

Information

Financial Liquidity and Reserves

Effective

July 19 2018

Applicability

This policy applies to University employees administrators faculty and staff

Administrative Authority

VP for Finance and Chief Financial Officer

Responsible Unit

Controller's Office

Service Complex, Louisville, KY 40292

502-852-6164

controll@louisville.edu

History

Revision Date(s): October 30, 2018 (minor edit)

Reviewed Date(s): October 30, 2018; April 30, 2020

*This policy was approved by the Finance Committee on July 12, 2018 and the Board of Trustees on July 19, 2018.

Categories

Statement:

The ability of the University to meet its short and long term financial obligations is paramount to its mission. This policy establishes a formal process to budget, measure and monitor both Liquidity and Reserves of the University.

Reasoning:

The purpose of the policy is to assure that the University maintains sufficient Liquidity and Reserves to meet expected and potential Cash needs over time, react to unforeseen adverse conditions and be able to make necessary strategic investments to further the University's mission.

Definitions:

- Liquidity - the ability of the University to meet its financial obligations when due through the use of its short term assets.
- Reserves - liquid balances and investments held by the University. Unrestricted gift funds held by the Foundation and external lines of credit may also be available to supplement the aforementioned minimum reserves and liquidity amounts.
- Cash - the liquid cash component of the University's balances, which includes cash, overnight, and short-term investments, including cash on deposit with the Commonwealth of Kentucky (subject to KRS 164A.555).
- 6 Month Rolling Average - the days Cash on hand calculation for each day in a six month average on a rolling basis.