

## RESTRICTED AND NON-RESTRICTED SURPLUS FUNDS

The long-term financial health of the District is critical to ensure that a strong educational system is maintained for the students in the District. The Board will establish appropriate reserves to provide for ongoing operational needs and long term planning.

The Board 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 shall build and maintain an unrestricted accumulated surplus of 2 to 3 percent of operating expenses. Further, the Board shall designate within its accumulated surplus funds those, which are restricted and those, which are non-restricted. Restricted funds are those the Board has designated for a specific purpose by Board motion. Non-restricted surplus funds are those, which have not been designated or appropriated for a specific purpose. These non-restricted funds can, therefore be used to mitigate any negative impact unforeseen circumstances might otherwise cause, at the direction of the Board.

### Procedure

#### 1. Non-Restricted Surplus Funds

- 1.1 The Board may by majority vote allocate any portion of the non-restricted surplus funds to current or future operational needs, however the Board will normally consider such allocations as part of the budget development and approval process. Such funds shall only be expended with express authorization of the Board by Board motion or within the budget approval process.
- 1.2 The Board shall normally expend non-restricted surplus funds prior to considering the re-appropriation of restricted surplus funds.

#### 2. Restricted Surplus Funds

- 2.1 Normally restricted surplus funds will be expended for the purpose identified when these funds were restricted by Board motion.
- 2.2 In extreme situations the Board may re-appropriate restricted funds.
- 2.3 Normally, the Board will restrict such funds for a designated purpose during the budget approval process.
- 2.4 Restricting or re-appropriating restricted funds may only be done by specific Board motion.
- 2.5 The Board shall maintain within the restricted surplus funds an allocation for contingencies equal to \$500,000. These funds can only be expended by a two-thirds majority vote and only for the following purposes.

- 2.5.1 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 \$150,000;
- 2.5.2 The payment of severance (wages and benefits) in excess of \$75,000 upon termination of a non- union employee without cause;
- 2.5.3 The settlement of any legal action that is not covered by the School Protection Program;
- 2.5.4 Initial one-time cost outlays for new educational programs;
- 2.5.5 Extraordinary unknown utilities cost pressures;
- 2.5.6 To cover monies owed as identified by the Deficit Elimination Plan.

*Legal Reference: Section 85 School Act*

*SD No. 40 (New Westminster)*

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*Adopted: May 30, 2017*

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Modification to this document is not permitted without prior written consent from SD No. 40 (New Westminster)