



**Regular Board Meeting
February 15, 2022**

Subject: 2021-2022 Amended Budget Bylaw

Prepared by Shelly Woolf, CPA, CA - Assistant Secretary Treasurer

Updated by Michael McLellan, CFA - Secretary-Treasurer & CFO

Purpose: To respectfully request that the Board of Trustees of School District 10 (Arrow Lakes) receive and approve the 2021-2022 Amended Budget Bylaw as presented.

Background:

The Amended Budget Bylaw is submitted to the Board for approval to comply with the School Act as follows:

Section 113 (2) of the School Act states that "If an operating grant to a board is amended under section 106.3 (6) or a grant is withheld or reduced under section 117 (1), the minister may order that (a) the board, by bylaw, must amend its annual budget; and (b) the board must send a certified copy of the amended annual budget to the minister within 60 days of the order of the minister."

Pursuant to section 156 of the School Act (Accounting Practices), Boards of Education (the "Boards") are required to prepare and submit budgets to the Minister, in the form, with the information, and at the time required by the Minister. The Minister is requiring Amended Annual Budgets to be prepared, adopted by bylaw, and submitted by February 28, 2022.

Essentially, the Ministry updates the District's provincial operating and special purpose grants by December 15 each year thereby initiating a bylaw amendment. This amendment is also used by District staff to get approval from the Board to update other revenue forecasts and the District's spending plans, taking into consideration the revised revenue, year to date spending levels and updated projected cost estimates to the end of June.

Amendments

1. Enrollment - 1701 September 2021 Data:

CY AB 509 Students (457S:52DL), 532.0030 Funded FTE

B 469 Students (426S:43DL), 469.0000 Funded FTE

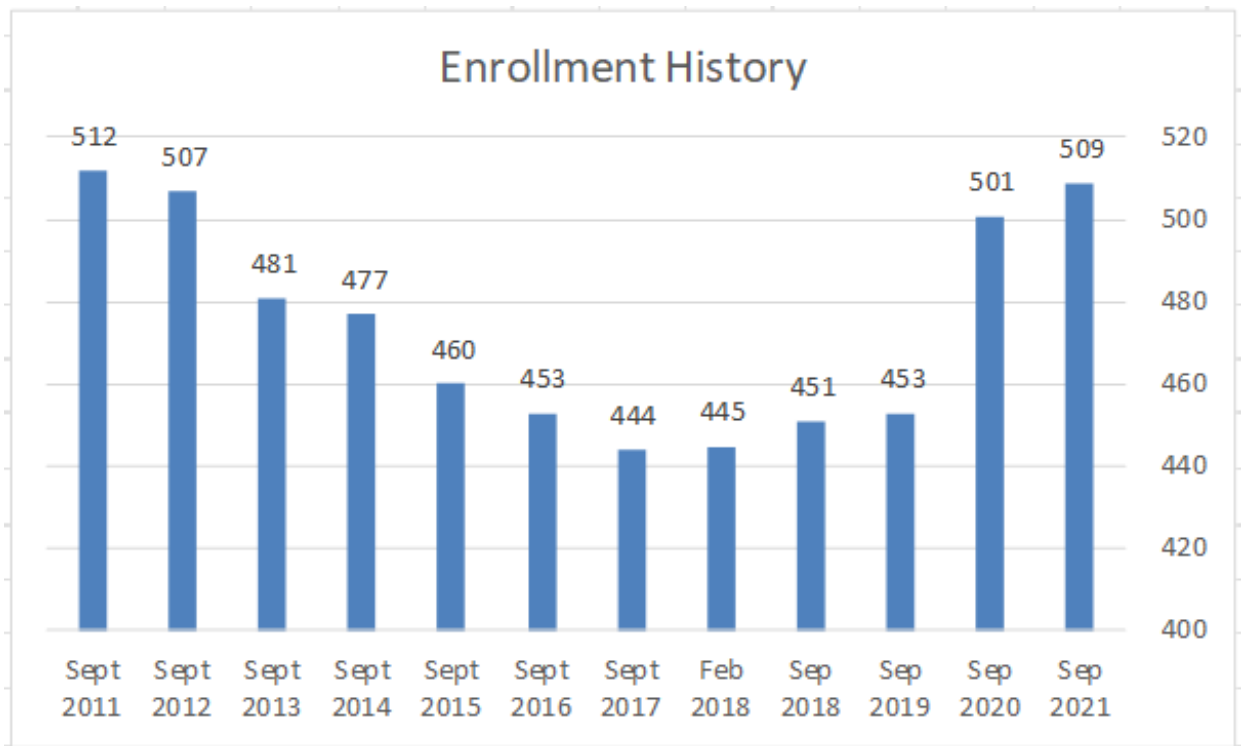
LY AB 501 Students (428S:73DL), 515.1572 Funded FTE

