

MANAGING SELF-SUPPORTING FUNDS

PARTICIPANT GUIDE



Acknowledgements

Sections of this guide are based on Ellucian Banner System, Release 9.3.0.1.

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Prerequisites

The following are prerequisites for this course:

- Introduction to Banner and Finance I
- Introduction to Banner and Finance II
- Journal Voucher Processing
- Retrieving General Ledger Reports
- Understanding University Financial Statements & the Reconciliation Process
- Introduction to Self-Supporting Funds

Course Information

Course ID: Managing Self-Supporting Funds

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Course Overview

This course is designed for fund managers, who oversee the operation and maintenance of a self-supporting Fund. This course will show you how to monitor and analyze your self-supporting Fund's business activities to ensure that the Fund is used and classified correctly. In this course, you will learn how to perform your responsibilities as a fund manager. You will also learn about regulatory restrictions on self-supporting Funds, and where to go to find more information about those rules and regulations.

Course Objectives

When you have completed this course, you will be able to:

- Identify the responsibilities of a fund manager.
- Establish appropriate rates for goods/services sold for a self-supporting Fund.
- Apply business concepts such as budgeting, rate assessment, and monitoring balances, in order to manage a self-supporting Fund.
- Monitor and reconcile the revenue and expenditures that are recorded to a self-supporting Fund, to ensure that they are appropriate.
- Apply the reporting requirements for self-supporting Funds.

Lesson 1: Self-Supporting Fund Basics

In this lesson, we will review the basics of self-supporting Funds: what they are, when they should be established, and what rules and regulations govern them. This information is also covered in more detail in Lesson 1 of [Introduction to Self-Supporting Funds](#).

1.1: What is a Self-Supporting Fund?

A self-supporting Fund is a Fund that receives business income by selling goods or services to customers. This income, or *revenue*, can come from several sources:

- Other university units
- Faculty, staff, and/or students
- General public and/or external entities

The revenue generated by a self-supporting activity is recorded in the self-supporting Fund; the expenses recorded in the self-supporting Fund must be directly related to the generation of the revenue. As the fund manager, you must establish rates to charge for the goods or services in order to recover the actual costs of providing them. The rate that is charged to customers is based on estimates of the expected expenses and the anticipated customer base. Establishing rates will be covered in more detail later in this course.

The following graphic illustrates, at a high level, the annual cycle of an existing self-supporting activity and associated Fund.

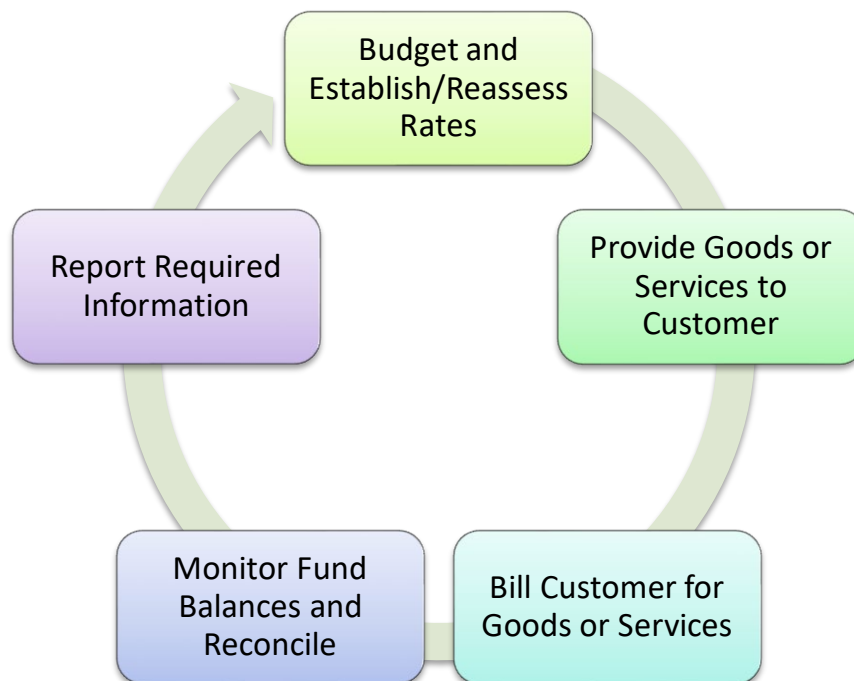


Figure 1.1: Annual Cycle of Self-Supporting Activity

As the fund manager, you need to budget your projected income and expenses on a regular basis, in order to establish appropriate rates before you provide goods or services to your customer. Once you have provided those goods or services, you must bill your customer, then monitor and reconcile the balance of your self-supporting Fund. At least annually, you should prepare a new budget and re-assess your rates according to whether your Fund is operating at a deficit or accumulating a surplus. All these responsibilities will be covered in more detail later in this course.

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As you learned in Introduction to Self-Supporting Funds, all self-supporting Funds fall into the Auxiliary Enterprises/Self-Supporting Activities fund type. Each self-supporting Fund is further classified into more specific fund types and entity codes. The Fund code range for self-supporting Funds is 300000-399999. For more information on entity codes, see Appendix D.

Fund Type Name	Description	Fund Type (s)	Example
Storeroom and Service Activities	Products or services provided primarily to university units.	3E	Stores & Receiving http://www.fs.illinois.edu/services/more-services/stores-receiving
Auxiliary Enterprises (under indenture and not under indenture)	Products or services provided primarily to students, faculty, and/or staff. Bond financing is involved in providing facilities for Auxiliary Enterprises Under Indenture.	3J, 3M	Housing https://www.uis.edu/residencelife/
Departmental Activities	Products or services provided primarily to the general public and/or external entities.	3Q	Hospital & Health Sciences System http://hospital.uillinois.edu/

Figure 1.2: Self-Supporting Fund Types

To request a new self-supporting Fund, you must complete the [Fund, Program, Index Code Request Form](#) (MS Excel), available from the OBFS web site at www.obfs.uillinois.edu. Complete the **FPI Code Request** tab, the **SSF Supplemental Info** tab, and the **SSF Attestation Statement** tab. To complete the form, you must think about the proposed self-supporting activity and project the expected revenues and expenses for the first three years of operation. This is the business plan for the self-supporting activity. In addition to requesting a new Fund code, you should also determine whether to request a new Program code to be used with this self-supporting Fund. You can also request Inception-to-Date (ITD) reporting for this fund. ITD reporting allows you to track operating ledger balances that accumulate within a C-FOP from the inception of the Fund across multiple fiscal years. Once the form is complete, send it as an e-mail attachment to uas@uillinois.edu. University Accounting and Financial Reporting (UAFR) will let you know when the Fund has been established.

Example: The Department of Chemistry started providing routine testing services to local manufacturers to determine the presence of rare toxic materials in their products. They need a self-supporting Fund to record the revenue from that activity. First, they would need to fill out the [Fund, Program, Index Code Request Form](#), using the instructions provided within the form. The self-supporting Fund for this activity would be classified as fund type 3Q, Departmental Activities. Next, the department would need to budget for expenses and estimate the number of tests they expect to perform, in order to establish the rate to charge for conducting the tests. Once a test is performed, the Department of Chemistry would bill that customer for the service provided. Then, they would monitor their self-supporting Fund's balance and reconcile the Fund regularly. Of course, the Department of Chemistry must follow all the rules and regulations that govern self-supporting Funds, which are covered in the next section.

1.2: Rules and Regulations for Self-Supporting Funds

All self-supporting Funds must follow State of Illinois requirements, as well as the University's rules and regulations regarding self-supporting activities. If these requirements are not followed, the consequences could include audit findings, a poor public image for the University of Illinois System, or even loss of funds.

These requirements originate from many sources, which include the following:

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- [State Finance Act](#)
- [State of Illinois Legislative Audit Commission University Guidelines](#) (PDF)
- IRS guidelines for [Unrelated Business Income](#) (UBI)
- If collecting sales tax:
 - [Illinois Department of Revenue](#)
 - Tax regulations for any other states in which you sell goods or services (contact [University Accounting and Financial Reporting](#) for specific procedures for collecting taxes and reporting sales for each state's applicable rates)
 - [Section 18.6: Sales and Use Tax](#) (in the [OBFS Business and Financial Policies and Procedures](#) manual)
- [Generally Accepted Accounting Principles](#) (GAAP)

Important requirements and regulations are summarized below.

The State Finance Act (30 ILCS 105) restricts the use of a self-supporting Fund to the support, maintenance, and development of the activity generating the Fund's revenue. In other words, expenditures are restricted to those necessary to fund the activities that generate the revenue. All revenues generated by a self-supporting activity must be recorded in the Fund. Likewise, all expenses incurred in the operation of the self-supporting activity should be recorded in the Fund. **Self-supporting Funds may not be used to create discretionary unrestricted funds for a unit.**

Self-supporting Funds are managed like a business, with one important exception: **a self-supporting Fund must break even over time.** The Fund should not generate a profit or incur a deficit. However, a working capital allowance is permitted for the Fund to have in reserve.

The rates that are charged to customers must be well-documented and reviewed at least annually, so that if a surplus or deficit develops in the Fund, the rates can be adjusted. **Rates should recover only the actual costs of providing the goods or services.** This will help your self-supporting Fund break even over time.

The OBFS Business and Financial Policies and Procedures manual covers all of the policies related to self-supporting Funds in [Section 22: Self-Supporting/Revenue Generating Activities](#).

Support and Resources

This section summarizes the links and resources referenced in this lesson.

General

[Introduction to Self-Supporting Funds](#) (PDF) training guide

[Fund, Program, Index Code Request Form](#) (MS Excel)

[OBFS web site](#)

[OBFS Business and Financial Policies and Procedures](#) manual

Examples of Self-Supporting Fund Types

- [Stores & Receiving](#) in Urbana-Champaign
- [Housing](#) in Springfield

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- [Hospital & Health Sciences System](#) in Chicago

Requirements for Self-Supporting Funds

- [State Finance Act](#)
- [State of Illinois Legislative Audit Commission University Guidelines](#) (PDF)
- IRS Guidelines for [Unrelated Business Income](#)
- [Illinois Department of Revenue](#) (sales tax regulations)
- [Contact University Accounting and Financial Reporting](#) (UAFR) for questions about collecting sales tax
- [Section 18.6: Sales and Use Tax](#) (in the OBFS Business and Financial Policies and Procedures manual)
- [Generally Accepted Accounting Principles](#) (GAAP)
- [Section 22: Self-Supporting/Revenue Generating Activities](#) (in the OBFS Business and Financial Policies and Procedures manual)

Lesson Summary

In this lesson, we reviewed the basics of Self-Supporting Funds: what they are, when they should be established, and what rules and regulations govern them.

Lesson 2: Responsibilities of Managing a Fund

In this lesson, you will learn about the specific responsibilities that come with managing a self-supporting Fund. Some of these responsibilities recur on a yearly basis, while some are performed every month. Handling these responsibilities regularly greatly simplifies your year-end tasks!

2.1: Annual Responsibilities

The following tasks should be done at least once a year.

- **Reviewing the financial manager** – Communications about the Fund are sent to the person who is listed in Banner as the financial manager of the Fund. If the financial manager has changed in the past year, the current manager could miss important information about the Fund and deadlines. See the [Updating the Financial Manager](#) job aid for steps on how to review and update the Fund's financial manager.
- **Reviewing the fund type and entity** – It is important to ensure that the current activity on the Fund still relates to the purpose for which the Fund was established. If the purpose of your self-supporting Fund has changed, you may need to close the current fund and establish a new one. Consult with University Accounting & Financial Reporting (UAFR) at uas@uillinois.edu if your Fund's purpose has changed. You can check the fund type and entity by searching your Fund code in the **Fund Hierarchy Query (FTIFNDH)** page in Banner. Steps to use **FTIFNDH** are shown in Lesson 1 of [Introduction to Self-Supporting Funds](#).
- **Managing inventory for resale** – If your unit carries inventory for resale as part of your self-supporting Fund, you must have an accurate inventory count and valuation as of June 30 for fiscal year-end reporting. Managing your inventory is covered in Lesson 4.
- **Completing the Year End Fact Sheet** – The Year End Fact Sheet is a University requirement used to report fiscal year-end balances on a self-supporting Fund, including petty cash, inventory, accounts receivable, prepaid expenses, payables, and deferred income. A [webinar](#) for completing Fact Sheets is usually available in late June or early July, before the Fact Sheet deadline in mid-July. There are also several [job aids](#) available.
- **Preparing an annual budget** – An annual budget helps you plan your expenses and set appropriate rates. Budgeting is covered in Lesson 3.
- **Re-assessing rates** – Appropriate rates help your Fund stay in compliance with the rules and regulations that govern self-supporting Funds. You should plan to evaluate your rates and set new rates, if needed, after you've prepared an annual budget. Establishing initial rates and re-assessing existing rates are covered in Lesson 3.
- **Reviewing and updating entity codes on equipment records** – Entity codes should be listed in the equipment record for any items used in a self-supporting activity. You should review the entity codes for any new or transferred equipment annually, by checking the **Fixed Asset Master Query (FFIMAST)** page in Banner. The entity code for an asset is listed in the **User Fields** section of **FFIMAST**. If an entity code is incorrect, complete the [Entity Code Change Request Form](#) and submit it to obfsuafrproperty@uillinois.edu. Entity codes are listed in Appendix D, and steps to use **FFIMAST** are shown in Lesson 5 of [FA 101: Introduction to Property Accounting](#).

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- **Reporting any Unrelated Business Income (UBI)** – Federal and state Unrelated Business Income (UBI) tax may be assessed to tax-exempt organizations when they engage in business activities unrelated to the organization's tax-exempt purpose. If your self-supporting Fund has unrelated business activity, you must report the activity's revenue and expenses annually. Reporting Unrelated Business Income is covered in Lesson 5.

The calendar on the following pages shows recommendations for when you should perform each of these annual tasks. Inventory and the Year End Fact Sheet have fixed deadlines every year. The other responsibilities can be done at times that are most convenient for you, or that correspond with the business cycle of your self-supporting Fund. With the exception of inventory and the Year End Fact Sheet, **when** you do these tasks is not as important as ensuring that you do these tasks **every year** for your self-supporting Fund.

NOTE: Because year-end involves extra tasks, the calendar prompts you to start preparing for year-end in May.

March						
Sun	Mon	Tues	Wed	Thurs	Fri	Sat
1	2	3	4	5	6	7
	First week of March: Review who is listed as the financial manager for your self-supporting Fund; correct, if necessary.					
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

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April						
Sun	Mon	Tues	Wed	Thurs	Fri	Sat
1	2	3	4	5	6	7
	First week of April: Review entity codes for any equipment used in your self-supporting activity. Correct errors, if necessary.					
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
	Last week of April: Review the fund type and entity of your self-supporting Fund.					
29	30					

May						
Sun	Mon	Tues	Wed	Thurs	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
	Last week of May: Register to attend a Year End Fact Sheet Webinar; start preparing and planning for year-end.					
29	30	31				

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June						
Sun	Mon	Tues	Wed	Thurs	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	June 30: If your unit carries inventory for resale, perform a physical inventory count so that you have an accurate inventory balance for year-end.					

July						
Sun	Mon	Tues	Wed	Thurs	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
	Second week of July: Complete and submit your Year End Fact Sheet (usually due in mid-July).					
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

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August						
Sun	Mon	Tues	Wed	Thurs	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
Last week of August: Prepare your annual budget.						
29	30	31				

September						
Sun	Mon	Tues	Wed	Thurs	Fri	Sat
1	2	3	4	5	6	7
First week of September: Report any unrelated business income, if required.						
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
Last week of September: Re-assess your rates.						
29	30					

2.2: Monthly Responsibilities

As the fund manager, you must also perform a set of regular monthly tasks for your self-supporting Fund. Each responsibility is listed below, along with a description of where to find more information on it, and whether it is covered in this course or elsewhere.

- **Providing billing** – If payment from external customers is not collected at the point of sale, you must ensure that your customers are billed for the goods or services you sell to them. Using Banner to assess charges is required; this allows University Student Financial Services and Cashier Operations (USFSCO) to handle customer billings and payments for you. See Lesson 4 of this course, along with the web-based course [Accounts Receivable Processing](#), for more information.

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- **Reconciliation** – Reconciliation ensures sound financial management of your self-supporting Fund. Lesson 4 reviews the reconciliation process. Reconciling is also covered in more depth in Lesson 3 of the course [Introduction to Self-Supporting Funds](#).
- **Monitoring balances** – Monitoring your self-supporting Fund's cash balance and fund balance helps you ensure that your customers have been charged correctly, that your customers are paying their bill, and that your rates are set properly. You will learn more about monitoring your self-supporting Fund's balances in Lesson 4.
- **Maintaining fixed asset records** – If your self-supporting activity uses fixed asset equipment, the fixed asset records should be updated on a regular basis in FABweb. As new fixed assets are added, disposed of, or undergo changes in location or usage, you should update the records for those fixed assets in FABweb. You can learn how to use FABweb to properly maintain fixed asset records in the courses [FABweb Additions and Updates](#) and [FABweb Transfers and Disposals](#).
- **Collecting and reporting sales tax** – If your self-supporting activity is subject to sales taxes, you need to collect, report, and deposit those taxes correctly. You must submit monthly reports of all sales and sales taxes. You will learn more about sales taxes in Lesson 5.

