BASE, AND ADJUSTED BASE, AND CASH, OH MY!
WHAT IS A BUDGET

- A PLAN FOR THE NEXT FY
- SALARY SETTING
- RESERVES FUNDS FOR COMMITMENTS
- APPROVALS ARE BASED ON THE PLAN
- TRUSTEES APPROVE
- MUST BALANCE
- CAN BE MOVED BETWEEN UNITS, RCS AND ACCOUNTS
WHAT IS BASE (GENERAL FUNDS)

- Must know your income (resources)
  - Tuition/fees and state appropriation
  - Make sure you understand the difference between base & non-base

- **Base** (permanent until changed based on BC guidelines & resources)
  - July 1 budget (annual budget construction)
  - Foundation amount (beginning)
  - Can change year to year (up or down)

- **Base Budgets**
  - Compensation (individual salaries plus benefits)
  - Supplies, equipment
  - Financial aid
  - Capital
  - Reserves (unallocated)
Permanent reallocations and changes in organizations will be reflected in the budget base to facilitate effective allocation of resources and fiscal control. The Vice President for Planning and Finance Management reviews (with designated campus officers) changes made to the current year’s budget to ensure that the basis upon which the next year’s allocations are made reflect a recognition of all on-going commitments, changes in levels of anticipated income, actual use of allocated resources, and organizational changes.

**Reason for Policy**

- To adjust the base budget file for all permanent changes as dictated by reorganizations or changes in needs.

**Definitions**

- **Base Budget**: Budget amount for fiscal year as set during budget construction.
- **Current Budget**: Base amount for current fiscal year with all permanent and temporary adjustments applied throughout the year.
- **Commitments**: Planned expenditures for salaries and fringe benefits for a given appointed position, and other categories of expenses.
WHAT HAPPENS WITHOUT BUDGET

- CANNOT KNOW BALANCES
- NO CONTROLLED SPENDING
- CREATES DEFICITS
- EACH RC IS RESPONSIBLE FOR ANY DEFICIT IN ANY SUB-FUND
**ADJUSTED BASE**

- **Adjusted Base** (permanent changes, post-budget construction)
  - Still base but a set plan can change 1 minute after July 1 (12:01am), within the RC/Org/Account or base funds can be moved to and from one RC to another
- Annual budgets are created in budget construction
- We build each budget based on the base budget that was changed during the FY – which is called *adjusted base*
- Most common *adjusted bases* are mid-year increases to individual salaries
- At BC, the compensation object codes match the individual salaries and benefits
- When the individual salaries (CSF) change during the year, the salary object codes are out of sync
Chasing the Base means to cover the changes to individual salaries/benefits that change during the FY.

The reason we encourage the coverage:

- To understand your bottom line.
- You need to know what base you may have available.
- Looking only at the bottom line can be misleading if you are planning on an infusion of base. If you have not chased the base, the infusion will be eaten up, covering the difference (see example).
CHASING THE BASE EXAMPLE

Budget:
Total: $500,000
Compensation: $200,000
Financial Aid: $100,000
Supplies: $50,000
Equipment: $50,000
Reserves: $100,000

Adjusted Base: $500,000
Compensation: $200,000  Changed to $275,000
Financial Aid: $100,000
Supplies: $50,000
Equipment: $50,000
Reserves: $100,000
Current budget (temporary budget)
- Increases a budget (as cash) for a temporary period of time
- Funds for specific activities/programs
- Will be lost at year-end
- Could be carried forward to cover encumbrances
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<th>Object Code</th>
<th>Object Name</th>
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<th>Adjusted Base Budget</th>
<th>Curr. Year</th>
<th>Prior YTD</th>
<th>Actual YTD</th>
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Policy Statement

The Financial Management Services’ Budget Administration division reviews requests to transfer budgeted funds for all accounts (following the approval of the appropriate campus officers). Requests to transfer budgeted funds for contracts and grants (40-59 accounts) are reviewed by the Financial Management Services Contract and Grant Administration division and are subject to policies and regulations of the sponsoring agencies.

