

Budgeting in Fund 171

Video Transcript

The purpose of this video series is to review the sources of spending authority that can apply to chart strings in Fund 171, including Dean/VP Allocations.

Topic	Script
Title	Budgeting in Fund 171 Spending Authority from Allocations, Reserves, or Revenues
Context	Areas with projects in Fund 171 should be aware of the choices available for budgeting those projects.
Objectives	In this video, you see four ways of budgeting a project and indicating the source of spending authority. <ol style="list-style-type: none"> 1. Create a zero-dollar expense budget and indicate the source of spending authority 2. Budget expenses and indicate spending authority from the use of reserves 3. Budget expenses and indicate spending authority from an allocation 4. Budget expenses and indicate spending authority from revenue
Getting Started	We start in Contributor on the Fund Input 171 view. In front of us is a typical chart string, a faculty project 10006057. Let's get to know this chart string and its history. Looking at the budget columns, notice there is a history of zero-dollar expense budgets in previous Fiscal Years. In the Actuals columns, notice a history of spending modest and consistent. Chart strings budgeted in this way are typically supported by an area finance office. During the year, the chart string is used on an approval basis, and at year end, the finance office supported the chart string retroactively. For example, a non-recurring expense budget journal could have been used to balance budget and actuals. Spending would have been covered by a surplus on a parent chart string.
Method 1: Zero-dollar expense budget	NUPlans makes it possible to continue creating zero-dollar expense budgets. If you take no action, the same zero-dollar budget will be created for this chart string in NUFInancials next year. However, there are two questions you can ask before leaving this chart string. Did reserves exist on this chart string at the beginning of this year and did current year spending affect those reserves? Find reserves in the Current Year Beginning Carry Forward column, FYXX Beg CFWD, at the intersection of account 79999. Provisionally, this 10,002 can serve as spending authority for the chart string next year. Next, find current year actuals in the FYXX YTD Obligations column and the current year forecast column. Notice no activity thus far, so no use of reserves. Finally, as a communication to your colleagues, you may enter a note, "Spending authority for next FY from Carry Forward." Let's call this method 1.
Method 2: Expense budget with spending authority from carry forward	A limitation of method 1 is that it doesn't communicate realistic expectations about spending. What if \$3,000 were a more realistic expectation? You can enter that expense amount on a representative account, such as 73010, or distribute the budget among likely accounts. In the absence of a forecast or target, prior year actuals can indicate likely spending patterns.

	<p>When you click recalculate, NUPlans confirms the intention to use reserves as a source of spending authority. In the line above Total Expense, notice the appearance of account 88992: USE OF RESERVES.</p> <p>Your note “Spending authority for next FY from Carry Forward” can remain because that statement is still true. However, in addition, the 3,000 expense budget communicates a more realistic expectation about spending. Let’s call this method 2. Before we move to method 3, let’s erase that.</p>
Method 3: Expense budget with spending authority from an allocation	<p>Now for method 3. Suppose the chart string has no reserves, or suppose you would rather not involve reserves. An allocation enables you to indicate the amount of spending authority derived from an operations chart string, such as a Dean’s or area finance office chart string.</p> <p>You can use an allocation, and you do that in NUPlans Web.</p>
Add an allocation in NUPlans Web	<p>Inside, open Applications and the Allocations folder. Click Allocation Input.</p> <p>First, select the budget grouping where the chart string belongs. As with budget input, you can work only in child budget groupings.</p> <p>This view lists all base chart strings. At the intersection of Dean/VP Allocation and the Unrestricted chart strings, you can enter allocation amounts.</p> <p>This example here already shows an allocation of 3000 to another faculty project. You can do the same again. Enter -3000 on project 10006057. Add 3000 to the giving chart string. Click Recalculate. The 3000 appears immediately in Contributor.</p>
Find the allocation in Contributor	<p>In Contributor, you need to refresh the view to see the allocation appear.</p> <p>Notice the appearance of the (3,000) in the Net row and the simultaneous appearance of account 88991 BUILDUP OF RESERVES. This remains only until you budget the expense.</p>
Add the expense budget	<p>Again, add the \$3000 and recalculate.</p> <p>Notice there is no indication of reserves in play.</p> <p>Your note should now say, “Spending authority from allocation.”</p>
Method 4: Expense budget with spending authority from revenue.	<p>Finally, it is possible to confer spending authority with a revenue budget.</p> <p>An example is this project 10006086. Notice that transfer revenue account 88802 exists on the chart string and that there is a history of transfers to this project.</p> <p>Notice below the expenses already budgeted. Just as in the past, the offsetting transfer of revenue is planned to match the expense budget. This is method 4.</p> <p>One last question. What if the transfer revenue account code did not yet exist on a chart string, but you want to budget the transfer in this way? No problem. You can add the transfer account code to the chart string in NUPlans Web. Find the steps in tutorials and job aids published on our training web site.</p>
Summary	<p>To recap, there are four ways to indicate spending authority and communicate an expense budget to your colleagues.</p> <ol style="list-style-type: none"> 1. Create a zero-dollar expense budget and verify reserves in Carry Forward 2. Budget expenses and indicate spending authority from the use of reserves 3. Budget expenses and indicate spending authority from an allocation 4. Budget expenses and indicate spending authority from revenue <p>Contact your budget analyst with questions about which method can work for you.</p>

NEED HELP? Contact IT Support Center • 847-491-4357 (1-HELP) • consultant@northwestern.edu