



# Kentucky Wesleyan College

Department Budget Manager  
Information

# Information Provided

- Definition of Key KWC Financial Concepts and Financial Account Numbering System
- Reading and Understanding Budget Reports
- Managing Budgets
- FAQs

# Fiscal Year/Period

- KWC's fiscal year runs from July 1 to June 30
- Fiscal Year is named by the year in which it ends. For example
  - FY 12 runs from July 1, 2011 – June 30, 2012
  - FY 13 runs from July 1, 2012 - May 31, 2013 \*\*
- Period 1 = July, Period 2 = August, etc.

(will be changing to a May 31 fiscal year end in FY 2013)

# FUNDING SOURCES

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graph TD; A[FUNDING SOURCES] --> B[Primary Source of Department Funds: Operating Budget (Fund 10)]; A --> C[Other Sources: Restricted Gifts & Grants (Fund 21) & Endowment Earnings (Fund 22)];
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Primary Source of  
Department Funds:  
Operating Budget  
(Fund 10)

Other Sources:  
Restricted Gifts &  
Grants (Fund 21) &  
Endowment  
Earnings (Fund 22)

# Funds

- Account numbers that start with “10” are unrestricted general operating funds
  - Budget money is allocated annually (source is primarily tuition & unrestricted gifts)
  - Monies are to be used for the routine daily operation of the department
  - Unused budget money does not roll over to subsequent year
- Account numbers that start with “21” are restricted gift/grant funds
  - Funding comes from an external source such as gifts or grants in which the DONOR restricts the use to a specific purpose or program
  - Funds have a specific donor-imposed purpose and monies must be utilized within those restrictions
  - Unused money does roll over to subsequent years with the same donor restrictions
- Account numbers that start with “22” are fund activities from an endowment fund
  - Funding comes from the earnings of an endowment based on the spending rate set by the board annually
  - Funds have a specific donor-imposed purpose and monies must be utilized within those restrictions. Most of these monies are restricted for scholarships.
  - Unused money does roll over to subsequent years with the same donor restrictions

# Expenditure Account Number Structure

**XX-XXX-XXXX**

(Fund – Dept – Line Item)

- **FUND** – first two digits that identify the source of the funds such as unrestricted operating, restricted gifts or endowment earnings.
- **DEPARTMENT** – a three digit code that identifies the specific department such as English, Biology, Football, etc. (same department for all funds)
- **LINE ITEM** – a four digit code that identifies the type of expenditure such as supplies, compensation, travel, computers, etc.

# Expenditure Account Number

**XX-XXX-XXXX**

(Fund – Dept – Line Item)

- All sections of the Account Number (2 digit fund, 3 digit department, 4 digit line item) must be used in coding expenditures
- Line items (last four digits):
  - 5000s denote Unrestricted Compensation Expenses
  - 6000s denote Unrestricted Program Expenses
  - 7000s denote Restricted Expenses
  - 8000s denote Endowment Earnings Expense

# Unrestricted Expenditure

## Account Number 10-XXX-XXXX

- **FUND** – first two digits that identify the source of the funds (unrestricted operations – 10)
- **DEPARTMENT** – a three digit code that identifies the specific department such as Business Office, Biology, Football, etc.
- **LINE ITEM** – a four digit code that identifies the type of expenditure such as supplies, etc.

Example – 10-121-6610 - Unrestricted – English – Instructional  
supplies



# Restricted & Endowed Expenditure Account Number

**21-XXX-7XXX or 22-XXX-8XXX**

- **FUND** – first two digits that identify the source of the restricted funds such as restricted gifts (21) or endowment earnings (22)
- **DEPARTMENT** – a three digit code that identifies the specific department such as English (121), Biology (134), Football (963), etc. (same for all unrestricted and restricted funds)
- **LINE ITEM** – a four digit code that identifies the restricted or endowed activity

Example – 21-121-7111 - Restricted gift expenditure for English –KRWW  
Program

Example – 22-121-8238 - Endowed earnings expenditure for English –  
Ryan Lecture

# Restricted & Endowed Revenue Account Number Structure

**XX-XXX-4XXX**

- **FUND** – first two digits that identify the source of the restricted funds such as restricted gifts (21) or endowment earnings (22)
- **DEPARTMENT** – a three digit code that identifies the specific department such as Business Office, Biology, Football, etc.
- **REVENUE ITEM** – a four digit code in the 4000s that identifies the restricted revenue source

