UNIVERSITY FINANCIAL STRUCTURE
Financial Structure Overview

- Accounting Concepts
- University Financial Structure
  - Program Structure
  - Funding Sources
- Budget Environments
  - External vs. Internal
  - Budget Processes
  - Budget Responsibility Center
Accounting Concepts

• Accounting Basis – cash or accrual. Virginia Tech utilizes the cash basis of accounting.

• Fund Accounting - Ensures the linkage between funding and purpose. This ensures that funds provided for specific purposes.

• Classification of funds – current, loan, endowment, annuity, agency, and plant.
University Financial Structure

VIRGINIA TECH
Board of Visitors

University Division (208)

State Agencies

Cooperative Extension/
Agriculture Experiment
Station Division (229)

Private Corporations

Corporations
Major Program Structure

VIRGINIA TECH

University Division (208)
- Educational and General Programs
- Student Financial Assistance
- Auxiliary Enterprises
- Sponsored Programs

Cooperative Extension/Agriculture Experiment Station Division (229)
- Unique Military Activities
- Educational and General Programs

Corporations

Capital Projects

Major Programs
Fund Sources

**VIRGINIA TECH**

- **University Division (208)**
  - Educational and General Programs
    - Tuition & Fees
    - Indirect Cost
  - Student Financial Assistance
  - Auxiliary Enterprises
  - Sponsored Programs
- **Cooperative Extension/Agriculture Experiment Station Division (229)**
  - Unique Military Activities
  - Educational and General Programs

**Capital Projects**
- General Fund
- Non-General Fund
- Debt

**Cooperations**
- Capital Projects
- General Fund
- Non-General Fund
- Debt
BUDGET ENVIRONMENTS

External Budget

Internal Budget
The Budget Environment

**EXTERNAL BUDGET**

**COMMONWEALTH**
Governor proposes and General Assembly approves *Appropriation Act*.

**AGENCIES**
The Commonwealth allots NGF authority and GF funding appropriated to *agencies* by major program.

**INTERNAL BUDGET**

**AGENCY**
The agency assigns program responsibility and resources to *units* of the agency.

**UNIT**
Managers complete programs and properly classify the utilization of resources by program.
External Budget Environment

- Code of Virginia
- Constitution: All funds → State Treasury
- State Appropriation Act
- Virginia Procurement Act
External Budget Process

• State Appropriation Act
  – Biennial Budget
  • Odd Year
    – Executive *Budget*
    – Legislative *Amendments*
    – 2 Year Budget Effective July 1
  • Even Year
    – Governors *Amendments*
    – Legislative *Amendments*
Internal Budget Environment

- State and federal laws
- University policies and procedures
- University mission
- Budget responsibility center concept
Internal Budget Process

1. Identification of annual resources or shortfall
   Resources – Continuing Expenses – Mandatory Expenses = Available Resources or Shortfall

2. Solicit funding requests

3. Prioritize and fund initiatives

4. Communicate

5. Execute budget
Budget Responsibility Center Concept

• Decentralized environment
  – Delegation of resources and accountability

• What does this mean?
  Flexibility and decision making authority within certain limits:
  – Expenditure limits
  – Position allocations
  – Appropriate funding
Presentation Summary

• Fund Accounting Concept
• University Financial Structure
  – Program Structure
  – Funding Sources
• Budget Environments
  – External
  – Internal
  – Budget Processes
  – Budget Responsibility Center
Questions?