2.3: Ongoing Responsibilities

In managing your self-supporting Fund, you may need to handle some of the following responsibilities. These responsibilities could occur regularly, or infrequently. Each responsibility is described below, along with where to find more information on it, and whether it is covered in this course or elsewhere.

- **Using a credit card terminal** – If you use a credit card terminal to process payments from your customers, see the [Merchant Card Services training materials](#) for Payment Card Terminal Procedures.
- **Handling cash** – If your self-supporting Fund receives any cash or check payments, you must follow all University policies on cash handling. Handling cash and checks is covered in Lesson 4.
- **Avoiding excess funds** – Excess funds can occur if your rates are not properly set or all expenses related to the self-supporting activity are not recorded in the self-supporting Fund. This means your Fund is carrying a surplus, not breaking even. If your self-supporting Fund has excess funds, UAfr will notify you, and you must develop a plan to avoid having an unacceptably high level of cash at year-end. Excess funds are covered in Lesson 4.
- **Working with contracts when necessary** – If you need to prepare a contract, or record activity for multiple revenue-generating contracts, you should check [Section 22.1 – Contracts for Revenue Generating Activities](#) in the Business and Financial Policies and Procedures manual.
- **Reporting non-monetary exchange transactions** – Monitor your self-supporting activity for non-monetary exchange transactions and report any that occur. See the [Non-Monetary Exchange](#) page in the Business and Financial Policies and Procedures manual for more information.

Support and Resources

This section summarizes the links and resources referenced in this lesson.

[Updating the Financial Manager](#) job aid

[Introduction to Self-Supporting Funds](#) (PDF) training guide

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[Register](#) to attend a Year End Fact Sheet Webinar

[Year End Fact Sheet job aids](#)

[Entity Code Change Request Form](#)

[FA 101: Introduction to Property Accounting](#) web-based course

[Accounts Receivable Processing](#) web-based course

[FA 102: FABweb Additions and Updates](#) training materials

[FA 103: FABweb Transfers and Disposals](#) training materials

[Merchant Card Services](#) training materials

[Section 22.1 – Contracts for Revenue Generating Activities](#)

[Non-Monetary Exchange](#)

Lesson Summary

In this lesson, you learned about the specific responsibilities that come with managing a self-supporting Fund. Some of these responsibilities recur on a yearly basis, while some are performed monthly. Handling these responsibilities regularly greatly simplifies your year-end tasks!

Lesson Review

Look up the following information for your self-supporting Fund in Banner:

- Financial manager
- Entity code
- Fund type

HINT: Use the **Fund Code Maintenance (FZMFUND)** page and the **Fund Hierarchy Query (FTIFNDH)** page. Steps for those pages are in the [Updating the Financial Manager](#) job aid and Lesson 1 of the [Introduction to Self-Supporting Funds](#) (PDF) training guide.

Write your results below.

Financial manager: _____

Entity code: _____

Fund type: _____

Lesson 3: Establishing Rates and Budgeting

In this lesson, you will learn how to develop rates and estimate income and expenses. You will also learn how to calculate a working capital allowance. Doing all of these things will help you estimate and monitor the budget for your self-supporting Fund, and benefit your Fund's financial position.

3.1: Developing Rates

The *rate(s)* is the amount you charge for your goods or service. You are required to develop rates when you request a self-supporting Fund with the [Fund, Program, Index Code Request Form](#) (MS Excel). Those rates are based on estimates, but you must re-assess your rates every year. Re-assessing your rates can help ensure that your fund breaks even over time. Your rates should recover all the costs recorded on your self-supporting Fund for providing the goods or service, without generating a surplus or deficit. See Lesson 4 for more information on calculating excess funds and operating at a deficit.

Developing rates is complicated, but it boils down to a simple formula:

$$\frac{\text{Costs}}{\text{Sales Volume}} = \text{Rate for Services}$$

OR

$$\frac{\text{Costs to Sell and Deliver}}{\text{Costs to Procure or Produce}} = \text{Markup Rate Percentage for Goods}$$

For services, estimate the annual costs associated with providing your service, and then estimate the annual sales volume of the service. The rate will be your costs divided by your *sales volume*, which is the quantity of goods or services sold.

For goods, estimate the annual administrative cost to deliver and sell, and then estimate the costs associated with producing or procuring your goods. The markup rate percentage will be the costs to deliver and sell, divided by the costs to procure or produce your goods. The computed markup is added to the cost of goods to reach the sales price.

You can use the [Worksheet to Compute Rate to Charge Customers](#) (MS Excel) to help identify costs and calculate your rate. Using this worksheet is optional, but it is helpful. Regardless of the format you use to calculate your rate, you must **keep all documentation used in developing the rate; those documents are considered University Records**. The records requirement is described in the Business and Financial Policies and Procedures manual, under [Keeping Self-Supporting Activities Records](#).

The process to develop rates is shown below, and explained on the following pages.

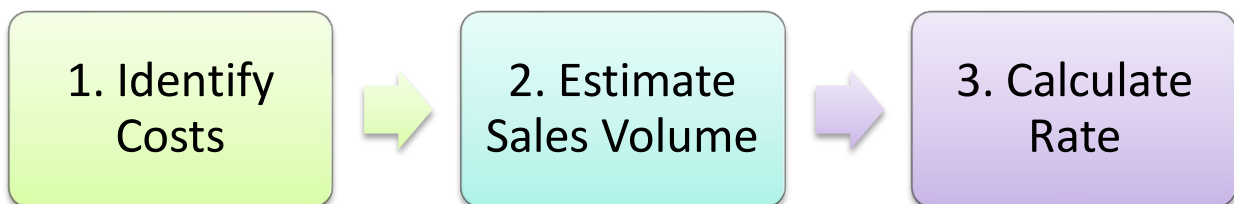


Figure 3.1: Process to Develop Rates

Step 1: Identify Costs

The first step in developing a rate is to estimate the total costs. Only those costs related to providing your goods or service should be included in the rate computation. If any costs will **not** be charged to your self-supporting Fund, don't include them. The following costs can be included when developing a rate for **all** self-supporting Funds:

- Salaries and wages
- Travel
- Professional services
- Supplies
- Non-capitalized equipment purchases (*Non-capitalized equipment* costs less than \$5,000. *Capitalized equipment* costs \$5,000 or more, and is depreciated over its useful life. Capitalized equipment purchases should not be included in costs.)
- Maintenance and repairs
- Costs to procure or produce goods for resale

The following costs can be included when developing a rate for all self-supporting Funds, but **they have restrictions if your fund type is 3E – Storeroom and Service Activities** (see Information for fund type 3E below):

- Benefits (see Appendix F: Fringe Benefit Costs Information to calculate benefit costs)
- Annual depreciation on capitalized equipment
- Rent
- Utilities
- Administrative allowances charged by a unit or University for administrative support (See [Section 22.2: Departmental Administrative Support Assessed on Self-Supporting Funds](#) in the manual for more information.)
- Amounts needed to service debt incurred on facilities associated with the self-supporting activity
- Amounts included to generate reserves for future equipment or facility expansion. Contact University Accounting & Financial Reporting (UAFR) at uas@uillinois.edu if this applies to your self-supporting Fund.
- Start-up or other one-time costs directly related to the purpose of the activity
- A working capital amount of two months of average monthly expenses

Information for Fund Type 3E – Storeroom and Service Activities

If your self-supporting Fund has a fund type of 3E, contact your Government Costing office (see the [Government Costing Who to Ask](#) page) before adding the above costs.

To become more proficient at rate calculations, [apply](#) for the [Service Activity Basics Certification](#) track. Also, you should review the policy on [Service and Storeroom Activities](#).

Step 2: Estimate Sales Volume

In this step, you will estimate your annual sales volume. First, you need to decide what unit of measurement should be used to serve as the fee basis. This depends on your self-supporting activity. Examples might include:

- Amount of time your staff spends providing a service

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- Number of attendees at a conference
- Number of minutes a machine is used
- Total costs to procure or produce the goods to be sold
- Some combination of time spent and materials used

When you know the fee basis, ask the following questions:

- Do you have current customers? If so, how many?
- How much of your goods or services do you expect them to buy/use?

There is some professional judgment involved in estimating sales volume for the first time. Contact UAFR at uas@uillinois.edu if you need help estimating sales volume.

Step 3: Calculate Rate

Now you are ready to calculate the rate. If you have used the [Worksheet to Compute Rate to Charge Customers](#), the rate or sales mark-up percentage is calculated for you automatically. Otherwise, you can use one of the formulas below.

- **Services** – Divide the total costs (calculated in Step 1) by the sales volume you estimated in Step 2, to determine your rate.

$$\frac{\text{Costs}}{\text{Sales Volume}} = \text{Rate for Services}$$

- **Goods** – To determine the markup rate percentage, divide the total costs to sell and deliver (calculated in Step 1) by the amount you estimated in Step 2 to procure or produce the goods.

$$\frac{\text{Costs to Sell and Deliver}}{\text{Costs to Procure or Produce}} = \text{Markup Rate Percentage for Goods}$$

Multiply the markup rate percentage by the cost to procure or produce a good or product, and then add that to the original cost to determine the selling price of that item.

$$(\text{Cost to Procure or Produce} \times \text{Markup Rate Percentage}) + \text{Cost to Procure or Produce} = \text{Item Selling Price}$$

For example, if your markup rate percentage is 25%, and you have a widget to sell that cost \$50 to produce, the widget's selling price would be $(\$50 \times 0.25) + \$50 = \$62.50$.

Remember to re-assess your rate every year. If your self-supporting Fund develops a deficit or excess funds, you should adjust your rate to remedy the situation. Deficits and excess funds are discussed in more detail in Lesson 4.

You may need multiple rates if, for example, you have services with very different costs.

Example: The Department of Chemistry provides testing services to determine the presence of rare toxic materials in manufacturers' products. These tests have different costs; for example, the test to detect mercury costs less than the test to detect cadmium. Hence, the Department of Chemistry would charge multiple rates: one rate for testing for the presence of mercury, and a separate rate for testing for the presence of cadmium. If you need to use multiple rates, you should allocate the costs and sales volumes accordingly; it may be helpful to complete a separate [Worksheet to Compute Rate to Charge Customers](#) for each rate. Contact University Accounting & Financial Reporting at uas@uillinois.edu if you need help calculating multiple rates.

Remember to keep all the documentation used in developing your self-supporting Fund rate(s), because those documents are considered University Records. The records requirement is described in Section 22 of the Business and Financial Policies and Procedures manual, under [Keeping Self-Supporting Activities Records](#).

3.2: Projecting Income and Expenses

Part of the process of establishing (or re-assessing) your rates is to budget for the projected income and expenses. If you have used the [Worksheet to Compute Rate to Charge Customers](#), you should already have an idea of what the income and expenses will be for the next year. If your self-supporting Fund has been in use for more than a year, you should use the actual income and expenses from past years to help project the income and expenses for the coming year.

If you are on the **Chicago** or **Urbana-Champaign** campuses, you can enter your budget using a journal voucher (JV) in Banner. This is an optional process, but it is recommended as a tool to keep track of your self-supporting Fund's budget. These budget entries are used to show estimated revenue and expense amounts. Entering a budget into Banner allows you to compare actual fiscal year revenues and expenditures to the estimated budget, using the **Revenue/Expense Detail Statement**. See Appendix E for more information about the **Revenue/Expense Detail Statement**.

NOTE: If you are on the **Springfield** campus, you cannot enter your own budget into Banner. You must submit budget estimates on the [Budget Adjustment Request Form](#) (MS Excel). [Contact the Office of Budget and Financial Analysis](#) for more information on submitting budget estimates.

When entering a budget estimate in Banner, you must use a + *Plus* or - *Minus* indicator in the **Debit/Credit** field. If you are familiar with journal vouchers, you know that most JVs are two-sided transactions; you must enter both a credit and a debit. However, budget entries are one-sided transactions; you enter either a debit (+) or a credit (-), but not both, for one JV. You must complete separate journal vouchers for revenue budgets and for expense budgets. This table shows which indicator you should use for a budget entry.

Budget Entry	Indicator	Action
Increase a revenue budget	- Minus	Credit
Increase an expense budget	+ Plus	Debit
Decrease a revenue budget	+ Plus	Debit
Decrease an expense budget	- Minus	Credit

Figure 3.2: Debit/Credit Indicators for Budget Revisions

Also, when entering a budget estimate in Banner for a self-supporting Fund, you must use one of the following rule codes in the **Journal Type** field:

- **261** – for permanent budget revisions (recurring). Changes using rule code 261 update the self-supporting Fund budgets in the current fiscal year operating ledgers and also update the self-supporting Fund budget amounts that will appear in the Budget Development module for the annual budget planning cycle.
- **260** – for temporary budget revisions (non-recurring). Changes using rule code 260 only update the self-supporting Fund budgets in the current fiscal year operating ledgers. This rule code does not update the self-supporting Fund budget amounts that will appear in the Budget Development module for the annual budget planning cycle.

See the [Entering a Budget Estimate](#) job aid for steps on how to enter a budget estimate in Banner.

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Depending on your self-supporting activity, your expenses may not match your income every month. For example, a conference may have ongoing monthly expenses, but might only take in income during the few months right before the conference. If either your expenses or your projected income are not well estimated, the rate may not be able to generate enough income to pay for expenses. For this reason, it is important to estimate both your expenses and your income. The income that goes into your self-supporting Fund throughout the year should, ideally, be enough to pay for the Fund's expenses and allow the Fund to break even over time.

The expenses that can be paid from the self-supporting Fund are listed in the previous section (**3.1: Developing Rates**), and include such items as supplies, travel, and salaries. Remember, all the expenses used to calculate your rate must be recorded to your self-supporting Fund. Make a list of the expenses that you anticipate having for the next year (or use the list of expenses in the [Worksheet to Compute Rate to Charge Customers](#)); then, total the amounts and divide them by 12.

$$\frac{\text{Total annual expenses}}{12} = \text{Average monthly expenses}$$

You can keep a working capital allowance, of up to two months of average monthly expenses, in your self-supporting Fund. Working capital is discussed in the next section.

3.3: Retaining Working Capital

Working capital is the amount of money that you can hold in reserve in your self-supporting Fund to help pay for your Fund's expenses. As a general rule of thumb, you can reserve up to two months of operating expenses. This is discussed in more detail in Lesson 4.

The working capital amount can be built into the rate your Fund charges, though there are restrictions if it has fund type 3E – Storeroom and Service Activities. If you have any questions about including a working capital amount in your rate, contact UAFR at uas@uillinois.edu.

To estimate the maximum amount of working capital you can hold in your self-supporting Fund, use this formula:

$$\frac{\text{Total annual expenses} + \text{Annual mandatory transfers}}{6} = \text{Maximum amount of working capital}$$

Annual mandatory transfers are transfers to pay debt, such as bonds or internal financing. These transfers may not apply to your self-supporting Fund.

To calculate the actual amount of working capital in your Fund, run the **Asset/Liability Detail Statement** in EDDIE. Follow the steps on the next page.

NOTE: You can also view the month-end **Asset/Liability Detail Statement** in Mobius View. In Mobius View, the **Asset/Liability Detail Statement** is known as the FIGENLEDG report. Use the [Mobius View](#) job aid for steps to access the report.

Calculating Actual Working Capital

Step	Action	Results/Decisions
1	Access EDDIE at https://eddie.ds.uillinois.edu .	
2.	Click Log In to EDDIE .	
3.	Type your NetID .	
4.	Type your Password .	
5.	Click the LOG IN button.	You are now logged in.

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Step	Action	Results/Decisions
6.	Click the Documents tab.	
7.	Click the Categories section on the left side.	
8.	Click the plus sign next to Corporate Categories .	The Corporate Categories list expands.
9.	Click the plus sign next to Finance .	The Finance list expands.
10.	Click the General Ledger sub-category.	
11.	Double-click FIGL_Asset_Liability_Statement .	
12.	Click the Refresh button at the top to select or enter report parameters.	It may take a few minutes for the parameter box to appear.
13.	The first prompt is already selected. Select the appropriate Fiscal Year from the list of values and click the Add (right arrow) button.	You may type a parameter or select the parameter from the list of values. Certain parameters, as indicated, must be selected from the list of values.
14.	Click Chart of Account . Select the appropriate Chart of Account from the list of values and click the Add button.	
15.	Click Fiscal Period . Select the appropriate Fiscal Period from the list of values (01 = July, 02 = August, and so on) and click the Add button.	
16.	Click Fund Code . Type the appropriate value and click the Add button or select a six-digit code from the list of values. Click the Refresh Values button to see the content of the list.	This is an optional field. It's not required to run the report, but suggested.
17.	Click FUND GL report contact . If filtering by FUND GL report contact, select a name from the list of values and click the Add button; otherwise, leave blank. Click the Refresh Values button to see the content of the list.	This is an optional field. It's not required to run the report.
18.	Click the OK button.	It may take several minutes to run the report.
19.	Once the report appears, look in the CM (Current Month) Ending Bal column.	
20.	Calculate your actual working capital with this formula, using the amounts in the CM Ending Bal column: <i>Claim on Cash</i> <i>+ Petty Cash</i> <i>+ Accounts Receivable</i> <i>– Accounts Payable</i> <i>= Working Capital</i>	
21.	You may print or save the report if needed.	
22.	To print the report, follow these steps: a) Click the Print button on the toolbar (not the browser's Print button). b) Select the Open option on the pop-up window. c) Print the PDF by selecting Print from the File menu. d) Click the Print button.	This opens the report as a PDF.

