WHERE DOES THE MONEY COME FROM AND HOW DO I SPEND IT?

Produced to assist CWU academic affairs division department staff regarding fiscal questions.

Summer 2002
Revised Fall 2012
Where does the money come from?
  - Short Answer 3
  - Long Answer 4

And How Do I Spend It? 5
  - Create a budget 5
  - Establish Allocations 6
  - Spending 8

The Other Step Involved – Manage 9

Understanding Fund Balance 11

Appendix I - Glossary 14
Where does the money come from?

Short Answer

The funds for your department’s operations come from one of, or a combination of, the following funding sources:

Fund 001 /149 - Combination of State appropriations and tuition funds. These are non-revenue generating projects. The budget allocation you receive is the total of the amount you have for expenditures; unless a budget change is processed to decrease a budget allocation in another Fund 001 project and increase an allocation within your project.

Fund 148 - Local Dedicated General funds, revenue-generating projects used to account for resources, often referred to as self-supporting. Examples of sources of revenue are summer session funds, Continuing Education distributions, charges for services, academic course fees, indirect cost recoveries from research and other grants, rentals and charges for use of academic related equipment.

Fund 450, 460, 470, 522, 524, 525, 528, 573 - Revenue generating projects. For example, Student Activities Fees, CHCI Gift Shop, Theatre Productions.

Fund 145 - Grants and contracts received from agencies of the state and federal governments, from industry, foundations, and private sources for special activities.

Central Washington University Foundation projects- The CWU Foundation is a separate entity and funds within this ledger are not discussed in this document. For information on processes for these projects you should contact staff in the Foundation office.

You need to be aware that there is a difference between budget allocations and fund balance. Every project must have a budget allocation and an available budget balance. Only projects within revenue funds have fund balances that you need to track at the department level along with the budget allocation balances. When discussing your “balance,” to avoid misunderstandings, you need to be sure those you are reporting to or requesting information/assistance from realize which “balance” you are referring to.
The State of Washington makes funding decisions on a two-year cycle. The biennium begins on July 1 of an odd numbered year and ends on June 30 of the next odd numbered year. An example is July 1, 1999 through June 30, 2001 is the 99-01 biennium and the fiscal year is referred to by the second year. In this example the fiscal year would be 2001 or FY01. Because the economy is not static there is a continual review of projected revenues and expenses and the biennial budget is not permanently fixed for the duration of the two-year cycle. Each year the Legislature reviews biennium appropriations, requests for adjustments, and determines changes to be made to the original biennial appropriations. This mid-year adjustment is referred to as a Supplemental Budget. CWU participates in this state biennial budget and supplemental budget process. Within this process there are actually two types of budgets – operating and capital. The capital budget involves monies appropriated by the Legislature for acquisition, construction, repair or improvement of fixed assets such as land and buildings and will not be discussed in this document.

The operating budget, as the title suggests, involves monies appropriated for operational expenditures. Development of the CWU operating budget is a lengthy process. Externally it involves CWU’s participation in a) development of a recommendation from the Council of Presidents (COP); b) providing information to the Higher Education Coordinating Board (HECB); c) preparing and submitting a biennium request to the Office of Financial Management (OFM); and d) presenting specific data to legislators to support CWU’s requests.

Internally the budget development process is a bottom up process. It involves requests from departments routed to the appropriate AVP/Dean/Director; from AVP/Dean/Director to the Provost; from the Provost and Vice Presidents to the President’s Cabinet and the Budget & Finance Committee; and finally a recommendation from the President to the Board of Trustees for adoption and implementation. Requests will be revised several times during this process and should be consistent with strategic plans for each unit and the University goals and mission. CWU formulates budget plans based on OFM’s and the HECB’s recommendations to the Legislature and tuition fund revenue based on projected enrollments, but the exact amount being allocated by the Legislature will not be known until the state budget is passed and finalized.