Reason for Policy

To provide for the review and final authorization of budget adjustments.

Procedures

Three considerations determine the feasibility of processing a budget transfer request:
- Is the source of funds sufficient?
- Is the proposed alternate use of budgeted funds allowable with respect to current university and campus policy?
- Does the new use conform to the purpose of the account.

An answer to the first question is based primarily on the status of the current budget balance, although the historical expenditure patterns of the source of funds identified may also be considered.
Fiscal Managers will review, on a regular basis, the financial activities for which they are responsible to ensure that these activities are carried out properly and in a manner that is consistent with and contributes to the overall plans and goals of Indiana University.

**Reason for Policy**

To emphasize the need for review as a most important aspect of ensuring fiscal responsibility.

**Procedures**

**Assessment of a Problem**

One of the major applications developed to be used as a review and assessment tool by management is the quarterly fiscal analysis. This analysis is focused mainly on activity at the responsibility center level of operation and it is distributed to upper management (vice-chancellors and above).

At the account level, fiscal managers can use the monthly Statements of Account, Cash Reports, monthly Budget Report, On-line Statements of Account Inquiry System (TOSS), Current Budget Ledger and other university and departmental reports to review the status of accounts with respect to confirmation to the budget plan. In the case of cash control accounts, the cash balance is the review point.
Notification and Correction
As a part of year-end closing, particularly with respect to source document processing, the University Budget Office will, in the event of budget overdraft or cash deficit problems, notify the campus administration, the responsibility centers and other appropriate parties. The notification includes a request for remedial action, such as a request for a budget transfer, correction of charges, or an infusion of income.

In some cases, the campus administration may believe the status of the account is satisfactory and remedial action unwarranted. The appropriate response then is to provide an explanation of the reason why remedial action is unnecessary.
The University Budget Office will not process transactions (e.g., budget management transfers, transfers of funds) against a budget level overdraft or a cash deficit (cash control accounts) until remedial action is taken or an appropriate response to the problem has been received.

Definitions

- Fiscal Managers include Fiscal Officers, Account Managers, Account Supervisors, RC Business Managers and Campus Business Officers.
QUESTIONS TO THIS POINT?

- QUESTIONS ON BASE?

- QUESTIONS ON CURRENT?
Accounts within the fund groups of 20-23, 27-29, and 60-66 that incur compensation related expenses or that have a volume of expenditure activity of $30,000 or more each fiscal year must establish an operating budget.

**Reason for Policy**

A budget plan, in addition to helping managers with their fiscal responsibility, imparts to others that have a need to review or become involved with the accounts, the fact that there is a definite plan and that all commitments resulting from the plan, such as staff benefits, have been recognized and included.
Calculated Salary Foundation

- Salaries are set in budget construction based on the new fiscal year’s salary guidelines, as set by the trustees.
- This salary becomes the July 1 salary and is then posted on the web site and for public view.
- After July 1, (July 2), the salary can change based on: Reclassification, Promotion, etc.
- This new salary becomes the CSF---during the next budget construction we build the salary for the next FY on this amount.
- CSF is associated with positions that are active, coded regular, with the position budget flag checked, and the CSF flag checked on the job.
- Regular is primarily associated with full-time employees.
- CSF is associated with base funded positions (all fund groups).
- Reports to use; CSF tracker, positions
- In HRMS, the CSF box must always be checked for full-time positions, otherwise, the salary (CSF) will be lost from budget.
- The Maintain Funding e-doc is the only e-doc on which the CSF tracker is optional.
## CSF REPORT

*(KFS-BALANCE INQUIRIES-CALCULATED SALARY FOUNDATION)*

### Calculated Salary Foundation Tracker Lookup

**Fiscal Year:** 2014

**Chart Code:** BL

**Account Number:** 1020200

**Sub-Account Number:**

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<th>Account Number</th>
<th>Sub-Account Number</th>
<th>Object Code</th>
<th>Sub-Object Code</th>
<th>Position Number</th>
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17 items found, displaying all items.  
Export options: CSV, Excel, XML
CASH ACCOUNTS (NON-GENERALS)

