Budget and Equity Journal Entry in FMP

Understanding Budget and Equity

- **Budget** journals affect the Budget Ledger on the 1074.1 **Budget node summary**. There are two categories of budgets:
  - 1) **Revenue** budget (budget nodes B4001-B4044). The corresponding PS account codes are 40100-43101.
  - 2) **Expense** budget (budget nodes B5000- B5033). The corresponding PS account codes are 50000-59999.

- **Equity** journals affect the equity ledger on the 1074.6 **balance sheet**. The PS account codes for equity are 30100-39975. Only these account codes appear on the 1074.6. There are no budget nodes such as B3xxx because budgeting is not done on the equity ledger.

- When funds are budgeted in the **Expense Budget Ledger**, they are available for spending. You may have funds in the equity ledger, but nothing or not as much budget on the Expense ledger. When this happens, you have what is known as “unbudgeted fund equity.” Unbudgeted fund equity is one of two types:
  - **Fund Balance** (funds brought forward from a previous period)
  - **New Revenue** (revenue funds obtained in the current period)

- Almost all transactions done in the department will affect both the budget ledger and the equity ledger. However there are some transactions that will only affect one or the other. For example:
  - P/card and T/card transactions on the SDOL during the month (equity only). PS account codes 2xxxxx-liability.
  - Travel advances (equity only). PS account codes 2xxxxx-liability.
  - Budget transfers within the same cost center (budget only).
  - Budget transfers only (no equity) between two or more cost centers (budget only).
  - Equity transfers only between two or more cost centers (equity only)
  - Prior year encumbrances paid (equity only). Appears on the 1074.1 under Prior Budget. Once it expends, it will reduce equity, but will not affect the current expenditure budget.

**Budget Journals** can be used to initiate the following types of transfers:

<table>
<thead>
<tr>
<th>Types of transfers</th>
<th>Account Code</th>
<th>Ledger(s) Affected</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget only</td>
<td>B5xxx, B5xxx</td>
<td>Budget Ledger Only</td>
<td>to transfer only budget; no equity</td>
</tr>
<tr>
<td>Budget &amp; Equity</td>
<td>B5xxx (for the budget transfer) 3xxxx (for the equity transfer)</td>
<td>Budget Ledger &amp; Equity Ledger</td>
<td>to transfer budget &amp; equity from one cost center to another</td>
</tr>
<tr>
<td>Budget Fund Balance</td>
<td>B4035 and B5xxx (both required)</td>
<td>Budget Ledger</td>
<td>To allow unbudgeted funds from equity to be budgeted as an expenditure budget to be expended.</td>
</tr>
<tr>
<td>Budget New Revenue</td>
<td>B4xxx/B5xxxx</td>
<td>Budget Ledger only</td>
<td>To allow new revenue received in the fiscal year that had not been budgeted to be budgeted as a revenues and as an expenditure budget to be expended.</td>
</tr>
</tbody>
</table>

**Equity Journals** can be used to initiate the following types of transfers:

<table>
<thead>
<tr>
<th>Types of transfers</th>
<th>Account Code</th>
<th>Ledger(s) Affected</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Journal Entry to Deposit Cash</td>
<td>4xxx 5xxx</td>
<td>Budget/Equity Ledger</td>
<td>to deposit money received</td>
</tr>
</tbody>
</table>

*Some cash deposits may affect the Budget Ledger expense account code (5xxxxx) when the deposit is to reimburse an expense or when it is for recovered costs.

<table>
<thead>
<tr>
<th>Types of transfers</th>
<th>Account Code</th>
<th>Ledger(s) Affected</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Journal Entry to transfer equity only from one cost center to another.</td>
<td>3xxxx/4xxxx</td>
<td>Equity Ledger</td>
<td>to transfer equity from one cost center to another</td>
</tr>
</tbody>
</table>

/chem_admin/Chem_Admin/DESK MANUALS/FMP/FMP Data Entry Manual/Budget and Equity Journal Entry in FMP_revised.doc
DATA ENTRY: Budget Journals and Equity Journals (except Budget Journals to transfer budget only)

Budget Journals affecting equity must first be entered in FMP Quick Entry as a document type of “Budget Journal.” Once the journal posts to the 1074, the reconciler will be able to post it to the Budget Input layout and modify the Budget categories as appropriate to the transaction.

**Data Entry in FMP Quick Entry**

**Document Type:** Budget Journal  
**PS Account:** 45300  
**Amount:** negative for money transferring in; positive for money transferring out.  
**Quantity:** must be 1, except for Budget Journals without equity transfers (e.g. to transfer between categories of the same cost center).  
**Entered by:** your initials  
**Document #:** the journal #

**Reconciling the Budget/Equity Journal to the 1074:**

**A) Post to Budget Input**

Select this from the menu:  
Choose Yes from this prompt window:

**B) After Posting:** Modify the Budget Nodes as applicable to the transaction. In this case, a transfer of salary was posted so the amount in the equity field must be moved to the salary field.

