

JGSM November Budget Meetings

Agenda

Why are we here?

Improve budgeting, forecasting and reporting processes
Reforecast FY14 and kick off the FY15 budgets!

Introduction of Johnson reporting moving forward

New org structure and reporting levels
Reporting processes under-construction

Accounting and foundational reporting components

Clean – up current account structures
New use of sub accounts
Object code use & new sub-object codes

Timeline review

Re-forecasting FY14 and budgeting for FY15
Review of the re-forecasting and budgeting process & best practices
Long term planning for enrollment, gifts, capital projects, technology and headcount
Variance analysis

Training opportunities

Budget reference guide
Expense processing 101
Reporting 201

Next Steps

1. Review current budget for structural changes (accounts/orgs, etc.)
By Wed Nov 27*
2. Review current budget actuals to ensure accuracy (high level)
By Wed Nov 27*
3. Re-forecast FY14 (by Quarter) with templates provided
Templates provided Monday, December 2; Due back to Finance December 16*
4. Budget FY15 (by Quarter) with templates provided
Templates provided Monday, December 2; Due back to Finance January 3rd*
5. Plan for capital, technology and headcount (3 YR)– complete templates provided
Templates provided Monday, December 16; Due back to Finance January 8th*
6. Plan for enrollment & gift (3 YR) – complete templates provided
Templates provided Monday, December 16; Due back to Finance January 15th*

* Please be respectful of these deadlines as we have a very short turn-around in developing reports for you, the Management Committee and Dean Dutta. Thank you, in advance for your consideration.

Johnson School

FY 14 and FY15 Budget Reference Guide

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Enclosure: Individual budget report by account detail

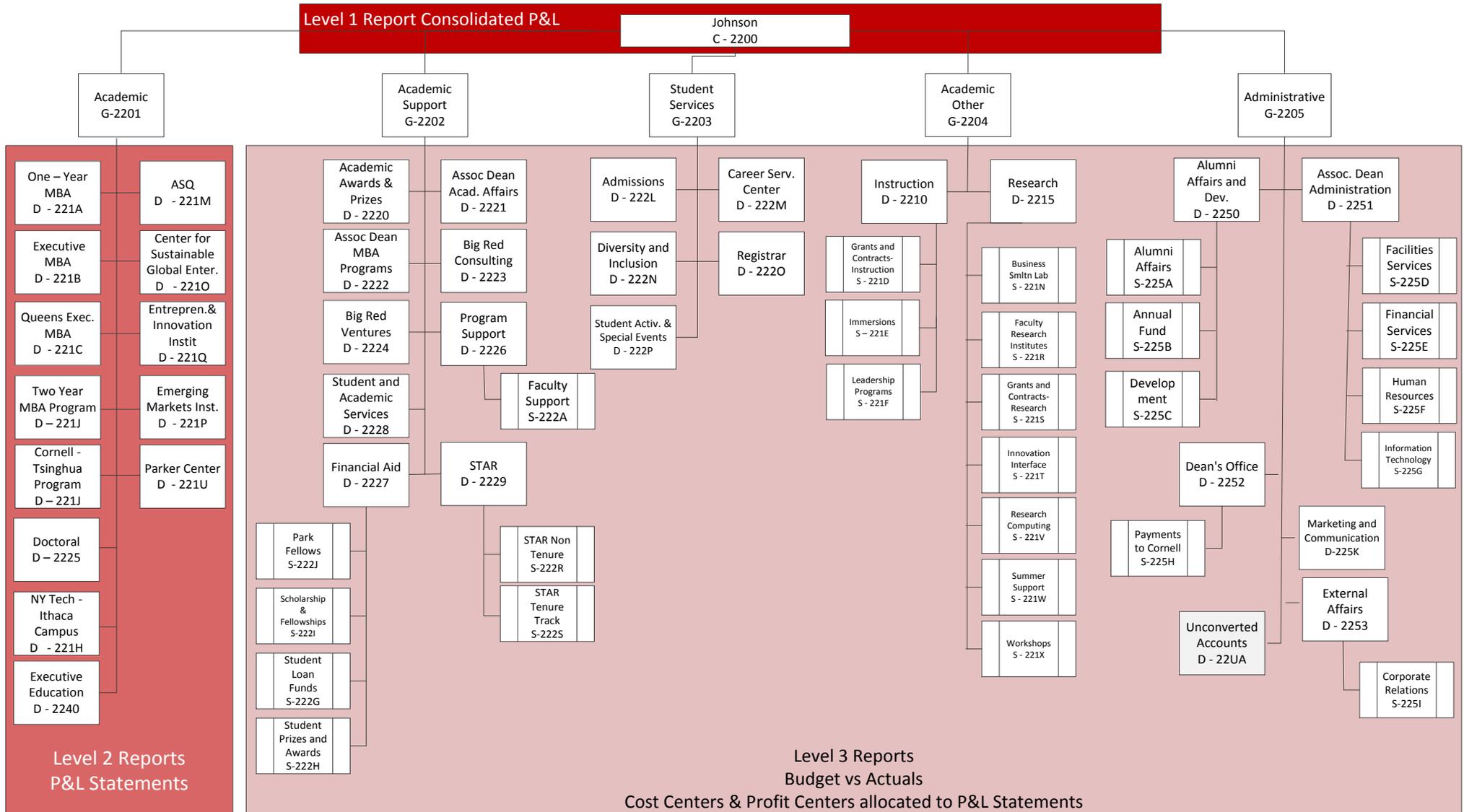
Johnson School FY 14 and FY15 Budget Timeline

