

Budget 101

Finance and Accounting
Winter Training 2010

Goals

- **To provide a high-level understanding of the PHB budget and financial structure**
- **To provide program staff and managers with knowledge specific to the portions of the budget each manages or touches**
- **To provide linkage between the budget, projects, and contracts**

Agenda

- 1. Definitions**
- 2. Budget Structure**
- 3. Condensed Budget Cycle**
- 4. Spending Plans**
- 5. Contract Monitoring**
- 6. Operating Budget Monitoring**
- 7. Questions**

Definitions

- **Appropriation:** The legal authority to spend funds designated for a specific purpose; granted by City Council
- **Encumbrance:** Funds which have been legally set aside for specific projects or services
- **Requisition:** First of two steps in process of encumbering funds; sets money aside prior to execution of a contract – requires approval of contract
- **Purchase Order:** Second of two steps in process of encumbering funds; designates requisitioned funds to the contractor following the contractor selection
- **SAP:** City of Portland's integrated financial system; serves as information system for majority of core business functions (e.g., accounting, payroll, human resources); also known as the EBS (Enterprise Business System)

Definitions

(continued)

- **Fund:** A financial structure in SAP used to track specific financial resources as well as associated expenditures (e.g., General Fund, Housing Investment Fund, TIF Fund)
- **Sub-fund:** A sub-unit within a fund that tracks revenues and expenditures at a more detailed level (e.g., URA-specific sub-funds within the TIF fund)
- **Cost Center:** A structure within SAP used to track organizational units (i.e., the staff delivering services); also known as a fund-center
- **Functional Area:** SAP attribute that corresponds to a specific bureau service delivery program area (e.g., rental housing & development, shelter operations)
- **Budget Monitoring Process:** City process by which bureaus report budget status & request supplemental budget revisions by City Council. Occurs three times over fiscal year. Also referred to as “the BuMP”

Definitions

(continued)

- **OMF:** The City of Portland “Office of Management & Finance”. Responsible for functions and services such as financial management, technology services, purchasing, accounting and human resources
- **Personal Services:** A broad category of expenses (e.g., salary, medical benefits, PERS contributions) that includes all payroll-related and employee benefit-related expenses
- **External Materials & Services:** A broad category of expenses (e.g., office supplies, travel/training expenses, contractor payments) that includes all payments made for goods & services to an entity outside the City
- **Internal Materials & Services:** A broad category of expenses (e.g., telecom, facilities & IT services) that includes all payments made for goods & services provided internally by a City bureau

Budget Structure

FY 2010/11 Financial Structure - Fund View

Portland Housing Bureau

General Fund - PHB's allocation of City General Fund resources

Housing Investment Fund - Created by City Council to support affordable housing initiatives

HOME Fund – Home Partnership Grant (a Federal entitlement grant)

CDBG Fund – Community Development Block Grant (a Federal entitlement grant)

Federal Grants Fund – PHB's remaining grant resources (e.g., Emergency Shelter Grant, Housing for People W/Aids, N'hood Stabilization Program)

TIF Fund – Tax Increment Financing resources

Budget Structure

FY 2010/11 Financial Structure - Cost Center View

**Portland
Housing
Bureau**

Program Delivery

Director's Office

Strategic Housing Policy & Planning

Business Operations

Budget Structure

FY 2010/11 Financial Structure - Functional Area View

Portland Housing Bureau

Shelter Services

Rent Assistance (Short-Term)

Transitional Housing

Rent Assistance (Longer-Term)