The Board of Trustees has historically approved the internal annual operating budget during its June meeting. If the Legislature has not finalized the state’s budget and the allocations to CWU by June, the Board of Trustees may pass an interim budget to begin the fiscal year. The BOT then approves the final operating budget once legislative allocations are finalized. Business and Finance staff implements the Board approved budget in the month of July and begins communicating with staff in each Executive Level to balance the new fiscal year allocations utilizing the Budget Planning System (BPS). Once all of the allocations have been balanced for all levels of the university they will be posted to the financial management system (FMS).
-- And How Do I Spend It?

**First –**

Before any funds can be spent or expenditures can be processed, there **must** be a budget allocation at the necessary budget account level. Once approved by the Board of Trustees, the annual operating budget outlines a University level plan for spending available state and tuition funds (Fund 001/149) for the following fiscal year, which runs from July 1 to June 30. Depending upon the activities and mission of your department you may have money available for operating expenses from additional revenue generating ledgers –

Fund 148 – Local Dedicated General funds, revenue-generating projects used to account for resources and are often referred to as self-supporting. Examples of sources of revenue are summer session funds, Continuing Education revenue sharing, charges for services, academic course fees, indirect cost recoveries from research and other grants, rentals and charges for use of academic related equipment.

Fund 450, 460, 470, 522, 524, 525, 528, 573, for example Student Activities Fees, CHCI Gift Shop, Theatre Productions

You need to know the funds your department projects fall within and the authorization your department has to budget, allocate, and utilize those monies. The first step to take before spending any of your allocations and to assist in determining that the allocations entered into the financial management system are accurate is to---

**Create a department level budget**

A budget is a plan of action representing proposed activities, their associated costs and the means of financing them. Each department should develop its own internal budget, its own internal plan on how it will pay the operating and program costs for the year. After the Board of Trustees approves the annual operating budget each department should reassess and adjust plans for spending its department level allocations in combination with other monies available.

The department chair, in coordination with the department staff and faculty, should begin the process by creating a budget, a revenue and expenditure plan, for each project in your department and then combine these into an overall department budget. One way to plan a departmental budget is to look at historical data regarding revenues and expenditures. For each project you should review the expenditures/revenues from the previous year and determine if they are ongoing or if similar expenses/revenues will occur during the new fiscal year.

**Fund 001/149 projects:** The beginning or base allocations for these projects will be established as part of the University budget process. This process, as mentioned before involves requests from departments routed to the appropriate Deans/Directors; from Deans/Directors to the Provost; from the Provost and Vice Presidents to the President’s Cabinet and Budget & Finance Committee; and finally a recommendation from the President to the Board of Trustees for adoption and implementation. Each year, usually
during early spring, the Provost will request allocation information from each dean/director. Department chairs should work closely with their deans regarding Fund 001/149 allocations. Once the allocations are set a department level budget for the allocation needs to be established. A step in the review process should be to determine if the allocations for the new fiscal year will be sufficient to cover ongoing operating expenses previously paid for under your Fund 001/149 project. (Will the allocations be sufficient to cover increases in telephone charges, student salaries, copy machine rental, etc.? After reviewing the previous years expenses you need to decide if some expenditures historically paid under your Fund 001/149 project need to be transferred to another appropriate project.)

Revenue generating/Self-Support Projects: Create a budget for each project. You need to project revenue and expenses for each budget level code. For instance, in one project you may not use student/temporary help, so therefore no amount needs to be budgeted to those areas or to the benefit account code. In another project you may plan on using student/temporary help and therefore would need to project the salary amount for the year and also budget under the benefits account code. In setting up a budget plan for each of these projects, it is better to underestimate revenue. Also consider during the review process and take into account any carry forward fund balance for each project. The fund balance at the end of each fiscal year remains in your revenue-generating project and can be used during the next fiscal year.

Grants & Contracts - the budget for these projects is determined during the grant writing/development process and will be entered into the financial management system by the Grants and Contracts staff.

