



School District 8
Kootenay Lake

2022-2023 Amended Budget

Prepared February 14, 2023



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**2022-2023 Amended Budget
Superintendent’s Recommendations**

Prepared February 14, 2023

Prepared for the Operations & Finance Committee of the Whole Meeting and Board Meeting on February 14th, 2023.

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2022-2023 Amended Annual Budget Summary

Despite the net increase in revenues as a result of increased enrollment, additional costs pressures have made 2022-2023 a year where the Board has to remain vigilant in the management of its financial operations. And this, while maintaining focus on continuing to provide excellent student program delivery, by keeping emphasis at the classroom level.

Overview of the Amended Annual Budget Bylaw Summary

	Operating	Special Purpose	Capital	2022-2023		Increase	
				Amended Budget	2022-2023 Annual	(Decrease)	
	\$	\$	\$	\$	\$	\$	%
Ministry Operating Grant Funded FTE's							
School-Age				4,732.5630	4,670.0000	62.5630	1.3%
Adult				2.1250	2.0000	0.1250	
Total Ministry Operating Grant Funded FTE's				4,734.6880	4,672.0000	62.6880	1.3%
Revenues							
Provincial Grants							
Ministry of Education	57,268,706	9,346,174	-	66,614,880	63,397,933	3,216,947	5%
Other	320,076	-	-	320,076	313,576	6,500	2%
Tuition	1,770,150	-	-	1,770,150	1,770,150	-	0%
Other Revenue	560,010	1,386,500	-	1,946,510	1,990,730	(44,220)	-2%
Rentals and Leases	72,000	-	-	72,000	72,000	-	0%
Investment Income	100,000	16,000	-	116,000	46,000	70,000	152%
Gain (Loss) on Disposal of Tangible Capital Assets	-	-	-	-	-	-	100%
Amortization of Deferred Capital Revenue	-	-	2,792,386	2,792,386	2,792,386	-	0%
Total Revenue	60,090,942	10,748,673	2,792,386	73,632,001	70,382,775	3,249,226	5%
Expenses							
Instruction	45,281,915	10,108,133	-	55,390,049	52,816,058	2,573,991	5%
District Administration	3,780,398	49,475	-	3,829,873	3,614,355	215,518	6%
Operations and Maintenance	7,968,699	388,170	3,774,633	12,131,502	11,782,465	349,037	3%
Transportation and Housing	3,036,429	23,755	-	3,060,184	3,035,017	25,167	1%
Total Expense	60,067,441	10,569,534	3,774,633	74,411,608	71,247,895	3,163,713	4%
Net Revenue (Expense)	23,500	179,140	(982,247)	(779,607)	(865,120)	85,513	
Net Transfers (to) from other funds							
Tangible Capital Assets Purchased	(23,500)	(179,140)	202,640	-	-	-	
Local Capital	-	-	-	-	-	-	
Total Net Transfers	(23,500)	(179,140)	202,640	-	-	-	
Budgeted Surplus (Deficit), for the year	-	-	(779,607)	(779,607)	(865,120)	85,513	
Budget Bylaw Amount							
Operating - Total Expense				60,067,441	58,898,657	1,168,785	2%
Operating - Tangible Capital Assets Purchased				23,500	23,500	-	0%
Special Purpose Funds - Total Expense				10,569,534	8,574,605	1,994,929	23%
Special Purpose Funds - Tangible Capital Assets Purchased				179,140	93,627	85,513	91%
Capital Fund - Total Expense				3,774,633	3,774,633	-	0%
Local Capital - Tangible Capital Assets Purchased				145,878	145,878	-	0%
Total Budget Bylaw Amount				74,760,126	71,510,900	3,249,226	5%

In the 2022-2023 Amended Annual Budget, the Board will have an additional \$3.2 million in resources when compared to the 2022-2023 Preliminary Annual Budget. The main components of the increase are a \$1.1 million increase in MOE Operating Grant revenue, as well as increases for Special Purpose funds (\$2.1 million).

Of note is the one-time Student and Family Affordability Fund (\$554k), the new Early Care and Learning program (175k) and increases to the Classroom Enhancement Fund \$882k and others. SD8 greatly appreciates these additional sources of funding. However, these funds are restricted in their use and cannot be utilized to offset general cost increases.

While additional resources were made available, the Board also faces increased operating expenses. Supplies, contracted services and in particular utilities (Electricity, Natural Gas, Diesel Fuel) all increased significantly.

MOE Funded full-time equivalents (FTE)

The table below shows that the district enrolled 62.6880 FTE more than originally estimated in the preliminary annual budget. Enrollment for the (Initial) Annual Budget approved in the Spring of 2022 is based on the best estimates available at that time. Please note that the 2021-2022 Amended budget was based on an enrollment of 4,791.6250 FTE which represents a year-over-year change of (56.9370) FTE (-1.2%).

	2022-2023		Increase	
	Amended Budget	2022-2023 Annual	(Decrease)	
	\$	\$	\$	%
Ministry Operating Grant Funded FTE's				
School-Age	4,732.5630	4,670.0000	62.5630	1.3%
Adult	2.1250	2.0000	0.1250	
Total Ministry Operating Grant Funded FTE's	4,734.6880	4,672.0000	62.6880	1.3%

The district expects enrolment to decline for the foreseeable future based on the enrollment levels by grade level.

Revenues – Detailed Summary

Contrary to prior years where the basic enrolment grant per school aged student increased (4.3% for 2021-22), there was no basic enrolment grant increase for 2022-2023. The 1.3% increase in enrollment numbers however did make a positive contribution in the funding.

There is a continued interest in the International Program and the Board recently welcomed 21 Japanese students. The contributions of the International program can contribute to the overall wellbeing of the District as tuition fees exceed expenses and benefit the Board of Education as a whole.

The Board has been approved by the Province to run an online learning program. While this won't impact the current year, we do expect it to help the district offset declining local enrollment in years to come.

Special Purpose funding is expected to increase by \$2.1 million over the annual budget. Of note is the one-time Student and Family Affordability Fund (\$554k), the new Early Care and Learning program (175k) and increases to the Classroom Enhancement Fund (\$882k) and others. SD8 greatly appreciates these additional sources of funding. However, these funds are restricted in their use and cannot be utilized to offset general cost increases.

Overall, **operating** and **special purpose** fund revenues combined are budgeted to increase by \$3.2 million for a total of \$70.8 million. This is a 4.8% increase in overall non-capital funding as compared to the Preliminary Annual Budget for 2022-2023.

These variances can be seen in the Revenues Summary table shown below along with all other budgeted revenues for 2022-2023.

	2022-2023 Amended Budget	2022 -2023 Annual Budget	Increase (Decrease)
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	56,549,165	55,381,880	1,167,285
DISC/LEA Recovery	(68,880)	(113,100)	44,220
Other Ministry of Education Grants			
Oth MoE-Pay Equity	300,996	300,996	-
Oth MoE-Funding Grad Adults	14,147	14,147	-
Oth MoE-Transp Supplement	419,602	419,602	-
Oth MoE-NGN Self-Prov Sites	43,200	43,200	-
Oth MoE-Prov Assessment Grant	8,187	8,187	-
Other MoE Draws	2,289	-	2,289
Oth MoE-Early Learning Framework	-	2,289	(2,289)
Oth MoE-ECE Dual Credit Grant	-	75,000	(75,000)
Total Provincial Grants - Ministry of Education	57,268,706	56,132,201	1,136,505
Oth Prov-Industry Training Aut	123,200	123,200	-
Oth Prov-MCFD Grants	185,376	185,376	-
Oth Prov-Columbia Basin Trust	11,500	5,000	6,500
Provincial Grants - Other	320,076	313,576	6,500
Tuition			
International and Out of Province Students	1,725,150	1,725,150	-
Distance Learning/Correspondence Course Fees	45,000	45,000	-
Total Tuition	1,770,150	1,770,150	-
Other Revenues			
CSF Tuition	412,812	412,812	-
Local Education Agreements	68,880	113,100	(44,220)
Miscellaneous			
Private School Bussing	67,348	67,348	0
Cultural Grants	10,370	10,370	-
Sales	600	600	-
Total Other Revenue	560,010	604,230	(44,220)
Rentals and Leases	72,000	72,000	-
Investment Income	100,000	30,000	70,000
Total Operating Revenue	60,090,942	58,922,157	1,168,785

Expenses Summary

The following expense summary by function shows a comparison of the 2022-23 amended budget for all expenses and changes as compared to the 2022-23 annual budget. The bottom-line increase to spending utilizing all funding sources is \$3.2 million. Please note that the majority of these amounts benefit the Instruction function at \$2.6 million.

				2022-2023	2022-2023 Annual	Increase
	Operating	Special Purpose	Capital	Amended Budget		(Decrease)
	\$	\$	\$	\$	\$	\$
Expenses						
Instruction	45,281,915	10,108,133	-	55,390,049	52,816,058	2,573,991
District Administration	3,780,398	49,475	-	3,829,873	3,614,355	215,518
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Transportation and Housing	3,036,429	23,755	-	3,060,184	3,035,017	25,167
Total Expense	60,067,441	10,569,534	3,774,633	74,411,608	71,247,895	3,163,713
Net Revenue (Expense)	23,500	179,140	(982,247)	(779,607)	(865,120)	85,513
Net Transfers (to) from other funds						
Tangible Capital Assets Purchased	(23,500)	(179,140)	202,640	-	-	-
Local Capital	-	-	-	-	-	-
Total Net Transfers	(23,500)	(179,140)	202,640	-	-	-
Budgeted Surplus (Deficit), for the year	-	-	(779,607)	(779,607)	(865,120)	85,513

As the above table shows the increase to **Instruction** is related to staffing levels due to the higher than anticipated enrolment including changes in enrolment related to students with unique needs.

The increase to **District Admin** is related to the increased costs related to the School Trustee Elections where eight out of the nine positions were in play, increased contract service costs, as well as increased legal costs due to bargaining and arbitration. Increases in **Operations and Maintenance** is mainly related to utilities and fuel. **Transportation and Housing** largely remained unchanged.

Salaries & Benefits Summary

The following table shows a breakdown of total staffing expenses from the operating fund in the 2022-2023 amended budget and changes as compared to 2022-2023 annual budget:

	2022-2023		Increase (Decrease)
	Amended Budget	2022-2023 Annual Budget	
	\$	\$	\$
Salaries			
Teachers	22,036,475	21,614,438	422,037
Principals and Vice Principals	3,842,187	4,175,277	(333,090)
Educational Assistants	3,017,468	2,961,319	56,148
Support Staff	6,748,645	6,618,551	130,094
Other Professionals	2,326,765	2,241,341	85,425
Substitutes	3,097,456	3,089,158	8,298
Total Salaries	41,068,996	40,700,084	368,912
Employee Benefits	10,236,671	10,129,958	106,712
Total Salaries and Benefits	51,305,667	50,830,043	475,624

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

Teacher staffing increased due to enrolment changes and classroom composition.

PVP staffing has been lower due to replacement coverage and allowing for expensing one position in the Special projects. Educational Assistants costs are substantially unchanged.

Support Staff category increase reflects vacant positions (which often have an offsetting reduction in contract costs).

Substitute costs remain on target as compared to the Initial budget.

Please note that the Board has settled with teacher's union and reached and the province reached an agreement with support staff. However, at the Board is currently in mediation related to implementation of local components of the agreement.

Please note that outside of the Operating funds the Special Funds incorporate additional salaries for Teachers (\$5.3 million), PVP (\$189k), Educational Assistants (\$539k), Support Staff (\$182k) other \$218k for a total of \$6.288 million plus benefits (\$1.549 million). This represents an increase of \$1.340 over the amended budget.

Capital Expenses

The Board reviews Capital expenses in a process that is separate from the Amended Annual Budget. The only item that is part of the the Amended Annual Budget is the calculation of amortization of the fixed assets of the Board which is a process to recognize the utilization of the fixed assets over time, but requires no cash outlay.

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 \$74,760,126 for the 2022-23 fiscal year.

	2022-2023		Increase	
	Amended Budget	2022-2023 Annual	(Decrease)	
	\$	\$	\$	%
Budget Bylaw Amount				
Operating - Total Expense	60,067,441	58,898,657	1,168,785	2%
Operating - Tangible Capital Assets Purchased	23,500	23,500	-	0%
Special Purpose Funds - Total Expense	10,569,534	8,574,605	1,994,929	23%
Special Purpose Funds - Tangible Capital Assets Pu	179,140	93,627	85,513	91%
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Local Capital - Tangible Capital Assets Purchased	145,878	145,878	-	0%
Total Budget Bylaw Amount	74,760,126	71,510,900	3,249,226	5%

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 \$740k to cover expenditures in excess of funding levels during this period. For 2021-2022 The Board changed this situation with funding in excess of expenditures by \$170k.

The Board is operating with limited reserves to respond to any emergent issues that 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.

Operating Surplus (Deficit)	2021-2022	2020-2021	2019-2020	2018-2019
	\$	\$		
Operating Surplus (Deficit) beginning of year	1,308,703	1,533,162	1,847,393	2,050,540
Operating Surplus (Deficit), end of year	170,113	(224,459)	(314,231)	(203,147)
Operating Surplus (Deficit) end of year	1,478,816	1,308,703	1,533,162	1,847,393
Surplus Restrictions & Carryforwards)				
Carry-forwards				
Schools and other programs	321,057	321,057	491,905	61,838
Community grants unspent	57,719	57,719	27,000	15,000
International Program	76,000	76,000	76,000	76,000
Contractual professional development	195,382	195,382	163,854	112,703
Baragar	-	-	79,543	108,050
Subtotal Carry-Forwards	650,158	650,158	838,302	373,591
Other Restrictions				
General Reserve	500,000	500,000	500,000	500,000
Total Salaries and Benefits	1,150,158	1,150,158	1,338,302	873,591
Remaining Unrestricted surplus	328,658	158,545	194,860	973,802