



## **Memo**

**To:** Commissioners, First 5 Ventura County

**From:** Jennifer Johnson, Director of Operations (On behalf of the Administration/Finance Committee)

**Date:** December 17, 2015

**Re:** **Recommendation to approve Inter-Fund Transfer Policy**

---

### **Background**

The Commission's approved financial plan establishes that resources from the Sustainability Fund and the revenues in excess of expenditures from the Community Investment Loan Fund will be utilized to sustain program funding levels in the Commission's Operating Fund.

The attached policy establishes the parameters for the transfer of funds between the Commission's Operating Fund, Sustainability Fund and Community Investment Loan Fund.

### **Recommendation**

The recommendation is to approve the policy for the transfer of funds between the Commission's Operating Fund, Sustainability Fund and Community Investment Loan Fund, as attached.



## **INTER-FUND TRANSFER POLICY**

### **OPERATING FUND**

The Commission's policy is to maintain a minimum fund balance of up to six (6) months in operating funds (i.e., 50% of the annual budget for the Operating Fund) for cash flow purposes and to mitigate short-term effects of revenue shortages or delays in receiving anticipated revenues<sup>1</sup>.

Funds to maintain this level of operating capital for budgeted expenditures are transferred from the Commission's Sustainability Fund to the Operating Fund. The transfer will occur at the beginning of the fiscal year based on the projected amount needed for the year with approval by the Executive Director. If additional funds are required to meet the established level of up to six (6) months, additional transfers may be made once approved by the Executive Director.

### **COMMUNITY INVESTMENT LOAN FUND**

The Community Investment Loan Fund earns revenues from interest and loan fees. When these revenues exceed the amount needed to operate the Loan Fund, excess revenues are used to help sustain program funding levels in the Commission's Operating Fund.

At the conclusion of each fiscal year, revenues in excess of expenditures will be transferred to the Operating Fund once approved by the Executive Director.

<sup>1</sup> Commission's Fund Balance Policy, June 2011