

## Recap of FY 2010

### What was planned

The Community College campuses were asked to pilot a new general fund spend down process this fiscal year which eliminated the ability to encumber general funds at year-end. Initial instructions provided to the campuses in March included the following recommendations:

- Don't initiate any new general fund encumbrances that cannot be liquidated before year end
  - Keep general fund expenditures for the remainder of the year limited to payroll or other expenses that FOs were certain would be paid before the end of the year
- CC FOs were asked to try to get their general fund expenditures as close to their allocation as possible without overspending.
  - The remaining balance would be eliminated with direct payments or a JV from a TFSF account.

### What actually transpired

- A report on open current year general fund commitments was provided to fiscal officers so that open contracts and payments could be transferred to a TFSF account if needed.
- The FMIS program that feeds general fund After-the-Fact (ATF) and SCOPIS payroll encumbrances was modified to exclude the CC campuses. Additionally, a request was submitted to DAGS to programmatically remove the 'A' code on the payroll change schedule for the CC general fund appropriations so that when the payments were posted in July it would be charged to a FY 2011 account instead of a FY 2010 account.

The last payroll of the fiscal year was posted on the evening of June 15. As of June 16, general fund balances were as follows:

	<b>A</b>	<b>O</b>	<b>TOTAL</b>
Smallest variance	437.15	--	437.15
Largest variance	(82,940.99)	154,311.27	71,370.28
<b>TOTAL CCs</b>	<b>(150,416.94)</b>	<b>292,032.25</b>	<b>141,615.31</b>

Before making final payments and transfers, last-minute journal vouchers for payroll corrections needed to be processed (charges to wrong campus, late PNF changes, charges to wrong account/fund), as well as A-19 updates to campus allotments. The CC campuses eliminated remaining general fund balances through a combination of a funding mix and direct payments.

#### Funding Mix

General fund deficits were eliminated by executing a funding mix between CC campuses. Campuses with deficits exchanged TFSF for general funds from campuses with surpluses.

#### Direct Payments

Other campuses processed direct payments to expend the remainder of their balances. Payments were primarily for electricity bills, but also included last-minute purchase orders and other authorizations for payment.

- Though the fiscal year-end deadline for direct payments on general funds was June 16<sup>th</sup>, Disbursing was able to accommodate the CCs with special AFP deadlines. Due to varying bill dates for electricity bills and waiting for PO invoices, some campuses were not able to complete their AFPs until June 24<sup>th</sup>.

### **Feedback to Kualii Executive Committee**

We will be providing a recap of the year-end process to the EC, and they will determine if all other campuses will not be allowed to encumber general funds this fiscal year.

## **Problems/Issues encountered**

### **Encumbrances**

- Misunderstanding of what prior encumbrances had to be moved to other funds
- Prior year encumbrances (initiated before July 1, 2009) did not need to be transferred to TFSF, but some understood prior encumbrances to mean those initiated before the new instructions were issued (initiated before March 2010).

### **Use of JVs**

- The use of JVs to transfer expenditures
  - Pro:* Fast, easy way to use remaining balance
  - Con:* Use of JV at year-end raises red flags
- Exception: using a JV to free up 'O' balance to cover 'A' deficits may be more acceptable because we need to cover our payroll costs

### **Use of funding mixes**

- Completing a funding mix at the end of the year may also be interpreted as a red flag
  - However, it can be argued that because the funding mix was within the overall CC appropriation we were perfectly within our authority to do so
- Creates some additional work to revise A-19s and process TFSF transactions between campuses
- May not be able to use funding mixes between DAGS appropriations

### **Timing of electricity bills for AFPs**

- Last bill received in June may not coincide with FMO's payment deadlines
- Disbursing allowed CC's to process payments up to 1 week after the deadline

## **Payroll Projections**

Some CC FOs used spreadsheets to manage their payroll projections, and some used UBUD or a combination of both. Campuses with a relatively larger percentage of general funds had greater difficulty managing projections, particularly because of the larger number of people being paid on timesheets. Payroll projections were also especially complicated this fiscal year because of mid-year pay cuts, furloughs, and ARRA funds.

## Strategies for FY 2011

Projecting payroll surplus vs. deficit

- Running a **surplus** in 'A' (payroll less than allotment) [**Preferred method**]
  - Roll balance down to 'O' and make a direct payment or JV 'O' expenditure from TFSF
  - Campuses may not have enough bills to cover their surplus at the end of the year
    - Ensure that surplus is less than the last direct payment amount
- Running a **deficit** in 'A' (payroll greater than allotment)
  - JV 'O' (electricity) expenditure to TFSF and roll that amount up from 'O' to 'A'
  - Running a deficit may raise red flags (though deficit will be corrected, we are still spending more than originally planned/allotted in GF)
    - Best suited for campuses that don't anticipate having unpaid bills at year-end to cover any surpluses

## Prior Year General Fund Encumbrances

When we transition to the Kualii Financial System, we will no longer maintain separate accounts for each fiscal year. Outstanding general fund encumbrance balances from prior fiscal years will need to be tracked separately, so it will be easier if these balances can just be liquidated before conversion.

Campus Code	FY Indicator						Grand Total
	5	6	7	8	9	0	
HI			8,282.51		21,834.41	327,612.83	357,729.75
HO					14,856.47		14,856.47
KU			990.22	4,380.28			5,370.50
MA	6,494.06		74,931.08	649,377.80	26,186.83	2,201.54	759,191.31
SW	12,137.46	10,995.24	2,987.37	70,464.87	142,427.51	546,311.80	785,324.25
WO						1,820.80	1,820.80
<b>Grand Total</b>	<b>18,631.52</b>	<b>10,995.24</b>	<b>87,191.18</b>	<b>724,222.95</b>	<b>205,305.22</b>	<b>877,946.97</b>	<b>1,924,293.08</b>

Outstanding general fund open commitments in prior fiscal year accounts as of 8/29/10.