

Preparing the Extension Council Budget Report

Guideline for County Program Directors

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An annual operating budget is required by each extension office and should include all sources and uses of Council funds. For budget purposes, MU Administration and the Regional Director’s Office recommend that all Savings and Investment balances be represented on county budget reports under class 4xxx. For detailed instructions on entering budget transactions in QuickBooks and submitting the annual budget report, review the procedure, “Entering Budget transactions” located at <http://extension.missouri.edu/acctmanual/budget.shtml>.

Annual Budgets Deadline

March 1 of each year to the Regional Director’s Office.

Budget Formula:

Start of Year Class Balance + Total Expected Income = Total Expected Expense.
 Budgets must be “in balance.”

Before Working on the Budgets for the New Year

The End-of-Year for county program directors and bookkeepers is both a time to clean-up and close-out the old year and prepare for the new year. Therefore, as you complete the last month of the current year, ask yourself the question, “**What ending Class balances do I expect at the end of this year?**”

Review the Class balances as of December 31 of the prior year. If appropriate, consider transferring specific class balances to other classes or to savings investments. For instructions on how to transfer Funds, review procedure at http://extension.missouri.edu/acctmanual/Transfer/Transfer_Funds.pdf

Here are several questions you might consider as you review the Class Balances:

Class 1000-1999-County Appropriation	Class 2000-2999-Center Operations
<p>This Class is restricted and is the county appropriations. It is used for general operations of the extension office.</p> <p>What shall we do with a positive or negative balance for Class 1000-1999-County appropriations?</p> <p>If positive balance – Can we carry over this balance to the new year.? Check with county commission. The positive, carry-over balance must be budgeted in the new year. How will you allocate this balance?</p> <p>If negative balance – Will you offset this negative balance with a transfer from another Class?</p> <p>If the negative balance is not offset, then the negative, carry-over balance must be budgeted in the new year. In this case, you will “borrow” from the new year’s county appropriations. For example, if new appropriation is \$50,000 and carry-over balance is -\$2,000, then you will have \$48,000 to budget for the new year.</p> <p>If the negative balance will be offset, then transfer from another class to bring the Class 1000 balance to zero.</p>	<p>This class is used for postage funds, University Subsidy Insurance, and other funds that support the cost of operating the extension office. These funds supplement the county appropriation budget. It should not include soil test and resale funds or short courses.</p> <p>What shall we do with a positive or negative balance for Class 2000-2999-Center Operations?</p> <p>If positive balance is carried-over, how will you budget for the balance? Or, will you move part of the balance to another class?</p> <p>If negative balance exists, how will you offset this balance? Transfer from another class?</p> <p>Have you re-allocated the Postage Allotment revenue to another class where the postage was actually expended?</p> <p>-or-</p> <p>Do you wish to transfer postage expense from one class where postage costs were incurred, and move the postage expense to Class 2100-Postage Funds?</p>

Class 3000-3999-Education and Services	Class 4000-4999-Savings and Investments
<p>This class is used for cost recovery sales and services, for example soil testing, resale publications, short courses or workshops, and other fee-based activities.</p> <p>What shall we do with a positive or negative balance for Class 3000-3999-Education and Services?</p> <p>Review each soil test, resale, and short course or workshop balance.</p> <ul style="list-style-type: none"> • Will a specific short course continue in the new year? Do you wish to carry-over the balance to the new year? If this is true, this balance must be budgeted. • If a specific short course has ended, consider transferring the balance to another class or to a savings investment. • If a specific short course has a negative balance, consider a transfer from another class to offset to zero balance, if appropriate. 	<p>This is used to earmark funds for money markets, certificate of deposits or other savings investments. Class 4xxx is used budget all savings investments banks</p> <p>Will <u>part</u> of the total savings balance be used for specific purchases during the year? If yes, the budget should show a potential balance transfer to re-allocate the money. See section below, "The 1610 Fund Re-Allocation Account."</p> <p>Will the total savings balance be retained and no expenditure planned? If yes, consider using expense account 7090-Working Capital instead of Miscellaneous.</p>

