



**Special Board Meeting
April 28, 2021**

Date Prepared: April 28, 2021

Submitted by: Shelly Woolf, CPA, CA, Assistant Secretary Treasurer

Subject: June 30, 2022 Annual Budget Bylaw

Purpose

To respectfully request that the Board of Trustees receive and approve the attached Annual Budget Bylaw - (Scenario 4 updated) as discussed at the April 26, 2021 budget meeting.

Background

In accordance with the School Act, R.S.B.C., 1996, c.412, (Part 8 Finance, Division 2 – Establishment of Board Budgets - Section 111 – Preparation of annual budget and Section 113 – Adoption of budget, Boards of Education (Boards) must prepare and submit their Annual Budget Bylaw in the form required by the Minister prior to June 30 of each year for the next fiscal year.

Following Board approval, the required signatories will be added, and the bylaw will be submitted to the Ministry of Education and posted on the District's website.

Attached for your information are some key components of the Bylaw:

- **The consolidated budget bylaw amounts to \$11,173,040.**
- **Statements 2 and 4 and Schedules 2 to 4 form the Annual Budget of the Board.**

Forecasted Enrollment – 469.000 FTE

Forecasted enrollment is used as a basis for determining part of the bylaw funding envelope. The current bylaw is based on a forecasted enrollment of 469 funded FTE students compared to 515.157 in last year's 2021 amended budget – a decrease of (46.157) or a decrease of (9.1%).

The total is comprised of 426 K-12 standard school FTE and 43 distributed learning FTE. Actual student enrollment in September 2021 may differ from this estimate and any changes between the forecasted FTE and actual FTE will be used to determine the 2022 amended annual budget funding.



Consolidated Revenues

Statement 2 – Scenario 4 Consolidated Revenues - \$10,432,362

Statement 2 (page 2) includes consolidated revenues of \$10,432,362 comprised of the following:

- Operating revenues \$9,205,969
- Special Purpose revenues \$683,118
- Capital revenues \$541,975

The current Bylaw includes decreased funding of \$441,789 compared to the 2021 Amended Annual Budget Bylaw mostly from special purpose funds that do not carry over to 2022 (one-time grants). Both capital revenues (amortization of deferred capital contributions) and capital expenses (depreciation) are non-cash items but are presented in the consolidated amounts in accordance with Ministry guidelines.

Consolidated Expense (page 3)

Statement 2 – Scenario 4 Consolidated Expense \$11,173,040

- Operating expense \$9,696,967
- Operating - Tangible Capital Assets Purchased (surplus) - \$70,000
- Special Purpose expense \$683,118
- Capital expenses \$722,955

Scenario 4 updated includes using an additional \$1,751 from surplus and results from costing out the changes proposed from the distributed leadership model approved by the Board and updating the integration between special purpose funds and the operating fund.

The current consolidated Bylaw (without depreciation – non-cash) includes decreased spending of (\$246,573) compared to the 2021 Amended Annual Budget Bylaw mostly because one-time COVID related and other special purpose funding programs were discontinued for 2022. Spending in the operating fund however increased by \$140,267 compared to the amended bylaw mostly due to salary contract obligations.

See below the snapshot of all operating fund scenarios considered throughout the budget process.



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					2022 Annual Budget Scenario 4 Updated	2022 Annual Budget Scenario 4	2022 Annual Budget Scenario 3	2022 Annual Budget Scenario 2	2022 Annual Budget Scenario 1	2021 Amended Annual Budget
Revenue										
	Provincial Grants									
	Ministry of Education				9,131,969	9,131,969	9,131,969	9,131,969	9,131,969	9,160,188
	Other				27,000	27,000	27,000	27,000	27,000	27,000
	Other Revenue				6,000	6,000	6,000	6,000	6,000	36,420
	Rentals and Leases				6,000	6,000	6,000	6,000	6,000	6,000
	Investment Income				35,000	35,000	35,000	35,000	35,000	35,000
	Total Revenue				9,205,969	9,205,969	9,205,969	9,205,969	9,205,969	9,264,608
Expenses										
	Instruction				6,867,985	6,893,056	6,949,485	6,823,175	6,819,175	6,777,915
	District Administration				910,022	888,400	888,400	888,400	888,400	885,525
	Operations and Maintenance				1,474,700	1,469,500	1,469,500	1,533,200	1,495,700	1,449,000
	Transportation and Housing				444,260	444,260	444,260	456,760	444,260	444,260
	Total Expense				9,696,967	9,695,216	9,751,645	9,701,535	9,647,535	9,556,700
Net Revenue (Expenses)					(490,998)	(489,247)	(545,676)	(495,566)	(441,566)	(292,092)
Budgeted Prior Year Surplus Appropriation					490,998	489,247	545,676	495,566	441,566	292,092
Budgeted Surplus (Deficit), end of the year					1,161,709	1,163,460	1,107,031	1,157,141	1,211,141	1,360,615
2021 (Operating Only) Opening Surplus:					1,652,707					
	unrestricted		382,707	estimated at 3% of revenue	276,179	276,179	276,179	276,179	276,179	277,938
	internally restricted		1,270,000		885,530	887,281	830,852	880,962	934,962	1,082,677
Accumulated Surplus, end of the year					1,652,707	1,161,709	1,163,460	1,107,031	1,157,141	1,211,141
										1,360,615



