

POLICY 4010

MANAGEMENT OF OPERATING & CAPITAL SURPLUS

1. PURPOSE

- 1.1. The Surrey Board of Education is responsible for long-term financial planning, including financial risks mitigation, in support of the district's education mandate.
- 1.2. In alignment with the Ministry of Education and Child Care's Accumulated Surplus Policy and as part of prudent financial planning, the budget development process will include establishing and maintaining appropriate operating and capital surplus balances and maintaining a minimum accumulated surplus balance.

2. DEFINITIONS

- 2.1. **Accumulated Operating Surplus** is the accumulated excess of Operating Revenues over Operating Expenses less Inter-Fund Transfers from current and prior years.
- 2.2. **Inter-Fund Transfer** is a transfer between the district's Operating Fund and Capital Fund.

3. POLICY

- 3.1. In accordance with the School Act, the Secretary-Treasurer is the Chief Financial Officer and is responsible for presenting the annual budget, inclusive of the accumulated surplus, to the Board of Education.
- 3.2. Targeted accumulated surplus balances must be maintained in accordance with the referenced district policies below.
- 3.3. The annual budget process will include the following categories to support prudent financial management:
 - a) Target Operating Surplus
 - b) Target Accumulated Surplus
 - c) Capital Fund Reserve

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- 3.4. On an annual basis, and in accordance with the Ministry of Education and Child Care's financial reporting framework, the Board of Education will provide a report to the Ministry of Education and Child Care on the budget allocation decisions, including accumulated surplus balances, demonstrating that approved allocations align with the Board of Education's strategic objectives.

4. REFERENCES AND RELATED DOCUMENTS

- 4.1. Accumulated Operating Surplus Policy, Ministry of Education and Child Care
4.2. Procedure 4010.1 – Target Operating Surplus
4.3. Procedure 4010.2 – Target Accumulated Operating Surplus
4.4. Procedure 4010.3 – Capital Fund Reserve

5. AUTHORITY AND RESPONSIBILITY

- 5.1. Secretary-Treasurer
5.2. Finance Director

6. HISTORY

Approved 2024-xx-xx