
**Allan Hancock Joint Community College District
Board Policy
Chapter 6 – Business and Fiscal Affairs**

BP 6305 RESERVES

The Government Finance Officers Association (GFOA) recommends, at a minimum, that public agencies, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. In establishing a policy governing the level of unrestricted fund balance in the general fund, a variety of factors should be considered, including but not limited to, the following:

1. The predictability of its revenues and the volatility of its expenditures (i.e., higher levels of unrestricted fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile);
2. Its perceived exposure to significant one-time outlays (e.g., disasters, immediate capital needs, state budget cuts);
3. The potential drain upon general fund resources from other funds, as well as the availability of resources in other funds;
4. The potential impact on the entity's bond ratings and the corresponding increased cost of borrowed funds;
5. Commitments and assignments (i.e., governments may wish to maintain higher levels of unrestricted fund balance to compensate for any portion of unrestricted fund balance already committed or assigned by the government for a specific purpose). Governments may deem it appropriate to exclude from consideration resources that have been committed or assigned to some other purpose and focus on unassigned fund balance, rather than on unrestricted fund balance.

The District shall maintain an unrestricted general fund balance reserve in alignment with GFOA's Best Practices regarding Fund Balance Guidelines for the General Fund.

Reference: Title 5, Section 58146

Allan Hancock Joint Community College District
Administrative Procedure
Chapter 6 – Business and Fiscal Affairs

AP 6305 RESERVES

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If reserves fall below the recommended level, the Board of Trustees will be informed of the shortfall and the Administration will restore the reserves, as soon as possible, but not later than three years from the date that the Board was notified. Reserves in excess of the recommended level may be designated by the board for specific expenditures or transferred to other funds authorized under the Budget and Accounting Manual.

References:

Budget and Accounting Manual, College Finance and Facilities Planning
Division of the Chancellor's Office California Community Colleges, 2012
Edition

Approved: 7/9/19