

Reserves	
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Recommended by: Service Council	
Associated Documents Reserves Procedure	

PURPOSE

To outline Red Deer College’s position on the creation, amendment, administration, review and closure of reserves and define these actions for members of the College community.

SCOPE

This policy applies to all officers and employees of the College and to all funds with potential for appropriation and allocation to a reserve.

POLICY

1. Red Deer College is committed to a balanced approach to the planning and use of reserves, guided by the principles that ensure prudent asset management and financial planning.
2. The College may create reserves from net assets to finance specific expenditures.
3. The College may consider appropriation and allocation of funds to a Reserve to finance a future capital expenditure, provided that
 - a. reserves are created infrequently and are not used as a holding account for discretionary unallocated operating and capital funds, and
 - b. appropriation to internally restricted net assets does not create a deficit in unrestricted net assets.
4. Reserves are created or increased only by appropriation.
5. The public sector statement of operations does not permit transfers from reserve accounts as a funding source in calculating the annual operating surplus/deficit. Therefore, any expenditures from reserve funds must be pre-approved and incorporated into the College’s annual budget.

6. Reserves are operated under circumstances and controls defined by the President.

DEFINITIONS

Capital Reserve: funds reserved to contribute to funding of a specific long-term capital project.

Reserve: internally restricted net assets that are sourced and used for stated purposes.