



GUIDELINE ON THE USE OF BALANCE OBJECT CODES

Effective Budget Year FY27

A new Object Code, 3040, has been set up specifically for the use of fund balance designated for Capital Projects. Establishing a separate code for capital provides greater transparency by distinguishing funds that are allocated for capital purposes from those that support operating needs.

When combined, Object Codes 3040, 3050 & 3060 should represent the planned net use of fund balances, with positive values indicating a planned deficit and negative values indicating a planned surplus.

New Object Code ‘3040 – Budget – Use of Fund Balance – Capital’ (Effective Budget Year FY27)

When to use:

- When planning the use of fund balance for capital project funding only. To be used in conjunction with Object Code ‘8035 - Transfer out to Capital Projects’, regardless of fund group.

Note:

- ✓ Capital acquisitions (Object Codes 36XX, 37XX & 38XX) are considered operating expenses in Sources & Uses and are not subject to this rule.

Example: College ABC is planning a \$750,000 Transfer to Plant Funds on Object Code 8035 in Account XYZ. Of this amount, \$250,000 is expected to be funded by a new gift and \$500,000 by existing funds. The following entries should be entered in Longview:

Object Code ‘3040 – Budget – Use of Fund Balance – Capital’	\$500,000
Object Code ‘4340 – Gifts of Cash’	\$250,000
Object Code ‘8035 – Transfer Out – to Capital Projects/CIP’	\$750,000

Please note that, when consolidated, the total for Object Code 3040 must not exceed the total for Object Code 8035. It may be less than or equal to 8035, but never greater.

Object Code '3050 – Budget – Use of Fund Balance – Carryforward' (Name updated effective Budget Year FY27)

Used in accounts that carry balances forward from year to year and do not revert at year-end, regardless of fund group.

When to use:

- When planning the use of carryforward funds to cover projected expenditures (positive entry).
- When planning addition to the fund balance due to a surplus in the account that will carry forward to the next fiscal year (negative entry).

Notes:

- ✓ If the projected carryforward balance is insufficient, appropriate additional funding should be planned i.e. other Revenue sources or Transfer entries.
- ✓ Object Code 3050 should not be used to offset Object Code '8035 – Transfer Out – to Capital Projects/CIP'; new Object Code 3040 should be used instead.

Example 1: Account XYZ carries a balance forward from year to year and is projected to have a carryforward balance of \$500,000 at the beginning of planning year FYXX. Total projected expenditures in Account XYZ for that year exceed total projected revenues. To indicate the use of the carryforward balance to cover this deficit, Object Code 3050 should be used. Below is an example of entries in Longview:

Object Code '3050 – Budget – Use of Fund Balance – Carryforward'	\$116,500
Object Code '4400 – LTIP Payout'	\$500,000
Object Code '5000 – Academic – Professor'	\$450,000
Object Code '5600 – Employee Benefits – Endowed Full Rate'	\$166,500

Example 2: Account XYZ is expected to receive revenue in planning year FYXX that will not be used until the following fiscal year. Because this account does not revert and carries the balance forward at year-end, a negative entry should be recorded on Object Code 3050 to reflect the carryforward balance. Below is an example of entries in Longview:

Object Code '4060 – Revenue – Sales of Services'	\$250,000
Object Code '3050 – Budget – Use of Fund Balance – Carryforward'	-\$250,000

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Example 3: Contract college Account XYZ receives dean's allocation on Object Code 4500 to fund planned expenditures. The allocation is provided by Account ABC, which does not revert at year-end. In this case, Object Code 3050 should be used in Account ABC to indicate the use of its carryforward balance to fund Account XYZ. Below are examples of entries in Longview.

Account XYZ:

Object Code '4500 – Income – Allocation Appropriated'	\$440,000
Object Code '5000 – Academic – Professor'	\$250,000
Object Code '5010 – Academic – Associate Professor'	\$120,000
Object Code '5020 – Academic – Assistant Professor'	\$70,000

Account ABC:

Object Code '4500 – Income – Allocation Appropriated'	-\$440,000
Object Code '3050 – Budget – Use of Fund Balance – Carryforward'	\$440,000

Object Code ‘3060 – Budget – Use of Fund Balance – Reversions’ (Name updated effective Budget Year FY27)

Used in accounts that revert to another account at year-end, regardless of fund group (actual reversion occurs in KFS on Object Code 3059).

When to use:

- When balancing deficit/surplus in accounts that revert at year-end. A positive entry indicates the use of funding account balance, and a negative entry indicates an addition to that balance.

Notes:

- ✓ Verify that the projected available balance is sufficient to support the planned use of 3060.
- ✓ In the case of insufficient available balance, appropriate Transfer entries or other Revenue sources should be planned.

Example 1: Account XYZ incurs salary expenses during the year and reverts to Account ABC (funding account) at year-end. Object Code 3060 should be used to indicate the use of the funding account’s balance. Below is an example of entries in Longview for Account XYZ:

Object Code ‘5575 – Budget – Student’	\$400,000
Object Code ‘3060 – Budget – Use of Fund Balance – Reversions’	\$400,000

Please note that no entries are needed for Account ABC (funding account), as the use of its balance is already captured through Account XYZ’s reversion.

Example 2: Account XYZ reverts to a central account at year-end and is projected to only receive revenue in planning year FYXX. A negative entry on Object Code 3060 should be planned to indicate addition to the central account balance. Below is an example of entries in Longview for Account XYZ:

Object Code ‘4410 – Separately Invested’	\$150,000
Object Code ‘3060 – Budget – Use of Fund Balance – Reversions’	-\$150,000

Please note that no entries are needed for the central account, as the addition to its balance is already reflected through Account XYZ’s reversion.

Object Code '3059 – Tfer from – Year End Closing'

- Used by KFS for account reversions at fiscal year-end.
- Must not be used for budgeting purposes; see Object Code 3060 above.

Object Codes 704X and 804X

- Can be used to reflect movement of funds between operating and reserve accounts for transfer purposes only. Entries must be planned on both sides of the transfer and should net to zero. Object Code 3050 (or 3060 if the account reverts) should be used in the reserve account to reflect the use of, or addition to, its balance.

Example: Account XYZ (sub-fund GNDEPT) is projected to have a surplus in planning year FYXX, which is planned to be transferred to the renewal & replacement reserve Account ABC (sub-fund RVREPL) for future use. Object Code 8040 should be used in Account XYZ to record the transfer, with an offsetting entry in Account ABC on Object Code 7000. Object Code 3050 should then be used to balance Account ABC, reflecting the addition to its reserve balance. Below are examples of entries in Longview.

Account XYZ:

Object Code '4060 – Revenue – Sales of Services'	\$1,020,000
Object Code '5320 – Nonexempt – Technical'	\$550,000
Object Code '6540 – Supplies – Lab/Project'	\$300,000
Object Code '8040 – Transfer Out-to Renewal & Replacement'	\$170,000

Account ABC:

Object Code '7000 – Transfer In – from Current Operating'	\$170,000
Object Code '3050 – Budget – Use of Fund Balance – Carryforward'	-\$170,000

While the above guideline outlines the use of specified Object Codes for budgeting purposes, it does not supersede the general guidelines on Transferring Funds and Reserve Accounts published on the DFS website. These guidelines remain in effect and should be followed as applicable during the budgeting process. Reference links to these resources are provided below:

[Transferring Funds | Cornell University Division of Financial Services](#)
[Reserve Accounts | Cornell University Division of Financial Services](#)