Fiscal Year Breakdown by Quarter	
Fiscal Year	July 1 - June 30
1st Quarter (3 months)	July 1 - Sept 30
2nd Quarter (3 months)	Oct 1 - Dec 31
3rd Quarter (3 months)	Jan 1 - March 31
4th Quarter (3 months)	April 1 - June 30

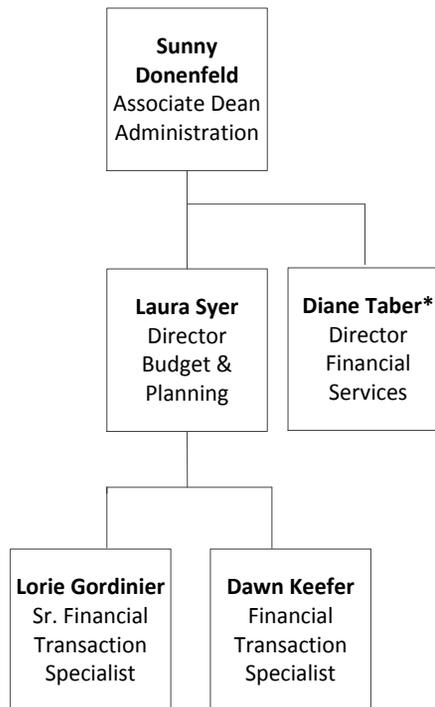
FY14 Budget	
Deliverables:	Completed by:
Information overview	Nov 18 - 22, 2013
Budget templates & assumptions distributed	Dec 2, 2013
Re-forecasting period for Q3 & Q4	Dec 2-16
Q3 & Q4 re-forecast templates due back to Finance	Dec 16
Finance team drafts allocation model for core P&L areas	Dec 16-20
Expense Process 101 (training)	Jan TBD
Reporting 201 (training)	Jan TBD
1 & 2 Quarter variance explanations due (templates provided)	Jan 10, 2014
P&L statements distributed to associated units	Jan 8, 2014
3rd Quarter variance explanations due (templates provided)	April 11, 2014
4th Quarter variance explanations due (templates provided)	July 11, 2014

