Surplus Policy

7215 | Surplus Policy

Date Approved: December 12 2017
Date Amended: March 10 2026

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 accumulated operating surplus recognizes that it is an indicator of the district's financial health.

During the annual budget consultation process the Board will consider the availability of accumulated operating surplus funds and the allocation of those funds between internally restricted surplus and unrestricted surplus (including contingency funds).

Internally Restricted Surplus

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

- Restricted due to the nature of constraints on the funds;
- Restricted for anticipated unusual expenses identified by the board; and
- Restricted for operations spanning multiple school years.

Local Capital

Transfers of operating funds to local capital will be for specific initiatives related to the Board's strategic plan or other operational needs of the district. Accumulated Operating Surplus shall not be transferred to Local Capital without supporting detail for which capital projects these Local Capital funds will be expended. Until such time as the funds can be identified for a specific Local Capital funded project, the funds shall be retained in the Accumulated Operating Surplus.

Future Capital Cost Share

Treasury Board requires the Ministry of Education to review district surplus funds and determine funds that are available to contribute towards major capital projects. When a project has been approved for concept plan or business case development, the Board may restrict operating surplus funds for that project.

Inter-Fund Transfers

In some cases funds need to be transferred between the operating fund, special purpose funds and the capital fund. These transfers are authorized through a Board motion. In some cases this approval will be done through the approval of a budget or the annual financial statements. Approval of inter-fund transfers related to confidential matters (such as land, legal or personnel) will be considered in an in-camera board meeting.

Unrestricted Surplus (Contingency)

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

The allocation of surplus towards contingency is a prudent measure which will enable the district to manage unexpected costs and reduced revenue that may arise during a school year. Contingency funds should be maintained at a value between 1.5% and 4% of the district's operating budget.

Specifically:

1. The first priority for the use of these funds shall be, in no specific order:
    1. The elimination of any deficit arising at the end of a fiscal year of operations.
    2. The incurring of new cost pressures in a fiscal year that were not known at the time of budget development.
    3. The payment of severance (wages and benefits) upon termination of a non-union employee without cause.
    4. The settlement of any legal action that is not covered by the School Protection Program.
    5. Initial one-time cost outlays for new educational programs where an investment in non-technology related learning resources is required (non-technology related refers to computer technology).
    6. Coverage for disaster recovery expenditures.
    7. Extraordinary unknown utilities cost pressures.
    8. Replacement of equipment essential to the continuation of educational programming in schools or district facilities.
    9. To appropriate to balance the next year's budget.
    10. Unanticipated changes in revenue.

1.2 In recognizing that the use of the unrestricted portion of its Accumulated Operating Surplus represents a one-time use of funding, the Board will incorporate into its future budget planning processes, strategies to re-establish the unrestricted accumulated surplus to the 1.5% - 4% of annual revenue. Such strategies may be implemented over a period of two years.

REFERENCES

6310 – Role of the Board Policy

7210 – Annual Budget Policy