

340: ACCUMULATED OPERATING SURPLUS (P)

Approved:18 09 11

POLICY

The Board of Education is responsible for ensuring the district is protected financially from extraordinary circumstances, which would negatively impact school district operations and the education of students. To discharge this responsibility, the Board will establish a contingency reserve from available operating surplus, which would be used to mitigate any negative impact such circumstances, might cause.

REGULATIONS

The Board shall maintain a contingency reserve of a least 1% of operating expenditures and not exceeding 3% of operating expenditures.

The Board may approve the use of the contingency reserve under the following circumstances:

- The elimination of any deficit arising at the end of a fiscal year of operations;
- The funding of new cost pressures in a fiscal year that were not known at the time of budget development;
- The payment of severances (wages and benefits) upon termination of employment;
- The settlement of any legal action that is not covered by insurance;
- Initial one-time cost outlays for new education programs;
- Coverage for disaster recovery expenditures;
- Extraordinary unknown utilities cost pressures;
- Replacement of equipment essential to the continuation of educational programming in schools or district facilities;
- To assist in balancing future years budgets.

In recognizing that the use of the contingency reserve represents a one-time source of funding, the Board will incorporate into its future budget planning processes, strategies to reestablish the contingency reserve. Such strategies may be implemented over a period of two years.

Reference: School Act and Ministerial Orders