

	POLICY	Motion No.	FF 1020-2022
	Cash Reserves	Effective Date	12/20/22
		Responsible Department	Finance
		Attorney Review / Date	NA

Pennsylvania Highlands Community College recognizes the importance of maintaining operating and capital reserves to help ensure the financial stability of the mission, programs, employment, and ongoing operations of the College. As such, this policy creates the Operating, Emergency Capital, and Long-term Capital Reserve funds.

Operating Reserve: The Operating Reserve funds may be used in the event of a financial **emergency including but not limited to an interruption of cash flow, unanticipated shortfalls in** revenue, or unanticipated increases in expenditures. The target balance for the Operating Reserve is 15% of budgeted annual expenses.

Emergency Capital Reserve: The Emergency Capital Reserve funds may be used for unexpected significant repairs or replacement of major building systems, communication and/or networking infrastructure. The target balance for the Emergency Capital Reserve is \$250,000.

Long-term Capital Reserve: The Long-term Capital Reserve funds may be used to invest in future acquisitions or expansion efforts of the College. The target balance for the Long-Term Capital Reserve is \$1,500,000.

The balance of the three reserve funds will be communicated to the Board of Trustees during a regular Board meeting each fiscal year after the final external audit is completed. A recommendation to add funds to or withdraw funds from any reserve account will be provided by the College President and requires Board approval.

Effective Date	Motion Number	Document Author	Description of Change
12/20/22	FF 1020-2022	Finance	New Policy