



# **ADMINISTRATIVE** **PROCEDURE**

**6305**

**DESERT COMMUNITY COLLEGE DISTRICT**

## **RESERVES**

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 reserve is established as a hedge against risk, and is a reflection of revenue source stability and predictability, liquidity needs, as well as the volatility of expenditures. The Board of Trustees recognizes these needs and the necessity of considering financial uncertainties in the operation of the District.

Consistent with the requirements of the Emergency Conditions Recovery Plan, and best practices promulgated by the Government Finance Officers Association, the Board of Trustees has determined that a reserve equivalent to two months of general fund operating expenditures or sixteen and sixty-seven hundredths (16.67) percent is a minimum reserve to be held in each fiscal year within the Unrestricted General Fund. The reserve is to be calculated by multiplying sixteen and sixty-seven hundredths (16.67) percent times the total annual expenditures, including all transfers out of the fund, for each fiscal year.

**Reference: Budget and Accounting Manual, Chapter 5; Appendix A**

Administrator: VP Administrative Services

Executive Cabinet Review/Approval: February 7, 2023

College Planning Council Review/Approval, 1<sup>st</sup> Reading: February 10, 2023

College Planning Council Review/Approval, 2<sup>nd</sup> Reading:

Board Meeting/Information item: February 16, 2023

Next Review: April 2028