



**08.01.07      FUND BALANCE**

**Division:**      **Budget and Financial Services**  
**Adopted:**      **03/2009**  
**Revised:**      **03/2015, 02/2019, 03/2023**  
**Reviewed:**     **03/2023**

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This policy describes the guidelines for unreserved fund balances in the College operating (general) fund.

**Goal**

Fund balance is the balance of a fund after all liabilities have been deducted from the assets of the fund. The goal is to establish and maintain an operating fund (Education Fund and Operations and Maintenance Fund) fund balance of twenty five percent of the following year’s budgeted revenue.

**Utilization**

The proposed recommended use of the unreserved general fund balance is for projects in the Capital Improvement Program (CIP) or other unanticipated one-time expenditures that do not result in recurring operating costs. Expenditures from the unreserved fund balance must be approved by the Board of Trustees (Board).

When the operating fund balance exceeds twenty-five percent of the following year’s budgeted revenue, the excess funds may be transferred to the Operations and Maintenance Restricted Fund with approval by the Board.

**Replenishment of Reserve Deficits**

In the event the operating fund balance falls below fifteen percent, the vice president of finance and administrative services will submit to the Board, in conjunction with the proposed budget, a plan for corrective action to restore the fund balance to its goal of twenty five percent.

**Annual Review**

Compliance of this policy will be reviewed by the vice president of finance and administrative services during the budget adoption process.

The Board will receive a report of year end reserves in the general fund as part of the year-end financial report.

**Related Institutional Procedures:**

None