



**UNIVERSITY
FINANCIAL STRUCTURE**



Financial Structure Overview

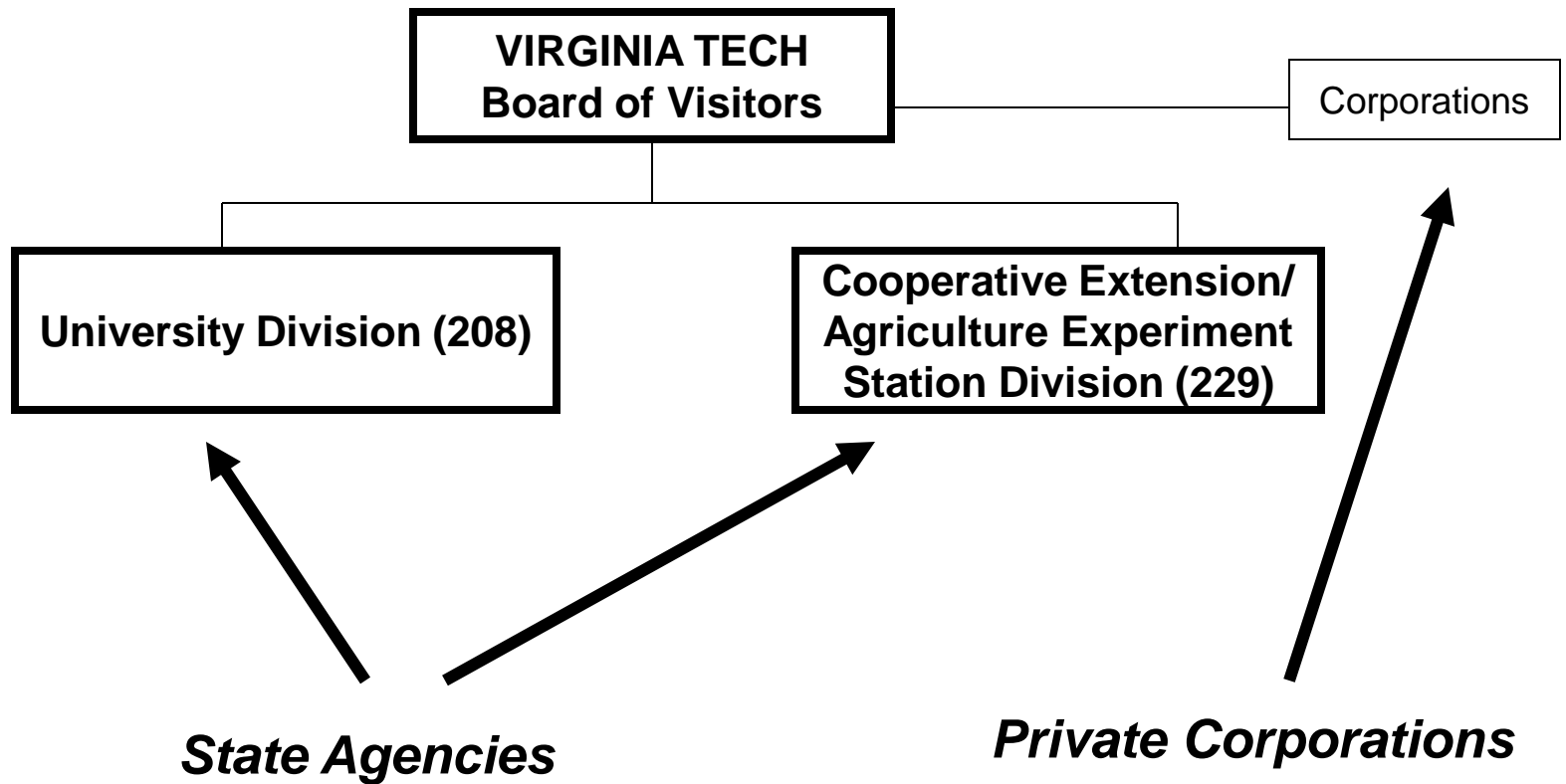
- Accounting Concepts
- University Financial Structure
 - Program Structure
 - Funding Sources
- Budget Environments
 - External vs. Internal
 - Budget Processes
 - Budget Responsibility Center