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Step	Action	Results/Decisions
23.	To save the report to Excel, follow these steps: a) Click the Export button on the toolbar. b) Select Export Document As . c) Choose Excel . d) Click the Save button.	A pop-up window asks if you want to open or save the file.

Chart	2	2 - University of Illinois - Chicago Principal Investigator			
Fund	881000 888 Real Revenue Board				
Fund Type	3Q	Departmental Activities			
Sponsor Name					
Account	Description	PM Ending Bal	CM Change	CM Ending Bal	PY Ending Bal
51000	Claim on Cash	69,571.09	59.10	69,630.19	6,461.05
53038	Accounts Receivable University	47,100.00	0.00	47,100.00	0.00
53039	Accounts Receivable Other	7,816.67	0.00	7,816.67	59,441.67
Total Assets		124,487.76	59.10	124,546.86	65,902.72
61000	Accounts Payable System	-27,759.18	0.00	-27,759.18	0.00
61600	Accrued Payroll	-8,291.58	0.00	-8,291.58	-8,343.80
61760	Deferred Revenue Other - Year-end	0.00	-7,694.45	-7,694.45	-7,684.95
Total Liabilities		-36,050.76	-7,694.45	-43,745.21	-16,028.75
71500	FBal Departmental Activities	-49,873.97	0.00	-49,873.97	75,125.39
85000	Revenue Control	-331,384.67	7,635.35	-323,729.32	-393,788.15
86000	Expense Control	292,801.64	0.00	292,801.64	268,788.79
Total Fund Balance		-88,437.00	7,635.35	-80,801.65	-49,873.97
Budget/Encumbrance Controls					
81000	Budgeted Revenue Control	302,800.00	0.00	302,800.00	353,320.00
82000	Budgeted Expense Control	-302,483.00	0.00	-302,483.00	-311,334.00
84000	Budgeted Change to Fund Balance	-317.00	0.00	-317.00	-41,986.00
88000	Encumbrance Control	72,750.00	0.00	72,750.00	2,963.61
88200	Reserve for Encumbrances	-72,750.00	0.00	-72,750.00	-2,963.61

Figure 3.3: Asset/Liability Detail Statement for Working Capital Calculation

Above is an example of the **Asset/Liability Detail Statement**. We can calculate the actual working capital with the amounts in the **CM Ending Bal** column, using this formula:

Claim on Cash
 + *Petty Cash*
 + *Accounts Receivable*
 – *Accounts Payable*
 = *Working Capital*

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The Claim on Cash amount is 69,630.19. The Petty Cash amount is 0.00, and the Accounts Receivable amount is 47,100.00 + 7,816.67 = 54,916.67. The Accounts Payable amount is 27,759.18. Putting these numbers into the working capital formula gives \$96,787.68 as the working capital amount:

$$\begin{array}{r} 69630.19 \\ + \quad 0.00 \\ + 54916.67 \\ - 27759.18 \\ \hline = 96787.68 \end{array}$$

If you are concerned about possibly having too much working capital, there is a quick way to estimate. Add the **Claim on Cash** amount to the **Petty Cash** amount in the **CM Ending Bal** column to get your cash balance. A normal cash balance has a positive sign, indicating a debit balance. As shown on page 17, you can calculate the maximum amount of working capital using this formula:

$$\frac{\text{Total annual expenses} + \text{Annual mandatory transfers}}{6} = \text{Maximum amount of working capital}$$

If the cash balance is more than the maximum amount of working capital, as calculated above, contact UAFR at uas@uillinois.edu. You may need to adjust your rate to reduce the amount of working capital.

In addition to working capital, you may be allowed to build a reserve of money for future equipment replacement or facility expansion. *Capital renewal and replacement reserves* (also called capital R&R reserves) can be used to accumulate resources over the long term, in order to fund large anticipated expenses, such as capitalized equipment. These reserves could be transferred to a separate fund, called a plant fund. Plant funds cannot be used to pay operating expenses, or to hold discretionary funds for your unit. A plant fund has only one source of funding. Therefore, the plant fund and self-supporting Fund have a one-to-one relationship. Monies in the plant fund **must** be used for the purpose for which the plant fund was created. Any funds remaining cannot be transferred back to the self-supporting Fund. Because there are many restrictions on plant funds, please consult UAFR at uas@uillinois.edu if you are interested in learning more about them.

Example: The equipment used for the Department of Chemistry's toxic materials testing is nearing the end of its useful life. It will need to be replaced next year. The cost to replace it has been built into the rate charged for testing, and new equipment will cost \$4500. Funds to replace the equipment have been accumulating, for several years, in the plant fund that was established to hold the reserve. When the new equipment is purchased, the money to pay for it will come from the plant fund, not the self-supporting Fund.

Support and Resources

This section summarizes the links and resources referenced in this lesson.

Forms

[Fund, Program, Index Code Request Form](#) (MS Excel)

[Worksheet to Compute Rate to Charge Customers](#) (MS Excel)

[Budget Adjustment Request Form](#) – UIS only (MS Excel)

Policy Information

[Keeping Self-Supporting Activities Records](#)

[Section 22.2 – Departmental Administrative Support Assessed on Self-Supporting Funds](#)

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Policies for fund type 3E – Storeroom and Service Activities:

- [Storerooms and Service Facilities](#)
- [Chicago Stores and Services Activities](#) (UIC Supplement)
- [Urbana-Champaign Services Activities](#) (UIUC Supplement)

Training Information

Access the Government Costing [Service Activity Basics Certification](#) track

[Mobius View](#) (PDF) job aid

Other Information

[Government Costing Who to Ask](#)

[Office of Budget and Financial Analysis](#) in Springfield

[Entering a Budget Estimate](#) job aid

Contact University Accounting & Financial Reporting at uas@uillinois.edu for help calculating rates or working capital, or for learning more about plant funds.

EDDIE application access: <https://eddie.ds.uillinois.edu>

Lesson Summary

In this lesson, you learned how to develop rates and estimate income and expenses. You also learned how to calculate working capital. Doing all of these things will help you estimate and monitor the budget for your self-supporting Fund, and benefit your Fund's financial position.

Lesson Review

Open the [Worksheet to Compute Rate to Charge Customers](#) and review the examples.

HINT: You can find the worksheet in [Section 22 -- Establish and Monitor Rates for Goods and Services Sold to Customers](#) under Additional Resources. There are three example worksheets. The names start with "Exmpl." Click the right arrow in the bottom left corner of Excel to navigate through the various worksheets.

With the class, go through either the Service Fee Rate worksheet or the Sales Mark-Up worksheet to fill it out with sample data. Check the instructions worksheet for guidance.

Lesson 4: Managing Financial Activities

The financial activity recorded in your self-supporting Fund should accurately reflect the Fund's financial position. This lesson will show you how to perform the tasks that ensure an accurate and sound financial position, such as monitoring and recording revenues and expenses, tracking receivables, processing fund transfers, managing inventory, and reviewing the fund balance. This lesson will also review what reconciliation is, and how often the reconciliation process should be done.

4.1: Monitoring Revenues and Expenditures

Your self-supporting Fund's financial position can only be accurate if its related revenue and expenditures are posted properly: to the correct time period and the right C-FOAPAL string. Since self-supporting Funds do not receive a budget from the University to fund their activities, you should ensure that revenue to your self-supporting Fund is recorded promptly in the applicable accounting period and to the correct C-FOAP string; this allows funding to be available for paying expenditures and helps keep your fund balance accurate. This will assist you, as the fund manager, in making good decisions about your self-supporting Fund.

It is important to **use the correct Account codes when you are posting revenue**, in order for the appropriate General Ledger balances to be updated. Revenue Account codes (codes in the 3xxxxx range) are used to record payments received for any type of sale on your self-supporting Fund, such as cash receipts, checks, credit card payments, incoming wire receipts, and other income sources. You should use a revenue Account code that accurately characterizes the type of sale made. For example, if you are depositing receipts from conference registration fees, then you should use Account code 305301 - *Seminar/Conference Registration Fee* to represent the type of sale that was made. You can find the helpful Account Code Search tool on the [Banner Account Codes](#) page.

However, note that some payments/cash receipts related to your self-supporting Fund should **not** be deposited using a revenue Account code. For example, some self-supporting activities sell gift certificates that will be redeemed at a later date. The proceeds from the gift certificates should be deposited as deferred revenue (61716 - *Deferred Rev-Unredeemed Gift Cards*) instead of revenue, because the University has not yet sold a good or service. The revenue would be recognized when the gift certificates are redeemed. See the [Sell Gift Cards](#) procedure in the manual for more details on the requirements for selling gift cards/certificates. Receiving an advance deposit from a customer is another instance where you would not deposit a payment into a revenue Account code. For example, if you are renting a room to a customer and require a deposit to hold the room, the proceeds should be deposited using an Account code such as 61810 - *Deposits – Other*.

Revenue will be posted to your Fund (automatically, or by another unit) if your self-supporting activity:

- Accepts debit or credit cards,
- Uses a feeder system for payments,
- Utilizes Banner Accounts Receivable (see the section on **Tracking Receivables** later in this lesson for more information on Banner Accounts Receivable), or
- Deposits cash or checks with University Student Financial Services and Cashier Operations (USFSCO).

Even if you do not post your Fund's revenue yourself, you should still monitor it regularly. You can use the **Detail Transaction Activity (FGITRND)** page in Banner to monitor revenue. You learned about this form in Lesson 4 of [Understanding University Financial Statements and the Reconciliation Process](#) (PDF). The steps for using **FGITRND** to monitor your self-supporting Fund revenue are shown on the next page.

Monitoring Revenue and Expenditures Using *FGITRND*

Monitor the details of your self-supporting Fund revenue and expenditures by frequently viewing the **Detail Transaction Activity (*FGITRND*)** page in Banner. This page provides a listing of all transactions posted to a Fund and Organization and is used to analyze specific activity to an Account code. The filter may be further restricted by Account, Program, Activity or Location, and by accounting period.

The **Detail** section displays all transactions posted to the Organization and Fund, based on the selection criteria. For each transaction, the following data is shown:

- Account code – transactions are listed in Account code sequence
- Program code – from input or defaulted from tables
- Date of transaction – from input
- Document type
- Document number – from input
- Description of transaction – from input
- Amount of the transaction

For more information on *FGITRND*, review Lesson 4 in [Understanding University Financial Statements and the Reconciliation Process](#) (PDF).

Step	Action	Results/Decisions
1.	Type <i>FGITRND</i> in the Search field and press ENTER.	<i>FGITRND</i> displays.
2.	Type the Chart code in the COA field (if necessary).	
3.	Type the two-digit year in the Fiscal Year field.	
4.	Type the Fund code in the Fund field.	
5.	Type the Organization code in the Organization field.	
6.	Type the Program code in the Program .	
7.	Click the Go button.	
8.	Enter your search criteria	
9.	Click the Go button.	
1.	Review the results.	NOTE: This process is available for all Banner documents, not just invoices.
1.	Navigate to the desired record.	
1.	Select Query Document [By Type] from the Related menu.	
1.	Click the Go button.	
1.	Review the results.	NOTE: Select Document Text (<i>FOATEXT</i>) from the Related menu if needed.
1.	Click the Close button to return to the Detail Transaction Activity page (<i>FGITRND</i>).	
1.	Click the Close button to return to the main menu.	

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Account	Organization	Program	Field	Amount	Increase (+) or Decrease (-)	Type	Document *	Transaction Date *	Activity Date *	Description
109900	220001	191100	OBD	137,122.00	+	206	J0783483	06/28/2007	06/28/2007	A9024/BUD060 Grant/Budget
109900	220001	191100	OBD	0.41	+	206	J0783484	06/28/2007	06/28/2007	497552 fr 495546, 41
109900	220001	191100	OBD	-57,513.00	-	206	J0632234	09/28/2006	09/28/2006	A9024/BUD054 Grant/Budget
109910	220001	191100	ABD	3,513,499.40	+	290	BD106002	07/01/2006	07/29/2006	Budget Carry Forward Roll
120000	220001	191100	OBD	299,583.00	+	206	J0729092	04/03/2007	04/03/2007	A9024/BUD056 Grant/Budget
121100	220001	191100	YTD	90.00	+	100	J0739379	06/01/2007	06/29/2007	PAR Enterprises Inc -PC521568
121100	220001	191100	YTD	87.52	+	100F	GSS03378	06/19/2007	06/20/2007	GS043742 SR413762
121100	220001	191100	YTD	51.59	+	100F	GSS03360	06/12/2007	06/13/2007	GS043062 SR412909
121100	220001	191100	YTD	86.69	+	100F	GSS03300	05/22/2007	05/23/2007	GS041009 SR241067
121100	220001	191100	YTD	125.22	+	PIL	PCA0DTRP	05/01/2007	05/04/2007	GPCV: WWW.NEWEGG.COM
121100	220001	191100	YTD	4.06	+	100F	GSS03174	04/06/2007	04/09/2007	GS003445 SR119459
121100	220001	191100	YTD	146.08	+	100F	GSS03113	03/16/2007	03/19/2007	GS033393 SR405204
121100	220001	191100	YTD	11.59	+	100F	GSS03084	03/08/2007	03/09/2007	GS003088 SR119051
121100	220001	191100	YTD	25.60	+	100F	GSS03084	03/08/2007	03/09/2007	GS003089 SR119048
121100	220001	191100	YTD	4.50	+	100	J0712872	03/02/2007	03/05/2007	lub 33589 xuan zheng
121100	220001	191100	YTD	20.24	+	100F	GSS03035	02/21/2007	02/22/2007	GS029996 SR402803
121100	220001	191100	YTD	59.97	+	PIL	PCA0B1GL	02/06/2007	02/21/2007	Office Depot Inc
121100	220001	191100	YTD	13.99	+	PIL	PCA0AX3X	02/05/2007	02/21/2007	Office Depot Inc
121100	220001	191100	YTD	1.67	+	100F	GSS02975	01/31/2007	02/01/2007	GS002748 SR118699
121100	220001	191100	YTD	4.85	+	100F	GSS02961	01/26/2007	01/29/2007	GS002678 SR118636
			Total	24,560,070.20	+					

Figure 4.1: Detail Transaction Activity (FGITRND) page showing Expenditure Activity

Handling Cash and Checks

If your self-supporting Fund receives payments in the form of cash or checks, you must be aware of University policies on cash handling. These policies are summarized in this section, with links to further information.

NOTE: This section covers cash and check payments only. If your self-supporting Fund receives credit card payments, see the [Merchant Card Services training materials](#) for more information. If your self-supporting Fund receives wire payments, complete and submit the [Anticipated Incoming Wire Transfer Form](#) to help UAfr post the payment to the correct C-FOAP. For help with wire payments, please call UAfr at 217-333-4568.

The [Cash Handling](#) page of the OBFS web site contains helpful information about cash collections, as well as links to each campus' cashier office services. In addition, all cash handling policies and procedures are available in the Business and Financial Policies and Procedures manual under [Section 10: Cash Handling](#). This section covers many topics (listed below); if your unit handles cash or checks, you should be sure to familiarize yourself with them.

- Accepting Cash and Checks
- Depositing Money
- Petty Cash
- Change Funds
- Cash Handling Units

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- Returned Check Handling

Before your unit can handle cash or checks as payment for your goods or services, you must develop detailed, written internal procedures for cash handling and be approved as a cash-handling unit. This is to ensure security for the cash and checks you receive, as well your employees' safety. [Contact USFSCO](#) if your unit is not currently approved as a cash-handling unit, and you need to deposit cash or checks. To learn more about becoming a cash-handling unit, review the [Obtain Approval as a Cash Handling Unit](#) procedure in the manual.

All money received on behalf of the University from any source must be deposited with USFSCO. You must deposit cash and checks with USFSCO when you have received \$200 or more, or at least weekly. Do not send deposits through campus mail. Use the [Department Deposit Form](#) (and see the [Instructions for using the Department Deposit Form](#)) when you make a deposit. You can make a deposit using one of the following:

- Drop box on campus
- In person at a USFSCO cashier office location
- Armored car services (contact USFSCO at usfscohelp@uillinois.edu to arrange for armored car pick-up)
- Campus police escort or courier

For specific instructions on the forms and information needed to deposit cash and checks, review the [Deposit Cash and Checks with USFSCO](#) procedure in the manual. Campus USFSCO office locations and hours, along with drop box locations, are available for each campus:

- [Urbana-Champaign](#)
- [Chicago](#)
- [Springfield](#)

To ensure that deposits are properly accounted for, and to maintain proper internal controls, your unit must reconcile received funds every day, by someone other than the person who received the funds. The procedure to reconcile cash receipts can be found on the [Reconcile Cash Receipts Daily](#) procedure in the manual. In addition, your unit must reconcile all deposited and recorded funds monthly, as shown in the [Reconcile Cash Receipts Monthly](#) procedure in the manual. You should keep all records related to cash handling for three years from the last date of use, for audit purposes.

