



School District 8  
Kootenay Lake

# 2021-2022 Amended Annual Budget

Prepared for February 15, 2022: Operations & Finance, Board Meetings



**2021-2022 Amended Budget  
Superintendent’s Recommendations**

**Prepared February 8, 2022**

Prepared for the Operations & Finance Committee of the Whole Meeting and Board Meeting on February 15th, 2022.

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## 2021-2022 Amended Annual Budget Summary

Overall, the net increase in revenues combined with additional costs pressures have essentially allowed the district to remain in a balanced financial position utilizing all sources of funding available to them. The district has been able to continue to provide excellent student program delivery, despite declining enrolment, the pandemic and cost pressure challenges.

### Overview of the Amended Annual Budget Bylaw Summary

	Operating	Special Purpose	Capital	2021-2022 Amended Budget	2021-2022 Annual Budget	Increase (Decrease)	
	\$	\$	\$	\$	\$	\$	%
<b>Ministry Operating Grant Funded FTE's</b>							
School-Age				4,788.1250	4,864.0000	(75.8750)	-2%
Adult				3.5000	11.0000	(7.5000)	-68%
<b>Total Ministry Operating Grant Funded FTE's</b>				<b>4,791.6250</b>	<b>4,875.0000</b>	<b>(83.3750)</b>	<b>-2%</b>
<b>Revenues</b>							
Provincial Grants							
Ministry of Education	57,014,988	8,076,683	-	65,091,671	64,069,329	1,022,342	2%
Other	437,666	-	-	437,666	359,482	78,184	22%
Tuition	1,660,250	-	-	1,660,250	1,178,700	481,550	41%
Other Revenue	606,280	1,372,000	-	1,978,280	2,663,517	(685,237)	-26%
Rentals and Leases	72,000	-	-	72,000	116,000	(44,000)	-38%
Investment Income	30,000	16,000	20,000	66,000	62,000	4,000	6%
Gain (Loss) on Disposal of Tangible Capital Assets	-	-	134,194	134,194	-	134,194	100%
Amortization of Deferred Capital Revenue	-	-	2,792,386	2,792,386	2,771,209	21,177	1%
<b>Total Revenue</b>	<b>59,821,184</b>	<b>9,464,683</b>	<b>2,946,580</b>	<b>72,232,447</b>	<b>71,220,237</b>	<b>1,012,210</b>	<b>1%</b>
<b>Expenses</b>							
Instruction	45,002,031	8,841,718	-	53,843,748	53,352,555	491,193	1%
District Administration	3,648,039	49,475	-	3,697,514	3,263,089	434,425	13%
Operations and Maintenance	8,177,154	389,275	3,774,633	12,341,062	11,785,821	555,241	5%
Transportation and Housing	2,900,459	60,588	-	2,961,047	2,916,063	44,984	2%
<b>Total Expense</b>	<b>59,727,684</b>	<b>9,341,056</b>	<b>3,774,633</b>	<b>72,843,372</b>	<b>71,317,528</b>	<b>1,525,844</b>	<b>2%</b>
<b>Net Revenue (Expense)</b>	<b>93,500</b>	<b>123,627</b>	<b>(828,053)</b>	<b>(610,926)</b>	<b>(97,291)</b>	<b>(513,635)</b>	
<b>Net Transfers (to) from other funds</b>							
Tangible Capital Assets Purchased	(93,500)	(123,627)	217,127	-	-	-	
Local Capital	-	-	-	-	-	-	
<b>Total Net Transfers</b>	<b>(93,500)</b>	<b>(123,627)</b>	<b>217,127</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Budgeted Surplus (Deficit), for the year</b>	<b>-</b>	<b>-</b>	<b>(610,926)</b>	<b>(610,926)</b>	<b>(97,291)</b>	<b>(513,635)</b>	
<b>Budget Bylaw Amount</b>							
Operating - Total Expense				59,727,684	59,391,304	336,380	1%
Operating - Tangible Capital Assets Purchased				93,500	363,656	(270,156)	-74%
Special Purpose Funds - Total Expense				9,341,056	8,472,482	868,574	10%
Special Purpose Funds - Tangible Capital Assets Purchased				123,627	201,586	(77,959)	-39%
Capital Fund - Total Expense				3,774,633	3,453,742	320,891	9%
Local Capital - Tangible Capital Assets Purchased				145,878	250,000	(104,122)	-42%
<b>Total Budget Bylaw Amount</b>				<b>73,206,377</b>	<b>72,132,770</b>	<b>1,073,607</b>	<b>1%</b>

In the 2021-2022 Amended Annual Budget, the Board will have an additional \$0.8 million in resources when comparing to the 2021-22 Preliminary Annual Budget. Although there will be an estimated \$0.6 million decline in MOE Operating Grant revenue, this is more than offset by an estimated increase in Special Purpose Fund revenues of \$0.8 million and additional International and CSF Tuition fees of \$0.6 million.

While additional resources were available, the Board also incurred increased expenses. Specifically, a long-standing labor grievance was settled by arbitration and the outcome is expected to cost the district approximately \$0.4 million for retroactive payments including current increased salary costs for the year. Other increased expenses are due to timing challenges in the implementation of layoff notices to education assistants in the previous year's budget leading to increased salary costs.

### MOE Funded full-time equivalents (FTE)

The table below shows that the district enrolled 83.375 FTE less than originally estimated in the preliminary annual budget.

	2021-2022	2021-2022	Increase	
	Amended Budget	Annual Budget	(Decrease)	
	FTE	FTE	FTE	%
<b>Ministry Operating Grant Funded FTE's</b>				
School-Age	4,788.1250	4,864.0000	(75.8750)	-2%
Adult	3.5000	11.0000	(7.5000)	-68%
<b>Total Ministry Operating Grant Funded FTE's</b>	<b>4,791.6250</b>	<b>4,875.0000</b>	<b>(83.3750)</b>	<b>-2%</b>

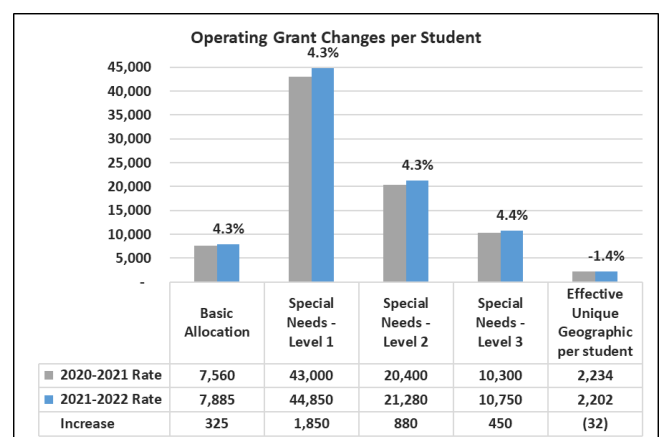
Board spending is driven by available funding which is predominantly based on enrolment. In 2021-22 enrolment decreased by **83.375** full-time equivalent (FTE) students, down to 4,791.625 FTE, recovering slightly from 4,723 FTE students in 2020-2021, which declined due to the COVID-19 pandemic.

The district expects enrolment to continue declining for the next few years continuing this trend.

### Revenues – Detailed Summary

The basic enrolment grant per school aged student increased by 4.3% for 2021-22. This helps offset the loss of funding due enrolment decline. However, complicating the funding loss is the fact that budgeted additional Unique Student funding did not materialize resulting in a total loss of \$0.5 million for this category.

Offsetting the MOE revenue decrease are \$.5 million in additional International and CSF tuition fees. The International program enrolment has rebounded in 2021-22, increasing from the annual budget of 45 FTE students to 60 FTE students in the amended budget. Overall, the change to Operating Revenue is an increase of \$66,224.



Special Purpose funding is expected to increase by \$0.8 million over the annual budget. This is made of several factors but is primarily due to the 21% or \$1 million extra in Classroom Enhancement funding. Of another note is the reduced revenue expectations around school generated funds. Based on last years' actual experience of reduced revenue collection, we expect this trend to continue. During covid schools are undertaking less activities.

Overall, **operating** and **special purpose** fund revenues combined are budgeted to increase by \$0.9 million for a total of \$69.3 million. This is a 1.4% increase in overall non-capital funding as compared to the Preliminary Annual Budget for 2021-22.

These variances can be seen in the Revenues Summary table shown below along with all other budgeted revenues for 2021-22.