To complete the review process and finalize creating your overall combined departmental budget, you need to determine if through a combination of Fund 001/149 allocations and revenues under other projects if you will have enough funds to pay all anticipated/planned expenditures. If during this process you discover that through a combination of all of your projects you will not have enough funds for planned activities a determination must be made regarding reductions to insure that your department’s spending does not exceed the combination of Fund 001/149 allocations and revenues received in other projects. How detailed your departmental budgets are will be determined by the funds involved; your department’s programs, missions, and strategic plan; and the department chair or project manager’s preferences. Remember, a budget can be as unique as the department and person managing the funds and that almost all activities have budget implications.

**Establish Allocations**

As mentioned before, the beginning or base allocations for Fund 001/149 projects will be established as part of the University budget process each year. However, beginning allocations for revenue generating projects (e.g. Fund 148, Fund 522) need to be reviewed and established each fiscal year. Once you have completed the historical review process and created a departmental budget for each of projects, requests for the necessary account code allocations to
implement your budget for the new fiscal year need to be forwarded in accordance with the authorization process within your division. Some divisions authorize units to forward their allocation requests directly to the Academic Affairs Financial staff, while other divisions require that the request be submitted to the dean/director for approval. You need to be aware of the authorization process utilized within your division.

You **must** have established an allocation at a budget account level (including revenue account codes) before transactions can be posted at that account level. If you did not receive or request an initial allocation at an account level you will need to complete a budget change request form **before** incurring any revenue/expenses. This applies to ALL funds. Failure to have allocations established slows down processing of requisitions and in some instances posting of financial transactions by others within the campus community.

If your spending plans or revenue changes midway through a year it may be necessary to make an adjustment to your budget allocations. You may request a budget allocation adjustment using a budget change request form. The form requires information on the project and budget account code you want to increase and the one you want to decrease. You **may not** request adjustments that impact regular exempt, classified, or tenure-track faculty salary account codes. If you manage more than one project you may request to move budget allocations from one project to another. Budget allocations can only be transferred within the same fund - NOT across funds. Changes discussed in this section refer to budget allocations at budget account levels only and do not impact your fund balance. Fund balance adjustments and calculations are discussed later in this document.

Every project/grant has an operating unit code to identify and differentiate between campus specific and general university financial transactions. Financial activity that benefits specific locations needs to be posted to a project/grant with the appropriate operating unit location code.

<table>
<thead>
<tr>
<th>Campus / Site</th>
<th>Operating Unit Location Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>University Wide – UNV</td>
<td>0</td>
</tr>
<tr>
<td>Ellensburg – ELL</td>
<td>1</td>
</tr>
<tr>
<td>Des Moines – DES</td>
<td>2</td>
</tr>
<tr>
<td>Lynnwood Center – LYN</td>
<td>3</td>
</tr>
<tr>
<td>Moses Lake – MOS</td>
<td>4</td>
</tr>
<tr>
<td>Pierce – PRC</td>
<td>5</td>
</tr>
<tr>
<td>Wenatchee – WEN</td>
<td>6</td>
</tr>
<tr>
<td>Yakima – YAK</td>
<td>7</td>
</tr>
<tr>
<td>Everett – EVT</td>
<td>E</td>
</tr>
<tr>
<td>Kent – KNT</td>
<td>K</td>
</tr>
<tr>
<td>Mt Vernon – MVN</td>
<td>M</td>
</tr>
</tbody>
</table>

Additional information regarding Operating Unit Location codes is located on the web at http://www.cwu.edu/~pmits/FMS_ChartfieldChangeProject.html.
**Spending**

Once a project grant has been established with the proper and necessary account level allocations you can begin to spend the funds allocated as outlined in your budget - your plan for expenditures and revenues. All expenditures, from all funds, must adhere to regulations applicable to state funds and to university policies. In addition to adhering to those restrictions, funds under grant/contract projects must also adhere to the terms of the grant or contract that established the project. The Purchasing Department is responsible for the acquisition of goods and services and assisting in determining the best way to meet the needs of department and administrative offices. If you have questions about any purchase or applicable regulations, please contact the Purchasing Department for assistance.