Rental Access & Stabilization

Rental Housing Development & Finance

Homebuyer / Homeowner Access Services

Homebuyer / Homeowner Retention Services

Homebuyer / Homeowner Financial Assistance

Homebuyer / Homeowner Development

Director's Office

Strategic Housing Policy & Planning

Business Services

Administrative Support

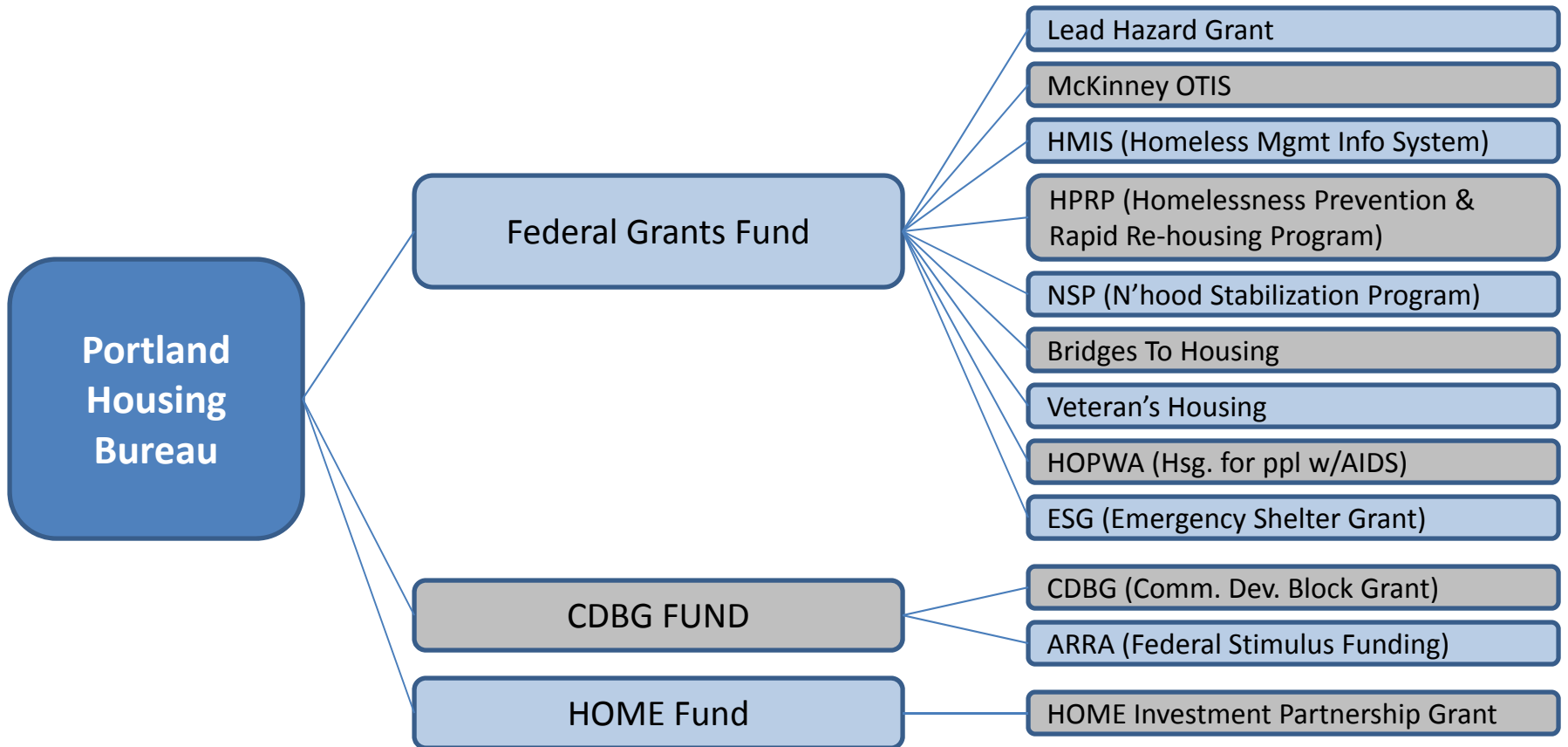
Budget Structure

Why are each of these elements (i.e., fund, functional area, cost center, grant) important?

