

Accumulated Operating Surplus (Reserve)

Policy 3270

June 19, 2018

The Board of Education is committed to providing a transparent process for the allocation of operating surplus. 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.

Definitions

Operating Expenses – 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 – 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.

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

Special Purpose Fund – The total of all expenses in the Special Purpose Operations as disclosed on Schedule 3 of the audited financial statements.

Guidelines

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. If 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, reporting 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.

- 3.31 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.
4. Unrestricted Surplus – Operating Fund – for working capital purposes within the Operating Fund, for unforeseen general operating emergency expenditures, and future school years beyond the next three years.
 - 4.1 The amount of Unrestricted Surplus – Operating Fund allocated to categories as outlined above should not exceed 1.5% of actual Operating Expenses for that year.
5. Appropriations of Internally Restricted Surplus – Operating Fund for any of the categories identified in Guideline 3 and 4 above in excess of \$20,000 will be approved by the Board of Education.
6. The Superintendent of Schools has the authority to approve Appropriations of Internally Restricted Surplus – Operating Fund up to and including \$20,000, with any such appropriations reported to the Board of Education.
7. 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 approved by the Board of Education.