Tracking Receivables

A *receivable* is the amount due from an external customer as payment for goods or services provided. *Accounts Receivable* is the total of all unpaid amounts due for goods and services sold to external customers.

Units that generate receivables, such as those with self-supporting Funds, must comply with all State, University, and accounting requirements for receivables. Banner Accounts Receivable (AR), the University's centralized billing system, facilitates this compliance, and you are required to use Banner AR to record and track your unit's receivables. If your unit has unique billing requirements that make it impractical or unnecessary to record receivables in Banner AR, you must request and receive an exemption from OBFS (see [Request an Exemption from Using Banner AR](#) in the Business and Financial Policies and Procedures manual).

The State, University, and accounting requirements for receivables are summarized in the manual, on the [Policy for Managing Receivables](#) page. In addition, all receivables-related policies and procedures are available in the manual under [Section 5: Receivables](#).

Managing Self-Supporting Funds

When using Banner AR, you are responsible only for invoicing your customers, posting the corresponding charges in Banner AR, and verifying the accuracy of your receivables in Banner AR. University Student Financial Services and Cashier Operations (USFSCO) and University Accounting and Financial Reporting (UAFR) ensure compliance with all other receivables requirements. USFSCO handles the entire billing, payment, and collection process for you. UAFR handles all state-required reporting and most reconciliation activities.

You should assess charges in Banner AR within 30 days of providing the good or service to your customer. USFSCO Accounts Receivable Operations (ARO) may reject or reverse charges that are assessed outside the 30-day window; if you are unable to meet the 30-day deadline, contact ARO at aroperations@uillinois.edu to request an exception. You can learn more about how to assess charges and invoice your customers in the web-based training course [Accounts Receivable Processing](#). Take this course to learn how to process charges and credits to students (via Student Accounts Receivable, or SAR) and other customers (via General Accounts Receivable, or GAR) in Banner. If you have additional questions about assessing charges and invoicing your customers after taking the web-based training course, contact ARO at aroperations@uillinois.edu.

You will need access to Banner to use Banner AR. Check the [Obtain Access to Banner Accounts Receivable](#) procedure in the manual to see what type of access you will need.

Recording Expenditures

To ensure compliance with self-supporting Fund guidelines, all expenditures that post to a self-supporting Fund must be directly related to the generation of revenue. Regularly monitoring expenditures will help your self-supporting Fund be compliant with these guidelines.

Only expenditures that are **directly related to generating revenue for your self-supporting activity, and are intended to be recovered in your rate**, should be recorded to your self-supporting Fund.

You should monitor all expenditures regularly, to ensure proper matching of expenses with revenue. To monitor expenditures, use the **Detail Transaction Activity (FGITRND)** page in Banner. You learned about this form in Lesson 4 of the [Understanding University Financial Statements and the Reconciliation Process](#) (PDF) training course. The steps for using **FGITRND** to monitor your self-supporting Fund expenditures are shown on page 23.

For accurate financial reporting, it is important to use the correct Account codes when you are posting expenditures. Expense Account codes (codes in the 1xxxxx range) are used to charge costs such as supplies and travel. Wages and fringe benefits, if applicable, are charged to expense Account codes in the 2xxxxx range. You should use the expense Account code that is the most descriptive of the type of cost being charged.

NOTE: If you purchase goods to be resold, use Account code 187100 (Purchase of Goods for Resale).

To correct or reclassify a non-labor expenditure, you can complete a journal voucher. Steps to complete a JV in Banner are shown in the [Journal Voucher Processing](#) training course. To correct a posted labor expenditure, you can perform a labor redistribution in Banner, as shown later in this section.

Charging Labor Costs

Employee payroll costs are charged to a specified C-FOAPAL string, or *labor distribution*.

If you have employees that are spending time on a self-supporting activity, their labor costs for the portion of time they spent on the activity should be charged to the C-FOAPAL string associated with the appropriate self-supporting Fund. If your self-supporting Fund has a fund type of 3M (Auxiliary Enterprises Under Indenture), you **must** charge labor costs to the self-supporting Fund; labor costs associated with auxiliary activities under indenture **cannot be charged to state funds**.

Managing Self-Supporting Funds

Use the steps in this section, shown on the following pages, to ensure that past labor costs related to your self-supporting activity are charged properly to your self-supporting Fund.

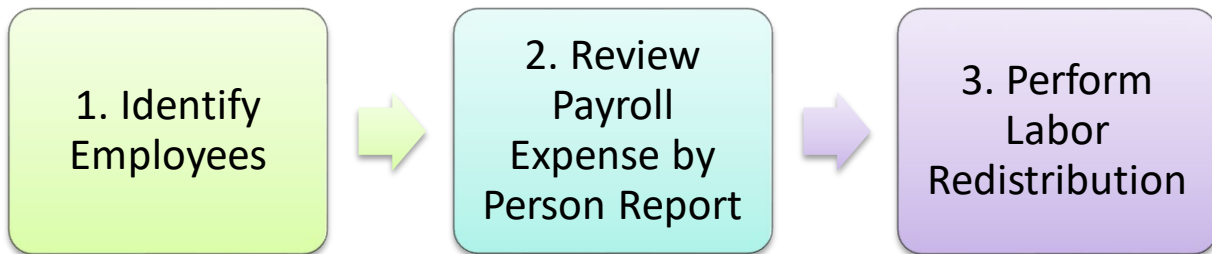


Figure 4.2: Process to Charge Labor Costs

Step 1: Identify Employees Associated With Self-Supporting Activity

First, identify all the employees that are spending time on the self-supporting activity. Make a list of those employees and the percentage of their time spent on the self-supporting activity.

Step 2: Review Payroll Expense by Person Month End Statement

Next, review the **Payroll Expense by Person Month End** report. Look for the following:

1. Employee **labor costs that were included in your rate assessment and should be charged** to your self-supporting Fund, but are not.
2. Employee labor costs that are currently **being charged to your self-supporting Fund, but should not be** because they are not included in your rate assessment.

NOTE: To view the **Payroll Expense by Person Month End** report in Mobius View, you must be set up with the Labor Distribution Reports profile. If you need to request this security profile, contact your Unit Security Contact (USC). The profile is under Reports-HR Pay > Departmental Mobius View Report > Labor Distribution Reports in the Security Application. Your USC will also need to specify the Chart and Organization Code.

Follow these steps to access the **Payroll Expense by Person Month End** report in Mobius View.

Step	Action	Results/Decisions
1	Access Mobius View at https://mobiusview.apps.uillinois.edu/mobius/view#/	
2	Select Document Direct & UI2 Report in the Login to Repository window.	
3	Click the Ok button.	
4	Enter your ID and password.	
5	Click the OK button.	The Mobius View main menu window displays.
6	Click the file folder icon on the left side. NOTE: The top-level display shows all your available report folders. If you don't see the report you're looking for, check the Reports folder.	This opens the reports available to your ID.

Managing Self-Supporting Funds

Step	Action	Results/Decisions
7	Select <i>HRPAY00103</i> . You may also type it into the Jump To field to locate it.	The field is not case-sensitive.
8	Click on the folder.	A list of sections organized by Org codes (with the Chart code and the Bi-Weekly or Monthly Pay Period listed at the end) will display.
9	Click the report date that you want to view.	If you have access to multiple Organization codes, a list of those Organization codes displays under the report date.
1	Click the document you want to view.	The report for that Organization code will display in the right window pane.
1	Review the Fund code in the top left corner of the report, along with the list of employees paid from this Fund. Note any employees that are being paid incorrectly.	Both the Fund code and name are shown.
1	Click the Next Page button to view other Fund codes, if any, associated with this Organization code.	
1	Repeat steps 9-11, if needed, to view other Organization codes.	
1	Click the Log Off button when you are done.	

Future labor charges (full or partial) can be moved to a different C-FOAPAL string by following the steps in the [Labor Distribution Only Changes](#) for the **HR Front End application**. **Modifying an employee's labor distribution in the HR Front End will impact future labor costs.** Contact University Human Resources (call the main office at 217-333-2590 or send e-mail to uihr@uillinois.edu) for any questions about changing an employee's labor distribution in the **HR Front End**.

Step 3: Perform Labor Redistribution If Needed

During your review of the **Payroll Expense by Person Month End** report, you were looking for:

1. Employee **labor costs that were included in your rate assessment and should be charged to your self-supporting Fund**, but are not.
2. Employee labor costs that are currently **being charged to your self-supporting Fund, but should not be** because they are not included in your rate assessment.

If you have noticed either of the above, you should correct the pay history by performing an earnings transfer, or *labor redistribution*, from the incorrect C-FOAPAL string to the correct C-FOAPAL string for your self-supporting Fund. This is done on the **Labor Redistribution (PZAREDS)** page in Banner for past charges. Labor redistributions are invisible to the employee and will not affect their pay. Note that the steps on the next page will **only change pay events with a disposition of 60 (completed and approved) or greater**.

NOTE: If you are redistributing labor costs at the end of one fiscal year and the beginning of the next fiscal year, refer to the [Year-End Labor Redistributions](#) job aid.

Step	Action	Results/Decisions
1.	In the Search field, type PZAREDS and press the ENTER key to open the Labor Redistribution Page .	PZAREDS displays.
2.	Type the employee's ID in the ID field.	The employee's name appears. The cursor moves to the Payroll ID field.

Managing Self-Supporting Funds

Step	Action	Results/Decisions
3.	Click the Search button next to the Payroll ID field.	The Pay Event List (PZILIST) page opens.
4.	Double-click the appropriate pay event row in the Year field.	PZAREDS re-opens with the Begin Year, End Year, Payroll Number , and Date fields populated.
5.	To redistribute multiple pay events, enter a different Payroll Number to create a range containing multiple pay events. If you are only redistributing one pay event, skip to the next step.	This allows for redistributions to be performed on all the pay events contained in that range.
6.	Press the TAB key to complete the remaining Key section fields.	The Selection Criteria section displays.
7.	In the Selection Criteria section, type the Chart code, or verify the Chart code if it defaulted into the COA field.	If you wish to specify a job, use the Position search icon and the List Time Sheet Keys to select the timesheet event you wish to redistribute. A job may have more than one timesheet record if a change in the job record or in the C-FOAPAL information was recorded in NBAJOBS . Otherwise, leave Position blank to display all earnings events associated with the employee's active positions during the pay periods selected.
8.	Confirm that the Both button is selected, and click the OK button.	The Earnings History and Earnings Labor Distributions sections are populated. The cursor is in the Year field in the Earnings History section.
9.	Confirm that the value in the Disposition field is an appropriate value. Only pay events with a disposition of 60 or greater can be redistributed.	
10.	Click the Edit Labor Distribution tab.	The Edit Labor Distribution section displays.
11.	Press the TAB key to move to the New Earnings Labor Distributions section.	
12.	Press the TAB key to move to the desired field(s) where changes are to be made.	
13.	Type the desired changes.	
14.	Click the Save button.	The changes are saved.
15.	Click the Next Section button until the Comments tab is activated.	The Comments tab may be selected.
16.	Click the Comments tab to add a comment regarding why this labor redistribution is being done.	Any new comments should be inserted into a blank Comments box. If a blank box is not available, insert one using Insert from the Record menu. If you type over existing comments, they will not be saved.
17.	Click the Save button.	The comments are saved.
18.	Click the Next Section button to return to the Earnings History and Labor Distribution section.	The cursor moves to the Earnings History section. The letter P displays in the Status field on the line items chosen for redistribution, indicating that a change has been made.
19.	From the Tools menu, select Submit Redistributions .	The letter S displays in the Status field indicating that the change has been submitted.
20.	Click the Save button to confirm the changes.	A status bar message states that the pay event(s) is saved. The redistribution is completed. Notice that the Status field is blank.
21.	Click the Exit button to return to the main menu.	The Banner menu displays.

The labor redistribution steps above will automatically assess benefits based on the fund type. You can learn more about performing labor redistributions in Banner in the [Labor Redistribution](#) training course.

Tips for Posting Revenue and Expenditures Correctly

If revenue and expenditures are not properly recorded, it may result in audit findings for your unit and for the University, as well as inaccurate balances for your self-supporting Fund. Use the following tips to help post both revenue and expenditures correctly.

- Submit a request to uas@uillinois.edu to have default Organization and Program codes assigned to your self-supporting Fund, so that those fields will automatically populate when you enter the Fund code into a Banner page.
- Use an Index code, so that the Chart, Fund, Organization, and Program fields will automatically populate when you enter the Index code into a Banner page. Submit a [Fund, Program, Index Code Request Form](#) or a [Banner Multiple Index Codes Request Form](#) (MS Excel) to request an Index code.
- Create a reference list of valid C-FOAPAL strings used by your unit. Maintain this list centrally and update it regularly.
- When you enter a C-FOAPAL string into a Banner page, verify that the first three digits of the Program code match the first three digits of the Organization code. Also, check that the first three digits of the Fund title match the first three digits of the Organization and Program codes.
- If you use your own “shadow system” to keep track of transactions, you must enter the data promptly and accurately into Banner for tax and financial reporting purposes. You must also reconcile your shadow system to Banner regularly.
- Use Banner Accounts Receivable (see the section on **Tracking Receivables** for more information) to bill faculty, staff, students, and any customers outside the University.
- Create internal procedures to verify correct input and submission of Banner transactions, such as saving documents as *In Process* for review and submission by another person.
- Check at least weekly to verify that revenue and expenditures are posted to the correct Account codes and perform other reconciliation tasks. This will allow you to make any necessary corrections before the monthly reports are prepared and distributed.
- If you need to post revenue manually, such as when you charge other University units for goods or services, complete a journal voucher in Banner. When charging another unit for goods or services, it is a good practice to enter the transaction yourself, instead of relying on the other unit to post it. This provides you with greater control in ensuring that correct C-FOAPALs are used. You will need to ask the other unit for their C-FOAPAL in order to charge them correctly. Remember to use a revenue Account code (3xxxxx) and a - (credit) with your own C-FOAPAL. For the other sequence of the JV, use an expense Account code (1xxxxx) and a + (debit) with your customer's C-FOAPAL. See the [Posting Revenue](#) job aid for steps on how to post revenue manually.
- Use a Banner journal voucher to correct revenues or non-labor expenditures that were posted to an incorrect C-FOAPAL. There are several pages available for processing journal vouchers; the **Journal Voucher Quick (FGAJVCQ)** page may be helpful because it displays FOAPAL segment names. You can learn more about journal vouchers in the [Journal Voucher Processing](#) training course.
- Perform a labor redistribution in Banner to correct labor expenditures that were posted to an incorrect C-FOAPAL. See the section on **Charging Labor Costs** on pages 26-30 for more information.

4.2: Managing Fund Balance Transfers

There may be times when you need to complete fund balance transfers (not expense or revenue transfers) from your self-supporting Fund. For example, if you are planning to replace equipment used in your self-supporting activity's operations, you may want to consider transferring funding to a reserve to save up for the future equipment purchase. See the [Transfer Self-Supporting Funds](#) procedure in the manual for more information.

There are only two kinds of fund balance transfers allowed for self-supporting Funds:

1. Transfer to another self-supporting Fund, and
2. Transfer to a plant fund.

Fund transfers are done in Banner with journal vouchers (JVs). Depending on the kind of transfer, either you will initiate the JV, or you will request UAFR to initiate and complete the JV. UAFR reviews and approves all journal vouchers used to transfer self-supporting Funds.

Transferring Fund Balances to Another Self-Supporting Fund

You should contact UAFR at uas@uillinois.edu before initiating a self-supporting Fund transfer.

If you transfer fund balances to another self-supporting Fund, **both Funds must be used for similar activities and have the same fund type and entity code.**

For example, you requested different self-supporting Funds for each conference your department is hosting. Later on, you decide that you would like to have just one fund to manage all the conferences. The balances on all the individual conference funds could be transferred to the consolidated fund using the appropriate 4xxxxx transfer Account codes.

To check a Fund's fund type and entity, use the **Fund Hierarchy (FTIFNDH)** filter page in Banner, shown in Lesson 1 of [Introduction to Self-Supporting Funds](#) (PDF). The fund type is shown on the Fund Level 1 line, while the entity is displayed on the Fund Level 3 line.

The screenshot shows the 'Fund Hierarchy Query' page in Banner. The title bar indicates 'Fund Hierarchy Query FTIFNDH 9.0 (BANDEV) (NONE)'. The main content area displays a table with the following data:

Predecessor Fund	3410	3410 Professl Development Activities
Fund Level 1	3Q	Departmental Activities
Fund Level 2	340	Educational Activities
Fund Level 3	3410	3410 Professl Development Activities
Fund Level 4	301942	320 Rev NCSA Training
Fund Level 5		

Red arrows point to the '3Q' value in the Fund Level 1 row and the '3410' value in the Fund Level 3 row. The page also includes a sidebar with navigation icons and a bottom status bar showing 'Record: 1/1' and 'ellucian'.

Figure 4.3: Fund Hierarchy (FTIFNDH) filter page, showing Fund Type and Entity

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For a list of entity codes, see Appendix D.

After you verify that both self-supporting Funds have the same fund type and entity, you can initiate a JV for the transfer in Banner. The steps below show how to initiate a transfer using the **Journal Voucher Quick (FGAJVCQ)** page.

