

# LRSD - Fact Sheet on Reserves as at August 31, 2017

(Board Approved – Feb 27, 2018)



Livingstone Range  
SCHOOL DIVISION

## 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	\$554,069 (\$547,721)	\$2,696,916 (\$3,394,948)	
Maintenance		\$4,207,749 (\$4,249,591)	\$25,807 (\$25,807)
Transportation		\$371,808 (\$518,365)	\$86,038 (\$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 decreased by \$880,083 during 2016-2017 School Year. Schools intentionally used reserves \$447,452 to meet the needs of students and \$250,580 of instructional reserves were used the majority of which were ever greening funds that were set aside and used in 2016-2017 for school computer replacements. Maintenance and Transportation used \$41,842 and \$146,557 other their operating reserves respectively while unrestricted surplus increased by \$6,348.

## 4. What impact will the 2017/2018 school year budget have on reserves?

The 2017/2018 Budget calls for a continued use of reserves to meet the needs of students resulting in a reduction to the instructional operating reserves of one million. \$2.265 million of the maintenance operating reserves will be used on the GR Davis Administration Facility while Transportation has budgeted to use a small amount on the procurement of buses.

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

	% of Exp - 2014	% of Exp - 2015	% Exp - 2016	% Exp - 2017
Unrestricted Surplus	2.64%	1.16%	1.11%	1.05%
School & Instruction	7.82%	6.70%	6.87%	5.11%
Maintenance	7.06%	7.64%	8.59%	7.98%
Transportation	1.08%	0.82%	1.05%	0.70%
Board & System Admin	0.44%	0.42%	0.42%	0.40%

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 below this range when including unrestricted surplus, instructional operating reserves and Board & System Admin totaling 6.56%. 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"> <li>- \$554,069 to replace divisional capital equipment as required</li> <li>- It is also held in the event the Partnership with Fort Macleod Kids First Family Center for \$390,840 is not received The total project was for a 1.51 Million addition to WAD School, the difference has been received.</li> <li>- Respond to emergent issues.</li> </ul>	<ul style="list-style-type: none"> <li>- 2.7 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.</li> </ul>	
Maintenance		<ul style="list-style-type: none"> <li>- 2.265 Million Funds are committed to the conversion of the GR Davis School into the division's new administration building. The Town of Fort Macleod administration team will also reside in the facility and also committed 2.5 million toward the project.</li> <li>- 1.5 Million is being held to update or relocate the maintenance shop</li> <li>- 0.44 Million to respond to unforeseen costs, cost increases and fluctuations in POM revenues</li> </ul> <p>Note: 1.62 million relates to the wind power investment receivable which has not been received and will be received over the next 10 years.</p>	<ul style="list-style-type: none"> <li>- 0.25 Million for Ever-greening maintenance equipment</li> </ul>
Transportation		<ul style="list-style-type: none"> <li>- 0.32 to respond to the need for additional buses</li> <li>- 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</li> </ul>	<ul style="list-style-type: none"> <li>- 0.09 Million for Ever-greening transportation equipment</li> </ul>
Board & System Admin		<ul style="list-style-type: none"> <li>- 0.21 Million to respond to unforeseen divisional costs and needs within the Division</li> </ul>	