

**General Fund Reserve**

Date Adopted:	11/08/2005
Date Revised:	6/14/2016
Date Reviewed:	6/14/2016
References:	Directed by Board of Trustees

The purpose of a general fund reserve policy shall be:

- To ensure institutional stability and long-term fiscal integrity;
- To help mitigate the effects of economic and fiscal downturns and material changes to financial forecasts by creating one-time financial options to slow the adverse programmatic effects of a dramatic downturn;
- To avoid lay-offs and maintain stable programmatic operations and budgets during times of unpredictable and volatile revenue streams, fiscal emergencies or “unexpected costs;”
- To provide stability and flexibility to respond to unexpected adversity and/or opportunities;
- To maintain a reserve comfortably over 5% in order to avoid being put on the “watch list” of the Chancellor’s Office of the California Community Colleges; and
- To provide the liquidity necessary to accommodate the District’s uneven cash flow inherent in its apportionment funding schedule.

To meet the purpose of the general fund reserve policy, the District will maintain unrestricted, uncommitted general fund reserve at no less than 8% of unrestricted general fund expenses including transfers. The District shall target to maintain an unrestricted, uncommitted general fund end-of-year balance at a minimum of 8% and a maximum of 12%. The Board of Trustees may consider allocation of any portion of the general fund reserve for current year expenditures that do not create obligations in future years. These one-time dollars shall be used to address needs that do not create obligations in future years and shall not be used to fund ongoing expenditures. These funds could be allocated for, but not limited to, maintenance infrastructure, technology systems or infrastructure, equipment replacement, or capital projects.

When the fund balance falls below 8%, the District shall establish, as a priority among other existing priorities for new non-contractually obligated resources, the restoration of the fund balance to at least the baseline level of 8%. If the fund balance falls below 8%, the

Superintendent/President will work in concert with the Chief Business Officer, and in consultation with the shared governance groups, to enact a plan to achieve savings to attain a minimum of 8% over a reasonable period of time such that student learning, student and staff safety, and educational integrity are not negatively affected.