

FY09 DESIGNATED/AUXILIARY BUDGET PREPARATION

Budgets for Designated and Auxiliary indexes are prepared and submitted following approval of a Unit's operating plan. The revenue and expenditure information will be projected on a quarterly basis at the individual index code level.

The elements outlined in the approved Operating Plan will significantly affect how the individual budgets will be prepared. Plans will be completed and approved at the operating unit level before the budget preparation process begins. The result of this process will be individual budgets that are consistent with and support the approved Plan for each of the operating units. Viewed in this context, budgets will become a more effective tool for proactive management.

LOGISTICS AND TIMING *(Key Questions)*

What form is used to submit the budget?

The FY09 Des/Aux Budget Form

How will budget forms be distributed to the departments?

Budget forms will be distributed electronically by Office of University Planning, Budgeting, and Analysis (OPBA) and are also located on the OPBA website, <http://www.umt.edu/plan/>.

What signatures are required for approval on the budget submission forms?

Signatures of the Unit Manager and Fiscal Contact are required.

How will budget forms be submitted to OPBA?

Signed budgets will need to be submitted in hard copy form as well as electronically.

When are budgets due to OPBA?

Budget forms are due May 30, 2008.

When will budgets be available in Banner?

Designated and Auxiliary budgets will be available in Banner July 1st.

PREPARATION

1. Gather the tools needed to build the budget:

- FY09 Des/Aux Budget Form
- Copy of the Operating Plan
- Quarterly Performance Report
- Data Warehouse reports
- Planning Assumptions
- ESF Replacement Report (from Human Resources)
- Manager's knowledge of each index code

*Course Fees Index
Codes:*

*Course fees are
assessed to cover the
unique or
extraordinary costs
associated with the
delivery of a course.
Be sure that expenses
identified are
appropriate use of
course fee revenue.*

2. Review the Operating Plan

In some smaller units, the Operating Unit Manager will also be the person developing the underlying budgets. In more complex cases, additional persons will be involved in preparing individual budgets. In the second case, it is critical that the budget preparation process involves a dynamic, collaborative interaction between the Operating Unit Manager and Fiscal Contacts.

Illustrations of the procedural differences for these two cases follow.

a. The Operating Unit Manager is also preparing the individual budgets:

- Thoroughly review your approved Operating Plan, concentrating on the expectations for
 - Changes in revenue streams due to shifts in enrollment levels, economic conditions, etc.,
 - Changes in contractual arrangements and resulting financial impacts from adjustments in rates or fees from customers or service providers,
 - Significant pending capital purchases or construction agreements,
 - Impacts from implementing the personnel plan, and
 - Changes in operating costs, such as increases in utility rates;
- Consider how these assumptions should affect the budget *for this particular Index*; and
- Consider whether conditions have changed in any significant way since the Operating Plan was approved. If there are significant changes complete the Plan Amendment form and submit it along with the budget(s). This form needs to be signed by your Executive Officer.

b. Someone other than the Operating Unit Manager is preparing individual budgets:

- Obtain a copy of the approved Operating Plan from the Unit Manager. Thoroughly review and understand the Plan, concentrating on the expectations for
 - Changes in revenue streams due to shifts in enrollment levels, economic conditions, etc.,
 - Changes in contractual arrangements and resulting financial impacts from adjustments in rates or fees from customers or service providers,
 - Significant pending capital purchases or construction agreements,
 - Impacts from implementing the personnel plan, and
 - Changes in operating costs, such as increases in utility rates;

- Discuss with the Operating Unit Manager how these assumptions might affect the budget *for this particular Index*; and
- Consider whether conditions have changed in any significant way since the Operating Plan was approved. If so, discuss the possible impacts with your Unit Manager and whether a modification to the Plan might be in order. If there are significant changes, complete the Plan Amendment form and submit it with your budgets. This form needs to be signed by your Executive Officer.

3. Analyze the Quarterly Performance Report

The Quarterly Performance Report is available on the OPBA website after the close of each quarter. This report reflects actual activity versus budget for the Quarter and YTD.

