



SCHOOL DISTRICT NO10 (ARROW LAKES) POLICY MANUAL

622 – Accumulated Surpluses Policy

DRAFT FOR CONSIDERATION AT JUNE 21, 2022 BOARD MEETING

1.0 General

- 1.1 Maintaining a reasonable level of operating surplus enables the Board of Education to engage in long-term planning, manage financial risks and support consistent services to all students.
- 1.2 The [School Act](#) requires boards of education to prepare a balanced annual budget. Estimated spending in the annual budget must not exceed estimated revenues plus accumulated operating surplus.
- 1.3 The Ministry of Education’s [K-12 Public Education Accumulated Operating Surplus Policy](#) requires that a board of education’s policies clearly explain the purpose of its operating surplus, how it will be used to support its strategic objectives and other operational priorities, how inter-fund transfers of surplus will be managed, and how operating surplus will mitigate financial risks.
- 1.4 This policy sets forth guidelines that provide for the accumulation of a reasonable level of operating surplus, and parameters for the use both operating and capital surpluses.

2.0 Guidelines

- 2.1 The Board of Education shall maintain an appropriate level of operating surplus to assist in long-term financial planning, to manage financial risks, to mitigate short-term volatility in funding and expenditures, and to provide a contingency for unexpected costs.
- 2.2 The accumulation and use of accumulated operating surplus shall align with the Board of Education’s strategic plans, financial plans, and budgets.
- 2.3 It shall be clearly identified in the Board of Education’s strategic plans, financial plans and budgets how the accumulation and use of accumulated operating surplus will support the Board of Education’s strategic plans and other operational priorities.

3.0 Types and Use of Accumulated Surpluses

- 3.1 Unrestricted Surplus (Contingency) is that part of the accumulated operating surplus that is not restricted for any specific purpose (per Section 3.2 below), and is a contingency fund to manage financial risks, mitigate short-term volatility in funding and expenditures, and to cover unexpected costs.
- 3.2 Internally Restricted Surplus is that part of the accumulated operating surplus that has been designated for specific uses. For example, accumulated operating surplus may be restricted for:
 - 3.2.1 Contractual obligations
 - 3.2.2 Indigenous education funding
 - 3.2.3 Utilities, Equipment and Capital Projects
 - 3.2.4 Emergency
 - 3.2.5 Professional Learning
 - 3.2.6 Student Learning
 - 3.2.7 Financial Software Transition
 - 3.2.8 Strategic Planning
 - 3.2.9 School Reconfiguration
 - 3.2.10 Long Range Facilities Plan
 - 3.2.11 Board Scholarship Fund
- 3.3 Local Capital Surplus is accumulated from the Board of Education's portion of the proceeds of asset or property sales, transfers from operating funds, plus any interest earned and these funds, and is to be used for capital asset purchases. Transfers from operating funds to Local Capital shall only be made for a specific capital investment or need, or for an initiative under the Board's strategic planning.
- 3.4 Restricted Capital Surplus is accumulated from the portion of the proceeds of asset or property sales deemed to be originally purchased using funding provided by the Ministry of Education, or from unused capital grants provided by the Ministry of Education. Use of Restricted Capital Surplus requires the approval of the Ministry of Education.

4.0 Inter-fund Transfers

- 4.1 Inter-Fund Transfers are funds transferred from one fund to another (e.g. between the Operating Fund and Capital Fund). Inter-Fund Transfers shall only be made by a resolution of the Board of Education. Approval of Inter-Fund Transfers related to confidential matters shall be considered in a Closed Board meeting, pursuant to the Board of Education's organization and operations bylaw.

5.0 Reporting and Communication to Public regarding Accumulated Surpluses

- 5.1 Accumulated Surplus balances and a summary of changes in surpluses for all funds will be reported in the Annual Financial Statements.
- 5.2 Accumulated Surplus balances and details of the changes in surpluses during the year for all funds will be reported to the public annually, along with the Annual Financial Statements.

6.0 Authority

- 6.1 The Secretary-Treasurer shall be responsible for:
 - 6.1.1 Recommending the appropriate balances to be maintained in both the unrestricted and internally restricted accumulated operating surplus.
 - 6.1.2 Recommending any increases/decreases and transfers to/from the operating surplus.
 - 6.1.3 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.
 - 6.1.4 Reporting to the public and Board of Education.