PROCEDURE:

I. Maintenance of a Revolving Reserve within the Designated fund

A. This fund is reserved exclusively for the deposit of General Operating funds and will be used exclusively to cover unanticipated revenue shortfalls, and/or unanticipated and unavoidable increases in expenditures in the General Operating fund.

B. The balance in the “Revolving Reserve” may not exceed 5% of the prior year revenue. Amounts remaining in the General Operating fund at the end of each fiscal year may be deposited into this account not to exceed the limit previously described.

C. All transfers out of the “Revolving Reserve” will be supported by a documented report to the Board of Regents each year. Transfers out of these accounts are not intended to be made on a routine basis, but only in the event of significant fiscal challenges resulting from unanticipated revenue shortfalls or increases in essential expenditures that were unanticipated and outside of the campus’s control.

D. Any balance remaining in the “Revolving Reserve” at year-end will be retained in the fund for use in future years.

E. The Budget Director will provide a status report on the “Revolving Reserve” as part of the operating budget submission each fiscal year. The status report will include prior year actual transfers to the fund and current year budgeted or estimated transfers to the fund, prior year transfers out of the fund and the beginning and ending fund balance for the prior year. If funds were transferred out of the established “Revolving Reserve”, the report will also include documentation of the revenue shortfall or unanticipated expenditures and justification that the transfer was necessary to mitigate the impact.

II. Maintenance of an Enrollment Reserve within the General Operating budget

A. The Executive Budget Council will determine the amount of the enrollment reserve to be budgeted within the General Operating budget each year.

B. The budget may be used to cover unanticipated tuition shortfalls, and/or unanticipated and unavoidable increases in expenditures in the General Operating fund.

C. Budget authority remaining in the enrollment reserve after offset of any tuition shortfall may be allocated as determined by the Executive Budget Council.

REFERENCES: