



Purpose

Accumulated operating surplus represents the extent to which operating revenues from all previous years exceeds operating expenditures from all previous years. Conversely, when operating expenditures from all previous years exceeds operating revenues from all previous years an accumulated operating deficit results. When an accumulated deficit occurs, it means future revenues are needed to pay for past expenditures. School Districts in BC are not permitted to budget for or incur expenditures that result in an accumulated operating deficit.

An accumulated operating surplus allows a School District to budget for expenditures in excess of revenues in a given year, and also serves to reduce financial risk that can result from financial forecasting uncertainty and unforeseen circumstances.

Policy

The Board of Education of School District 69 (Qualicum) is responsible for ensuring the District is protected financially from financial forecasting risk and unforeseen circumstances which could negatively impact the education of students. To discharge this responsibility, the Board will establish a restricted portion of its accumulated operating surplus and/or its annual operating budget as a Contingency Reserve to be used to mitigate any negative impact such circumstances might cause. If possible, the targeted amount of Contingency Reserve will be up to 2.5% of total operating budget for that year.

References:

- *Administrative Procedure: Accumulated Operating Surplus*