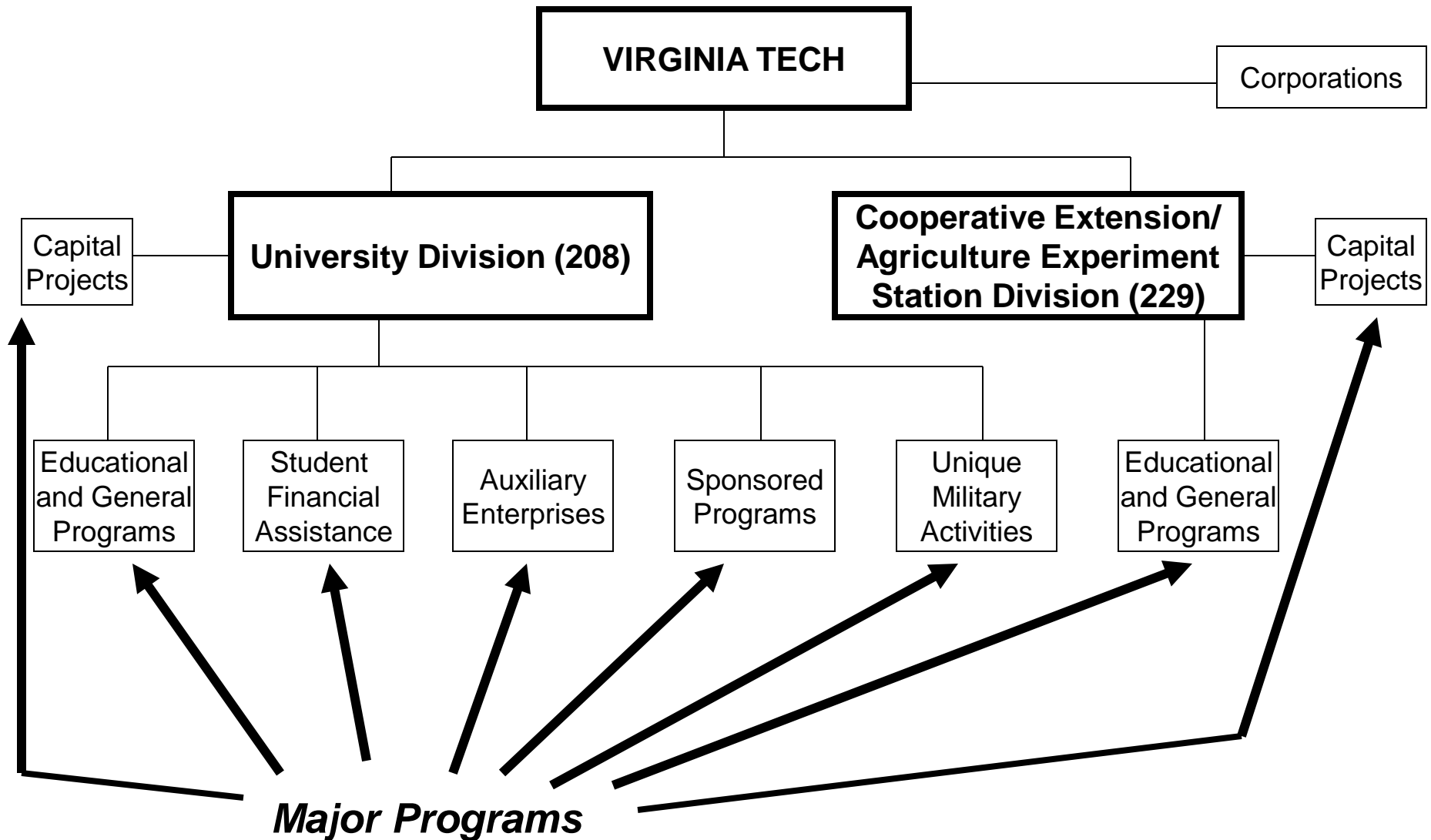
Accounting Concepts

- 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.