- Each of the numerous appropriations that make up the PHB budget is “coded” to a specific fund, cost center, functional area and grant (if applicable). Given PHB’s wide array of programs and funding sources, this level of detail is necessary to facilitate clean and accurate financial management.
- Over the course of the fiscal year, it is critical to ensure expenditures “follow” the budgeted appropriation – which is to say, the expenditures need to be coded with the fund, cost center, functional area and grant (if applicable) that matches the budget
- The finance & accounting team will take an active role in ensuring expenses are “booked” correctly. However, program staff need to collaborate with the finance & accounting staff to this end – particularly dealing with the fund and grant

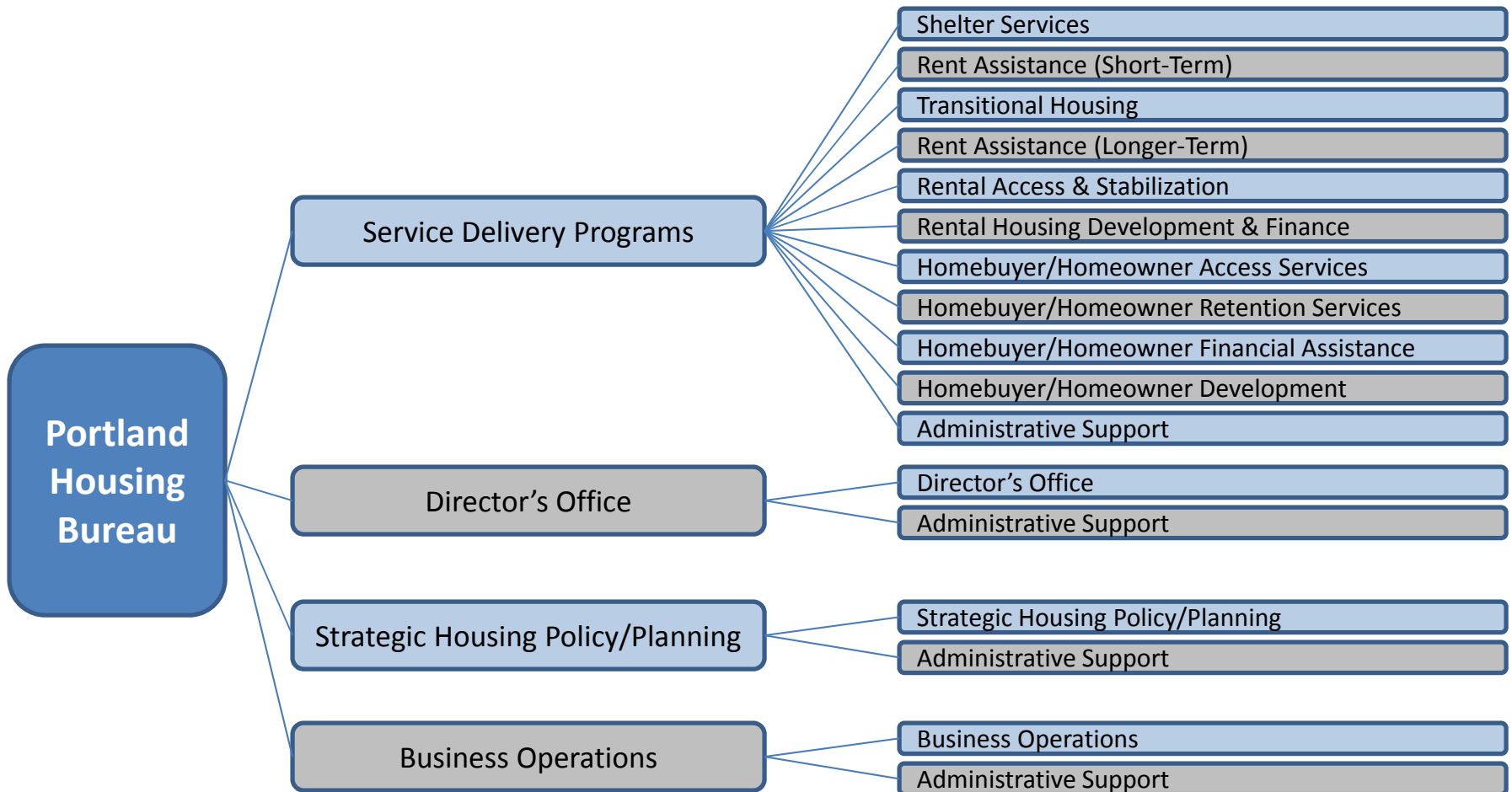
Budget Structure

FY 2010/11 Financial Structure – Grants By Fund



Budget Structure

FY 2010/11 Financial Structure – Func Area by Cost Ctr



Condensed Budget Cycle

FY 2011-12 Budget – From Cradle To Grave

Sep-2010 thru Jan-2011	Budget involvement & development processes such as internal analyses of prior year outcomes and involvement of bureau employees, URACs (urban renewal advisory committees) and BAC (budget advisory committee)
Feb-2011	Bureau submits Requested Budget
Mar-2011	<ul style="list-style-type: none"> • Citywide community budget hearings • Council and bureau leadership conduct budget work sessions • Bureau develops and initiates majority of RFP's*
Apr-2011	Mayor releases Proposed Budget
May-2011	PHB finalizes RFP awards; non-RFP contracts nearing completion*
Jun-2011	Council approves Adopted Budget
Jul-2011	<ul style="list-style-type: none"> • New fiscal year begins • Contracts executed
Sep-2011	Bureau submits Fall BMP requests to amend FY 2011/12 budget

