FY18 SELF SUPPORTING BUDGET WORKSHOP

February 2017
NOTES

The following background and notes can be used as a reference as you are preparing your budgets but the workshop will focus on the mechanics of filling out the budget forms.

Board of Regents policy requires an annual budget for all self-supporting accounts with annual expenditures (excluding Voluntary Transfers Out) exceeding $25,000. Self-supporting accounts generate sufficient revenue to cover expenses over the course of each fiscal year. Accounts are established for a specific purpose, and revenue and expense activity is related to that account purpose. Complete budgets are composed of a Revenue Budget and an equal Expense Budget, Supporting Schedules with details and calculations, and Narratives outlining the purpose of the account and explaining significant changes from one fiscal year (FY) to another. Fiscal year run from July 1st through June 30th.

UNLV Chart of Accounts (selected data)					
Account Number:	Fund, Agency, and Organization (Org)	2221	-	123	-	50AB
Fund:	Account type based on funding type	2221			
Agency:	Department or College		123		
Organization:	Unique account identifier number			50AB	
Appropriation Number:	Agency and Org combined		12350AB		
Object Codes:	Expense Categories	Ex: 30 Operations			
Revenue Source Codes:	Revenue Categories	Ex: 78 Sales			

Major Self Supporting Funds	
UNBUDGETED FUNDS:	- No salaries (obj 11, 12, 14) AND annual expenditures less than $25,000 - Converts to Budgeted if activity changes and meets requirements - Operates on a cash basis - Cannot operate at a cash deficit
2220	Unrestricted Funding
2300	Restricted (Mainly Gift funded)
2310	Restricted Endowment funded
BUDGETED FUNDS:	- Includes Salaries and/or exceeds annual expenditures of $25,000 - Must continue to be budgeted, even if activity drops below threshold - Consists of Revenue and Expense Budget, which must be equal - Cannot operate at a cash deficit
2202	Intercollegiate Athletics
2205	Thomas & Mack & Sam Boyd Stadium
2221	Unrestricted Funding
2305	Restricted (Mainly Gift funded)
2311	Restricted Endowment
2457	Auxiliary Operations

Complete lists, with descriptions, are located in Data Warehouse (BIDSS) under 'Chart of Accounts'.

SUMMARY FORM

Use the Prior FY Actual totals as a guide in projecting Current FY Projected and Next FY Budget. The Summary Form will show where a budget category is eliminated or added, or if there is a large variance across years.

Column Q shows the percentage change between the Current FY Projected and the Next FY Budget. If a category is added or eliminated, the formula result will show +/-100%, otherwise the percentage change will be calculated. New or eliminated categories or changes ± 10% require explanation on Form N2.

The Current FY Projected Actual totals are a combination of actual year to date amounts plus the projected activity for the remainder of the fiscal year:

1. Actual Expenditures Year-To-Date already posted to the account
2. Plus Encumbrances – commitments already posted to the account
3. Plus New activity for the remainder of the year – not yet expensed or encumbered
4. Minus Encumbrances to be released, such as excess amounts on blanket POs that are not expected to be purchased by year end, credits due on returns or orders not filled, positions that will become vacant but employee separation contracts not yet processed, etc.

The first two categories can be taken directly from Data Warehouse. The second two categories require good records, tracking and reconciliation systems, knowledge of the program being budgeted, and communication so that any changes that impact the account can be incorporated into the planning process; these can impact revenue or expense.

Examples of expenses that are not encumbered that will need to be tracked or estimated for accurate projections:
- Student and non-student wages
- Classified Overtime
- Travel expenses, unless prepaid on a purchase order (PO)
- Hosting
- Voluntary Transfers Out
- Internal service center charges, such as Telecom, Postage, and Facilities

Review prior year activity details as a guide to the type and volume of activity, and adjust for rate increases, program changes, one-time activity, etc., to project activity for the remainder of the Current Year and the Next year.

If there is no budget in a category, there will be no budget line in the account for that category and any documents processed will reject when an attempt is made to key them into the Financial Systems.

The Hosting Object Code is a restricted category and can only be set up if approved for a specific account, through the Controller's Office. Confirmation of donor approval to use gift funds for hosting must be provided by the UNLV Foundation.

There are a few ways to approach revenue projections for the current year.

1. Line out a projection of the entire year's activity (Per Workshop example for 68-Tuition & Fees)
2. Note actual year to date activity and line out a projection for the remainder of the year's activity only (Per Workshop example for 79-Sales)
3. Trends and averages may also be useful when there are a large number of small revenue streams, like Indirect Cost Revenue from multiple grants, but should not be substituted for more accurate projections where rates and volumes are available.

