



**Date:** November 27, 2024 **Agenda Item:** 7.1  
**To:** Board of Trustees  
**From:** Shawna Warren, Superintendent  
**Originator(s):** Sean Nicholson, Associate Superintendent, Corporate Services  
**Subject:** **2023-2024 Reserve Transfer Approval**

---

**Recommended Motion:**

THAT the Board of Trustees approve the transfer of operating and capital reserves for the year ending August 31, 2024, as outlined on:

- Table 1: Operating Reserves Balance August 31, 2024
- Table 2: Capital Reserves Balance August 31, 2024

**Background:**

The two tables attached provide a summary and a breakdown of both the Operating and Capital reserves as presented in the Audited Financial Statements for the year end August 31, 2024.

A summary of the transfer is outlined below:

- Net increase to Operating Reserves equals \$825,389
  - Program Surplus Deficit: \$(3,567,380)
  - Amortization of Asset Retirement Obligation: \$167,005
  - Transfers between Operating reserves: \$4,225,765
- Net transfers decrease of Capital Reserves equal \$(250,266)
  - Unsupported Amortization: \$400,000
  - Board Funded Tangible Capital Assets: \$(650,266)

The Board's approval is required for the completion of the Audited Financial Statement for the year ending August 31, 2024. Operating Reserves are surplus Funds set aside for future operating purposes but may be re-purposed at the Board's discretion. Capital Reserves are surplus funds set aside for future replacement of capital assets; however, repurposing of Capital Reserves requires the Minister of Education's pre-approval.

Alberta school divisions are allowed to accumulate surplus in the form of operating or capital reserves to meet future operating and capital needs. Accumulated surplus from

operations is a key financial health indicator that the Department of Education monitors on a regular basis.

As of August 31, 2024, the accumulated surplus from operations is \$3.9 million. This is composed of:

1. Operating Reserves: \$3.9 million
2. School Generated Funds: \$0.7 million

Total accumulated surplus from operations less school generated funds, is approximately \$3.2 million. The Division's reserve operating reserve limit is estimated to be \$3.1 M. Therefore the Division is over its operating reserve limit by less than \$0.1 million

In order to meet future operating and capital obligations, the Board of Trustees should allocate accumulated surplus to operating and capital reserves as recommended by administration.

**Status & Relationship to Superintendent Leadership Quality Standard (SLQS):**

This report aligns with the [SLQS](#) in the following way:

- |                    |   |
|--------------------|---|
| <b>COMPETENCY:</b> | (6) School Authority Operations and Resources   |
| <b>INDICATORS:</b> | a. providing direction on fiscal and resource management in accordance with all statutory, regulatory and school authority requirements; and<br>e. establishing data-informed strategic planning and decision-making processes that are responsive to changing contexts.            |
| <b>COMPETENCY:</b> | (7) Supporting Effective Governance   |
| <b>INDICATORS:</b> | d. ensuring that the board's plans, resource allocations, strategies and procedures lead to the achievement of its goals and priorities; and<br>e. ensuring that the board's fiscal and resource management is in accordance with all statutory, regulatory and board requirements. |

**Governance Implications:**

[Education Act](#)

Board responsibilities

33(1) A board, as a partner in education, has the responsibility to

- (i) ensure effective stewardship of the board's resources

Part 6: Section 139, specifies that school boards are responsible for preparing financial statements and Section 141 specifies an auditor will provide a report on the financial statements.

[Policy 225: Role of the Board](#)

Resource Stewardship

The Board shall ensure effective stewardship of the Board's resources [Education Act s. 33(1)(i)]. Specifically, the Board:

49. Approve transfer of funds to/from operating to capital reserves.

Administration is prepared to respond to questions at the November 27, 2024, Public Board meeting.

