

AP 6305 RESERVES

Reference:

California Community Colleges Budget and Accounting Manual, Chapter 5;
Appendix A

NOTE: This procedure, as a procedure separate from Board Policies and from procedures regarding budgeting, is **suggested as good practice**. Local practice may be inserted. Districts must provide for a prudent reserve and may include procedures related to establishing and maintaining reserves.

Reserve Standards

- **General Fund Reserve:** The target reserve is five percent of the Unrestricted General Fund.
- **Contingency Reserve:** ~~A contingency reserve exists in~~ In addition to the State-mandated General Fund Reserve, ~~affording the colleges and the District Office added fiscal flexibility~~ a contingency reserve will be maintained to afford the four locations, Chabot College, Las Positas College, District Office and Maintenance and Operations added fiscal flexibility. The target contingency reserve is a ~~maximum of one (1) percent of the Unrestricted Operating Expenditure Budget.~~ The contingency reserve is to be used for unanticipated changes in expenditures or revenues when impending changes in operations would result in significant service reductions.

NOTE: The **red ink** signifies language that is **suggested as good practice** by the Policy and Procedure Service and their legal counsel. The language in **green ink** was added by Lorenzo Legaspi on April 15, 2013. The language in purple was added by Lorenzo Legaspi on 5/8/13

Date Approved:

*(This is a new procedure recommended by the
Policy and Procedure Service)*