,578.11</td>
</tr>
<tr>
<td>TOTAL OPERATING BUDGET &amp; 28ADMINISTRATIVE OVERHEAD</td>
<td>232,578.11</td>
</tr>
<tr>
<td>28ADMINISTRATIVE OVERHEAD</td>
<td>14,300.00</td>
</tr>
<tr>
<td></td>
<td>0.00</td>
</tr>
</tbody>
</table>

Revenue = 325,000

Expenses budgets are spread over multiple expense lines but equal to a total of 325,000.

Overall balance at bottom should net to zero.

-325,000.00 Estimated Revenue

325,000.00 Expense Budgets

-0-

Expense budgets can also be spread across fund centers.

Note:

Revenue shows as a negative number
**Estimated Income Accounts**

How does my fund affect the way I run reports in SAP?

- Estimated Income accounts are responsible for managing the revenue stream of the fund and will run reports differently than Centrally Funded accounts.
- Choose the correct commitment item group based on your fund using the Funds Crosswalk.
  - Most of these accounts are responsible for fringe and other salary-related items.
**Estimated Income Accounts**

How can I view expenses in Budget to Actual?

- Use the appropriate commitment item group according to the Funds Crosswalk.
- Budget allows spending authority before bringing in revenue.
- Budget can be moved between commitment items throughout the year as needed.
- Viewing this way does not bring in revenue.

<table>
<thead>
<tr>
<th>Commitment Item Group</th>
<th>Total Budget</th>
<th>Current YTD Actual</th>
<th>Total Encumbrance</th>
<th>Available Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>02GRADUATE STUDENT SALARIES</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>10STAFF SALARIES</td>
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<td>20STATE LONGEVITY</td>
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<td>135.00</td>
<td>135.00</td>
<td>30.00</td>
</tr>
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<td>8,191.54</td>
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<td>0.00</td>
<td>9,077.00</td>
<td>0.00</td>
<td>9,077.00-</td>
</tr>
<tr>
<td>23TRAVEL</td>
<td>0.00</td>
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<td>0.00</td>
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<td>0.00</td>
<td>14,298.22</td>
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<td>1.78</td>
<td>0.00</td>
<td>14,298.22</td>
</tr>
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<td><em><strong>325,000.00</strong></em></td>
<td><em><strong>141,235.75</strong></em></td>
<td><em><strong>64,484.80</strong></em></td>
<td><em><strong>119,279.45</strong></em></td>
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</table>
### Estimated Income Accounts

How can I view revenue in Budget to Actual?

- Use Commitment Item Group 28REVENUE to view revenue only.

**Budget to Actual Report**

<table>
<thead>
<tr>
<th>Financial Management Area</th>
<th></th>
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<tbody>
<tr>
<td>FM Area</td>
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</table>

<table>
<thead>
<tr>
<th>Fiscal Year / Period</th>
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<tbody>
<tr>
<td>Fiscal Year</td>
<td></td>
</tr>
<tr>
<td>Period</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>FM Account Assignment</th>
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<tr>
<td>Fund</td>
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<tr>
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<tr>
<td>Commitment Item</td>
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<tr>
<td><strong>Commitment Item Group</strong></td>
<td>28REVENUE</td>
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<td>Functional Area</td>
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<td>Funded Program</td>
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</table>

<table>
<thead>
<tr>
<th>Variant</th>
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</thead>
<tbody>
<tr>
<td>Layout</td>
<td></td>
</tr>
</tbody>
</table>
Estimated Income Accounts

How can I view revenue in Budget to Actual?

- Results using the 28REVENUE commitment item group:

<table>
<thead>
<tr>
<th>Commitment Item Group</th>
<th>Commitment Item</th>
<th>Commitment Item Name</th>
<th>Original Budget</th>
<th>Budget Adjustments</th>
<th>Total Budget</th>
<th>Current YTD Actuals</th>
<th>Available Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>28REVENUE</td>
<td>417040</td>
<td>Refunds/Reimb</td>
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<td>668.00</td>
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<tr>
<td>28REVENUE</td>
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<td>0.00</td>
<td>0.00</td>
<td>29,800.00</td>
<td>29,800.00</td>
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<tr>
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<td>640000</td>
<td>Revenue</td>
<td>325,000.00-</td>
<td>0.00</td>
<td>325,000.00-</td>
<td>30,768.50-</td>
<td>294,231.50-</td>
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</tbody>
</table>

- Original Budget = Permanent starting estimated income
- Budget Adjustments = Any changes throughout the year. Ex: approved request to increase estimated income.
- Total Budget = Original Budget + Budget Adjustments
- Current YTD Actuals = Revenue deposited into the account
- Available Balance = Difference of Total Budget & Current YTD Actuals
  - Positive is more than projected, negative is amount short.
- Notice the 4* revenue GL & 64* budget revenue commitment item.
- Revenue posts as a negative.
Estimated Income Accounts

How can I view revenue and expenses together in Budget to Actual?