Class 5000 to 7999	Class 8000 to 9999
<p>Class 5000-5999 is used for Grants and Contracts Class 6000-6999 is used for Endowments Class 7000-7999 is used for Capital Improvements</p> <p>If class balances exist at the end of the year for the above classes, it is recommended that the balances be included in the new year's budget and expenses allocated appropriately</p> <p>If the grant, endowments or capital funds will not be utilized in the new year, if appropriate, consider transferring the balance to another class or savings investment.</p>	<p>Class 8000-8999 is used for regional operations, for example, travel, supplies or special region-wide programs. Class 9000-9999 is used for Other Agencies; for example. 4H Council, Master Gardener Council, etc, where the Extension Council is managing the funds for the Agency.</p> <p>If class balances exist at the end of the year in classes 8000 to 9999, it is recommended that the balances and estimated new income be included in the new year's budget and expenses allocated appropriately.</p>

Information Needed for Budget

After transfers are completed, collect data from Bookkeeper.

Data required

- **December 31 end-of-year Class balances for prior year.** These balances also are considered the **start-of-year balances for the new year.** The balances are not stored but are calculated year-to-date for all transactions (multiple years) currently in the accounting database.
- **Year-to-date income earned for prior year(s)** for each income type for all classes. Also, consider expected income for the new year based on county plans.
- **Year-to-date expenses for prior year(s)** for each expense type for all classes. Also, consider expected expenses for the new year based on county plans.

During the development of the council's budget, remember to include the following data for the New Year:

- **December 31 end-of-year class balances** for all Classes and Subclasses, including Savings/investments and Other Agency funds (4H, Master Gardener, etc). If appropriate, some subclass balances and income/expense accounts may be consolidated under the generic class, for example, all 3xxx classes and subclasses balances, budget income items and budget expense items may be added together for each account.
- **Estimated Interest income for bank accounts.**
- **1500-Postage Allotment Income account** – under a class 2xxx, enter the amount of postage allotment to be received from the University.
- **University Insurance Subsidy for Council Employees** – if the university contributes a insurance subsidy, use **1510-Univ. Ins. Subsidy(Budget only)**. This account is used only for budget purposes and not to be used for actual deposits. (Continue to use account 2836 when depositing university checks and paying premiums.) Instructions for creating a new 1510 income account is located in the [Bookkeeper's budget instructions](#).

Discontinue use of the following accounts in budget or actual transactions

- 1700-Funds Income account
- 2600-Funds Expense account
- 1000-Proceeds from Sale of Investments.
- 8500-Purchase of Investment Expense Account.

When using the above-mentioned accounts in transfer transactions, income and expenses incorrectly appear as **new** income or expense.

Instead, for actual accounting transactions, use 1600-Balance Transfer or 1610-Funds Re-Allocation when transferring money from one class to another, or from one bank account to another bank account. With this process, the transfer transaction amounts are offset to zero.

For budget purposes,

- use 1600-Balance Transfer account to report the carry-over class or subclass balance.
- Use the 1610-Funds Re-allocation account to report an Intent to Transfer between classes or bank accounts for the new year.

For actual transactions,

- use either the 1600-Balance Transfer account or the 1610-Funds Re-allocation account for actual Transfer Transactions.

Recommended Reports

- **Funds Class Balance Report** – End of Year Class balances calculated across multiple years, as of December 31.
- **Budget Overview vs Actual Report** – prior year 12-month actual income and expenses compared to annual budget data.
 - A **comparative report** also can be generated to show year-to-date income and expenses and budget data for **multiple prior years**. Perform these tasks to alter an existing budget report: See sample budget report below.
 - Under **Memorized Reports**, open an existing **Budget Summary Report**.
 - Under **Columns** at top middle of screen, just above the report header, click the down arrow and select **Year**.
 - Change **Date Range** for the multiple years.
 - Click the **Modify Report button** at top left of screen.
 - Under **Display** tab, place a checkmark preceding **Show Actuals**.
 - Click **Filters** tab. Under **Choose filter** on left side of screen, scroll down and select **Class**.
 - In middle of screen, select down arrow under **Classes** and select **one class or multiple class if merging classes**.
 - Under **Header/Footer** tab, change the **Report title** to display the Class name for this budget report.
 - Click **OK**. Memorize the report to save it with a different report name.

- **Annual Revenue and Expense Summary Separated by Class (to compare years).** (another option)
 - Change **report date range** to display the current year.
 - Under **Modify Report button**,
 - under the **Display tab**, and under **Add Subcolumn**, place checkmark for **Previous year**.
 - Click **OK**. Memorize the report to save it with a different report name, if desired.
- **Programs and events planned for new year** – consult county program plans.

