

Best Budget Practices

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California State University, Chico

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Purpose of Budgeting

Purpose of Budgeting

- Assists in the preparation, analysis, and management of the university's resources
- Budgeting is the process of creating a spending plan
- Ensures funds are being spent according to an approved plan
- Demonstrates a plan for fixed, variable & one-time costs

The Budget Process and Budget Terminology

State Budget Allocation Process

State of California

Governor's January Budget → May Revise → Final June Budget

Higher Education

8.5% of State Budget

California State University

23.3% of Higher Education Budget

CSU, Chico

2.7% of CSU Campus Budgets

Campus Budget Allocation Process

CSU, Chico Allocation

State Support Allocated from Chancellor's Office



Centrally Managed

Financial Aid, Utilities, Risk Pool, Student Health Services, CCF, SLF, etc.



Division Allocations

President, AA, B&F, SA, IT and UA



College and Unit Allocations

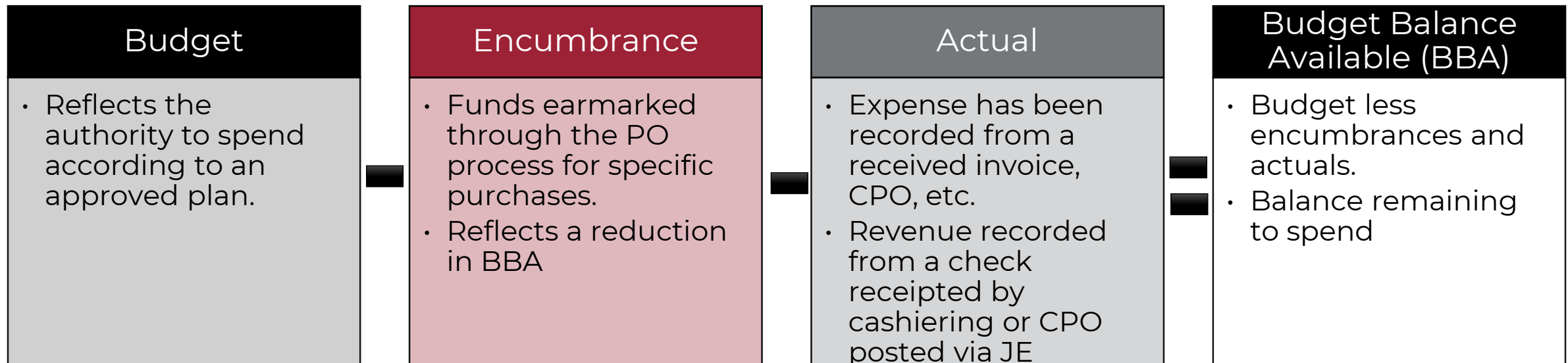
College/Unit Level



Department Allocations

Department Level

Transaction Types Terminology





Budgeting Process

Expense and Revenue Projections

Keys to Successful Budget and Expense Projections

KNOW YOUR “INCOME”

- **Do you have REVENUE?** - Revenue can be projected based on prior years' amounts or in some cases on enrollment numbers.
- **Do you have a BUDGET ALLOCATION?** - Budget can be estimated based on prior years' spending along with any other known base budget changes.
- **Maybe you have BOTH...** Whether you have revenues, a budget, or a combination of both, you can project your budget sources and uses. Remember, it is just an estimate, projections can always be changed!

Keys to Successful Budget and Expense Projecting

Know Your Expenses

Fixed Expenses- Expenses that are known at the beginning of the fiscal year and can be projected out.

- Most Salaries
- Telecommunication charges
- Annual contracts/subscriptions
- Routine maintenance

Variable Expenses - Expenses that vary from year to year.