Example – 21-121-4238 (Restricted gift revenue for English)

Example – 22-121-4738 (Endowed earnings revenue for English)

# Restricted & Endowed Earnings Fund Balance Account Number Structure

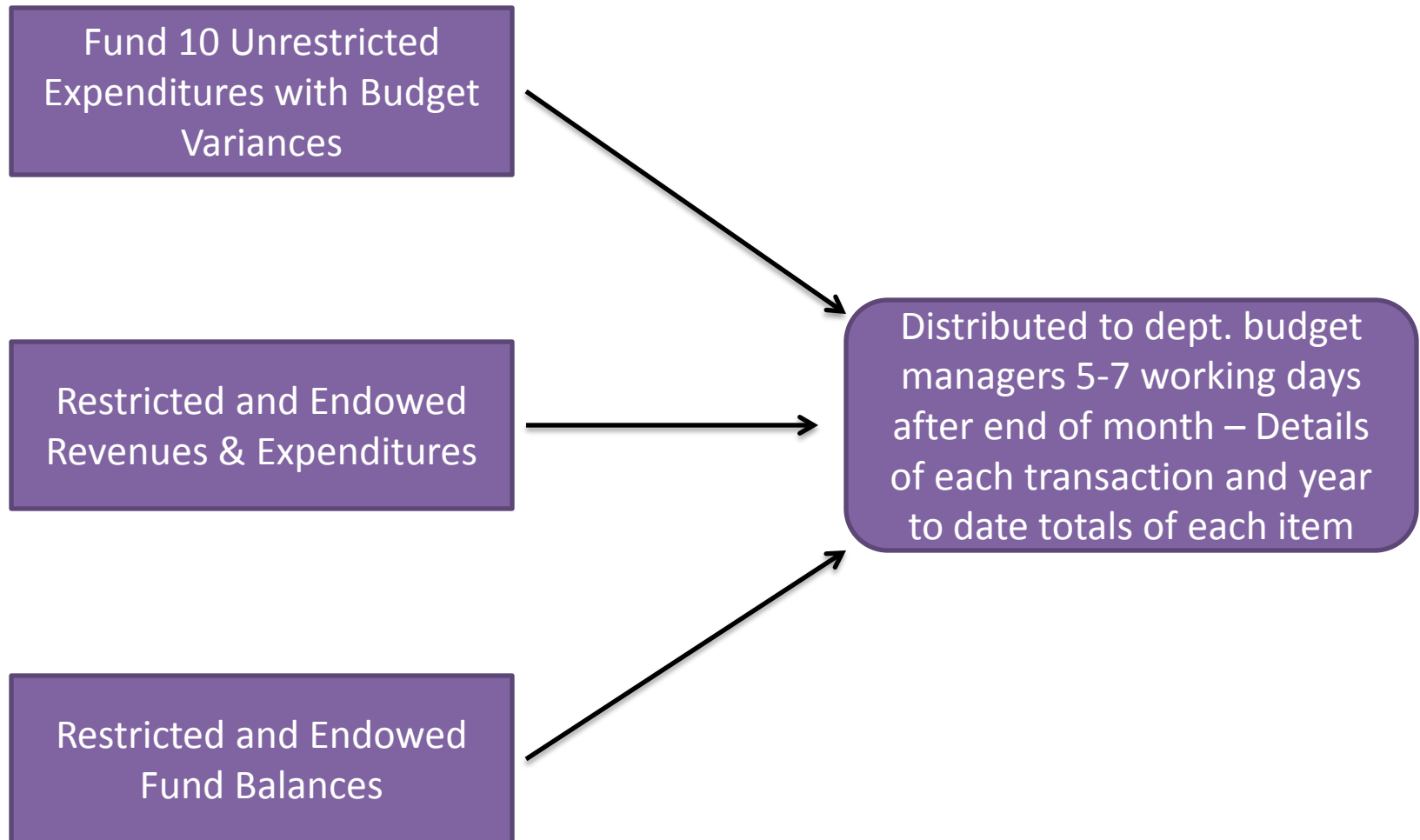
**21-XXX-3XXX or 22-XXX-3XXX**

- **FUND** – first two digits that identify the source of the restricted funds such as restricted gifts (21) or endowment earnings (22)
- **DEPARTMENT** – a three digit code that identifies the specific department such as Business Office, Biology, Football, etc.
- **FUND BALANCE**– a four digit code in the 3000s that identifies the net fund balance of the restricted/endowed activity

