

# General Fund Year-End Balances

## FIN-BUD-II-4



### About This Policy

Effective Date:

05-06-1994

Last Updated:

04-01-2003

Responsible University Office:

**University Budget Office**

Responsible University Administrator:

**Vice President and Chief Financial Officer**

Policy Contact:

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### Policy Statement

Each campus, other than Bloomington, will maintain an uncommitted general fund year-end reserve equal to at least three percent of budgeted general fund income. The Bloomington campus will maintain an uncommitted general fund year-end reserve of at least two percent of budgeted general fund income. A campus with a reserve of less than the percent guideline amount will develop and implement a plan for corrective action, which is subject to review and approval by the Vice President and Chief Financial Officer.

The Finance and Audit Committee of the University Trustees will receive periodic reports from the Office of the Vice President and Chief Financial Officer on the projected general fund year-end reserves by campus. As part of the year-end financial report, the Committee will receive reports of actual June 30 balances in general fund year-end reserves by campus and by individual responsibility center in centers having balances in excess of \$500,000. All reserves exceeding the guideline amount may be committed and expended in accordance with the following procedure: The campus chancellor, with the approval of the President, may obligate the use of general fund year-end reserves. Such commitments and expenditures in reasonable detail will be included as part of the periodic reports submitted to the Finance and Audit Committee. According to State statute (IC 10-12-5.5-4) such reserves may be used for capital projects whose cost is less than \$90,000.

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### Reason For Policy

A minimum uncommitted reserve is required to meet unforeseen and adverse shifts in general fund income and expenditures that would otherwise disrupt ongoing University programs and activities. Reserves in excess of the minimum uncommitted amount provide resources to respond expeditiously to

significant opportunities to enhance the University's programs and activities. In some circumstances, funds must be set aside over a period of several years in order to accumulate the resources needed to realize significant opportunities.

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## History

This policy was established on May 6, 1994.