B 452 Students (422S:30DL), 452.0000 Funded FTE

Enrollment is used by the province to establish operating, targeted and special purpose funding for the District. The original budget is calculated based on forecasted FTE whereas the



amended budget is calculated using actual September enrollments. As can be seen from the changes in enrollments above, forecasted enrollments are estimated very conservatively. The current year (CY) actual September 2021 enrollment was 13.4% over forecast whereas last year's (LY) September 2020 enrollments were 13.9% over forecast. In addition, as can be seen from the Chart below, enrollments have been increasing over the last five years.



2. Consolidated Revenues: +\$1,009,962

With higher than forecasted enrollments being realized in September, higher operating grants are similarly realized as can be seen in the table below. Special purpose grants on the other hand are targeted funding with conditional spending and specific reporting requirements and can change year over year based on Provincial initiatives.

The table below compares the 2022 revised revenue compared to the original 2022 budget revenue.



2021-2022 Consolidated Revenues

Fund	AB\$	B\$	Change \$
Operating Fund Revenues – Schedule 2A	9,791,124	9,205,969	584,841
Special Purpose Fund Revenues – Schedule 3	937,091	683,118	304,171
Local Capital – Schedule 4	1,300	1,300	-
Amortization of Deferred Capital Revenue- Schedule 4	662,925	541,975	120,950
Consolidated Revenues – Statement 2	11,392,440	10,432,362	1,009,962

Operating Funding - increased by \$585,155 and is comprised of the following changes:

- Enrollment based changes: +\$279,500
- Supplement for unique student needs: +\$176,429 (including special needs students +\$159,930, Equity of Opportunity Supplement +\$3,310, Indigenous students +\$9,390, English language learners +\$3,170 and Adult education +629).
- Supplement for Salary Differential: +\$47,833
- Unique Geographic Factors: +\$51,768
- Early Learning Framework: +\$1,556
- Equity Scan – Indigenous Education - \$3,000
- Early Learning – Indigenous Education - \$6,429
- Miscellaneous (Grants & Other): +\$18,640 (including International Education \$10,140, RDCK – Fish in Schools +\$7,500, Ministry of Health-IHA-Healthy Schools (\$9,000), Investment Revenue: +\$10,000)

Special Purpose Funding - increased by +\$253,973 and is comprised of the following changes:

- Restart Funding - Provincial: +\$21,886
- Classroom Enhancement Funding - Provincial: +\$22,696
- Changing Results for Young Children: +\$11,250
- Mental Health in Schools: +\$134,657
- Seamless Day: + \$50,000
- Annual Facilities Grant: \$ (1,516)
- School Trust Funds: +\$15,000

Local Capital Funding – no change to interest.

Amortization of Deferred Capital Revenue: +120,950 – This budget amount is a non-cash item, and the increase relates to a Ministry policy change whereby capital additions are now



depreciated at 50% in the year of purchase where previously depreciation did not begin until the year after purchase. This change therefore also affects the amortization of deferred capital revenue that is recorded as revenue in the current year.

3. Consolidated Expenses: +\$524,903

The table below shows consolidated expenses, broken down by function.

