

Policy 19

ACCUMULATED OPERATING SURPLUS

The Board has the responsibility under the School Act to prepare balanced budgets, where Board revenues plus appropriated surpluses fully fund the annual operating, special purpose and capital fund expenses, tangible capital asset acquisitions and planned reductions of prior year deficits.

Board revenues consist of funding from the Ministry of Education, International Student Programs (ISP) and other miscellaneous sources. Due to the performance of the ISP, the Board has and continues to be able each year to spend in excess of Ministry funding on educational programs, and areas to support educational programs, for Delta students. Given the uncertain nature of the global economy, the Board takes a conservative approach to forecasting ISP revenues by spending the majority of the earnings only in the following year's budget. As a result, the District often ends the year with a surplus.

The Board is committed to providing stable multi-year educational programming and a strong focus on excellence in education in an environment of uncertainty. Wherever possible, accumulated surplus funds will be directed to areas of the greatest need in the most efficient manner possible.

An accumulated surplus indicates that a school district has net resources that can be used to provide future services. It is achieved by spending less than the revenues it earns and represents the extent to which operating revenues from all previous years exceeds operating expenditures from all previous years.

Boards of education have the authority to approve restrictions on spending of surplus funds and to incur annual deficits where sufficient accumulated surplus funds exist to cover annual deficits.

It is understood that, due to their one-time nature, accumulated surplus funds cannot sustain on-going services. The ability to carry forward unspent operating funds provides the board with the flexibility to spend their operating grants more effectively and to plan and sustain services for a longer period of time.

Guiding Principles:

- Emphasis will be placed on identifying and analyzing changes in the year-end accumulated surplus in order to maintain the long-term financial health of the District.
- Trustees will annually approve Accumulated Surplus restrictions for the upcoming school year based on management recommendations and will review accumulated surplus activity at least quarterly.

- An unrestricted balance will be maintained to guard against deficits in the event of the unforeseen. This balance may be revised from time to time to keep in line with inflation and changes in the overall Operating Budget value.
- Accumulated operating surplus funds earmarked for capital initiatives not yet begun and funds not yet utilized at June 30, will be maintained in the accumulated operating surplus, not in the capital fund.
- In restricting accumulated operating surplus funds, priority will first be given to legislative requirements and financial regulation, then operational necessity, then operational aspiration. Further, accumulated surplus funds shall be earmarked in the following priority sequence:
 1. Funds internally restricted due to an imposed constraint including but not limited to contractual obligations, Ministry targeted Indigenous funds and Ed Plan funds, School Generated Funds and donor named funds.
 2. Funds required to balance an approved budget.
 3. Funds internally restricted due to anticipated unusual expenses identified by senior management, including but not limited to the settlement of legal actions, staffing, labour and benefit costs and contingencies for forecasting risk or in order to mitigate one-time financial impacts.
 4. Funds internally restricted due to operations spanning the school year including but not limited to funding needed to balance the upcoming budget, operating or capital projects in progress, purchase order commitments, technology, equipment and capital projects essential to the continuation of education programming in schools or District facilities, funding for mid-year education initiatives not yet budgeted and for one-time initiatives to improve education excellence and student success.

Adopted: June 2018