

SCHOOL DISTRICT NO. 51 (BOUNDARY)

P O L I C Y

SECTION	TITLE	NO. 2073
FINANCE/FACILITIES	<u>Accumulated Operating Surplus</u>	

DATE ADOPTED: June 19, 2018

The Board of Education of School District No. 51 (Boundary) is responsible for ensuring that the District is financially healthy and protected from financial forecasting risk and unforeseen circumstances which would negatively impact the education of students. The Board views that an accumulated operating surplus is critical for supporting continued student learning success.

The accumulated operating surplus allows the School District to:

- Budget for one-time and or multiyear funding of student learning initiatives, operations projects and education programs
- Manage the District's financial risks;
- Create a contingency fund for unforeseen circumstances

The Board of Education recognizes that any operating revenue that is not expended in a fiscal year is added to the accumulated surplus which is presented as either internally restricted or unrestricted surplus.

Internally Restricted Surplus

The District's annual audited financial statements provide details with respect to the components of internally restricted surplus.

The following is a list of examples of surplus funds allocations under internally restricted surplus:

- School and school program carry-forwards
- Aboriginal Education unexpended funds
- Educational programs or initiatives
- Purchase order commitments
- Future years operating budget expenditures

Contingency Reserve

The allocation of surplus towards contingency is a prudent measure which will enable the district to manage unexpected costs that may arise during the school year. The contingency reserve should be maintained at a value between 2% and 4% of the district

operating expenditures. This amount will be recorded on the financial statements under restricted surplus.

The following is a list of examples of items the contingency could be used for:

- The elimination of any deficit arising at the end of a fiscal year of operations
- The funding of cost pressures in a fiscal year that were not known at the time of budget development
- Payment of severances (wages and benefits) upon termination of employment
- The settlement of any legal action that is not covered by insurance
- Coverage for disaster recovery expenditures

Unrestricted Surplus

Any surplus funds which have not been restricted by the Board will be on the financial statement as unrestricted surplus funds. The Board will consider the use of such funds in subsequent budget years.

Transfer of Funds

It is expected that the annual operating budget will allow transfers to local capital which are sufficient to allow efficient replacement or acquisition of assets. Transfer to local capital should be authorized through budget bylaw process or by separate Board motion.

The Secretary-Treasurer will:

Recommend the necessary allocations and transfers so that the District's Restricted Operating Surplus and Unrestricted Operating Surplus are maintained in accordance with this policy.

Conduct an annual review of all Restricted Operating Surplus and Unrestricted Operating Surplus balances and report the results of the review to the Board of Education.

Recommend to the Board revisions or amendments to this policy to the Board as may be required, as a result of changes in applicable Ministry of education directives, accounting standards.