FY15 Budget	
Deliverables:	Completed by:
Information overview	Nov 18 - 22, 2013
Budget templates & assumptions distributed	Dec 2, 2013
Full year (by quarter) budget templates due back to Finance	Jan 3, 2014
NEW 3 year plan for headcount, technology & capital prjcts due by unit	Jan 8, 2015
NEW 3 year plan for enrollment, gift	Jan 15, 2015
Central planning assumption distributed	Feb 5-11, 2014
Adjustments, if needed & approved, for full year budgets	Mar 14, 2014
Full year variance analysis due for departments (templates provided)	Mar 14, 2014
University system closes for budget input	Mar 28, 2014
Trustee budgets are finalized	May 1, 2014
1st Quarter variance explanations due (templates provided)	Oct 10, 2014
2nd Quarter variance explanations due (templates provided)	Jan 9, 2015
3rd Quarter variance explanations due (templates provided)	April 10, 2015
4th Quarter variance explanations due (templates provided)	July 10, 2015

Johnson School Organizational (Org) Structure



Johnson School Financial Services Team Organizational (Org) Structure



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Instructions for Effective Budgeting & Re-Forecasting

Early detailed budgeting by you and your teams will give the Management Committee and Dean Dutta the opportunity to make responsible and successful management decisions with reliable, up-to-date information. A solid financial foundation is critical to the School's success in the future. Furthermore, accurate budgets and forecasts will facilitate better reporting for you and your teams so that you can operate more efficiently and independently.

The Financial Service Team is working diligently to improve reporting tools, report templates and training, but the most successful implementation of a strong budget model will initiate with the detailed, organized budget inputs by you and your teams.

As a guide, please follow these checkpoints as instructional budgeting best practices:

1. Ensure the accounts under your organization are all still active. Please contact Johnson Financial Services to close any accounts that are inactive within your org.
2. Consider moving all salaries, wages and benefits to a separate account within your org. This will enable more users to manage operational accounts and ultimately be easier to manage operational funds. Temps, student employees and overtime should continue to be budgeted and managed within your operational accounts.
3. Review high-level actuals within the current fiscal year to ensure accuracy. Often times, expenses and/or revenue are coded to the wrong account, sub account, object code or sub object code. Please contact Johnson Financial Services or your U&SA BSC point of contact for questions on a specific transaction or miscode.
4. For **Re-forecasting FY14**, determine the 'left to spend' amount and 'income to earn' for the remainder of the Fiscal Year (FY). For FY14, actuals will be given through November 15, 2013. **Re-forecasting will need to be done for the remainder of Q2 (November 16-December 31), Q3 (Jan, Feb, Mar) and Q4 (Apr, May, June).**

Templates will be provided so that the remaining balance (also provided) of each account can be easily broken down into these three time periods. You can re-forecast using the same attributes or use different object codes, sub object codes and sub-accounts, **as long as the bottom line full year forecast number does not increase for expense items or decrease for revenue items.**

5. As a requirement moving forward we are also asking that budgets using any travel object code (6750, 6760, or 6770) be broken down into **sub-object codes** for these categories: Airfare expenses related to travel (**AIR**), lodging related to that travel (**HOT**), any meals or entertainment (per diem or receipts) (**MAE**), other transportation (**OTR**), and all other travel expenses incurred that do not fall into one of the above categories (**OTH**). **Travel budgets will not be uploaded without sub object codes attached.**

Similar to travel, hosted events by your organization (you are paying to host a conference or event, on or off campus) also need to be broken down into sub object codes. Associated with the object codes 6385 and 6355, sub object codes have been created for your use: Food (**FOO**), lodging (**LOD**), entertainment (**ENT**), supplies and gifts (**SUP**), and all other expenses not listed above (**OTE**).

