



Category:	Finance
Approved By:	College Leadership Council (CLC)
Approval Date:	December 15, 2015
Effective Date:	December 15, 2015
Revised Date(s):	
Policy Sponsor:	Vice President Corporate Services and Chief Financial Officer
Policy Administrator:	Director, Financial Services

Unrestricted and Internally Restricted Accumulated Surpluses Policy

Purpose

The accumulation of surpluses in a public sector organization is not a desirable goal in and of itself. The general expectation is that Lethbridge College will use its funds to provide programs and services in terms of its mission and mandate.

However, it is prudent management to set aside a minimum level of accumulated surpluses to be retained on an ongoing basis to offset any future excesses of expenditures over revenues. This serves to manage risk for the organization and also helps to manage cash flow levels for the organization.

Scope / Limits

This policy applies to the Lethbridge College Board of Governors and the Executive Leadership Team.

Definitions

Accumulated surpluses

- Accumulated surpluses represent the aggregate of prior year annual surpluses achieved, net of any annual deficits incurred and capital asset transactions. Such funds offers flexibility in terms of use and accessibility designated by the Board of Governors.
- Internally restricted surplus are those surpluses restricted by Lethbridge College Board of Governors for a specified future purpose.

Policy Statements

1. Lethbridge College will manage its funds in a sustainable manner in order to meet its mission and mandate.
2. Unrestricted surpluses shall be accumulated to a minimum level of ten percent (10%) of the annual operating budget to offset future excesses of expenditures over revenues.
3. Accumulated surpluses in excess of the minimum level required may be:
 - 3.1. accumulated to fund major future requirements
 - 3.2. used for one-time expenditures to:
 - 3.2.1. address one-time budget allocations as part of the annual budget process
 - 3.2.2. address an annual operating budget deficit

- 3.2.3. address other one-time expenditures that are deemed necessary
- 3.2.4. establish internally restricted surpluses for future requirements
- 3.2.5. unrestricted surpluses in excess of the minimum amount required may be accumulated to deal with major future requirements.

4. Management will recommend to the Board of Governors appropriate transfers to internally restricted accumulated surpluses as required.

A: Policy Supports

[Net Assets – Unrestricted and Internally Restricted Procedure \(Appendix A\)](#)

B: Legislated References

Public Sector Accounting Standards
Post Secondary Learning Act

C: Other References

D: Related Policies

Board of Governors:
EL-4 – Financial Condition and Activities



Parent Policy:	Unrestricted and Internally Restricted Accumulated Surpluses
Effective Date:	December 15, 2015
Revised Date(s):	
Policy Sponsor:	Vice President Corporate Services and Chief Financial Officer
Policy Administrator:	Director, Financial Services
Appendix A	

Net Assets – Unrestricted and Internally Restricted Procedure

1. The accumulated unrestricted surpluses and internally restricted surpluses shall be in accordance with the Public Sector Accounting Standards.
2. Once the financial results for the fiscal year are known, recommendations on the appropriate level of accumulated surpluses both unrestricted and internally restricted shall be presented to Lethbridge College Board of Governors for approval.
3. Funds approved for restrictions will be transferred to the appropriate account within internally restricted surpluses.