



## **SECTION 3000: FINANCES**

### **POLICY 3075: ACCUMULATED OPERATING SURPLUS**

- *Date Adopted: May 16, 2018*
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#### **LEGISLATION**

- *School Act, Section 156*

#### **POLICY STATEMENT**

The Board's accumulated operating surplus will serve as a contingency reserve for one-time costs and intermittent projects, and to offset the risks associated with unexpected increases in expenses and/or decreases in revenues related to major emergent operating issues.

#### **POLICY**

The Board is responsible for ensuring the district is protected financially from forecasting risk and unforeseen circumstances that could negatively impact district operations and the education of students. The Board will therefore establish a contingency reserve from available operating surplus to be used to mitigate any negative impact such circumstances may cause.

#### **PROCEDURES**

1. Where possible, a contingency reserve of at least 1% of operating expenditures will be maintained.
2. The contingency reserve may be used in the following circumstances:
  - a. Elimination of any deficit arising at the end of a fiscal year of operations;
  - b. Funding of new cost pressures in a fiscal year that were not known at the time of budgeting;



**PROCEDURES** *(continued)*

- c. Adhere to contractual employment obligations and payment of severances (wages and benefits) upon termination of employment;
  - d. Settlement of any legal action that is not covered by insurance;
  - e. Initial one-time cost outlays for new initiatives or educational programs;
  - f. Coverage for disaster recovery expenditures;
  - g. Extraordinary unexpected utility cost pressures;
  - h. Return of unspent school fund allocations and purchase order commitments;
  - i. Replacement of equipment essential to the continuation of educational programming in schools or district facilities;
  - j. Assist in balancing future year's budgets; and,
  - k. Return of unspent Indigenous Education targeted funding.
3. Remaining operating surplus will be transferred to the Local Capital Fund for future Board approved capital projects.