**Some contracts and RFP's will necessarily follow different cycles (e.g., new grant awards, awarded by agency with different grant cycle)*

Condensed Budget Cycle

FY 2011-12 Budget – From Cradle To Grave

Jan-2012	Bureau submits Winter BMP requests to amend FY 2011/12 budget
Mar-2012	Program and finance/accounting staff project which contracts will not fully expend prior to June 30 th (i.e., end of fiscal year)
Apr-2012	Bureau submits Spring BMP requests to set aside unencumbered appropriations projected to be unspent at fiscal year end
May-2012 thru Jul-2012	Finance & Accounting team (with contract manager assistance as necessary) works to process all invoices, accrue costs to the proper fiscal year and close out contracts. Fiscal year ends.
Sep-2012	Bureau submits Fall BMP requests to increase appropriations for: <ul style="list-style-type: none">• FY 2011/12 non-encumbrance carryovers approved in Spring BMP• FY 2011/12 contract encumbrances carried into new fiscal year

More on the City of Portland budget process @ www.tinyurl.com/y9aptjc

Spending Plans

What is a spending plan?

A document that itemizes how a given cost center intends to spend its non-subrecipient external materials & services budget.

Who is responsible for completing?

Ultimately, the cost-center manager (i.e., the responsible member of executive team) is responsible for completing and approving. The process by which that manager involves program staff will be determined by that manager.

How are these used?

Managers will use these plans to inform and manage its ongoing spending decisions throughout the fiscal year. The finance & accounting team will use these to load the budget in such a way that best matches line-item appropriations to expected spending.

