

Agenda Item Details

Meeting Apr 27, 2013 - Board of Trustees Special Meeting (Retreat/Study Session), 8:30 a.m.

Category 4. DISCUSSION ITEMS

Subject 4.03 Prudent Reserve Level Discussion

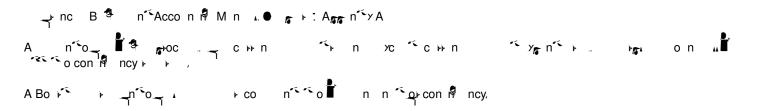
Access Public

Type Discussion

Public Content

FOR REFERENCE

AP 6305 Reserves



042713 - Information Reports - Fund Balance Policy.pdf (104 KB)

Administrative Content

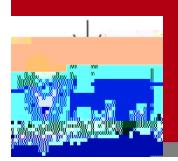
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Fund Balance Policy

Imperial Community College District recognizes that as a Government entity it must maintain an adequate unrestricted fund balance.

This unrestricted fund balance would serve as a financial cushion to be used for unanticipated circumstances and events.

The District must establish a minimum level at which the unrestricted fund balance is to be maintained.



Appropriate level of unrestricted fund balance

As a general rule, the unrestricted general fund balance should represent a minimum of two months of operating revenues or expenses, whichever is more predictable.

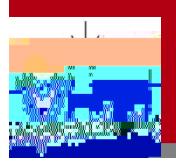
Under the following circumstances, The District may exceed this general rule:

Significant volatility in operating revenues or expenses

Potential drain on resources from other funds facing financial difficulties

Rapidly growing expenditure budgets

Irregular cash flow (e.g., disparities in timing between revenue receipts and expenditures)



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Increasing the Fund Balance

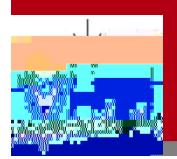
The Budget and Fiscal Planning Committee is recommending a fund balance policy based on two months of operating costs or 16.6% of revenue.

If the Board accepts this recommendation, the next step in the coming months will be funding the increase. The two main issues are:

How fast should the College reach the recommended fund balance amount

What sources of funding would be used to increase the fund balance? Most likely the funding would come from one or a combination of:

- 1. Future one-time money
- 2. Favorable variances of actual expenses versus budgeted amounts at year-end
- 3. A percentage of on-going revenue





Projected fund balance at 6/30/13 (assuming FTES of 6219)	2,117,000	6.18%
16.6% fund balance	5,687,000	16.6%
Additional amount needed to reach 16.6% fund balance	\$3,570,000	

