



Committee Meeting: Policy & Governance Committee	Date: January 11, 2019
Committee Chair: Kathleen Masiello - members present page 2	
New or Edited: New	

POLICY NAME: Fund Balance Reserve Policy

POLICY TYPE: Board

SUBMITTED BY: Penelope G Howard, EVPAF

ISSUE OR STATEMENT OF PURPOSE: The SUNY Erie Board of Trustees proposes to create a Fund Balance Reserve Policy that strikes a balance between affordable tuition and sufficient fund balance. The Board recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the College and is fiscally advantageous for both the College and its constituents. This policy establishes goals and provides guidance concerning the desired level of fund balance to be maintained by the College in order to mitigate financial risk that can occur from unseen revenue fluctuations, unanticipated expenditures and similar circumstances.

NEW OR EDITED POLICY: New

Fund balance is a measurement of available financial resources and is the difference between total assets and total liabilities in each fund. GASB (Government Accounting Standards Board) Statement 54 distinguishes fund balance classification based on the relative strength of the constraints that control the purposes for which each specific amount can be spent. Beginning with the most restrictive constraints, SUNY Erie fund balance amounts will be reported in the following categories:

- 1. Committed Fund Balance** – Defined as the assets that can be used only for the specific purposes determined by a formal action of the Board of Trustees. Commitments may be changed or lifted only by amending the formal action that imposed the original restriction. Commitments may consist of “permanently” restricted (i.e. baseline fund balance amount) or temporarily restricted (i.e. Board commitment to a future project).
- 2. Assigned Fund Balance** – Defined as amounts that are intended to be used by the College for specific purposes. Intent can be expressed by the Board of Trustees or by a College administration designee to whom the Board of Trustees delegates authority. This category indicates that the defined resources are, at a minimum, intended to be used for the purpose of the assigned designation (i.e. current year ERP implementation).
- 3. Unassigned Fund Balance** – Defined as all amounts not contained in other classifications and is the residual classification for fund balance. Unassigned amounts are available for any legal purpose by joint action of the College President and Board of Trustees.



POLICY NAME: Fund Balance Reserve Policy - Continued

The responsibility for designating funds to specific classifications shall be as follows:

Committed Fund Balance - the Board of Trustees is responsible for strategic oversight of the College and its use of resources. In order to establish, modify, or rescind a fund balance commitment, a formal action must be taken by the Board of Trustees.

Assigned Fund Balance – the Board of Trustees or its College administration designee, are authorized to assign fund balance amounts to a specific purpose in accordance with this Fund Balance Reserve Policy.

Policy Statement on Minimum Fund Balance Reserve

It is the goal of the College to achieve and maintain a total fund balance reserve amount at each fiscal year end of not less than two months' worth of operating expenditures and no more than three months. If the total fund balance reserve at fiscal year-end falls below the minimum two month goal, unless doing so is approved by and is part of the Board of Trustees' strategic management of the reserve funds, the College shall develop a restoration plan to achieve and maintain the minimum fund balance. If the total fund balance reserve exceeds the three month maximum, it shall be deemed a surplus and the Board of Trustees will work with executive College management to determine how to best use those funds in support of the College's mission.

Order of Expenditure of Funds

When multiple categories of fund balance are available for expenditure (i.e. a project is funded by both committed/assigned dollars and unassigned fund balance), the College will start with the most restricted category and spend those funds first before moving to spend funds from the next less restricted category with available funds.

DOES IT SUPERCEDE A POLICY/WHICH ONE: No

POLICY & GOVERNANCE COMMITTEE RECOMMENDED ACTION:

Policy & Governance Committee recommends the Board of Trustees approve this Board policy under Committee Briefings, Policy and Governance Committee. This Policy is new.

POLICY & GOVERNANCE COMMITTEE MEMBERS PRESENT:

Trustee Len Lenihan, Trustee Kathleen Masiello, Student Trustee Tokunbo Adebayo, Provost and Executive Vice President Douglas Scheidt, Executive Vice President for Administration and Finance Penelope Howard, Director of Human Resources Tracey Cleveland, Vice President of Enrollment Management Steven Smith, Vice President of Student Affairs Nora Clark, Director of Human Resources Maria Carroll, Director of Registrar Paul Lamanna, Dean of Liberal Arts and Sciences Joanne Colmerauer, Dean of Liberal Arts and Sciences Jamie Smith and College Senate Representative Michael Delaney

DATE OF BOARD APPROVAL: February 7, 2019.



POLICY NAME: Fund Balance Reserve Policy - Continued

POLICY & GOVERNANCE COMMITTEE TEAM FOLLOW-UP:

Following Trustee approval, this Board policy will be included in the SUNY Erie Community College Board of Trustees Policy Manual.

INFORMATION/INPUT CONSIDERED DURING POLICY & GOVERNANCE COMMITTEE DELIBERATIONS:

- Governmental Accounting Standards Board (GASB) 54
- SUNY Reserve Policy Operating Funds: General IFR, SUTRA and Stabilization Funds – for state operated colleges

The Policy has been reviewed and discussed at the Policy & Governance Committee meetings of November 16, 2018, December 14, 2018, January 11, 2019; the Financial Health Committee meeting of November 27, 2018 and the Board of Trustees meeting December 13, 2018 (in draft form.)