

**ELIZABETH CITY STATE UNIVERSITY**  
**Institutional Trust Fund Balance Usage Regulation**

**Preamble**

Elizabeth City State University (ECSU) will adhere to the budget policies in accordance with the State of North Carolina policies and state regulations. The Division of Business and Finance at ECSU is responsible for ensuring that all divisions, and departments adhere to these policies.

**I. Scope**

This regulation applies to all institutional trust fund balances within ECSU.

**II. Definitions**

- A. **“Fund Balance”** is defined as the accumulation of the portion of revenue remaining in the institutional trust fund after all expenses have been paid on June 30th of any given year. This amount rolls forward into the new fiscal year on July 1st to the fund's cash/fund balance.
- B. **“Fund Manager”** is defined as the employee who is responsible for overseeing the fund.

**III. Regulation**

- A. Institutional trust funds that have annual recurring commitments/expenses are required to have enough revenue in the fund balance to cover one years' worth of expenses.
- B. For Institutional trust funds that do not have one years' worth of fund balance, managers of these funds need to submit annual budgets to the Budget Office in which that year's annual revenues exceed that year's annual expenses by 10% until such time when the fund's Cash Reserve is equal to one years' worth of expenses.
- C. Any Fund Manager wishing to utilize institutional trust fund balance that is above the minimum required by this policy for a non-recurring, one-time expense must submit the request to the Director of Budget. The request must be approved in writing from the Cabinet member who has oversight of the department/school. The Director of Budget has the authority to make approvals for amounts up to \$25,000. If the requested amount exceeds \$25,000, the request must be approved by the Vice-Chancellor for Business & Finance.
  - i. Any requests that result in the institutional trust fund's balance falling below the minimum required by this policy may be approved if the resulting fund balance is 95% or greater than the minimum required by this policy.
  - ii. The Institutional trust fund's Fund Manager shall submit an annual budget in the following fiscal year in which that year's annual revenues exceed that year's annual expenses in order to have the fund's Cash Reserve be equal to one years' worth of expenses.
- D. Any Fund Manager wishing to utilize institutional trust fund balance that is above the minimum required by this policy for a recurring expense must submit the request in writing to the Cabinet member who has oversight of the department/school. That

Cabinet member will submit the request in writing to the Vice Chancellor for Business & Finance. The Vice Chancellor for Business & Finance must ensure that the recurring expenses will not result in the Trust Fund's balance falling below the minimum requirement as defined in Section III of this policy before approval in writing is given.

**IV. Use of Fund Balance Below Policy Limits in Dire Circumstances**

- A. Institutional trust fund balances that are below policy limits may be used with the written discretion of the Vice Chancellor for Business & Finance in dire financial circumstances in order to:
  - i. Provide resources to offset unforeseen revenue shortfalls after expenditure reductions have taken place.
  - ii. To fund emergency expenditures in a disaster or other life/safety event.
- B. The Institutional trust fund's Fund Manager shall abide by Section III (B) of this policy after the dire circumstances event in order to return the fund's cash reserve equal to one years' worth of expenses.

**V. Exceptions**

Exceptions to this policy are any Institutional trust funds that by State of North Carolina policies, state regulations, or University of North Carolina System Office policy or guidance are identified as being exempt from this policy.