- a. Use this report to determine historical quarterly revenue, expense, capital purchase, and transfer trends for individual indexes. Although not a reliable predictor of the future, recent trends provide a starting point from which conclusions about future expectations can be drawn;
 - Identify specific revenue streams and expense categories.
- b. Determine the probable timing of revenue and expense for the next fiscal year.

4. Use other available tools

Use other tools that may be available to you such as the Data Warehouse, monthly reports and the knowledge of the managers of each of the index codes.

COMPLETE THE BUDGET FORM

1. Begin with Section A (Permanent Employees) of the Budget by Quarter form

Section A details specific information for each of your permanent positions (account code 611XX). The information provided must be consistent with the personnel assumptions contained in the Operating Plan for your unit. You will need to complete Section A for all indexes with permanent employees.

- a. Complete the header information on the form:
 - a. Fill in the index code name, and
 - b. Fill in the Fund, Org, Program and Index
- b. List all permanent employees by name for each index code. For each employee, include the following information:
 - Banner account code,
 - Position # (six digits),
 - FTE, and
 - Annual salary amount – consider annual raises (OPBA will provide salary calculations)
- c. Be sure to consider any new or vacant positions.
- d. The totals from Section A will automatically transfer to the first page of the budget by quarter form (a formula has been entered). Verify that the totals from section A equal the totals on the permanent position line on page one of the Budget by Quarter form.

2. Complete Section E (Temporary/Part Time Employees) of the Budget by Quarter form

Section E details specific information for each type of temporary/part time employee. The information provided must be consistent with the personnel assumptions contained in the Operating Plan for your unit. You will need to complete Section E for all indexes with temporary/part time employees.

a. List all types of temporary employees such as students (all employees that are paid under a 612XX account code). For each type of employee, include the following information:

- Banner account code,
- Pooled position number (six digits), and
- Annual salary amount.

Note: Employee name and FTE are not required.

b. Verify that the totals from Section E equal the totals on the temporary/part time position line on page one of the Budget by Quarter form. The totals from Section E will automatically transfer to the first page of the budget by quarter form (a formula has been entered).

3. Complete Sections B, C and D (Transfers and Allocations) of the Budget by Quarter form.

You will need to complete sections B, C and D for Indexes with any of the following:

- *Mandatory Transfers In*
- *Non-Mandatory Transfers In*
- *Allocations In*
- *Allocations Out*
- *Mandatory Transfers Out*
- *Non-Mandatory Transfers Out*

a. Complete Section B, Transfers In, for each quarter and each applicable account code:

- Consider any Transfer In assumptions addressed in the Operating Plan,
- Consider trended actual information from the Quarterly Performance Report as comparison indicators,
- Take into account any new transfers,
- Identify the source of each transfer, and
- Verify that the totals from Section B equal the totals on the Transfers In line of the first page of the Budget by Quarter form. The totals from Section B will automatically be transferred to the Transfers In line on Page One of the Budget by Quarter form.

Definitions:

Transfers – movement of funds to/from an Index in a different fund group, i.e., Auxiliary to Designated.

Allocations – movement of funds between Indexes within a fund group, i.e., Auxiliary to Auxiliary.

- b. Complete Section C, Allocations, for each quarter and each applicable account code:
 - Consider any Allocation assumptions addressed in the Operating Plan,
 - Consider actual information from the Quarterly Performance Report as comparison indicators,
 - Take into account any new allocations,
 - Identify and note the source/destination of each allocation, and
 - Verify that the totals from Section C equal the totals on the first page of the Budget by Quarter form. The totals from Section C will automatically be transferred to the Allocation line on Page One of the Budget by Quarter form.

- c. Complete Section D, Transfers Out, for each quarter and each applicable account number:
 - Consider any Transfers Out and/or debt service assumptions addressed in the Operating Plan,
 - Consider actual information from the Quarterly Performance Report as comparison indicators,
 - Identify and note the destination of each transfer out, and
 - Verify that the totals from Section D equal the totals on the transfer out line of the first page of the Budget by Quarter form. The total from Section D will automatically be transferred to the Transfers Out line on Page One of the Budget by Quarter form.

