



Book	VCCCD Administrative Procedure Manual
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In order to ensure fiscal stability and sustainability of the District by maintaining adequate reserves for cash requirements, long-term commitments, and unanticipated expenditures and/or reduction in revenues, the District shall maintain the following reserves:

- General Fund Unrestricted-Designated Reserve - State Required Minimum
  - In accordance the State Chancellor's Office Accounting Advisory FS 05-05: Monitoring and Assessment of Fiscal Condition, the State Chancellor's Office requires a minimum unrestricted general fund balance of 5 percent. The Tentative and Adoption Budgets will adhere to this requirement.
- General Fund Unrestricted-Designated Reserve - Revenue Shortfall Contingency
  - The General Fund Unrestricted-Designated Reserve - Revenue Shortfall Contingency will be used to cover unanticipated mid-year revenue shortfalls. The amount of this reserve will be set by the Board each year as part of the budget development process.
- General Fund Unrestricted Reserve - Unallocated
  - The Unallocated Reserve is the remaining ending balance after the reserve requirements above have been met, less the amount approved for budget carryover.

As articulated in [Board Policy 6200 Budget Preparation](#), the budget shall be balanced. Therefore, there shall be no deficit budgeting during the development of the annual budget. However, remaining ending balances left at the three college sites and the District Office will be rolled into the subsequent year's budget for each respective site and should be used for one-time expenses. The percent of expenditures allowed to be carried forward into the subsequent year will be set by the Board as a part of the budget development process. The Unallocated Reserve is the remaining ending balance after the reserve requirements above have been met, less the amount approved for budget carryover.

While these Unallocated Reserve dollars are a part of year-end balance and they are therefore one-time dollars, they should be utilized for one-time expenses or used as one-time seed money for programs that must subsequently be included in institutional budgets. During times of serious fiscal exigency, the Board may approve the use of the Unallocated Reserves for transitional purposes.

The use of reserves requires a two-thirds vote by the Board of Trustees.

AP 6305 stands alone; refer to [BP 6300 Fiscal Management](#) and [BP 6200 Budget Preparation](#).