Examples of various revenue schedules are available on the Budget Office website as a guide in preparing revenue projections for your accounts. They will likely need to be adapted to some degree for each account but should be helpful as a starting point in most cases.

The Revenue Projection is a critical part of the budget process. The revenue stream determines what activity the account can support, so if the revenue projections are accurate the account will be much easier to manage during the year. The Prior FY Ending Balance becomes the Next FY Beginning Cash Balance, which is a significant part of the revenue stream for many accounts so accurately projecting the Current FY Projected activity is also important.

Track Changes that may Impact Revenue:
- Enrollment numbers for Registration or Course Fee Revenue
- Fee Increases
- Grant Activity for Indirect Cost Revenue, including Faculty moves
- Sales Revenue – new or lost contracts/customers
- Voluntary Transfers – confirm amounts and timing for remainder of Current FY as well as Next FY
- Gift funds – what is the current balance on hand available to draw from UNLV Foundation? Are there regular donations? What is the annual trend? Gift account budgets can be the least accurate when allowances are not made for one-time use projects. Even if plans are not definite, the activity can be budgeted on a contingency basis so long as there is a sufficient balance of gift funds on hand at the Foundation.

Recharge Income (Cost Recovery):
When a UNLV department sells goods or services to internal UNLV customers, the payment is processed as a Cost Recovery through the recharge line instead of on the revenue side of the budget. This has the same impact as external revenue collected but the transaction posts as a credit to expense; Object Code 39. This is not the same as a direct expense reassignment, which occurs when a specific expense is moved from one account to another. Recharge Cost Recovery acts as income to the account and should be lined out on Form R2 along with any other revenue sources.

Voluntary Transfers (VT) In:
This is a financial transaction that transfers funds from one UNLV account to another. VTs cannot be made to or from restricted accounts, such as gift or endowment accounts in funds 2300, 2305, 2310, 2311; expenses must be charged directly to the restricted account to match and track all activity within the account.

VTs vary from Recharge in that they are not paying for goods or services received, they are allocating funds for a more general purpose, such as Start-Up funds for faculty, or general support for an event or program.

As VT support can change from year to year, or may be one-time, verify the amount of budgeted VT's In with the Account Manager of the 'Transfer from' account. The corresponding budget must show an equal VT Out and this is part of the Budget Office review; if there is no corresponding VT Out to offset the VT In, the budget will be returned for adjustment.

FORM E1 – PROFESSIONAL SALARIES

To complete the Salary Forms you will need to account for all positions and employees currently assigned to the account, as well as track any changes planned. You will need to keep records of the Base Salary plus any Stipends for each employee, and for any split FTE positions, you will need any other account numbers and what portion of FTE is covered, to ensure that the full position is budgeted. If positions are moving off an account, the replacement account number will be needed. Coordinate with the Account Managers of the other accounts to ensure that positions are fully budgeted.

Position Budget Allocation:
In Data Warehouse, the Balance and Activity Report or the Organization Summary Reports drill down on Object 11 to the Position Budgets for the account. The Base Allocation is the salary amount allocated to the account for the Full Time Equivalent (FTE) portion allocated (i.e. Total Base Salary of $58,000 X FTE 0.67 = $38,860 Base Budget Allocation). An Allocation Adjustment amount is a Stipend, which is not part of the employee's Base Salary, but would be budgeted separately when it is paid.

Employee Payroll Report:
In Data Warehouse, under Reports > Financial Reports, is the Employee Payroll report. This shows the total salary (expense + encumbrance) by employee for the period selected. Note: Total Salary includes stipends.

Do not rely on the current position budget to prepare the annual budget as changes may be pending or planned. Verify actual employee contract details with your HR/Web Contracts Coordinator and note any changes in compensation or allocations for Next FY.

Merit and Cost of Living Adjustment (COLA):
There is no professional merit funding for FY18. The Governor did recommend a 2% COLA increase.

Roster Process:
The HR records need to match the budget submitted, or transactions will reject requiring corrections after the fact. Annual professional contracts are prepared by HR, and existing account numbers will be used for the Next FY contracts unless changes are submitted to HR, through their Roster process. Check that the account numbers and FTE on the Roster agree with the budget submitted on an annualized basis; i.e. how payroll will be allocated on July 1.

Stipend Only:
If an employee is paid from a different account but a stipend will be paid from your account, there is a separate section to be completed for that activity as part of the Professional Employee section of the Budget form.

