

Marshall University

Budget Structure Revision

January 2014

Why are we doing this??

- Current Structure Dysfunctional
- Changing Budget Landscape
- Marshall 20/20
- Changing State Requirements

Budget Structure Revision

Language and Concepts

Activity is a categorization used to capture financial inflows and outflow related to an entity, division, department, unit, event, initiative, etc.

- Multiple Activities may be combined for analysis purposes; ultimately combining all University Activities to allow drill-down capabilities.
- Examples: Colleges, Housing, International Programs
- Utilize Attribute field in Banner for reporting

Sources are the resources available to support an activity

- The source of funding to support an activity should drive the accounting for the funding
- Types of sources
 - External sources – revenues, appropriations
 - Prior year sources – sources generated or provided in a prior year
 - Internal sources – sources generated or provided by one activity that are then distributed to another activity (would decrease sources for the provider and increase sources for the receiver)

Uses are the resources consumed in support of an activity (also referred to as expenditures)

- The purpose of an expenditure should drive the accounting for the expenditure
- Types of uses
 - Expenses – expenditures which would post to the Financial Statements as an expense (ex. salaries, supplies, utilities, interest)
 - Capitalized expenditures – expenditures which would post to the Financial Statements as an asset (ex. equipment, deposits)
 - Liability reductions – expenditures which would post to the Financial Statements as a reduction of a liability (principal payment)

Budget Structure Revision

Language and Concepts cont'd

- **Approved Budget** is the original, Board approved plan for sources and uses
- **Reforecast** is an adjusted plan for sources and uses – accomplished through budget adjustments
- **Actual** is what the actual sources and uses are/were
- **Commitments** are any uses already set aside for the particular activity
- **Spending Authority** is what is authorized for expenditure within a particular activity less what has already been consumed/committed
- **Ending Balance** (may be budgeted, reforecasted, actual or projected) is the net of the sources and the uses for a particular activity
- **Variance** is the difference between the Approved Budget/Reforecast and the Actual/Commitments

Example Details

Banner Self Serve

- Balance Forward estimated to be \$23,512.
- Expenditure Budget Requested \$27,313.
- Revenues for FY2014 are estimated at \$43,000.

Current FY2014 Structure

Account Title	Approved Budget	Budget Adjustment	Reforecast	Actual	Commit- ments	Variance
Balance Forward						
Misc Collections/Fees/Licenses/Etc.	5,000.00	-	5,000.00	1,845.00	-	3,155.00
Fines and Fees	38,000.00	-	38,000.00	18,963.64	-	19,036.36
Overtime	9,750.00	-	9,750.00	2,259.81	2,740.19	4,750.00
Fringe Benefits						
Budget - Fringe Benefits	1,463.00	-	1,463.00	-	-	1,463.00
Fringe Budget Reserve	-	(1,040.60)	(1,040.60)	-	-	(1,040.60)
Social Security Matching	-	-	-	170.33	-	(170.33)
PEIA Premiums	-	-	-	96.61	-	(96.61)
Worker's Compensation	-	-	-	19.88	-	(19.88)
TIAA-CREF Retirement	-	-	-	135.58	-	(135.58)
Budget Balance Forward	23,512.00	13,647.69	37,159.69	-	-	37,159.69
Allocated Revenue Budget	43,000.00	-	43,000.00	-	-	43,000.00
Budget Moved to Personal Services	(11,213.00)	-	(11,213.00)	-	-	(11,213.00)
Budget Supplies & Other Services	16,100.00	(16,100.00)	-	-	-	-
Office Supplies			-	1,025.00	2,050.00	(3,075.00)
Budget Moved to Expense	(16,100.00)	16,100.00	-	-	-	-
Spending Authority (Uses)	66,512.00	12,607.09	79,119.09	3,707.21	4,790.19	70,621.69
Total sources	43,000.00	-	43,000.00	20,808.64	-	
Ending Balance (Net)	(23,512.00)	(12,607.09)	(36,119.09)	17,101.43	(4,790.19)	

