

2010 BRINGING ADMINISTRATORS TOGETHER CONFERENCE

Understanding Key Accounting Issues

University Accounting &
Financial Reporting

UIC UNIVERSITY OF ILLINOIS
AT CHICAGO

Succeeding in Challenging Times

Workshop Presenters

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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

Self-Supporting Funds

Overview

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

Self-Supporting Funds

Excess Funds

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

Self-Supporting Funds

Sales Tax Overview

- General Information
 - [Section 18.6](#) OBFS Policy and Procedures
- Taxable Sales
 - Sales of tangible personal property

Self-Supporting Funds

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

Self-Supporting Funds

UBIT Allowable Deductions

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

Self-Supporting Funds

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 Self Supporting Funds](#)

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>

Self-Supporting Funds

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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—[Section 3 - Budget](#)
 - 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

Oracle Developer Forms Runtime - Web: Open > FTIPRGH

File Edit Options Block Item Record Query Tools Help



Program Hierarchy Query FTIPRGH 8.0 (BANPROD) (0NONE)

COA: ▾

Program: ▾ MSP EDUCATIONAL AFFR

Predecessor Program: Instruction

NACUBO Function
NACUBO Sub-Function
Program Level 3
Program Level 4
Program Level 5

10
1000
718051

Instruction
Instruction
MSP EDUCATIONAL AFFR

NACUBO Functions

- Banner Program code segment
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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 nreynold@uillinois.edu

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 [unused Funds](#)
 - 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