Example – 21-121-3156 (Restricted fund balance for English - Gifts)

Example – 22-121-3738 (Restricted Endowment fund balance for  
English – Ryan Lecture)

# Department Budget Reports



# Sample - Unrestricted Fund 10 Operating Budget Report Sent to Department Manager each month

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## Budget Variance Report June 22, 2012

Kendall Hall

Period Ending: June 30, 2012

	Budget Period	Actual Period	Variance Period	Annual Budget	Actual YTD	Variance YTD	Percent Remaining
109065700 Maintenance Salaries	(\$2,218)	\$0	(\$2,218)	(\$26,612)	(\$772)	(\$25,840)	97%
109065800 Student	(\$508)	(\$520)	\$12	(\$6,100)	(\$5,920)	(\$180)	3%
<b>Salary</b>	<b>(\$2,726)</b>	<b>(\$520)</b>	<b>(\$2,206)</b>	<b>(\$32,712)</b>	<b>(\$6,692)</b>	<b>(\$26,020)</b>	<b>79.54%</b>
109065900 FICA	(\$170)	\$0	(\$170)	(\$2,036)	(\$59)	(\$1,977)	97%
109065910 Health Insurance	(\$1,205)	\$0	(\$1,205)	(\$14,459)	\$0	(\$14,459)	100%
109065912 Life Insurance	(\$12)	\$0	(\$12)	(\$144)	(\$6)	(\$138)	96%
109065950 TIAA Retirement	(\$44)	(\$9)	(\$35)	(\$532)	(\$18)	(\$514)	97%
109065980 Staff/Head Resident Meals	(\$279)	\$0	(\$279)	(\$3,350)	(\$3,350)	\$0	0%
109065990 Campus Housing Allowance	(\$221)	\$0	(\$221)	(\$2,655)	(\$2,655)	\$0	0%
<b>Personnel Benefits</b>	<b>(\$1,931)</b>	<b>(\$9)</b>	<b>(\$1,922)</b>	<b>(\$23,176)</b>	<b>(\$6,088)</b>	<b>(\$17,088)</b>	<b>73.73%</b>
109066220 Maint-Bldgs/Equip	(\$583)	\$351	(\$934)	(\$7,000)	(\$16,649)	\$9,649	-138%
109066665 Dormitory Supplies	\$0	\$0	\$0	\$0	\$0	\$0	
109066780 Allocated Expense to Auxiliaries	(\$14,420)	(\$14,420)	(\$0)	(\$173,036)	(\$173,036)	\$0	-0%
<b>Program Expenditures</b>	<b>(\$15,003)</b>	<b>(\$14,068)</b>	<b>(\$935)</b>	<b>(\$180,036)</b>	<b>(\$189,686)</b>	<b>\$9,650</b>	<b>-5.36%</b>
<b>EXPENDITURES</b>	<b>(\$19,660)</b>	<b>(\$14,597)</b>	<b>(\$5,063)</b>	<b>(\$235,924)</b>	<b>(\$202,466)</b>	<b>(\$33,458)</b>	<b>14.18%</b>
	<b>\$19,660</b>	<b>\$14,597</b>	<b>\$5,063</b>	<b>\$235,924</b>	<b>\$202,466</b>	<b>\$33,458</b>	<b>14.18%</b>

# Reading Restricted Fund Reports

Kentucky Wesleyan College  
 Organization Detail Activity  
 June 25, 2012

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## Academic Support November 2011

Ledger Account	Date	Reference 1	Reference 2	Remarks	JE ID	Beginning Balance	Amount	Ending Balance
223043415		Ret End Bal - Stanley Reed La						(\$2,129.46)
223043527		Ret End Bal - Faculty Develop						(\$7,622.98)
223043541		Ret End Bal - Endowed Facult						(\$110.84)
223044739		Ret End Inc - Stanley Reed La		Spent Through Previous Month:		(\$338.87)		
	10/31/2011				JE0870		(\$52.89)	
	11/30/2011				JE1885		(\$31.73)	
				Total Spent This Month:			-84.62	
								(\$429.29)
223044985		Ret End Inc - Endowed Facult		Spent Through Previous Month:		(\$141.81)		
	10/31/2011				JE0870		(\$22.15)	
	11/30/2011				JE1885		(\$13.30)	
				Total Spent This Month:			-35.46	
								(\$177.37)
223044977		Ret End Inc - Faculty Develop		Spent Through Previous Month:		(\$2,194.70)		
	10/31/2011				JE0870		\$342.71)	
	11/30/2011				JE1885		\$205.62)	
				Total Spent This Month:			-548.33	
								(\$2,743.03)
223048029		Ret Endw - Stanley Reed La						\$61.66

