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PSCP & SNSP Reserve Balances

The last pages of the financial audit report submitted to DPI includes schedules for Private School Choice Program (PSCP) and Special Needs Scholarship Program (SNSP) that show the revenues the school has received and the eligible expenses towards PSCP and SNSP (as applicable). These reserve schedules let the school know if there is a required cash investment balance that must be maintained.

Below is from page 7 of the Financial Audit and PSCP/SNSP Reserve Balance instructions from DPI.

PSCP Reserve Balance Plan

If the PSCP reserve balance is greater than 50% of the total amount of PSCP revenue received in the year being audited, the governing body of the school must approve a plan for how it will use the amount of the PSCP reserve balance that exceeds the 50% threshold. If a plan is required, the school's independent auditor will test whether one has been approved by the governing board as part of the next Fiscal & Internal Control Practices Report. The reserve balance schedule will identify if a plan for the reserve balance is required or not.

Required Cash and Investment Balance

The school must have an audited year-end cash and investment balance(s) as reported on the statement of financial position that is at least as much as the PSCP and SNSP reserve balances combined with certain adjustments. These adjustments include decreasing the total of the reserve balances for the following.

1. Any remaining depreciation on fixed assets used by the school. This does not include remaining depreciation for leased right of use assets.
2. Any land purchases that have not yet been included as an eligible education expense. If any portion of a land purchase has been included as an eligible education expense in the current or a previous financial audit, the land purchase price is not included as an adjustment.

If the school does not have the required cash and investment balance, it could be required to repay the PSCP or SNSP reserve balance to the DPI. The financial audit certification letter will indicate whether or not the school had a sufficient cash and investment balance and if the school is required to repay the reserve.

If there is an amount in Line 36 of the PSCP Reserve Schedule (Line 48 on the SNSP Reserve Schedule) then the parish must maintain that amount in cash and investments. DPI could request a refund for these amounts. The following entry would establish a designated fund for the school to maintain that cash balance and remove the funds from the general fund which is used for every day operations. Those funds would then be designated to the required reserve balance.

		Account #	Account Name	Dr	Cr
Entry to establish PSCP or SNSP reserve balance					
Dr.		2910	General Fund	PSCP: Line 36 amount SNSP: Line 48 amount	
	Cr.	292X	PSCP Required Balance or (SNSP Required Balance)		PSCP: Line 36 amount SNSP: Line 48 amount

Account 292X would be PSCP Required Balance or SNSP Required Balance, depending upon which program has the required balance. If both programs had a required balance then two designated funds would need to be established. The entries should only be made against the general fund and should not affect the parish or school's profit & loss statement.