Spending Plans

Sample Spending Plan Template

DRAFT PORTLAND HOUSING BUREAU ***DRAFT*** FY 2010-11 EXTERNAL M&S - BUDGET & SPENDING PLAN				
COST CENTER:				
EXPENDITURE CLASSIFICATION	FY 10-11 REQUESTED BUDGET	SPENDING PLAN DETAIL		FY 10-11 ADOPTED BUDGET
		DESCRIPTION	AMOUNT	
EXTERNAL SERVICES				
521000		PROFESSIONAL SERVICES		
522000		UTILITIES		
523000		EQUIPMENT RENTAL		
524000		REPAIR & MAINTENANCE		
529000		MISCELLANEOUS SERVICE	PTE contract for Organizational Dev	
		SUBTOTAL		-
EXTERNAL MATERIALS				
531000		OFFICE SUPPLIES		
532000		OPERATING SUPPLIES	printer	
533000		REPAIR & MAINT SUPPLIES	Replacement copier upgrade costs	
534000		MINOR EQUIP & TOOLS	Furniture for new staff	
535000		CLOTHING & UNIFORMS		
539000		OTHER COMMODITIES	Food for meetings and events	
		SUBTOTAL		-
EXTERNAL MISCELLANEOUS				
541000		EDUCATION	Computer classes for staff	
542000		LOCAL TRAVEL	Mileage and parking for meetings	
543000		OUT OF TOWN TRAVEL	Conference in XX	
544000		EXTERNAL RENT		
546000		REFUNDS		
547000		RETIREMENT		
549000		MISCELLANEOUS		
		SUBTOTAL		-
TOTAL EXTERNAL M&S				-

Travel & Training Plans

What is a travel & training plan?

This document describes anticipated travel & training expenditures at a very detailed level.

Who is responsible for completing?

Ultimately, the cost-center manager (i.e., the responsible member of executive team) is responsible for completing and approving. The process by which that manager involves program staff will be determined by that manager.

Why is this not included in the spending plan?

Because these expenditures are significant in magnitude and can be politically-sensitive in nature.

Travel & Training Plans

Sample Travel & Training Plan Template

FY 10/11 OUT OF TOWN TRAVEL		***DRAFT***		Portland Housing Bureau Program:_BHCD Housing Unit			***DRAFT***		Justification/Benefits			
Name of Conference	Date	Location	Employee	Travel Cost	Registration Fee	Functional Area	Source of Funding (grant, other agency, GF)	Professional Development	Mandatory for Job	Technology Improvements	Efficiency/Effectiveness	Organizational Representation
NCD Conference	6/1/2009	Chicago	XXXXXXXXXX	\$900.00	\$500.00	Housing	GF	X	X		X	X
			Total Estimated Costs	\$900.00	\$500.00							
			Total Training Budget	XXXXX	\$2,000.00							
			Total Travel Budget	\$6,000.00	XXXXX							

Contract Monitoring

What are a contract manager's monitoring responsibilities?

From a fiscal perspective*, contract managers are responsible for the following:

- Serving as the point person on communications with the contractor
- Ensuring expenditures are appropriate and in compliance with all restrictions dictated by the funding source**
- Reviewing invoices as per requirements described in the “Invoices & Accounts Receivable” training module**
- Maintaining awareness of contract end date and balance (i.e., funds remaining), and managing the contractor/sub-recipient accordingly**
- Working with the Finance & Accounting team to perform spending projections and close out the contract when necessary

* For Federal compliance requirements, see www.tinyurl.com/yz7puaz. Program outcome monitoring will vary based upon contract-specific terms and PHB expectations.

** Note: the invoice and copy of executed contract will typically provide all the info necessary to complete

Contract Monitoring

How do I know what my total contract budget is?

Through the FY 2010/11 budget development process, the Finance & Accounting team is working with program managers to finalize contract budgets available across the bureau. From this data, the F&A team will develop a “Contract Management Tool” to serve as the system of record for contract budgets. Program staff will have “read-only” access to this tool, while the F&A team will be responsible for keeping this tool up-to-date (as appropriations are revised over the fiscal year). This tool is scheduled to be available July 1, 2010.

How do I amend a contract budget?

