

LRSD - Fact Sheet on Reserves as at August 31, 2016



1. What are reserves or surpluses?

There are three types of reserves that are relevant to school boards in Alberta; Unrestricted Surplus, Operating Reserves and Capital Reserves.

Unrestricted surplus normally represents the portion of accumulated operating surplus that is not designated or restricted by the Board or Management. **However these funds represent the LRSD's capital reserves.** They are maintained here so as to provide fewer restrictions on their use in emergent situations.

Operating reserves are funds restricted for specific operating purposes and Capital reserves are restricted to be used for future capital acquisitions.

2. What is the level of LRSD reserves? (Prior Year in Brackets)

	Unrestricted Surplus	Operating Reserves	Capital Reserves
School & Instruction	\$547,721 (\$575,986)	\$3,394,948 (\$3,321,776)	
Maintenance		\$4,249,591 (\$3,788,738)	\$ 25,807 (\$25,807)
Transportation		\$518,365 (\$406,125)	\$ 54,013 (\$54,013)
Board & System Admin		\$210,000 (\$210,000)	

3. What was the change in LRSD Reserves from the prior year?

Overall the above reserves increased by \$618,000 during 2015-2016 School Year. Schools intentionally used reserves (\$256,825) to meet the needs of students, \$330,000 ever greening funds were set aside to be used in 2016-2017 for school computer replacements, mild temperatures reduced costs and unforeseen revenues resulted in the increase to Maintenance reserves \$460,853, a decrease in fuel costs as well as unforeseen increases in revenues resulted in the increase to transportation reserves \$112,240. Unrestricted surplus was reduced by \$28,265 due to the procurement of capital items.

4. What impact will the 2016/2017 school year budget have on reserves?

The 2016/2017 Budget calls for a continued use of reserves to meet the needs of students resulting in a reduction to the instructional operating reserves of \$1,585,065. Transportation has budgeted to use reserves on the procurement of buses.

5. What is the right amount of reserves for school boards?

	% of Exp - 2014	% of Exp - 2015	% Exp - 2016
Unrestricted Surplus	2.64%	1.16%	1.11%
School & Instruction	7.82%	6.70%	6.87%
Maintenance	7.06%	7.64%	8.59%
Transportation	1.08%	0.82%	1.05%
Board & System Admin	0.44%	0.42%	0.42%

Historically LRSD has used the number of 10% of its annual revenues. In May of 2015 the Association of School Business Officials of Alberta issued a release titled "Reasonable Reserves" which was to be forwarded to Alberta Education recommending operating reserves of 2%-8% of total operating expenditures. LRSD is very close to this range when including unrestricted surplus, instructional operating reserves and Board & System Admin. Maintenance and Transportation reserves put LRSD above the threshold but for specific reasons as explained below.

6. What are the following reserves designated for? (Prior Years Board Motion 15-089)

	Unrestricted Surplus	Operating Reserves	Capital Reserves
School & Instruction	<p>LRSD carries its capital funds in Unrestricted Surplus. The funds are designated for the following reasons:</p> <ul style="list-style-type: none"> - \$518,365 to replace divisional capital equipment as required - It is also held in the event the Partnership with Fort Macleod Kids First Family Center for \$460,000 is not received <p>The total project was for a 1.51 Million addition to WAD School, the difference has been received.</p> <ul style="list-style-type: none"> - Respond to emergent issues. 	<ul style="list-style-type: none"> - 3 million is designated to schools. This is distributed among 14 Regular Schools, 4 Outreach Schools, and 12 Colony Schools. These funds support school initiatives and provide the ability to respond to the changing needs or emergent situations. - 0.4 Million for technology & CTS equipment ever-greening, health and safety initiatives. 	
Maintenance		<ul style="list-style-type: none"> - 2.5 Million funds are being held to address the mechanical, electrical, structural deficiencies to the 1957 division office or a relocation. - 1.5 Million is being held to update or relocate the maintenance shop - 0.25 Million to respond to unforeseen costs, cost increases and fluctuations in POM revenues <p>Note: 1.76 million relates to the wind power investment receivable which has not been received and will be received over the next 11 years.</p>	<ul style="list-style-type: none"> - 0.25 Million for Ever-greening maintenance equipment
Transportation		<ul style="list-style-type: none"> - 0.47 to respond to the need for additional buses - 0.05 Million to respond to unforeseen costs and annual cost increases as well as the ability to respond to fluctuations in the transportation revenues and recently to cover transportation deficits 	<ul style="list-style-type: none"> - 0.05 Million for Ever-greening transportation equipment
Board & System Admin		<ul style="list-style-type: none"> - 0.21 Million to respond to unforeseen divisional costs and needs within the Division 	