Fund Equity and Budget

Concepts

1. Fund Equity doesn’t have to be budgeted unless it is going to be spent. If it is to be spent, the revenue (B4035) budget and expense (B5xxx) budget must be created first.

2. If fund equity is moved between cost centers, a corresponding budget entry must show the funding being moved from the holding cost center to the new cost center.
   a. REVEST: B4035 moving from the holding cost center
   b. Org: B5009 moving FE into the holding cost center expenses
      B5009 moving expenses out of the holding cost center
      B5XXX moving expenses into the new cost center

3. Expenditure BBA should never be greater than Fund Equity after Commitments on the Balance Sheet. If it is, a budget entry needs to be done to reduce the budget.

Some Business Administrators try to keep their S/L and G/L cost centers in balance with each other so they do budget entries during the year for fund equity changes. They don’t have to do this.

General Accounting checks the UGLS016 report quarterly for negative fund equity balances. At year-end, this is monitored weekly.

<table>
<thead>
<tr>
<th>Expenditure BBA</th>
<th>Balance Sheet</th>
<th>Unbudgeted Reserve</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4,000</td>
<td>$5,000</td>
<td>-$1,000</td>
<td>Can move Fund Equity of only $1,000 unless do a budget entry to reduce the budget</td>
</tr>
<tr>
<td>$4,000</td>
<td>$1,000</td>
<td>$3,000</td>
<td>Cannot do any Fund Equity journal because the expenditure BBA is greater than the Fund Equity. Must do a budget journal to match FE for $3,000 to bring it back into line. If you want to transfer $1,000 FE to another cost center, you must reduce the budget by $4,000.</td>
</tr>
</tbody>
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