



## **BP 6305 RESERVES**

### **Reference:**

Budget and Accounting Manual, Chapter 5; Appendix A

### **Principles Governing Reserve Funds**

The District sets forth the following principles governing the establishment and maintenance of reserve funds. A reserve fund is an established prudent fiscal management tool which buffers cash flow fluctuations and provides a resource for contingencies and reasonable yet unforeseen operational needs.

These principles are built upon the expectation that:

- 1) the District's annual budget is reflective of a sound and reasonable estimate of actual revenues and expenditures;
- 2) any significant increase or decrease in reserves will be purposeful, deliberate, and transparent;
- 3) transfers in and out will be transparent; and
- 4) all elements of the reserve will support and advance the mission of the District.

The unrestricted general fund reserve shall include:

- A minimum 5% general fund contingency; PLUS
- Funds to cover all banked TLU obligations; PLUS
- Funds equivalent to any deferrals of the college's state apportionment OR 15% of annual projected unrestricted general fund expenditures, whichever is greater.

In addition to the unrestricted general fund reserve, the District will maintain two specific reserves:

- 1) facility and infrastructure maintenance and
- 2) equipment.

The Board of Trustees has established a minimum base reserve for each as follows. This base funding is designated as a minimum fund level within the specific reserve; however, it may be allocated if necessary for the intended purposes of the fund.

- Facility and Infrastructure Maintenance Fund: \$2.0 million base reserve
- Equipment Fund: \$1.5 million base reserve

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