2021-2022 Consolidated Expenses

Function	AB\$				B\$	Consolidated Change \$
	Operating Fund	Special Purpose Fund	Capital Fund	Total		
F1 Instruction	6,977,650	854,267	-	7,831,917	7,457,449	374,468
F4 District Administration	959,400	-	-	959,400	912,022	47,378
F5 Operations and Maintenance	1,479,700	133,022	713,771	2,326,493	2,192,285	134,208
F7 Transportation and Housing	471,260	-	159,071	620,331	541,284	89,047
TCA Purchased	326,000	-	-	326,000	70,000	256,000
Amended Budget Bylaw Amount - Consolidated Expenses – Statement 2	9,888,010	937,091	872,842	11,697,943	11,173,040	901,101
2022 Budget	9,766,967	683,118	722,955	11,173,040		
Variance by Fund	121,043	243,973	149,887	524,903		

Function 1 Instruction - increased by \$374,468

This budget envelope includes costs related to salaries for principals and vice principals, teachers, education assistants and clerical support and program costs directly related to students and schools. School budgets administered by the principals and vice principals are also included in instruction as well as outside consultant support for specialized services. The increase above includes \$109,655 in the operating fund and \$264,813 in special purpose funds. The major changes to this function include updating staffing salaries for salary changes from the union contracts, exempt salary increase approvals and adjusting school staffing levels for



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changes in September and ongoing enrollment changes. Contingency for instructional staffing levels has been included due to higher uncertainty in enrollment changes due to COVID.

Additionally, increased conditional funding provided by the Province allocated as reportable program spending or special purpose grants have been updated based on spending plans prepared by staff throughout the year. These funding plans are required to be fully spent by the Province before the end of the year.

Function 4 District Administration - increased by \$47,378

This budget envelope covers costs related to District business including Board governance, administration, and finance. Changes from the original budget include updating exempt staffing levels including contract changes for the Superintendent, Secretary Treasurer, retiring Assistant Secretary Treasurer, Human Resource Manager and additional .50 FTE for the executive assistant position. There are timing differences not realized in this budget due to the transitions that will result in increases in next year's budget once all the changes are annualized. Offsetting these increases is a forecast decrease in benefits from 27% to 25% based on previous year results coming in lower in the last two budgets. Additionally, amounts for legal/labor relations support was increased by \$39K from \$36K to \$75K to cover forecasted requirements. All other increases are based on updating year to date actuals