Sample Comparative Budget vs. Actual Report for Multiple Years

Class 1000 County Appropriations Budget vs. Actual - Compare Years January 2006 through December 2008						
	◇ Jan - Dec 06 ◇	◇ Budget ◇	◇ Jan - Dec 07 ◇	◇ Budget ◇	◇ Jan - Dec 08 ◇	◇ Budget ◇
Income						
0200 · Governmental Appropriations ▶	36,500.00 ◀	36,500.00	37,000.00	37,000.00	27,900.00	37,200.00
0300 · Investment Income	18.83	25.00	25.42	25.00	17.28	25.00
1300 · Miscellaneous Income	0.00		-0.50		0.00	
1600 · Balance Transfers	0.00	2,442.46	1,949.49	1,791.34	0.00	2,257.00
Total Income	<u>36,518.83</u>	<u>38,967.46</u>	<u>38,974.41</u>	<u>38,816.34</u>	<u>27,917.28</u>	<u>39,482.00</u>
Gross Profit	36,518.83	38,967.46	38,974.41	38,816.34	27,917.28	39,482.00
Expense						
2700 · Persnrl Serv - Salaries & Wag	24,172.04	23,960.00	24,161.08	24,585.04	18,662.05	24,556.00
2800 · Payroll Expenses	3,054.96	3,043.00	3,837.99	3,860.05	2,816.21	3,862.00
3100 · Travel	5,847.14	7,000.00	6,015.02	6,300.00	4,458.79	6,500.00
3600 · Postage	177.99	150.00	137.24	175.00	202.00	130.00
3700 · Telephone Serv - Local	1,037.34	1,200.00	1,043.59	1,040.00	796.41	1,040.00
3800 · Telephone Serv - Tolls	281.64	300.00	318.49	285.00	261.83	300.00
4300 · Rent/Lease Space	132.00	250.00	264.00	200.00	106.00	180.00
4700 · Publishing/Printing	180.00	150.00	156.25	156.25	0.00	160.00
5100 · Supplies/Services	1,532.04	1,964.46	1,674.87	1,500.00	1,796.68	1,500.00
5600 · Professional Services	0.00		50.00		0.00	
5950 · Solar Energy	0.00		0.00		-100.00	
6400 · Other Contract Services	400.00	300.00	400.00	400.00	400.00	400.00
6800 · Insurance	100.00	100.00	100.00	100.00	100.00	100.00
7000 · Miscellaneous	24.50		0.00		0.00	
7010 · Extension Council Election Exp.	48.76	50.00	47.68	50.00	0.00	50.00
7020 · Bank Service Charges	1.56		0.60		0.70	
7300 · Repairs/Maintenance	0.00	500.00	166.95		0.00	
7700 · Furniture/Equipment	179.98	0.00	134.99	175.00	0.00	704.00
Total Expense	<u>37,169.95</u>	<u>38,967.46</u>	<u>38,508.75</u>	<u>38,816.34</u>	<u>29,500.67</u>	<u>39,482.00</u>
Net Income	<u><u>-651.12</u></u>	<u><u>0.00</u></u>	<u><u>465.66</u></u>	<u><u>0.00</u></u>	<u><u>-1,583.41</u></u>	<u><u>0.00</u></u>

Recommended Classes

Annual budgets should include **start of year class balances, expected income, and expected expenses** for the following recommended Classes and subclasses.

Class 1000-County Appropriations

Class 2100-Postage Fund

Class 3100-Soil Testing

Class 3200-Resale Publications

Class 3300-Short Courses – Total short courses, workshops, conferences; or separate budget for each event, if appropriate for your county.

Class 4000-Savings & Investments – Total Savings accounts, Certificate of Deposits.

Additional budgets for other class codes (classes 5000 to 9999) are determined by the existing end-of-year Class balances as of December 31 of the prior year and the county plan. **If a class balance exists, consider creating a budget.**

The **bookkeeper's role** is to:

- print historical financial data
- collect the estimated budget data for new year from the County Program Director and/or extension council
- enter the data as budget transactions in the QuickBooks accounting data file
- send final, approved budget data to regional director's office.

The **County Program Director's Role** is to:

- review historical financial data
- negotiate new year's budget with county officials and extension council
- determine budget data for all classes (funds)
- present balanced budget data to bookkeeper for posting to QuickBooks budget file
- approve final budgets in partnership with Extension Council.