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Surplus

Statement 2 - Operating Budget Allocation use of surplus - \$490,998

Statement 2 - Capital Budget Allocation use of surplus - \$70,000

Statement 2 - Consolidated Budget Allocation use of surplus (\$490,998 + \$70,000=\$560,998)

The table below shows the consolidated bylaw surplus which combines the operating fund, special purpose fund and capital fund together.

					2022 Annual Budget Operating Fund	2022 Annual Budget Special Purpose Fund	2022 Annual Budget Capital Fund	2022 Consolidated Bylaw
Revenue								
	Provincial Grants							
	Ministry of Education			9,131,969	498,118			9,630,087
	Other			27,000				27,000
	Other Revenue			6,000	185,000			191,000
	Rentals and Leases			6,000				6,000
	Investment Income			35,000		1,300		36,300
	Amortization of Deferred Capital Revenue					541,975		541,975
	Total Revenue			9,205,969	683,118	543,275		10,432,362
Expenses								
	Instruction			6,867,985	618,164			7,486,149
	District Administration			910,022	2,500			912,522
	Operations and Maintenance			1,474,700	62,454	630,931		2,168,085
	Transportation and Housing			444,260		92,024		536,284
	Total Expense			9,696,967	683,118	722,955		11,103,040
	Net Revenue (Expenses)			(490,998)	-	(179,680)		(670,678)
	Budgeted Prior Year Surplus Appropriation			490,998	-	70,000		560,998
	Budgeted Surplus (Deficit), end of the year			1,161,709	-	(109,680)		(109,680)
	Opening Surplus (2020 Financial Statements)			1,652,707		3,243,928		4,896,635
	Budgeted Prior Year Surplus Appropriation			(490,998)		(179,680)		(670,678)
	Budgeted Prior Year Surplus Appropriation for Software Upgrade			(70,000)		70,000		-
				1,091,709	-	3,134,248		4,225,957
	Accumulated Consolidated Surplus			1,091,709	-	3,134,248		4,225,957



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Additionally, the table below shows The District’s ending surplus balance for the annual budget bylaw compared to previous years’ data. This has been prepared to illustrate that the District’s surplus balance has remained mainly consistent over many years and as a cautionary message for the future. Enough surplus over the long term is needed for emergencies, increased risk, flexibility, and high-cost projects that cannot be fully funded in a single year.

	2012 Financial Statements	2018 Financial Statements	2019 Financial Statements	2020 Financial Statements	2022 Annual Budget Scenario 4 Updated		
Opening Surplus							
Internally restricted							
Emergency	393,582	250,000	250,000	250,000	250,000		
Achievement Fund	250,000	-	-	-	-		
Capital Projects	-	100,000	100,000	100,000	100,000		
Equipment	280,000	100,000	100,000	100,000	100,000		
Financial Software Transition	-	100,000	150,000	300,000	160,000	**	
IT Infrastructure	-	-	100,000	100,000	100,000		
Library	50,000	-	-	-	-		
Long Range Facilities Plan	-	100,000	100,000	100,000	100,000		
Professional Learning	-	90,000	90,000	90,000	90,000		
Utilities	27,348	105,500	100,000	100,000	100,000		
Scholarship Fund	30,000	30,000	30,000	30,000	36,000		
Strategic Plan Goals/School Configuration	200,000	100,000	100,000	100,000	100,000		
		-	-	-			
	1,230,930	975,500	1,120,000	1,270,000	1,136,000		
Unrestricted							
Operating Surplus	235,148	478,413	352,138	382,707	(108,291)		
Closing Surplus	1,466,078	1,453,913	1,472,138	1,652,707	1,027,709	*	

* This does not include surplus realized from the 2020-2021 Fiscal Yearend - to be determined and adjusted after the 2021 audit is completed.
 ** Surplus adjusted for 2021 SDS upgrade deposit and scholarship fund endowment increase

A copy of the District’s Surplus Policy and Summary of overarching budget assumptions and risk mitigation strategies are attached for information.



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In summary, the 2022 annual budget bylaw allocates District resources to the Board's spending plan for the following year. Staff has prepared the bylaw based on decisions made by the Board after consideration of staff recommendations and in consultation with numerous stakeholders including parents, teachers and staff throughout the budget process that began in February.

We thank everyone for their participation. Although, actual results may differ from the proposed plan, staff believe that the annual budget bylaw provides the Board a path for achieving the District's goals both in the short term and long term in these uncertain times.

Recommendation

That the Board of Trustees approve the 2022 Annual Budget Bylaw in the amount of \$11,173,040.