

FUND BALANCE OF GENERAL AND SPECIAL REVENUE FUNDS

D-630

The Blackhawk Technical College District shall maintain fund balance levels adequate to assure the future financial health of the district and provide for financial challenges outside of its ability to complete its mission. Fund balance shall be maintained and used, at the discretion of the Blackhawk Technical College District Board to maintain the ability to meet the District's financial needs, and shall develop budgets that maintain fund balance within the specified ranges. Operational funds are defined as General Fund (Fund 1) and Special Revenue Fund (Fund 2).

To achieve these goals, the District shall seek to provide (in this order):

1. Reserves - Reserve fund balance in an amount equal to end of year encumbrances and prepaid expenditures (i.e. inventory and prepaid services) in accordance with generally accepted accounting principles, and
2. Designated for Operations - Maintain a fund balance of 16.7% - 25% (60-90 days) of each operational fund's budgeted appropriation.
 - to meet annual cash flow needs and avoid short-term borrowing,
 - to provide resources for unexpected expenditures and revenue fluctuations,
 - to make orderly adjustments in resources resulting from the termination and/or reduction in revenue sources,
 - to provide seed money for new instructional and support service priorities,
 - to support one-time capital equipment acquisitions or building improvements,
 - to maintain a strong bond market credit rating and positive impression of BTC's financial position and management.
3. Designated for State Aids Fluctuations - Maintain a fund balance up to 10% of the district's budgeted total state aids (classifications 4200-4299) in each operational fund for fluctuations in future years' budgeted state aid revenue to provide for reductions in state support, and
4. Designated for Subsequent Years - Maintain a fund balance up to 15% of the General Fund's state aids in the district's current adopted budget, and
5. Designated for Subsequent Year – All fund balance not reserved or designated in the above classifications.

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The College will develop budgets to reach these fund balance goals, and when necessary, apply fund balances in excess of these goals for capital improvements to supplement the annual investment level supported by the sale of general obligation notes.

The District strongly discourages the use of fund balance as a resource for balancing the operating budget and prohibits budget managers from exceeding approved appropriations that result in an unapproved reduction of fund balance. This policy and applicable procedures may be amended, at any time, by the Blackhawk Technical College District Board.

Board Policy Adopted: December 16, 1998

Revised: April 20, 2005; April 18, 2007; July 13, 2009; October 27, 2010

Reviewed: March 21, 2018