

Unrestricted Plant Fund (Fund 200) Guidelines

Contents

Capital Projects	1
Definition	1
Accounting	1
Capital Reserves	2
Definition:	2
Accounting for Capital Reserves	2
Equipment Reserves	3
Definition	3
Accounting for Equipment Reserves	3
Monitoring Fund 200	4
Appendix A - Fund 200 Summary.....	5
Appendix B – Facility Renewal Reserves.....	6

Revised November 2021

Division of Finance and Administration



The University of Vermont

The purpose of this document is to define the use of Fund 200 for the management of capital and equipment funds. Specifically, Fund 200 is designated for:

- Capital Projects
- Capital Reserves
- Equipment Reserves

This document provides a definition and details on the accounting for each of these activities. The appendices contain a one-page summary of this document, as well as information on the University's policy on Facility Renewal Reserves.

Capital Projects

Definition

Capital Projects refer to the construction, renovation, improvement, and customization projects. Capital Projects include (1) Acquisition of real property; (2) New construction projects (3) Improvements, renovations, repairs, replacement, maintenance, or combination projects for a single building (4) Land improvements and Infrastructure (5) Institutional Personal Property (Movable Equipment, Software Systems)

Accounting

Each Capital Project (PC001) must have a Capital Project ID and associated budget when created. This budget represents the spending plan for the life of the project. It should be modified if the scope of the project changes.

- When setting up a project for any renovation or construction project, units must work with Planning, Design and Construction. Please also note that Planning, Design and Construction will not work on any capital projects that do not have an associated Project ID.

Capital Project budgets, and associated expenses, must use:

- Project ID
- Function 991
- Source 7xxxxx
- The appropriate property code associated with the building, complex or parcel
- To determine the correct project type, and for additional information about creating a PC001 project, please see the [user guide \(PDF\)](#).

At the time a Capital Project is established, a funding source(s) must be identified:

- **Fund 100:** Allowed. Transfers from fund 100 must be made immediately after the capital project is established. Unlike transfers into Capital Reserves and Equipment Reserves, transfers into Capital Projects do not require VP for Finance & Administration approval.
- **Fund 108:** Allowed. Transfers from fund 108 must follow the established fund 108 procedures. Current procedures dictate that transfers can occur 3 times per year on specified dates and require approval from the VP for Finance & Administration. The transfer should occur on the first allowable transfer date after the project has been established.
- **Fund 150:** Not Allowed. Transfers from fund 150 are not allowable except in rare occasions and in consultation with UFS.
- **Fund 200:** Allowed. Transfers from fund 200 Capital Reserves or Equipment Reserves should happen immediately after the capital project is established.
- **Fund 305:** Allowed. Transfers from fund 305 are allowed and should be done as soon as the project is created.
- **Fund 900:** Not allowed.
- **Bonds:** Allowed. Funding from bonds are transferred on a cost reimbursement basis.
- **Gifts and Endowments:** Allowed. Transfers from capital gifts and endowments should be made immediately after the Capital Project is established.
- **Sponsored Agreements:** Transfers from the sponsored projects are not allowed.

Revenue transfer into the Capital Project should occur via an actuals journal:

- Debit: Account 81900 on the identified funding chartstring
- Credit: Account 49900; Fund 200; Function 994; Project ID; Source 7xxxxx, property code of building, complex or parcel

Capital Reserves

Definition:

Capital Reserves are defined as net positions being held in reserve for use in a future capital project. The capital project should be a known project for which a Project ID has not yet been created.

Accounting for Capital Reserves

- As this is a “reserve,” expenditures other than transfers out to a Capital Project (see above) are not allowed. Likewise, Project ID’s are not allowed.
- As this is a “reserve” chartstring, only transfers from Fund 100, 108, 200 and 305 are appropriate.

- Any transfer(s) by a department into Capital Reserves from Fund 100 over \$5,000 in a given year requires VP for Finance & Administration approval. The form for the request can be found on the DFA website. FAB will process journals for all requests that are approved by the VP for Finance & Administration. The journals for these transfers will be done annually after the June 15th request due date.
- A capital reserve is funded using the following entries:
 - Debit: Account 81001 on the identified funding chartstring
 - Credit: Account 49900; Fund 200; Function 994; Source 700099.

Equipment Reserves

Definition

Equipment reserves are net positions being held in reserve for purchases that are outside of normal operating expenses, have useful lives beyond the current fiscal year, and cost greater than \$500. Examples include but are not limited to computers, computer equipment, office furniture, and office equipment. Consumables such as office supplies and paper are not appropriate uses of these reserves.

Accounting for Equipment Reserves

- Given that this is primarily a “reserve,” the rules and guidance are very similar to those of Capital Reserves. The one distinction is that equipment purchases are allowable against Equipment Reserves. However, large-scale equipment purchases should be done as a Capital Project with an associated Capital ID.
- As this is primarily a “reserve,” Project ID’s are not allowable.
- Similar to Capital Reserves, only transfers from Fund 100, 108, 200 and 305 are allowable.
- Any transfer(s) by a department into Equipment Reserves from Fund 100 over \$5,000 in a given year, or that accumulate to over \$5,000 in a given year, requires VP for Finance & Administration approval. The forms for the request can be found on the FAB website. FAB will process journals for all requests that are approved by the VP for Finance & Administration. The journals for these transfers will be done annually after the June 15th request due date.
- Revenue should be transferred into the equipment reserves via an actuals journal with the following characteristics:
 - Debit: Account 81001 on the identified funding chartstring
 - Credit: Account 49900; Fund 200; Function 994; Source 700199
- Transactions for allowable expenditures (see definition) can occur directly against the Equipment Reserve chartstring.