**Attachment(s):**

1. Table One - Operating Reserves as of August 31, 2024
2. Table Two - Capital Reserves as of August 31, 2024

**Table 1: Operating Reserve Balance August 31, 2024**

Operating Reserves		Balance Aug 31, 2022	Program Surplus/(Deficit)	Amortization of Unsupported Asset Retirement Obligations	Transferred Between Operating Reserves	Balance Aug 31, 2023
A		B	C	D	E	F
(1)	<b>Instruction Program:</b>					
(2)	General	\$ 1,185,031	\$ (2,656,616)	\$ -	\$ 1,471,585	\$ -
(3)	Budget Support 24-25	\$ -	\$ -	\$ -	\$ 1,246,000	\$ 1,246,000
(4)	Budget Support 25-26	\$ -	\$ -	\$ -	\$ 572,083	\$ 572,083
(5)	School Surplus Carry Forward	\$ 601,796	\$ (357,647)	\$ -	\$ -	\$ 244,149
(6)	School Generated Fund Reserve *	\$ 578,787	\$ 83,334	\$ -	\$ -	\$ 662,121
(7)	Minimum Reserve Balance	\$ -	\$ -	\$ -	\$ 820,000	\$ 820,000
(8)	<b>Sub-Total: Instruction</b>	<b>\$ 2,365,614</b>	<b>\$ (2,930,929)</b>	<b>\$ -</b>	<b>\$ 4,109,668</b>	<b>\$ 3,544,353</b>
			\$ -			
(9)	<b>Operations &amp; Maintenance (O&amp;M) Program:</b>					
(10)	General	\$ 163,349	\$ (451,020)	\$ 167,005	\$ 120,666	\$ -
(11)	Insurance Deductible	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000
(12)	<b>Sub-Total: O&amp;M</b>	<b>\$ 163,349</b>	<b>\$ (451,020)</b>	<b>\$ 167,005</b>	<b>\$ 220,666</b>	<b>\$ 100,000</b>
(13)	<b>Transportation</b>					
(14)	General	\$ -	\$ (250,088)	\$ -	\$ 250,088	\$ -
(15)	<b>Sub-Total: Transportation</b>	<b>\$ -</b>	<b>\$ (250,088)</b>	<b>\$ -</b>	<b>\$ 250,088</b>	<b>\$ -</b>
					\$ -	
(16)	<b>System Administration Program:</b>					
(17)	General	\$ 600,000	\$ 50,409	\$ -	\$ (400,409)	\$ 250,000
(18)	Election	\$ -	\$ -	\$ -	\$ 60,000	\$ 60,000
(19)	<b>Sub-Total: System Administration</b>	<b>\$ 600,000</b>	<b>\$ 50,409</b>	<b>\$ -</b>	<b>\$ (340,409)</b>	<b>\$ 310,000</b>
(21)	<b>External Services:</b>					
(22)	General	\$ -	\$ 14,248	\$ -	\$ (14,248)	\$ -
(23)	<b>Sub-Total: External Services</b>	<b>\$ -</b>	<b>\$ 14,248</b>	<b>\$ -</b>	<b>\$ (14,248)</b>	<b>\$ -</b>
<b>Total</b>		<b>\$ 3,128,963</b>	<b>\$ (3,567,380)</b>	<b>\$ 167,005</b>	<b>\$ 4,225,765</b>	<b>\$ 3,954,353</b>

Note:

\* Not included in reserve maximum limit

Table 2: Capital Reserves Balance August 31, 2023

Capital Reserves		Balance Aug 31, 2022	Unsupported Amortization	Board funded tangible capital asset additions	Transferred Between Capital Reserves	Balance Aug 31, 2023
A	B	C	E	F	G	
(1) <b>Instruction Program:</b>						
(2) Future Capital Projects	\$ -	\$ 306,100	\$ -	\$ 374,350	\$ 680,450	
(3) Evergreen Loft Boards	\$ -	\$ -	\$ (215,236)	\$ 215,236	\$ -	
(4) Guthrie Video Wall	\$ -	\$ -	\$ (52,197)	\$ 52,197	\$ -	
(5) Technology Vehicles	\$ -	\$ 5,900	\$ -	\$ 5,900	\$ 11,800	
(6) School Buses	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000	
(7) <b>Sub-Total: Instruction</b>	\$ -	\$ 312,000	\$ (267,433)	\$ 897,683	\$ 942,250	
(8) <b>System Administration Program:</b>						
(9) General	\$ 3,390,152	\$ -	\$ -	\$ (3,390,152)	\$ -	
(10) Administration Building	\$ -	\$ 52,000	\$ -	\$ 1,000,000	\$ 1,052,000	
(11) <b>Sub-Total: System Administration:</b>	\$ 3,390,152	\$ 52,000	\$ -	\$ (2,390,152)	\$ 1,052,000	
(12) <b>Operations &amp; Maintenance (O&amp;M) Program:</b>						
(13) Future Capital Projects	\$ -	\$ 6,798	\$ -	\$ 226,072	\$ 232,870	
(14) LED Project	\$ -	\$ -	\$ (265,614)	\$ 423,103	\$ 157,489	
(15) Camilla Storage	\$ -	\$ -	\$ -	\$ 135,000	\$ 135,000	
(16) Fieldhouses	\$ -	\$ -	\$ (6,139)	\$ 550,000	\$ 543,861	
(17) Shop Reno	\$ -	\$ -	\$ (111,080)	\$ 111,080	\$ -	
(18) Vehicles	\$ -	\$ 29,202	\$ -	\$ 47,214	\$ 76,416	
(19) <b>Sub-Total: O&amp;M</b>	\$ -	\$ 36,000	\$ (382,833)	\$ 1,492,469	\$ 1,145,636	
(20) <b>Transportation Program:</b>						
(21) General	\$ 28,949	\$ -	\$ -	\$ -	\$ 28,949	
(22) <b>Sub-Total: Transportation</b>	\$ 28,949	\$ -	\$ -	\$ -	\$ 28,949	
<b>Total Capital Reserves</b>	\$ 3,419,101	\$ 400,000	\$ (650,266)	\$ -	\$ 3,168,835	