



RESERVE POLICY

EFFECTIVE DATE

Approved: April 27, 2000
Updated: October 23, 2003

RESPONSIBILITY FOR IMPLEMENTATION

Vice President, College Services

POLICY STATEMENT

The policy of the Board of Governors is to establish reserves to meet the goals of Grande Prairie Regional College.

DEFINITION

Reserves are defined as appropriations of fund balances at the discretion of the Board of Governors or pursuant to contractual obligation. Reserves should not be used as a holding account for discretionary unallocated operating and capital funds. They should be created or increased only by appropriation, and reduced by returns to fund balances. It is not necessary to create reserves for normal commitments or ongoing expenditures.

Funds are a self-balancing, separate, accounting entity that may have their own articulated set of financial statements showing monies received for a specific purpose(s), income earned therein, expenditures for the purposes designated and the assets and liabilities of the fund and the fund balance.

Fund balance is defined as the closing fund balance as presented in the audited statement of changes in fund balances.

GUIDELINES

1. The Board of Governors must approve (in compliance with the Board Policy 3D) the establishment of reserves (internally restricted net assets) including:
 - a) a definition of the purpose of the reserve
 - b) the source(s) funding the reserve
 - c) appropriate restrictions including 'caps' on the reserve.

Once the 'cap' on the reserve is reached the additional funds will move to unrestricted net assets.

2. The President must approve appropriations to and from Reserves and Fund Balances.
3. Except for contractual or other binding commitments, an appropriation to a Reserve will not normally create a deficit in the net assets.



4. If Reserves are created from provincial grants, the definition and usage of the Reserve will comply with the original terms, conditions and purpose of the grant.
5. In addition to the establishment of reserves for specific purposes, it is an acceptable practice for the Board of Governors to maintain a reasonable level of unallocated fund balances to provide working capital and to deal with unforeseen circumstances.