



(POLICY)

<b>Policy:</b>	Unrestricted Net Assets (Fund Balance)	<b>Policy No.:</b>	F16009
<b>Authority:</b>	SUNY Broome Community College Board of Trustees		
<b>Policy Owner</b>	<b>President</b>	<b>Responsible Party:</b>	VP Administrative and Financial Affairs
<b>Approved:</b>	February 28, 2021		
<b>Revised:</b>	(DATE)		

### **Purpose**

This policy offers a guideline and recommendation for establishing and maintaining adequate unrestricted net assets (fund balance) for SUNY Broome. The goals of this policy are to maintain an adequate fund balance to provide sufficient cash flow for daily financial needs, offset significant economic downturns or revenue shortfalls, provide funds for unforeseen emergency expenditures, and secure and maintain strong financial ratings/financial responsibility rankings from SUNY.

### **Statement of the Policy**

The College will strive to maintain its unrestricted net assets of not less than ten (10) percent of the budgeted expenditures for the ensuing fiscal year.\*

### **Related Policies**

F16006 Investment Policy  
F16008 Budget Policy

### **To Whom It Applies**

Finance and Budget office

### **General Guidelines**

The Government Financial Officers Association (GFOA) recommends that governments and public entities establish a formal policy on the level of unreserved fund balance for government and public entity organizations. One index of a community college's fiscal well-being is the level of its unrestricted net assets. GFOA recommends that general purpose governments and public entities maintain an unrestricted fund balance of no less than two (2) months or 16.7% of regular operating expenditures for cash flow needs. Bond rating agencies also look to the level of unreserved fund balances (and unrestricted net assets in the case of colleges and universities and not-for-profit institutions) as one of the measures of financial strength when assessing an institution's creditworthiness.

The Middle States Commission on Accreditation looks at the level of unrestricted net assets as a measure of financial strength of colleges and universities and is considered as part of the fiscal component of the accreditation process.

The State University of New York (SUNY) guidelines for unrestricted net assets recognizes that the operational and financial circumstances of its thirty community colleges vary greatly. SUNY acknowledges that all community colleges should maintain an unrestricted net asset balance, however, determining the appropriate amount for each college will depend on an evaluation of the circumstances of each campus.

**Definitions**

- GASB** – Governmental Accounting Standards Board
- GFOA** – Government Financial Officers Association
- SUNY** – State University of New York
- Unrestricted Net Assets** – Fund Balance

\*As a general SUNY guideline, each community college, regardless of size, should work to establish unrestricted net assets ranging from five (5) percent to fifteen (15) percent of its operating expenses, although there may be some instances where it is prudent to have unrestricted net assets that either are less than or exceed the range. Unrestricted net asset levels will be measured by SUNY on an annual basis at the end of the community college’s fiscal year based on amounts reported in its certified financial statements presented in accordance with generally accepted accounting principles for public colleges and universities as promulgated by the Governmental Accounting Standards Board (GASB).

<b>Action</b> <i>(Created, Reviewed, Retired)</i>	<b>Date</b>	<b>Initials</b>	<b>Position Title</b>
<i>Created</i>	01/28/2021	MS	<i>VP Admin &amp; Finance</i>