



#### Workshop Presenters

#### Timisha Luster

Resource & Policy Analyst

#### Roger Wade, CPA

**Business & Financial Coordinator** 

#### Jason Bane

**Business & Financial Coordinator** 



# Agenda

- Self-Supporting Funds
  - Overview
  - Excess Funds
  - Sales Tax Overview
  - Unrelated Business Income Tax (UBIT)
- Transfers
- Program Codes & NACUBO Function Codes
- Finding Your "Accounting String" Balance



## Agenda

- Encumbrances
- "Forgotten" Funds
- OBFS website resources
- Questions
- Session Evaluations



#### Overview

- Fund Types
- Acceptable type of activity
- Restrictions
- Expenditures charged elsewhere
- Required reconciliation
- Fact Sheet & Accruals



#### **Excess Funds**

- State of Illinois Legislative Audit Commission
  - "University Guidelines 1982"
- Based on Entity totals, not individual Fund
- How to avoid excess funds



#### Sales Tax Overview

- General Information
  - Section 18.6 OBFS Policy and Procedures
- Taxable Sales
  - Sales of tangible personal property



Unrelated Business Income Tax (UBIT)

- University is EXEMPT, unless ALL these conditions are met
  - Must be "Trade or Business," a profit motive
  - Must be regularly carried on
  - Must not be substantially related to IRC section
     501(c)(3) exempt purposes



#### **UBIT Allowable Deductions**

- Expenses directly related to production of UBI
- Expenses indirectly related to production of UBI



#### Resources

- OBFS Home >Accounting & Financial Reporting > FAQs web version
- OBFS Home >Accounting & Financial Reporting > Reference
   Materials > FAQs PDF

#### **Training**

- OBFS Home>Training Center>Job Aids & Training
   Materials>Accounting & Financial Reporting Training Materials

  Introduction to Solf Supporting Funds
  - > Introduction to Self Supporting Funds



Accounting Reference Materials

http://www.obfs.uillinois.edu/accounts/reference.shtml

Benefit Assessments by Fund Type

http://www.obfs.uillinois.edu/accounts/documents/Benefit Assessments
by fund type.doc

Fund Type Descriptions

http://www.obfs.uillinois.edu/accounts/documents/FundTypeDescriptions.doc

 Allowable Fund Type & NACUBO Function Code Combinations

http://www.obfs.uillinois.edu/accounts/documents/Allowable-Fund-Type-NACUBO-Function-Combinations.xls



#### **Contacts**

Roger Wade <a href="mailto:rwade@uillinois.edu">rwade@uillinois.edu</a>

217-333-9138

Roger Fredenhagen frednhgn@uillinois.edu

217-333-7156

Rich Rebot <a href="mailto:rrebot@uillinois.edu">rrebot@uillinois.edu</a>

312-996-5960

Linda McCaffrey <a href="mailto:linda">lmcca1@uillinois.edu</a>

217-206-7848



## More Key Accounting Issues

- Transfers dependent upon fund type
  - Budget
  - Funds
  - Expense
- NACUBO Functions:
  - What it Means & How it Works
  - Reporting
- Find Your "Accounting String" Balance



# State/ICR/Admin Allowance Funds Budget Transfers

- Work with Campus Budget Office
  - Budget Adjustment Request (BAR) form
- Avoid lump sum expense transfers (RC=100 or 170)
- Best Practices of Department and College Level Budgeting
  - by Russ Biskup and Todd Van Neck
- OBFS Policy & Procedures—<u>Section 3 Budget</u>
  - Budget policy updates



# Self-Supporting Funds Funds or Expense Transfers

- Budget is a management tool
  - Budget revisions, not transfers, are commonly done
  - Does not affect General Ledger balances
- Funds transfers are limited
  - Funds are not discretionary
  - For specific activity
  - Approval queue
- Expense transfers are used for specific transactions



## Gift/Endowment Income Funds Funds or Expense Transfers

- Allowable non-mandatory transfers
  - Gift Funds (4M)—use account code 417001
  - Endowment Income Funds (4J)—use code 417003
  - Rule code 104
- Donor intent restrictions
  - Ensure transfer to similar or less restrictive
- Approval queue
- No lump sum transfers on expense account codes
- Expense transfers are used for specific transactions



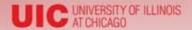
# Understanding NACUBO Function Codes

- Relationship between NACUBO function codes and Banner program codes
- Identify unit's operational activities with multiple activities in single fund (e.g., State/ICR)
- Identify function of the activity
  - National Association of College and University Business Officers (NACUBO)



#### **NACUBO Functions**

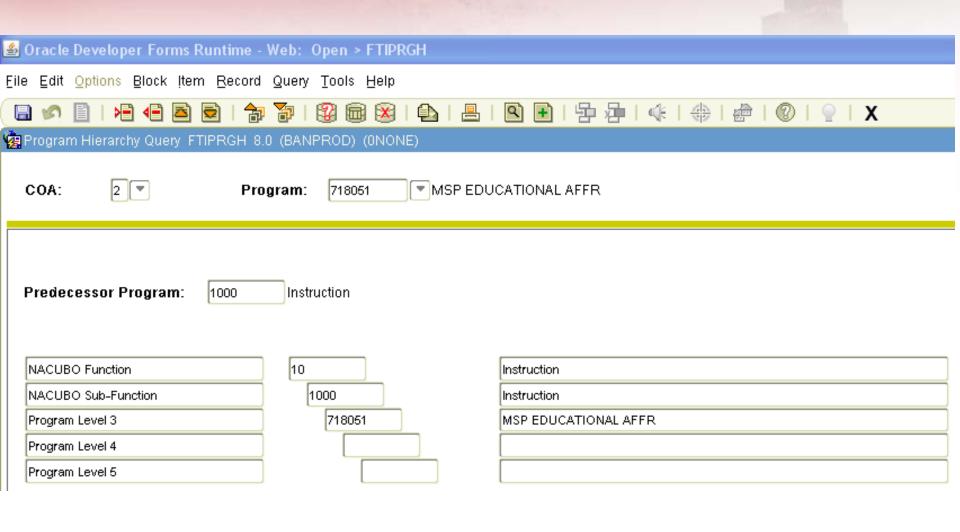
- Identify "functional" purpose of expenditures
  - Instruction (10)
  - Research (11)
  - Public Service (12)
  - Academic Support (13)
  - Student Services (14)
- Banner Program Codes and NACUBO Function
   Assignment

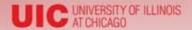


#### **NACUBO Functions**

- Banner Program code segment
  - Banner-FTIPRGH
  - Level 1 hierarchy
- Reporting purposes
  - Annual Audited Financial Statements
  - State Comptroller reporting
  - IPEDS—Integrated Postsecondary Education Data
     System







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# Fund Type Discrepancy Report

- Updated monthly by UAFR
- Allowable Fund Type & NACUBO Function
- Critical to University financial reporting
  - Report activities to funding entities
  - Facilities and Administration rate calculations
  - Audited annual financial statements



# Your "Accounting String" Balance

- Dependent upon the Fund type
- Finding Your "Accounting String" Balance
- Expense Budget Funds
  - Operating Ledger (Detailed Operating Ledger)
  - FGIBDST
- Revenue Funds
  - General Ledger (Detailed General Ledger)
  - FGITBSR



#### **Encumbrances**

- FGIENCD
- Job Aid-Banner Encumbrances FAQ
- Purchasing Office
  - Requisitions (R)
  - Purchase Orders (P)
  - Reducing Standing Purchase Orders
    - Ozie Williams at oziewill@uillinois.edu
    - Nancy Reynolds at <a href="mailto:nreynold@uillinois.edu">nreynold@uillinois.edu</a>



#### **Encumbrances**

- General Encumbrances (E)
  - Departmental responsibility
- Labor or Fringe (PR)
  - ViewDirect HRPAY00102 person specific
  - C-FOAP and personnel information
  - UAS@uillinois.edu
- Indirect Cost (ID)
  - Grants & Contracts Office



## "Forgotten" Funds

- Finding those <u>unused Funds</u>
  - Inactive since July 1, 2009
- Misclassified FOAPAL
- Terminating Gift and Endowment Income
  - Clean up account then email UAS and UIF
- Terminating Self-Supporting
  - Clean up account then email UAS



#### Final Notes

- OBFS website
- Conference website
- Ask the Experts table