4. Complete Page One of the Budget by Quarter Form

Complete Page One of the Budget by Quarter form for each index.

- a. Complete the header information on the form:
 - Fill in the index code name and number.

- b. Complete the revenue section for each quarter; being sure to include all applicable revenue account codes (please add additional revenue codes as needed):
 - Consider the revenue assumptions described in the Operating Plan,
 - Use actual information from the Quarterly Performance Report as comparison indicators,
 - Consider revenue allocations and transfers in,
 - Verify that Allocations within Funds ties to the total from Section C of the Budget by Quarter form,
 - Verify that Transfers In ties to the total from Section B of the Budget by Quarter form, and
 - Consider any other factors such as new fees, rate increases and volume changes.

- c. Complete the remaining Personal Services lines for each quarter and each applicable expense account code:
 - Verify that the total Permanent Position budget ties to the total from Section A of the Budget by Quarter form and that the total temporary/part time ties to the total from Section E (*do not load personnel budget directly into the budget by quarter form – use Section A and E*),
 - Use the actual information from the quarterly revenue and expense report as a guide for projections,
 - Calculate the percentage anticipated for annual salary increases for non-permanent positions, if applicable,
 - Use the benefit schedule provided in the assumptions to estimate the costs of benefits, and
 - Review the Operating Plan to see if any other assumptions should be taken into account.
- d. Complete the Operating Expense Section for each quarter and each applicable expense account. Add additional expense account codes as needed.
 - Consider the expense assumptions as described in the Operating Plan,
 - Use the actual information from the Quarterly Performance Report as a guide for projections, and
 - Consider any other factors such as an increase in utilities or a significant one time expense or savings.
- e. Complete the Capital Purchases section for each quarter and each applicable account code:
 - Consider the Capital Purchases assumptions as described in the Operating Plan, and
 - Consider any other new capital items.
- f. Complete the transfers out line for each quarter:
 - Verify that Transfers Out equals the total from Section D of the Budget by Quarter form.

5. Review all forms for accuracy and make any needed changes.

6. The appropriate Operating Unit Manager signs the completed budget form.

7. The Operating Unit Manager completes the Projected Fund Balance Summary form.

- a. Complete the header information on the form:
 - Fill in the Operating Unit Name, and
 - List the index #'s included in the Operating Unit.
- b. Enter the fund balance projection information to include the following:
 - Beginning Fund Balance (as of July 1st),
 - Actual YTD revenue – Use the actual YTD revenue amount from the most current Data Warehouse report,
 - Actual YTD expense - Use the actual YTD expense amount from the most current Data Warehouse report,
 - Estimate of revenue and expense to Year End (June 30th), and

- c. Do not enter the estimated ending fund balance for the current fiscal year. It is calculated by a formula already entered in the Fund Balance Form.
- d. Enter the revenue budgeted for the next fiscal year.
Total revenue should equal the sum of the revenue budgeted for each index code.
- e. Enter the total expense budgeted for the next fiscal year.
Total expense should equal the sum of the expense budgeted for each index code.
- f. Net revenue is automatically calculated (a formula has been entered in this field).
Net revenue should equal the sum of the net revenue from each of the index codes.
- g. Estimated ending fund balance for the next fiscal year is calculated by using a formula already entered in the Fund Balance Form.
- h. Sign and date the form.
- i. Forward the form along with the budget forms to OPBA.

8. SPABA Index Codes – Special Instructions

Detailed budgets are required for each SPABA index and are due May 30th with all other budgets. Projections of expected distributions are generally available in late spring from Research and Development. Follow the same steps as discussed above (for all other Designated and Auxiliary index codes) to develop a SPABA budget. All SPABA budgets should be submitted to OPBA.

9. Fee Index Codes – Reminder

In most Designated fee index codes, revenue generated from fees can only be used for specific types of expenses. For example laboratory consumables, materials used by students to create a product that become the students' property after use in a specific course, and study abroad program expenses. Additional information is available upon request. Budgets for fee index codes should be developed with this in mind.

If there are any questions, contact the budget analyst for the operating unit.