- Accounts will be created based on the purpose and the source of funding
- Non-generals (2X-accounts)
- Must be budgeted if recurring income stream of $30,000 or more or if compensation (CSF)
- Year end activities
  - If there is a positive balance in object code 8000, funds are carried forward to next year
  - If a negative balance in object code 8000 exists, it must be covered
  - But the real balance must equal 8000 object code balance minus, encumbrances and liabilities for the true balance which is manually calculated or see Register Balance in IUIE
CASH BALANCES

- Cash balance on non-general is found in object code 8000
- But the true balance is object code 8000 minus encumbrances and liabilities
- Best IUIE report “register balance”
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<th>B</th>
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<th>D</th>
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Chart: BL
Account Number: 2928591
Account Name: WELLS PROGRAM
RC: 75
Org Code: WSCH
Sub Fund: ROFDS
*** Consolidated ALL Sub-Accounts ***

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### GRID FOR TRANSFERRING FUNDS

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<th>A</th>
<th>Reallocating funds within the same account; Base or Current, General Funds, Non-General Funds over $30,000, or Compensation</th>
<th>Budget Adjustment</th>
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<tbody>
<tr>
<td>B</td>
<td>Transferring/moving funds between two accounts; Base or Current</td>
<td>Budget Adjustment</td>
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<td>C</td>
<td>Increasing budgeted income due to additional income received. It is important to use the correct income object code (9915, 1179, etc.)—not a generic income line when completing this document; Current Budget</td>
<td>Budget Adjustment</td>
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<td>Decreasing budgeted income due to actual income shortfall (i.e. budgeted income higher than actual, so budget reduction needed). It is important to use the correct income object code (9915, 1179, etc.)—not a generic income line when completing this document.</td>
<td>Budget Adjustment</td>
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<td>E</td>
<td>Budgeting carry-forward cash balances (2x accounts only)</td>
<td>Budget Adjustment</td>
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<td>Transferring salary and/or wage savings outside the fund group; from a 10 account to a 2x account; Budget Adjustment moving funds to 9899, Transfer of Funds moving from 9899 to 9915</td>
<td>Budget Adjustment/Transfer of Funds</td>
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<td>Correcting expenses that hit the wrong account (Have to use previous document, need Doc#)</td>
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Fund Groups:

- 10 Unrestricted General Fund
- 20-24 Unrestricted, Designated Funds: Continuing Education, Public Service, Faculty Research, Other Designated, Designated Scholarships/Fellowships
- 25-29 Restricted Funds: Scholarships, Fellowships, Special State Appropriations, Faculty Endowment Match, Other Designated
- 40-59 Restricted Contract and Grants
- 60-66 Auxiliary and Service Funds
- Cash Account: non-general fund with less than $30,000 annual expenditures and pays no salaries/wages.
- Budgeted Account: non-general fund with $30,000 or more annual expenditures and/or pays salaries/wages.

Object Codes:

- 9920 Trsfrs of Funds-Acad Sal
- 9923 Trsfrs of Funds-Acad Assist
- 9924 Trsfrs of Funds-Prof Sal
- 9925 Trsfrs of Funds-Cler Sal
- 9930 Trsfrs of Funds-Wages
- 9940 Trsfrs of Funds-Sp & Exp
- 9951 Administrative Charge Expense
- 9954 Trsfrs of Funds-Fee Rem
- 9956 Trsfrs of Funds-Fringe Benf
- 9957 Trsfrs of Funds-Retirement
- 9958 Trsfrs of Funds-Fell & Scho
- 9959 Transfer Out 20% Reallocation
- 9960 Trsfrs of Funds-Travel
- 9970 Trsfrs of Funds-Capital
- 9977 Budget Allotment Expense
- 9979 Trsfrs of Funds-Unapp Bal