NOTE: There are several pages available for processing journal vouchers; the following steps show how to initiate a transfer using the **Journal Voucher Quick (FGAJVCQ)** page. You can learn more about journal vouchers in the [Journal Voucher Processing](#) training course.

Step	Action	Results/Decisions
1	Type FGAJVCQ in the Search field and press ENTER to open Journal Voucher Quick page.	FGAJVCQ opens.
2.	Click the Go button. Observe the Transaction Date field. Change the date as necessary.	The Transaction Date field defaults to the system date. You may enter another acceptable date.
3.	Press TAB to move to Document Total field. Type the absolute value of the journal voucher.	Cursor moves to the Document Total field.
4.	Click Related, Document Text from the menu to access FOATEXT .	General Text Entry (FOATEXT) page opens.
5.	Type a complete description of the transfer explaining the business purpose of the transaction, including your name, email address, unit, and 10-digit phone number.	Click the Insert button to add additional lines of text.
6.	Click the Save button.	
7.	Click the Close button to return to the Journal Voucher Document Header section.	
8.	Click the Next Section button to access the Journal Voucher Detail section.	NOTE: For steps 9-13, the Search button is available for each field.
9.	Press TAB to move to the Journal Type field and type 104.	The rule code title will display after you TAB to the next field.
10.	Press TAB to move to the Fund field and type the self-supporting Fund code you are transferring money from.	The Fund code title will display after you TAB to the next field
11.	Press TAB to move to the Orgn or Organization field and type the Organization code.	The Organization code title will display after you TAB to the next field
12.	Press TAB to move to the Acct or Account field and type 417001.	The Account code title displays.
13.	Type the Program code in the Prog or Program field.	The Program code title will display after you TAB to the next field. NOTE: Activity and Location codes are optional.
14.	Press TAB to move to the Amount field. Type the amount of the transfer associated with this record.	
15.	Press TAB to move to the Debit/Credit field. Use the pulldown menu to select + Plus to debit the record.	The Debit/Credit field is filled as + Plus, because a debit transfers the money out of this self-supporting Fund.
16.	Press TAB to move to the Description field. Type a brief description of the transfer.	The description is required.
17.	Select Insert from the function buttons to create the next record.	

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Step	Action	Results/Decisions
18.	Press TAB to move to the Journal Type field and type <i>104</i> .	The rule code title will display after you TAB to the next field.
19.	Press TAB to move to the Fund field and type the self-supporting Fund code you are transferring money into.	The Fund code title will display after you TAB to the next field
20.	Press TAB to move to the Orgn or Organization field and type the Organization code.	The Organization code title will display after you TAB to the next field
21.	Press TAB to move to the Acct or Account field and type <i>417001</i> .	The Account code title displays.
22.	Type the Program code in the Prog or Program field.	The Program code title will display after you TAB to the next field. NOTE: Activity and Location codes are optional.
23.	Press TAB to move to the Amount field. Type the amount of the transfer associated with this record.	
24.	Press TAB to move to the Debit/Credit field. Use the pulldown menu to select - Minus to credit the record.	The Debit/Credit field is filled as - Minus, because a credit transfers the money into this self-supporting Fund.
25.	Press TAB to move to the Description field. Type a brief description of the transfer.	The description is required.
26.	Click the Next Section button.	
27.	Click the Complete button to save and submit for posting. OR Click the In Process button to save and complete later.	
28.	Click the Close button to return to the main menu.	

UNIVERSITY OF ILLINOIS SYSTEM
Journal Voucher Quick FGJVCQ 9.3.6 (BANUSER) (NONE)

ADD
RETRIEVE
RELATED
TOOLS

Document Number: J2741761
Start Over

TRANSACTION TOTAL
Insert Delete Copy Filter

Document Total 1,000.00

Document Number J2741761

JOURNAL VOUCHER DETAIL
Insert Delete Copy Filter

Status	Postable	Sequence 1	Journal Type * 104 JV - Intra-Fund Type Non-Mand Trfs
--------	----------	------------	---

Chart * 1 University of Illinois - Urbana

Index ...

Fund 302090 241 Rev Isotope Lab Rev

Organization 241004 Anthropology-Resch

Account 417001 Other Intrafund Non-Mand Transfer

Program 241091 Isotope Lab Rev

Activity ...

Location ...

Project ...

Percent

Amount * 500.00

Debit/Credit + Plus

☐ NSF Override

Description * Transfer to 1-303064 Ancient DNA

Bank DA

Budget Period

Currency

Gift Date

Number of Units

1 of 2
Per Page

Record 1 of 2

COMPLETION
Insert Delete Copy Filter

Complete
In Process

EDIT
Record: 1/2
FGJVCQ.FGJVCQ_SEQ_NUM [1]

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UNIVERSITY OF ILLINOIS SYSTEM Journal Voucher Quick FGAJVCQ 9.3.6 (BANUSER) (0NONE)

Document Number: J2741761

Start Over

TRANSACTION TOTAL

Document Total 1,000.00 Document Number J2741761

JOURNAL VOUCHER DETAIL

Status Sequence * 2 Journal Type * 104 JV - Intra-Fund Type Non-Mand Trfs

Chart * 1 University of Illinois - Urbana Activity

Index Location

Fund 303064 241 Ancient DNA Services Project

Organization 241004 Anthropology-Resch

Account 417001 Other Intrafund Non-Mand Transfer

Program 241152 Ancient DNA Services

Percent Amount * 500.00 Description * Transfer from 1-302090 Isotope Lab Gift Date

Debit/Credit - Minus Bank DA Number of Units

NSF Override Budget Period Currency

Record 2 of 2

COMPLETION

Complete In Process

SAVE

EDIT Record: 2/2 FGAJVCQ.FGAJVCQ_SEQ_NUM [2] ©2000 - 2018 Ellucian. All rights reserved. ellucian.

Figure 4.5: Journal Voucher Showing Fund Transfer, Sequence 2

After you submit the journal voucher, it goes into an approval queue where **UAFR will review it for appropriateness and allowability**. If UAFR rejects the journal voucher, they will notify you of the reason(s) why the JV was disapproved. You may need to edit the JV to correct an error, or delete the journal voucher completely. See the [Correcting a Journal Voucher with Incomplete Status](#) or [Deleting a Journal Voucher with Incomplete Status](#) job aids, if needed.

If UAFR approves the journal voucher, it will post to Banner, and the money will be transferred to the other self-supporting Fund. You will not receive notification if the journal voucher has been approved. It is your responsibility to confirm the JV posted and it had the desired effect on the funds involved. You should check on the JV about two business days after submitting it, to verify that the transfer has been approved and posted. To confirm your JV is posted, enter the JV number in the **Document Retrieval Inquiry (FGIDOCR)** page in Banner. Steps to use **FGIDOCR** are shown in Lesson 3. of [Journal Voucher Processing](#) (PDF).

If you have any questions about transferring to another self-supporting Fund, contact UAFR at uas@uillinois.edu.

Transferring to a Plant Fund

If your self-supporting activity will need to incur large costs in future years for building and property improvements, parking lot improvements, or moveable equipment purchases, then transferring a reserve balance from your self-supporting Fund to a plant fund is a budgeting option to consider. This will allow you to accumulate the funding for these replacement costs over time.

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There are several restrictions which apply to these transfers, including:

- For buildings and related permanent improvements to property (exclusive of parking lots), total reserves are not to exceed 5% of the replacement cost of the associated assets, as determined by the Engineering News Record replacement index.
- For parking lots, total reserves are not to exceed the greater of: (a) 10% of the historical cost of the parking lots, or (b) the estimated cost of resurfacing any one existing parking lot in the accounting entity.
- For moveable equipment and any other item not specifically covered above, the total reserves must not exceed the greater of: (a) 20% of the historical cost of the assets, or (b) the replacement cost (net of scrap value or trade-in) of any individual piece of equipment.

To ensure compliance with these restrictions, **all transfers from self-supporting Funds to plant funds must be processed by UAFR.**

If you are interested in a plant fund transfer, follow the steps below.

1. Contact UAFR (see [Who to Ask: Plant Funds](#)) to discuss your general plans. UAFR will help you determine whether the plan is allowable.
2. Check whether there is an existing plant fund. If the plant fund does not already exist, then you must request a new plant fund by completing and submitting the [Fund, Program, Index Code Request Form](#) (MS Excel).
3. You can request a transfer to a plant fund by sending e-mail to obfsuafrplantconstruction@uillinois.edu. Include the following information in your request:
 - Chart, Fund, Organization, and Program codes (C-FOP) for your self-supporting Fund
 - Amount to transfer
 - The plant fund's Chart, Fund, Organization, and Program codes (C-FOP)
 - Reason for transfer
4. UAFR will review the request and contact you for any clarification needed. Once UAFR has processed the transfer, they will notify you with the JV number used.
5. Verify that the transfer has been completed by entering the JV number in the **Document Retrieval Inquiry (FGIDOCR)** page in Banner. Steps to use **FGIDOCR** are shown in Lesson 3 of [Journal Voucher Processing](#) (PDF).

It is important to note that plant reserves should be used based on the original intent of the plant fund when it was first established. Remember, plant funds cannot be used to pay operating expenses, or to hold discretionary funds for your unit.

4.3: Reconciliation

Reconciliation is the process of balancing a Fund's statements for a certain period with the transactions that occurred during that period. The reconciliation process is covered in more detail in the [Understanding University Financial Statements & the Reconciliation Process](#) course.

Reconciliation is an important process to ensure that your self-supporting Fund's records are accurate and complete. The reconciliation process compares the posted transactions for a Fund to your documentation or internal records, in order to determine:

- If transactions are complete or outstanding,
- Whether transactions are accurate, and

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- If any inaccurate transactions exist.

You should reconcile your self-supporting Fund **at least once per month**, after the monthly period is closed. If the Fund has a lot of transactions, consider reconciling more often, such as every week. To reconcile your self-supporting Fund, first follow the steps in the [Reconcile Operating Ledger Transactions to Source Documents](#) procedure. Then, use the [Reconcile General Ledger \(GL\) and Operating Ledger \(OL\) Balances](#) procedure to reconcile the Operating Ledger revenue, expenses, and transfers to the General Ledger control balances. If you identify any errors or discrepancies, you should correct them as soon as possible.

Both of the procedures above can be found in [Section 22: Self-Supporting/Revenue Generating Activities](#) of the [Business and Financial Policies and Procedures](#) manual.

For more detailed information on reconciliation, see Lesson 3 in the training guide for [Understanding University Financial Statements and the Reconciliation Process](#) (PDF).

4.4: Reviewing Cash and Fund Balances

Monitoring your self-supporting Fund's cash and fund balances helps you ensure that your customers have been charged correctly, that your customers are paying their bills, and that your rates have been set properly. You should check the cash and fund balances of your self-supporting Fund at least once a month. If your self-supporting Fund has a lot of transactions, you may want to check cash and fund balances more often, such as every week.

The fund balance and the cash balance can be the same, but they are usually different amounts. The fund balance includes General Ledger balances such as inventory (if your activity involves inventory for resale), Accounts Receivable, Accounts Payable, Deferred Revenue, Prepaid Expenses, and refundable Deposits. These General Ledger items are not reflected in the cash balance. This is why it's important to check both the fund balance and the cash balance for an accurate assessment of your Fund's financial position. The table below illustrates the differences between fund balance and cash balance.

	Fund Balance	Cash Balance
What it is	The activity's overall balance since the inception of the Fund, including assets, liabilities, revenue, expenses, and transfers.	The activity's available cash.
What it does NOT contain	Encumbrances.	All non-cash items, such as inventory, Accounts Payable, and Accounts Receivable.
Where to find it	Asset/Liability Detail Statement in EDDIE or FIGENLEDG in Mobius View: Total Fund Balance row, in the CM (Current Month) Ending Bal column. OR Trial Balance Summary (FGITBSR) page in Banner: Current Fund Balance amount in the bottom right corner of the page.	Asset/Liability Detail Statement in EDDIE or FIGENLEDG in Mobius View: Claim on Cash + Petty Cash in the CM Ending Bal column. OR Trial Balance Summary (FGITBSR) page in Banner: Search for Account codes 51000 (Claim on Cash) and 51810 (Petty Cash) and add those amounts together.

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	Fund Balance	Cash Balance
Whether it should have a positive or negative sign	A fund balance should have a negative sign (credit balance). If the balance has a positive sign (debit balance), then the fund balance is in deficit.	A cash balance should have a positive sign (debit balance). If the cash balance has a negative sign, then the cash balance is in deficit.

Figure 4.6: Fund Balance and Cash Balance Comparison

You can find both the fund balance and the cash balance in the **Asset/Liability Detail Statement**. Use steps 1-18 in **3.3: Retaining Working Capital** to run the **Asset/Liability Detail Statement** in EDDIE. The fund balance is found by looking in the **Total Fund Balance** row and the **CM Ending Bal** column. A normal fund balance has a negative sign, indicating a credit balance.

The cash balance is calculated by adding the **Claim on Cash** to the **Petty Cash** amount in the **CM Ending Bal** column. A normal cash balance has a positive sign, indicating a debit balance.

Chart	1	University of Illinois - Urbana	I Investigator	Fund Term Dt	Grant Code
Fund				Fund Exp End Dt	Financial Manager
Fund Type	3Q	Departmental Activities		Project Start Dt	Budget Start Date
Sponsor				Project End Dt	Budget End Date

Account	Description	PM Ending Bal	CM Change	CM Ending Bal	PY Ending Bal
51000	Claim on Cash	450,056.85	142,702.14	592,758.99	362,754.76
53099	Allow Uncoll Accts-Banner System AR	-137,606.33	4,534.44	-133,071.89	-137,631.33
53100	Accounts Receivable - General	315,344.39	-5,859.46	309,484.93	296,269.49
55000	Inventory for Resale	639,869.13	0.00	639,869.13	639,869.13
Total Assets		1,267,664.04	141,377.12	1,409,041.16	1,161,262.05
61000	Accounts Payable System	-22,984.18	9,629.05	-13,355.13	-30,831.04
61060	Other Payables - Year-end	0.00	0.00	0.00	-12,081.46
61600	Accrued Payroll	0.00	0.00	0.00	-67,787.89
Total Liabilities		-22,984.18	9,629.05	-13,355.13	-110,700.39
71500	FBal Departmental Activities	-1,050,561.66	0.00	-1,050,561.66	-731,225.02
85000	Revenue Control	-2,370,131.61	-831,976.77	-3,202,108.38	-8,379,575.67
86000	Expense Control	1,926,028.41	680,970.60	2,606,999.01	8,060,239.03
87000	Transfer Control	249,985.00	0.00	249,985.00	0.00
Total Fund Balance		-1,244,679.86	-151,006.17	-1,395,686.03	-1,050,561.66
Budget/Encumbrance Controls					
81000	Budgeted Revenue Control	8,073,534.00	0.00	8,073,534.00	8,161,749.00
82000	Budgeted Expense Control	-8,073,534.00	0.00	-8,073,534.00	-8,161,749.00
88000	Encumbrance Control	1,906,057.90	-150,820.63	1,755,237.27	198,699.62
88200	Reserve for Encumbrances	-1,906,057.90	150,820.63	-1,755,237.27	-198,699.62
89000	Commitment Control	51,218.78	23,160.12	74,378.90	636.12
89200	Reserve for Commitments	-51,218.78	-23,160.12	-74,378.90	-636.12

Figure 4.7: Asset/Liability Detail Statement - Example

In the example above, there is no **Petty Cash** amount, so the cash balance is equal to the **Claim on Cash** amount in the **CM Ending Bal** column. It is \$592,758.99. Because this has a positive sign, it is a debit balance, which is referred to as a normal balance.

The fund balance is in the **Total Fund Balance** row and **CM Ending Bal** column; the fund balance in this example is -\$1,395,686.03. The fund balance has a negative sign, indicating a credit balance, which is also normal. If the fund balance had a positive sign, it would mean that the fund was in deficit.

Using the example above, the differences between the cash balance and the fund balance are the non-cash assets (Allowance for Uncollectable Accounts and Inventory for Resale), recorded receivables (Accounts Receivable), and recorded payables (Accounts Payable).

Managing Self-Supporting Funds

Fund Balance	1,395,686.03
Cash Balance	592,758.99
Difference	802,927.04

Allowance for Uncollectable Accounts	-133,071.89
Inventory for Resale	639,869.13
Accounts Receivable	309,484.93
Accounts Payable	-13,355.13
Total	802,927.04

To see your true fund balance, you must use the General Ledger. Period 12 (between June 1 and mid-July) is open for extra time to allow you to post transactions for year-end. Once period 12 is closed, around mid-July, General Ledger balances (such as Claim on Cash, Accounts Receivable, Inventory, and Accounts Payable) roll forward to establish beginning balances for the next fiscal year. This functionality ensures that the ending General Ledger balance in one fiscal year agrees with the beginning General Ledger balance in the subsequent fiscal year.

Operating Ledger budget balances, however, do not roll forward to the next fiscal year, because self-supporting Funds are not dependent on budget allocations to fund operations. The budget amount for a self-supporting Fund is used for tracking purposes only; it does not reflect the actual spending authority, like other types of funds at the University.

