

Administrative Procedure 501

SCHOOL ACCUMULATED SURPLUS AND RESERVES

Principals may need to carry forward a reserve fund and/or an accumulated surplus. A delicate balance is required between expending funds on current students and not disadvantaging future students. Surpluses or deficits occur at year-end for individual school sites within the normal course of operations, timing of events and accounting cut-off rules. As such, the actual expenditures within a given year may vary relative to the original budget, resulting in an overall positive or negative carryover balance. In addition, schools may wish to establish a reserve for large capital items such as photocopiers.

This procedure establishes reasonable limits for surpluses and the process to establish a reserve for a larger purchase.

Definitions

Reserve Allocation: A line item within the school budget that will transfer all or a portion of reserve funding requested by the schools to a maximum of the total school reserve.

School Surplus: The amount in which a school's allocations and revenues exceed that school's expenditures at August 31 (year-end).

School Deficit: The amount in which a school's expenditures exceed that school's allocations and revenues at August 31 (year-end).

School Reserves: Funds set aside for expenditures in a future year as approved by the Superintendent. Once the funds have been designated they cannot be transferred back into the schools' regular carryover.

Procedures

1. With respect to School Surplus:
 - 1.1 School Surpluses shall be brought forward to the school's budget for the subsequent year, up to the maximum permitted amount:
 - 1.1.1 A school's maximum carryover is 3% of revenue and allocations to a maximum of \$75,000.00.

- 1.1.2 Amounts in excess of the maximum will be directed to offset costs of the Division Instructional Pool.
2. With respect to School Deficit:
 - 2.1 School deficits shall be brought forward to the school's budget for the subsequent year.
 - 2.2 School deficits greater than 2% shall require a written plan, presented to the Superintendent or designate, defining how the school intends to recover the deficit.
3. School Reserve Funds:
 - 3.1 A Principal may establish a reserve fund subject to the following conditions:
 - 3.1.1 The fund must have a specific purpose, clearly described, with the purpose of acquiring or supporting an appropriate product or service that could not normally be acquired within the funding allocation for a single year.
 - 3.1.2 Schools shall budget their contributions into reserves in the Spring Budget File template, no later than May 1 of a given year.
 - 3.1.3 Dollars allocated to a school reserve fund shall be held in trust in a Division account.
 - 3.1.4 The allocation to the reserve fund must be reported annually to the Superintendent.
 - 3.1.5 The time frame for application of the reserve fund must not be longer than three (3) years.
 - 3.1.6 Application for the establishment of a school reserve fund shall be made in writing to the Superintendent. The release of reserve funds requires a written request and the approval of the Superintendent.
4. Utilization of reserve dollars may occur:
 - 4.1 Through a reserve allocation prepared during the budget preparation, or
 - 4.2 Through a request to the Superintendent to release the funds with a journal entry.

5. The Superintendent may approve exceptions to the limits mentioned above.

Reference: Education Act 197, 222	
	Date Approved: April 1, 2021
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References shall be updated as required and do not require additional approval.