

	Lloydminster Catholic School Division – Administrative Procedures	
	AP 511 – Financial Reserves	
Related LCSDF AP's		
Form(s)		
References:	<i>The Education Act, 1995 sections 85, 87, 286</i>	
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Background

Lloydminster Catholic School Division Board of Education is responsible for ensuring that the Division is financially protected from extraordinary circumstances that could negatively impact student education and division operations. Financial reserve levels are an indicator of financial health and can contribute resources to provide protection from future financial risks and pressures.

Financial Reserves are generated when operating revenues in a fiscal year exceed operating expenditures in that year. The Board of Education is responsible to maintain a positive combined restricted and unrestricted accumulated surplus from operations to ensure fiscal accountability.

Financial reserves are either restricted or unrestricted. A restricted reserve is set up for a specific purpose (internally or externally) and is reported in the Division's financial statements as Designated Assets. An unrestricted reserve is for operations and is reported on the Division's financial statements as Unrestricted Surplus.

Procedures

1. The Director of Education is responsible to identify the internally and externally restricted reserves each year and to identify and recommend amounts to access if needed, consistent with the purpose of the reserve as described in this policy. The recommended amount to access includes analysis of the reason for the shortfall, the availability of any other sources of funds, an assessment of the estimated time period the funds will be required and the strategy and timeframe to replenish the reserve.
2. The Chief Financial Officer (CFO) is responsible to ensure that the internally and externally restricted reserves are properly recorded, maintained, and used as described.
3. Internally restricted reserves are dynamic. The Board will review the reserves annually in conjunction with their review of the audited financial statements.

4. Motions will be made annually by the Board of Education to allocate, add or remove internally restricted reserves recorded within the financial statements Designated Assets.
5. Internally restricted reserves are funded by unrestricted operating surpluses.
6. Surplus Reserve amounts are available within operating cash and investment accounts of the School Division.
7. The Board of Education will aim to retain .5% - 2% of annual operating revenue within the operational unrestricted surplus.