

24 SURPLUS

- 24.1 An accumulated operating surplus is achieved by spending less than the revenue the school district receives. The Board of Education is required by legislation to approve a balanced annual operating budget, which may include use of accumulated surplus funds from the previous year. Surplus funds are net resources that can be used for future services. The Board of Education may apply and approve restrictions on the spending of surplus funds.
- 24.2 The Board of Education will review a summary of the school district surplus position in conjunction with the Preliminary and Amended Annual Budget processes and when approving Financial Statements. The Board of Education will be required to approve any internal restrictions on surplus funds and any interfund transfers each year in which they occur. Capital assets purchased for departmental operating plans from approved budget expenditures do not require subsequent board approval.
- 24.3 The Board of Education will withhold an amount of unrestricted surplus during the budget process to address unforeseen events and fluctuations in budgetary estimates. The amount of the unrestricted operating surplus withheld will target approximately 2% of actual operating revenue of the previous fiscal year.
- i. Should the value of the unrestricted operating surplus exceed that target, funds in excess of that value will be included in the current or subsequent year's budget process. The Board will consult with stakeholders, including local First Nations and Métis Nation BC, to support the Board's strategic and other operational priorities as set out in its Financial Planning and Reporting Policy.
 - ii. If the value of unrestricted operating surplus is lower than the 2% target, the Secretary-Treasurer will work to identify reductions in expenditures and allocations during the Amended Budget process. Surplus spending included in the operating budget would be reviewed as part of that process. Any remaining discrepancy will be included in the subsequent year's budget process.
 - iii. Priorities for use of unrestricted surplus funds are as follows:
 1. Ensure the District's operating budget is balanced
 2. Provisions for unforeseen/extraordinary events
 3. Supplemental allocations to school and departmental budgets
 4. Support for one-time programs and purchases