

Marshall University
Budget Structure Revision
Statement of Issues
November 8, 2013

We currently operating within a dysfunctional budget structure.

- Lacks transparency
- Requires complicated budget entries
- Ineffective for management of cash flow
- Inability to develop standardized or useful reporting
- Nonadaptable to change for implementation of new Budget Models

Dysfunctional: failure to show the characteristics or fulfil the purpose accepted as normal or beneficial

Marshall University
Budget Structure Revision
Project Timeline
November 5, 2013

Phase 1 – Revise the Mechanics of the Budget Structure

Task	Task Description	Target Completion Date
1	Develop documents to provide an overview of the project including a timeline which will provide a framework to guide the revision project	11/8/13
2	Develop a communication/education plan related to the project	11/14/13
3	Develop a spreadsheet model to represent the Banner Operating Ledger (BOL) to aid in developing/testing the revised structure	11/18/13
4	Develop/test scenarios in the BOL model and develop a document outlining the mechanics of the revised structure	11/27/13
5	Identify and work with test groups to review revised structure, review BOL model, and review their FY14 Budget/Actuals to date inserted into the BOL model; revise the document outlining the mechanics	12/6/13
6	Set-up the revised structure in the Banner Test Instance	12/13/13
7	Apply revised structure to the test groups FY14 Budgets/Actuals in the Banner Test Instance; develop and test scenarios	12/20/13
8	Implement the revised budget structure in Banner Production	1/20/14

Future Phases/Other Projects

- Identify/adjust (and modify any related processes) transactions that may need to be recorded differently in FY 14 to better reflect the Sources and Uses concept
- Develop/modify processes and reports for future activity to align with the new structure
- Develop the FY 2015 Budget Plan utilizing the new structure
- Revision of Position Control Process – target completion date of July 1, 2014
- Revision of Chart of Accounts Elements – target completion date of July 1, 2014
- Implementation of Fringe Benefit Chargeback – target Go Live of July 1, 2014
- Implementation of new State ERP (wvOASIS) – Finance target Go Live of July 1, 2014; HR target Go Live of January 1, 2015

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.

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)

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

Sources
Uses

Current Structure						
Account Title	Approved Budget	Budget Adjustment	Reforecast	Actual	Commitments	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)	

Current Structure
Authorizes spending of \$79,119 (projected Rev + Bal Fwd)
Budget requested = \$27,313
Variance total: 79,119-3,707-4,790=70,622
Budget request no relevance

Potential Structure (FY14)					
Approved Budget	Budget Adjustment	Reforecast	Actual	Commitments	Variance
23,512.00	13,647.69	37,159.69	37,159.69	-	-
5,000.00	-	5,000.00	995.00	-	4,005.00
38,000.00	-	38,000.00	5,343.53	-	32,656.47
9,750.00	-	9,750.00	2,259.81		7,490.19
1,463.00	-	1,463.00	-	-	1,463.00
-	(1,040.60)	(1,040.60)	-	-	(1,040.60)
-	-	-	170.33	-	(170.33)
-	-	-	96.61	-	(96.61)
-	-	-	19.88	-	(19.88)
-	-	-	135.58	-	(135.58)
16,100.00		16,100.00	-	-	16,100.00
-	-	-	1,025.00	2,050.00	(3,075.00)
27,313.00	(1,040.60)	26,272.40	3,707.21	2,050.00	20,515.19
66,512.00	13,647.69	80,159.69	43,498.22	-	
39,199.00	14,688.29	53,887.29	39,791.01	(2,050.00)	

Adjusted FY2014
Move Bal Fwd to Sources section
Remove Allocated Rev Budget
Remove Moved to Personal Services
Remove Budget Moved to Expense
Uses now reflect requested Budget
Variance total reflects budget balance remaining
Authorizes spending (Budget) of \$27,313
Can request additional Budget to the extent of available Sources (actual or projetced)

Potential Structure (FY15)						
Approved Budget	Budget Adjustment	Reforecast	Actual	Commitments	Variance	
23,512.00	13,647.69	37,159.69	37,159.69	-	-	
5,000.00	-	5,000.00	1,845.00	-	3,155.00	
38,000.00	-	38,000.00	18,963.64	-	19,036.36	
9,750.00	-	9,750.00	2,259.81	2,740.19	4,750.00	
1,463.00	-	1,463.00	338.97	411.03	713.00	
16,100.00		16,100.00	-	-	16,100.00	
-	-	-	1,025.00	2,050.00	(3,075.00)	
27,313.00	-	27,313.00	3,623.78	5,201.22	18,488.00	
66,512.00	13,647.69	80,159.69	57,968.33	-		
39,199.00	13,647.69	52,846.69	54,344.55	(5,201.22)		

Potential FY2015
Apply Fringe Benefits chargeback - all entries in single acct line
Variance total reflects budget balance remaining
Authorizes spending (Budget) of \$27,313
Can request additional Budget to the extent of available Sources (actual or projetced)