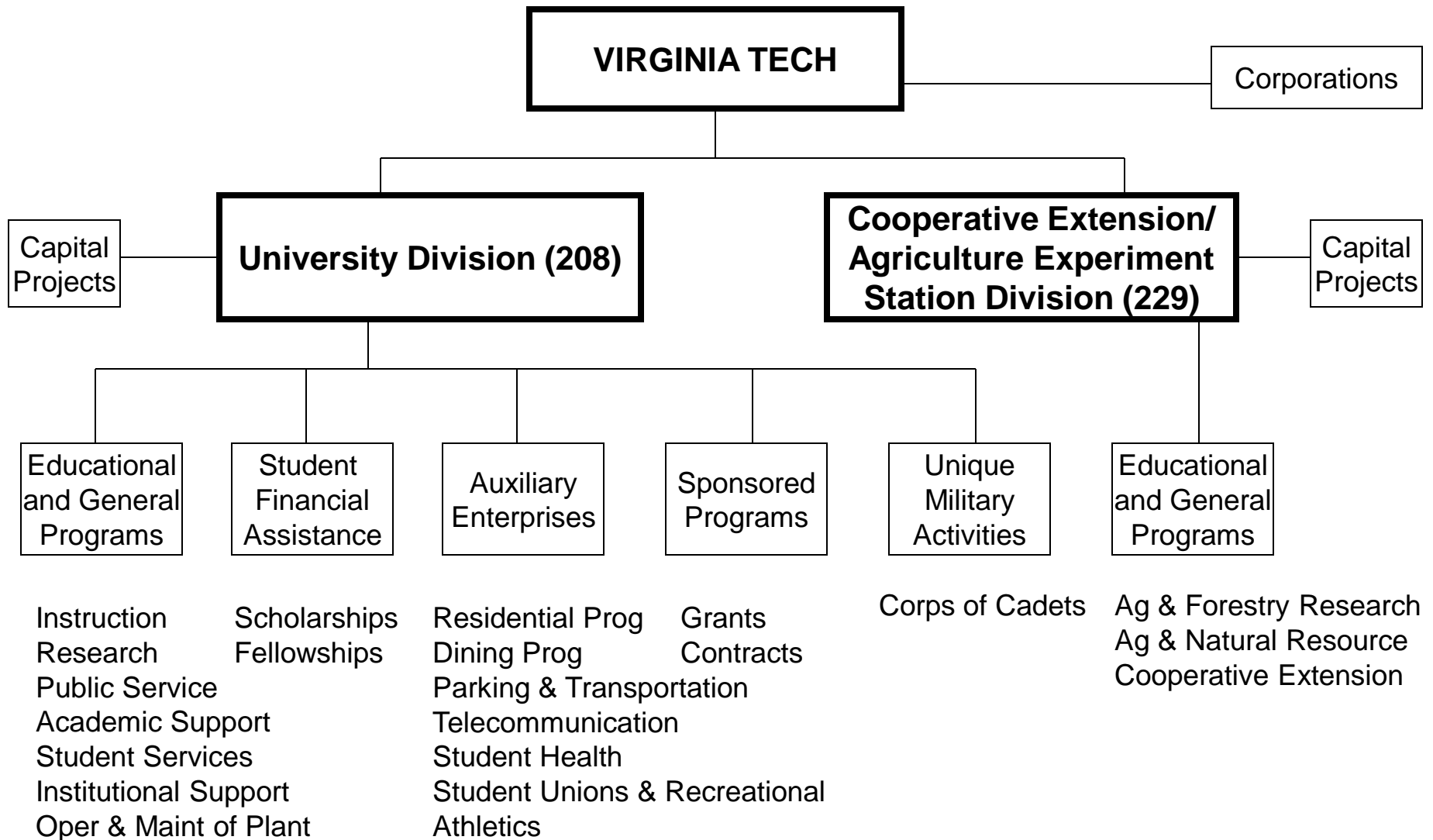
University Financial Structure



Major Program Structure



Programmatic Structure



Fund Sources



VIRGINIA TECH

Corporations

University Division (208)

**Cooperative Extension/
Agriculture Experiment
Station Division (229)**

Capital
Projects

Capital
Projects

General Fund
Non-General Fund
Debt

General Fund
Non-General Fund
Debt

Educational
and General
Programs

Student
Financial
Assistance

Auxiliary
Enterprises

Sponsored
Programs

Unique
Military
Activities

Educational
and General
Programs

General Fund
Tuition & Fees
Indirect Cost

General Fund

Fees
Sales & Services

Federal Agencies
State Agencies
Counties & Cities
Private industry
Non-profit
Organizations
Overhead

General Fund

General Fund
Federal Funds
Localities
Sales & Services

BUDGET ENVIRONMENTS



External Budget



Internal Budget

The Budget Environment



EXTERNAL BUDGET

INTERNAL 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.**

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?