Function 5 Operations and Maintenance – increased by \$134,208

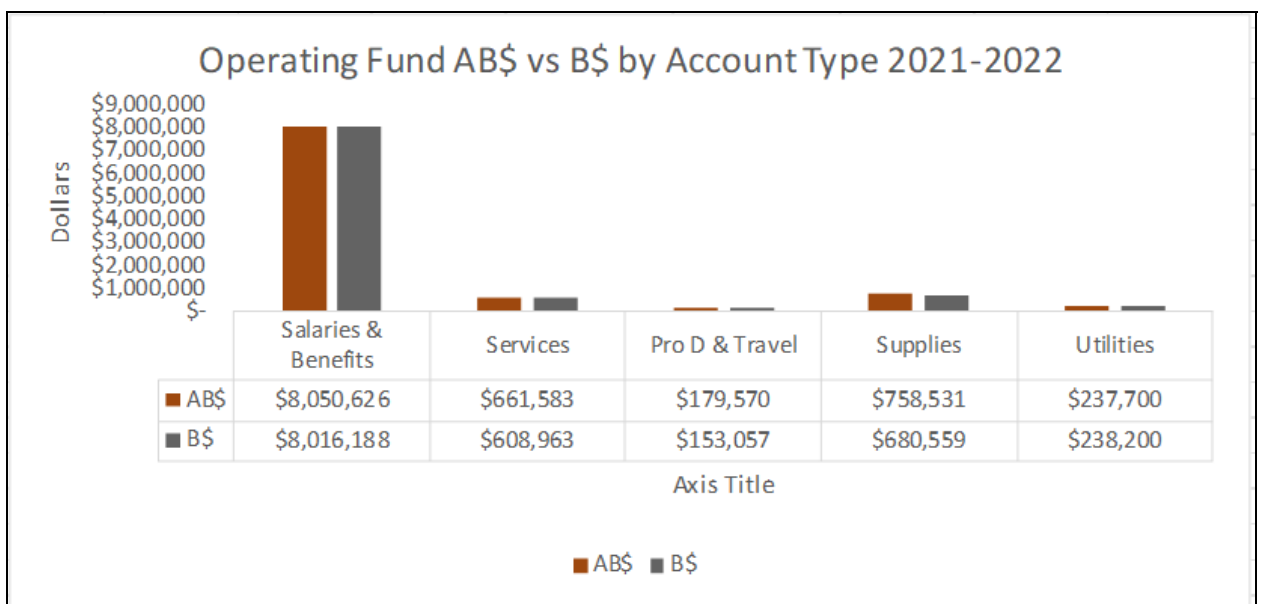
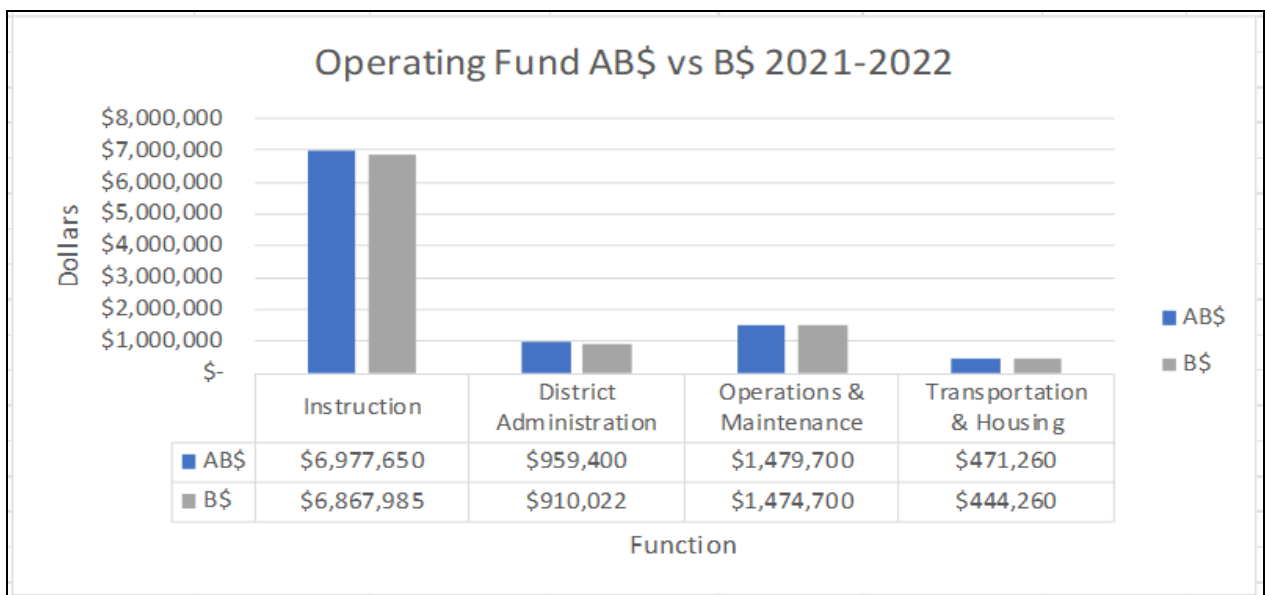
This budget envelope covers costs related to maintenance, utilities, and information technology (IT). Changes in the operating fund from the original budget are marginal with an increase of \$5,000 and combined include updating custodial staffing levels, reducing support staff benefit percentages from 25% to 23% to better align with actuals and adjusting utilities including the payment for carbon tax. Additionally, \$46,368 of the increase arises from increased targeted spending for health and safety and ventilation related to COVID safety measures (and are covered by one-time special purpose grants). The non-cash increase in depreciation (capital fund) amounts to \$82,840.

Function 7 Transportation and Housing – increased by \$89,047

This budget envelope covers costs primarily related to bus transportation and transportation assistance as the District has no housing costs. Changes from the original budget include updating staffing levels, reducing benefit costs and a major increase +\$32K to bus repairs (\$68K to \$100K) based on year-to-date actuals. The non-cash increase in depreciation (capital fund) amounts to \$67,047.



The changes above use a consolidated approach when identifying the change to align to the format of the budget bylaw as per Statement 2. Alternatively, the Charts below show a visualization of the changes for the operating budget only, showing the alignment to the report the Board receives at the monthly Board meetings.





