

EASTERN WEST VIRGINIA COMMUNITY & TECHNICAL COLLEGE
BOARD OF GOVERNORS
POLICY NO. BP- 7.6

TITLE: FINANCIAL RESERVES and YEAR END FUND BALANCE

SECTION 1. GENERAL

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| 1.1 | Scope | This policy regards financial stability and budgeting at Eastern West Virginia Community & Technical College. |
| 1.2 | Authority | West Virginia Higher Education Policy Commission Title 133 Legislative Rule Series 2. |
| 1.3 | Effective Date | February 1, 2004 |

SECTION 2. POLICY

- 2.1 Purpose of this policy is to establish the budgeting parameters necessary to maintain sufficient financial reserves to draw upon in cases where other reasonable methods have been insufficient to maintain a balanced budget.
- 2.2 There are three primary uses for reserves:
- 2.2.1 to protect the College in case of sudden shortfalls in revenue (e.g., unforeseen decline in enrollment or a reduction in state appropriation within the fiscal year),
 - 2.2.2 to cover unanticipated expenses (e.g., one-time legal fees, major disasters, unanticipated increases in utility costs); and
 - 2.2.3 to provide for extraordinary one-time investments.
- 2.3 Financial stability will be measured in terms of a Fund Balance Standard, defined as the actual June 30 General Fund Balance as a percentage of the actual General Fund Revenues, for the fiscal year then ended.
- 2.4 The Fund Balance Standard will be maintained at a minimum of 8% of the current general fund revenue as reserves.
- 2.5 The President of the College is responsible for making the budget recommendations to achieve this stability level to the Board.

BOARD OF GOVERNORS, CHAIR

February 1, 2004
DATE