



# Understanding Fund Balances

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# Understanding Fund Balances

## Overview

There are three balances that are important for managing trust and some research funds: budget balances, fund balances, and cash balances. Just like it sounds, cash balances show the amount of cash you have on hand.

With budget balances and fund balances, there are two key differences. The first is that a fund balance is the life-to-date net worth of a fund, measured by total assets minus total liabilities. A budget balance, on the other hand, is the amount that remains of the budget that was set for a specific time period.

Trust funds and most research funds have a multi-year life, while budget periods are typically for a single fiscal year. That means that the life-to-date fund balance is often different from the time-bound budget balance.

Another key difference between budget balances and fund balances is the ledger each balance is based on. Budget balances are based on budget ledgers, which show transactions that have passed budget checking but that haven't necessarily been approved or posted. Fund balances, on the other hand, are based on the GL Actuals ledger, which only shows transactions that have posted. So because the balances are pulled from transactions at different stages of their lifecycle, the balances will be different.

### What Do Fund and Budget Balances Measure?

Budget balances are the best measure of the current, day-to-day balance based on the current year's budget, since they reflect all transactions that have been successfully budget checked. Fund balances are the best measure of a life-to-date net worth based on transactions that have been posted. The fund balance is a more "firm" balance than the budget balance.

**Note:** Keep in mind that posted transactions include vouchers, voucher payments and GL journals. Purchase requisitions and purchase orders aren't posted, but since they are budget checked, they're reflected in the budget balance. The purchases you make will be reflected in the fund balance as soon as the voucher that manages payment for the purchase posts. (Refer to "ConnectCarolina Financial Concepts: The Steps Transactions Go Through" on the Resource Documents page for an explanation of this process.)

### What is a Cash Balance?

Cash balances are a different measure from fund balance. Cash balances show what cash remains after transactions have gone through the payment process in the system. Transactions that affect cash balance include vouchers that have paid. If a voucher has been entered and posted and not paid, then its amount isn't included in the cash balance.

Below is a description of each type of balance.

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## Balance Definitions

<b>Budget Balance</b>	<ul style="list-style-type: none"><li>• Represents the budget amount available for a particular budget period</li><li>• Balance reflects only expenses and revenues</li><li>• Driven by budget checking</li><li>• Based on Commitment Control ledgers</li></ul>
<b>Fund Balance</b>	<ul style="list-style-type: none"><li>• Represents the total net worth of a fund</li><li>• Represents total assets minus total liabilities</li><li>• Driven by the posting process</li><li>• Based on GL Actuals Ledger</li></ul>
<b>Cash Balance</b>	<ul style="list-style-type: none"><li>• Represents a summary of all cash accounts</li><li>• Driven by the payment process</li><li>• Based on the GL Actuals Ledger</li></ul>

## What is a Fund Balance Useful For?

Checking the fund balance is a useful way to monitor certain trust and OSR funds. These funds include:

- **Auxiliary Trust funds** - Money received from the operation of self-supporting auxiliary enterprises, including food services, housing operations, student bookstores, and parking services. Proceeds result from the sale of merchandise or services and must be spent to meet the mission of the fund's department. These operations serve students, faculty, staff or the general public. In some cases, net proceeds fund scholarships and financial aid, as is the case with student stores.
- **Recharge Trust funds** - A type of Auxiliary trust fund that receives money from recharge centers, which sell goods and services to campus departments and external customers. Recharge centers set their prices based on incurred costs and regulatory guidelines. Examples include Core facilities - research businesses that provide services such as reading slides or raising genetically mutated mice.
- **Clinical trials** - Research studies that explore whether a medical strategy, treatment, or device is safe and effective for humans.
- **Capitation-based grants** - Grants that pay for research on a "per capita" or per participant basis.

## Finding Your Fund Balances on SAS Reports

You can find your fund balances using the SAS reports in InfoPorte, if you were given access to SAS by your department. The information on the reports is one day behind ConnectCarolina. For general tips on how to work with SAS reports, see [Overview of the Infoporte Finance and HR Applications](#).

The main reports that show fund balances are:

- Comprehensive Financial Summary Report. For details, see [Finding Fund Balances for Trust and OSR Funds with the Comprehensive Financial Summary Report](#).
- GL Fund Balance Report. For details, see [Finding Balances for Trust and OSR Funds with the G/L Fund Balance Report](#).

They are located on the Financial Reporting tab in Infoporte, on the Cash/Balance Reports page.

The screenshot displays the Infoporte web application interface. At the top, there is a navigation bar with icons for Home, Inbox, Finance, HR, and Tools. Below this is a secondary navigation bar with tabs for Dept Accounting, Financial Reporting (highlighted with an orange box), OSR Financial Reporting, and Financial Request. Under the Financial Reporting tab, there are sub-tabs for Financial Reporting and Salary Funding. The main content area is titled "Report Listing-Security" and features a "Financial Reports" sub-tab. Below this, there are navigation buttons for "Ledg / Acct", "Cash / Bal" (highlighted with an orange box), "Personnel", and "Misc". The main heading is "Cash / Balance Reports". A note states: "\*\* To see reports in different categories, click on the buttons at the top. Each button will display a listing of reports associated under that category. \*\*". Below this, there are three report descriptions, each with a title in a blue box and a description in a white box:

- Income Statement**: Categorizes Actual Revenues and Expenditures into Operating and Non-Operating. Can be filtered by Fund Type and Department. The Actuals/Ledger table is the source for this report.
- Comprehensive Financial Summary**: This report provides a comprehensive financial summary of your department by source. Beginning balances, revenues, and expenses are broken by account type via columns. Asset and liability account types (cash, investments, A/R, and A/P) are also shown. The second tab of the report shows summarized cash and investment amounts by source. The Actuals table is the source of this report. When using this report, please remember State and F&A departments only receive budget and not cash/revenue.
- G/L Fund Balance Report**: This report displays the G/L Fund Balances by Business Unit / Fiscal Year / Accounting Period / Fund Code / Source showing all ACTUALS information for Assets & Liabilities (Beginning Balances), Expenses and Revenue. This shows at a high level (Level 2 of Account Long Description i.e. Asset / Current / ....) it would display Current with drill down on the amount for the detail.

Both reports show beginning and ending fund balances, and revenue and expense totals. They also have a summary and detail view. But there are some key differences between the reports. Below is a table outlining why you may want to use one report over the other:

Report	What's unique about this report?
<b>Comprehensive Financial Summary Report</b>	<ul style="list-style-type: none"> <li>• Shows results by Source on summary tab</li> <li>• Gives in-depth look at Cash accounts, especially on detail tab</li> </ul>
<b>GL Fund Balance Report</b>	<ul style="list-style-type: none"> <li>• Each of 4 tabs shows a summary and detail on the same screen</li> <li>• First three tabs show results by:               <ul style="list-style-type: none"> <li>○ Fund Group and Account Type</li> <li>○ Fund Group, Account Type, and Account</li> <li>○ Department, Account Type</li> </ul> </li> <li>• 4<sup>th</sup> tab shows asset and liability changes by Account</li> </ul>

## Additional Resources

- For information and tips on using InfoPorte, see [Overview of the InfoPorte Financial and HR Applications.](#)
- For step-by-step instructions on finding fund balances, see [Finding Fund Balances for Trust and OSR Funds with the Comprehensive Financial Summary Report](#) and [Finding Balances for Trust and OSR Funds with the GL Fund Balance Report.](#)