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## SCHOOL DISTRICT NO. 64

### POLICY 610 Accumulated Operating Surplus Policy

*“Inspire learners, Integrate sustainability,  
Involve community”*

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Section: Finances and Facilities

Dates of Revisions:

Date of Adoption and

Resolution Number: June 13, 2018 -76/18

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### **Rationale:**

*Boards of Education are required by legislation to prepare balanced annual budgets, which may include surplus operating funds accumulated over one or more years. Unique to other organizations in the public sector, school districts are permitted to incur annual deficits as long as they have sufficient accumulated surplus to cover the annual deficit. An accumulated surplus indicates that a school district has net resources that can be used to provide future services. The ability to carry forward unspent operating funds helps school districts budget and spend their annual operating grants more effectively.*

*It is important to note that although accumulated operating surpluses can be a short term solution to balance budgets, they cannot sustain on-going services.*

### **Policy:**

The School District No. 64 Board of Education Board of Education will, through adherence to guiding principles, clear understanding of its operating surplus objectives, and on-going monitoring and measuring of progress made towards achieving these objectives, attain greater fiscal health and stability and meet its educational goals.

The board will, with reference to Taxpayer Accountability Principles (TAP), the School Act and Public Sector Accounting Standards,

1. adhere to the following principles:
  - a. healthy surplus levels are important in achieving educational goals, whilst ensuring financial health and stability;
  - b. an accumulated surplus may be comprised of internally restricted funds (already committed but not yet spent) and unrestricted funds (not committed and not spent).
  - c. Internally restricted surplus funds will result from budgeted expenditures extending into future school years and anticipated extraordinary expenses.

- d. Unrestricted surplus funds with a balance ideally ranging from 1 to 3% of total operating budget should be available for unforeseen circumstances and negative cyclical deviations in funding.
2. establish procedures to clearly articulate the school district's objectives in terms of its accumulated operating surplus.