# Expenditure Transactions

Types of transactions charged to budget:

- Monthly entries for college services – postage, photocopies, fleet vehicle mileage charges, etc.
- Invoices paid through Accounts Payable to outside vendors for office and program supplies, travel, etc)
- Transfers between KWC departments
- Cashier's Office activity such as Petty Cash and reimbursements

# Managing Budgets – THE ABC's

## A: Accurate Coding

- Campus-wide accurate fiscal reporting depends on accurate coding by all budget managers
- Use account line item description that most closely matches the type of purchase
- Line items can be utilized even if they do not have budget funds allocated – request a budget allocation change to the Controller

## B: Bottom Line

- You do not have to stay within budget in every line item
- However, you should NOT spend more than the department total program budget allocation
- Use department spending history to refine annual budget requests and allocations - Keep reports for reference

## C: Check reports periodically

- Monitor your budget on a monthly basis. Contact the Business Office staff with any questions /corrections.
- You will be able to more effectively manage your budget and avoid possible overages if you are aware of the budget status throughout the fiscal year.



# Managing Budgets

## The Department Budget Manager...

- Is responsible for all budget expenditures. Your approval indicates that the expenditure is appropriate and adheres to college purchasing guidelines (see KWC Business Policies on the PantherNet!)
- Is expected to control spending within the limits of the budget. Particular caution must be taken at the end of the year when determining the availability of funds since many transactions are in process (monthly college services such as phone, copier charges, postage, etc.).
- Develops proposed budgets for submission to the Institutional Budget Advisory Committee in the spring for the next fiscal year. Past spending history and assistance are available from the Business office staff and college officer responsible for that department
- Should contact the Controller with any questions regarding the monthly budget report .

# Agency Funds

- Funds held for others such as external student clubs or groups (All American Club, Fraternities, etc.)
- Funds belong to external group so they always roll into subsequent years
- Agency account funds are tracked with one six digit account number:
  - 10XXXXX

# FAQs

1. When should I contact the Business Office?

- You see a transaction in your budget that you do not understand or recognize
- You are having difficulty managing your budget and may want to reallocate funds within the line items of your total budget

2. May I use unspent compensation or student wage budget monies to cover overages in my operating budget?

- No. These are not within a department's prerogative to expend

3. May I reallocate budget amounts with the department budget during the year?

- Yes. Contact the Business Office. We do not recommend moving very small amounts of budget between lines, but will move budget to help you more effectively manager your budget

# FAQs

4. How timely is the data in the monthly budget report?
  - Any entry posted in the system by month-end is reflected in the budget report. Unfortunately, interim reports during a month are not available to budget managers.
  
5. How do I get more budget money?
  - If you need additional student wage monies, please contact the Financial Aid Office to discuss availability of funds for your department.
  - The college Officers are responsible for operating and restricted monies in his/her areas of responsibility. The Officer responsible for your department should be consulted promptly if a budget issue arises.
  
6. Can I roll unused operating budget monies (fund 10) forward from one year to the next?
  - No. This allocation of funding is an annual allocation (per external regulations) .

# FAQs

## 7. Who do I call with a question about

- Operating Budget Questions/Transfers – Controller - Courtney Le Masters in the Business Office; extension x3107
- Student Wage Budget Questions/Transfers – Samantha Hays in Financial Aid Office
- Budget allocation for my department – Officer responsible for your department

# Business Office Services

- We hope that you find this departmental budget information helpful
- We are always interested in hearing:
  - Your thoughts and ideas that would result in more efficient use of financial resources for the Kentucky Wesleyan community
  - Ways our office can more effectively meet your needs
- Please contact us with any questions/comments: Business Office 270-852-3113 or Controller Office 270-852-3107
- Cindra [cindrast@kwc.edu](mailto:cindrast@kwc.edu) or Courtney [clemasters@kwc.edu](mailto:clemasters@kwc.edu)