



**Effective:** April 1, 2019  
**Last Revised:** Initial Draft

**Responsible University Office:**  
Finance Office

**Responsible University Administrator:**  
Vice Chancellor for Business and Finance

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# Policy on Carrying Forward Departmental State-Aided Non-Revolving Budgets

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## Scope

This policy applies to all departments of the University of Nebraska at Kearney.

The purpose of this policy is to provide guidance to departments across the UNK campus that have the need to reserve and/or carry forward state-aided non-revolving funds at the end of a biennium.

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## Policy Statement

At the end of a biennium, budget remaining in state-aided non-revolving cost centers (those that begin with 51xxxxxxx) will carry forward if supported by a purchase order encumbrance or a plant fund transfer. The Deans and Vice Chancellors have the option to adopt a policy that is more restrictive than this for carrying forward budget within their College or Division and consequently should be consulted for any exceptions to this policy.

Historically, earmarked funds for special programs have carried forward intact (*Distance Tuition Differential funds, Programs of Excellence funds, Indirect Costs funds, and Worldwide Web grants*). While unexpended awards in these categories are generally carried forward, they should not remain unnecessarily idle. The Administration understands carrying forward these funds between biennium budgets is an important mechanism allowing departments and colleges to save funds for either emergencies or major one-time expenditures. The Administration views such carryforward as necessary to promote effective management of funds. However, the Administration may, due to revenue shortfalls, amend the carry forward balance allowed or suspend the carry forward provision altogether in any fiscal year it is warranted due to economic or other conditions. Any considerations related to an amended reallocation of carryforward balances will be communicated as part of the campus budget process prior to being acted upon.

Between the first and second year of the biennium, encumbering is not mandatory because the fund balances related to salaries, wages and operating expenses (positive or negative) will carry forward automatically. Benefits (social security, retirement, life and health insurance) will continue to be centrally budgeted with all positive or negative balances offset to a central cost center.

Departments awarded Nebraska Research Institute grants and Rural Futures Institute grants should work closely with the Institutes and the UNK Office of Sponsored Programs to understand carryforward allowances and spending deadlines for each grant.

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## Reason for Policy

Carrying forward departmental state-aided non-revolving budget provides greater management flexibility by expanding the timeframe for a department to use funds responsibly and to facilitate the planning process.

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## Procedures

### **PURCHASE ORDER ENCUMBRANCES**

The following are factors to consider when encumbering:

1. There must be adequate funding in the cost center to equal or exceed the encumbrance.
2. Enter a purchase order into eSHOP no later than June 15.
  - a) The purchase order must include a description of the product or service, a vendor, an amount and an estimated date of receipt.
  - b) The purchase order cannot be a blanket order; it must be specific.
  - c) The purchasing policy of the Board of Regents regarding bidding must be followed.

- d) The product or service must be received within four months of fiscal year-end (i.e. October 31).
3. If a vendor is not in eSHOP, fill out a *Vendor Request Form* located under Special Forms in eSHOP.

### **PLANT FUND TRANSFER**

To accomplish a plant fund transfer, complete a UNK WBS Element Information Sheet-Plant Fund Transfers Form that includes:

1. A description of the renovation project. (Project completion cannot exceed five years).
2. A Space Alteration and Change in Room Use Form if the project involves existing space.
3. Cost projections coordinated with UNK Facilities Management & Planning.
4. The amount of the transfer.
5. The cost center where the funds will be transferred from (cost center must start with 51xxxxxxx). The ability to transfer is contingent on the availability of funds in the cost center.
6. The Dean signature of approval.
7. The Director of Facilities signature of approval.
8. The Vice Chancellor of Business & Finance signature of approval.

Deliver the completed form to the Finance Office no later than May 15 of the current fiscal year.

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## **Definitions**

**Biennium:** A biennium represents a budget cycle that covers two fiscal years.

**Cost Center:** Cost Centers are used to plan, gather and track costs for a University unit or department for state-aided non-revolving funds (cost centers that begin with 51), state-aided revolving funds (cost centers that begin with 52) and auxiliary funds (cost centers that begin with 53). Cost centers are 10 digit numbers. Within a department, multiple cost centers may be set up to further break down expenses by project or activity.

**Encumbrance:** An encumbrance involves a purchase order certified by UNK Business Services, which identifies the goods or services, anticipated delivery date and cost.

**Fiscal Year:** The 12-month period for which budgetary authority is granted and for which external financial statements are prepared. The University of Nebraska operates on the same fiscal year as the State of Nebraska: July 1 through June 30.

**Plant Funds:** Plant funds are used to purchase, construct or renovate long-life assets such as land, land improvements, buildings and equipment.

**Plant Fund Transfer:** A plant fund transfer involves a specific renovation project to be coordinated through UNK Facilities Management & Planning and approved by the Vice Chancellor for Business & Finance.

**State aided non-revolving funds:** State aided non-revolving funds represent annually budgeted funds supported primarily by tax appropriations and tuition and fee revenue. State aided non-revolving cost centers begin with “51”.

**WBS Element:** WBS Elements are used to plan, gather and track costs for a grant or contract, agency or plant project. A project can have one or many WBS elements depending on the degree of segregation or breakdown desired. WBS elements are 13 digit numbers and begin with 54, 55, 56, 57 or 59.

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## Additional Contacts

<i>Subject</i>	<i>Contact</i>	<i>Phone</i>	<i>Email</i>
eSHOP	Kim Christensen	308-865-8525	christensenk@unk.edu
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## Forms

[Vendor Request Form](#)

[WBS Element Information Sheet-Plant Fund Transfers](#)

[Space Alteration and Change in Room Use Form](#)

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## Related Information

[Board of Regents Policy 6.2.1: Purchasing Policy](#)

[Plant Fund Transfer Policy](#)

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## History

This policy replaces current policy located at Business and Finance Policy and Procedures.