



Budget Office

BUDGET MANAGER'S MEETING

JULY 17, 2018



Budget Office

BANKED FUNDS OVERVIEW

BUDGET MANAGER'S MEETING

JULY 17, 2018

Purpose of Banked Funds Presentation:

- Provide clarity and transparency to Banked Funds
- Review how Banked Funds are calculated
- Explain how funds are recorded and tracked
- Review how to request use of Banked Funds

Clarity and Transparency for Banked Funds

- Guidance was provided in the Banked Funds memo dated April 25, 2017 (*Internal Bank Operations and FY18 Balances*)
- Banked Funds Summaries for FY17 are found on unit shared drives
- FY18 calculation and communication
 - ✓ Final FY18 unit results: Late August/Early September
 - ✓ Calculation of Banked Funds: 7-10 days after final results are produced

Banked Funds Calculation

Definition: Banked Funds are calculated by comparing the Year-end Actuals to the Budget/Target. A distinction is made between Restricted and Unrestricted banked funds.

Example:

All-Funds	FY18 Budget	FY18 YE Actuals	Variance
Revenue	62,877,059	72,380,334	9,503,275
Expense	56,705,518	64,483,379	7,777,861
Net Surplus/(Deficit)	6,171,541	7,896,955	1,725,414

Banked Funds

Banked Funds Calculation, continued.

Budget, Actuals, and Variance are split by Fund Type (Unrestricted, Restricted – Gift, Endowment and Sponsored Awards)

FY18 Budget					
	Unrestricted	Restricted Gifts	Endowment	Sponsored Awards	TOTAL
Revenue	35,574,983	16,500,240	10,611,836	190,000	62,877,059
Expense	30,189,560	15,875,000	10,450,958	190,000	56,705,518
Net Surplus/(Deficit)	5,385,423	625,240	160,878	-	6,171,541

FY18 Actuals					
	Unrestricted	Restricted Gifts	Endowment	Sponsored Awards	TOTAL
Revenue	40,377,606	14,625,300	11,142,428	235,000	66,380,334
Expense	34,416,099	14,797,500	9,034,780	235,000	58,483,379
Net Surplus/(Deficit)	5,961,507	(172,200)	2,107,648	-	7,896,955

Variance					
	Unrestricted	Restricted Gifts	Endowment	Sponsored Awards	TOTAL
Revenue	4,802,623	(1,874,940)	530,592	45,000	3,503,275
Expense	4,226,539	(1,077,500)	(1,416,178)	45,000	1,777,861
Net Surplus/(Deficit)	576,084	(797,440)	1,946,770	-	1,725,414

Bankable Amount	576,084	(797,440)	1,946,770	-	1,725,414
-----------------	---------	-----------	-----------	---	-----------

VARIANCE

EQUALS

Banked Funds By Fund Type

Unrestricted Banked Funds are Recorded and Maintained in FAS to ensure accurate tracking and proper accounting.

Unrestricted Banked Funds are recorded in unit specific accounts in CBI (Central Budget Items)/Exec 98.

Unrestricted

	FY18 Budget	FY18 YE Actuals	Variance
Revenue	35,574,983	40,377,60	4,802,623
Expense	30,189,560	34,416,09	4,226,539
Net Surplus/(Deficit)	5,385,423	5,961,50	576,084

98-499XXX Unrestricted Banked Surplus	Additions	Use	Net Change	Balance
Beginning Balance				-
FY17 Unrest. Banked Surplus	1,500,000		1,500,000	1,500,000
FY18 Unrest. Banked Surplus	576,084		576,084	2,076,084
FY19 approved use of Bank (e.g. capital project)		500,000	(500,000)	1,576,084

How to Request Use of Unrestricted Banked Surplus



Use of Banked Funds Request Form

Instructions: Use this form to request the use of banked funds or accumulated fund balances to offset unexpected future deficits, smooth “lumpy” gift income, support one-time programmatic needs, provide start-up funds, fund entrepreneurial endeavors or help pay for capital projects. The use of banked funds or accumulated fund balances generally represents a “one-time” funding source. If this request is for an entrepreneurial or start-up program, you must submit a supporting business case along with this form that details the new program requirements, estimated costs of the new program, and a detailed plan and timeline for the program to generate sufficient revenue to become self-sustaining. The use of banked funds or accumulated fund balances for recurring expenditures without a corresponding plan for generating supporting revenues can lead to a fiscal cliff and missed financial targets. Please submit completed forms and all supporting documentation to your unit’s budget analyst or via email to the Budget Office at budgetoffice@uchicago.edu.