Instructions for Effective Budgeting & Re-Forecasting - *cont.*

6. **FY15 Budget** assumptions will be provided with the templates in December. Full year budgets will be broken down into four fiscal quarters. Please plan accordingly with your budget for timing considerations. The assumptions will help you determine pre-approved growth rates for different categories of income and expense items. Similar to re-forecasting, please feel free to use the current attributes or add new ones within the templates. Sub object codes for travel and hosted events will also be required in FY15
7. Be sure to 'drop' any areas of your budget that are not active for the following year (one-time events)
8. Document any significant change in budget from prior year in the notes section.(A specific threshold will be provided with the assumptions).
9. Salaries and benefits for full and part time employees will be excluded from the re-forecasting and budgeting process. This will be done in aggregate at the Financial Services level. However, **we will ask you to complete an open position worksheet for your org (we will provide) where we will ask you to give an updated, estimated start date.** This will be included in the worksheet described below (#11). Please remember, temps, students and overtime still need to be addressed within the operational budgets.
11. A high level three-year plan (FY15, FY16 & FY17) will also be asked of each org to complete with regards to enrollment, gifts, technology needs, capital, and headcount. Templates and assumptions will be provided in December. FY14 re-forecast can also be included, if applicable to your org.

REMINDERS FOR ACCURATE BUDGETING, FORECASTING & BEST PRACTICES USE OF FUNDS:

- * Please be sure to budget line items in the accounts, sub accounts, object codes and sub object codes where they will actualize. This is critical for effective reporting. Beginning Jan 1, 2014, you will be asked to explain forecast/budget vs actual variances by object and sub object code, by quarter.
- * For travel, it is a University policy to take a per diem reimbursement for meals OR receipt reimbursement. You cannot combine the two methodologies except for a hosted meal. A hosted meal can be defined as hosting a meal for a client, guest or alumni. (not Johnson employees who are on business travel together)
- * Please review actualized budgets each month to check for miscodes.
- * Be conscious of spend at year-end (May/June). We will be contacting you during this time to record accruals so that year-over-year budgets are recorded accurately.
- * Formal JGSM policies for expenses regarding business travel and recognition are forthcoming. Please understand these expenses will be reviewed at a detailed level moving forward.
- * Beginning in January 2014, the quarterly variance reports will be reviewed with Dean Dutta and substantial overages will be reported in detail.
- * We expect you to use good judgment when selecting flights, hotels and restaurants. The University has guidelines and we expect that you will be consciousness of all travel expenses. This area is one of the bigger expense-drivers of the school.
- * Thank you for your consideration in this highly important administrative area of Johnson. Please contact any Johnson Financial Services member for questions or additional help.

Reporting and Variance Analysis

Johnson Reporting – Three Levels

To determine your organization's reporting level, see page 3

Level One: The Consolidated P&L

High-level, aggregate P&L that includes all JGSM accounts.

All organizations are included within this report and the line items on the P&L will be driven by object codes. Object and sub object codes will be used for variance analysis. This report will be published each quarter by Financial Services.

The Dean and the Management Committee will be the key individuals/groups that utilize these reports.

Level Two: The P&L organizations

Program-driven P&L reports will encompass the complete activity for each platform.

These profit and loss reports will include all revenue and expenses that reside within their respective organization, as well as the associated revenue and expenses that reside in the profit and cost centers outside of their organization. Clear % allocations and allocation methodologies will be shared with the Directors managing the P&L organizations. A net income line will measure the organizations activity during the reports respective time period.

Line items on the P&L will be driven by object codes. Object and sub object codes will be used for variance analysis. This report will be published each quarter by Financial Services.

Program Deans, Program Directors, the Management Committee and the Dean will be the key individuals/groups that utilize these reports.

Level Three: Profit Centers and Cost Centers

Reports for organizations that support the core P&L units.

These budget/forecast vs actual reports will include all associated revenue and expenses that reside within the profit or cost centers. There are no 'net income' line items on these reports. The revenue and/or expenses will be ultimately distributed to the P&L's in a fair and consistent allocation methodology that best supports the resources utilized for the different P&L orgs.

