

Lakeland Community College

POLICY TITLE:	GUIDELINES FOR FINANCIAL RESERVES
POLICY NO:	3354-2-10-13
ORIGINALLY APPROVED DATE:	02/07/02
REVISED DATE:	05/02/25
EFFECTIVE DATE:	05/02/25
NEXT REVIEW DATE:	05/2030
RELATED PROCEDURE:	N/A
RESPONSIBLE OFFICE(S):	VP FOR ADMINISTRATIVE SERVICES & COLLEGE TREASURER
APPROVED BY:	BOARD OF TRUSTEES

The following guidelines are established for undesignated reserves within Board controlled unrestricted funds for the purpose of providing fiscal stability to the College.

A. Contingency Reserve Fund

The College shall maintain a Contingency Reserve within the Educational and General (Current Operating) Fund that shall be greater than or equal to ten percent of the Current Operating fund's prior year expenditures and transfers.

The available balance within the Contingency Reserve Fund may only be used with the approval of the Board of Trustees.

B. Renewals and Replacements (Unrestricted) Plant Fund

The undesignated reserve within the Unrestricted Plant Fund shall be greater than or equal to two percent of Net Investment in Plant. Net Investment in Plant means land improvements, buildings, and building improvements, less accumulated depreciation.

C. Primary Reserves Ratio

The College's Net Position, excluding pension and other post-employment benefits impacts referenced in Governmental Accounting Standards Board (GASB) Statement Nos. 68 and 75, should be greater than or equal to twenty-five percent of total operating expenses.

D. Debt Ratio

The College's Net Position, excluding pension and other post-employment benefits impacts referenced in GASB Statement Nos. 68 and 75, should be greater than or equal to sixty percent of the College's Plant Debt. Plant Debt includes bonds payable, notes payable, and capital lease obligations.

For any fiscal year in which the College cannot meet the ratios defined in C and D above, the College shall submit for Board of Trustees' approval a general operating budget in which anticipated revenues exceed appropriations by at least three percent.