Budget Reports (excerpt from procedure, "Entering Budget Transactions.")

The Bookkeeper or County Program Director generates a budget summary report for review.

To determine if your Budget is "in balance," select the **Budget Summary - All Classes** Report (**Reports Center, Memorized Reports**) See sample budget report on next page.

- Enter appropriate fiscal year date range at top of screen.
- All classes will display across the columns.
- All budget income plus the 1600-Balance Transfer (start of year balances) will display as rows.
- All budget expenses will display as rows.

12/13/11

Budget Summary - January to December

	Total 1000...	Total 2000...	3100-Soil ...	3200-Resa...	Total 3300...	Total 3000...	Total 4000...	TOTAL
	Jan - Dec 03	Jan - Dec 03	(3000-Edu...	(3000-Edu...	(3000-Edu...	Jan - Dec 03	Jan - Dec 03	Jan - Dec 03
0100 · Student Fees					500.00	500.00		500.00
0200 · Governmental A...	29,000.00							29,000.00
0400 · Gift/Grants/Contr...		1,000.00						1,000.00
0900 · Resales/Educ Se...			1,300.00	1,000.00		2,300.00		2,300.00
1600 · Balance Transfers	312.00	-1,000.00	500.00	2,000.00	50.00	2,550.00	10,000.00	11,862.00
1610 · Fund Re-Allocation		6,000.00		-1,000.00		-1,000.00	-5,000.00	0.00
Total Income	<u>29,312.00</u>	<u>6,000.00</u>	<u>1,800.00</u>	<u>2,000.00</u>	<u>550.00</u>	<u>4,350.00</u>	<u>5,000.00</u>	<u>44,662.00</u>
Gross Profit	29,312.00	6,000.00	1,800.00	2,000.00	550.00	4,350.00	5,000.00	44,662.00
Expense								
2700 · Persnnl Serv - Sa...	18,960.00	2,000.00						20,960.00
2800 · Payroll Expenses	2,046.00	500.00						2,546.00
3100 · Travel	3,500.00	1,000.00			300.00	300.00		4,800.00
3600 · Postage	400.00	500.00	300.00	500.00	50.00	850.00		1,750.00
3800 · Telephone Serv -...	1,000.00							1,000.00
4700 · Publishing/Printing		1,000.00						1,000.00
4800 · Reproduction/Co...	0.00							0.00
5100 · AllTypeOfSupplies	2,000.00	1,000.00	300.00		200.00	500.00		3,500.00
6400 · Other Contract Se...	415.00							415.00
7010 · Extension Council...	200.00							200.00
7090 · Working Capital							5,000.00	5,000.00
7100 · Soil Test Expenses			1,200.00			1,200.00		1,200.00
7200 · Publications for R...				1,500.00		1,500.00		1,500.00
7300 · Repairs/Maintena...	500.00							500.00
7700 · Furniture/Equipm...	291.00							291.00
Total Expense	<u>29,312.00</u>	<u>6,000.00</u>	<u>1,800.00</u>	<u>2,000.00</u>	<u>550.00</u>	<u>4,350.00</u>	<u>5,000.00</u>	<u>44,662.00</u>
Net Income	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

The 1600-Balance Transfer Account

The 1600 account represents the beginning of the new year class balances. The balances for the 1600 account are entered into the budget file by the bookkeeper or CPD. The **Total Budget Income plus the 1600-Balance Transfer** should equal the **Total Budget Expenses**, as illustrated on the above Sample Budget Report. Notice the negative start of year balance on the 1600-Balance Transfer row. Enter any **negative** beginning Class balances in the Budget data entry screen with a **minus sign**. The Total 1600-Balance Transfer in the TOTAL column should represent your Council's start of year Class balances in your QB Checking Register plus any Savings balances. This account, or 1610-Fund Re-Allocation account, may be used during the year to transfer balances between two or more classes.

The 1610-Fund Re-Allocation Account (optional)

The Fund Re-Allocation account may be used to transfer class balances during the year. If there is a plan to transfer balances to offset negative balances or to re-allocate money among classes, it is recommended that budget transactions be created using the 1610 account to show the intent to transfer. When appropriate later in the year, the transfer transactions will be created to re-allocate the balances.

