

**SCHOOL DISTRICT 54**  
*(Bulkley Valley)*  
**ADMINISTRATIVE PROCEDURES**

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**ACCUMULATED SURPLUS**  
**(Board Policy 6.700)**

**REGULATIONS**

**1. Internally Restricted Operating Surplus**

1.1. To support long-term financial planning the Board may restrict operating surplus for use in future years within three categories:

1.1.1. Internally restricted due to the nature of constraints on the funds. The Board may have commitments to spend certain operating funds, in future years, on identified activities.

1.1.2. Internally restricted due to anticipated unusual expenses. Situations may occur where management has identified one-time and intermittent projects that will not be funded by revenues in that year.

1.1.3. Internally restricted due to operations spanning multiple school years. Situations may occur where funds may need to be carried over to future years such as school or department carry-overs or operating projects in progress.

- The amount of Internally Restricted Operating Surplus held in schools at the end of a fiscal year should not exceed four percent (4%) of schools actual Operating Expenses for that year.

1.2. The Board will approve the internally restricted operating surplus, annually with the approval of the audited financial statements prepared in accordance with Section 157 of the *School Act*. The categories of internally restricted operating surplus will be disclosed in the notes to the financial statements.

1.3. The Board will approve all changes to the internally restricted operating surplus appropriations.

**2. Unrestricted Operating Surplus (Contingency)**

2.1. To support effective planning, that includes risk mitigation, contingency strategies and working capital funds, the Board should maintain unrestricted operating surplus.

2.1.1. Unrestricted Operating surplus may be used for:

- Emergent operating issues
- To offset unrealized revenues

2.1.2. The amount of unrestricted operating surplus at the end of a fiscal year should not exceed five percent (5%) of actual operating expenses for that year.

2.2. All appropriations from unrestricted operating surplus will be considered by the Senior Administration and Operations Committee and approved by the Board of Education.

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**3. Restricted for Future Capital Cost Sharing**

3.1. To support major capital projects that are identified in the Boards 5-year Capital Plans, and approved by the Ministry for concept plan or business case development, the Board may restrict operating surplus to satisfy capital project cost share expectations.

**4. Local Capital**

4.1. Local capital includes the Board's portion of any proceeds from the disposition of capital assets, transfers from operating funds and earned interest.

4.2. Transfers from operating funds may be made for specific initiatives that align with that Strategic and Financial Plans of the district, that address capital asset investment or that meet a specified need of the district.

**5. Transfers**

5.1. Transfers of funds, including annual operating funds and accumulated operating surplus, between the Operating Fund, Special Purpose Fund and Capital Fund may be identified through the Budget processes and will be considered by the Senior Administration and Operations Committee and approved by the Board of Education.

5.2. Any transfers of funds including annual operating funds and accumulated operating surplus, between the Operating Fund, Special Purpose Fund and Capital Fund not included in the Annual Budget, or Amended Annual Budget will be considered by the Senior Administration and Operations Committee and approved by the Board of Education.

**6. Deficits**

6.1. In the event that an operating deficit occurs, the Board will seek the approval of the Minister of Education in accordance with Section 156(12) of the *School Act*.

**7. Financial Statement Discussion and Analysis Report**

7.1. The Secretary Treasurer will include information in the Financial Statement Discussion and Analysis Report annually related to the use of accumulated surplus and local capital funds.

**8. Monitoring & Reporting**

8.1. The accumulated surplus should be considered during annual financial reporting: Budget, Amended Budget, Audited Financial Statements, Capital Planning and Facility Reviews.

8.2. Senior Administration and Operating Committee will provide a review and recommendations on the accumulated surplus for Board of Education approval in a public setting annually in November.

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**Reference**

Policy 6.700 - Accumulated Surplus

Policy 6.650 - Financial Planning & Reporting

Administrative Procedure 6.650-1 - Financial Planning & Reporting

Amended: May 24, 2022

Adopted: June 19, 2018