

RESERVE FUNDS

Background

Capital costs associated with capital equipment acquisition and replacement, new building construction, and building modernization can place a substantial financial burden on a District. Accordingly, a capital plan is required whereby the District can allocate funds each year into capital reserves to distribute these costs more evenly over several budget years. The Board has endorsed the creation of capital reserves through the regular budget process for the purchase, replacement, or upgrading of capital assets.

Procedures

1. The following type of reserve funds may be established for the District:
 - 1.1 Land and land improvements;
 - 1.2 Buildings and building improvements;
 - 1.3 Equipment; and
 - 1.4 Vehicles.
2. In establishing reserves, the following factors will be considered:
 - 2.1 Current value of assets—land, buildings, equipment and vehicles;
 - 2.2 Life expectancy of these assets and estimated replacement value;
 - 2.3 The current Three-Year Capital Building Plan and Ten-Year Facilities Master Plan;
 - 2.4 Debenture Debt—both interest and principle and, specifically, the unsupported amounts.
 - 2.5 Current Board budget plans and the financial plan of the provincial government; and
 - 2.6 Current level of educational services being provided.
3. The Chief Superintendent, in consultation with the Secretary-Treasurer, will make recommendations to the Board with regard to reserve funds.
4. The Board may, by resolution, approve transfers to and from the reserves. The resolution will state clearly the purpose for the transfer.

Approval Date: May 5, 2020

Reference: *Education Act*, SA 2012, c E-0.3
Fiscal Planning and Transparency Act, SA 2015, c F-14.7
Alberta Education: Guide to Education ECS to Grade 12
Alberta Education: Funding Manual for School Authorities
Alberta Education: Policy and Requirements for School Board Planning and Results Reporting