



GROSSMONT-CUYAMACA
COMMUNITY COLLEGE DISTRICT

VICE CHANCELLOR-BUSINESS SERVICES

February 9, 2015

To: District Strategic Planning & Budget Council

From: Sue Rearic

Re: Unrestricted General Reserve

The Unrestricted General Reserve for contingencies is currently 5.5% of the 2014/2015 Adoption Budget, \$5.7 million.

Calculation, use and budget impact:

- The Income Allocation Model provides for the calculation of this contingency reserve consistent with Board Policy (BP) 6200.
- Any use of this contingency reserve requires specific Governing Board action.
- Each year these funds roll forward to the following year and are adjusted as needed according to the Formula calculation for that year.
- At year end these funds are reflected as a commitment in the Unrestricted ending balance.

To improve the presentation of this reserve and properly reflect the amount in the accounting system, this fund is being moved to a specific account in the Restricted General Fund. This fund will continue to be a general reserve compliant with BP6200 and calculated based upon the budgeted Unrestricted General Fund. This change provides the following improvements:

- Transparency in the Income Allocation Model by not including a carryforward of a commitment in funds available for distribution.
- Transparency of any increase to the reserve in the Formula calculation.
- Clearer representation of funds available for operations in the posted budget system.

This transfer will be presented to the Governing Board in March 2015, then processed in the current year, and reflected in the 2015/2016 Tentative Budget.

Pmt