

3362-4-12 University reserves.

In order to promote both financial stability and to encourage future development of programs and staff, the board of trustees of Shawnee state university recognizes a need to establish an orderly process for appropriating university reserves.

Allocated funds or reserves are accumulated university resources within the educational and general fund that have been set aside for a specific purpose and are to be expended only for that purpose and only when current-year revenues are not sufficient to meet the approved expenditure needs unless otherwise authorized by the Shawnee state university board of trustees.

(A) Reserve or allocated fund balance categories

The board of trustees hereby establishes the following reserve or allocated fund balance categories. These categories are examples and should not be considered as all inclusive. The board of trustees may add, delete, and otherwise amend this list at any board meeting through the resolution process. Reserve or allocated fund balance categories include those listed below:

- (1) Building alteration, this fund provides for repairing, replacing, and modernizing university buildings and attached equipment, including (but not limited to) heating, ventilating and air conditioning, phones, networking, plumbing, carpeting, and electrical equipment and installations.
- (2) Faculty and staff development, this fund encourages professional development of university employees.
- (3) Movable equipment, this fund provides for the replacement of movable equipment necessary for the operation of the university.
- (4) Program development, this fund provides start-up money to assist in the development of new educational programming.
- (5) Unemployment compensation, this fund is established to assist in the funding of unexpected unemployment claims.

Shawnee is a reimbursable employer per the Revised Code, section 4141.241. Claims are paid by the Ohio bureau of employment services, and the university is billed each month for claims paid.

- (6) Site improvements, this fund provides for repairing, replacing and/or modernizing parking lots, sidewalks, roads, and outdoor lighting, as well as care of grounds and other site improvements.
- (7) Legislative or other reserve requirement, these funds are reserved in accordance with any legislative or other legal mandate governing unrestricted educational and general revenues.
- (8) Departmental funds, funds held in reserve by departments or cost centers as a result of unspent budgetary allocations or dedicated revenues not spent.
- (9) Working capital, this fund assures that the university's current assets will be sufficient to meet monthly cash flow requirements.

(B) Reserve and allocated funds and fund goals

Each reserve fund approved by the board of trustees shall establish a goal to which annual pledges may be made. The goal may be a dollar amount recommended by the president or it may be an amount which is the result of an approved formula. For the reserve funds outlined above the initial goal shall be established in the following manner:

- (1) Building alternation, five per cent of total investment in buildings as reported on the most recent annual financial report.
- (2) Faculty and staff development as recommended by the president at twenty-five thousand dollars.
- (3) Movable equipment, five per cent of the total investment in movable equipment as reported on the most recent annual financial statement.
- (4) Program development as recommended by the president at

fifty-thousand dollars.

- (5) Unemployment compensation, one per cent the total salary and wages paid as reflected on the prior year's w-2 reports.
- (6) Site improvements as recommended by the president at seven-hundred fifty thousand dollars.
- (7) Legislative or other reserve as required through legislative or other requirement legal mandates.
- (8) Departmental funds as accumulated by departments through unspent budgetary allocations or dedicated revenues.
- (9) Working capital, twelve point five per cent of the educational and general operating budget (exclusive of transfers) reported on the most recent annual financial statement; such reserves shall be recorded as an allocated fund balance on the balance sheet and must be fully funded before those reserves identified 1-5 above are funded unless authorized by resolution of Shawnee state university board of trustees.

(C) Review of reserve and allocated

Annually, after year end reserves are made known by the university controller, the board of trustees finance and facilities committee shall meet to review reserve pledges. Pledges will be accounted for by appropriate category and reflected accordingly in the annual financial statement.

(D) Expending reserve funds

Expenditures from any line item in reserve shall be made according to the following guidelines:

- (1) Departmental funds, encumbrances, revenue center, lab fees and carry forward funds are allowed to be spent at the discretion of the applicable account administrator, subject to appropriate oversight approval from the division administrator. New degree programs funds are allowed to be spent at the discretion of the vice president

for business affairs and the provost.

- (2) The president, or his delegate, has authority to spend up to a total of fifty thousand dollars from other reserve categories per fiscal year as long as the purpose of the expenditure is in concert with that category. An accounting of this expenditure will be made annually to the board of trustees finance & facilities committee. Expenditure of reserve funds greater than fifty thousand dollars in a fiscal year require board of trustees approval.
- (3) Should financial difficulties arise as determined by the vice president for business affairs, necessitating preservation of reserves, the president, upon the advice of the vice president for business affairs, can suspend reserves expenditure(s) for up to ninety days, pending final approval by the board of trustees.

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