

*ACCUMULATED OPERATING SURPLUS*

Last Revised: May 18, 2022

---

Description:

The Board will attempt to maintain an unrestricted operating fund balance of five percent of annual operating expenses. Excess funds above the desired target may be considered for allocation through the budget process.

When use of the contingency reserve reduces the balance below what is determined to be sufficient, the Board of Education will adopt strategies for replenishing the contingency reserve within an appropriate time frame.

Accumulated operating surplus should not be transferred to local capital without supporting detail of what capital projects these local capital funds will be spent on. This will normally occur during the budget process, or through approval by Board motion.

Operating surplus funds may be internally restricted. Amounts should be spent within three years to be considered to be internally restricted.

The Board will provide the Ministry with an annual report on their budget allocation decisions (including operating surplus and Local Capital) demonstrating that approved allocations support board strategic objectives, including improving student educational outcomes. The board will provide information in the Notes to the Financial Statements identifying internally restricted surplus funds, as well as, details of the restrictions placed on these funds. The Board can provide additional narrative type information explaining how surplus funds were accumulated and how surplus funds will be used through the Financial Statement Discussion and Analysis.

Under section 156(12) of the School Act, a board must not incur a deficit of any kind unless the board has the approval of the minister or meets criteria prescribed by order of the minister.