



OPERATING FUND CONTINGENCY

#6-08

Approved: February 26, 1997 by: Board of Governors
Effective: February 26, 1997
Date to be Reviewed: 2005

POLICY

The College should accumulate and retain an Operating Fund contingency amount equal to at least 1% of total operating revenues. If this amount falls below 1%, additions should be at a rate of 0.5% per year. In addition, the College may set aside funds for specific purposes as defined by the Board of Governors.

Board of Governors approval is required to spend Operating Fund contingency or Specific Purpose reserves.

PURPOSE

North Island College is committed to using all available funds in a prudent manner to maximize the delivery of educational services. This includes retaining appropriate funds to safeguard future operations of the College and provide a reserve for unforeseen events.

GUIDELINES

For the purposes of this policy accrued liabilities for payroll benefits and textbook inventory writedowns shall be excluded from calculations.

The Board of Governors will endeavour, subject to availability of funds, to reduce the current unfunded liability for textbook inventory writedowns over the next ten (10) to fifteen (15) years.

In addition, the Board of Governors will endeavour, subject to the availability of funds, to set aside reserves to cover anticipated staff requests for the purchase of additional pensionable service to facilitate early retirement.

NOTE: *The contingency funds are intended to provide for unexpected events such as lower than budgeted revenues (for instance, tuition or Contract Services fees) or from unexpected expenses occurring during the year.*