- Use commitment item group 00BUDREVEX to view both Revenue & Expense together.
Estimated Income Accounts

How can I view revenue and expenses together in Budget to Actual?

- Use commitment item group 00BUDREVEX to view both Revenue & Expense together.
- Real picture of the account is in the Current YTD Actuals column.
- Budget is just an estimate for the year providing spending authority, it is not a consideration at end of year.
- Important to keep track that you do not spend more than is brought in at the end of the year.
- As you manage the fund you will learn what time of the year revenue and expenses happen. Each revenue stream is unique.
Estimated Income Accounts

Points to take away on Budget vs. Actuals:

• The YTD Actuals column, revenue/expense net is the real picture of how my fund is performing.

• Learn how to judge my revenue estimate vs my actual revenue and how that effects how I spend my budget is important.

• An account manger can spend within budget and still end up with a deficit if the account doesn’t bring in enough revenue.

• Conversely, an account can bring in less than the set estimate budget, but still be ok if expenses remained less than the revenue received.
RIB Accounts

- Revenue and expense budget are increased after deposits are made.
- This is done through a daily process called RIB (Revenue Increasing Budget) managed by the Budget Office.
- When RIB process runs it 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 typical daily process.

Example of RIB accounts:
  - Multi-year funds ending in -00
  - Restricted accounts, fund starts with a 4*
Revenue Increasing Budget (RIB)

How does my fund affect the way I run reports in SAP?

- Choose the correct commitment item group based on your fund using the Funds Crosswalk.
- Choose the multi-year layout /00MULTIYR
**Revenue Increasing Budget (RIB)**

How do I read Budget to Actual with the multi-year layout?

- APY columns = All Prior Year and show activity in prior fiscal years.

<table>
<thead>
<tr>
<th>Commitment Item Group</th>
<th>APY Budget</th>
<th>Budget Adjustments</th>
<th>Total Budget</th>
<th>APY Actual</th>
<th>YTD Actuals</th>
<th>Total Encumbrances</th>
<th>Available Balance</th>
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<td>16,250.00</td>
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<td>14,900.00</td>
<td>15,150.00</td>
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<td>31,150.00</td>
<td>31,150.00</td>
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<td>0.00</td>
</tr>
<tr>
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<td>10,407.10</td>
<td>10,407.10</td>
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<td>0.00</td>
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</tr>
<tr>
<td>10STAFF SALARIES HOURLY</td>
<td>8,978.00</td>
<td>0.00</td>
<td>8,978.00</td>
<td>8,978.00</td>
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<tr>
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<td>6,173.54</td>
<td>6,173.54</td>
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<td>0.00</td>
</tr>
<tr>
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<td>25,558.64</td>
<td>25,558.64</td>
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<td>0.00</td>
</tr>
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<td>0.00</td>
<td>0.00</td>
<td>68,455.52</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
<td>23TRAVEL</td>
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<td>0.00</td>
<td>0.00</td>
<td>27,080.34</td>
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<td>0.00</td>
<td>27,080.34</td>
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<tr>
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<td>96,313.32</td>
</tr>
<tr>
<td>TOTAL OPERATING BUDGET &amp;</td>
<td>354,730.13</td>
<td>1,265.00</td>
<td>355,995.13</td>
<td>258,903.91</td>
<td>777.90</td>
<td>0.00</td>
<td>96,313.32</td>
</tr>
<tr>
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<td>8,967.38</td>
<td>8,539.56</td>
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<td>375.82</td>
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<tr>
<td>28ADMINISTRATIVE OVERHEAD</td>
<td>8,967.38</td>
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<td>8,967.38</td>
<td>8,539.56</td>
<td>52.00</td>
<td>0.00</td>
<td>375.82</td>
</tr>
<tr>
<td></td>
<td>420,406.15</td>
<td>1,265.00</td>
<td>421,671.15</td>
<td>419,687.97</td>
<td>829.90</td>
<td>0.00</td>
<td>1,153.28</td>
</tr>
</tbody>
</table>

- APY Budget = Budget in prior fiscal years
- Budget Adjustments = Activity in current year
- Total Budget = APY Budget + Budget Adjustments
- APY Actuals = Postings in prior fiscal years
- Current YTD Actuals = Current year-to-date postings
- Total Encumbrances = Any salary, travel, PO, etc. encumbrances
- Available Balance = Total Budget - APY & YTD Actuals - Total Encumbrances
Revenue Increasing Budget (RIB)

How do I view revenue in Budget to Actual?

