

**Coast Community College District
ADMINISTRATIVE PROCEDURE**

Chapter 6

Business and Fiscal Affairs

AP 6305 RESERVES

References:

Budget and Accounting Manual, Chapter 5; Appendix A

Reserve Standards

The District shall have as a high budget priority the appropriation in the final budget of an uncommitted reserve in the unrestricted general fund. The Board of Trustees recognizes the need for cash-flow management and the necessity of considering financial uncertainties in the operation of the District. To this end, the following reserve accounts shall be included in the final budget:

General Reserves

The final budget shall include an unappropriated reserve to ensure that the District will be in a positive cash position at the end of the fiscal year. This reserve shall be (at a minimum) five percent (5%) of unrestricted general fund revenues and beginning fund balance and shall not be available for appropriations during the fiscal year.

Reserve for Emergencies

The District budget shall also include an appropriation for reserve for economic uncertainties to cover (1) unanticipated emergencies; (2) unanticipated declines in property tax revenues or other sources of funds; (3) additional program development activities not considered prior to budget adoption. This reserve shall be (at a minimum) three percent (3%) of total unrestricted general fund revenues and beginning fund balance.

The Chancellor is authorized to utilize funds from the emergency fund for urgent situations upon written notification to the Board President, or, if he/she cannot be reached, to any other member of the board. Any such use of the reserve shall be reported to the Board of Trustees in the next regularly scheduled open session.

Ratified December 2, 2013