504 Reserve Funds

Belief

The Maskwacis Education Schools Commission (MESC) follows cultural and traditional teachings of the Maskwacis Cree, in particular Wahkohtowin. Wahkohtowin is the belief that all things are related and connected, that all of existence has spirit and that living in a good way requires us to maintain good relationships with each other and other aspects of existence. We recognize that respect for mother earth, elders, youth, and the Treaties are paramount to planning ahead and making decisions for future generations.

The Mesc believes that it is important to set aside reserves and plan for their use, to mitigate risk and reduce the effects of funding fluctuations, unexpected expenses and to purchase assets. Reserves (restricted and unrestricted) are built over time, as a result of operating surpluses and the transfer of annual amortization. The reserves are in place to fund unexpected expenses, operating deficits and the purchase of capital assets.

Procedures

1. Unrestricted Reserves
   1.1. These reserves are built through budgeted savings, and are not restricted in any manner.
   1.2. The recommended level of unrestricted reserves is between two and eight percent (2%-8%) of operating costs.
   1.3. Funds from the unrestricted reserve can be moved to the restricted reserve for a specific purpose.
   1.4. Unrestricted reserves may contain a school generated fund or school donation component. This part of the reserve is not available for Commission planning, as those funds are to be used at the schools.

2. Restricted Capital Reserves
   2.1. These reserves are built through the transfer of the annual depreciation expense and through the unrestricted surplus.
   2.2. Plans must be developed for any Restricted Reserves.
   2.3. Restricted Capital Reserves cannot be used to fund operational expenses, and are to be used for the purchase or replacement of capital assets only.

3. Investment in Tangible Capital Assets

3.1. This category relates to the amount of assets owned by the Commission, less the accumulated depreciation, less any capital asset loans.

3.2. Investment in tangible capital assets are calculated as follows:

3.2.1. Carry forward of previous year

3.2.2. Purchases

3.2.3. Subtract: proceeds of sales

3.2.4. Subtract: depreciation

3.2.5. Add: repayment of loan principal.

3.3. It is the transfer of the depreciation expense noted above to the restricted reserves and the unrestricted reserves that allows the Commission to put capital aside to purchase and replace assets.

4. Annually, the Associate Superintendent of Business Services through the Superintendent will present a plan for use of reserves to the Board for approval by September 30.

5. Any transfers of reserve funds must be approved by the Board.

References

MESC Board of Governors Policy; EL-4