

**EXCERPT OF THE MEETING OF THE
IMPERIAL COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES**

JUNE 19, 2013

**Resolution No. 15732: Board Reserves Requirement
Motion by Rudy Cardenas, second by Karla Sigmond**

Final Resolution: Motion Carries

**Yes: Juanita Salas, Rudy Cardenas, Romualdo Medina, Jerry Hart, Louis Wong,
Steve Taylor, Karla Sigmond**

WHEREAS, Administrative Procedure 6305 Reserves states that a Board Reserve fund of at least 6% is recommended to be maintained for contingency;

WHEREAS, the Budget and Fiscal Planning Committee has recommended that an appropriate level of unrestricted general fund reserve should represent a minimum of two months of operating expense, or approximately 16.6%;

NOW, THEREFORE, BE IT RESOLVED, that the Board approves the recommendation of the Budget and Fiscal Planning Committee and the Superintendent/President, that the Board Reserve fund be increased to 16.6%;

BE IT FURTHER RESOLVED, that the Board directs the Superintendent/President to develop a strategy to reach a Board Reserve fund balance of 16.6%, with said plan being reviewed on an annual basis.

I hereby certify that the above is a true and correct copy of a portion of the minutes from the meeting of the Imperial Community College District Board of Trustees.



Victor M. Jaime, Ed.D.
ICCD Board Secretary

Imperial Valley College
Proposed Fund Balance Policy

Approved by Budget and Fiscal Planning Committee 3/13/13

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.

The following is a list of criteria to be adhered to in establishing the unrestricted fund balance:

- I. Appropriate level of unrestricted fund balance:
 - a. Determine the desired level of unrestricted fund balance as a function of a more predictable amount (e.g., revenues v. expenses).
 - b. The California Community Colleges Chancellor's Office computes unrestricted fund balance as a function of general fund unrestricted expenditures.
 - c. 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.
 - d. Under the following circumstances, the District may exceed this general rule:
 - i. Significant volatility in operating revenues or expenses.
 - ii. Potential drain on resources from other funds facing financial difficulties.
 - iii. Rapidly growing expenditure budgets.
 - iv. Irregular cash flow (e.g., disparities in timing between revenue receipts and expenditures).
- II. Circumstances in which unrestricted fund balance can be spent down:
 - a. Unexpected unfavorable variance between revenue budgeted versus actual.
 - b. Damages due to natural disasters.
- III. A plan to restore the unrestricted fund balance in the event the fund balance is spent down:
 - a. Develop a time-line to restore fund balance.

This policy will be reviewed annually.

Approved by Budget and Fiscal Planning Committee 3/13/13