

Board of Trustees of the Nebraska State Colleges

Business and Finance

POLICY NAME: Reserve Requirement

POLICY NUMBER: 6005

A. PURPOSE

To identify an appropriate reserve requirement to meet emergency needs, unexpected expenses and circumstances.

B. DEFINITIONS

None

C. POLICY

1. Reserve Requirement

1.1 Minimum

The Colleges are required to maintain a reserve fund that is no less than eight percent (8%) of the previous year's general and cash fund appropriations.

1.2. Purpose of Reserve

In any one fiscal year, there may be unexpected circumstances whereby current appropriations are insufficient to cover expenditures of an emergency or unpredictable nature. There may also occur extraordinary and unforeseen fluctuations of inflationary costs that would require the Colleges to draw upon contingent funds in order to adequately meet their current obligations. In addition, there may be instances where revenues fall short of planned or anticipated revenues. The reserve should be used as a last resort after adjusting budgets and expenditures, to cover the unexpected circumstance.

1.3. Approval to Drop Below Minimum

Approval must be requested from the Chancellor before initiating any action that would cause the reserve to drop below the eight percent (8%) minimum reserve. The approval to drop below the minimum will be reported to the Board along with a plan and timeline to return the reserve to the minimum level.

FORMS/APPENDICES:

None

SOURCE:

Policy Adopted: March 1994

Policy Revised: August 1997, September 2006, June 2008, November 2018, January 2020,
April 2022