

A photograph of the UC Berkeley Campanile tower at sunset. The sun is low on the horizon, creating a warm, golden glow and silhouetting the tower and surrounding trees. The sky is filled with soft, wispy clouds. The tower is the central focus, with its spire reaching towards the top of the frame. The foreground is dark, with the silhouettes of trees and buildings. The overall mood is serene and iconic.

# Reserve Analysis Workshop

**Financial Analysis & Planning**

**UC Berkeley**

# Agenda

- Introduction
  - Timeline
  - Purpose of exercise
- Fund Buckets – Scope
- Fund Category Definitions
- Fund Category Examples
- Fund Buckets and Fund Categories Intersection, Fund Usage
- Reserve Analysis Template – demo and V-lookup
- Categorization of FFE Market Value
- Questions

# Timeline

Time	Milestone	Activity
12/2	Templates available in Division Folders	MS Excel based templates distributed to each DFL/Division
12/2 - 2/3	DFLs Distribute templates to Departments and/or Collect Data from Departments to fill in Templates	DFLs are responsible for either distributing the templates to each of their Department Managers for population and/or consulting with their Department Managers to populate the templates and then consolidate the data to return to the BFO team
2/7	DFLs Submit Completed Templates	DFLs return completed templates to the Financial Planning & Analysis Team via <a href="mailto:dfi_concierge@berkeley.edu">dfi_concierge@berkeley.edu</a>
2/7 thru Budget Process	Review returned templates and make any necessary adjustments before including data in the budget process	Master Spreadsheet will include detail by Division, Department, Fund, CF1, CF2, Fund Category and Usage that can be pivoted and analyzed to provide transparency into campus' reserve balances
Budget Process	Include data in Division's Budget leadership package	Reserves data will be included in the budget leadership package and included as part of the budget discussion

# Reserve Analysis Exercise

- Background
- Purpose of exercise
  - Kick off of budget process
  - Helps campus understand existing balances
  - Opportunity for divisions to review their G/L's and clear 'stale' balances
- R/A Template
  - Data is at the full chartstring level
  - Focus is on balances (G/L) including FFEs as of June 30, 2024
    - Excludes Contracts & Grants
    - Projected or anticipated funds should not be considered
  - Three distinct fund category groupings: Unusable, Obligations and Available Funds
  - Additionally, identify usage by fund category
  - Perspective is at the department view
  - Obligations are based on commitments approved as of December 31, 2024

# Fund buckets in scope via CalPlan hierarchy

## Current Funds

- Unrestricted
  - Unrestricted Funds
    - Student Tuition and Fees
    - General Funds
    - Unrestricted Gifts
    - Unrestricted Endowments and FFEs
    - Sales, Services & Other
    - Auxiliary
  - Designated
- Restricted
  - Restricted Gift Funds
  - Restricted Endowments and FFEs Funds
  - Contracts and Grants (Out of Scope)

# Fund Categories Definitions

Ending Balance and FFEs as of June 30th

Future Risks

Unusable		Approved Obligations		Available	Future Risks
“Unusable” Balances	Committed Obligations - External	Committed Obligations - Internal	Known Obligations	Available Funds	Future Liabilities
<ul style="list-style-type: none"> <li>• Restricted fund balances that are not readily available for use by the university in the foreseeable future (within the next 5 years) because they are highly restrictive</li> <li>• Funds that are difficult to spend due to administrative burdens (small payouts or existing balances)</li> </ul>	<ul style="list-style-type: none"> <li>• Funding that has already been committed and set aside to cover planned operating and capital expenses associated with <b>external</b> vendors, another campus, an employee or a faculty member (startup &amp; retention)</li> <li>• Commitments that are legally binding and approved by the Chancellor/EVCP, Dean or Vice Chancellor, or equivalent, and is clearly documented</li> </ul>	<ul style="list-style-type: none"> <li>• Funding that has already been committed and set aside to cover an obligation of funding owed to an <b>internal</b> Department or Division of the campus for general use (not ultimately associated with a commitment to an external vendor)</li> <li>• Commitments that have been approved by the Chancellor/EVCP, Dean or Vice Chancellor or equivalent and is clearly documented</li> </ul>	<ul style="list-style-type: none"> <li>▪ Funds that have been set aside for future use for items that are estimated, but not yet final or funds that are being accumulated for a specific purpose</li> <li>▪ Approval to accumulate or set aside these funds has been granted by the Chancellor/EVCP, Dean or Vice Chancellor or equivalent and is clearly documented</li> </ul>	<ul style="list-style-type: none"> <li>▪ Whatever “useable / spendable” balances are left are included here</li> <li>▪ These balances are available to be spent on strategic projects, at the campus, division or department level or can be used to provide funding for ongoing operations in the event of disruptive revenue and/or expense “shocks”</li> </ul>	<ul style="list-style-type: none"> <li>▪ Future dated commitments for which funds have not yet been secured</li> <li>▪ Includes commitments or capital projects expected to be covered by future fundraising efforts or future ongoing revenue streams</li> </ul>

