



POLICY 3200 ACCUMULATED OPERATING SURPLUS

POLICY:

The Board of Education “Board” is responsible for ensuring fiscal stability, continuous measurement of the district’s financial health, and protecting against unforeseen circumstances which could negatively impact the education of students.

This policy establishes the Board’s objectives in terms of its accumulated operating surpluses. Accumulated operating surpluses are the result of spending less than the revenue that the district earned. The Ministry *Accumulated Operating Surplus Policy* (AOS) clarifies that a “reasonable” operating surplus should be the objective so that a public reader understand that surplus (funds meant for services to students) does not take away from student programs and services. Accumulated operating surpluses are an indicator of financial health in that they represent the net resources that can be used to provide future services, support educational goals, and mitigate short-term volatility.

[The Framework for Enhancing Student Learning](#) (Framework) directs the Board to develop and implement a multi-year strategic plan that is aimed at improving educational outcomes for students. The [Financial Planning and Reporting Policy](#) directs the Board to develop multi-year financial plans that identify how resources and operational funding will support their strategic plans.

The Ministry AOS Policy should be read in conjunction with the AOS Policy Companion Guide that provides guidelines and resources to help boards to operationalize their local AOS Policies to meet Ministry policy directives.

The financial plans and budgets, including the use of operating surplus, should clearly identify how they support strategic plans and other operational priorities of the school district including enhancing student outcomes. The Board must follow the guidelines and rules prescribed in the [Accounting Practices Order](#) and the [School Act](#) that describe the conditions under which surplus can be accumulated, restricted, used and transferred.

DISTRICT PRACTICE 3200 ACCUMULATED OPERATING SURPLUS

ADOPTED: May 8, 2018
Amended: April 12, 2022



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GUIDING PRINCIPLES

The following guiding principles form the basis for this policy:

- Healthy surplus levels are important in achieving educational goals including financial health and stability.
- Actual surplus balances need to be considered in regard to other school districts, especially those with similar rural and remote context, on an ongoing basis to gauge whether financial health is being achieved.
- Surplus goals need to be consistent with, and aligned to realistic longer-term financial plans (5 Year Capital Plans and the Long-Term Facility Plan), and the goals of the District Strategic Plan in context of the supporting strategic objectives.
- Provide a contingency surplus for financial risk, unexpected costs, and unforeseen circumstances.