



SCHOOL DISTRICT 5

S O U T H E A S T K O O T E N A Y

October 15, 2018

School District 5: “\$20 Million Surplus” Exists on Paper, Not in Practice

The School District 5 (SD5) Board of Education has been very vocal about needing school replacements. Given this need, some community individuals have been wondering why the Board isn't using some of its reported \$20 million surplus to replace schools.

The answer is simple. This \$20 million dollars doesn't actually exist. According to Board Chair, Frank Lento, most of this dollar amount –over \$16 million, in fact—is accountant-speak for the book value of the District's capital assets.

“Every year, when submitting our budget to the Ministry, the District is required to calculate the amortization of our deferred capital contributions”, says Lento. “Simply put, we total the value of our seventeen schools and one Board Office *at their depreciated value*, which is just over \$16 million, and record that amount under the *Schedule of Changes in Accumulated Surplus* section of our budget.”

Lento says that another \$4.4 million, which is also recorded in the accumulated surplus schedule, are monies that have been allocated but not yet paid out for school operations such as additional staffing or individual school budgets. School budgets cover everything from paperclips and photocopying to curricular-based purchases such as new gym equipment or white boards.

“Schools may require more than one budget cycle to save up money for some purchases. Recognizing this, the Board allows schools to carry some of their budget over to the next year”, says Lento, adding that parents are always welcome to discuss their school budget with the principal.

Lento acknowledges that the Board *does* have a modest surplus –less than 0.9% of their overall budget— of \$524,000. “This represents less than \$100 per student and with the start up of the new school year it is fiscally responsible to have a few

dollars to the address the unexpected student needs in the seventeen schools throughout our District.”

For more information on the 2018-2019 budget, visit sd5.bc.ca.

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