



ACCUMULATED OPERATING SURPLUS

APPROVED: 2018.05.29

POLICY

The Board of Education is committed to providing a transparent process for the allocation of operating surplus in order to provide services to students, the transfer of operating surplus to other funds, and the accumulation of operating surplus for use in future years.

DEFINITIONS:

“Operating Expenses” are the total of all expenses in the Operating Fund as disclosed on Schedule 2 of the audited financial statements.

“Operating Surplus (Deficit), end of year” is the total of Total Operating Surplus (Deficit) for the year and Operating Surplus (Deficit), beginning of year as disclosed on Schedule 2 of the audited financial statements.

“Operating Revenue” is the total of all revenue in the Operating Fund as disclosed on Schedule 2 of the audited financial statements

“Total Operating Surplus (Deficit) for the year” is the Operating Revenue less Operating Expenses, after considering Net Transfers (to) from other funds as disclosed on Schedule 2 of the audited financial statements.

Responsibility Centre: Secretary-Treasurer

References: *School Act*, Part 8, Division 8 Accounts and Audits, Sections 156 to 166

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PREAMBLE

Accumulated operating surplus provides the school district with the ability to plan and sustain services to students for a period longer than a single budget year.

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ACCUMULATED OPERATING SURPLUS**REGULATIONS:**

1. The Board will approve the Operating Surplus, end of year, annually with the approval of the audited financial statements prepared in accordance with Section 157 of the *School Act*.
2. In the event that an Operating (Deficit), end of year occurs, the Board will seek the approval of the Minister of Education in accordance with Section 156(12) of the *School Act*.
3. Internally Restricted Surplus – Operating Fund, reported as Operating Surplus (Deficit), end of year reported on Schedule 2 of the audited financial statements, will be disclosed in a Note to the financial statements in three categories:
 - 3.1 Internally restricted due to the nature of constraints on the funds.
 - 3.2 Internally restricted due to anticipated unusual expenses.
 - 3.3 Internally restricted due to operations spanning the next three fiscal years.
 - 3.3.1 The amount of Internally Restricted Surplus – Operating Fund allocated to Future Years' Operating Budgets at the end of a fiscal year should not exceed three percent (3%) of actual Operating Expenses for that year.
 - 3.3.2 The amount of Internally Restricted Surplus – Operating Fund – School Surpluses at the end of a fiscal year should not exceed five percent (5%) of actual Operating Expenses for that year.
4. Appropriations of Internally Restricted Surplus – Operating Fund for any of the categories identified in Regulation 3 in excess of \$20,000 will be considered by the appropriate Standing Committee as identified in Bylaw 1 and approved by the Board of Education.
5. The Superintendent of Schools has the authority to approve Appropriations of Internally Restricted Surplus – Operating Fund up to and including \$20,000. Any such appropriations will be reported to the Management and Finance Committee.
6. Any transfer of funds between the Operating Fund, Special Purpose Fund, and Capital Fund not included in the Annual Budget, or Amended Annual Budget will be considered by the Management and Finance Committee and approved by the Board of Education.

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ADMINISTRATIVE PROCEDURES:

1. Annually, prior to November 30, the Management and Finance Committee will receive a report on Operating Surplus (Deficit) end of year.
 - 1.1 The report will be as at the end of June of the same year.
 - 1.2 The report will include the Unexpended Operating Budget of each elementary and secondary school.
 - 1.3 The report will include a ten year history of Accumulated Surplus from Operations including, at a minimum, total amounts:
 - 1.3.1 Appropriated for future budgets
 - 1.3.2 Unexpended by schools
 - 1.3.3 All other appropriations

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