

# William Paterson University Policy

## University Policy

SUBJECT:	University Policy		TITLE:	Carryforward Fund Policy	
CATEGORY: Check One	Board of Trustees <input type="checkbox"/>	University <input checked="" type="checkbox"/>	Functional <input type="checkbox"/>	School/Unit <input type="checkbox"/>	
Responsible Executive:	Chief Financial Officer		Responsible Office:	University Budgets and Financial Planning	
CODING:	01-30-30-00-01	ADOPTED:	05/26/22	AMENDED:	
<b>LAST REVIEWED:</b>					

### I. PURPOSE

This policy provides guidance to support a consistent and transparent approach to University carryforward balances. The processes described in this document provide general information about carryforward balances and intended uses as part of ongoing accountability and stewardship of institutional resources.

### II. ACCOUNTABILITY

Specific responsibilities associated with this policy, including monitoring compliance with the policy, are listed below.

- **Office of the Controller** will prepare a net assets report at the end of each fiscal year. This report will summarize the university's carryforward balances, which will reconcile to the University's financial system. The office will support the campus community with all accounting inquiries including revenue and expense postings, transfers, and journal entries.
- **Office of University Budgets and Financial Planning (Budget Office)** will be responsible for carryforward budget uploads (preliminary and final) and budget transfers/adjustments in the University's financial system. The office will provide annual carryforward balance reports to Vice Presidents, identify fund deficits, and work with financial managers on rectifying fund deficits. The office will also provide budget training and fund management assistance to the campus community.
- **Vice Presidents** will be responsible for oversight of divisional carryforward balances.
- **Academic Deans** will be responsible for oversight of college carryforward balances.
- **Departmental / Unit Financial Managers** will monitor fund balances and have day-to-day oversight of the fund's financial activities. Financial managers will coordinate any long-term spending plans with the dean or divisional vice president.

### III. DEFINITION(S)

**Carryforward balances** are unexpended fund balances at the end of the University's fiscal year. Carryforward balances are calculated as follows:

Beginning carryforward balance
+ Current year revenues
- Current year expenditures
+/- Current year transfers
= Year-end carryforward balance

Carryforward balances are primarily generated from three funding sources:

- **Mandatory Fees** are charged to all undergraduate and graduate students. These fees are assessed for university-related services that support all students.
- **Instructional Fees** vary by course and program, but generally fall into two categories:
  1. **Academic Program Fees** are assessed at the program level based upon specific program costs, beyond those which can reasonably be covered by tuition. Fee revenue may be used to cover supplies, salaries, and equipment specific to the academic program.
  2. **Course Fees** are assessed to cover extraordinary costs associated with the delivery of course(s) beyond those which can be reasonably covered by tuition revenue. Typically, these fees apply to courses with laboratory, studio, clinical, assessment and other applicable expenses, which may include supplies, software licenses, salaries, and equipment specific to the instructional activity.
- **Revenue Program Fees** are specific to self-funded programs that generate revenue from registration, program, or service fees.
- **Foundation Grants** are donor gifts which are restricted in their purpose to fund certain initiatives. Often times, there are no deadlines associated with the spending down of the grant fund balances and any unused balances can be carried forward, however, Foundation grants funded by organizations may require prior approval to carry funds forward. Each grant's PI works closely with the university's accounting office to monitor the grant fund's financial activities.

### V. REFERENCE(S)

[Indirect Cost Recovery and Distribution Policy](#)

### VII. POLICY

Carryforward fund balance management is a prudent business practice that encourages stewardship, planning, and in some cases entrepreneurship and thereby, growth in the University's resource base. The following sections provide guidelines for managing year-end

carryforward balances. This policy strives to increase consistency while recognizing the need for units to have the flexibility to manage fiscal resources responsibly.

For mandatory fees, carryforward balances that support the overall mission of the university and critical operations are permitted to accumulate to support unexpected expenses, losses of revenue, and large, unbudgeted expenses.

For instructional fees, it is expected that, in most instances, all instructional fee revenue generated in a specific fiscal year will be expensed in that same fiscal year. Departments with fee revenue in excess of \$25,000 that remains unexpended at year-end will be asked to provide an explanation for the balance and detail planned future uses that is submitted to the Provost's Office and Finance/Budget for review and approval. Acceptable reasons for a balance are typically related to purchases that do not occur every year, but nonetheless are covered with fee revenue on a planned schedule, such as for specific equipment or supplies that are replaced cyclically. In instances where the reasons for an accumulation of a balance are not approved, departments may be asked to adjust fee levels or eliminate them entirely.

For revenue program fees, carryforward balances that support the overall mission of the program are permitted to accumulate to support unexpected expenses, losses of revenue, and large unbudgeted expenses. Carryforward balances may also be used to supplement funding shortfalls in other areas of the department, college, division, or university.

For Foundation Grants, carryforward balances are permitted to accumulate to support the initiative/program's expenses as long as the required approvals, (if necessary), are granted.

The Budget Office and the Office of the Controller will be responsible for the enforcement of this policy. Departmental / unit financial managers, vice presidents, and deans will be responsible for regular review of carryforward balances and coordinating spending plans for one-time investments.

By Direction of the President and Cabinet:

Date

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Associate Vice President Budget and Finance