
ACCUMULATED OPERATING SURPLUS

- POLICY -

The Board of Education is responsible for ensuring the district is protected financially from extraordinary circumstances which would negatively impact school district operations and the education of students. The Board will therefore establish a contingency reserve from the available operating surplus which would be used to increase fiscal stability and better support educational goals.

- REGULATION -

1. The following guiding principles form the basis for this Policy:
 - 1.1 Healthy surplus levels are important in achieving educational goals, including financial health and stability.
 - 1.2 Actual surplus balances need to be considered in regard to other school districts, especially those with similar rural and remote context, on an ongoing basis to gauge whether financial health is being achieved.
 - 1.3 Surplus goals need to be consistent with, and supportive of realistic longer-term financial plans.
 - 1.4 A surplus can assist in managing the district's financial risk and mitigating short term volatility, while providing a contingency for unexpected costs.

2. The annual Accumulated Operating Surplus aligns with and considers:
 - 2.1 The district's Vision and Mission Statement.
 - 2.2 The district's Strategic Plan.
 - 2.3 The district's financial health.

3. Types of Accumulated Operating Surplus

- 3.1 Unrestricted Surplus: The accumulated operating surplus built up in the district's operating fund that has not been designated for specific uses.
- 3.2 Restricted Surplus: The accumulated operating surplus built up in the district's operating fund that has been designated for specific uses. The following are examples of internally restricted categories:
 - a. Unspent School Budgets
 - b. Professional Learning
 - c. Student Learning
 - d. Unspent Targeted Funds
 - e. Strategic Planning/School Reconfiguration
 - f. Long Range Facilities Plan
 - g. Appropriation to Balance Budget in Next Fiscal Year
 - h. Contingency for Unexpected Costs

4. Contingency Reserve

- 4.1 A contingency reserve not exceeding 4% of operating expenditures may be maintained.
- 4.2 The contingency reserve may be used in the following circumstances:
- 4.3 The elimination of any deficit arising at the end of a fiscal year of operations;
- 4.4 The funding of new cost pressures in a fiscal year that were not known at the time of budget development;
- 4.5 The payment of severances (wages and benefits) upon termination of employment;
- 4.6 The settlement of any legal action that is not covered by insurance;
- 4.7 Initial one-time cost outlays for new education programs;
- 4.8 Coverage for disaster recovery expenditures;
- 4.9 Extraordinary unknown utilities cost pressures;
- 4.10 Replacement of equipment essential to the continuation of school or district programs; and
- 4.11 To assist in balancing future years' budgets.

5. Role of the Secretary-Treasurer.

The School District's Secretary-Treasurer shall be responsible for:

- 5.1 Recommending the appropriate balances to be maintained in both the unrestricted and restricted accumulated operating surplus.
- 5.2 Recommending any increases/decreases and transfers to/from the operating surplus.
- 5.3 Recommending any revisions or amendment to this Policy, as may be required from time to time, as a result of changes in Ministry of Education directives, accounting standards or economic conditions.
- 5.4 Reporting to the public and Board of Education.

6 Reporting and Communication to Public.

Accumulated Operating Surplus balances and changes will be reported in the Annual Financial Statements.

7. Local Capital

Operating surplus may be transferred to the Local Capital Fund, either with board approval for specific projects, or through the Annual Budget process.