

## CCS Administrative Procedure

### 5.20.04-A Reserve Definitions and Stabilization Fund

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Implementing Board Policy [5.20.04](#)  
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#### 1.0 Definitions

- 1.1 Unit – Spokane Community College (SCC), Spokane Falls Community College (SFCC), District, including Administrative Services, Facilities, Instructional and Campus Support Services.
- 1.2 Executive Administration—the respective unit executive with delegated budget authority for that unit. For district (CCS-wide) designations, the respective executive is the chancellor as advised by the executive cabinet (college presidents and chancellor direct-report administrative officers).
- 1.3 Fund Balance (Net Position) – An accounting term that describes the difference between assets and liabilities.
  - 1.3.1 Components of fund balance for designated reserves:
    - 1.3.1.1 Restricted fund balance—externally enforceable limitations on use such as limitations imposed by creditors, grantors, contributors, or laws and regulations or other governments. Limitations imposed by law through constitutional provisions or enabling legislation.
    - 1.3.1.2 Committed fund balance—self-imposed limitations for a specific purpose determined by executive administration. Requires action by executive administration to remove or change the constraints placed on these resources. Action to constrain resources occurs prior to year-end; however, the amount can be determined in a subsequent period.
    - 1.3.1.3 Assigned fund balance—amounts that are intended to be used for a specific purpose, as determined by executive administration with delegated budget authority.
- 1.4 Operating budget – Spending plan for a fiscal year (July 1 – June 30) funded by state allocations, tuition operating fees and operating support.
- 1.5 Reserves – A budget and policy term that describes resources available outside of the budget for use if the resources appropriated inside of the budget are insufficient. There is an overlap between “fund balance” and “reserves,” but the most important difference is that fund balance covers a broader range of resources, including restricted balances. Reserves denote liquid assets that can be used for planned enhancements, new opportunities, or the unforeseen. Reserves are primarily funded through budgeted and surplus operating funds. Funds allocated to a reserve designation shall be used for the designated purpose.
- 1.6 Unit Operating Reserves – ([5.20.04-C](#)). Unencumbered (unrestricted funds) for significant and unexpected fiscal emergencies, decreases in operating revenue, and to ensure stability of ongoing operations. Operating units include Spokane Community College (SCC), Spokane Falls Community College (SFCC), and Central/District Administrative Units (CAU). The target for operating reserves at each unit is 5% of the unit’s annual beginning base carryforward operating budget.
- 1.7 Designated Reserves – ([5.20.04-B](#)) – Unencumbered (unrestricted) funds to address one-time costs related to unexpected emergencies or other non-recurring expenditures such as capital projects, debt service, asset maintenance, insurance, contingencies, catastrophic events, or strategic planning initiatives. Funded by unrestricted surplus funds as determined by Administration.

- 1.8 Departmental Reserves – Unencumbered carryforward balances approved to be retained at the department level for a specific purpose, approved by the unit administration.
- 1.9 Auxiliary Reserves – An auxiliary enterprise is an entity or unit that exists predominantly to furnish goods and services to students, faculty, or staff and that charges a fee directly related to the cost of goods or services. Units are responsible for ensuring the programmatic and fiscal soundness of their auxiliary operations and maintaining adequate services. Budget and spending plans should be in place to ensure adequate reserves are maintained. Examples of auxiliary operating units are parking, printing, stores, etc.
- 1.10 Stabilization Fund – A fund established from available unencumbered net assets and designated to provide budgetary stabilization for operations due to unforeseen and / or uncontrollable circumstances to ensure responsible long-term financial stability.

## **2.0 Stabilization Fund Purpose and Use**

- 2.1 A separate reserve fund with a sufficient balance to cover immediate costs for expenses in the event of state funding allocation changes, unanticipated one-time disruption in funding, etc.
- 2.2 The Stabilization Fund target balance is six months of operating expenses (approximately \$60 million for 2024).
- 2.3 The Stabilization Fund will be held centrally and funded from unencumbered cash balances. The CFO will deposit and make transfers into the fund. Other one-time receipts may be deposited into the fund on a case-by-case basis with the approval of the Chancellor and CFO.
- 2.4 Appropriate expenditures from the fund
  - 2.4.1 Expenditures related to the one-time disruption in funding due to economic uncertainty, unanticipated enrollment declines, adverse market conditions, cyclical recession, catastrophic interruption of service, or other unanticipated volatility in the operating environment.
  - 2.4.2 Funds shall not be used to cover operating shortfalls that could have been anticipated and managed.
  - 2.4.3 Any request to draw funds from on the Stabilization fund shall be made in writing to the Chancellor or designee (e.g., CFO). The Chancellor shall approve any use or transfer of funds from the Stabilization fund.
  - 2.4.4 The Stabilization Fund will not replace insurance coverage. CCS will continue to maintain coverage in accordance with the risk management and insurance programs managed by the Department of Enterprise Services (DES). However, CCS should maintain sufficient funds in designated reserves necessary to pay insurance claims within the applicable deductibles.
- 2.5 The reserve balance shall be reviewed annually as part of budget planning and replenished to the target level prior to operating budget allocations to the operating units.
- 2.6 Income generated from the Stabilization Fund Balance
  - 2.6.1 The income derived from the stabilization fund reserve will be transferred annually to a Strategic Investment Pool and become a sustainable funding source to support district-wide initiatives, key priorities, and mission-related programs.
  - 2.6.2 The average annual target investment return is 5.0%.

- 2.7 Strategic Investment Pool – A sustainable funding source established to support district-wide initiatives, key priorities, and mission-related programs.
  - 2.7.1 Expenditures will explicitly support the CCS mission/vision/values, CCS strategic plan, annual budget planning priorities, and annual board priorities.
  - 2.7.2 Allocations will be determined annually during operating budget planning.

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