**C) Enter the “ExpDate” in FMP. DO NOT enter an “Exp Amount.”**

**If both the equity and the budget do not post in the same period:**

a) If **equity only posts:** duplicate the record after it has been posted to the Budget Input layout. Expend and adjust the FMP equity record. Use the duplicated FMP record to display the budget as outstanding by adjusting the figures as follows: delete the number in "start amount" and enter the figures in the appropriate budget node boxes (salary, M&O, etc).

b) If **budget only posts:** duplicate the record before posting it to the Budget Input layout. Post and expend one of them to reflect posting of budget only, removing the number from start amount. Leave the other record as an outstanding Budget Journal in Quick Entry and make a note in the Description field indicating that "budget posted."
DATA ENTRY: Budget Journals transferring Budget only, Budget Fund Balance, and Budget New Revenue.

Budget Journals affecting the budget ledger only must be entered in FMP Budget Input as a document type of "Budget Input." Once the journal posts to the 1074.3, the reconciler will expend the date only in FMP.

- Document Type: Budget Input
- Start Amount: DO NOT enter an amount in this field because it does not affect equity
- Entered by: <your initials>
- Document #: PS Journal # and the H010xxx reference #.
- Description: Examples: transfer budget from M&O to salary; Budget new revenue; Budget fund balance.
- Budget nodes: decrease/increase the appropriate nodes.
- Equity: enter an offsetting amount equal to the total budget categories.

Reconciling the Budget transactions to the 1074:
B) Verify accuracy of the budget journals on the 1074.3. Add the BDX# or 1074 document # to the document # field in FMP.
C) Enter the “ExpDate” in FMP. DO NOT enter an “Exp Amount.”
EXAMPLE

Here is an example of a budget journal initiated by the Provost Office to transfer funds to the College. The College, in turn, re-distributed the funds to its departments via a different journal.

1) Budget journal 0001035705 is created by Provost and sent to the budget office to transfer $500,000.00 from provost M&O to NSM’s Salary. This is a budget and equity transfer.

2) Budget Office processes the budget entry and forwards it to General accounting where the corresponding equity is moved from the Provost to NSM on corresponding Journal entry 0001039600.

3a) When NSM receives the budget journal from the Provost, the entry in FilemakerPro would be as shown below:
3b) The Account Summary with this transaction only will look like this:

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
<th>Budgeted</th>
<th>Expended</th>
<th>Encumbered</th>
<th>Outstanding</th>
<th>Un-Budgeted (ps)</th>
</tr>
</thead>
<tbody>
<tr>
<td>35002</td>
<td>00730</td>
<td>2064</td>
<td>00730</td>
<td>0</td>
<td>-500,000.00</td>
<td>-500,000.00</td>
</tr>
</tbody>
</table>

Later that day or week, NSM processed budget journal 0001039989 to distribute the $500,000.00 that was received in the example above.

1. Move the $500,000.00 out of B5006 (salary) category
2. Put $336,000.00 of the $500,000.00 into B5009 (M&O) category of the same cost center
3. Move $33,000.00 to Physics
4. Move $20,000.00 to Math
5. Move $15,000.00 to Geosciences
6. Move $60,000.00 to Chemistry
7. Move $16,000.00 to Biology
8. Move $20,000.00 to Computer Science

5a) The entry in FilemakerPro for lines 3 to 8 (the total of which is $164,000.00) would be one FMP record for each line as follows. Line 2 is not entered the same because it is a budget transfer with in the same cost center only. Instructions for entering...
Line 2 will be discussed next.

5b) The ledger entries including Budget Journal 0001035705 and 0001039989 in the earlier examples; looks like the list below before items are posted to PS 1074.

6a) Since line 2 of budget journal 0001039989 is not an equity transfer in/out of the cost center it should not be calculated as such. To deal with this, enter it in quick entry without the “1” in the “Quantity” field.

6b) When it is posted to the 1074 and is being reconciled, transfer this record using the “Post to Budget Input” button. Once it is posted, adjust the figures to add to M&O and deduct from Salary. The net effect is zero equity being transferred so remove the figure from the “Start Amount” field.

6c) With this entry only the Account Status Summary will look like this.
7) The **Account Summary** including Budget Journal 0001035705 ($500,000 transfer from Provost) and 0001039989 ($164,000 NSM transfer to departments) **before** items are posted to PS 1074 is shown below:

8a) When the both budget journal entries, 0001035705 (Provost) and 0001039989 (NSM to departments), are posted to the 1074, the PeopleSoft 1074 Budget Journal pages show that:
- $500,000.00 is added to NSM B5006 (salary) from provost
- $500,000.00 is taken from NSM 5006 (salary) and $336,000.00 is moved into B5009 (M&O).

