

Accounting Guidelines for Plant Fund Reserve Accounts

I. Purpose of Plant Fund Reserve Accounts

The purpose of Plant Fund Reserve Accounts is to support future capital expenditures. They provide a cost center mechanism to save and designate funds, similar to savings accounts, which allow campus units the ability to set aside funds to be used for anticipated capital expenditures. Examples of capital expenditures appropriately funded from plant fund reserve accounts include:

- Purchasing of high dollar equipment. For an item to be capitalized as equipment, the item or items purchased must have a cost of \$5,000 or more.
- Remodeling / renovation / construction of offices or buildings and the acquisition of real property.

The cost center range for plant fund reserve accounts is 77000 – 77999.

II. Restrictions on Plant Fund Reserve Accounts

No direct posting of expenditures is allowed to these cost centers. Instead, once a capital expenditure is approved, the associated funds will be transferred to the cost center where the capital expenditure was incurred, or will be incurred. After the expenditure is incurred, the department should move any remaining funding back to the reserve cost center.

For capital expenditures relating to remodeling / renovation / construction / or acquisition of real property, an internal order or an unexpended plant fund cost center will be created to incur the expenditures associated with the project. (Creation of the new internal order or unexpended plant fund cost center will need to be coordinated with Facilities Management or Accounting Services.) This approach is required to comply with University financial reporting requirements.

III. Approval Processes

1. Creation of a New Plant Fund Reserve Account:

Unit managers may request the creation of a new plant fund reserve account by completing a cost center creation form, providing a written, detailed explanation that defines the purpose of the cost center, its funding source, and the anticipated use of these funds in the future. Approval for academic centers includes the signatures of the appropriate dean and the vice provost for academic administration. Approval for service centers includes the signatures of the department manager and the direct supervisor of the department manager.

1. Journal Entry / Transaction Processing:

Unit managers may submit journal entry requests, with the appropriate approval, to transfer funds to or from plant fund reserve accounts. Approval for academic centers includes the signatures of the appropriate college dean and the vice provost for academic administration. Approval for service centers includes the signatures of the department manager and the direct supervisor of the department manager.

1. Exceptions:

Requests for exceptions to this policy should be made in writing to Accounting Services, with the approval signatures of the appropriate college dean and vice provost for academic administration, or the department manager and direct supervisor of the department manager.

IV. Effective Date

This policy will be retroactively effective to the beginning of fiscal year 2005.

Expenditures posted to a plant fund reserve cost center during fiscal year 2005 will be moved by Accounting Services from the plant fund reserve cost center to the cost center where the expenditures should have occurred. The approved funding amount will also follow the expenditures to that cost center.