

# Surplus Policy

## 7215 | Surplus Policy

Date Approved: December 12 2017

Date Amended:

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The Board of Education believes in the appropriate management of operating surplus funds to address both short-term and long-term needs of the school district. The management of an operating surplus recognizes that it is an indicator of the district's financial health.

During the budget approval process the Board will consider the availability of operating surplus funds and the allocation those funds between internally restricted surplus and unrestricted surplus.

### Internally Restricted Surplus

There are three categories under which the Board may designate internally restricted surplus funds:

1. Funds with external constraints that do not meet the criteria for Special Purpose Funds  
e.g. Aboriginal Education funds; Special Education funds; School Generated funds
2. Funds for anticipated unusual expenses  
e.g. Ministry projects; Employee benefits; Contingency
3. Funds for items requiring more than one year  
e.g. Future years' budgets; School and Department surpluses carried forward; Capital items

### 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 a school year. The contingency reserve should be maintained at a value between 2% and 4% of the district's operating budget.

### Funding Protection

The district recognizes that funding protection is a temporary resource for the district. Ministry of Education policy will result in the eventual elimination of funding protection and, therefore, the district will move towards an operating budget that will not include these funds. As a result the district will, during the annual budget consultation process, consider the allocation of spending from funding protection for items which are not ongoing costs.

## Unrestricted Surplus

Any surplus funds which have not been restricted by the Board will be approved in the annual budget as unrestricted surplus funds. The Board will consider the use of such funds in subsequent budget approvals.

## REFERENCES

6310 – Role of the Board Policy

7210 – Annual Budget Policy