

CARBON CAREER & TECHNICAL INSTITUTE

SECTION: FINANCES

TITLE: UNRESERVED FUND
BALANCE

ADOPTED: May 19, 2005

REVISED: September 21, 2006

621. UNRESERVED FUND BALANCE	
1. Purpose	<p>It is the policy of the Joint Operating Committee to avoid financial difficulties through the establishment of appropriate unreserved fund balance resources for contingencies. Sufficient levels of unreserved fund balance aim to ensure the continued orderly operation of the school and to maintain its financial stability.</p> <p>Financial stability requires that annual revenues equal annual expenditures. For the short term, the unreserved fund balance may be used as a revenue; however, the Joint Operating Committee shall not deplete the fund balance, but shall maintain it at a prudent level.</p> <p>The unreserved fund balance shall be used to provide funds needed during periods of cash flow deficits created by irregular receipt of revenue from federal, state, or local sources. The unreserved fund balance shall also be utilized to meet costs incurred as a result of unexpected situations during the year such as major equipment breakdowns, unplanned facilities needs, and the requirement for matching funds, etc. In addition, these funds shall also be used to generate additional income through investment when funds are not needed to meet operating expenses.</p>
2. Authority SC 1850.1	<p>Each member of the Joint Operating Committee and each administrator shall be knowledgeable regarding the need for a prudent level of unreserved fund balance.</p>
3. Delegation of Responsibility	<p>The Business Administrator shall annually propose to the Joint Operating Committee during budget preparation a level of unreserved fund balance that falls within a range of five percent (5%) and eight percent (8%) of the total district general fund budgeted expenditures.</p> <p>The appropriate size of the fund balance shall be determined through an analysis of the contingency funds needed to protect against unexpected or uncontrollable increased expenditures or reduced revenues. Factors such as age and state of repair of facilities, equipment needs, and dependence upon outside revenues shall be considered.</p>