Revised FY2014 Structure

Account Title	Approved Budget	Budget Adjustment	Rereforecast	Actual	Commit- ments	Variance
Balance Forward	23,512.00	13,647.69	37,159.69	37,159.69	-	-
Misc Collections/Fees/Licenses/Etc.	5,000.00	-	5,000.00	995.00	-	4,005.00
Fines and Fees	38,000.00	-	38,000.00	5,343.53	-	32,656.47
Overtime	9,750.00	-	9,750.00	2,259.81	2,740.19	4,750.00
Fringe Benefits						
Budget - Fringe Benefits	1,463.00	-	1,463.00	-	-	1,463.00
Fringe Budget Reserve	-	(1,040.60)	(1,040.60)	-	-	(1,040.60)
Social Security Matching	-	-	-	170.33	-	(170.33)
PEIA Premiums	-	-	-	96.61	-	(96.61)
Worker's Compensation	-	-	-	19.88	-	(19.88)
TIAA-CREF Retirement	-	-	-	135.58	-	(135.58)
Budget Balance Forward						
Allocated Revenue Budget						
Budget Moved to Personal Services						
Budget Supplies & Other Services	16,100.00		16,100.00	-	-	16,100.00
Office Supplies	-	-	-	1,025.00	2,050.00	(3,075.00)
Budget Moved to Expense						
Spending Authority (Uses)	27,313.00	(1,040.60)	26,272.40	3,707.21	4,790.19	17,775.00
Total sources	66,512.00	13,647.69	80,159.69	43,498.22	-	
Ending Balance (Net)	39,199.00	14,688.29	53,887.29	39,791.01	(4,790.19)	

Budget Guidelines

1. Source (Revenue) Budget and Use (Expenditure) Budget are two separate components for each fund and org combination.
2. Source (Revenue) Budget supports Use (Expenditure) Budget.
3. Source (Revenue) Budget MUST BE greater than or equal to Use (Expenditure) Budget.
4. FGIBSUM should not reflect a negative Available Balance in either the Labor or Direct Expenditure Account Type line item.
5. Changes to either Source (Revenue) or Use (Expenditure) Budget will require the submission of the appropriate form and required supporting documentation.
6. Required Reforecasting: Budgets are to be reforecasted for....
 - a. Known or anticipated variances of 5% or \$100,000 of current Source (Revenue) Budget.
 - b. Known or anticipated variances of 5% of current Use (Expenditure) Budget.
7. The source of funding to support an activity should drive the accounting for the funding.
8. The purpose of an expenditure should drive the accounting for the expenditure.

Other noteworthy items

- Composite Benefits rates will be utilized
 - Simplify Budgeting/Management of personnel costs
- PBUD
 - Will no longer be required for pooled positions. Will use the Finance side to enter budgets
 - Prefer that line item Labor accounts be managed but is not required.
 - Goal is BSUM labor line item has positive Available Balance Note (Budget guideline #4)-**NET OF BENEFITS**
 - Budget Guideline #4 – must consider regular positions and pooled positions separately to avoid a potential deficit situation.
 - Regular position account #s 60011, 60012 & 60013; Pooled position account #s 60014 through 6001U
 - Pooled position #s – all other labor account numbers
 - Be aware that using favorable variances in regular position account codes line items created by vacancies may result in labor line item deficit
- Initial steps to adhere with changes with new State ERP & Position Management (July 1)
 - One-to-One position # to ALL employees
 - Positions will be perpetual with owning org
 - For pooled position – a group of position numbers for each pool for each org
 - More forthcoming on position
- Future Budget Automation planned
 - Selected budget entries
 - Budget Development

Review Items - Revised FY2014 Budget

- FGIBSUM – Is Budget Guideline #3 true for each of your fund/org combination?
 - Adjusted Budget Column - Net: Revenue minus (Labor + Expense + Transfer) positive?
 - Does Source (Revenue & Transfers) or Use (Labor & Direct Expenditures) Budgets need adjusted?
- Source (Revenue) Budgets – review detail FGIBDSR (check Include Revenue Accounts)
 - Balance Forward part of Source (Revenue) Budget.
 - Other line items – Do you expect to meet the current budget? Exceed?
 - Refer to Budget Guideline #6 – variance requirements
- Use (Expenditure) Budgets
 - Does FGIBSUM Labor line item have a positive Available Balance?
 - Review detail – If positive, created by regular or pooled positions?
 - Labor Budget adequate for balance of FY2014?
 - Is Direct Expenditure Budget adequate for balance of FY2014?
 - Review placeholders you may have placed on funds. Are they still relevant or do they need adjusted/remove?
- Ultimate Goal: FGIBSUM screen reflects a positive balance in the Net: Revenue minus (Labor + Expense + Transfer) field in the YTD Activity column at Fiscal Year End.

Open Sessions

- Tuesday January, 21, 2014
 - Morning session 9am – 11am
 - Afternoon Session 2pm – 4pm

Drinko Library 349