Various services are available on campus and most of the departments that provide these services have forms, procedures, and information available on their department web pages. The primary processes available for purchasing products from vendors are:

1) **Central Washington University Procurement Card Program:** This program is often referred to as Pro Card. An application can be downloaded from the Purchasing Department web page URL http://www.cwu.edu/~purchase/ procard.htm. A handbook providing you with the information about using the Procurement Card Program is located on the web at www.cwu.edu/~purchase/ProcurementCardHandbook.htm. It covers issues related to usage compliance, documenting transactions, reviewing and approving statements, reallocating transactions, and more.

As stated in the Handbook, “you may use the card to purchase merchandise that is not stocked on campus or prohibited as shown on the list [included in the handbook]. You may use the card to purchase non-tangible items such as memberships, conference registrations and subscriptions. Paper and envelopes should be purchased from Duplicating (3685). Items available from the University's Central Stores should be purchased from them when they are in stock. Check with these on-campus departments for availability before making a purchase.” Please be sure you are aware of the programs’ procedures and policies. If you have questions call the Program Administrator in Purchasing.

2) **Requisition:** Complete a purchase requisition form. Obtain the form and requisition number from the Purchasing Department web page. The Purchasing Department web pages also provide additional information that you will find useful.

3) **A-19 Invoice Voucher:** The A19 Invoice Voucher is completed and submitted with a completed requisition to request payment/reimbursement to an individual for materials, merchandise or services. When the A19 is being submitted to request reimbursement support documentation (receipts, copy of personal credit card statement, etc.) needs to be attached.

For additional information regarding purchasing policies and processes, contact staff in the Purchasing Department for information, assistance, or clarification. Remember that “after the fact” requisitions are not in accordance with University policy. If you have questions, ask before spending.
If your department wants to enter into a contract (for personal services, rentals, etc.) you need to contact the Department of Business Services and Contracts. There are various state laws, purchasing regulations, and university policies that must be adhered to. Through a Board of Trustees resolution, only selected university officials can sign contracts for the University (http://www.cwu.edu/~purchase/sig_auth.htm#authorities).

Also, you need to be sure you are aware of current travel regulations and processes required to obtain authorization for travel. Information regarding travel regulations can be found on the web at http://www.cwu.edu/~acctng/travel_index.html. In addition to information regarding travel requirements the travel regulations include a section titled “Reimbursement for Meals and Refreshments at Meetings and Formal Training Sessions.” This section outlines the conditions and procedures that must be met before payment for meals and refreshments will be approved. Also note, membership renewals, dues, and registrations for conferences are to be paid in advance of a conference either by departmental procurement card or by purchase order. If this is not possible, reimbursement may be made to the traveler by submitting a receipt from the vendor or a copy of the canceled check with a completed A-19 and requisitions. It is important that all travelers are aware that meals included in registration fees paid by the University are to be deducted from the allowance claimed for reimbursement.

The other step involved --- Manage

In addition to knowing where your money comes from and how to spend it, you need to know how to manage it. The management and reconciliation processes are slightly different between non-revenue projects and revenue projects. Remember, everything you sign may impact your budget allocations and funds available. Once you have developed your budget and established the appropriate budget account allocations within the financial management system you need to track your expenditures and available balances.

Just like reconciling your personal checking account, it is important to reconcile your project(s) each month after accounting has closed the month’s activity. There are various ways to approach reconciling your project(s). One method is described here; you are encouraged to develop a method of project tracking and budget tracking that works for you and meets your department’s needs.

Cleared Transaction Tracking To Reconcile Project/Budget

1) Create an “outstanding transactions” file containing copies of each expenditure documents (requisition, travel voucher, invoice, charge-credit, etc.) that will be charged against the project balance and copies of all budget change requests impacting the project. Develop and include notes regarding expected expenses for which you don’t yet have paperwork. For example, regular telephone line charges, copier rental charges, standing orders, and blanket orders. Keep documentation in the file in chronological order.
2) If salaries are paid from the project, create and maintain a labor distribution report file.

3) Once a month, after accounting has closed for the month, print out the detail and summary reports from the financial management system (FMS).