There are two key steps required to increase, decrease or shift contract appropriations:

1. Complete and obtain approval on the “Budget Amendment Form” .
2. Follow the procedures described in the “Contracting & More” training module in order to execute a contract amendment

Contract Monitoring

Budget Amendment Form

PORTLAND HOUSING BUREAU BUDGET AMENDMENT FORM

*****DRAFT*****

Program Staff Complete This Section	Date of Request	█
	Amount to be Changed	\$ █
	Funds From <i>Note: funds cannot cross funds, grants or major object categories using this process</i>	Fund: █ Grant (if any): █
		SAP Functional Area: █
		Contract #: █
		Service Provider: █
	Funds To	SAP Functional Area: █
		Contract #: █
		Service Provider: █
	Reason for Request	<input type="checkbox"/> RFP Award <input type="checkbox"/> Increase Contract # █ <input type="checkbox"/> New Contract <input type="checkbox"/> Swap/Exchange Funds █ to █ <input type="checkbox"/> Other:
Requestor	█	
Reason For Request: █		
Approval:	Program Manager: █ Exec Team Member: █	

Contract Monitoring

Budget Amendment Form (continued)

Administrative Steps To Be Completed Following Approval	Finance & Accounting (Mike Johnson or Designee)	Amount \$ [REDACTED]
	DRAFT	Fund: [REDACTED] Grant (if any): [REDACTED]
		From: Functional Area: [REDACTED] Comm Item: [REDACTED]
		To: Functional Area: [REDACTED] Comm Item: [REDACTED]
	Finance & Accounting (Mike Johnson or Paul Stewart)	<input type="checkbox"/> Update Contract Management Tool <input type="checkbox"/> Prepare SAP Budget Amendment
	Finance & Accounting (Ruth Benson or Anna Shook)	<input type="checkbox"/> Change Internal Orders in SAP
	Business Analysis & Research (Antoinette Piefka or Designee)	<input type="checkbox"/> Update AMANDA <input type="checkbox"/> Con Plan Change Needed <input type="checkbox"/> Notice to PP&C- Beth Date of Con Plan Public Notice: [REDACTED] <input type="checkbox"/> Contract Amendment Needed

Contract Monitoring

How do I monitor the financial status of my contracts?

The finance and accounting team is developing a report generated by SAP that will provide a monthly snapshot of all open bureau contracts . This report – an excerpt of which is pictured below – is scheduled to be deployed at the start of the new fiscal year.

Contract	PO	Created on	Vendor Name	Short Description	Functional Area	Fund	Original	Invoiced	Remaining
30000598	22028043	11/5/2009	MULTNOMAH COUNTY	Mult Co Bridgeview CDBG	Transitional Housing	CDBG	280,716.00	70,179.00	210,537.00
				Mult Co Youth Janus	Transitional Housing	General Fund	223,175.00	55,793.76	167,381.24
				Mult Co Youth TranstIn	Transitional Housing	General Fund	680,294.00	217,546.49	462,747.51
DRAFT									
30000598 Total							1,184,185.00	343,519.25	840,665.75
32000136	22029306	11/20/2009	OUTSIDE-IN	OI Injection Drug Users Prog	Pub Safety & Livability	General Fund	63,037.00	19,289.89	43,747.11
32000136 Total							63,037.00	19,289.89	43,747.11
32000119	22028221	11/9/2009	SALVATION ARMY	Sal Army Men Saf & Livability	Pub Safety & Livability	General Fund	100,000.00	22,821.20	77,178.80
32000119 Total							100,000.00	22,821.20	77,178.80
32000120	22028222	11/9/2009	SALVATION ARMY	Sal Army Women Shelter	Shelter Services	General Fund	834,241.00	192,955.45	641,285.55
32000120 Total							834,241.00	192,955.45	641,285.55
32000094	22030169	12/4/2009	CENTRAL CITY CONCER	CCC ADFC ESG	Pub Safety & Livability	ESG	265,431.00	82,308.00	183,123.00
				CCC ADFC GF	Transitional Housing	General Fund	100,095.00	42,033.00	58,062.00
				CCC BEST GF	Supp Housing Rent Assist	General Fund	250,000.00	97,921.00	152,079.00
				CCC CEP GF	Supp Housing Rent Assist	General Fund	287,578.00	128,121.00	159,457.00
32000094 Total							903,104.00	350,383.00	552,721.00

Operating Budget Monitoring

Who is responsible?