• Use Commitment Item Group 28REVENUE to view revenue only.
• Use Commitment Item Group 00BUDREVE to view revenue and expenses together.
• Use the Multi-year layout to bring in the APY (all prior year) activity columns

28REVENUE – Revenue only:

<table>
<thead>
<tr>
<th>Commitment Item Grou</th>
<th>APY Budget</th>
<th>Budget Adjustments</th>
<th>Total Budget</th>
<th>APY Actual</th>
<th>Current YTD Actuals</th>
<th>Total Encumbrances</th>
<th>Available Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>28REVENUE</td>
<td>420,406.15</td>
<td></td>
<td>1,265.00</td>
<td>421,671.15</td>
<td>1,265.00</td>
<td></td>
<td>0.00</td>
</tr>
</tbody>
</table>

00BUDREVE – Revenue and expenses together:

<table>
<thead>
<tr>
<th>Commitment Item Grou</th>
<th>APY Budget</th>
<th>Budget Adjustments</th>
<th>Total Budget</th>
<th>APY Actual</th>
<th>Current YTD Actuals</th>
<th>Total Encumbrances</th>
<th>Available Balance</th>
</tr>
</thead>
</table>
Section 3

Year End Processes by Fund Type

• What is a fund balance?

• Accounts with Carryforwards

• Accounts with Fund Balance & Available Reserves

• RIB Multi-year Accounts
What is Fund Balance?

• Fund balance is the accumulation of net income over the years.

• All funds are revenue generating and we calculate fund balance for all funds.
  
  • Calculation is done in Financial Reporting & Analysis 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 in 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 fund you have:

- Most Centrally Budgeted accounts have a fund balance for the fund manager but at the departmental level you will see carryforwards processed.
  - Example: Designated Method – 20000110XX
- Estimated income accounts have a calculated fund balance and available reserves. No carryforwards at any level.
  - Example: Athletics – 30050010XX
- Multi-year accounts don’t get either since fund balance = budget balance.
Carryforward or Reserves Balance?

• Primary Fund Group Accounts with Non-Personnel Budgets
  • 1* and 20000110XX
  • Operating Budget
  • Most are carried forward routinely

• Non-Primary Fund Group Accounts
  • Multi-year funds do not receive carryforwards or reserves calculation.
  • Fiscal-year Income Generating or Fee accounts typically do not receive carryforwards.
    • Surplus revenue collapses to available reserves.
    • There are some exceptions as determined by the fund manager.
      • Example: Student Service Fee – 30000010XX
Primary Fund Group 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: Designated Method 20000110XX account with $500.00 unspent in operating at the end of the fiscal year:
    - 20000110 \( \text{23} \) / 1323120000 / 672000 / $500.00 >>>20000110 \( \text{24} \) / 1323120000 / 673100 / $500.00
    - Carryforward amounts post to carryforward commitment item 673100.
    - Typically, 100% carryforward of operating budgets for most accounts.

- Timing:
  - End of the year carryforwards are processed in September/October of the following fiscal year.
  - Carryforwards are continually processed weekly throughout the year to catch any released encumbrances that may occur.
Carryforwards

Funded Program Process:

- 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, Student Service Fee 1-Time Funding.
- Carryforward rules are dictated by funding manager and the fund the funded programs are in.
- Typically, most receive 100% of all items for the duration of time the account is valid.
- Once account has ended, unspent funds are returned to the funding manager.
- Timing:
  - End of the year carryforwards are processed in September/October of the following fiscal year.
  - Carryforwards are continually processed weekly throughout the year to catch any released encumbrances that may occur.
Carryforwards

Carry Forward Calculations, two step process:

Step 1. Returns – determine how much budget needs to be “returned” to zero out the control line.
  • All control lines get a return in all accounts.

Step 2. Supplements- are the amount carried forward into the new fiscal year account.
  • Not all accounts will receive supplements.
Carryforwards

Step 1. 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.
• Returns are done 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
Step 2. Supplements:

- Supplements are the amounts carried 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).
Carryforwards

How can I view carryforwards in Budget to Actual?

- Carryforwards will be in the commitment item 673100 – YEPP Carryforward in the operating section of your budget.
- In the report, you can double click on the amount to see if this is one transaction or multiple.
**Carryforwards**

How can I view carryforwards?

- Use the FMEDDW report. We cover this report in SAP Budget Related Reports.
- Query on the “YEBB” document type, this will allow you to see both returns and supplements.