4) Compare the documents in your “outstanding transactions” file to the transactions listed on the detail report. Make a notation, check off those items that have been “paid;” note the month paid on your copy of the documentation for the expense; and file the paid documentation in a “paid” or “cleared” file(s). Be sure that transactions requested on a budget change request form and fund transfer requests reflect as being posted. Research any transaction on the FMS detail report regarding any questions you have. You need to take the time to insure that you have not been charged incorrectly. Some of the research can be performed on-line on FMS panels and some research will require you contact departments within the financial process (payroll, accounts payable, accounting).

5) Compare the amounts from the labor distribution report for the appropriate month to the salary and benefit totals on the detail or summary report. Research any amount that is questionable.

6) Add up the dollar amount of your “outstanding transactions” for the different budget account levels and subtract it from the available balance listed for that budget account on the detail report. These calculations yield your “ending” balance available.

7) If your calculation yields a negative “ending” balance, corrective action needs to be taken.

Some departments, because of the volume of activity and other internal requirements, develop a spreadsheet listing the transactions documented in the “outstanding transactions” file. Your goal should be to develop a process that meets your department’s needs and is as efficient as possible. Utilize the reports and/or spreadsheets available through FMS to meet your needs.

Most research problems arise when you do not reconcile monthly. Save yourself hours of frustration by taking the time to reconcile each project every month. Not only will you find transactions that have been posted incorrectly, you will also be able to anticipate if a budget account level or a project is nearing a deficit (negative) balance and take the necessary corrective action before the problem occurs.

A deficit budget account balance can be cleared in one of two different ways:

*Increase Budget Account Allocation* - - Complete and process a budget change request form to increase the budget account code that has or is nearing a deficit balance; and a) enter a corresponding decrease to a budget account code or codes within the same project; or b) enter a decrease to a budget account code(s) in another project or projects under your management within the same ledger and fund. Be sure to consider anticipated
spending for the remaining months of the fiscal year and transfer an amount sufficient for the balance of the year.

Another option available if the project involved is a revenue project (Ledger 2 or Ledger 3) is to process a budget change request form for an increase to the budget account code with the deficit balance and indicate in the explanation field “From Fund Balance.” Before utilizing this option you need to review your current fund balance; add anticipated additional revenue; and subtract the remaining available budget allocations to determine that there will be a sufficient fund balance to cover the additional budget account allocation.

*Decrease Expenditures* – To be used for corrective action if there are expenditures in a project that belong in a different project. To decrease expenditures, identify specific expenditure items from the monthly detail report on the project that is overspent.

If a project within a revenue generating project has developed a deficit fund balance the situation needs to be corrected as soon as possible. Departments in Academic Affairs need to submit a request to the Academic Affairs Finance staff to transfer funds from one project fund balance to another project fund balance (both projects must be within the same fund and under your management). Be sure to consider, in each project, the anticipated expenditures and revenue for the remaining months of the fiscal year and transfer an amount sufficient for the balance of the year. If after review of projects under your management, you believe this option is not available, you need to contact your college/division dean/director to request assistance in researching and determining other available options.

**Understanding Fund Balance**

*What’s the difference between budget balance and fund balance and how should they be reconciled, reviewed?*

In revenue generating projects there are two sides to the fiscal story - budget allocation/balance and fund balance. When budgeting, reviewing, or reconciling revenue projects you need to make sure you pay attention to both sides. When discussing revenue generating projects you need to make sure the individual(s) you are talking with are thinking about the same side of the story (budget or fund) as you are.

The first side is the budget allocation and it is established, reconciled and monitored in the same manner as previously outlined for non-revenue projects. The only additions are 1) under revenue projects you need to budget or forecast the revenue you anticipate earning under the project; 2) at the end of each year budget allocations are zeroed out and new allocations established for the next fiscal year, and 3) you need to compare total available budget to fund balance to insure allocations do not exceed actual monies available. (Only the budget allocations are zeroed out at the end of each fiscal year – NOT the fund balance.)
The second side is the fund balance. Your fund balance is the amount of cash plus accounts receivable (A/R) that you have, less your liabilities. The fund balance in each project is carried forward from year to year. While each revenue and expenditure transaction will impact both sides of the story, budget changes only impact budget allocation. Remember your available budget allocations, or budget balance, is what you projected or anticipated receiving and spending less the amount you have actually received, spent or encumbered to date. Your fund balance is based on actual activity. If you want a transfer to impact your fund balance a separate action, a journal voucher entry, must be requested by contacting the Academic Affairs Finance staff.