Other Professional Compensation:
Letters of Appointment, LOAs (without benefits) or LOBs (with benefits) are used for temporary and part-time professional hires. For benefits eligible hires, note the number of months of the contract to calculate the health benefits budget. Combine all hires for each category (i.e. One LOB for 8 months @ $1,000/mo and another for 6 months @ $1500 mo – enter 14 months and total salary of $17,000).

Position Number (PN) Assignments:
PNs are not transferrable between the State Appropriation budgets and Self Supporting budgets. If employees are moving from a state account to a self-supporting account, the state PN cannot be used; an existing self-supporting PN must be identified, or a new PN requested. Likewise, if an employee is moving from a self-supporting account to a state account, an existing state PN must be identified. PNs are also not transferrable between Professional and Classified positions. An existing or new position number of the desired employee type would need to be identified to move the employee into.

Special Pay:

The Allocation Adjustment amount for classified positions indicates '5% Special Pay'. On the Employee Payroll Report, this may be paid under 14-01 (Working Out-of-Class), or under a separate sub-object, 14-03 (Shift Differential) so reconcile total employee commitment to FY Projected Adjusted Salary.

Grade-Step:

For the current FY, you will need to enter the actual base salary amount. Projected Salary is calculated from the Base Salary entered, adjusting for the number of pay periods worked.

For the next FY budget, enter the grade step using format ##-##. The Budget is calculated based on the grade step entered, adjusted for pay periods and FTE.

Grade-Step Merit Increase:

Employees move to the next step on their position anniversary date. For the budget year, enter the grade step effective 7/1 of the budget year and enter the date of record in the merit date field. The date of record must fall within the budget fiscal year so the year may need to be advanced if you are using data extracted from HRMS in the current fiscal year. The maximum step is 10 so employees at step 10 do not receive a step increase. For employees that are not eligible for a step increase in FY17, enter 7/1/18 in the merit date field; this date falls in FY19 so no merit will be calculated.

EPC:

Classified employees have a retirement plan option. If the Employee Option is elected, no adjustment is needed to the budget. If the Employer Option (EPC) is elected, enter Y in the EPC field and a formula will calculate the adjustment; an EPC factor is applied to reduce the base salary and move the retirement cost to the fringe line.

The Budget Office will distribute a list of budget positions with current employee data, including Grade-Step, Retirement Plan Election, and Special Pay status, to assist in accurate budget preparation. This will be distributed at the Division Level so check with your central Budget Contact for the details for your accounts.

FORM E3 – OPERATIONS

Administrative Overhead is a fee charged to self-supporting accounts to cover a portion of the cost of central administrative services used by the programs. It is a percentage of revenue, excluding VTs In, and posts to Object/Sub-Object 30-46 quarterly. Admin Overhead is calculated on Row 49 so there is no need to be itemize it separately. Admin Overhead is not assessed on Special Course Fees that post to Revenue Source Code 68-25. For these accounts, enter 'Y' for exempt on Form E3, cells H54 and J54 to exclude the assessment. (Note: For Projected FY and Next FY, Admin Overhead is calculated on a separate line below the main part of the form and thus, does not need to be inputted manually.)

Classified Personnel Assessment is a fee charged by the Nevada Department of Personnel. It is assessed based on salary costs but is charged to Object/Sub-Object 30-38 annually. Enter Current FY amount on Row 44. Next FY amount is calculated based on total classified salaries budgeted on Form E2.

Not all sub-objects need to be itemized; you can choose a tolerance level that makes sense for your account. The remaining categories are summed in the 'Other' total.

Current Year Projected:

This is where activity for the remainder of the FY needs to be estimated and entered. Use Year-To-Date activity as a guide for trends and averages but also check prior year activity to look for expenses that may only occur once a year in the last quarter. Check with Program Directors or Managers for plans to make one-time purchases or new ongoing commitments.

FORM E4 – TRANSFERS OUT

Transfers cannot be made to or from restricted accounts, such as gift or endowment accounts in funds 2300, 2305, 2310, 2311.

Mandatory Transfers are used to repay loans on large capital projects, such as the Student Union building or Parking Garages. If there is debt service activity on your account, details of the finance schedule will be provided by Plant Accounting.

Purpose of Account (N1):
Provide an overview of the purpose of the account. Additionally, provide relevant and important information regarding account activity: typical funding source and general expenses posted to account, notating any special circumstances of the account (i.e. receive bulk of funding in second half of year).