- Members of the PHB executive team are responsible for monitoring their respective operating budgets on a monthly basis.
- The finance & accounting manager is responsible for monitoring the bureau budget-at-large.
- Other staff is responsible for monitoring as assigned that responsibility

How do I access my budget reports?

The finance and accounting team generates a set of monthly SAP reports (approximately ten business days following the end of the month). These are saved on the PHB shared drive at:

<I:\Fiscal\Budget Monitoring Reports>

Operating Budget Monitoring

How do I read an SAP budget monitoring report?

PHB - Budget Vs. Actual Monitoring Report				1	2	3	4
Housing Programs - Expense By Functional Area				Period	From	Thru	% Yr Left
				5	7/1/2009	11/30/2009	58.4%
5	6	7	8	9	10	11	12
Description	Current Bud.	Actuals	Funds Reservatio	PR Encum.	PO-Encum.	Available Budge	% Avail.
** CDHC000000000GC Affordable Housing Adm	8,770,580	316,343	0	0	59,757	8,394,480	95.71
** CDHCASFH000000GC Rental Housing	5,777,496	1,524,926	0	870,494	1,942,172	1,439,904	24.92
** CDHCASHS000000GC Homebuyer Access	4,771,918	26,868	0	3,249,384	251,597	1,244,069	26.07
** CDHCASRA000000GC Access-Rent Assistance	0	0	0	0	(11,842)	11,842	0.00
** CDHCHO00000000GC Homeowner Stabilizatio	1,100,000	3,761,329	0	242,418	748,229	(3,651,976)	(332.00)
** CDHCHP00000000GC Affordable Housing	0	0	0	0	0	0	0.00
** CDHCRH00000000GC Rental Development	16,371,093	5,623,835	0	0	6,065,780	4,681,478	28.60

- Period** – Refers to month of fiscal year (July through June)
- From** – First date of total span reported
- Thru** – Last date of total span reported
- % Yr Left** – Proportion of fiscal year remaining
- Description** – Describes what is captured on each row of the report
- Current Budget** – The total budgeted appropriation for the row in question
- Actuals** – Total expenditures posted
- Funds Reservation** – Ignore (not currently used by PHB)
- PR Encum.** – Total amount encumbered in requisitions
- PO-Encum.** – Total amount encumbered in purchase orders
- Available Budget** – Amount of budget remaining after subtracting actual expenditures (7), requisitions (9) and purchase orders (10) from current budget (6)
- % Avail** – Current budget (6) divided by available budget (11)

Operating Budget Monitoring

What am I responsible for monitoring in my area(s)?

- Personal Services
- External M&S
 - Subrecipient encumbrances & expenditures
 - Non-subrecipient encumbrances & expenditures
- Internal M&S
 - “Bureau to bureau” interagency expenditures (e.g., services provided to PHB by Planning, Development Services and ONI)
 - ***Not responsible for*** internal service interagency expenditures (i.e., services provided by OMF such as IT, facilities and telecommunications services)
- Revenues
 - Program-specific revenues (e.g., housing connections royalties, IGA’s with other jurisdictions where we are the provider)
 - ***Not responsible for*** grant revenues (as this is the dual responsibility of the PHB finance & accounting team and the OMF grants office.)

Operating Budget Monitoring

Operating Budget Binders

The finance & accounting team will be developing operating budget binders individualized for members of the executive team. These will be available on July 1 . The following is a non-comprehensive list of the contents:

- FY 2010/11 Budget By Fund & Functional Area
- FY 2010/11 Staffing Detail (i.e., positions, funding splits)
- Other resources useful in managing one's operating budget

Questions & Answers