	2021-2022 Amended Budget	2021-2022 Annual Budget	Increase (Decrease)	
	\$	\$	\$	%
<b>REVENUES</b>				
<b>Operating</b>				
Operating Block, School Age Enrolment	47,115,981	47,214,663	(98,682)	0%
Operating Block, Distributed Learning	2,315,035	2,694,250	(379,215)	-14%
Operating Block, Unique Needs Level 1, 2, 3	5,340,780	5,804,970	(464,190)	-8%
Operating Block, Aboriginal Education	1,375,635	1,137,755	237,880	21%
Operating Block, Funding Protection	117,236	-	117,236	100%
DISC/LEA recovery	(113,100)	(131,651)	18,551	-14%
Other MoE Operating Revenues	863,421	792,274	71,147	9%
International Program	1,615,250	1,128,700	486,550	43%
CSF93	412,812	349,148	63,664	18%
Funding from First Nations	113,100	131,651	(18,551)	-14%
Rental & Investment Income	102,000	146,000	(44,000)	-30%
All Other Operating Revenues	563,034	487,200	75,834	16%
<b>Total Operating Revenues</b>	<b>59,821,184</b>	<b>59,754,960</b>	<b>66,224</b>	<b>0%</b>
<b>Special Purpose</b>				
Classroom Enhancement Fund	5,976,713	4,922,820	1,053,893	21%
Restart Fund	136,601	-	136,601	100%
Mental Health in Schools	145,277	55,000	90,277	164%
Seamless Day	50,000	-	50,000	100%
Other MoE Special Purpose Revenues	1,768,091	1,579,248	188,843	12%
Investment Income	16,000	12,000	4,000	33%
All Other Special Purpose Revenues	1,372,000	2,105,000	(733,000)	-35%
<b>Total Special Purpose Revenues</b>	<b>9,464,682</b>	<b>8,674,068</b>	<b>790,614</b>	<b>9%</b>
<b>Capital</b>				
Gain/Loss on Disposal of Tangible Capital Assets	134,194	-	134,194	100%
Investment Income	20,000	20,000	-	0%
Amortization of Deferred Capital Revenue	2,792,386	2,771,209	21,177	1%
<b>Total Capital Revenues</b>	<b>2,946,580</b>	<b>2,791,209</b>	<b>155,371</b>	<b>6%</b>
<b>TOTAL Revenues</b>	<b>72,232,446</b>	<b>71,220,238</b>	<b>1,012,208</b>	<b>1%</b>
Capital Deficit due to Amorization of Tangible Capital Assets	828,053	662,533	165,520	25%
Local Capital	145,878	250,000	(104,122)	-42%
<b>TOTAL Budget Bylaw</b>	<b>73,206,377</b>	<b>72,132,771</b>	<b>1,073,606</b>	<b>1%</b>

## Expenses Summary

The following expense summary by function shows a comparison of the 2021-22 amended budget for all expenses and changes as compared to the 2021-22 annual budget. The bottom-line increase to spending utilizing all funding sources is \$1.5 million.

				2021-2022	2021-2022	Increase	
	Operating	Special Purpose	Capital	Amended Budget	Annual Budget	(Decrease)	
	\$	\$	\$	\$	\$	\$	%
<b>Expenses</b>							
Instruction	45,002,031	8,841,718	-	53,843,748	53,352,555	491,193	1%
District Administration	3,648,039	49,475	-	3,697,514	3,263,089	434,425	13%
Operations and Maintenance	8,177,154	389,275	3,774,633	12,341,062	11,785,821	555,241	5%
Transportation and Housing	2,900,459	60,588	-	2,961,047	2,916,063	44,984	2%
<b>Total Expense</b>	<b>59,727,684</b>	<b>9,341,056</b>	<b>3,774,633</b>	<b>72,843,372</b>	<b>71,317,528</b>	<b>1,525,844</b>	<b>2%</b>
<b>Net Revenue (Expense)</b>	<b>93,500</b>	<b>123,627</b>	<b>(828,053)</b>	<b>(610,926)</b>	<b>(97,291)</b>	<b>(513,635)</b>	
<b>Net Transfers (to) from other funds</b>							
Tangible Capital Assets Purchased	(93,500)	(123,627)	217,127	-	-	-	
Local Capital	-	-	-	-	-	-	
<b>Total Net Transfers</b>	<b>(93,500)</b>	<b>(123,627)</b>	<b>217,127</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Budgeted Surplus (Deficit), for the year</b>	<b>-</b>	<b>-</b>	<b>(610,926)</b>	<b>(610,926)</b>	<b>(97,291)</b>	<b>(513,635)</b>	

As the above table shows the increase to **Instruction** is related to the settling the arbitration award, as well as increased Indigenous and International Education service delivery. Offsetting decreases include reduced benefit costs due to premium holidays, reporting the move of one exempt position from Instruction to Admin, and the decrease in School Generated Funds expenses.

