



<p align="center"><b>Policy Title</b> General Fund Reserve</p>	<p align="center"><b>Original Adoption Date</b> 3/25/2019</p>	<p align="center"><b>Policy Number</b> FS-774</p>
<p align="center"><b>Responsible College Division/Department</b> Financial Services</p>	<p align="center"><b>Responsible College Manager Title</b> Vice President of Administrative Services</p>	
<p align="center"><b>Policy Statement</b></p> <p>The total fund equity in the General Fund (including designated and reserved fund balance) should be maintained between 20-35 percent of the General Fund revenues. This fund balance ratio will help the college in maintaining its bond rating. In addition, retaining a fund balance at this level will enable the college to:</p> <ol style="list-style-type: none"> <li>1. Reduce the need for short-term borrowing in the operating funds.</li> <li>2. Serve as a safeguard against unanticipated expenditures and unrealized revenues.</li> <li>3. Serve as start-up funding for strategic initiatives.</li> <li>4. Comply with fiscal responsibility.</li> </ol> <p>The District does not allow the use of fund balance as a resource for balancing the operating budget and prohibits managers from exceeding approved appropriations that result in an unapproved reduction of fund balance. Fund balance will not be used to fund ongoing operations.</p> <p>Fund balance reservations are calculated as of June 30 for each fiscal year. If the fund balance falls below the 20-35 percent of General Fund revenues, strategies will be developed to replenish the fund balance to fall within those levels. Fund balances in excess of this goal may be applied based on the following</p> <ul style="list-style-type: none"> <li>• to support one time expenditures and emergencies or,</li> <li>• to provide seed money for new instructional and support service priorities</li> </ul> <p>Any drawdown of fund balance that is to be used for a specific purpose must be approved by the President and District board.</p>		
<p align="center"><b>Reason for Policy</b></p> <p>The GFOA recommends that colleges adopt policies regarding how the college will manage its financial resources. Policies should identify acceptable courses of action, establish parameters and provide a standard for fiscal performance.</p>		
<p align="center"><b>Historical Data, Cross References and Legal Review</b></p> <p><b>Reviewed/Revised: 3/25/2019</b>  <b>Legal Counsel Review and Approval: N/A</b>  <b>Board Policy: III.D. Budgeting/Forecasting</b></p>		
<p align="center"><b>Definitions</b></p> <p>Bond Rating. A level of risk assigned to general obligation promissory notes. The higher the rating, the less risky the notes are. LTC has an Aa1 bond rating from Moody's Investor Service on its general obligation issues.</p> <p>Equity: The excess of assets over liabilities generally referred to as fund balance.</p>		



Fund Balance. The excess of assets over liabilities. They may be reserved or unreserved.

Reserved A portion of fund balance that is not available for other expenditures and is legally segregated for a specific future purpose.

Unreserved Designated: A portion of fund balance established to indicate tentative plans for financial resource utilization in a future period. Such plans are subject to change and may never be legally authorized, or may result in expenditures such as designations for operations and for subsequently budgeted expenditures.

Undesignated The remainder of fund balance which is neither reserved nor designated.