Excess Funds

Self-supporting Funds are supposed to break even over time; that is, they are only supposed to charge enough to cover all expenses. If a self-supporting Fund earns a profit, it may develop *excess funds*. Per the [State of Illinois Legislative Audit Commission University Guidelines](#) (PDF), there is a limit on the cash balance amount that each self-supporting Fund entity is allowed to retain. This limit is determined using a complex calculation. For your self-supporting Fund, a good rule of thumb is to keep a balance equal to a two-month working capital allowance. Excess funds can occur when a self-supporting Fund's cash balance exceeds that limit.

Excess funds are calculated based on entities, or groupings of similar self-supporting activities for each campus. The excess funds calculation is complex and is performed by University Accounting and Financial Reporting (UAFR). If the calculation shows that an entity may have excess funds, UAFR determines which specific Funds contribute to the excess and then contacts the units that manage those Funds to see if they have established a plan to reduce the excess. If cash balances in those funds are still too high as of June 30 (per the excess funds calculation), UAFR then transfers the excess amounts from the applicable self-supporting Funds into the University Income Fund.

Following these best practices can help prevent excess funds from building up in your self-supporting Fund.

- Regularly monitor cash balances to determine whether the balance exceeds the working capital allowance.
- Review and revise your rates at least annually, to make sure that you are not over-estimating your costs.

Managing Self-Supporting Funds

- Make sure that only revenue earned in the current year is recorded as revenue. Any receipts or receivables not earned in the current year should be recorded as deferred income.
- Ensure that salaries and wages which are related to your self-supporting activity are being charged correctly to the self-supporting Fund.
- If all administrative costs are not already charged directly to your self-supporting Fund, determine whether a departmental administrative allowance would be beneficial. See [Section 22.2: Departmental Administrative Support Assessed on Self-Supporting Funds](#) in the manual for more information. (This does not apply to fund type 3E, Storeroom and Service Activities.)
- Report all payables, accrued expenses, prepaid expenses, and deferred income as required on the Year End Fact Sheet.

You can find additional information on preventing excess funds on [Avoid a Build-up of Excess Cash Balances](#) in the manual.

If you are concerned about possible excess funds in your self-supporting Fund, contact University Accounting & Financial Reporting at uas@uillinois.edu for guidance. Do not spend possible excess funds on expenses not related to the self-supporting activity, or transfer balances to an unrelated Fund.

For detailed information on how UAFR calculates excess funds, refer to the [Excess Cash Balance Computation](#) (PDF).

Operating at a Deficit

Another concern are self-supporting Funds that operate at a deficit; essentially, a self-supporting Fund in deficit is losing money and is being subsidized by the University. Self-supporting Funds in deficit are not fully recovering their operating costs in the rates being charged to customers. The [State of Illinois Fiscal Control and Internal Auditing Act](#) mandates standards of fiscal accountability. To ensure compliance, fund balance deficits of less than \$10,000 as of June 30 must be eliminated or reduced by the end of the next fiscal year, unless explicitly exempted by the University. In addition, non-exempt funds with deficits of more than \$10,000 must submit a business plan for recovering the deficit to their college or administrative unit.

To find out whether your Fund is in deficit, follow the steps in **3.3: Retaining Working Capital** to run the **Asset/Liability Detail Statement** in EDDIE. Look at the **Total Fund Balance** row and the **CM Ending Bal** column in the report; if that amount has a positive sign, it means your Fund is in deficit. If you have a deficit balance, ask these questions:

- Have you recorded expenses unrelated to the activity in this Fund?
- Have you recorded expenses in the wrong fiscal year?
- Have revenues intended for this Fund been recorded elsewhere?
- Have you recorded revenue earned but not collected?

If you answer Yes to any of the questions above, make the necessary corrections in Banner. Contact University Accounting & Financial Reporting at uas@uillinois.edu for help in making these corrections, if needed. After making corrections, if a deficit balance still remains, ask the following additional questions:

- Does the current deficit represent a low point in the normal business cycle?
- Did the Fund recently incur significant, one-time costs, such as major equipment purchases or start-up costs, which will be recovered over multiple years?
- Is there a multi-year trend that indicates the deficit is diminishing over time?

Managing Self-Supporting Funds

Answering any of these questions with *Yes* may show the cause of the deficit. If you answer *Yes* to any of the above questions, your self-supporting Fund **may** be eligible for an exemption, per the Balance Reporting Standard in [1.1.1 How the University Measures the Financial Health of Units](#) of the manual. Contact University Accounting & Financial Reporting at uas@uillinois.edu for more information, if this applies.

However, if you answer *No* to all of the questions above, you should review and modify your rate in order to generate more revenue. Modifying the rate may not be possible, because of competitors' rates or customer commitments. If this is the case, you should transfer some or all expenditures to a different funding source, such as an indirect cost recovery (ICR) fund or unrestricted gift fund, so that your self-supporting Fund breaks even. This different funding source cannot be a self-supporting Fund unrelated to the self-supporting activity that is causing the deficit. If your fund type is 3M (Auxiliary Enterprises Under Indenture), expenditures are not allowed to be made from, or transferred to, state funds. Contact University Accounting & Financial Reporting at uas@uillinois.edu for guidance on which funds can be used to transfer expenditures.

The following table shows the requirements for resolving a deficit balance on the Springfield and Urbana-Champaign campuses, based on the size of the deficit balance. If you are on the Chicago campus, skip to the next page.

Deficit Amount as of June 30	Requirement and Action
Less than \$10,000	Eliminate the deficit by the end of the next fiscal year by modifying the rate or transferring expenditures.
More than \$10,000	Submit a business plan to recover the deficit within three years. Complete the appropriate plan and send it to your college or administrative unit office: <ul style="list-style-type: none"> • Urbana Business Plan to Eliminate Deficit (PDF) • UIS Unit Plan to Eliminate Deficit (PDF)
An amount that cannot be recovered within three years of normal operation	Contact your University Assistant Vice President (AVP) for assistance. See the OBFS Leadership page on the OBFS web site for contact information.

Figure 4.8: Requirements to Resolve Different Deficit Amounts – Springfield and Urbana-Champaign

Chicago Campus Deficit Reduction Process

The table below shows the requirements for resolving a reportable deficit **fund** balance on the Chicago campus. The process varies based on the size of the deficit balance. The deficit reduction forms and instructions are available from the college dean or Academic Fiscal Officer (AFO) for each unit that has reportable deficit fund balances. If you have any questions or concerns, please contact the Chicago Budget Office at obfsbudgetofficechicago@uillinois.edu.

Deficit Amount as of June 30	Requirement and Action
Less than \$10,000	You are not required to report on this deficit. Eliminate the deficit by the end of the next fiscal year by modifying the rate or transferring expenditures.
\$10,000 to \$149,999	You are required to develop a plan to resolve this deficit. Submit a yellow form by the date specified by the provost, outlining a plan to eliminate the deficit within three years.
\$150,000 to \$499,999	You are required to develop a plan to resolve this deficit. Submit a blue form by the date specified by the provost, outlining a plan to eliminate the deficit within three years.

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Deficit Amount as of June 30	Requirement and Action
\$500,000 or more	You are required to develop a plan to resolve this deficit. Submit a blue form by the date specified by the provost, outlining the plan to eliminate the deficit within five years. A meeting to present and discuss the plan is required. Meeting attendees will include the AVP, the provost's designee, the college dean or vice chancellor, and the AFO.

Figure 4.9: Requirements to Resolve Different Deficit Amounts – Chicago

4.5: Managing Inventory for Resale

If you keep tangible goods in stock to sell as part of your self-supporting activity, you must track the itemized quantities. This itemized list of goods is known as your *inventory*. Managing inventory is a continuous process that consists of monitoring your inventory, calculating its value, and reporting the balance, as shown on the next page.

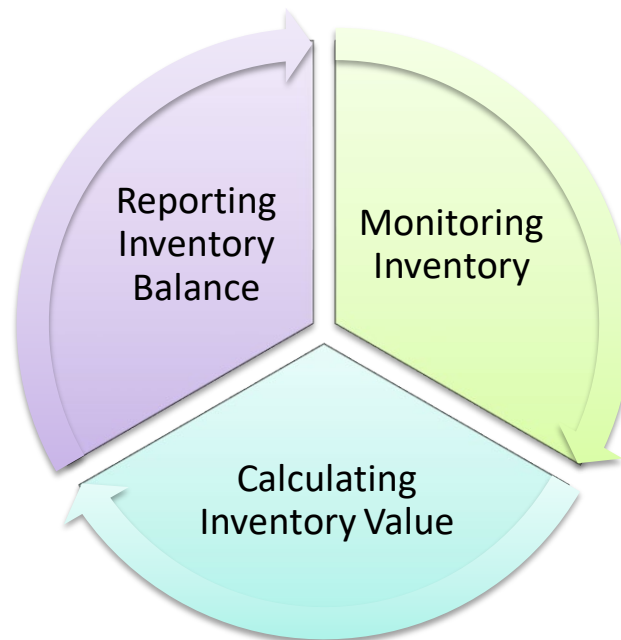


Figure 4.10: Managing Inventory Process

Monitoring Inventory

Follow these requirements if you keep tangible goods in stock to sell.

- **Maintain appropriate inventory control of your goods:**
 - Keep goods in stock in a safe location; they should be stored in a secure setting with minimal exposure to risk.
 - Use available space efficiently and minimize inventory-related costs.
 - When purchasing inventory, use the correct Account code (187100).
- **Document all inventory management procedures:**

Managing Self-Supporting Funds

- Make these procedures available for review by UAFR and external auditors on request.
- Review the procedures periodically and update as needed.
- **Conduct an annual physical inventory count of your goods, ideally on June 30:**
 - Adjust the recorded inventory value to match the physical inventory results.
 - Report the adjusted inventory value as of June 30 on the Year End Fact Sheet.
 - If the count was not performed on June 30, maintain a reconciliation of your inventory count to the ending balance as of the end of the day on June 30.

Use the steps on the [Conduct a Physical Inventory to Adjust Your Merchandise Inventory Record](#) page of the Business and Financial Policies and Procedures manual to perform your annual physical inventory. You should conduct the physical inventory on June 30 every year. If this is not possible, you should schedule the physical inventory count as close to June 30 as possible, then track the receipt or removal of any goods between the inventory count date and June 30. Adjust your inventory records to match the physical count of items in stock, if the physical inventory count does not match the count in your inventory system. The inventory value should be reported on the Year End Fact Sheet; UAFR uses that information to adjust your inventory value in Banner for year-end.

The [Assess Your Merchandise Inventory Management Practices](#) page in the manual will help you evaluate, and, if needed, improve your inventory monitoring procedures.

Calculating Inventory Value

There are two systems of counting inventory, according to Generally Accepted Accounting Practice (GAAP): periodic inventory and perpetual inventory.

The *perpetual inventory* system maintains an ongoing accounting of the quantity of goods in stock, and the overall value of those goods. As existing goods are sold, or new goods are produced or received, the inventory record is updated continuously. In contrast, a *periodic inventory* system is **not** updated continuously as transactions are made; it is only updated periodically after regularly performed inventory counts.

The University **requires that you use the perpetual inventory system for your self-supporting activity**, unless you have received an exemption to use the periodic inventory system. The Business and Financial Policies and Procedures manual contains details of how to [Request an Exemption from Using a Perpetual Inventory System](#). This course only covers the perpetual inventory system; consult the [Methods of Merchandise Inventory Valuation](#) page in the policy manual for more information on the periodic inventory system.

Once you are tracking your inventory appropriately, you must calculate its value. There are two methods used at the University for calculating the value of your inventory:

- **First In, First Out (FIFO)** – Goods are assumed to be sold in the same chronological order in which they were bought or produced. (A group of people in line at a bank is an illustration of the FIFO concept; the first person in line is the first person to be served by a teller.) The inventory value reported on the General Ledger represents the cost of the inventory most recently purchased or produced.
- **Moving Average** – An average unit cost is calculated for each item in stock, and is recalculated every time new goods are bought or produced. The inventory value is calculated as the total cost of the most recently purchased or produced goods, plus the value of the existing inventory.

If you have a new self-supporting activity that requires keeping goods in stock, you must decide which of the above inventory valuation methods is right for you. Changing from one inventory valuation method to the other is allowed, but only if UAFR approves the change in writing.

Managing Self-Supporting Funds

Example of Inventory Value Using First In, First Out (FIFO)

Here is an example of calculating inventory value using the FIFO method. This example assumes that there were no goods in stock at the beginning of the period.

Date	Goods Purchased	Purchase Price	Goods Sold	Inventory Value
August 1	200 items	\$4 each		$200 \times \$4 = \800
August 12	150 items	\$4.50 each		$200 \times \$4 = \800 $150 \times \$4.50 = \675 $\$800 + \$675 = \$1475$
August 20			230 items	$(200 \times \$4) = (\$800)$ $(30 \times \$4.50) = (\$135)$ $\$1475 - 800 - 135 = \540
August 31	100 items	\$4.25 each		$120 \times \$4.50 = \540 $100 \times \$4.25 = \425 $\$540 + 425 = \965

Figure 4.11: Inventory Value with FIFO

The sale on August 20 used all the goods purchased for \$4 at the beginning of the month, plus 30 units of the goods purchased on August 12 for \$4.50 each. The ending inventory count is 120 items that are valued at \$4.50 each, plus 100 items that are valued at \$4.25 each. The total inventory value at the end of the month is \$965.

Example of Inventory Value Using Moving Average

This example calculates inventory value using the Moving Average method. You'll see that the inventory value starts out the same as in the FIFO example above, but the ending inventory value is different. This example assumes that there were no goods in stock at the beginning of the period.

Date	Goods Purchased	Purchase Price	Goods Sold	Inventory Value	Average Unit Cost
August 1	200 items	\$4 each		$200 \times \$4 = \800	\$4
August 12	150 items	\$4.50 each		$150 \times \$4.50 = \675 $\$800 + \$675 = \$1475$	$\$1475 / (350 \text{ items in stock}) = \4.21
August 20			230 items	$\$1475 - (230 \times 4.21)$ $= \$506.70$	\$4.21
August 31	100 items	\$4.25 each		$100 \times \$4.25 = \425 $\$506.70 + \$425 =$ \$931.70	$\$931.70 / (220 \text{ items in stock}) =$ \$4.24

Figure 4.12: Inventory Value with Moving Average

Managing Self-Supporting Funds

The ending inventory value is calculated as the sum of the cost of the most recent purchases (\$425) plus the value of existing inventory (\$506.70). The total inventory value at the end of the month is \$931.70. There are 220 items in stock, and the next sale will use \$4.24 as the average unit cost to adjust the inventory value.

Reporting Inventory Balance

You are required to report your inventory value as of June 30 on the Year End Fact Sheet. The *inventory balance* is the value of the entire amount of goods in stock. Typically, the inventory balance must be adjusted after a physical inventory count so that the inventory records match the physical count of goods in stock.

To report your inventory balance, you must first perform a physical inventory count as detailed on the [Conduct a Physical Inventory to Adjust Your Merchandise Inventory Record](#) page of the Business and Financial Policies and Procedures manual. It is important to have an accurate inventory count as of June 30, the end of the fiscal year, in order to correctly report your inventory balance on the Year End Fact Sheet. The **Year End Fact Sheet is required** for all active self-supporting Funds.

For more information on the Year End Fact Sheet, you should [register](#) to attend a Year End Fact Sheet Webinar, which are normally held in June and July. The Year End Fact Sheet is usually due in mid-July every year.

Support and Resources

This section summarizes the links and resources referenced in this lesson.

