

# RESERVE FUND

## Background

The Board is responsible for ensuring the District is protected financially from extraordinary circumstances which would negatively impact the education of students. To discharge this responsibility, as per policy 18, the Board endeavors to maintain a reserve fund of approximately 2.0% of the total operating budget for that year.

## Procedures

1. Establishment of Reserve Funds
  - 1.1. Reserve funds can be established from the following sources:
    - 1.1.1. By selling off assets (e.g. a school, land, and equipment);
    - 1.1.2. By establishing unrestricted and/or restricted reserves resulting from funds unused in any fiscal year; or
    - 1.1.3. Through budgeted reserves provided in the annual operating budget.
  - 1.2. Reserve funds can only be accessed by Board resolution or by inclusion in the annual budget of the Board, or in the case of Restricted Capital Reserves, Board resolution and Minister of Education approval.
  - 1.3. Reserve Funds will not be used for on-going operating expenses, except as directed by Board motion.
2. Authorized use of the restricted portion of the Board's accumulated surplus under the following circumstances, is always subject to the Board approval:
  - 2.1. The elimination of any deficit arising at the end of a fiscal year of operations;
  - 2.2. The incurring of new cost pressures in a fiscal year that were not known at the time of budget development;
  - 2.3. The payment of severance (wages and benefits) in excess of \$100,000 upon termination of a non-union employee without cause;
  - 2.4. The settlement of any legal action that is not covered by the School Protection Program;
  - 2.5. Initial one-time cost outlays for new educational programs where an investment in non-technology related learning resources is required (non-technology related refers to computer technology);
  - 2.6. Coverage for disaster recovery expenditures;
  - 2.7. Extraordinary unknown utilities cost pressures;
  - 2.8. Replacement of equipment essential to the continuation of educational programming in schools or District facilities;

2.9. To appropriate to balance the next year's budget.

3. In recognizing that the use of the restricted portion of its accumulated surplus represents a one-time use of funding, the Secretary Treasurer will incorporate into future Board budget planning processes, strategies to re-establish the accumulated surplus. Such strategies may be implemented over a period of two (2) years.

Reference: Sections 22, 23, 65, 85, 106.2, 106.3, 106.4, 110, 111, 112, 112.1, 113, 114, 115, 115.1, 115.2, 117, 118, 137, 153 School Act

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