The increase to **District Admin** is primarily one exempt position moving from Instruction to Admin as it was miscoded, overlap in transitioning positions (ST, Manager of Finance, Manager of Public Engagement), increased contract service costs, as well as increased legal costs due to bargaining and arbitration.

Increases in **Operations and Maintenance** is for supplies and services, utilities, PPE and emergency supplies, as well as increased amortization expense with the implementation of the half-year rule by MOE. **Transportation and Housing** incurred additional expenses for the Zonar tracking system.

## Salaries & Benefits Summary

The following table shows a breakdown of total staffing expenses in the 2021-22 amended budget and changes as compared to 2021-22 annual budget:

Adjustments to the amended budget as compared to the annual budget are summarized as follows:

Other Professional category adjustments include overlap coverage for transitioning staff, transfer from contract to salary for Manager of Public Engagement, and the transfer of a CUPE position to Exempt.

PVP increased for a new VP position that has been added.

Salaries & Benefits Summary	2021-2022	2021-2022	Increase	
	Amended Budget	Annual Budget	(Decrease)	
	\$	\$	\$	%
<b>Other Professionals</b>				
Board	181,594	175,912	5,681	3%
Exempt	2,639,102	2,459,825	179,276	7%
<b>PVP</b>				
PVP	5,230,999	5,102,140	128,859	3%
<b>Teachers</b>				
Teachers	32,478,899	32,987,428	(508,528)	-2%
<b>Educational Assistants</b>				
Educational Assistants	5,377,201	4,536,583	840,617	19%
<b>Support Staff</b>				
District Clerical	412,471	428,813	(16,342)	-4%
School Clerical & Accounting	1,634,689	1,688,603	(53,913)	-3%
Finance & IT	930,490	1,011,925	(81,435)	-8%
O&M & Transportation	6,418,263	6,442,606	(24,343)	0%
<b>Substitutes</b>				
Teacher & CUPE Relief	2,734,557	2,523,475	211,082	8%
<b>TOTAL Salaries &amp; Benefits</b>	<b>58,038,265</b>	<b>57,357,311</b>	<b>680,955</b>	<b>1%</b>
<b>AFG Capital Salaries &amp; Benefits</b>				
Operations & Maintenance	360,804	370,787	(9,983)	-3%
<b>TOTAL Including Capital Fund</b>	<b>58,399,070</b>	<b>57,728,098</b>	<b>670,972</b>	<b>1%</b>

Teacher category adjustments include some position vacancies, transfers to contract services (HHB teacher, psychologist), benefits premium savings, and an increase in Indigenous education teachers as part of increased targeted funding.

Educational Assistants increased due to the cost of the arbitration award and higher staffing costs due to delayed layoffs as compared to reduced unique student levels.

Support Staff category reflects reduced costs due to timing differences in the hiring of vacant positions, the transfer of a CUPE position to Exempt, and benefits premiums savings.

Substitute costs are higher than originally budgeted. Implications of covering covid expenses continue to create cost pressures on all staffing levels.

### Capital Expenses Using New Capital Funding

The Board continues to upgrade its facilities during the 2021-22 year under its [Capital Operations Plan](#), adopted on June 15, 2021 (For additional details on capital investments made this year see the Memorandum to the Board of Education: [District Summer Capital Projects Update](#)). Under this plan, the Board provided significant additional Local Capital funding to accomplish these projects. For 2021-2022, the Board's contribution of Local Capital will decrease to approximately \$145,878 from \$250,000 based on the existing capacity of our staff to complete all the current capital projects currently in progress within this operating year.