Explanation of Changes (N2):
For revenue or expense categories where the expected change in amount is material (greater or less than 10%), please provide explanation on why this is to occur. Other relevant notes on account activity can be recorded here as well. Attachments that offer backup and support on each change should also be attached/embedded.

Official Documents (N2):
Documents that pertain to the purpose of the account and document approved uses or restrictions should be attached/embedded here. A description of the document should also be included for easy reference. Examples of documents include: MOU for Gift accounts or Board Documents for Course/Special Fee accounts.
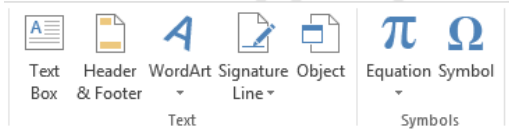
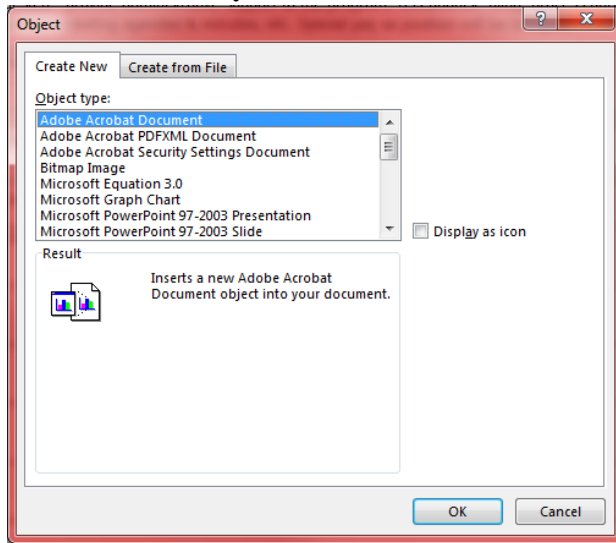# *Appendix A: Instructions on Inserting Documents into Excel files*

1. **Select the Insert Menu.**
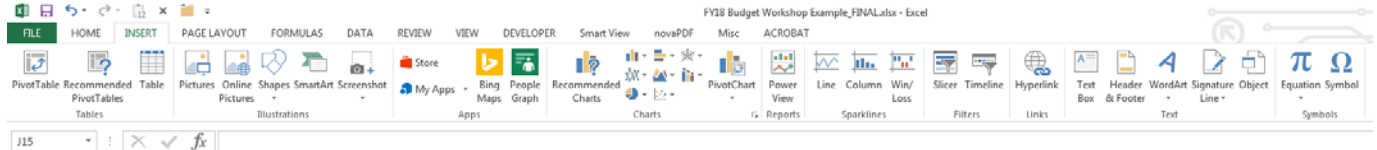
2. **Navigate over to the Text sub menu and Select the Object option by clicking on the Object icon.**

3. **The Insert Object dialogue box will appear. Select the Create from File option. Select Browse and navigate to the saved document you wish to insert.**

4. **Click Display as icon so a checkmark appears in the box. Select Change icon to update the icon name under the Caption: field. Select OK. Then Select OK again.**
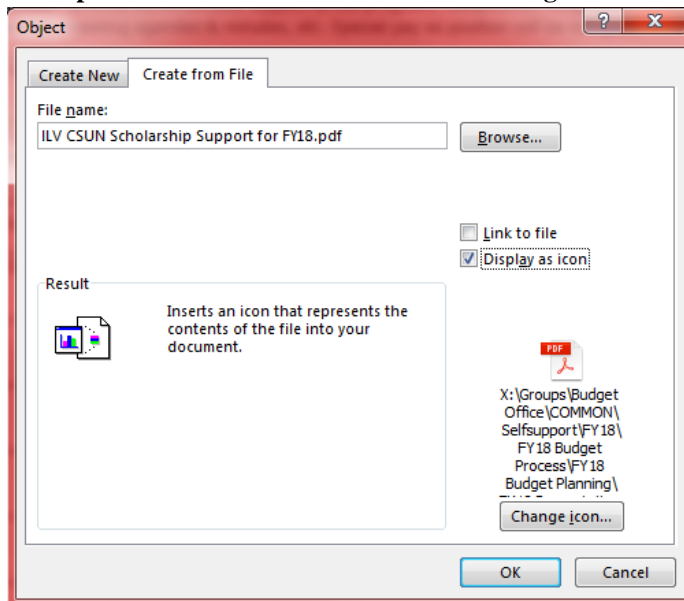
5. **The embed object will appear. Please position the object into the appropriate cell and resize if needed.**