Line items on this report will be driven by object codes. Object and sub object codes will be used for variance analysis. This report will be available on-demand, at any time, but will be published each quarter by Financial Services for leadership review.

Program/Unit Directors, the Management Committee and the Dean will be the key individuals/groups that utilize these reports.

Reporting and Variance Analysis – *cont.*

Johnson Reporting:

Current Tools – Under Construction.....

The Johnson reporting processes are currently under construction. Please stay tuned for more information on reporting. Until then, please contact Johnson Financial Services for your reporting needs.

Reporting 201

Coming January, Financial Services will be holding a Reporting 201 course to orient users on the best approach to run reports for:

- * Budget vs Actuals by Account and Org
- * Labor Detail
- * Travel reports

Understanding the P&L allocation model and reading a P&L statement will also be covered. Dates coming out soon to mark your calendars!

Quarterly Variance Analysis

At the request for more frequent, detailed reporting, we will be submitting quarterly P&L reports to the Dean. We will be providing you quarterly budget vs actual reports for the accounts under your leadership. Accurate budgeting and forecasting is key to having minimal variances to explain.

Cornell University Chart of Accounts (COA)

JGSM Budgets are organized by a chart of accounts.

The **Cornell Chart of Accounts** stores 6 main types of information:

1. Charts
 - a. Cornell has 6 charts {Cornell University (CU), **Ithaca Campus (IT)**, Consolidated Subsidiaries (CS) and Affiliated Organizations (AS), Eliminations (EL), Financial Statements (FS), Medical College (MC)}
 - b. JGSM utilizes the Ithaca Campus Chart (IT)**
2. Organizations
 - a. Defines units at any level within the institutional hierarchy. In KFS, all departments, units, and colleges will be organizations, or “orgs” inside a hierarchy of seven org types: *University, Campus, Executive, College/Division, Group, Department, and Section*.
 - b. JGSM is a C-level org (college) with all departments and programs organized as D-level (department) and S-level (section) orgs rolling up to the College level org. (See org chart)
 - c. Orgs are used **to roll up accounts** and other orgs that are below it in the hierarchy for reporting purposes.
3. Accounts
 - a. Identifies a pool of funds assigned to a specific university organizational entity for a specific purpose. Accounts are the fundamental building blocks of KFS transactions, since one or more of them are always associated with a transaction.
4. Sub Accounts
 - a. Groups activity within a single account and tracks the financial activity within a particular account at a finer level of detail. Sub-accounts can be used to help track expenses when several different activities may be funded by the same account.
5. Object Codes
 - a. In KFS, four-character *object codes* represent all income, expense, asset, liability, and fund balance classifications that are assigned to transactions and help identify the nature of the transaction
 - b. For consolidated reporting purposes, object codes roll up to *object levels*, which roll up to *object consolidations*.
6. Sub Object Codes *
 - a. Allows departments and units to create finer distinctions within object codes on an account.
 - b. Can be related to only one object code and is specific to an account and a fiscal year. It takes on most of the attributes of the object code to which it reports, including object code type and sub-type. The same sub object code can be across multiple accounts and/or object codes.
 - c. Some sub object codes may be defined centrally, but generally departments and units can define their sub object codes to facilitate further distinctions.

*** Mandatory use for Travel and Hosted events – See Sub Object Codes (pg 35)**

Cornell University Chart of Accounts (COA) – *cont.*

NOTE: Sub Account vs Sub Object? In some cases, using a sub account might be preferred over a sub object code. For example, a sub account may be more appropriate to capture several types of expenses for an activity like faculty startup, departmentally funded research, or a project. A sub object code would be appropriate for finer tracking of a specific kind of expense.