# Fund Categories Definition - Examples

Ending Balance and FFEs as of June 30th					Future Risks
Unusable	Approved Obligations		Available		
"Unusable" Balances	Committed Obligations - External	Committed Obligations - Internal	Known Obligations	Available Funds	Future Liabilities
<ul style="list-style-type: none"> <li>Current fund balance that has been \$5.16 for years and the Department has been unable to use</li> <li>A fund that is for a Department, Center, area of study, purpose, etc. that no longer exists</li> <li>Accumulated funds from the payout of an endowment or FFE that is larger than you can spend within a year; funds in the ending balance represent the funding from the payout that you are unable to spend</li> </ul>	<ul style="list-style-type: none"> <li>Any funds allocated to an existing faculty member under a CF2 (incl. endowed chair funds, startup &amp; retention funds, BEAR Grants, Private Gifts to a faculty member for research, other commitments)</li> <li>Funding for Approved Joint Funded Programs</li> <li>Funding to a Student Association</li> <li>MOU with an external vendor</li> <li>Purchase Orders</li> <li>Cost-share arrangements</li> </ul>	<ul style="list-style-type: none"> <li>Funds committed to another department to support an initiative</li> <li>MOU between departments to split Self-Supporting Graduate Professional Degree Programs fees or other revenue sources</li> <li>Departmental funding for Golden Bear Orientation</li> </ul>	<ul style="list-style-type: none"> <li>Funding received from a State or UCOP initiative</li> <li>Internal departmental multi-year projects</li> <li>Funding for capital improvement projects</li> <li>Saving for Cost-Share arrangements where there is not a signed letter from the Dean or equivalent</li> </ul>	<ul style="list-style-type: none"> <li>Student support funds for Graduate Division and Financial Aid &amp; Scholarships Office</li> <li>Non-committed general Funds</li> </ul>	<ul style="list-style-type: none"> <li>Unfunded Future Commitments: \$2.5M of faculty startup funds over 5 years. Years 2-5 are expected to be funded from ongoing revenue streams (salary savings, PDST/SSGDPD Revenue and gift funds); portion related to years 2-5 would be a risk to the 06/30/2025 ending balance if the ongoing funds don't materialize</li> </ul>

# Fund Categories Definition – Questions to Ask

Ending Balance and FFEs as of June 30th					Future Risks
Unusable	Approved Obligations		Available		
“Unusable” Balances	Committed Obligations - External	Committed Obligations - Internal	Known Obligations	Available Funds	Future Liabilities
<ul style="list-style-type: none"> <li>Has this fund been in the ending balances for a number of years and we have not been able to use it due to donor restrictions?</li> <li>Would it be too much work for me to combine this fund's balance with other similar funds to be able to use it?</li> </ul>	<ul style="list-style-type: none"> <li>Is there an approved agreement (by the Chancellor/EVCP, Dean or Vice Chancellor, or equivalent) that legally binds the usage of these funds for a specific purpose?</li> <li>Is the amount owed defined and final?</li> <li>Is the ultimate recipient of these funds (either paid by my Department or someone else's Department) an external individual or entity and it is clearly documented?</li> </ul>	<ul style="list-style-type: none"> <li>Is there an approved agreement (by the Chancellor/EVCP, Dean or Vice Chancellor, or equivalent) between two divisions to transfer funds for a specific purpose?</li> <li>Is the amount owed defined and final?</li> </ul>	<ul style="list-style-type: none"> <li>Is there an approved agreement (by the Chancellor/EVCP, Dean or Vice Chancellor, or equivalent) to accumulate or set aside these funds for a multi-year project, capital improvement or initiate?</li> <li>Is the amount owed estimated, but not yet final?</li> </ul>	<ul style="list-style-type: none"> <li>Is this a fund that does not meet the definitions of “Unusable” funds or “Approved Obligations”?</li> <li>Is there a desire to use these funds for a future purpose, but it has not been formally approved as a commitments?</li> </ul>	<ul style="list-style-type: none"> <li>Are you looking at future commitments to try to categorize your ending balances?</li> <li>Are future liabilities expected to be paid by future revenue sources and not existing balances?</li> </ul>



