

BP6000 INSTITUTIONAL FUND BALANCES, RESERVES AND CONTINGENCIES

BP6000.1 General Statement

Institutional fund balances fall into two categories - Dedicated and Discretionary. The Dedicated Fund category includes:

- Grants and Contracts (Fund 145)
- Plant (Fund 147)
- Dedicated Local Fees (Fund 148)
- Operating portion of tuition collections *(Fund 149)
- Central Stores (Fund 440)
- Motor Pool (Fund 460)
- Associated Student Body (Fund 522)
- Bookstore (Fund 524)
- Parking (Fund 528)
- Child Care Center (Fund 570)
- European ATEC COP Reserves (Fund 570)
- Housing and Foods (Fund 573)
- Payroll Clearing Fund (Fund 790)
- Agency (Fund 840)
- Grants in Aid (Fund 846)
- Student Loans (Fund 849)
- Work Study (850)
- Financial Aid (Fund 860)

Fund source areas included in the Discretionary Fund category include:

- International Students (Fund 145)
- Administrative fees and interest earnings on Grants and Contracts (Fund 145)
- Running Start (Fund 145)
- Excess Enrollments (Fund 148)
- Interest on dedicated local fees (Fund 148)
- Excess tuition collections (earnings realized above the allocation and above budgeted expense) (Fund 149)
- Interest on Operating Fees *(Fund 149)

BP6000.2 Reserve & Contingency Policy

The establishment of adequate reserves policies for Big Bend Community College (BBCC) is required to meet the Board of Trustees objectives to implement financial standards that will assure fiscal viability by the establishment of reserve funds for current operation, capital debt, and new program offerings. The Vice President for Finance & Administration shall provide a report of reserve balances during the annual financial report to the Board.

Reserve Funds for the following purposes are identified as follows:

Operating Reserves: The College will maintain an operating reserve of up to three months of the operating budgeted expenditures.

Unplanned Capital Repair and Replacement Reserve: This reserve covers the largest (e.g. HVAC or roof system) failure that might occur in or outside the biennial capital repair and minor improvement funding.

Debt Reserve: The purpose of this reserve is to provide for debt payments on the COP.

Planned Future Operations: The purpose of this fund is for future new program offerings, which have been recognized by the campus as appropriate and within the educational mission of the College.

Other Reserves: As warranted by Board action other reserves may be created.

Contingency Fund: The President is expected to start each fiscal year with dedicated contingencies of at least 2.5% of the total General Operating Budget as contained in the State General Fund (Fund 001) and Operating Tuition Fund *(Fund 149). Two percent of the General Operating Budget shall be set aside to establish an Operating Budget Contingency account and .5% of the General Operating Budget shall be set aside to establish a President's Contingency account.

The existence of Contingency Fund balances shall not negate Article XXXIV of the Negotiated Agreement between the Faculty Association and the Board of Trustees. The Article XXXIV Reduction-In-Force Policy shall prevail in the event of financial emergency regardless of Contingency Fund balances.

Following the annual fund balance review the President is authorized, provided there are demonstrated sufficient discretionary fund balances, to budget excess fund balances to meet the needs of the College.

* Tuition fees consists of "building fees," as defined by RCW 28B.15.025, and "operating fees," as defined by RCW 28B.15.031. The "building fees" portion of tuition fees is deposited into the State Building Fund. The "operating fees" portion of tuition fees is deposited into the Operating Tuition Fund with the exception of college Financial Aid 3.5% funding, and the Community & Technical College Innovation Fund. In addition to tuition fees, the board also collects an ASB Service and Activity Fee. Only the operating portion of tuition is retained by the College for use in the operating budget.