

POLICY TYPE: EXECUTIVE LIMITATIONS EL-7

POLICY TITLE: FIDUCIARY RESPONSIBILITY / FINANCIAL CONDITION AND ACTIVITY

The Board of Trustees reserves the authority to set policies for and review the Financials and associated status for the College at a frequency determined by the Board. With respect to the Board's actual and continuous fiduciary responsibility, and the College's financial health, the President shall not fail to promote fiscal integrity and shall avoid material deviation from Board-approved priorities.

Accordingly, the President shall not:

1. Expend more funds than have been approved by the Board (via policy decisions) in the fiscal year, unless there has been Board approval to do otherwise.
2. Expend more funds than have been received in the fiscal year to date, plus the accumulated Reserve, unless the Board-approved debt guideline is met.
3. Incur debt in an amount greater than which can be repaid by certain and otherwise unencumbered revenues within the current year, nor can be repaid from account specifically established for such purpose.
4. Jeopardize fiscal integrity by expending College funds in a manner that will result in a zero or negative fund balance at the close of the fiscal year.
5. Fail to settle payroll and debts in a timely manner.
6. Allow tax payments or other government-ordered payments or filings to be overdue and inaccurately filed.
7. Acquire, encumber or dispose of real property without Board approval.
8. Fail to aggressively pursue receivables after a reasonable grace period.
9. Fail to provide to the Board, at their designated frequency, reports on the College's current financial condition that will continually enhance the Board's ability to meet its fiduciary responsibility.
10. Accept gifts or grants that are not in the best interest of the College, and not obligate the College to make future expenditures using funds other than those created by the gift or grant without Board approval.

11. Fail to maintain an Operating Reserve to a level approved by the Board, to provide for such items as, but not limited to:
- a. Current Operations
Reserve of 2 months operating expenditures consisting of the general operating budget funds
 - i. 001 State General (appropriation),
 - ii. Running Start portion of 145 Grants and Contracts,
 - iii. 148 Dedicated Local (fees),
 - iv. 149 Local General (tuition)
 - b. Emergencies
Reserve to provide for unforeseen natural or manmade disasters to support business continuity and recovery actions.
 - c. Unplanned Capital Repair & Replacement
Reserve to cover the largest system or component failure that might occur in or outside the biennial, legislatively funded, capital repair and minor improvement funding. Examples include roofs, HVAC, and electric, water, and sewer systems.
 - d. Real Estate Debt
Reserve to provide funding for real estate acquisition and debt service needs not provided for by State resources.
 - e. Planned Future Operations
Reserve for future new program offerings, which have been recognized by the campus as appropriate and within the educational mission of the College. The Reserve will recognize each specific project and provide an allocated amount for each.
 - f. Capital Facilities Projects
Reserve to provide for capital facility projects not covered by or to supplement State resources.

The President shall not fail to annually recommend to the Board an amount to be set aside to maintain this fund, which is subject to approval by the Board.