# How Fund Buckets and Fund Categories intersect

<b>Fund Buckets</b>	<b>Unrestricted</b>	<b>Designated</b>	<b>Restricted Gift</b>	<b>Restricted Endowments and FFEs</b>	<b>FFE Balances - Restricted</b>
<b>Fund Categories</b>					
<b>Unusable</b>	n/a	Possible	Possible	Possible	Possible
<b>Committed Obligations – External</b>	Possible	Possible	Possible	Possible	Possible
<b>Committed Obligations – Internal</b>	Possible	Possible	Possible	Possible	Possible
<b>Known Obligations</b>	Possible	Possible	Possible	Possible	Possible
<b>Available Funds</b>	Likely	Unlikely	Possible	Possible	Possible

Fund Restrictions do not determine the categorization. Categorization is determined by whether or not the funds have been approved to be spent on an identifiable recipient.

# How Fund Categories and Fund usages intersect

<b>Fund Categories</b> <b>Usage (Proposed)</b>	Unusable	Committed Obligations - External	Committed Obligations - Internal	Known Obligations	Available Funds
Start-Up/Retention	Unlikely	Likely	Possible	Possible	Possible
Other Faculty Funds	Unlikely	Likely	Possible	Possible	Possible
Research	Possible	Likely	Possible	Likely	Possible
Capital Improvements	Possible	Possible	Possible	Likely	Possible
Student Support	Possible	Possible	Possible	Possible	Possible
Instructional Support	Possible	Possible	Possible	Possible	Likely
Non-Instructional Support	Possible	Possible	Possible	Likely	Likely
Other Unit Specific Initiatives	Possible	Likely	Likely	Likely	Likely
Unidentified	Unlikely	Unlikely	Possible	Unlikely	Likely

# Template: SmartView Summary tab

FY2024-25 YearTotal Beginning Balances and FFEs										
Sample Division										
	FY2024-25 Beginning Balances					FY2024-25 Operating Budget Total Expenses	Beginning Balance % of Total Expenses	FY24 FFE Market Value*	Beginning Balance + FFEs	Beginning Balance + FFEs % of Expenses
	Unrestricted Funds Excluding Membership	Designated	Restricted Gift Funds	Restricted Endowments and FFEs Funds	Current Funds Excluding C&G and Membership	Current Funds Excluding C&G				
<b>2024-25</b>	1,920,000	3,650,000	630,000	1,550,000	7,750,000	10,000,000	77.5%	10,280,000	18,030,000	180.3%
Unusable	-	-	-	-	-	-	0.0%	-	-	0.0%
Committed Obligations - External	-	-	-	-	-	-	0.0%	-	-	0.0%
Committed Obligations - Internal	-	-	-	-	-	-	0.0%	-	-	0.0%
Known Obligations	-	-	-	-	-	-	0.0%	-	-	0.0%
<b>Available Funds</b>	<b>1,920,000</b>	<b>3,650,000</b>	<b>630,000</b>	<b>1,550,000</b>	<b>7,750,000</b>		<b>77.5%</b>	<b>10,280,000</b>	<b>18,030,000</b>	<b>180.3%</b>
<b>Check Row - Do not override</b>										
Future Liabilities - Risk	-	-	-	-	-	-		-	-	
<b>Potential Impact of Future Liabilities on Availal</b>	<b>1,920,000</b>	<b>3,650,000</b>	<b>630,000</b>	<b>1,550,000</b>	<b>7,750,000</b>			<b>10,280,000</b>	<b>18,030,000</b>	
* Market Value of Funds Functioning as Endowments (FFE; both Regent and Foundation balances) as of June 30th. Note: Signage is based on Financial Statement (CalPlanning) format										

1\_Division\_SmartView Summary



GL Data\_FFEs Pivots

GL Data\_FFEs PivotsPart Popultd

GL Data

GL Data Partially Populated

FFE Balances

FFEBalances Partially Populated

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- SmartView Summary tab will be included for the L3 (division)
- High-level summary of the data by fund buckets and categories; includes FFE data
- Financial Statement (CalPlanning) signage
- For the L3, we will also include a sample pivot by fund category which can be used to populate the SmartView Summary tab.

# Pivot Table tab in the Template

GL Data						FFEs	
Sum of 2025						Row Labels	Sum of June '24 MV
Row Labels	Unrestricted Funds	Designated	Restricted Gift Funds	Restricted Endowments and FFEs	Grand Total	(blank)	10,280,000
(blank)	(1,920,000)	(3,650,000)	(630,000)	(1,550,000)	(7,750,000)	<b>Grand Total</b>	<b>10,280,000</b>
<b>Grand Total</b>	<b>(1,920,000)</b>	<b>(3,650,000)</b>	<b>(630,000)</b>	<b>(1,550,000)</b>	<b>(7,750,000)</b>		



GL Data						FFEs	
Sum of 2025						Row Labels	Sum of June '24 MV
Row Labels	Unrestricted Funds	Designated	Restricted Gift Funds	Restricted Endowments and FFEs Funds	Grand Total	(blank)	10,280,000
Available Funds	(142,000)		(125,000)	(490,000)	(757,000)	Available Funds	8,595,000
Committed Obligations - External	(650,000)	(3,650,000)	(100,000)	(560,000)	(4,960,000)	Unusable	215,000
Committed Obligations - Internal	(813,000)		(405,000)	(110,000)	(1,328,000)	Known Obligations	600,000
Known Obligations	(275,000)			(280,000)	(555,000)	Committed Obligations - Internal	870,000
#N/A	(40,000)			(110,000)	(150,000)	<b>Grand Total</b>	<b>10,280,000</b>
<b>Grand Total</b>	<b>(1,920,000)</b>	<b>(3,650,000)</b>	<b>(630,000)</b>	<b>(1,550,000)</b>	<b>(7,750,000)</b>		



- A Pivot table has been created for your convenience
- Refresh the Pivot after the Fund and Usage Category columns in the G/L Data and FFE tabs have been populated
- If a “#N/A” label comes up, most likely one or more of your balances has not been categorized

## Template: GL Data support schedule by L3

- Where users will spend most of their time reviewing fund data for existing balances
- Includes pre-populated data and user defined fields
- GL Data support schedule can be parsed out for distribution by L4 (Department), but the final submission should include the summarized L3 (Division) GL Data; do not add rows or columns to the final submission
- Debit/(Credit) signage

## Template: FFE Data support schedule by L3

- Includes detailed information related to Funds Functioning as Endowments (FFE) by Division and Department
- Includes pre-populated data and user defined fields; user defined fields are the same as the GL Data support schedule
- FFE Data support schedule can be parsed out for distribution by L4 (Department), but the final submission should include the summarized L3 (Division) GL Data; do not add rows or columns to the final submission
- Financial Statement signage

# Template: Mapping Fund Categories using V-lookup formula

New this fiscal year

- Our team created a V-lookup formula to partially fill out Fund Category and Unit Defined Usage Category
- Prepopulated GL data and FFE worksheets with prior year's data (blue tab)
- Division to review Fund Category and Unit Defined Usage columns for #N/A (these are the cells that will need to be filled out)

5-Year balance

- There are a few divisions that have balances unchanged in five years
- Our team has highlighted these balances (Column Label is in Green)
- Opportunity for DFL to analyze those balances, and resolve

# Categorization of FFE Market Value (Principal)

Categorizing of FFEs should be based on how you plan to use the principal **NOT** the payout.

- Normally the principal for FFEs should be listed as **Available** unless there is a specific commitment to liquidate the FFE in the next year (or five years for Known Obligations) to fulfill an obligation.
- Marking an FFE as Available does not mean that there is an expectation that you will invade the principal to cover budget shortfalls. ***The categorization is so that we can understand what is committed and what is not.***
- In previous years we allowed some divisions to mark their FFEs as **Unusable** because the divisions relied on the payout from those FFEs to support their ongoing operations. If you feel strongly about not including these as Available, you have the option to include them as Unusable.

# Questions



# Resources Available

Reserve Analysis Website:

<https://cfo.berkeley.edu/about-us/financial-planning-analysis/budget-and-financial-operations/reserve-analysis>

Additional Questions:

Email: [dfi\\_concierge@Berkeley.edu](mailto:dfi_concierge@Berkeley.edu)



## Office Hours (sign up on link above)

January 22, 2025 11:00 AM to 12:00PM

January 29, 2025 11:00 AM to 12:00PM



