

Fiscal Management 4100 Reserves	Administrative Application	
	Last Reviewed / Approved on:	August 14, 2024
	References:	The Education Act 1995 Sections 85, 87, 286 Public Accounts Regulations Policy 2 – Role of the Board Policy 12 – Role of the Director SASBO Accumulated Surplus Reporting Manual
	Status:	Operational

Preamble

The Regina Catholic School Division (RCSD) maintains financial records in accordance with generally accepted accounting principles (GAAP) as set out by the Chartered Professional Accountants (CPA) Handbook. RCSD further follows the public section accounting standards (PSAS) as set out by the CPA Public Section Accounting Board (PSAB). As well, the accounting treatment incorporates reporting requirements set out by the Saskatchewan Ministry of Education.

The school division establishes several funds for the purpose of covering expenses which will come up in the future. This includes scheduled or routine expenses that can be relied upon to occur and unexpected expenses. The goal is to make sure funds are set aside to cover expenses so that these expenses do not require spending general operating funds.

Definitions

1. **Operational Reserves** is an unrestricted fund balance set aside to stabilize a school division's finances by providing a cushion against unexpected events, losses of income, and cashflow.
2. **Internally Restricted Reserves** is past fund balances not spent in prior years that are designated and approved by the board of education for a specific future purchase.
3. **Externally Restricted Reserves** is past fund balances not spent in prior years that are restricted for use in future years. This would include grants provided to the school division, contractual arrangements, and intergovernmental billings.

Application

1. **Responsibility**
The Chief Financial Officer is responsible for maintaining and managing the Board's accounting standards in accordance with GAAP, PSAB, and the Ministry of Education.
2. **Accounting System**
The accounting system must make it possible to:

- a. Provide an accurate record of all financial transactions of the School Division.
- b. Produce meaningful interim and annual financial reports.
- c. Show compliance with legal provisions.
- d. Provide a basis for safeguarding the financial resources of the School Division.

3. Restricted Funds Planning

- a. A surplus for operating reserves may be established upon recommendation to the Board.
- b. Internally restricted reserves for expenditures may be established upon recommendation to the Board. The purpose of the restricted surplus is to fund items such as:
 - i. School budget allocation carry forwards
 - ii. Regina Catholic Schools Teachers' Association professional development allocation carry forwards
 - iii. School generated funds
 - iv. Board elections
 - v. Grant reconciliation
 - vi. Ongoing board approved programs
 - vii. Administrative building
 - viii. Non-school building
 - ix. Information technology
 - x. Vehicles
 - xi. Relocatable classrooms – Division Funds
- c. Other reserves may be established from the proceeds of the disposal of land and buildings as required by the Minister of Education and reported according to PSAB.
- d. Externally restricted reserves funds are those provided by the government transfer with stipulations that have not been met by the Division, such as.
 - i. Preventative maintenance and renewal

- ii. School capital
- iii. Relocatable classrooms – government transfers
- iv. Ministry Funded Programs
- e. The Chief Financial Officer shall recommend the amounts to be allocated or accessed in the reserves if needed each year and the Board will approve them as part of the audited financial statements and/or of the budget.
- f. The prior year's surplus is to be transferred into the unrestricted surplus fund unless approved as an internally or externally restricted surplus by the Board.
- g. The board of education will aim to retain the following operational reserves balances:
 - i. An unrestricted surplus between 0.5% and 2% of the annual operating revenue.
 - ii. Internally restricted reserves between 1% and 10% of the annual operating revenue excluding operating reserves designated for capital projects and school generated funds.
 - iii. No limit on externally restricted reserve balances as those categories are managed by way of an agreement between the board and another organization.
 - iv. If a board retains operational reserve levels that exceed the recommended levels, a plan would be approved by the board to spend those additional dollars in the future.

4. Reporting

- a. Financial reports shall be prepared quarterly to reflect financial operations, the current condition of the budgetary accounts, and other information necessary to monitor operations.
- b. An audited financial report shall be prepared as of August 31st in each year and presented to and approved by the Board before November 30th of the year.