



Board of Trustees

Policy Statement
University Policy Library

Operational Area:	Business, Finance and Facilities
Responsible Executive:	Chief Financial Officer
Responsible Office:	Finance Office
Effective:	February 1, 2024

General Fund Reserves

Business, Finance and Facilities

Contents

- I. **Introduction**
- II. **Roles and Responsibilities**
- III. **Policy Statement**
- IV. **Procedures**
- V. **Definitions**
- VI. **Exceptions**
- VII. **Sanctions**
- VIII. **Related Information**
- IX. **History**
- X. **Approval**

I. **Introduction**

- A. **Authority:** C.R.S. § 23-54-102, *et seq.* (2024) authorizes the Trustees of Metropolitan State University of Denver (“MSU Denver” or “University”) to establish rules and regulations to govern and to operate the University and its programs. The MSU Denver Trustees retain the authority to approve, to interpret, and to administer policies pertaining to University governance. The MSU Denver Trustees authorize the MSU Denver President to approve, to interpret, and to administer policies pertaining to University operations.



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- B. **Purpose:** An element of effective fiscal management is the establishment and maintenance of an appropriate level of reserves, also known as a fund balance. By setting a policy target for reserves, the Board of Trustees both safeguards the fiscal health of the University, while at the same time ensuring that the maximum possible amount of resources are directed to serving MSU Denver students.
- C. **Scope:** This policy applies to the Board of Trustees, President, Vice President for Finance and Administration, Chief Financial Officer, and senior Finance team members, who are charged with the fiscal health of the University.

II. Roles and Responsibilities

- A. **Responsible Executive:** Chief Financial Officer
- B. **Responsible Administrator:** Deputy Chief Financial Officer/Budget Director and Controller
- C. **Responsible Office:** Finance Office
- D. **Policy Contact:** Chief Financial Officer Jim Carpenter, jcarpe33@msudenver.edu, 303-605-5091

III. Policy Statement

MSU Denver will set a goal of maintaining Education and General fund (general fund/E&G) reserves equal to 15% of annual E&G expenditures effective at the end of fiscal year 2028. The University will aim to add approximately 1% of annual expenditures to the level of reserves each year between fiscal year 2025 and fiscal year 2028 until the target level is reached. Board of Trustees approval is required to authorize use of University reserves.



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IV. Procedures

- A. Through its budgeting and financial administration, MSU Denver will set aside approximately 1% of annual expenditures to its reserves each year between fiscal year 2025 and fiscal year 2028 up to a total of 15% of annual expenditures. Once a level of 15% of annual expenditures is reached, the Finance Office will track the level of reserves on an annual basis and make recommendations to the Board of Trustees to maintain that level of reserves through the budgeting process.
- B. Reserves may only be used with Board of Trustees approval. If revenues fall short of expenditures unexpectedly, or if unanticipated expenditures must be executed between Board of Trustees meetings, the chair of the Board of Trustees Finance Committee will be notified immediately, and the Board of Trustees will be notified at the first Board meeting after such event.
- C. With Board approval, reserves are intended to be used only in three circumstances:
 1. To respond to unanticipated revenue shortfalls (due to enrollment declines, changes in state funding, or other factors);
 2. To support unexpected expenditures that could not have been foreseen at the time of budget formulation, such as major capital repairs; or
 3. To take advantage of opportunities that emerge outside of the budget cycle and require time-sensitive financial investments.
- D. In the event the Board of Trustees elects to use reserves, the Finance Office will present a proposal to rebuild reserves to the 15% level over a set period of time.



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V. Definitions

- A. **Reserves/Fund Balance:** Unrestricted funds that form part of the University's Education and General Fund (E&G) and includes E&G, unallocated HEERF, and ASR funds.
- B. **Annual expenditures:** A three-year average of annual expenditures from the University's E&G and ASR funds.

VI. Exceptions

Reserves shall be used only with Board of Trustees approval. In the event revenues fall short of projections, or unanticipated expenditures must be executed between Board meetings, the chair of the Board of Trustees Finance Committee will be notified immediately, and the Board of Trustees will be notified at the first Board meeting after such event.

VII. Sanctions

The Finance Office shall report the level of reserves to the Board of Trustees on an annual basis.

VIII. Related Information

- A. C.R.S. § 23-54-102. Board of Trustees - Creation - Members - Powers - Duties.
- B. MSU Denver Board of Trustees Financial Authority Policy
- C. Memo directed to the Board of Trustees' Finance Committee dated May 19, 2023



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IX. History

- A. **Effective:** February 1, 2024
- B. **Review:** This policy will be reviewed every five years or as deemed necessary by University leadership.

X. Approval

Kristin Hultquist

Chair, Board of Trustees, Metropolitan State University of Denver