

# ADMINISTRATIVE PROCEDURE - College of Agriculture and Natural Resources

Sub-unit: **College of Agriculture and Natural Resources**

Subject: **FISCAL YEAR END SURPLUS AND DEFICIT BALANCES**

Effective Date: July 1, 20005 Revised March 1, 2019

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## A. **Purpose**

This Administrative Procedure describes the processes that will be implemented on all unit accounts for general, capacity and county accounts which end the fiscal year in a surplus or deficit cash balance (i.e. fund balance).

## B. **Procedure**

### 1) **General Funds**

- a) **Surplus Balance** – Surplus fund balances in the Kualu Financial System at closing, June 30 20XX, may be eligible to retain 50 percent of the surplus funds which will reside in the account's fund balance on the balance sheet. The surplus funds must be expended in accordance with general fund guidelines.
- b) **Deficit Balance** – Deficit fund balances in the Kualu Financial System at closing, June 30 20XX, should be cleared from the account via a transfer of funds within 60 days of the fiscal year end. After the 60 day period, any remaining deficit fund balances will be cleared by the fiscal office via a transfer of funds from one of the unit's Ledger 2 accounts.

### 2) **Capacity Accounts**

- a) **Surplus Balance** – Surplus fund balances in the Kualu Financial System at closing, June 30 20XX, are not eligible to be retained in the account's fund balance.
- b) **Deficit Balance** – Deficit fund balances in the Kualu Financial System at closing, June 30 20XX, should be cleared from the account via a transfer of funds within 60 days of the fiscal year end. After the 60 day period, any remaining deficit fund balances will be cleared by the fiscal office via a transfer of funds from one of the unit's Ledger 2 accounts.

### 3) **County Accounts**

- a) **Surplus Balance** – Surplus fund balances in the Kualu Financial System at closing, June 30 20XX, may be retained within the account and will reside in the account's fund balance on the balance sheet. To retain these funds, the county or city extension director may obtain written approval from the county or city government, however, this is not mandatory unless it is mandated by the county or city government. A budget and description for intended use of the funds must be submitted to the Assistant Director of Operations for the University of Maryland Extension. County or city government has the right to request the return of these funds, which would be done as a reduction of the semi-annual billing.
- b) **Deficit Balance** – Deficit fund balances in the Kualu Financial System at closing, June 30 20XX, will be retained in the account's fund balance and should be considered as a reduction to the current year budget. Each unit affected will be

expected to adjust their current fiscal year expenditures and commitments to accommodate the reduction of available budget.

It will be at the Dean's discretion to use surplus general funds to clear deficits in other non-general fund accounts within the unit, including but not limited to revolving accounts.

**C. Contact**

Questions relating to this procedure are to be directed to the Assistant Dean for Finance and Management or the Director for Financial and Policy Analysis.