



PimaCountyCommunityCollegeDistrict Board Policy

<i>Board Policy Title:</i>	Financial Stability
<i>Board Policy Number:</i>	BP 4.07
<i>Adoption Date:</i>	11/16/16
<i>Schedule for Review & Update:</i>	Every three years
<i>Review Date(s):</i>	3/10/21, 4/24/23, 10/9/24
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<i>Sponsoring Unit/Department:</i>	Finance and Administration
<i>Motion Number:</i>	201611-07
<i>Legal Reference:</i>	ARS § 15-1461
<i>Cross Reference:</i>	

PURPOSE

To support the long-term financial stability and vitality of the institution, the College will maintain appropriate reserve balances and invest the funds to ensure they are available for unforeseen circumstances. The College will seek to maintain total operating reserves that fall between 180 and 270 days cash on hand.

DEFINITIONS

“Days cash on hand” will be calculated based on the unrestricted cash and investments at the end of the fiscal year divided by the prior year’s operating expenses multiplied by 365.

“Unrestricted cash and investments” includes unrestricted short- and long-term investments and cash and cash equivalents.

“Prior year’s operating expenses” will come from the Annual Comprehensive Financial Report Statement of Revenues, Expenses and Changes in Net Positions.

It will include the Total Operating Expenses less Depreciation and Amortization plus Other Non Operating Expenses and Interest Expense on Debt.

APPROACH

1. To ensure financial stability in case of unexpected events, the College shall maintain in cash and cash equivalents reserves of at least ten percent of the prior year's operating expenses.
2. The remainder of the reserves shall be allocated to short- and long-term investments in accordance with the College's risk preferences, liquidity needs, and investment objectives.
 - a. The Executive Vice Chancellor for Finance and Administration or designee shall develop and maintain standard operating procedures for investment of resources in compliance with statutory and regulatory requirements governing the placement of the College's public funds.
 - b. The Governing Board's Finance and Audit Committee shall review and approve changes to the investment standard operating procedures.
 - c. Reports on investment activities shall be provided to the Governing Board's Finance and Audit Committee.
3. If the College's combined reserves fall below the 180 days cash on hand target minimum threshold, a plan to restore balances to the minimum threshold shall be included as part of the next fiscal year's operating budget.
4. The Governing Board may designate reserves in excess of the 270 days cash on hand threshold for specific capital or other long-term College initiatives.