

## Operational Surpluses and Undesignated Income Policy

This policy provides direction on the access and use of accumulated operational surpluses and undesignated income for unbudgeted expenses in support of district strategic priorities.

### Limitations on Use of Funds

Operational surpluses and undesignated income may not be used to eliminate a budget gap or otherwise fund ministry or operations that should be accounted for through the budgeting process.

Strategic use of operational surpluses and undesignated income will be recommended by the District Superintendent and approval for the use of such funds must be granted by the District Executive Committee (DEXCOM). Each recommendation must demonstrate that the unbudgeted expense is in support of a strategic priority in the request for funds.

A minimum of \$200,000 will be held as an unrestricted operational reserve and this amount will be reviewed annually by the Finance Committee and DEXCOM. At no time may the total of annual unused accumulated operational surpluses and undesignated income fall below a total of \$200,000 without DEXCOM approval. Any request for such approval must include a plan for replenishment of the operating reserve.

### Reporting and Monitoring

The District Superintendent and Director of Finance are responsible for ensuring that any use of an accumulated surplus and/or undesignated income is recorded and reported to the Lead Team, Finance Committee, and DEXCOM.