8b) On the **Asset/ Liability** page of the 1074, the effect of journals 0001036900 and 0001042939 is
- $500,000.00 worth of equity is added to the cost center
- $164,000.00 worth of equity is leaving the cost center to go to the departments listed on the journal
- With $500,000.00 added and $164,000.00 leaving the remaining equity in this cost center is $336,000.00 which is this case is just equal to the budget.
### Current Budget Reference

<table>
<thead>
<tr>
<th>Acct. ID</th>
<th>Date</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3752</td>
<td>01/14/05</td>
<td>$500.00</td>
<td>Liabilities P appet</td>
</tr>
<tr>
<td>5109</td>
<td>09/01/05</td>
<td>$100.00</td>
<td>Liabilities P appet</td>
</tr>
</tbody>
</table>

**Total:** $600.00
9) Once you have determined from the 1074 pages above that both the budget and the equity were processed in the same period, click the “Post to Budget Input” button. If they do not post in the same period, see instructions in Step #11.

The pop up menu appears to verify that you would like to post or transfer this information to the budget input screen. Click on yes.

Once you click yes, the information will be posted to the budget input screen in the manner below. However, since this was an equity transfer and a budget transfer to salary, some adjustments must be made to the screen.

The needed adjustment in this case, would be to move the amount from the equity category to the salary category. The 500,000.00 in the start amount represents the equity transferred to the cost center and the 500,000.00 in salary represent the budget transferred to salary.
The account summary with the $500,000 posted to Budget Input would now look like the picture below.

- $500,000.00 budgeted
- $164,000.00 outstanding to be posted to Budget Input.
- Total equity in the cost center currently is $500,000.00
- But with transfer of $164,000.00 committed or outstanding the Current balance is $336,000.00

10) The next step would be to post the other transfers to Budget Input because they too have hit the 1074 as we saw earlier on the 1074. When the department transfers are posted they will look like this.

The adjustment needed would be to move the amount from “equity” into the “salary” category because the posted equity is in start amount and is budgeted in the salary category. Continue this process for all department transfers.
When all transfers are posted to budget input the Account Summary will have the same balances as the 1074 verification report:

- Budget amount is $336,000.00 as shown on the Budget Node Summary of the 1074 and on the Expenditure Summary section of the Verification Report.
- Fund equity less commitment is $336,000.00 as on the Balance Sheet of the 1074 and on the Fund Equity Summary of the Verification Report.
- Un-budgeted equity is 0 as on the Verification Report.

Expenditure summary of verification report showing total budget

<table>
<thead>
<tr>
<th>EXPENDITURE SUMMARY</th>
<th>TTD/P6D</th>
<th>Adjustments as Detailed</th>
<th>Per Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure Budget</td>
<td>336,000</td>
<td>0.00</td>
<td>336,000</td>
</tr>
<tr>
<td>Actual Expenditures</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Open Commitments</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Soft Commitments</td>
<td>4,007.83</td>
<td>4,007.83</td>
<td>4,007.83</td>
</tr>
<tr>
<td>Available Expenditure Budget</td>
<td>331,992.17</td>
<td>4,007.83</td>
<td>336,000.00</td>
</tr>
</tbody>
</table>

Budget Node summary of 1074 showing budget by Nodes

Fund Equity Summary of the verification report showing Fund equity less commitment and with commitments

<table>
<thead>
<tr>
<th>FUND EQUITY SUMMARY</th>
<th>TTD/P6D</th>
<th>Adjustments as Detailed</th>
<th>Per Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Equity</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Revenue</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Fund Adjustments</td>
<td>-336,000</td>
<td>0.00</td>
<td>-336,000</td>
</tr>
<tr>
<td>Expenses</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Ending Fund Equity</td>
<td>-336,000</td>
<td>0.00</td>
<td>-336,000</td>
</tr>
<tr>
<td>Open Commitments</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Fund Equity Less Open Commitments</td>
<td>-336,000.00</td>
<td>0.00</td>
<td>-336,000.00</td>
</tr>
<tr>
<td>Soft Commitments</td>
<td>4,007.83</td>
<td>-4,007.83</td>
<td>0.00</td>
</tr>
<tr>
<td>Fund Equity Less All Commitments</td>
<td>-351,002.17</td>
<td>-4,007.83</td>
<td>-336,000.00</td>
</tr>
</tbody>
</table>
Balance Sheet showing Fund equity

Unbudgeted fund equity section of the Verification report showing unbudgeted fund equity

11) What to do if both the equity and the budget do not post in the same period?

a) **If equity only posts**: duplicate the record **after** it has been posted to the budget input screen as per instructions in Step #9. Expend and adjust the FMP equity record. Use the duplicated FMP record to display the budget as outstanding by adjusting the figures as follows: delete the number in “start amount” and enter the figures in the appropriate budget node boxes (salary, M&O, etc).

b) **If budget only posts**: duplicate the record **before** posting it to the budget input screen. Post and expend one of them to reflect posting of budget only, removing the number from start amount. Leave the other record as an outstanding budget journal and a note indicating that "budget posted".