- General office supplies and services
- Service fees such as printing and postage
- Planned onetime projects
- Unexpected projects and maintenance

Keys to Successful Budget and Expense Projecting

Know Your Tools

- **Data Warehouse**
 - Financial Summary reports showing departments' budget to actuals. The reports can be run in a variety of ways, specific to your financial needs
 - Transactional reports, showing individual line items
- Insight and LCD Reports
 - Transactional reports, showing individual line items
 - Salary detail reporting
- PeopleSoft HR
 - Individual accounting of filled positions in a department
- Excel
 - The tool that brings it all together

Tracking Transactions

Tracking Transactions

Review of Financial Transactions Monthly Checklist

- Review accuracy of **budget balances** – did your budget transfer process the way you were intending?
- Review accuracy of **encumbrances** – Are POs within their proper chartfield and can any be disencumbered?
- Review posted **payroll expenses** in LCD reports – are positions posting to the correct chartfield?
- Review **posted transactions** to ensure correct chartfield coding

Tracking Transactions

Who to Contact if Something isn't Looking Right

- Budget Office - budgetcfs@csuchico.edu
 - LCD (payroll) postings
 - Budget posting
- Financial Accounting and Reporting – far@csuchico.edu
 - Actuals posting
- Procurement - procurement@csuchico.edu
 - PO postings

When to use a **Budget Transfer** vs. requesting an **Actuals Transfer**

Budget or Actuals Transfer?

What are you trying to move?

- Did an expense or revenue post to the wrong fund/account/deptid?
 - **You need an ACTUALS transfer!**
- Are you delegating spending authority within your department or division?
 - **You need a BUDGET transfer!**
- Are you going to pick up shared costs for a project or event with another department, or are you reimbursing another department?
 - **You need to contact Financial Accounting & Reporting or the Budget Office to find out the most efficient way to complete the transaction.**

Budget or Actuals Transfer?

Example: Below is a screenshot of a Data Warehouse report for Financial Service's general fund. This report shows us that there are three account numbers with **Actuals** but no **Budget**; 601303, 619N01, and 670C32.

Fund Fdescr	Dept Fdescr	Account Fdescr	Current Budget	Actuals	Encumbrances	Balance Available	% Used Fiscal Year
G1006 - CSU OPERATING FUND	D12400 - Financial Services	601201 - Management And Supervisory	156,360.00	91,210.00	0.00	65,150.00	58%
		601300 - Support Staff Salaries	106,208.00	24,038.00	0.00	82,170.00	23%
		601303 - Student Assistant		554.80	0.00	(554.80)	
		602001 - Work Study-On Campus	24,500.00	2,143.40	0.00	22,356.60	9%
		606001 - Travel-In State	9,000.00	179.96	0.00	8,820.04	2%
		613001 - Contractual Services	500.00	0.00	0.00	500.00	0%
		619N01 - NonCap Other Equip		11,866.07	0.00	(11,866.07)	
		660003 - Supplies And Services	2,000.00	1,721.92	0.00	278.08	86%
		660009 - Training & Professional Dev	1,200.00	1,190.00	0.00	10.00	99%
		670000 - Transfer Out - Same CSU Fund	2,400.00	0.00	0.00	2,400.00	0%
		670C01 - FMS Intrafnd Costs Rcvrd	50.00	0.00	0.00	50.00	0%
		670C18 - Computer Ntwrks Intrafnd	300.00	237.35	0.00	62.65	79%
		670C19 - Other Communic Intrafund	1,750.00	1,319.84	0.00	430.16	75%
		670C32 - ITSS Comptr Inventory Supplies		65.00	0.00	(65.00)	
		670C35 - TSRV Intrafund	100.00	31.63	0.00	68.37	32%
G1006 - CSU OPERATING FUND Total			304,368.00	134,557.97	0.00	169,810.03	44%

Budget or Actuals Transfer?

Example Continued: The **first question** I need to ask - "Do these charges belong to the chart field G1006 D12400?"

- If the answer is **YES – Budget Transfer**: Please use the budget transfer template to allocate budget to these specific chart fields. **The goal is NOT to zero out BBA**, it's okay to have a negative BBA, but we should be asking ourselves why there was never any budget posted there in the first place.
- If the answer is **No – Actuals Transfer**: Please contact FAR@csuchico.edu to assist with this transfer.

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Budget or Actuals Transfer?

Example Continued: The **Second question** I need to ask - "Is this a one-time charge for this chartfield or am I expecting more expenses to hit this chartfield?"

- If the answer is a **one-time charge** – Use the budget transfer template to transfer a whole dollar amount to cover the one-time charge, **but more importantly, ask if this a charge I should plan for next year?**
- If the answer is I'm **expecting more expenses** – Use the budget transfer template to transfer a whole dollar amount to cover all the expenses expected to hit this chart field throughout the year.

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Please contact the Budget Office for additional information.

- budgetcfs@csuchico.edu
- 530-898-5931

Thank you!