

2016 BRINGING ADMINISTRATORS TOGETHER CONFERENCE

Navigating the Fund Type Jungle

April 14, 2016

1:30 to 2:30 pm

UIC UNIVERSITY OF ILLINOIS
AT CHICAGO

UIC

Lincoln Hall

707 South Morgan Street

Workshop Presenters

University Accounting & Financial Reporting

- Tim Parrish
Financial Accounting & Reporting Analyst
tparris2@uillinois.edu 217-300-0284
- Jason Bane
Senior Business & Financial Coordinator
jabane@uillinois.edu 217-206-7848

Please ...

- Sign the attendance roster
- Avoid distracting others
 - Mute cell phones
 - Loud side conversations
- Complete the evaluation at the end of the workshop

Workshop Objectives

- Explain the principles of fund accounting
- Discover how to best use the different funds that you have available
- Identify available resources and training opportunities

University Accounting Environment

- **Fund Accounting – Definition**

- An accounting system used by non-profit & governmental organizations which emphasizes accountability (not profitability) to ensure proper stewardship and expenditure of financial resources received in compliance with applicable regulations, guidelines and restrictions associated with the funds received
- Financial resources received are recorded in a collection of different fund types, with each fund type having a different purpose depending on the source of revenue

University Accounting Environment

- **Fund Accounting – Definition (cont.)**

- Segregating these financial resources into separate fund types helps us properly classify and monitor resources appropriated, awarded, contributed, and entrusted to the University
- Properly classifying and monitoring these financial resources into separate fund types enables us to compile accurate financial statements which help illustrate how the University meets its mission of teaching, research, public service, and economic development

University Accounting Environment

- **Fund Accounting – Examples of Fund Types**

- **State** (1000YY – 1800YY, where YY = applicable FY)
- **Institutional Cost Recovery (ICR)** (200250)
- **Educational Admin Allowance (EAA)** (20020X)
- **Royalty** (200258)
- **Self-Supporting** (3XXXXXX)
- **Grant** (4XXXXXX – Federal & 5XXXXXX – Non-Federal)
- **Endowment Income** (61XXXX)
- **Gift & Service Plan** (62XXXX, 63XXXX)
- **Plant** (7XXXXXX)
- **Loan** (8XXXXXX)
- **Agency** (9XXXXXX)

University Accounting Environment

FOAPAL

- **Fund (Source):** Where is the money from?
- **Organization (Dept.):** Who is earning/spending \$?
- **Account (Classification):** What type of expense was purchased or what type of revenue was earned?
- **Program (Purpose):** How will the activity be presented on our financial statements?
- **Activity (optional):** Tracking short term projects
- **Location (optional):** Identify physical location of assets

University Accounting Environment

- **Financial Statement Presentation**

- Financial statements are prepared on an accrual basis in accordance with the Governmental Accounting Standards Board (GASB) principles
- Accrual basis of accounting
 - Recognition of revenue when earned (not received)
 - Recognition of expenses when incurred (not paid)
- Fiscal Year: July 1 – June 30

University Accounting Environment

- **Decentralized Accounting Environment**
 - Departmental officers have been delegated the responsibility for properly managing their financial information to ensure accurate reporting
 - Accurate financial information is critical to the integrity of the University's financial statements
 - Departmental officers ensure financial information is properly recorded in Banner for inclusion in financial statements

FAQs in Accounting

- Common questions about fund types, accounting processes, etc.
- <https://www.obfs.uillinois.edu/accounting-financial-reporting/faqs/>
- <https://www.obfs.uillinois.edu/accounting-financial-reporting/reference-materials/>

Accounting & Financial Reporting



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[Month-End Closing Schedule](#)

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Accounting & Financial Reporting Frequently Asked Questions

Browse FAQs by Category: - [EAA Funds](#) - [Gift Fund](#) - [Guide to Terminating FOAPAL Segments](#) - [ICR Funds](#) - [Journal Voucher \(JV\)](#) - [Non-Monetary Exchange](#) - [Property Accounting](#) - [Self-Supporting Funds](#) - [State Fund](#)

