

Administrative Procedure 502

RESERVE FUNDS

Background

Capital costs associated with capital equipment acquisition and replacement, new building construction and building modernization can place a substantial financial burden on a school Division. Accordingly, a capital plan is required whereby the Division can allocate funds each year into capital reserves to distribute these costs more evenly over several budget years. The Board has endorsed the creation of capital reserves through the regular budget process for the purchase, replacement or upgrading of capital assets.

Procedures

1. The following type of reserve funds may be established for the Division:
 - 1.1 Land and land improvements.
 - 1.2 Buildings and building improvements.
 - 1.3 Equipment.
 - 1.4 Vehicles.
2. In establishing reserves, the following factors will be considered:
 - 2.1 Current value of assets—land, buildings, equipment and vehicles.
 - 2.2 Life expectancy of these assets and estimated replacement value.
 - 2.3 The current Capital Building plans.
 - 2.4 Debenture Debt—both interest and principle and, specifically, the unsupported amounts.
 - 2.5 Current Board budget plans and the financial plan of the provincial government.
 - 2.6 Current level of educational services being provided.
3. The Superintendent, in consultation with the Secretary Treasurer, will make recommendations to the Board with regard to reserve funds.
4. The Board may, by resolution, approve transfers to and from the reserves. The resolution will state clearly the purpose for the transfer.

Reference: Section 52, 53, 68, 137, 138, 139, 140, 141, 142, 143, 222 Education Act
Alberta Education Guide to Education ECS to Grade 12
Policy and Requirements for School Board Planning and Results Reporting
School Authority Planning and Reporting Reference Guide
Alberta Education Funding Manual for School Authorities