

*Financial Stewardship Principles*

MVNU will manage its financial resources carefully and direct them toward fulfilling its mission by (a) instituting best practice standards in managing/reporting financial information and (b) planning/budgeting in realistic and sustainable ways to ensure short-term/long-term health.

- In consultation with the President, the CFO will present a balanced, revenue-based operating/capital budget (“budget”) for preliminary approval at the Spring BOT meeting and final approval at the Fall BOT meeting. Budget estimates will be based on historical data from the previous year and reasonable assumptions.
- Budget revisions may be made during the fiscal year, subject to timely notification to and approval by the CFO. Budget increase requests must include a funding source. If aggregate revisions exceed the budget by more than 1%, the President will notify the BOT Executive Committee.
- If revenues fall short of projections on/about Fall Stats Day, the Senior Leadership Team (SLT) will develop and approve an operating budget & hiring freeze plan by October 1.
- To provide a margin for unexpected revenue shortfalls and expenditures over budget, MVNU will strive to keep the contingency at a minimum of 2% of the budget.
- The budget will fund repair and replacement of buildings and equipment.
- Capital projects that (a) exceed the annual capital budget and (b) are in excess of 3% of the budget must be approved by the President. Funding will be composed of liquid assets on hand, pledges in hand, and/or approved borrowing. Debt service will be a part of (a) the construction budget until the project is complete and (b) the operating budget when the project is complete. A plan for operating expenses resulting from new construction will be developed prior to beginning construction.
- Adequate insurance protection for property and casualty risk, worker’s compensation, and director/officer liability coverage will be in effect at all times.
- Designation of unrestricted surplus and major unrestricted gifts in excess of any planned surplus will be recommended by the President and reviewed by SLT.
- MVNU will strive to maintain covenants in loan documents at all times.
- MVNU will strive to maintain DOE financial ratios within the zone (1.0 to 1.4) or above.
- MVNU will strive to maintain a minimum CFI ratio of 3.0.
- Compliance with regulations for tax filings, payroll withholding and student financial aid audit reporting, and other governmental reporting will be done, as required by law.
- Contractual agreements will be signed by MVNU officers (or designee) or as stated in BOT bylaws.
- MVNU will operate within generally accepted accounting principles (GAAP) and report its financial condition within those standards.
- Competitive bids for externally contracted work are required for amounts in excess of \$50,000.