The above sample budget summary report illustrates \$5,000 will be transferred from Class 4000 (a savings account) and \$1,000 will be transferred from Class 3200-Resales to Class 2000-Center Operations. The Net effect of the transfers in the TOTAL column is zero.

On the sample Budget report on the previous page, the Total Income row and Total Expense row are equal! The Budget is in balance!

The Total 3000 Class column (3RD Column from right) represents the consolidated Totals for budget income and expenses transactions for classes 3100, 3200, 3000.

Budget vs. Actual Report

During the year, the Budget vs. Actual report is reviewed by the County Program Director, Extension Council, and Bookkeeper to determine the year-to-date income earned and expenses distributed, budget data, and % of budget received or spent.

Another column, "\$ Difference" (also referred to as "\$ Over Budget,") may be added to the report to display the amount of difference between what was budgeted and what has been received or spent.

This is a sample budget vs. actual report, illustrating three classes.

Budget vs. Actual January to April 2003									
	Total 1000 - County Appropriations			3100-Soil Testing (3000-Education and Services)			3200 - Resale and Services (3000-Education and Services)		
	◊ Jan - Apr 03 ◊	◊ Budget ◊	◊ % of Bud... ◊	◊ Jan - Apr 03 ◊	◊ Budget ◊	◊ % of Bud... ◊	◊ Jan - Apr 03 ◊	◊ Budget ◊	◊ % of Bud... ◊
Income									
0200 - Governmental Appr... ▶	6,006.11	29,000.00	20.7%	0.00			0.00		
0300 - Investment Income	0.00			0.00			15.07		
0900 - Resales/Educ Servic...	0.00			1,038.00	1,200.00	86.5%	13.00	1,000.00	1.3%
1600 - Balance Transfers	0.00	712.00	0.0%	0.00	500.00	0.0%	0.00	2,000.00	0.0%
1610 - Fund Re-Allocation	<u>0.00</u>			<u>0.00</u>			<u>0.00</u>	<u>-1,000.00</u>	<u>0.0%</u>
Total Income	<u>6,006.11</u>	<u>29,712.00</u>	<u>20.2%</u>	<u>1,038.00</u>	<u>1,700.00</u>	<u>61.1%</u>	<u>28.07</u>	<u>2,000.00</u>	<u>1.4%</u>
Expense									
2700 - Persnml Serv - Salar...	3,162.25	18,960.00	16.7%	0.00			0.00		
2800 - Payroll Expenses	328.46	682.00	48.2%	0.00			0.00		
3100 - Travel	622.71	3,500.00	17.8%	0.00			0.00		
3600 - Postage	54.34	400.00	13.6%	147.60	300.00	49.2%	0.00	500.00	0.0%
3800 - Telephone Serv - To...	213.18	1,000.00	21.3%	0.00			0.00		
4800 - Reproduction/Copy ...	81.89	0.00	100.0%	0.00			0.00		
5100 - AllTypeOfSupplies	1,297.41	2,000.00	64.9%	0.00	200.00	0.0%	174.22		
5900 - Utilities	115.24			0.00			0.00		
6400 - Other Contract Serv...	0.00	415.00	0.0%	0.00			0.00		
6800 - Insurance	0.00	150.00	0.0%	0.00			0.00		
7000 - Miscellaneous	0.00	250.00	0.0%	0.00			0.00		
7010 - Extension Council E...	179.46	200.00	89.7%	0.00			0.00		
7100 - Soil Test Expenses	0.00			860.00	1,200.00	71.7%	0.00		
7200 - Publications for Res...	0.00			0.00			0.00	1,500.00	0.0%
7300 - Repairs/Maintenance	196.67	500.00	39.3%	0.00			0.00		
7700 - Furniture/Equipment	<u>0.00</u>	<u>291.00</u>	<u>0.0%</u>	<u>0.00</u>			<u>0.00</u>		
Total Expense	<u>6,251.61</u>	<u>28,348.00</u>	<u>22.1%</u>	<u>1,007.60</u>	<u>1,700.00</u>	<u>59.3%</u>	<u>174.22</u>	<u>2,000.00</u>	<u>8.7%</u>
Net Income	<u>-245.50</u>	<u>1,364.00</u>	<u>-18%</u>	<u>30.40</u>	<u>0.00</u>	<u>100.0%</u>	<u>-146.15</u>	<u>0.00</u>	<u>100.0%</u>

For budget assistance, consult your regional QuickBooks trainer or the QuickBooks Administrator.