Most new capital funding projects planned for 2021-22 do not appear as expenses in the "Annual Budget" of the Board (because new capital spending is capitalized). However, the Board will receive new capital funding and will incur capital expenses during the year, as shown in the following table:

	2021-2022 Amended Budget	2021-2022 Annual Budget	Increase (Decrease)	
	\$	\$	\$	%
<b>Deferred Capital Funding &amp; Spending</b>				
Bylaw Capital	3,858,631	3,461,462	397,169	11%
Other Capital (YTCEP, MCFD)	1,769	-	1,769	100%
Restricted Capital	1,298,379	-	1,298,379	100%
<b>TOTAL Deferred Capital Spending</b>	<b>5,158,779</b>	<b>3,461,462</b>	<b>1,697,317</b>	<b>49%</b>

Additional funding from the Ministry of Education in 2021-2022 under its Playground Enhancement Program (PEP) and Bus Program (BUS) funding have now been announced and show in the Bylaw Capital section above. The Ministry of Education approval to spend Restricted Capital has now been received.

### Amended Annual Budget Bylaw Summary

The below is a summarized breakdown by Bylaw category which totals to the district's total Amended Annual Budget Bylaw in the amount of \$73,206,377 for the 2021-22 fiscal year.

	2021-2022 Amended Budget	2021-2022 Annual Budget	Increase (Decrease)	
	\$	\$	\$	%
<b>Budget Bylaw Amount</b>				
Operating - Total Expense	59,727,684	59,391,304	336,380	1%
Operating - Tangible Capital Assets Purchased	93,500	363,656	(270,156)	-74%
Special Purpose Funds - Total Expense	9,341,056	8,472,482	868,574	10%
Special Purpose Funds - Tangible Capital Assets Purchased	123,627	201,586	(77,959)	-39%
Capital Fund - Total Expense	3,774,633	3,453,742	320,891	9%
Local Capital - Tangible Capital Assets Purchased	145,878	250,000	(104,122)	-42%
<b>Total Budget Bylaw Amount</b>	<b>73,206,377</b>	<b>72,132,770</b>	<b>1,073,607</b>	<b>1%</b>

## Accumulated Operating Surplus

The schedule below reflects the changes over a four (4) year period of the operating surplus balance over time. Of note is the change from 2018 to 2021 and the use of \$0.7 million to cover expenditures above funding levels during this period.

Within the Accumulated Surplus balances, it is also important to note that approximate 50% of the balance is appropriated for contractual or program commitments, as shown in the carry-forward amounts annually. This means that the Board is operating with limited reserves to respond to any emergent issues than may arise. It would in the Board's interest to maintain an unrestricted reserve in the amount of 3% of Operating Revenues, which is approximately \$1.8 million.

<b>Operating Surplus (Deficit)</b>	<b>2020-2021</b>	<b>2019-2020</b>	<b>2018-2019</b>	<b>2017-2018</b>
	\$	\$	\$	\$
Operating Surplus (Deficit), beginning of year	1,533,162	1,847,393	2,050,540	2,028,857
Operating Surplus (Deficit), for the year	(224,459)	(314,231)	(203,147)	21,683
<b>Operating Surplus (Deficit), end of year</b>	<b>1,308,703</b>	<b>1,533,162</b>	<b>1,847,393</b>	<b>2,050,540</b>
<b>Surplus Restrictions &amp; Carry-forwards</b>	<b>2020-2021</b>	<b>2019-2020</b>	<b>2018-2019</b>	<b>2017-2018</b>
	\$	\$	\$	\$
Carry-forwards				
Schools and other programs	321,057	491,905	61,838	50,849
Community grants unspent	57,719	27,000	15,000	32,837
International program	76,000	76,000	76,000	76,000
Contractual professional development	195,382	163,854	112,703	117,904
Baragar Systems	-	79,543	108,050	-
Aboriginal Education	-	-	-	8,098
Technology Projects	-	-	-	636,000
BC Supplement for Education	-	-	-	80,708
General Ledger Alignment to Min. of Education	-	-	-	20,000
<b>Sub-Total Carry-forwards</b>	<b>650,158</b>	<b>838,302</b>	<b>373,591</b>	<b>1,022,396</b>
Other Restrictions				
General Reserve	500,000	500,000	500,000	500,000
<b>Sub-Total Other Restrictions</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
<b>TOTAL Restricted Surplus</b>	<b>1,150,158</b>	<b>1,338,302</b>	<b>873,591</b>	<b>1,522,396</b>
<b>Remaining Unrestricted Operating Surplus</b>	<b>158,545</b>	<b>194,860</b>	<b>973,802</b>	<b>528,144</b>