<table>
<thead>
<tr>
<th>Fiscal Yr Fund</th>
<th>Cmmt Itm</th>
<th>Amount LC Entry Doc Header Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2000011019 670400</td>
<td>49,332.37 RETURN OF BUDGET/FY CARRYFORWARD</td>
</tr>
<tr>
<td></td>
<td>2000011019 670220</td>
<td>1,697.04 RETURN OF BUDGET/FY CARRYFORWARD</td>
</tr>
<tr>
<td></td>
<td>2000011019 670101</td>
<td>58,028.13 RETURN OF BUDGET/FY CARRYFORWARD</td>
</tr>
<tr>
<td></td>
<td>2000011019 670000</td>
<td>1,220.04 RETURN OF BUDGET/FY CARRYFORWARD</td>
</tr>
<tr>
<td></td>
<td>2000011019 670103</td>
<td>967.50 RETURN OF BUDGET/FY CARRYFORWARD</td>
</tr>
<tr>
<td>2019</td>
<td>7,251.26-</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>2000011020 670101</td>
<td>58,028.13 PRIOR YEAR BAL&gt;STAFF AWARDS</td>
</tr>
<tr>
<td></td>
<td>2000011020 673100</td>
<td>1,220.04 PRIOR YEAR BUDGET BALANCE</td>
</tr>
<tr>
<td></td>
<td>2000011020 673100</td>
<td>967.50 PRIOR YEAR BUDGET BALANCE</td>
</tr>
<tr>
<td>2020</td>
<td>58,280.67</td>
<td></td>
</tr>
<tr>
<td></td>
<td>51,029.41</td>
<td></td>
</tr>
</tbody>
</table>

- Example account above is showing:
  - Not all commitment items are carried forward into the new fiscal year.
    - Not responsible for fringe – 670400, state longevity – 670220, return to high level account.
  - Deficits at the end of the year will receive a negative carryforward.
    - Hourly line – 670103 is negative causing a negative carryforward in new FY.
  - Operating return posts to High Level Operating – 670000, Carryforward in new FY post to 673100.
  - Award line return and supplement post to commitment item 670101.
Reserve Balances

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

• Fund balance and available reserves are calculated by the Financial Reporting & Analysis Office each year.
• This calculation typically takes place at end of September / beginning of October and is a “snapshot” of your account on the day of 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

Fund Balance & Reserves Calculations

• Fund Balance Calculation:
  Current Year Beginning Fund Balance =
  Prior-year Ending Fund Balance + Revenues – Expenses – Transfers

• Available Reserves Calculation:
  Current Year Available Reserves =
  Prior-year Ending Fund Balance + Revenues – Expenses – Transfers – Encumbrances

• Snapshot of B2 Schedule Report from Financial Reporting:

<table>
<thead>
<tr>
<th>Fund</th>
<th>FUND BALANCES</th>
<th>SALES AND SERV</th>
<th>SALARIES AND W</th>
<th>OTHER EXPENSES</th>
<th>TRANSFERS AND</th>
<th>FUND BALANCES</th>
<th>Encumbrances</th>
<th>Available Reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td>**** Parent</td>
<td>45,272.14</td>
<td>61,114.00</td>
<td>34,356.55</td>
<td></td>
<td></td>
<td>72,027.59</td>
<td>3,594.00</td>
<td>68,433.59</td>
</tr>
</tbody>
</table>
Reserve Balances

How do I view reserves in Budget to Actual?

- Security to Fund Center 1040999999 required.
- Not all users need access, typically only fund manager and anyone that assists with budget.
- Special layout in Budget to Actual Report.
- Reference document in the “How-to & Reference Documents” section of Budget Office website
Reserve Balances

How do I view reserves in Budget to Actual?

• Results after executing report:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Fund Name</th>
<th>Current YTD Actuals</th>
<th>Available Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2028541024</td>
<td>MathWorks IG</td>
<td>185,488.34</td>
<td>185,488.34</td>
</tr>
</tbody>
</table>

• Drilldown on the Current YTD Actuals to see detail:
RIB - 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*.
- There are some designated funds (2****1000) that are multi-year RIB accounts.
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
Budgeting Classes

Classes in SAP Portal:

• Budgeting with Funds 101
• SAP Report Fundamentals (self paced-online)
• SAP Budget Balance Reports
  • ZBUDACT - Budget To Actual
  • ZBUDGETBALANCE - Budget Balance Report
• SAP Budget Related Reports
  • FMBB - Budgeting Workbench
  • FMEDDW - Drilldown for Budget Entry Documents
  • ZOPEN_ENCUMBRANCE - Open Encumbrance Report
  • ZOVERBUDGET-Overbudget Report
• SAP Salary Related Reports
  • ZFIPOSBUD – Annual Position Budget Report
  • ZFISALFRINGE - Salary/Fringe Report
  • ZFM_SAL_RECON - Recon. for Salary Encumbrances
  • PA20 - Personnel Management -> Administration -> HR Master Data -> Display
  • PO13D - Display Position
  • BEx Analyzer (HR queries)

ITAC course in Canvas:

• Getting Started with SAP Business Client
Congratulations!

You have successfully completed
Budgeting with Funds 101!