I recommend that each month, after accounting has closed, you log into FMS and run for each of your projects a Project Summary Report and a Project Activity Report. At the bottom of the project Summary Report is information regarding the fund balance available.

⇒ Add to the fund balance any anticipated revenues to arrive at an adjusted fund balance
⇒ Compare your calculated adjusted fund balance to the total available budget amount reflected on the project summary status report.

If your calculated adjusted fund balance is less than the total available budget you need to carefully monitor your project expenditures and revenue to insure that you do not overspend your fund balance or request your budget allocations be reduced to match the anticipated adjusted fund balance.

For example:

Report indicates fund balance               $10,000
Anticipated revenues during Spring Qtr from fees  2,000

Adjusted fund balance for remainder of year  $12,000

Total Available Budget on Monthly Project Summary Status Report $20,000

Under this example the expenditures and revenue need to be monitored closely to insure that expenditures will not exceed the fund balance. If necessary the budget allocation needs to be reduced so the total available budget does not exceed the adjusted or anticipated fund balance.

Reports should be run with an effective date of the last business day of the previous month for use in your monthly reconciliation processes. To obtain current data for planning purposes you can run the reports selecting the last business day of the current month. Also remember that budget changes will not impact nor be reflected on this the project balance report because they impact budget allocations (your plan) not ledger activity (actual activity). When budget changes are posted the change will be listed on the impacted account line on your Monthly Activity Report and also reflected in the total budget for each account line on the Summary Report.
A question that is frequently asked is how to complete a budget change request under a revenue project. Under revenue projects a budget change request can be completed three ways –

1) Increase one budget account code and decrease another budget account code within the same project. Complete the form and forward the original to the budget office.

2) Increase a budget account code in one project and decrease a budget account code in a different project. Using this method requires that the two projects are under the same fund and also requires that a fund transfer through a journal voucher be requested to transfer the monies (the actual cash) behind the budget allocation (the forecasted amounts or plan). The journal voucher transfer can be requested by including the statement “please JV” in the Explanation of Change section of the form and forwarding a copy to Tamara Wolford, Academic Affair, MS 7503 or twolford@cwu.edu and submitting the original to the budget office.

3) Increase a budget account code and note in the Explanation of Change section “From Fund Balance.” (This is sometimes referred to as a one-sided budget change request – increase only.) This option can be used when you have determined your fund balance is greater than your total available budget allocations. Complete the form and forward the original to the budget office.

Some of the information provided in this document may need to be adjusted to fit the operating practices for grant/contract project, especially the discussion relating to fund balance. As mentioned before, if you have questions regarding a grant/contract project please contact the staff in the Grants Accounting office. Also, as mentioned previously, the CWU Foundation is a separate entity and funds within this ledger are not discussed in this document, for information on processes for these projects contact staff in the Foundation office.

With all areas of the financial system, if you have questions don’t hesitate to ask. The statement “no question is a dumb question” especially applies. It is better to ask a question and seek assistance early in the process to avoid the possibility of problems that require numerous hours of work and research to correct.
Appendix I

GLOSSARY

Account – Five digit codes that identify specific types of revenue and expenditures within a project/grant.

Accounting Period – a period of time at the end of which a governmental unit determines its financial position (Under FMS each period equates to one month of the fiscal year. July is accounting period one, August is two, counting on through June, which is accounting period twelve.)

Accounts Receivable – amounts owing from private persons, firms, or corporations for goods and services furnished.

Accounting System – total structure of records and procedures that records, classify, and report information on the financial position and operations of a governmental unit or any of its account groups and organizational components.

