

BOARD / OPERATIONAL

Reserve Funds G45

POLICY

The taxpayers of Saskatchewan, in general, and the Ministry specifically, expect that public funds provided to the regional colleges will be used to provide programs and services that will benefit local communities and the accumulation of internally restricted and unrestricted net assets is not a goal in and of itself.

The Ministry recognizes that regional colleges have expenditure requirements in excess of resources provided and recommend an unrestricted reserve to meet unplanned and/or unforeseen circumstances as well as multi-year planning for future initiatives through the use of internally restricted reserves.

The college, in agreement with these statements, will establish and use reserve funds to minimize the impact of a significant unplanned expenditures on annual operations, to provide the financial capacity for equipment and facility plans, and to provide for major emergency expenditures.

Transfers between reserve funds shall be through board resolution.

If the balance in any fund exceeds the maximum allocation, the board shall either allocate the funds to another fund, which is below its maximum allocation, or for develop a plan for the expenditure of the funds to reduce the fund to the maximum level.

PROCEDURES

1. Unrestricted Operating Surplus. This unrestricted fund is the unappropriated accumulated earnings of the organization and should be maintained at a level that ensures capacity to manage unplanned and/or unforeseen fluctuations in revenue or expenditures. This fund shall be maintained at a level between two and three-quarters percent (2.75%) and three percent (3%) of total revenue.
2. Internally Restricted Operating Surplus. These funds will be established for specific purposes, as deemed necessary by the Board and Management.