



## Pima County Community College District Board Policy

<i>Board Policy Title:</i>	<b>Financial Stability</b>
<i>Board Policy Number:</i>	BP 4.07
<i>Adoption Date:</i>	11/16/16
<i>Schedule for Review &amp; Update:</i>	Every three years
<i>Review Date(s):</i>	3/10/21, 4/24/23
<i>Revision Date(s):</i>	3/10/21
<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>	

To ensure the long-term financial stability and vitality of the institution, appropriate reserve fund balances will be maintained and invested. The target minimum designated as operating reserves will be established as part of the annual budgeting process in an amount sufficient to maintain ongoing operations and programs for a minimum of nine months of average recurring operating costs.

1. The target minimum threshold shall be seventy-five percent of the prior fiscal year's General and Designated fund budgets.
2. To ensure financial stability in case of unexpected events, the District shall maintain in cash and cash equivalents reserves a minimum of ten percent of the target minimum threshold.
3. The remainder of the reserves shall be allocated to short- and long-term investments in accordance with the District'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 District'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.
4. If the District's combined reserves fall below the target minimum threshold, a plan to restore balances to the minimum threshold within three years shall be included as part of the operating budget.
  5. The Governing Board may designate reserves in excess of the threshold for specific capital or other long-term College initiatives. Any designated reserve amount shall be included in the calculation of the minimum reserve threshold.