- Of the three categories (Capital Projects, Capital Reserves and Equipment Reserves), Equipment Reserves are the only one that can have expenditures (excluding transfers) against a chartstring without a project ID.
- Units can and should transfer Equipment Reserves into a Capital Project for large equipment purchases.

Monitoring Fund 200

- Net positions in Fund 200 at the end of one year automatically roll forward into the next year, subject to the overall needs of the University.
- Annually, the Division of Finance and Administration will review capital projects and reserves to ensure there are no deficits. If any chartstring or project has a deficit balance, then a funding transfer needs to occur in accordance with the funding methodologies listed above.

Appendix A - Fund 200 Summary

	Capital Projects	Capital Reserves	Equipment Reserves
Definition	Construction, renovations, repairs, land acquisition & improvements, institutional personal property (i.e. movable equipment, software)	Net positions being held in reserve for use in a future capital project. Capital project should be a known one for which a Project ID has not yet been created. No expenditures are allowed.	Net positions being held in reserve for purchases that are outside of normal operating expenses. Purchases should have useful lives beyond the current year and cost more than \$500. Equipment purchases are allowed within Equipment Reserves. Major equipment expenditures requiring tracking via a Project ID must use the guidelines for Capital Projects (i.e. Capital Projects source, Project ID, Project Budget)
Project budget	Required	Not allowable	Not allowable
Project ID	Required	Not allowable	Not allowable
Source code	7xxxx	700099	700199
Expenditures Allowable	Allowable Expenditures require a property code of building, complex or parcel	Not Allowable	Allowable. Major expenditures requiring tracking must use the guidelines for Capital Projects (i.e. Capital Projects source, Project ID, Project Budget)
Functions	Transfer In/Out: 994 Expenditures: 991	Transfer In/Out: 994 Expenditures: Not allowable.	Transfers In/Out: 994 Expenditures: Any appropriate function between 2xx to 900.
Revenue Transfers In	All funds except Fund 150, 300, 900: Allowable Fund 150: Consultation with UFS required. Fund 300: Not allowed. Expenses are transferred out at end of year.	Fund 100, 108, 200, 305: Allowable Fund 150, 300, 310, 311, 320, 321, 370, 371, 900: Not Allowable.	Fund 100, 108, 200, 305: Allowable Fund 150, 300, 310, 311, 320, 321, 370, 371, 900: Not Allowable.
Accounts for Revenue Transfers In	Debit from Fund xxx: 81900 Credit to Fund 200: 49000	Debit from Fund xxx: 81001 Credit to Fund 200: 49900	Debit from Fund xxx: 81001 Credit to Fund 200: 49900
Transfer from Fund 100 requires VP for Finance & Administration approval?	No	Yes. If over \$5k. Journals done by FAB.*	Yes. If over \$5k. Journals done by FAB.*
Allowable transactions	No transactions are allowable without a project ID and budget.	No transactions (excluding transfers) are allowable.	Transactions directly against the equipment reserves are allowable without a Project ID. Equipment Reserves can be transferred to Capital Projects.

* Excluding the beginning of the year transfers done by FAB based on what has been budgeted in Axiom using account E8101.

Appendix B – Facility Renewal Reserves

The University maintains a listing new buildings and renovations on campus referred to as the Building Renewal Reserve listing. As per university policy, the University must contribute 1% of the construction cost or renovation cost on an annual basis into a reserve for the purpose of repairing, replacing or renovating that building.

As new buildings are constructed, or existing facilities undergo major renovations, the Administrative Business Service Center (ABSC) and Physical Plant update the Building Renewal Reserve listing to reflect the addition of these facilities. It will send this estimate to the Budget Office in the Fall semester so that the Budget Office can incorporate any changes into the budget for the future year. It sends another update of this projection to the Budget Office in the Spring and then sends a finalized listing to the Controller's Office at the end of the fiscal year.

At the beginning of every year, a journal entry is then prepared to record the amount of annual contributions to the building renewal reserves for each building. The Controller's Office, based on this amount of the journal entry, will invest the annual contributions in the universities pooled endowment.

The replacement reserves will continue to reside within the pooled endowment as Quasi-Endowments, and in keeping with the BOT Cash Management and Liquidity Policy, investment income will be credited to these funds in accordance with the Board approved annual endowment spending plan.

When it is deemed that a building requires renovation or repair, requests from Physical Plant for new project chartstrings will be routed to the ABSC. Funds may be requested (with as much advance notice as possible) using the Facility Renewal Project Request Form by the Director of Physical Plant, in consultation with the Director of Capital Planning and Management and must have the approval of the Vice President for Finance and Administration. Once the VP for Finance & Administration approves the request the budget will be set up in the appropriate chartstrings.

At the end of each fiscal year the actual transfer of the cash from the Building Renewal Reserve Quasi Endowment will be made by the Controller's office from the pooled endowment.

The ABSC will also be responsible for close-out of projects. Any unused funds will be returned to the reserve from which they came.

The Building Renewal Reserve funds are intended only for retrofitting, repair or replacement of the building for which they have been reserved.