



AP 6305 Fund Balance – Unrestricted General Fund

Reference:

Chancellor's Office Accounting Advisory FS 22-03
California Code of Regulations 58308
Budget and Accounting Manual, Chapter 5; Appendix A

1. Unrestricted General Fund Balance

- A. Per Board Policy and the State Chancellor's Office recommendation, the District shall strive to attain a minimum 16.7% General Fund Balance of the prior year's operating expenditures, which excludes one-time expenditures.
- B. The Board of Trustees may make the funds in the General Fund Balance available for appropriation by passing a formal resolution setting forth the need for use of the General Fund Balance according to major classifications of District expenditures. (California Code of Regulations 58308) The use of reserves would be warranted by emergency conditions, including an economic downturn that results in unanticipated State revenue reductions to the District mid-year when commensurate expenditure reductions cannot be implemented.
- C. The General Fund Balance shall be held in account 97900, Fund Balance Unrestricted, and be used for any portion of the fund balance not reserved or designated in accordance with the Budget and Accounting Manual Chapter 5. Funds generated above the current year budget reserve percentage may be managed by transferring to other District funds, i.e. Pension Fund, OPEB Fund, Scheduled Maintenance Fund, etc.
- D. Should the General Fund Balance fall below 16.7%, the administration must notify the Board and develop a plan for restoring the reserve. This could include 1) allowing current year unspent unrestricted funds (Fund 11) to be added to the fund balance, one-time, or 2) allocating some percentage of unrestricted current year new revenues (Fund 11) to increase the fund balance by not budgeting corresponding current year new expenditures. In addition to the Board, information will be provided, discussed, and reviewed annually with PAC-B regarding the plan, including progress towards achieving the 16.7% fund balance target.

Reviewed by CPC: 11/29/22

Next review date Fall, 2028