



BOARD OF EDUCATION
School District No. 57
2100 Ferry Avenue
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(250) 561-6800

POLICY

3433.2

ACCUMULATED OPERATING SURPLUS

APPROVED: 2018.05.29

REVISED: 2021.12.14

POLICY

The Board of Education is committed to providing an accountable and transparent process with respect to the accumulation, spending and reporting of operating surpluses.

Responsibility Centre: Secretary-Treasurer

References: *School Act*, Part 8, Division 8 Accounts and Audits, Sections 156 to 166

ACCUMULATED OPERATING SURPLUS

PREAMBLE

Accumulated operating surpluses enable the Board to engage in long-term planning, mitigate financial risk and support consistent services to students.

Approved: 2018.05.29.
Revised: 2021.12.14



ACCUMULATED OPERATING SURPLUS**REGULATIONS:**

1. Internally Restricted Operating Surplus:
 - 1.1 To support long-term financial planning the Board may restrict operating surplus for use in future years within three categories:
 - 1.1.1 Internally restricted due to the nature of constraints on the funds. The Board may have commitments to spend certain operating funds, in future years, on identified activities.
 - 1.1.2 Internally restricted due to anticipated unusual expenses. Situations may occur where management has identified one-time and intermittent projects that will not be funded by revenues in that year.
 - 1.1.3 Internally restricted due to operations spanning multiple school years. Situations may occur where funds may need to be carried over to future years such as school or department carry-overs or operating projects in progress.
 - 1.1.3.1 The amount of Internally Restricted Operating Surplus – held in schools at the end of a fiscal year should not exceed two percent (2 %) of schools actual Operating Expenses for that year.
 - 1.1 The Board will approve the internally restricted operating surplus, annually with the approval of the audited financial statements prepared in accordance with Section 157 of the *School Act*. The categories of internally restricted operating surplus will be disclosed in the notes to the financial statements.
 - 1.2 The Board will approve all changes to the internally restricted operating surplus appropriations.
2. Unrestricted Operating Surplus (Contingency)
 - 2.1 To support effective planning, that includes risk mitigation strategies, the Board should maintain unrestricted operating surplus.
 - 2.1.1 The amount of unrestricted operating surplus at the end of a fiscal year should not exceed two percent (2%) of actual operating expenses for that year.
 - 2.1.2 All appropriations from unrestricted operating surplus will be considered by the Management and Finance Committee and approved by the Board of Education.



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3. Restricted for Future Capital Cost Sharing
 - 3.1 To support minor capital projects that are identified in the Boards 5 year Capital Plans, and approved by the Ministry for concept plan or business case development, the Board may restrict operating surplus to satisfy capital project cost share expectations.
4. Local Capital
 - 4.1 Local capital includes the Board's portion of any proceeds from the disposition of capital assets, transfers from operating funds and earned interest.
 - 4.2 Transfers from operating funds may be made for specific initiatives that align with that Strategic and Financial Plans of the district, that address capital asset investment or that meet a specified need of the district.
5. Transfers of funds, including annual operating funds and accumulated operating surplus, between the Operating Fund, Special Purpose Fund and Capital Fund may be identified through the Budget processes and will be considered by the Management and Finance Committee and approved by the Board of Education.
6. Any transfers of funds including annual operating funds and accumulated operating surplus, between the Operating Fund, Special Purpose Fund and Capital Fund not included in the Annual Budget, or Amended Annual Budget will be considered by the Management and Finance Committee and approved by the Board of Education.
7. In the event that an operating deficit occurs, the Board will seek the approval of the Minister of Education in accordance with Section 156(12) of the *School Act*.
8. The Secretary Treasurer will include information in the Financial Statement Discussion and Analysis Report annually related to the use of accumulated surplus and local capital funds.

Approved: 2018.05.29

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ADMINISTRATIVE PROCEDURES:

1. Annually, the Management and Finance Committee will receive a report on accumulated operating surplus.
 - 1.1 The report will be based on information as of June 30 of the same year.
 - 1.2 The report will include the Unexpended Operating Budget of each elementary and secondary school.
 - 1.3 The report will include a ten year history of Accumulated Surplus from Operations including, at a minimum, total amounts:
 - 1.3.1 Appropriated for future budgets
 - 1.3.2 Unexpended by schools
 - 1.3.3 All other appropriations
 - 1.4 The report will provide a recommendation related to transfers to the Capital Fund for capital asset investment including technology, equipment and capital projects.

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