

3.10.1 The institution's recent financial history demonstrates financial stability. **(Financial stability)**

Compliance Partial Compliance Non-Compliance

Narrative:

Chattahoochee Valley Community College (CVCC) shows compliance in demonstrating financial stability in its recent financial history.

Chattahoochee Valley Community College is a member of the Alabama Community College System and operates under the direction of the Department of Postsecondary Education and its Chancellor. Funding for the College is provided through the State of Alabama Education Trust Fund revenues and student tuition. Financially, the College operates according to governmental fund accounting principles with procedures prescribed by the National Association of College and University Business Officers ([NACUBO](#)). The Alabama State Board of Education has established several policies that regulate the management of funds (State Board Policy [301.01](#), State Board Policy [301.02](#), State Board Policy [304.01](#), and State Board Policy [308.01](#)).

The College is fiscally well managed and possesses sufficient financial resources to support all of its [programs](#). Financial health and stability are solid, as demonstrated by the annual financial statements ([2008-09](#), [2009-10](#), [2010-11](#), [2011-12](#)) filed by the College for the last four fiscal years. In compliance with State Board Policy [301.01](#), the College maintains adequate operational balances to ensure the financial stability of the College (Budgets: [2009-10](#), [2010-11](#), [2011-12](#), [2012-13](#)).

The College monitors its unrestricted net asset reserves as an indicator of its financial condition as noted in [CR2.11.1](#). For fiscal year ending September 30, 2010, unrestricted net assets of \$8,566,311.65 decreased (\$379,444.19) or 4.24%, from the previous year. The financial position of the College decreased in fiscal year ending September 30, 2011 by (\$1,549,983.08) or (18.09%), to \$7,016,328.57; and by (\$152,896.39), or (2.18%) to \$6,863,432.18 in fiscal year ending September 30, 2012. The material decreases in unrestricted net assets since fiscal year 2009-10 are a result of two planned campus construction projects for a new \$12.8 million 59,278 square foot academic and performing arts building and a new \$949,000 8,770 square foot workforce development industrial training center. However, as of September 30, 2012 CVCC has completed the planned construction projects and has cash and short term investments in reserve of \$8,096,276.90 for six months of operating expenditures of \$13,581,150.62; the Department of Postsecondary Education recommends two months of reserves. Therefore, if funding from the state was delayed, the College could pay normal operating expenditures for a six month period.

Also, the [Trend Analysis](#) reports the College's **Primary Reserve Ratio** trend history of:

	<u>FY08-09</u>	<u>FY09-10</u>	<u>FY10-11</u>	<u>FY11-12</u>
Unrest. Net Assets To Total Expend.	0.68	0.62	0.46	0.49
# of Calendar Days Can Operate on Unrest. Net Assets	249	226	167	180

Alabama State Board of Education Administrative Rules

Rules of the State Board of Education incorporate the appropriate requirements of the Governmental Accounting Standards Board (GASB) for State and Local Governments. The State of Alabama Department of Examiners of Public Accounts audits the records of the College on an annual basis to determine compliance with law, State Board of Education policies, and governmental accounting standards.

SUPPORT DOCUMENTATION
<u>National Association of College and University Business Officers (NACUBO)</u>
<u>State Board Policy 301.01: Financial Management</u>
<u>State Board Policy 301.02: Accounting Procedures</u>
<u>State Board Policy 304.01: Financial Reporting</u>
<u>State Board Policy 308.01: Cash Management</u>
<u>Trend Analysis</u>
<u>Audited Financial Statement 2008-09</u>
<u>Audited Financial Statement 2009-10</u>
<u>Audited Financial Statement 2010-11</u>
<u>Audited Financial Statement 2011-12</u>
<u>Budget 2009-10</u>
<u>Budget 2010-11</u>
<u>Budget 2011-12</u>
<u>Budget 2012-13</u>