The ending balances and reserve level for the unrestricted general fund during the past five years, plus the current fiscal year, is shown below:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Ending Reserves	6,877,855	5,038,578	2,776,963	3,296,700	2,781,761	2,117,073
	18.68%	13.0%	7.2%	8.9%	8.02%	6.18%

(IIID3 7 Year Funding Analysis, p. 5)[95]

By developing budgets that provide for both an adequate reserve and maintain the underlying philosophy of on-going revenues meeting on-going expenses, the college is able to obtain short-term financing in a timely manner to ensure cash flow despite state cash deferrals. The college has maintained its credit rating for long term and short term debt which allows the college to obtain financing in a timely manner and at a reasonable interest rate (IIID3 TRANS 2010-2011 $6,500,000, 6/30/11);[96] (IIID3 TRANS 2010-11 $8,000,000, 12/29/11).[97]

Self Evaluation

The college partially meets the standard. The college maintains 6% reserve, which helps maintain financial stability, and has adequate cash flow through the use of Tax Revenue Anticipation Notes (TRANS). The need for TRANS is the result of the state's deferring payment on a significant portion of the college's annual apportionment. As of August 1, 2012, the amount of deferred payments for 2011-2012 was $9,670,837 (IIID3 2011-2012 Deferral Repayment Schedule 8/1/12).[98]

Revenues are allocated to the college from the California Community College's Chancellor's Office based on the apportionment approved by the Board of Governors. These funds are transferred into the County Treasurer's office and are available for the college so that it can meet its obligations, including payroll and accounts payable. Until the state began deferring apportionment payments, the college did not have any issues with regards to cash flow. However, ongoing deferrals of payments have created a drain on the cash reserves of the college. As a result, the college has issued Tax Revenue Anticipation Notes (TRANS) to meet its cash flow needs. The college issues TRANS, holding the TRANS in the general fund to assist in paying its obligations. The TRANS are necessary because tax revenues are not deposited until December. Most grant programs are reimbursement grants requiring the college to pay the expenses before reimbursement is requested from the granting agencies, thus contributing to the potential for a cash flow shortfall (IIID3 Resolution 15378 2012-2013 TRANS).[99]

The on-going state budget crisis has created not only challenges with regards to cash flow but also challenges with regards to overall operations. To meet the reduced apportionment revenue, the college has taken the following steps during the last few years:

- Furloughs for non-teaching personnel
- Salary freezes
- Reduction in amounts paid for teaching inter-sessions

- Administrative re-organization
- Lay-offs of classified staff
- Retirement incentives
- Closure of Extended Campus Centers
- Winter Inter-session no longer offered
- Reduced Summer sessions
- Reduced services and hours

In the 2012-2013 fiscal year, the combination of the activities noted below will produce a savings of approximately $2,123,700:

Retirement savings		486,500
Extended Campus closure		126,400
Classified lay-offs		697,800
Salary Freezes		
Certificated salary freeze	238,283	
Confidential salary freeze	35,120	
Classified manages salary freeze	41,359	
Administrators salary freeze	40,321	
		355,083
Items from on-going labor negotiations		
Classified	257,900	
Part-time faculty	200,000	
		457,900
		2,123,683

(IIID3 Budget and Fiscal Planning Committee Presentation, 8/29/12)[100]

In fiscal year 2011-2012, the college recognized that, given the current and projected financial environment for community colleges, significant structural changes were needed to allow the college to meet both its core mission and to maintain the required reserve amount. The college engaged the Fiscal Crisis Management and Assessment Team (FCMAT) to perform a study which will identify areas where the college can operate in a more effective and efficient manner (IIID3 Resolution 15303 FCMAT, 4/18/12).[101] The review is on-going and recommendations will be presented to the Board of Trustees by mid-December 2012. A by-product of implementing the recommendations of the study will be an overall improvement in the college's ability to meet future financial emergencies and unforeseen occurrences.

Fortunately, the college has adequate insurance coverage for all its needs. It is a member of the Imperial County Schools Liability/Property Joint Powers Authority, Self-Insured Program for Imperial County (SIPIC) for workers compensation coverage and the Schools Excess Liability Fund (SELF) for excess liability coverage (IIID3 2012-2013 SIPIC Coverage Summary).[102]