

School District No. 53 (Okanagan Similkameen)

Policy

No. C-11

Adopted: April 18, 2018
Amended: October 27, 2021
Amended: June 21, 2023

ACCUMULATED OPERATING SURPLUS

Policy

The Board of Education is responsible for ensuring the District is protected financially from extraordinary circumstances which would negatively impact School District operations and the education of students. The Board will, therefore, establish a contingency reserve from available operating surplus which would be used to mitigate any negative impact such circumstances might cause.

Limitations and Constraints

A reserve up to 4% of annual operating expenditure will be maintained of which, up to 70% will be internally restricted and up to 30% as unrestricted contingency funds.

Categories of Surplus

To be consistent with the Ministry of Education and Child Care (Ministry) Accumulated Operating Surplus Policy, the Board uses the following categories to manage accumulated surplus:

Internally Restricted Operating Surplus

To support long-term financial planning the Board can restrict operating surplus for use in future years within Ministry-specified guidelines (see the Ministry [Companion Guide to the Accumulated Operating Surplus Policy](#)). All surplus appropriation will be by Board motion.

Internally restricted surplus can be for use in the following circumstances:

- The elimination of any deficit arising at the end of a fiscal year of operations.
- The funding of new cost pressures in a fiscal year that were not known at the time of budget development.
- The payment of severances (wages and benefits) upon termination of employment.
- The settlement of any legal action that is not covered by insurance.
- Initial one-time cost outlays for new education programs.

- Coverage for disaster recovery expenditures.
- Extraordinary unknown utilities cost pressures.
- Replacement of equipment essential to the continuation of educational programming in schools or District facilities.
- To assist in balancing future year's budgets; and,
- Restricted due to the nature of constraints on the funds.

Unrestricted Operating Surplus (Contingency)

To support effective planning, that includes risk mitigation strategies, the Board will maintain a fund of unrestricted operating surplus. Unrestricted operating surplus is to be utilized for major non-recurring costs related to emergency events or situations e.g. severe inclement weather, forest fires, etc. or to mitigate unexpected increases in expenses and/or decrease in anticipated revenues.

Restricted for Future Capital Cost Sharing

Any remaining operating surplus can be restricted to support Major Capital projects that are identified in Boards' 5-year Capital Plans and approved by the Ministry for concept plan or business case development, and also Board approved and unfunded Minor Capital projects.

Reporting

The Board will use the existing Ministry financial reporting framework and the sample reporting template in the Companion Guide to provide the Ministry with an annual report on their budget allocation decisions, (including operating surplus and Local Capital), demonstrating that approved allocations support Boards' strategic objectives.

Notwithstanding limitations and constraints and categories of surplus listed above, the Board of Education can vote to suspend this policy under emergent situations.