

Section:	Finance	
Title:	Reserve Funds Policy	6.2

Purpose

To guide the accumulation and use of annual operating surplus funds.

Policy

The School District strives to expend the annual operating budget as planned.

When the annual operating budget is not fully expended at the end of the school year, resulting in an annual operating surplus, the unexpended funds will be accumulated and used in accordance with the guidelines established with this policy.

In June, a review of the projected operating surplus and recommendations for potential restricted operating reserves shall be presented to the Board for consideration for the annual financial statement reporting. Any allocation of surplus funds will be confirmed by the Board with the annual financial statements.

Guidelines

1. Contingency Reserve:
 - 1.1. Surplus funds shall first be used to establish a contingency reserve for emergency purposes.
 - 1.2. The contingency reserve shall have an accumulation target of 2% of total annual operating revenues.
 - 1.3. The contingency reserve may accumulate to a maximum of 5% of total annual operating revenues.
 - 1.4. The contingency reserve should maintain a minimum balance of 1% of total annual operating revenues.
2. Restricted Operating Reserve:
 - 2.1. Once the contingency reserve reaches the target accumulation (2% of revenue), additional surplus funds may be placed into a restricted operating reserve for a specific purpose for use within the next three school years.
3. Local Capital:
 - 3.1. Once the contingency reserve reaches the target accumulation (2% of revenue), additional surplus funds may be placed into local capital for a specific identified purpose for use within the next three school years.

4. Unrestricted Reserve:
 - 4.1. Once surplus funds have been set aside for the contingency reserve, restricted reserve, or local capital, any additional surplus funds shall be held in an unrestricted operating reserve.
5. Board approval is required to draw from the contingency, restricted, local capital, or unrestricted reserves with the annual or amended budget bylaw, or by board resolution if immediate action is necessary.
6. Funds held in the contingency reserve shall be used to cover an operating deficit, if necessary.

Date of Original Board Approval: May 15, 2018

Date Amended:

Legal Reference:

Cross Reference: