

# 2022–2023 Annual Budget

## Superintendent's Recommendations

Prepared May 17, 2022



Prepared for the Operations & Finance Committee of the Whole Meeting and Board Meeting on May 17, 2022.

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## 2022-2023 Annual Budget Summary

The Ministry of Education and Child Care requires every school district to submit a balanced budget for the next school year by June 30. The Board of Education of School District No. 8 (Kootenay Lake) (“the district” or “SD8”) is therefore required to approve and submit its 2022-23 budget on or before June 30, 2022.

The budget process is based on the following main considerations:

- The Strategic Plan and maintaining a focus on literacy, numeracy, Indigenization and inclusion.
- Board consultation with key stakeholders in April of each year: Kootenay Lake Principals and Vice Principals, Kootenay Lake Teachers’ Association, CUPE Local 748, Aboriginal Committee of Education, Kootenay Lake District Parent Advisory Committee and students as well as the public .
- A public survey that provides feedback from parents and other stakeholders on the annual budget.
- A recognition that teachers and education assistants in school classrooms and virtual spaces are vital to the success of our students.

As a result of these considerations, the district ensured that the expenditures related to the classroom were maintained and targets for financial efficiencies were found elsewhere.

## Ministry Of Education and Child Care Funded full-time equivalents (FTE)

The table below shows a district enrolment decline of 43.125 FTE for school aged students and 0.50 FTE for adults. This represents a decrease in overall enrolment of less than one percent. If actual enrolment is further reduced by more than four students, the 1% Ministry funding formula will apply to partially compensate the district for the enrolment decline during the 2022-23 school year. Demographic projections do forecast a continued decline for the next few years which will have a continued impact on the funding over that period.

Total student enrolment:

	2022-2023 Annual Budget	2021-2022 Amended Budget	Increase (Decrease)	
	\$	\$	\$	%
<b>Ministry Operating Grant Funded FTE's</b>				
School-Age	4,670.0000	4,713.1250	(43.1250)	-0.9%
Adult	2.0000	2.5000	(0.5000)	
<b>Total Ministry Operating Grant Funded FTE's</b>	<b>4,672.0000</b>	<b>4,715.6250</b>	<b>(43.6250)</b>	<b>-0.9%</b>



## Operating Revenues - Detailed Summary

The preparation of the budget is challenged by the following factors impacting our operating revenue:

- The Ministry of Education has frozen the per student funding for 2022-23 at the same rates as 2021-22 despite inflation and increased staffing costs.
- Based on our best estimates, there is an expected reduction in student enrollment of 43.125 FTE students.
- Included in the above amount is an expected reduction in unique student funding for 29 FTE students mainly due to students graduating.

	2022-2023 Annual Budget	2021-2022 Amended Budget	Increase (Decrease)
	\$	\$	\$
<b>Revenues</b>			
Ministry of Education	56,132,201	57,014,988	(882,787)
Other Ministries	313,576	437,666	(124,090)
Tuition	1,770,150	1,660,250	109,900
Other Revenue	604,230	606,280	(2,050)
Rentals and Leases	72,000	72,000	-
Investment Income	30,000	30,000	-
<b>Total Revenue</b>	<b>58,922,157</b>	<b>59,821,184</b>	<b>(899,027)</b>

Current funding protection due to prior year enrollment reductions received during 2021-22 expires due to the enrolment decline just being under 1%.

Some of the areas of note are in Ministry of Education funding:

Enrollment decline 43.125 FTE students	\$ (339,469)
Enrollment decline Unique Students	\$ (573,844)
Funding protection expiry from prior year enrollment decline	\$ (127,833)
Decreased February and May Count for Online Learners	\$ ( 78,102)
Increase in Geographic Adjustment (Uses previous year FTE)	\$ 235,997

SD8 received COVID-19 funding to compensate for various expenditures during 2020-21 and 2021-22. This funding, a Special Purpose Fund, has now expired and is not expected to return.

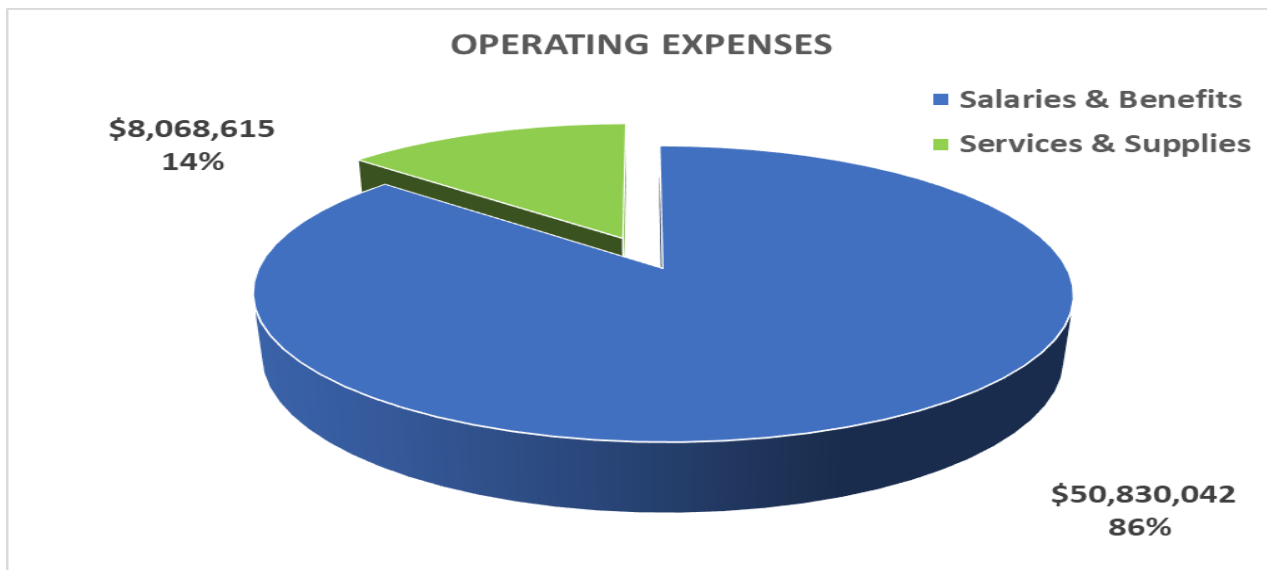
The district also moved two grants from the Ministry of Health and from the Ministry of Tourism, Arts, Culture and Sport totaling \$89,500 to Special Purpose Funds.

## Operating Expenses Summary

The budget focuses on maintaining and enhancing services in the classroom and reviewing expenditures outside the classroom on a line-by-line basis:

- At the beginning of the budget process, the district carefully reviewed the staffing needs at the classroom level throughout all the schools. As a result, teaching staff adjustments are made only when warranted, resulting in an overall increase to teaching staff by 1.4 FTE.
- Due to the enrollment reduction of students designated as having special needs, there was a corresponding reduction by 6.8 FTE education assistants. We allocate funding based on needs and enrollment and will continue to do so.
- The current modelling allows our district the ability to absorb additional students in case enrollment is higher than currently forecasted due to a favourable teacher student ratio.

Focusing on expenditures, the district looked critically at all operations to find efficiencies and cost savings outside the classroom.



Our operating budget consists of 86% salaries and benefits and 14% service and supplies.

The budget also reflects that inflation has been rising significantly and increases in the price of diesel fuel, natural gas and propane have affected the cost of bussing services and school heating. These costs are rising faster than the average inflation rate.

In addition, the following items impacted budget planning:

- During 2021-22 the district was given a one-time premium holiday which paused the benefit premiums. These premiums will be charged for 2022-23 and ongoing years.
- Wage agreements are in existence for salaries of teachers to increment, resulting in a \$460,000 increase to the budget. These increases are separate from contract settlements and SD8 receives no additional funding for these adjustments.





- The budget does not include wage increases for the union contracts expiring in June 2022. Previously, the Province funded union wage increases through a Labour Market Adjustment Supplement.
- District staff reviewed contracts for services and supplies and identified cost reductions and/or eliminated a number of these services and supplies resulting in reduced expenditures of \$425,045. We will continue to monitor their use throughout the next year.
- The student laptop initiative will not continue in its current form but the equipment will be used to enhance the student device ratio in schools and refresh current inventory.
- As part of the steps taken during COVID-19, the school district entered into a Letter of Understanding previously, adding hours to the custodian schedule. The agreement, for which the funding has been terminated, expires on June 30, 2022 and will not be renewed.
- We have reallocated certain expenses to ensure they reflect the Ministry of Education and Child Care account classifications - i.e., moving substitute time of \$887,501 from teacher salaries to substitute salaries and also to some service and supply accounts. These reallocations do not impact the overall budget.

	2022-2023 Annual Budget	2021-2022 Amended Budget	Increase (Decrease)	
	\$	\$	\$	
<b>Expenses</b>				
Instruction	44,665,145	45,002,031	(336,886)	76%
District Administration	3,564,880	3,648,040	(83,160)	6%
Operations and Maintenance	7,664,203	8,177,153	(512,950)	13%
Transportation and Housing	3,004,429	2,900,460	103,969	5%
<b>Total Expense</b>	<b>58,898,657</b>	<b>59,727,684</b>	<b>(829,027)</b>	<b>100%</b>
<b>Net Revenue (Expense)</b>	<b>23,500</b>	<b>93,500</b>	<b>(70,000)</b>	
<b>Net Transfers (to) from other funds</b>				
Tangible Capital Assets Purchased	(23,500)	(93,500)	70,000	
<b>Total Net Transfers</b>	<b>(23,500)</b>	<b>(93,500)</b>	<b>70,000</b>	
<b>Budgeted Operating Surplus (Deficit), for the year</b>	<b>0</b>	<b>-</b>	<b>0</b>	

Direct Instruction Spending			
Instruction	44,665,145	45,002,031	
FTE Students	4670	4713.125	
Spending per student	\$ 9,564	\$ 9,548	

## Special Purpose Funds Summary

The district's Special Purpose Funds revenue and expenses are down by \$766,450 when compared to the 2021-22 amended budget. This is due to a decrease in carryforwards of \$353,336 from the 2020-21 school year which should all be spent by June 30, 2022. Also, the Ministry is not providing COVID-19 Restart funding of \$211,533 and three other Special Purpose Funds.

Special Purpose Funds	2022-2023 Annual Budget	2021-2022 Amended Budget	Increase (Decrease)
	\$	\$	\$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	7,265,732	8,076,682	(810,950)
Other Revenue	1,386,500	1,372,000	14,500
Investment Income	16,000	16,000	-
<b>Total Revenue</b>	<b>8,668,232</b>	<b>9,464,682</b>	<b>(796,450)</b>
<b>Expenses</b>			
Instruction	8,150,913	8,841,717	(690,804)
District Administration	49,475	49,475	0
Operations and Maintenance	343,629	389,275	(45,646)
Transportation & Housing	30,588	60,588	(30,000)
<b>Total Expense</b>	<b>8,574,605</b>	<b>9,341,055</b>	<b>(766,450)</b>
<b>Net Revenue (Expense)</b>	<b>93,627</b>	<b>123,627</b>	<b>(30,000)</b>
<b>Net Transfers (to) from other funds</b>			
Tangible Capital Assets Purchased	(93,627)	(123,627)	-
<b>Total Net Transfers</b>	<b>(93,627)</b>	<b>(123,627)</b>	<b>-</b>
<b>Budgeted Special Purpose Surplus (Deficit), for the year</b>	<b>(0)</b>	<b>-</b>	<b>(30,000)</b>



## Capital Expenses

The Board is scheduled to receive five additional buses and will continue to upgrade its facilities during the 2022-23 school year totaling \$3,695,420. The amortization of capital expense below of \$3,793,347 represents the capital expense that is incorporated into the budget bylaw.

	2022-2023 Annual Budget	2021-2022 Amended Budget	Increase (Decrease)
<b>Expenses</b>			
Amortization of Tangible Capital Assets			
Operations and Maintenance	3,793,347	3,774,633	
<b>Total Expense</b>	<b>3,793,347</b>	<b>3,774,663</b>	18,684

## Annual Budget Bylaw Summary

The table below is a breakdown by bylaw category of the district's total Annual Budget Bylaw in the amount of \$71,383,736 for the 2022-23 fiscal year.

	2022-2023 Annual Budget	2021-2022 Amended Budget	Increase (Decrease)
	\$	\$	\$
<b>Budget Bylaw Amount</b>			
Operating - Total Expense	58,898,657	59,727,684	(829,027)
Operating - Tangible Assets Purchased	23,500	93,500	(70,000)
Special Purpose Funds - Total Expense	8,574,605	9,341,056	(766,451)
Special Purpose Funds - Tangible Capital Assets Purchased	93,627	123,627	(30,000)
Capital Fund-Total Expense	3,793,347	3,774,633	18,714
Local Capital -Tangible Capital Assets Purchased	-	145,878	(145,878)
<b>Total Budget Bylaw Amount</b>	<b>71,383,736</b>	<b>73,206,378</b>	(1,822,642)



## Accumulated Operating Surplus

The schedule below reflects the changes over a four-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 about 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 be 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>