CAPITAL RESERVE FUNDS

Background

Capital costs associated with capital equipment acquisition and replacement, new building constructions, building modernization and modular classrooms can place a substantial financial burden on a Division. The Board has endorsed the creation of capital reserves through the regular budget process for the purchase, replacement or upgrading of capital needs.

Procedures

1. The Board may establish the following type of reserve funds:
   1.1 Land and Land Improvements.
   1.2 Buildings and Building Improvements.
   1.3 Equipment.
   1.4 Vehicles.
2. In establishing reserves, schools or the Board may take into consideration the following factors, but not limited to:
   2.1 Current value of assets – land, buildings, equipment, and vehicles.
   2.2 Life expectancy of assets and estimated replacement value.
   2.3 Current capital building plans.
   2.4 Debt – both interest and principal.
   2.5 Current and future school, Division, and provincial budgets.
   2.6 Current level of property taxation by the province and any need for a special school tax levy.
   2.7 Current level of educational services being provided.
3. The Board shall, by resolution, approve all transfers to the capital reserves. The resolution shall clearly state the purpose for the transfer.
4. Money accumulated in a reserve for capital expenditures shall be used only for capital expenditures unless approved by the appropriate Minister to do otherwise.

5. Money received by the Division from a provincial grant for a specific purpose must be spent in accordance with the grant terms. Use for a different purpose requires the approval of the appropriate Minister.

Reference: Section 33, 52, 53, 68, 137, 138, 139, 140, 141, 143, 197, 222 Education Act
School Authority Accountability policy 2.1.1
Business Plans and Results Reports policy 3.2.1