Monitoring Revenues and Expenditures

[Banner Account Codes](#)

[Sell Gift Cards](#) procedure in the manual

[Understanding University Financial Statements and the Reconciliation Process](#) (PDF) training guide

[Fund, Program, Index Code Request Form](#) (MS Excel)

[Banner Multiple Index Codes Request Form](#) (MS Excel)

[Posting Revenue](#) job aid

[Journal Voucher Processing](#) training materials

Accounts Receivable and Cash Handling Policies and Procedures

[Section 5: Receivables](#)

[Request an Exemption from Using Banner AR](#)

[Policy for Managing Receivables](#)

[Obtain Access to Banner Accounts Receivable](#)

[Section 10: Cash Handling](#)

[Obtain Approval as a Cash Handling Unit](#)

[Deposit Cash and Checks with USFSCO](#)

[Reconcile Cash Receipts Daily](#)

[Reconcile Cash Receipts Monthly](#)

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Other Accounts Receivable and Cash Handling Information

[Accounts Receivable Processing \(AR 103\)](#) web-based training course

[Merchant Card Services](#) training materials

[Anticipated Incoming Wire Transfer Form](#) (PDF)

[Department Deposit Form](#) (PDF)

[Instructions for using the Department Deposit Form](#) (PDF)

[Cash Handling](#) on OBFS web site

[USFSCO contact information](#)

USFSCO office locations and hours, along with drop box locations:

- [Urbana-Champaign](#)
- [Chicago](#)
- [Springfield](#)

Labor Costs

Mobius View application access: <https://mobiusview.apps.uillinois.edu/mobius/view>

[Labor Distribution Only Changes](#)

HR Front End application access: <https://hr.apps.uillinois.edu/hrFrontEnd/>

[Year-End Labor Redistributions](#) (PDF) job aid

[Labor Redistribution](#) training materials

Transferring Funds

[Transfer Self-Supporting Funds](#) procedure in the manual

[Introduction to Self-Supporting Funds](#) (PDF) training guide

[Journal Voucher Processing](#) (PDF) training guide

[Correcting a Journal Voucher with Incomplete Status](#) job aid

[Deleting a Journal Voucher with Incomplete Status](#) job aid

[Who to Ask: Plant Funds](#)

[Fund, Program, Index Code Request Form](#) (MS Excel)

Reconciliation

[Reconcile Operating Ledger Transactions to Source Documents](#) procedure in the manual

[Reconcile General Ledger \(GL\) and Operating Ledger \(OL\) Balances](#) procedure in the manual

[Section 22: Self-Supporting/Revenue Generating Activities](#)

[Business and Financial Policies and Procedures](#) manual

[Understanding University Financial Statements and the Reconciliation Process](#) (PDF) training guide

Excess Funds/Operating at a Deficit

[State of Illinois Legislative Audit Commission University Guidelines](#) (PDF)

[Section 22.2: Departmental Administrative Support Assessed on Self-Supporting Funds](#)

[Avoid a Build-up of Excess Cash Balances](#)

[Excess Cash Balance Computation](#) (PDF)

[State of Illinois Fiscal Control and Internal Auditing Act](#)

[State Finance Act](#)

[1.1.1 How the University Measures the Financial Health of Units](#)

[Business Plan to Eliminate June 30, 2XXX Cash Deficit](#) (MS Word)

[Budgeting Who to Ask](#)

Inventory

[Conduct a Physical Inventory to Adjust Your Merchandise Inventory Record](#) procedure in the manual

[Assess Your Merchandise Inventory Management Practices](#) procedure in the manual

[Request an Exemption from Using a Perpetual Inventory System](#) procedure in the manual

[Methods of Merchandise Inventory Valuation](#) procedure in the manual

[Register](#) to attend a Year End Fact Sheet Webinar

Lesson Summary

The financial activity recorded in your self-supporting Fund should accurately reflect the Fund's financial position. In this lesson, you learned how to perform the tasks that ensure an accurate and sound financial position, such as monitoring and recording revenues and expenses, tracking receivables, processing fund transfers, managing inventory, and reviewing the fund balance. You also reviewed what reconciliation is, and how often the reconciliation process should be done.

Lesson Review

Look up the following information for your self-supporting Fund:

- Fund balance
- Cash balance

HINT: See pages 37-38 for instructions on how to find both balances.

Write your results below.

Fund balance: _____

Cash balance: _____

Lesson 5: Recording and Reporting Taxes

This lesson introduces collection of sales tax and Unrelated Business Income Tax (UBIT) and shows when those taxes need to be recorded. In this lesson, you'll learn what types of sales are taxable, as well as what kinds of activities are subject to UBIT. You'll also learn how to record sales tax proceeds and how to identify UBIT.

5.1: Collecting Sales Tax

The University of Illinois System is generally exempt from paying sales tax on purchases. However, the system is not exempt from collecting tax on sales to customers. For example, pens purchased by the system for use by campus book store staff are exempt from sales tax, but the pens sold by the same book store to its customers are charged a sales tax and must be reported.

The University is not exempt from collecting and remitting sales or use tax on goods sold. If your self-supporting activity sells tangible personal property to students, employees, alumni, other individuals, or non-exempt businesses, these are considered taxable sales. You **must collect and report sales or use tax** on taxable sales, unless the sale is specifically exempt. Examples of taxable sales are sales of textbooks and clothing.

NOTE: If you are selling goods as a fundraiser, contact UAFR for guidance.

Illinois sales tax regulations apply if the tangible personal property is located in Illinois when it is sold and is delivered to the purchaser in Illinois. You must also collect and report sales or use tax on sales delivered to purchasers in several other states. *Use tax* applies when a customer buys an item that is not subject to their home state's sales tax. The type of tax, the types of sales that are subject to tax, and the exemptions on sales, vary among the states. See [Section 18.6: Sales and Use Tax](#) in the Business and Financial Policies and Procedures manual for the list of states and specific exemptions.

Sales of tangible personal property that are exempt from Illinois sales tax collection include:

- Sales in interstate commerce
- Sales for resale
- Other items specifically exempted (for example, newspapers and magazines)

Some customers are exempt from paying sales or use tax on sales that would be taxable to non-exempt customers. In those cases, do not collect the tax, but instead get an exemption certificate from the customer and keep it on file. It is important that you retain the certificate and request a new one when it expires.

If a sale is subject to sales or use tax, you are responsible for collecting the appropriate tax from the customer and reporting sales and taxes to UAFR. UAFR is responsible for reporting sales at applicable rates and for remitting the collected tax to the State of Illinois or other appropriate government entity. Follow the [Collect and Report Sales and Use Tax](#) procedure in the manual to determine the tax rate and calculate the tax to assess. Record revenue and all sales tax into your self-supporting Fund. Then, complete and submit the [University of Illinois Sales Tax Reporting Form](#) (XLSM) every month. Follow the instructions within the form to complete it. Send the completed form to uafrtax@uillinois.edu. It is due by the 10th of the following month, even if you didn't have any sales for the previous month.

Using the information in the submitted Sales Tax Reporting Form, UAFR transfers sales tax proceeds into the appropriate sales tax liability Funds.

NOTE: The Sales Tax Reporting Form is updated when new rates are available. Be sure to download the most recent version; don't use an older version that you might have on your computer.

The University is registered in multiple states for sales tax purposes. Sales or use tax proceeds from **out-of-state sales taxes** should be recorded into your self-supporting Fund. If a state is not listed in the Sales Tax Reporting Form, you don't need to collect sales tax for that state. However, for special events in a different state, you may need to obtain a license from the local municipality to sell tangible personal property. For example, if the University of Illinois Press has a one-day book sale event in Florida, they would need a license to sell books there. Contact the Office of Treasury Operations - Tax Compliance and Analysis at 217-244-8359 if you have any questions about sales tax.

5.2: Identifying Unrelated Business Income Tax

Income received by the University is generally exempt from federal income tax. However, even though the system is a tax-exempt organization, a self-supporting activity might be subject to [Unrelated Business Income Tax](#) (UBIT), according to IRS Publication 598, [Tax on Unrelated Business Income of Exempt Organizations](#). Your self-supporting activity might be subject to UBIT if it satisfies the following criteria:

- The self-supporting activity is a trade or business, with the expectation of profit,
- The self-supporting activity is regularly carried on, and
- The self-supporting activity is not substantially related to the University's exempt purpose.

It may be challenging to determine whether a self-supporting activity is subject to UBIT. There may be exceptions to the rules regarding what is and is not subject to UBIT. Contact UAfr at uafrtax@uillinois.edu to help evaluate whether your self-supporting activity generates unrelated business income. Examples include:

1. Nike, Inc. pays \$1 million to the University to display a Nike® banner during basketball games at the State Farm Center. This is considered a sponsorship, and it is **not** subject to UBIT. If it was considered advertising, it would be subject to UBIT; advertising is always subject to UBIT.
2. An outside group rents the UIC Forum for an event. If no services are provided, the facility rental income is not subject to UBIT. However, if there are significant **services provided**, such as IT support or food setup, the facility rental income is **subject to UBIT**.
3. Routine testing services are sometimes subject to UBIT:
 - *Unrelated routine testing* is **subject to UBIT**. For example, if a UIC department provides paternity evaluation services to the general public, that would be considered unrelated to the University's mission, and that income would be subject to UBIT. As defined by [IRS General Counsel Memorandum 39196](#), with unrelated routine testing services, "a standard procedure is used, no intellectual questions are posed, the work is routine and repetitive, and the procedure is merely a matter of quality control."
 - *Related routine testing* is **not** subject to UBIT. If the testing is educational in nature (that is, students have a significant involvement) or is in the public interest, it would be considered related to the University's mission, and that income would be exempt from UBIT. For example, if a UIC department provides paternity evaluation services as part of its research into finding a cure for a genetic disease, that income would not be subject to UBIT.

If you think that your self-supporting activity might generate unrelated business income, you should complete the [UBIT questionnaire](#) and submit it to the Office of Treasury Operations. The tax is calculated on institution-wide net unrelated business income, not separately by unit.

It is important for your self-supporting activity to be in compliance with the federal tax code. Non-compliance could lead to negative outcomes like penalties from the IRS, or a poor public image for the University of Illinois. See the [Report Unrelated Business Income](#) procedure and [Section 18.13: Unrelated Business Income Tax \(UBIT\)](#) in the manual for more information, and contact University Tax at 217-244-8359 if you have any questions about UBIT.

Support and Resources

This section summarizes the links and resources referenced in this lesson.

[Section 18.6: Sales and Use Tax](#)

[Collect and Report Sales and Use Tax](#) procedure

[University of Illinois Sales Tax Reporting Form](#) (MS Excel)

[Unrelated Business Income Tax](#) (IRS definition)

[Tax on Unrelated Business Income of Exempt Organizations](#) (IRS Publication 598)

[IRS General Counsel Memorandum 39196](#)

[UBIT questionnaire](#) (MS Word)

[Report Unrelated Business Income](#) procedure

[Section 18.13: Unrelated Business Income Tax \(UBIT\)](#)

Lesson Summary

This lesson introduced collection of sales tax and Unrelated Business Income Tax (UBIT) and showed when those taxes need to be recorded. In this lesson, you learned what types of sales are taxable, as well as what kinds of activities are subject to UBIT. You also learned how to deposit sales tax proceeds and how to identify UBIT.

Course Summary

As a fund manager, you oversee the operation and maintenance of a self-supporting Fund. This course showed you how to monitor and analyze your self-supporting Fund's business activities to ensure that the Fund is used and classified correctly. In this course, you learned how to perform your responsibilities as a fund manager. You also learned about regulatory restrictions on self-supporting Funds, and where to go to find more information about those rules and regulations.

Course Objectives

Now that you have completed this course, you are able to:

- Identify the responsibilities of a fund manager.
- Establish appropriate rates for goods/services sold for a self-supporting Fund.
- Apply business concepts such as budgeting, rate assessment, and monitoring balances, in order to manage a self-supporting Fund.
- Monitor and reconcile the revenue and expenditures that are recorded to a self-supporting Fund, to ensure that they are appropriate.
- Apply the reporting requirements for self-supporting Funds.

Glossary

Term	Definition
Accounts Receivable (AR)	The record of all amounts due for goods and services that the University has provided to customers prior to billing and payment. Also refers to the Accounts Receivable module of Banner.
Annual Mandatory Transfers	Transfers to pay debt that was financed by bonds.
Capital Renewal and Replacement Reserves (also called capital R&R reserves)	An accumulated reserve of money that will be used to fund large anticipated expenses, such as future equipment replacement or facility expansion.
Capitalized Equipment	Equipment that costs \$5,000 or more, and is depreciated over its useful life.
Excess Funds	A cash balance amount in a self-supporting Fund that is greater than the limits allowed by the State of Illinois.
Inventory for Resale	An itemized list of goods in stock, which are intended to be sold.
Inventory Balance	The value of the entire amount of goods in stock for resale.
Labor Distribution	The specified C-FOAPAL string to which an employee's payroll events are charged.
Labor Redistribution	The transfer of an employee's earnings from one C-FOAPAL string to another C-FOAPAL string. The transfer is invisible to the employee and does not affect their pay.
Non-Capitalized Equipment	Equipment that costs less than \$5,000. It is not depreciated.
Periodic Inventory	A method of counting inventory that is not updated continuously as transactions are made. Inventory balances are only updated periodically after regularly performed inventory counts.
Perpetual Inventory	A method of counting inventory that maintains an ongoing accounting of the quantity of goods in stock, and the overall value of those goods. As existing goods are sold, or new goods are produced or received, the inventory record is updated on a real-time basis.
Rate	The amount charged for a good or service.
Receivable	The amount due from a customer as payment for goods or services.
Reconciliation	The process of balancing a Fund's statements for a certain period with the transactions that occurred during that period, as well as balancing the Operating Ledger to the General Ledger.
Related Routine Testing	Testing services that are educational in nature (that is, students have a significant involvement) or in the public interest. These testing services would be considered related to the University's mission.
Revenue	Business income that is received by providing goods or services to customers.
Sales Volume	The quantity of goods or services sold.

Managing Self-Supporting Funds

Term	Definition
Self-Supporting Activity	The goods or services provided by a University unit to customers in exchange for payment.
Unrelated Routine Testing	Testing services that would be considered unrelated to the University's mission of teaching, research, and public service.
Use Tax	A sales tax on taxable items purchased outside a customer's state of residence on which no tax was collected in the state of purchase.
Working Capital	The amount of money that is allowed in reserve to pay a self-supporting Fund's expenses.

Appendix A: OBFS Resources

OBFS Training Center

The OBFS Training Center aims to meet units' needs for training, knowledge, and understanding of the OBFS systems, policies, and processes. From their web site, you may access information on types and availability of courses, register for classes, access online training, and download training materials. Visit the OBFS Training Center at <https://www.obfs.uillinois.edu/training/>, then check out these helpful links:

- Click the **Course Registration** link to register for an OBFS training course.
- Review the **Curriculum Guide** to help identify OBFS courses and prerequisites you should take.

OBFS News Center

If you wish to receive announcements from the OBFS functional unit sponsoring the content of this course, subscribe to the Accounting and Financial Reporting announcements at the OBFS News Center as outlined below:

1. Go to the OBFS Home Page at: <http://www.obfs.uillinois.edu>.
2. Click **Sign up for e-mail updates!** (See the link on the lower right side of the page.)
3. Fill out the form and be sure to select the following topic: **Finance**.

Related Courses

Materials for the following courses are available from the OBFS Training Center web site when you go to <http://www.obfs.uillinois.edu> and click the **Training Center** link. Then click the **Job Aids & Training Materials** link to see these and other courses:

- Introduction to Banner and Finance I
- Introduction to Banner and Finance II
- Journal Voucher Processing
- Retrieving General Ledger Reports
- General Encumbrances
- Understanding University Financial Statements & the Reconciliation Process
- Introduction to Self-Supporting Funds
- Reporting for Managers
- Introduction to Property Accounting (FA 101)
- FABweb Additions and Updates (FA 102)
- FABweb Transfers and Disposals (FA 103)
- Misclassified FOAPAL Reports in EDDIE
- Accounts Receivable Processing
- Labor Redistribution

Appendix B: Support and Resources Summary

This appendix summarizes the links and other resources referred to throughout the course.

How Do I...?	Use This Tool:	Reference Location:
Review the financial manager for my self-supporting Fund?	Fund Code Maintenance (FZMFUND) page in Banner	Updating the Financial Manager job aid
Review my self-supporting Fund's fund type and entity?	Fund Hierarchy (FTIFNDH) search page in Banner	Lesson 1 of Introduction to Self-Supporting Funds
Manage inventory?	Conduct a Physical Inventory to Adjust Your Merchandise Inventory Record page in the Business and Financial Policies and Procedures manual	Lesson 4
Complete the Year End Fact Sheet?	Year End Fact Sheet job aids	Register for the Year End Fact Sheet webinar
Prepare an annual budget?	Springfield – Submit budget estimates on the Budget Adjustment Request Form Chicago & Urbana-Champaign – Enter journal vouchers for revenue budget estimates and expense budget estimates in Banner	Lesson 3 and Entering a Budget Estimate job aid
Develop or re-assess rates?	Worksheet to Compute Rate to Charge Customers (MS Excel)	Lesson 3
Provide billing?	Accounts Receivable module in Banner	Lesson 4 and Accounts Receivable Processing (web-based course)
Reconcile my self-supporting Fund?	Banner, EDDIE	Lesson 4
Monitor my self-supporting Fund's balances?	Asset/Liability Detail Statement in EDDIE or Mobius View	Lesson 4
Maintain fixed asset records?	FABweb	FA 102: FABweb Additions and Updates and FA 103: FABweb Transfers and Disposals
Collect sales tax?	Collect and Report Sales and Use Tax page in the Business and Financial Policies and Procedures manual	Lesson 5

Managing Self-Supporting Funds

How Do I...?	Use This Tool:	Reference Location:
Use a credit card terminal?	Section 21: Merchant Cards in the Business and Financial Policies and Procedures manual	Merchant Card Services training materials
Handle excess funds?	Excess Cash Balance Computation (PDF)	Lesson 4
Work with contracts?	Contracts Forms	Section 22.1: Contracts for Revenue Generating Activities

Helpful Links

- Accounting & Financial Reporting Job Aids & Training Materials:
<http://www.obfs.uillinois.edu/training/materials/accounting/>
- Accounting & Financial Reporting, Who To Ask:
<http://www.obfs.uillinois.edu/accounting-financial-reporting/who-to-ask/>
- Accounting FAQs: <http://www.obfs.uillinois.edu/accounting-financial-reporting/faqs/>
- Accounting & Financial Reporting Forms:
<http://www.obfs.uillinois.edu/forms/accounting-financial-reporting/>
- Year-End Procedures:
<http://www.obfs.uillinois.edu/accounting-financial-reporting/year-end-procedures/>
- Business and Financial Policies and Procedures manual: <http://www.obfs.uillinois.edu/bfpp/>
 - Section 22: [Self-Supporting/Revenue Generating Activities](#)
 - Section 5: [Receivables](#)
 - Section 10: [Cash Handling](#)
 - Section 21: [Merchant Cards](#)

For additional help with self-supporting Funds, contact one of the people on the Who to Ask page. Go to <http://www.obfs.uillinois.edu/accounting-financial-reporting/who-to-ask/>, scroll down the page and click [Self-Supporting Funds](#) to find a list of people who can help you with self-supporting Fund issues.