Type of Request:	<input type="checkbox"/> One-Time <input type="checkbox"/> Entrepreneurial/Start-up <input checked="" type="checkbox"/> Capital <input type="checkbox"/> Other	
Requesting Unit:		
Explanation for Use of Funds:	Capital Project: XXX	
Total Amount of Request:		
Type of Funds:	<input checked="" type="checkbox"/> Unrestricted Bank Balance <input type="checkbox"/> Restricted Gifts and Endowment	
For Use of Accumulated Fund Balance (Restricted Gifts and Endowment), List Fund Account(s) and Amount(s) to be utilized. If more accounts are to be utilized than the number of spaces provided, please attach a separate page with a complete listing of account numbers and amounts to be utilized to fund this request.	Account(s)	Amount (\$)
	Total Amount of Request:	\$ 500,000
Exec-level Approval:	Name	Date:
Budget Office Approval:	Name:	Date:

Goal of this form:

- Communicate on Missed Targets
- Protect against “Run on the Bank”
- Memorializes understanding with Provost’s Office

Restricted Banked Funds are Recorded and Maintained in FAS in account Fund Balance.

Gift or Endowment amounts included in Banked Funds are a one-year subset of total Gift or Endowment Fund Balance.

Restricted-Gift

	FY18 Budget	FY18 YE Actuals	Variance
Revenue	16,500,240	14,625,300	(1,874,940)
Expense	15,875,000	14,797,500	(1,077,500)
Net Surplus/(Deficit)	625,240	(172,200)	(797,440)

Current Year Activity

Gift Funds	Beg Bal	FY18 Gifts	FY18 Expenses	Fund Bal Change	Ending Bal
Washington Gift	5,357,095	5,020,400	4,500,000	520,400	5,877,495
Chen Gift	56,804	251,468	846,857	(595,389)	(538,585)
Chaudhry Gift	6,582,126	9,000,878	5,746,985	3,253,893	9,836,019
Karlsson Gift	8,568,450	352,554	3,703,658	(3,351,104)	5,217,346
TOTAL	20,564,475	14,625,300	14,797,500	(172,200)	20,392,275

When to request use of Banked Surplus?

Use of Banked Surplus must be requested, to:

- 1) Meet target
- 2) Fund a specific one-time operational need
- 3) Fund a capital project

How to Request Use of Restricted Banked Surplus



Use of Banked Funds Request Form

Instructions: Use this form to request the use of banked funds or accumulated fund balances to offset unexpected future deficits, smooth "lumpy" gift income, support one-time programmatic needs, provide start-up funds, fund entrepreneurial endeavors or help pay for capital projects. The use of banked funds or accumulated fund balances generally represents a "one-time" funding source. If this request is for an entrepreneurial or start-up program, you must submit a supporting business case along with this form that details the new program requirements, estimated costs of the new program, and a detailed plan and timeline for the program to generate sufficient revenue to become self-sustaining. The use of banked funds or accumulated fund balances for recurring expenditures without a corresponding plan for generating supporting revenues can lead to a fiscal cliff and missed financial targets. Please submit completed forms and all supporting documentation to your unit's budget analyst or via email to the Budget Office at budgetoffice@uchicago.edu.

Type of Request:	<input type="checkbox"/> One-Time <input type="checkbox"/> Entrepreneurial/Start-up <input type="checkbox"/> Capital <input type="checkbox"/> Other	
Requesting Unit:		
Explanation for Use of Funds:	Fundraising fell short of budget expectations	
Total Amount of Request:		
Type of Funds:	<input type="checkbox"/> Unrestricted Bank Balance <input checked="" type="checkbox"/> Restricted Gifts and Endowment	
For Use of Accumulated Fund Balance (Restricted Gifts and Endowment), List Fund Account(s) and Amount(s) to be utilized. If more accounts are to be utilized than the number of spaces provided, please attach a separate page with a complete listing of account numbers and amounts to be utilized to fund this request.	Account (#)	Amount (\$)
	Chen Gift (6-XXXXX)	172,200
	Total Amount of Request:	\$172,200
Exec-level Approval:	Name	Date:
Budget Office Approval:	Name:	Date:

Goal of this form:

- Smooth lumpy fundraising/gift receipts
- Spending down prior year fund balances

Summary

- UC FY18 Bankable Funds Memo and UC FY18 Bankable Funds Request Form found at:

<https://budgetoffice.uchicago.edu/resources-reports/>

- FY18 Banked Funds Calculation, approximately 7-10 days after final FY18 results.

QUESTIONS?

Any questions, please contact your Budget Analyst or send email to budgetoffice@uchicago.edu.