

EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE

BOARD OF GOVERNORS

POLICY NO. BP-7.6

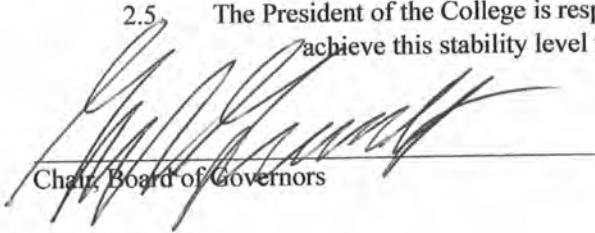
TITLE: FINANCIAL RESERVES AND YEAR END FUND BALANCE

SECTION 1. GENERAL

- 1.1 Scope This policy regards financial stability and budgeting at Eastern West Virginia Community and Technical College.
- 1.2 Authority West Virginia Higher Education Policy Commission Title 133 Legislative Rule Series 2.
- 1.3 Effective Date February 17, 2021; 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 Reserve Ratio, defined as the actual June 30 operating expenses as a percentage of cash on hand for the fiscal year then ended.
- 2.4 To the greatest extent possible, cash on hand will be maintained at a minimum of 25% of the annual operating expenses as reserves.
- 2.5 The President of the College is responsible for making the budget recommendations to achieve this stability level to the Board.


Chair, Board of Governors


Date

Approved by IET: 12/19/19
Approved by President's Cabinet: 1/26/21
Approved by the Board of Governors: 2/17/21