EAA Funds FAQs

- [What are Education and Administrative Allowance \(EAA\) funds?](#)
- [How are Education and Administrative Allowance funds identified in Banner?](#)
- [What types of transactions are allowed on Educational and Administrative Allowance funds?](#)
- [How are the budgets for Educational and Administrative Allowance funds assigned?](#)
- [How can I tell how much money I have left in my Educational and Administrative Allowance funds to spend?](#)
- [If our Educational and Administrative Allowance fund has funds available at the end of the fiscal year that we did not spend, does this available budget balance roll forward to the next fiscal year?](#)
- [Our unit's organization code has changed, and we'd like to transfer our Educational and Administrative Allowance budget to our new organization code. How can we get this accomplished?](#)
- [Can I transfer funds out of my Educational and Administrative Allowance fund and into another fund type? Can I transfer my Educational and Administrative Allowance funds to another unit?](#)
- [If I want to complete an expense transfer to/from an Educational and Administrative Allowance fund, what rule code should I use on the EAA fund side of the JV?](#)
- [If we use a specific program code with our Educational and Administrative Allowance funds, is it allowable to also use that same program code with our state or ICR funds \(or vice versa\)?](#)
- [I have a question that is not on this listing. Who do I contact?](#)

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Gift Fund FAQs

Gift Funds Maintenance - Basic Information

- [I need to set up a new gift fund. What steps do I need to take?](#)
- [What will the new fund number on these gift and endowment income funds look like?](#)
- [How do we know which program codes to assign to these new Banner gift and endowment income funds? Also, how do we know whether the current program codes assigned to our existing Banner gift and endowment income funds are correct?](#)
- [If we need to change the fund title, default organization or program code on one of our gift or endowment income funds, how do we get this done?](#)

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Accounting & Financial Reporting

Accounting Reference Materials

Reports

Banner Account Codes

UFAS to Banner Crosswalks

Year-End Procedures

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Reference Materials

Month-End Closing Schedule

My-UI-Financials Resource Page

Job Aids & Training Materials

Forms

FAQs

Who To Ask

- [Accounting & Financial Reporting Job Aids](#)
- [Allowance for Uncollectible Accounts Receivables](#) [posted: 4/19/12]
- [Banner Rule Codes](#) [updated: 5/27/11]
- [Benefits Assessments by Fund Type](#) [updated: 5/30/12]
- [Capitalized Construction Projects](#) [updated: 4/15/08]
- [Debits and Credits, Understanding](#) [updated: 5/6/11]
- [Detailed Commodity Code Listing](#) [1.1 MB] [updated: 5/6/11]
- [Using EDDIE 4.1 with Standard Reports](#)
- **FAQs:**
 - [Journal Vouchers \(JV\)](#) [posted: 6/15/15]
 - [EAA Funds](#)
 - [Gift Funds](#) [updated: 1/29/15]
 - [Guide to Terminating FOAPAL Segments](#)
 - [ICR Funds](#) [updated: 5/3/12]
 - [Non-Monetary Exchange](#) [posted: 4/17/09]
 - [Non-Monetary Exchange Flowchart](#) [posted: 4/17/09]
 - [Self-Supporting Funds](#) [posted: 03/01/16]
 - [State Funds](#) [updated: 4/9/10]
- [FOAPAL Quick Guide](#) [Banner 8.2: 10/14/09]
- [Forms to Request FOAPAL Segments](#)
- [Fringe Benefit Rates](#)
 - [FY16](#)
 - [+ FY06 through FY15](#)
- [Fund Type Descriptions](#) [updated: 1/7/16]
- [General Ledger Reports](#) : List indicating report name, ID, description, frequency and location
- [Guide to Banner Default Codes and Index Codes](#)
- [Guide to Banner Finance Forms](#) [Banner 8.2: 10/19/09]
- [Guide to Banner and Other Human Resources and Payroll Forms](#) [updated: 2/15/12]
- [Guide to Finding Your "Accounting String" Balance Portrait](#) [updated: 3/1/16]
- [Guide to Finding Your "Accounting String" Balance Landscape](#) [updated: 3/1/16]
- [JV Feeder Document Prefixes](#) [updated: 02/22/16]

Case Study #1

- Our department needs to pay for an annual subscription using State funding, but the subscription runs from 5/1/16 – 4/30/17. What are my options for processing this payment?

Case Study #1

- Pay the entire amount off of the current year's State fund
- Initially pay entire amount off of the current year's State fund, then transfer the FY17 portion over to 100017 after July 1
- Include the subscription's date range on the expense report in TEM

Case Study #2

- I'm reconciling my period 02 (August) statements in September, and realize there are rogue transactions and payroll adjustments on the prior year's State fund which need correcting. Is it too late to make these changes?

