

The COMMUNITY COLLEGE UPDATE

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Statewide Average Ending Fund Balances

The Annual Financial & Budget Reports (CCFS-311) for 2011-12 have been submitted to the Chancellor's Office and certified. We have calculated the statewide average ending fund balance for this latest year and the two prior years as follows:

| Unrestricted General Fund Net Ending Balance as a Percentage of Unrestricted General Fund Expenditures | | | |
|---|----------------|----------------|----------------|
| | 2009-10 | 2010-11 | 2011-12 |
| Average Statewide | 16.20% | 18.80% | 16.12% |
| Lowest | 5.60% | 2.60% | 4.37% |
| Highest | 36.80% | 38.90% | 31.57% |

We always focus on the Unrestricted General Fund because it is the best indicator of fiscal solvency. As can be seen here, the statewide average ending balance decreased from 2010-11 to 2011-12, as did the highest ending balance. However, the data shows that, on average, community colleges are prudently maintaining their reserves.

The Chancellor's Office looks at a 5% reserve as being the "prudent" level. A 16% reserve is about three times that level. However, in current times, higher reserves are a necessity because of funding cuts, cash deferrals, and future funding volatility.

—*Sheila G. Vickers*

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