



## SCHOOL DISTRICT NO. 50 HAIDA GWAI BOARD POLICY MANUAL

### Policy B.13 Accumulated Operating Surplus Contingency Reserve

Date Passed: June 2018

#### Preamble

The Haida Gwaii Board of Education is responsible for ensuring the district is protected financially from extraordinary circumstances which could negatively impact school district operations and education of students.

1.0 The Board will establish a contingency reserve from available operating surplus which would be used to mitigate any negative impact such circumstances might cause.

#### 1.1 Limitations and Constraints

- i. A contingency reserve of at least 2% of operating expenditures and not exceeding 4% of operating expenditures will be maintained.
- ii. The contingency reserve may be used in the following circumstances:
  - a. the elimination of any deficit arising at the end of a fiscal year of operations;
  - b. the funding of new cost pressures in a fiscal year that were not known at the time of budget development;
  - c. the payment of severances (wages and benefits) upon termination of employment;
  - d. the settlement of any legal action that is not covered by insurance;
  - e. initial one-time cost outlays for new education programs;
  - f. coverage for disaster recovery expenditures;
  - g. extraordinary unknown utilities cost pressures;
  - h. replacement of equipment essential to the continuation of educational programming in schools or district facilities; and,
  - i. to assist in balancing future year's budgets.
- iii. Any remaining operating surplus will be transferred to the Local Capital Fund with board approved capital projects identified.