Accrued Expenses – Expenses incurred during the current accounting period but which are not payable until a subsequent accounting period.

Allocation – designated amount budgeted for a specific purpose or to particular departments.

Appropriation - The legislative authorization to make expenditures and incur obligations from a particular fund. Appropriations typically limit expenditures to a specific amount and purpose within a fiscal year or biennial time frame.

Audit – The examination of documents records, reports, systems of internal control, procedures, and other evidence to 1) determine compliance with applicable laws, regulations, and policies; 2) to review the efficiency and economy with which operations are carried out; 3) to ascertain whether the financial statements present fairly the financial position and results of financial operations of the fund types and account groups in accordance with generally accept accounting principles.

Biennium – A two-year period. Washington State makes funding decision on a two-year cycle. July 1 of an odd numbered year to June 30 of the next odd numbered year. Example: July 1, 1999 through June 30, 2001, is the 99-01 biennium.

Budget - A plan of action or operations for a list of proposed activities; represents your best plan for the year, containing a list of proposed activities, their associated costs and the means of financing them.
Budget Period - a period of time for which budget allocations are established. (Under FMS it equates to the fiscal year. Fiscal year beginning July 1, 2002 and ending June 30, 2003 would be budget period 2003.)

Budget Change Request – an internal form used to authorize budget allocation changes.

Chartfield – String of accounting codes that provide the basic structure used by the financial system to segregate, categorize, and report all financial transactional or budgetary data for the University. [Account – Fund – Department – Program – Class – Project]

Clearing Account – An account used to accumulate total charges or credits for the purpose of distributing them later among the accounts to which they are allocable or for the purpose of transferring the net differences to the proper account. (Synonym for Suspense Account)

Council of Presidents (COP) – A voluntary association of Washington’s six public baccalaureate institutions of higher education to coordinate various groups and activities undertaken in the interest of higher education. COP cooperates with a number of state agencies and the legislature to provide information and assistance in policy development, including presentation of salary increase recommendations during the State’s budget process.

De-fund – Remove funding from a budgeted position or allocation and reallocate the funds for the current fiscal year only or for future years.

Division – Each Executive level is subdivided into management units identified as Divisions.

   Example: Executive Level 40 – Provost/Sr. Vice-President for Academic Affairs, Division 41 - College of Education & Professional Studies

Double Entry – A system of bookkeeping that requires, for every entry made to the debit side of an account or accounts, and entry for a corresponding amount or amounts to the credit side of another account or accounts. Involves the maintaining of a balance between assets on the one hand and liabilities and fund equities on the other.

Encumbrance - an account used to record the estimated amount of purchase orders, contract, or commitments that are chargeable to a budget allocation. This account is reduced (credited) when the goods or serves are received and the actual expense is posted.

Executive Level (EL) – CWU is divided into management units identified as executive levels. Each division or unit is under a vice president or the president.
   EL 10 President
   EL 20 VP Business & Financial Affairs
   EL 30 Central Accounts
   EL 40 Provost/VP for Academic Affairs
CWU Foundation – Is a separate entity from Central Washington University. Identifies, promotes, receives and manages all private gifts from individuals, corporations, foundations and associations to CWU. Contact Foundation personnel to learn about accounting and budgeting processes.

Financial Management System (FMS) – The computerized accounting system used by CWU.

Fiscal Year (FY) – A one-year fiscal period. The state fiscal year extends from July 1 through the next June 30. The federal fiscal year runs October 1 through September 30. Examples of references to the fiscal year are:

- July 1, 2000 to June 30, 2001 = FY01
- July 1, 2001 to June 30, 2002 = FY02
- July 1, 2002 to June 30, 2003 = FY03

Full time equivalent (FTE) – A unit of measure used in presenting statistical data on employees. Refers to the equivalent of one person working full-time for one year. Two persons working half time also count as one FTE.

- One 12 month, 100% employee = 1 FTE
- One 9 month, 100% employee or faculty = 9/12 or .75FTE
- Two individuals working 50% each for 12 months = 1 FTE

Full time equivalent faculty (FTEF) – Measure used in presenting statistical data on faculty. One 9 month, 100% time = 1 FTEF.

Full time equivalent student (FTES) – Measure used in presenting statistical data on students. Calculation depends on the status and number of students enrolled in a given quarter.

- Undergraduate Course credit hours x student enrollment in course / 15 = 1 quarter FTES
- Graduate Course credit hours x student enrollment in course / 10 = 1 quarter FTES

(Example: Art 101 is a 5-credit course and has an enrollment for the quarter of 65 students. 5 x 65 divided by 15 = 21.67 Quarterly FTES)

Quarterly FTES for Fall, Winter and Spring / 3 = Average Annual FTES

Fund - A sum of money or other resources with a self-balancing set of accounts set apart for a specific objective. (A description listing of funds utilized at CWU is included at the end of this glossary.)

Fund Balance – Balance of funds (cash minus liabilities) available for expenditures in a revenue-generating ledger.

Fund Transfer – Moving money (cash) from one revenue generating ledger project/grant to another. Can only transfer between project/grants of the same ledger type and within the same fund.
General Fund-State – The general fund represents all financial resources and transactions not required by law to be accounted for in other funds. The basic account that receives revenue from Washington’s sales, property, business and occupation, and other general taxes; and is spent for operations such as public schools, social services, and corrections.

Higher Education Coordinating Board (HECB) – The Washington State Higher Education Coordinating Board (HECB) is a nine-member board of citizens, appointed by the governor, to represent the broad public interest in the development of higher education policy. State statute (28B.80 RCW) directs the Higher Education Coordinating Board (HECB) to provide recommendations to the Governor and Legislature on the operating and capital budget requests of the higher education institutions. The Board has the responsibility to conduct reviews of existing higher education degree programs, as well as approval of new degree programs (http://www.hecw.wa.gov).

Journal – a spreadsheet for an account to which transactions (debits and credits) are posted.

Ledger – a spreadsheet containing summary totals for accounts in a project/grant.

Line Item Budget – A detailed expense or expenditure budget, generally classified by account within each organizational unit, and, often classified within each account as to authorized salary level for each job classification, etc.

Office of Financial Management – The Office of Financial Management in Olympia provides vital information, fiscal services and policy support to the Governor, the Legislature and state agencies to serve the people of Washington State (http://www.ofm.wa.gov).

Operating Budget – a biennial plan for the revenues and expenditures necessary to support the administrative and service functions.

Operating Unit – location code used to differentiate between campus specific and general university financial transactions, activity that benefits specific locations will be identified by determining the physical location or an overriding purpose for the transaction.

Overhead – Costs necessary in the production of an item or performance of a service that are of such a nature that the amount applicable to the product or service cannot be determined accurately or readily. Usually relate to expenditures that do not become an integral part of the finished product or service, such as rent, heat, light, supplies, management, etc.

Performance Budget – A budget format that relates the input of resources and output of services for each organizational unit individually.

Performance Measure – A quantitative indicator of how programs or services are directly contributing to the achievement of university objectives.

Petty Cash – Sum of money for the purpose of paying small obligations for which the issuance of a formal voucher and check would be too expensive and time-consuming.
Posting – The act of entering transaction details and data to the ledger.

Project/Grant (Project ID / PID): The number assigned by the Budget Office to a unit or project budget. Sometimes referred to as budget number.

Project Year – An annual accounting period with different starting and ending dates than a fiscal year and established for a specific project or purpose.

Purchase Order – A document that authorizes the delivery of specific merchandise or the rendering of certain services.

Requisition – A written request, from a department to the purchasing office, to purchase specified articles or services.

Self-Supporting – a project or unit whose expenditures should be solely paid from the revenue of the project or unit.

Student Credit hours (SCH) - Measure use in presenting statistical data on students.
   Number of credits x headcount in course = SCH

Supplemental Budget – Any legislative change to the original budget appropriations.

Suspense Account – an account that carries charges or credits temporarily, pending the determination of the proper account or accounts to which they are to be posted. (See Clearing Account)