JGSM organizes its accounts within the C-level org into **fund group categories** that determine how the funds are spent. Primarily each group is defined as part of the **operating budget** (annual budget that closes out *most accounts* each year) or the **reserves** (accounts that balances roll-over each year – similar to a ‘savings’ account)

Fund Group Categories:

1. Contracts and Grants
 - a. Funds managed by OSP (Office of Sponsored Programs in the Division of Financial Affairs, DFA)
 - b. Part of the operating budget but balances roll over each year.
2. General Funds
 - a. Funds expendable for general operations allowing the university to carry out its primary missions of instruction, research and public service.
 - b. All balances close out to the reserves on June 30 each year
 - c. Accounts with object code 3190 (Fund Balance) roll over each year within the General Fund account
3. Invested Funds
 - a. Income accounts for endowments (named scholarships, chairs, professorships, etc.)
 - b. Roll over each year
4. Plant Funds
 - a. Restricted funds for activities and balances related to the acquisition, renewal, and replacement of the investment in the University infrastructure, including debt service.
 - b. Roll over each year
 - c. Should fund operating accounts who will fund the expenses in the year that the activity occurred.
5. Reserves
 - a. Accounts that serve as ‘savings account’ for the School. Cannot directly pay expenses by these accounts but funds all JGSM general /operating accounts.
 - b. Can rollover each year.
 - c. Are not operating in nature.
 - d. Balance of operating/general funds close out to these accounts annually on June 30.
6. Restricted Gifts
 - a. Accounts for gifts designated for a specific function, funds functioning as endowments (FFE), role or activity.
 - b. Can roll over each year.

JGSM Mandaory Sub Object Codes Definitions

Sub Object Codes related to Travel:

In conjunction with these <i>Object Codes</i>:	
6750	Travel - Domestic
6760	Travel - Foreign
6780	Travel - Federal Unallowable
Use these <i>Sub Object Codes</i>:	
<u>Sub Object Code</u>	<u>Sub Object Code Description</u>
AIR	Airfare-Domestic
HOT	Lodging-Domestic
MAE	Meals and Entertainment
OTR	Other Transportation-ie: Taxi
OTH	Other - Internet, tips, etc.

Sub Object Codes related to events *hosted by* Cornell:

In conjunction with these <i>Object Codes</i>:	
6385	Hosted Events-Conferences and Seminars
6355	Employee Training & Registration Fees
Use these <i>Sub Object Codes</i>:	
<u>Sub Object Code</u>	<u>Sub Object Code Description</u>
FOO	Food-Related to Hosted Event
LOD	Lodging-Related to Hosted Event
ENT	Entertainment-Related to Hosted Event
SUP	Supplies-Related to Hosted Events
OTE	Other-Related to Hosted Events

Johnson Financial Processes & Partnership with the University & Small Academic Business Service Center (U&SA BSC)

Purchasing and transaction processing for Johnson are supported through the **University & Small Academic Business Service Center (U&SA BSC)** located in East Hill Plaza. Refer to list below for examples of transactions. Please refer to the U&SA BSC organization chart on the following page for the assigned org pairing to their direct contact with the U&SA BSC.

Assistance with all revenue transactions, accounting, budgeting, and reporting is available through the Johnson School Financial Service Center (FSC), located in Suite 520 Seneca Place. Contact johnsonfinancialservices@cornell.edu or call Laura Syer 255-4868, Lorie Gordinier 255-6531, Dawn Keefer 255-6380. All necessary forms, policies and procedures, to complete purchasing or transaction are available on our website in JConnect.