For technical problems with Banner, EDDIE, or Mobius View, contact the AITS Help Desk at 217-333-3102 or 312-996-4806, or send a message to servicedesk@uillinois.edu.

For technical problems with My-UI-Financials, contact myuifinancials@uillinois.edu.

Appendix C: Field Definitions

This appendix contains field definitions for the reports and forms covered in this course.

Asset/Liability Detail Statement – EDDIE

The **Asset/Liability Detail Statement** was referred to in **3.3: Retaining Working Capital** and **4.4: Reviewing Cash and Fund Balances**.

Field Name	Definition
Chart	Identifies University or major accounting entity. 1=Urbana, 2=Chicago, 4=Springfield, 9=System Offices.
Fund	Identifies a source of revenue.
Fund Type	Fund type code that corresponds to the selected Fund code.
Sponsor	An outside unit that awards grant(s).
Fund Level	The hierarchy level of the selected Fund code.
Principal Investigator	The person responsible for the sponsored project award as specified in the award documents. Fund, Organization, and Program segments can have principal investigators.
Fund Term Dt	Fund Termination date. After this date, non-approved administration personnel can no longer process transactions. But approved personnel (such as Grants administration) can still process transactions.
Fund Exp End Dt	Fund Expenditure End Date. The date transactions can no longer be processed. This date stops approved administration personnel from processing transactions. When the termination date is exceeded, the expenditure end date is always greater than the University's current fiscal year end date. The field is left blank at fund creation.
Project Start Dt	The begin date of the sponsored project award period as specified in the award documents. This date cannot be changed after grant transactions are posted.
Project End Dt	The end date of the sponsored project award period as specified in the award documents. The project end date can be changed at any time, but cannot be changed past the termination date.
Grant Code	User-defined or system-assigned grant identification code.
Financial Manager	The person with fiscal responsibility for the organization.
Account Code/Account Type (Atyp)	Account code is shown in the Asset/Liability Detail Statement . This column is replaced by Account Type in the Asset/Liability Summary Statement .
Description	Title of Account code.
PM (Prior Month) Ending Balance	Balance amount (debit or credit) at the end of the previous period.
CM (Current Month) Change	Computed change in current month for Account code.
CM (Current Month) Ending Balance	Balance amount (debit or credit) at the end of the current period.
PY (Previous FY) Ending Balance	Balance amount (debit or credit) at the end of the previous fiscal year.
Total Assets	Total assets - Account Type 5x
Total Liabilities	Total liabilities - Account Type 6x.
Total Fund Balance	Beginning Fund Balance (Account code beginning with 7), plus Revenue Control (Account Type 85), Expense Control (Account Type 86), and Transfer Control (Account Type 87).

Managing Self-Supporting Funds

Payroll Expense by Person Month End – Mobius View

The **Payroll Expense by Person Month End** report was used in **4.1: Monitoring Revenues and Expenditures**.

Field Name	Definition
Fiscal Year	Fiscal year of report run.
Start Date	Beginning of month.
End Date	End of month.
Chart	Identifies University or major accounting entity. 1=Urbana, 2=Chicago, 4=Springfield, 9=System Offices.
Organization	Identifies functional reporting units.
Fund	Identifies a source of revenue.
Program	Identifies NACUBO function.
Grant Code	User-defined or system-assigned grant identification code.
Grant Start Date	The beginning of the grant's fiscal timeline.
Grant End Date	The end of the grant's fiscal timeline.
Financial Manager	The person with fiscal responsibility for the organization.
Principal Investigator	The person responsible for the sponsored project award as specified in the award documents. Fund, Organization, and Program segments can have principal investigators.
Account	Designates asset, liability, equity, revenue, expenditure, and transfers.
Name	Employee's name.
UIN	University Identification Number.
EC	Employee class. Employee grouping based on shared attributes, such as benefits and leave accruals.
Posn	Position. An approved slot that a Unit holds.
Posn Suff	Position Suffix. This field indicates whether there is more than one job for the selected position number.
Pay Cat	Pay Category. A=Gross Pay, D=Fringe Expense.
Pay Seq	Numbers that uniquely identify pay events; any transaction applied to a pay event is assigned a sequence number. The original pay event is zero (0).
FTE	FTE is the Full-Time Equivalent value.
Pay Period Code	Pay Year, Pay ID and Pay No.
Pay Period Begin Dt	Beginning date of pay period.
Pay Period End Dt	Ending date of pay period.
Hours	Hours paid.
Fringe Rate	Rate of fringe expense calculation.
Amount	Expense amount.
Doc Num	Banner document number.
Activity	Activity code corresponding to the encumbrance document.
Location	Location code corresponding to the encumbrance document.
Sub Total	A calculation of the total transactions for each Account code.
Total Personnel Expense	The total of all Account codes.

Labor Redistribution (PZAREDS) Page – Banner

The Labor Redistribution page was used in 4.1: Monitoring Revenues and Expenditures.

Page Title	Page Name	Menu Path
PZAREDS	Labor Redistribution page	In the Search field, type PZAREDS and press the ENTER key.

Key Section

Field Name	Input	Usage
ID	9-character code	The University Identification Number (UIN) of an employee. It is a unique identifier for each person in the Banner database. The ID can be typed or selected from a list when the Search button is used to filter for options. Required.
Payroll ID	2-character code	A valid pay ID code: bi-weekly (BW) or monthly (MN).
Begin Year	4-digit numeric as YYYY	The year indicated in the pay event you wish to redistribute.
Payroll Number	2-digit numeric	The number of the pay period.

Earnings History Section

Field Name	Input	Usage
Status	1-character code	Status of the adjustment. An X indicates a change has been made.
Disposition	2-digit code	Disposition number for the transaction. Defaults as a result of the extraction process.

Selection Criteria Window

Field Name	Input	Usage
COA	1-character code	The Chart of Accounts code. The values are: <ul style="list-style-type: none"> 1 = UIUC 2 = UIC 4 = UIS 9 = Admin

Earnings/Labor Distributions Section

Field Name	Input	Usage
Orgn	6-character code	The Organization code.

Journal Voucher Quick Page (FGAJVCQ) – Banner

The Journal Voucher Quick page was shown in 4.2: Managing Fund Balance Transfers.

Page Name	Page Title	Menu Path
FGAJVCQ	Journal Voucher Quick page	Financial » General Ledger » General Accounting Transaction Page

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Field Name	Input Data	Usage
Account	Validated	A code representing revenue, expenditures, assets, liabilities, equity and transfers. (Required)
Activity	Validated	An optional C-FOAPAL segment for use in tracking non-budget control financial activities. The activity is usually short in duration.
Action	Text Entry	An indicator used to show the effect of the journal voucher: Partial or Total (Liquidation), Adjustment.
Amount	Text Entry	The dollar amount of the transaction associated with this particular accounting distribution. (Required)
Bank	Defaulted	A code that designates the Banner bank to be updated for all cash transactions. (Accept default; may be overridden.) Users are not to change this code.
Budget Period	Validated	The month corresponding to a budget revision (01 = July, 02= August, and so on). Required when rule class 260 or 261 is used.
Commit Type	Display	An indicator to show the commitment for encumbrance. (Defaults)
Chart	Validated	A one-digit code for a University or major accounting entity used to facilitate financial reporting. (Required)
Debit/Credit	Text Entry	This debit (+ Plus) or credit (- Minus) indicator is used for all General Ledger transactions. (Required)
Deferred Edit	Text Entry	Indicator used to defer editing of the transaction until posting. Do not select this check box.
Description	Text Entry	A brief description of the purpose of the journal voucher.
Distribution Total	Text Entry	Use if a new document total is to be distributed by percentages.
Document Number	Text Entry	The unique number identifying the journal voucher document. (Required)
Document Status	Display	System-maintained field to indicate the status of the journal voucher: (I) Incomplete, (C) Complete.
Document Text Exists	Display	Indicator to show if text regarding the document exists in FOATEXT .
Document Total	Text Entry	The absolute value of the journal voucher being recorded. (Required)
Encumbrance Number	Text Entry	The encumbrance number referenced if the journal voucher affects an existing encumbrance.
Fund	Validated	A Fund maintains a Fund balance and cumulative record of the sources and uses of monies. (Required)
Index	Validated	A unique code that represents user-defined segments of a C-FOAPAL. (Optional)
Item Number	Text Entry	This number relates to encumbrances affecting purchase orders. All other encumbrances will use a standard item number in this field.
Journal Type	Validated	The code identifying an accounting transaction rule class. (Required)

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Field Name	Input Data	Usage
Location	Validated	An optional segment of the C-FOAPAL string primarily used with, but not limited to, the Fixed Asset module to designate physical places or sites such as building and room number.
NSF Checking	Text Entry	If (Y) Yes, available balance checking will be done at entry time for this particular journal voucher. Not used at the current time.
NSF Override	Text Entry	This indicator is used to override the availability of funds checking process if the user has the authority. Not used at the current time.
Organization	Validated	A segment of the C-FOAPAL accounting string used to identify a functional reporting unit (such as a school, college or department) with discrete financial activities. (Required)
Percent	Text Entry	The percentage of the total document amount to be assigned to this accounting distribution. If a percentage is entered, the system calculates the amount; otherwise, an amount must be entered. (Optional)
Project	Validated	Identifies the Project code that appears on a transaction. Not used at the University.
Program	Validated	A segment of the C-FOAPAL accounting string that determines the use of monies at the expenditure level. Program designates NACUBO functional classifications, e.g., instruction, research, public service, institutional support and sub-classifications.
Sequence	Text Entry	A system generated sequence number relating to transactions within a document. (Required)
Status	Display	Indicator to show status of document after the transaction is committed, for example, E - Error and P - Postable. (System generated)
Submission or Submission Number	Text Entry	A code generated by the system.
Transaction Date	Text Entry	The date the transaction is being processed. Defaults to current date. (Required)

Appendix D: Entity Codes

Self-supporting Funds are the only fund classification that are assigned entity codes. This classification is needed to categorize self-supporting Funds into more detailed groupings for the excess funds calculations required by the [State of Illinois Legislative Audit Commission University Guidelines](#) (PDF).

Entity codes are also listed in the FABweb equipment record for equipment items used in a self-supporting activity.

The following table shows the entity classifications for each fund type.

Fund Type	Fund Type Name	Entity Code(s)	Entity Description
3E	Storeroom & Service Activities	3100	Communication & Computing Services
		3110	Plant & Service Operations
3J	Auxiliary Not Under Indenture	3200	Student / Staff Programs
		3420	Unique Programs
3M	Auxiliary Under Indenture	3300	Housing and Food Service
		3310	Student Activity Facilities
		3320	Parking
3Q	Departmental Activities	3400	Instructional Course Activities
		3410	Professional Development Activities
		3430	Agricultural Operations
		3440	Public Service & Academic Support
		3450	Intercollegiate Athletics
		3500	Hospital and Clinics
		3600	Commercial Oper Not Under Indenture
		3610	Commercial Oper Under Indenture

Appendix E: Reports and Financial Statements

Most of the reports and statements listed below are covered in greater detail in the Introduction to Self-Supporting Funds course. Check this [training guide](#) or other listed course for more information. Click the link in the More Information column for specific steps on how to run each report.

Name	Where it is	What to use it for	More Information
Asset/Liability Detail Statement	EDDIE , Mobius View My-UI-Financials	Insight into the long-term success of self-supporting Fund; reflects accumulation of all inception-to-date revenue, expense, and transfer activity.	Running the Asset/Liability Statement Job Aid
Revenue/Expense/ Detail Statement	EDDIE , Mobius View , My-UI-Financials	Insight into the short-term success of self-supporting Fund's day-to-day operations; reflects only current fiscal year activity.	Running the Revenue/Expense/Transfer Statements Job Aid
Asset/Liability Transactions	EDDIE , Mobius View My-UI-Financials	Details of all non-cash assets and liabilities, such as Accounts Receivables and Accounts Payables.	Running the Asset/Liability Transactions Report Job Aid
Revenue/Expense/ Transactions	EDDIE , Mobius View , My-UI-Financials	All transactions for the C-FOP for the given period.	Running the Revenue/Expense/Transfer Transactions Report Job Aid
Misclassified FOAPAL Report	EDDIE	Find misclassified C-FOAPALs associated with self-supporting Fund.	Steps to Run the Misclassified FOAPAL Report Job Aid
Encumbrance Balances	EDDIE , Mobius View , My-UI-Financials	Information about all encumbrances: Labor, General, and Purchase Order.	Running the Encumbrance Balances Report Job Aid
Payroll Expense by Person Month End	Mobius View , EDDIE , My-UI-Financials	Details of personnel expenses by individual employee.	Retrieving General Ledger Reports training guide, Lesson 2
Payroll Encumbrance by Person Month End	Mobius View , EDDIE , My-UI-Financials	View labor encumbrance amounts by individual employee.	Retrieving General Ledger Reports training guide, Lesson 2

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Name	Where it is	What to use it for	More Information
Trial Balance Summary (FGITBSR) Page	Banner	Find your self-supporting Fund's General Ledger balances.	Managing Self-Supporting Funds training guide, Lesson 5
General Ledger Activity (FGIGLAC) Page	Banner	View detailed transaction activity for General Ledger accounts by Account code.	Managing Self-Supporting Funds training guide, Lesson 5
Fund Code Maintenance (FZMFUND) Page	Banner	Identify the default Organization and Program codes associated with self-supporting Fund, or find the Financial Manager's name.	Managing Self-Supporting Funds training guide, Lesson 5
Open Invoice by Account	EDDIE	Detailed transaction data for account IDs with open invoices.	Accounts Receivable Processing, Lesson 6

In addition to the reports listed above, UAFR maintains some helpful reports on the [Reports](#) section of the OBFS Accounting and Financial Reporting web pages at <http://www.obfs.uillinois.edu/accounting-financial-reporting/>. These reports are updated monthly.

Click *FOAPAL Maintenance* (on the left side of the page) to review the following reports:

- **Unused FOPAL Codes** – These reports list FOPAL codes that have not been used recently. Review these reports to see if any of your codes are on it and should be terminated.
- **Multiple-Person Information (Financial Manager and GLDC)** – Check this report to see the Financial Manager for your self-supporting Fund. This information is also available in Banner by using *FZMFUND*. See the [Updating the Financial Manager](#) job aid for steps on using *FZMFUND*.

Click *FOAPAL String Discrepancy* (on the left side of the page) to go over these reports:

- **NACUBO-Fund Type Discrepancy Report** – This report lists unallowable Fund and Program code combinations. Check this report to see if your self-supporting Fund has had transactions with unallowable Program codes.
- **Rogue FOAPAL Report** – Review this report to find possible rogue, or misclassified, transactions that affect your self-supporting Fund.

Appendix F: Fringe Benefit Costs Information

This appendix will help you determine how much fringe benefit costs to include when you are developing or re-assessing your rate. Fringe benefit rates change every fiscal year and vary by campus. They are listed by fiscal year on the [Accounting Reference Materials](#) page.

The table below shows which benefits are assessed, depending on self-supporting Fund type.

Fund Type Name	Fund Type	Benefits Assessed?			
		Health, Life, & Dental Insurance	Retirement	Medicare	Workers' Compensation
Service and Storeroom Activities	3E	N	N	N	N
Auxiliary Enterprises Not Under Indenture	3J	N	N	Y	Y*
Auxiliary Enterprises Under Indenture	3M	N	N	Y	Y*
Departmental Activities	3Q	Y	Y	Y	Y*

Figure F.1: Benefit Assessment Information for Self-Supporting Funds

Y* - Workers' Compensation is assessed at the applicable campus auxiliary (Aux) rate as listed in the appropriate fiscal year's Fringe Benefit Rates document.

When you have determined which benefits are assessed, review the Fringe Benefit Rates document at the [Accounting Reference Materials](#) page for the appropriate fiscal year. Then, add up the rates for the appropriate campus and type of benefit. Finally, multiply the total fringe benefit percentage by the amount of salary/wage expenses that you are including in your rate. You can enter this cost in the Fringe Benefits line of the [Worksheet to Compute Rate to Charge Customers](#) (MS Excel).

You will need to perform separate calculations for employees who are supporting your self-supporting activity on different campuses, because fringe benefit rates are different for each campus. Fringe benefit rates also vary by employee group. For example, faculty and staff are assessed different fringe benefits than students, hourly, or extra help employees.

For example, if you have a self-supporting Fund with a fund type of 3Q (Departmental Activities), it would be assessed Health, Life, & Dental Insurance; Retirement; Medicare; and Workers' Compensation benefits, according to the table above. Using the fringe benefit rates for FY15 at the Urbana-Champaign campus, the total fringe benefit percentage would be:

$$24.82\% + 11.71\% + 1.45\% + 1.51\% = 39.49\%$$

Therefore, if you have \$10,000 of salary/wage expenses in your rate, the total amount of fringe benefit costs to include in the rate should be:

$$\$10,000 \times 0.3949 = \$3949.00$$