

ADMINISTRATIVE PROCEDURE NO. 511

QUARTERLY FISCAL ACCOUNTABILITY REPORT

Source Documents:

Policy 2, section 7 states that one of the responsibilities of the Board is to:

“ensure, through its approved budget, that the resources of the division are appropriately allocated in accordance with the established educational standards, board policies, goals and legal obligations.”

Monitoring Processes:

One of the means the Board can utilize to monitor the fiscal management of the jurisdiction is to receive regular monitoring reports. This monitoring report addresses the current status of the original approved budget. This reporting would update the four main operating blocks within the overall budget, namely Instruction, Operation & Maintenance, Board Governance and System Administration, and Transportation.

1. These reports will be prepared as of the following dates: September 30, December 31, March 31 and June 30, and will form part of the Superintendent’s report to the Board. The reports will highlight the expected revenues and expenditures for each block, and provide explanations of variances of +/- 1% of the original budget revenues and expenditures by block. If a draw from operating reserves is necessary to cover any of the projected variances a detailed report on the status of the reserve will also be included. The report will be in the following format:

Red Deer C.R.D. No. 39 Quarterly Financial Report - date																
	Instruction				Operation & Maintenance				Board & Admin				Transportation			
	Approved	Revised		%	Approved	Revised		%	Approved	Revised		%	Approved	Revised		%
	Budget	Budget	Variance	Variance	Budget	Budget	Variance	Variance	Budget	Budget	Variance	Variance	Budget	Budget	Variance	Variance
Revenue																
Expenditure																
Surplus/Deficit																
Variance Explanation:																

In addition to the above mentioned reporting, during the preparation of the annual audited financial statements, a preliminary financial position will be presented to the Board. This preliminary financial position will also include the current status of both Operating and Capital Reserves. The Superintendent will make recommendations to the Board regarding any non-budgeted transfers to and from both Operating and Capital Reserves. The recommendations will be based on the following guidelines for Operating and Capital Reserves:

Operating Reserve Schedule – Quarterly Fiscal Accountability Report	
Area	Maximum Percentage
Instructional*	7% of operational budget
Maintenance**	10% of operational budget
Board and Admin	10% of operational budget
Transportation	10% of operational budget
* The reserve for the Instructional Block includes any surpluses/reserves in the School/Department Budget.	
** The calculation of reserves for Maintenance does not include supported amortization for school buildings or supported debt interest payments as these amounts are fully funded in revenue from Alberta Education.	

Capital Reserve Schedule - Quarterly Fiscal Accountability Report

Instructional – Assets with a value of \$5000 or greater should be replenished with funds from a capital reserve at the end of their expected life. This life is normally 5 – 10 years. In order to accommodate this, the asset’s annual amortization amount will be placed into a capital reserve, and simply at the end of the expected life there will be adequate funds to replace the asset. This would apply to items such as photocopiers, major CTS equipment, and other specialty items. School buildings do not fall into this category as they are fully funded by Alberta Education when in need of replacement or modernization.

Maintenance/Transportation/Administration – All assets including buildings with a value of \$5000 or greater should be replenished with funds from a capital reserve at the end of their expected life. As well, any building components that will fail before the end of building life (boilers, roofs, flooring, etc.) should be replenished with funds from a capital reserve. Similarly to the instructional assets, the asset’s annual amortization amount will be placed into a capital reserve.

In additional to this, any planned new assets or building expansions should have a reserve established in advance of the acquisition date of the asset, so that the asset can be funded in cash. If the asset is needed prior to a reserve being fully funded, the Board would need to consider borrowing for the asset, or leasing the asset. The reserve levels and capital asset purchases should be discussed annually during budget deliberations, to ensure that the appropriate allocations are planned for in the annual budget.

These transfers will be approved by Board Motion and adjustments made to the statement of Operating and Capital Reserves. These adjustments will also be reflected in the Audited Financial Statements.

Governance Implications:

1. That the Board, through its budget process, attempts to increase the operating and capital reserve levels to meet its targets.