<http://jconnect.johnson.cornell.edu/Offices/FinancialServices.aspx>

Financial Processes			
Area	To Find More Information	Processing Sent To:	Other Info:
Account requests or closures	email: johnsonfinancialservices@cornell.edu	Johnson Financial Service Center	
Accounting, Budgeting and reporting	email: johnsonfinancialservices@cornell.edu	n/a	
Advance Requests	http://www.dfa.cornell.edu/payments/essentials/advances	U&AS BSC Contact	
All bursar billings	email: johnsonfinancialservices@cornell.edu	Johnson Financial Service Center	
Credit card pymts and refund requests (non-P-card)	email: johnsonfinancialservices@cornell.edu	Johnson Financial Service Center	Invoices and other non-P-card Credit Card processes
Bids or sole source justifications (any amount greater than \$10k)	http://www.dfa.cornell.edu/procurement/tools/bids.cfm		U&AS BSC can be of assistance
Expense Reimbursements (Inclusive of Travel)	To originate travel forms or more information, go to: http://www.dfa.cornell.edu/payments/essentials/travel	U&AS BSC Contact	Note: Job Related allowances, should be submitted to HR (e.g.: wellness, tuition assistance, cell phone support, moving expenses, etc.)
Checks to be deposited	email: johnsonfinancialservices@cornell.edu	Johnson Financial Service Center	
Copies of all invoices and MOU's or Contracts sent to Clients	email: johnsonfinancialservices@cornell.edu	Johnson Financial Service Center	
Direct billed expenses	email: johnsonfinancialservices@cornell.edu	Johnson Financial Service Center	All receipts for any charges that you supply your Cornell Account number (ie: Campus Store, ILR Conference Center, Campus to Campus, Banfis)
Direct payments to independent contractors	http://www.dfa.cornell.edu/tax/nonstudents/independentcontractor.cfm	U&AS BSC Contact	Consultants, entertainers, editors, etc.
Direct payments to vendors	http://www.dfa.cornell.edu/procurement/buying/buyingmanual/poprocess.cfm	U&AS BSC Contact	Purchase orders/payments made directly to vendor
E-shop carts (assigning)	http://www.dfa.cornell.edu/procurement/eshop	U&AS BSC Contact	Assigning carts for processing requisition
Financial policy inquiries	Johnson Financial Service Center	n/a	
Procurement Card Purchases > \$500	http://www.dfa.cornell.edu/procurement/tools/creditcard/	U&AS BSC Contact	
Procurement Card Receipts and Documentation	http://www.dfa.cornell.edu/procurement/tools/creditcard/	U&AS BSC Contact	
Transferring funds within Cornell	email: johnsonfinancialservices@cornell.edu	Johnson Financial Service Center	

Checklist For Processing

- Obtain all correct forms through websites listed above (if applicable)
- Determine U&AS BSC Contact for your organization
- Ensure all submissions have appropriate account numbers, sub account numbers, object codes, & subobject codes
- Document a clear business purpose for the information submitting (who, what, where, when and why)

Partnership with the University & Small Academic Business Service Center (U&SA BSC)

Workflow for Financial Processes with the U&SA BSC

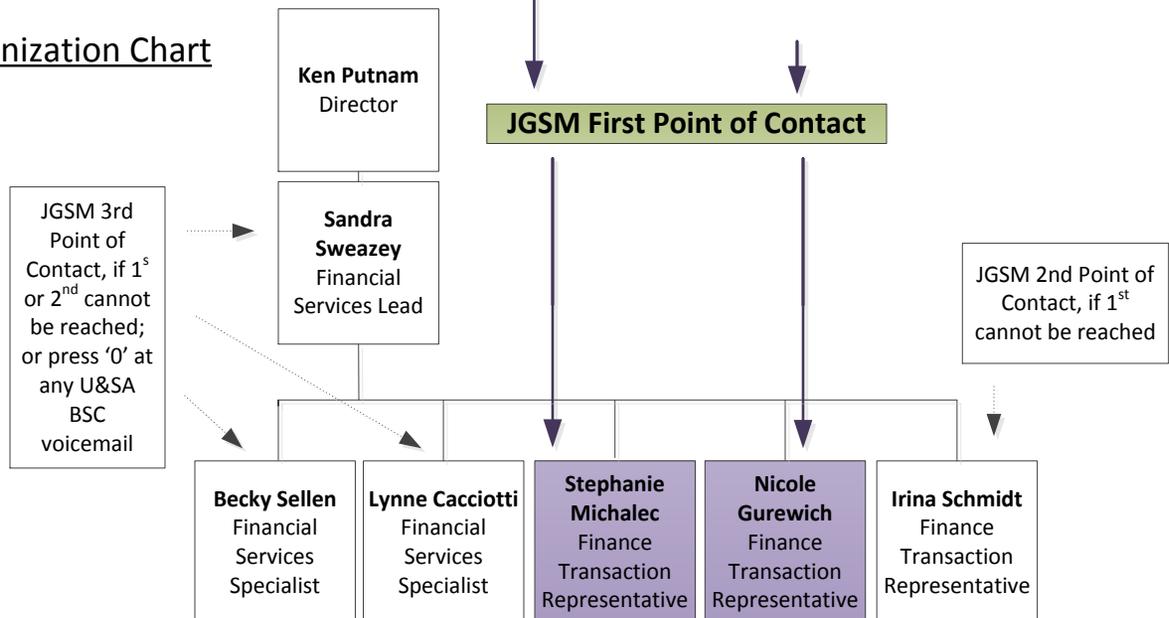
Workflow Process for JGSM individual submitting documents to U&SA BSC:

