

BOARD OF EDUCATION

SCHOOL DISTRICT NO. 35 (LANGLEY)

POLICY MANUAL

Policy No. 3205

SUBJECT: USE OF RESTRICTED SURPLUS

Date 13 09 24

In the 2010/2011 and 2011/2012 fiscal years, while the District was creating surpluses to eliminate the \$13.5 million operating deficit which existed at June 30, 2010, the Board of Education made decisions to restrict a portion of those surpluses. The restriction at the end of June 2012 was one which approximated 2% of the District's annual revenue. At June 30, 2012 that amount was \$3,188,260.

Policy:

The Board of Education is responsible for ensuring the district is protected financially from extraordinary circumstances which would negatively impact the education of students. To discharge this responsibility, the Board will establish a restricted portion of its accumulated surplus which would be used to mitigate any negative impact such circumstances might cause.

Procedure:

Use of the restricted portion of the Board's accumulated surplus under the following circumstances, subject always to the Board of Education's approval:

1. The elimination of any deficit arising at the end of a fiscal year of operations;
2. The incurring of new cost pressures in a fiscal year that were not known at the time of budget development that are in excess of \$250,000;
3. The payment of severance (wages and benefits) in excess of \$100,000 upon termination of a non-union employee without cause;
4. The settlement of any legal action that is not covered by the School Protection Program;
5. Initial one-time cost outlays for new educational programs where an investment in non-technology related learning resources is required (non-technology related refers to computer technology)
6. Coverage for disaster recovery expenditures;
7. Extraordinary unknown utilities cost pressures;
8. Replacement of equipment essential to the continuation of educational programming in schools or district facilities.
9. To appropriate to balance the next year's budget.

In recognizing that the use of the restricted portion of its accumulated surplus represents a one-time use of funding, the Board will incorporate into its future budget planning processes, strategies to re-establish the accumulated surplus. Such strategies may be implemented over a period of two years.