Case Study #2

- State funds are officially closed (no exceptions) on 8/31
- No changes can be made, including correcting rogue transactions or processing payroll re-distributions
- To avoid these situations, reconcile activity throughout August (using My-UI-Financials is a great way to do this)

Case Study #3

- I discovered that a grant-funded employee was overpaid in January. The grant period ends on April 30, and I'm unsure if we'll be able to collect from the employee before the grant closes. How do I account for this?

Case Study #3

- Process labor redistribution to move overpaid salary off of the Grant fund to another funding source (i.e., ICR)
- This ensures the grant will not be charged for this overpayment

Case Study #4

- I'm a new Business Manager. My department has a lot of gift funds. Are there any restrictions on their use?

Case Study #4

- Access to the UIF Online database is available through the U of I Foundation
 - <http://online.uif.uillinois.edu/>
- Knowing donor intent restrictions allows proper use of these funds
- For questions about available balances in Gift funds, contact UAFR

Case Study #5

- My business manager asks me to complete a JV to transfer unspent State fund budget to one of our Gift funds. They refer me to a prior year's JV, which used the 142900 account code. Is this an appropriate way to transfer funds?

Case Study #5

- No – funding transfers should not post to the 142900 (or any) expense account code
- Expense account codes should only be used when previously incurred expenses are being transferred
- Contact UAFR and/or your campus Budget Office for guidance on completing different types of funding transfers

Case Study #6

- Our department sells T-shirts and other inexpensive merchandise to our students and alumni. My colleague mentioned we have to collect sales tax on these sales. Is that true?

Case Study #6

- Yes – the Illinois Department of Revenue (IDOR) requires sales tax to be collected on the sale of goods
- Report taxable sales and the related taxes to UAFR monthly
 - UAFR files the appropriate tax returns and remits payment to IDOR

Case Study #6

- Collect sales tax regardless of funding source receiving the proceeds
 - Self-supporting revenue
 - Fundraising revenue (gift fund)

Case Study #7

- Our department sells goods through our website. We recently made sales to customers in Georgia and New Jersey. Do sales taxes need to be collected from those customers?

Case Study #7

- Yes – there are currently 16 states (in addition to Illinois) that require the University to collect sales taxes for goods shipped to customers in those states.
- Report taxable sales and the related taxes to UAFR monthly
 - UAFR files the appropriate tax returns and remits payment to those other states

Case Study #8

- Our department would like to purchase laptops and tablets to give to our high-achieving graduate and undergraduate students as awards. Is this allowable?

Case Study #8

- No – per State Property Control Act the State of Illinois owns all equipment purchased with University funding
- State property cannot be given away
- Alternate solution: make direct financial award payments to these students (which would be taxable)

Resources

- New Business Managers: [Welcome and Orientation](#)
- University Accounting [FAQs](#)
- Policy & Procedures
 - Section 11 [Gift and Endowments](#)
 - Section 13 [Accounting](#)
 - Section 22 [Self-Support/Revenue Generating](#)
- OBFS [Who to Ask](#)
- OBFS Job Aids and Training Materials
 - [Finance Systems Overview](#)
 - [Accounting & Financial Reporting](#)
- University of Illinois Foundation: [UIF Online Database](#)
- [Finding your Balances](#)

Resources

- FOAPAL String [Discrepancy Reports](#):
 - NACUBO-Fund Type and Rogue FOAPALS
- FOAPAL String [Maintenance Reports](#):
 - Unused FOPAL Codes and Multiple-Person FINMGR/GLDC contacts
- [Accounting Reference Materials](#):
 - FAQs, Guide to Banner Finance forms, Understanding Debits and credits
- Month End Close Schedule:
 - <http://www.obfs.uillinois.edu/accounting-financial-reporting/month-end-closing-schedule/>
- Fiscal Year End: [Closing/Opening Procedures](#)
- FCIAA: [Fiscal Control and Internal Auditing Act](#)
- University of Illinois: [Annual Financial Reports](#)

Workshop Summary

- Provided brief overview of the principles of fund accounting
- Discover how to best use the different funds that you have available
- Identify available resources and training opportunities

Questions

Join us at Ask The Experts next!
2:30 to 3:15