1. Determine which organization (org) the expenses will reside in
2. Email, inter-office, or fax completed documentation required for submission to first point of contact listed below. Please make sure the documentation lists the account, sub account, object code and sub object code, if applicable, as well as the business purpose (who, what, where, when & why).
3. *Reminder: Check to make sure the expenses were budgeted for within the associated accounts.*
4. If the first point of contact is not available, please contact any individual listed below or press '0' at any U&SA BSC Voicemail for follow-up

JGSM Organizational Split for U&SA BSC Processing			
Stephanie Michalec sma92@cornell.edu 255-3821		Nicole Gurewich nmg56@cornell.edu 255-9583	
Org Name	Org	Org Name	Org
<i>Core Instructional</i>		<i>Auxiliary Instruction, Support and Administration</i>	
Center for Sustainable Global	2210	Academic Awards and Prizes	2220
Cornell - Queens Executive MBA	221C	Admissions	222L
Cornell-Tsinghua MBA	221J	2 Alumni Affairs and Development	2250
Doctoral	2225	ASQ	221M
EII	221Q	Associate Dean-Academic Affairs	2221
Emerging Markets	221P	3 Associate Dean-Administration	2251
Executive Education (non-degree)	2240	Associate Dean-MBA Programs	2222
Executive MBA (degree)	221B	Big Red Consulting (BRC)	2223
Instruction	2210	Big Red Ventures (BRV)	2224
Leadership Programs	221F	Business Simulation Lab	221N
NYC -Tech MBA - Ithaca	221H	Career Services Center	222M
One Year MBA (AMBA)	221A	Dean's Office	2252
Park Leadership Fellows Program	222J	Diversity and Inclusion	222N
Parker Center	221U	Faculty Research Institutes	221R
Pcard	n/a	Faculty Support	222A
Research	2215	Grants and Contracts-Instruction	221D
1 STAR	2229	Grants and Contracts-Research	221S
Two Year MBA (Residential)	221G	Immersions	221E
		Marketing and Communications	225K
		Program Support	2226
		Registrar	2220
		Research Computing	221V
		Scholarships and Fellowships	222I
		Student & Academic Services	2228
		Student Activities and Special Events	222P
		Student Loan Funds	222G
		Student Prizes and Awards	222H
		Workshops	221X

1. Includes tenure & non tenure
2. Includes Alumni Affairs, 225A, Annual Fund 225B, Development 225C, Corporate Programs, 225I, Corporate Relations 225J
3. Includes Facilities Services 225D, Financial Services 225E, HR 225F and IT225G

U&SA BSC Organization Chart



Additional Questions?

Please Contact Johnson Financial Services Team
johnsonfinancialservices@cornell.edu