4. Amended Budget Ending Surplus - \$1,988,480 vs \$1,091,709

	AB\$ *	B\$
Unrestricted - opening balance	\$1,335,366	\$382,707
Unrestricted – 2021-2022 amended budget appropriation	(472,886)	(490,998)
Internally restricted – software upgrade		(70,000)
Unrestricted - ending balance	888,323	276,179
Restricted	1,126,000	815,530
Total	\$1,988,480	\$1,091,709

*updated to 2021 Audited Financial Statement

Based on the surplus forecast shown in the table above, the amended budget changes support a balanced use of funding and unrestricted surplus without using internally restricted surplus that is held for long term purposes and uncertainties.

The information below is from Note 16 of the District’s Audited Financial Statements for the year ending June 30, 2021, that identifies amounts held for long term purposes.

	June 30, 2021	June 30, 2020
Equipment	\$ 100,000	\$ 100,000
IT Infrastructure	100,000	100,000
Utilities	100,000	100,000
Capital Projects	100,000	100,000
Emergency (need to reclassify)	250,000	250,000
Professional Learning	90,000	90,000
Finance Software Upgrade	150,000	300,000
Strategic Plan Goals/School Configuration	100,000	100,000
Long Range Facilities Plan	100,000	100,000
Board Scholarship	36,000	30,000
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	1,126,000	1,120,000
Unrestricted Operating Surplus	1,335,366	382,707
Total Accumulated Operating Surplus	\$ 2,461,366	\$ 1,652,707



5. Capital Fund – Capital Projects - \$6,654,051

The amended budget includes forecasted capital asset additions of \$6,654,051. The table below shows investments by category and funding source.

	AB\$
School Building Upgrades - MOE - SEP & CNCP	2,264,253
NES Childcare Centre Project - MCFD & Columbia Basin Trust	2,572,106
Playground Equipment - MOE - PEP	165,000
Bus Replacement – MOE BUS, ASTSBC & capital reserves	1,276,692
Fleet Upgrade - operating fund	200,000
Computer Hardware & Software – operating fund & surplus	176,000
Total	\$6,654,051

6. Capital Reserves – Forecasted ending balance \$95,000

Sharable – Ministry Restricted - \$3,000

Non-Sharable – Local Capital - \$92,000

In conclusion, the amended budget was prepared using the same budget assumptions and risk mitigation strategies identified in the original budget. These have been reviewed and considered throughout the amendment process. A copy is attached to this report.



2021-2022 Budget Bylaw - Budget Assumptions Risk Mitigation Strategies

Subject: June 30, 2022 Annual Budget Bylaw – Budget Assumptions and Risk Mitigation Strategies

Purpose

This document outlines the underlying budget assumptions and risk mitigation strategies for School District 10 (Arrow Lakes) 2021-2022 annual budget as approved by the Board of Trustees on April 28, 2021, as requested by the Ministry of Education.

Summary statement

The District considers the following budget assumptions and risk strategies in preparing its annual budget bylaw each year as follows:

- It operates within current legislative and regulatory guidelines set out by the Province and other partnering agencies.
- It is guided by the District's vision, mission, policy, and protocol statements and strategic plans.
- The District undergoes an extensive consultation process with stakeholders prior to approving its annual bylaw.
- Resources and spending plans are aligned to achieve the District's short-term goals with consideration given to long term outcomes.
- The District's Surplus Policy is considered when allocating saved resources to/from its annual spending plans.
- The District's operating, special purpose and capital fund resources and spending plans are integrated in a manner to provide the most effective and efficient student related outcomes.
- Consideration of external drivers affecting the District budget are considered and include but are not limited to education and industry best practices and job and recruitment trends, teacher, and support staff contractual obligations, economic and market factors, changing regulations and standards, public health considerations, environmental factors, short term events and long-term trends.
- Consideration of internal drivers affecting the District budget are considered including short term and forecasted enrollment, student and staffing levels and demographics, union and partner contractual obligations, asset management and stewardship responsibilities, and technology and transportation needs and supports.
- The District's overarching risk management framework includes ongoing consideration and identification of the various risks that affect its operations. These include business, political, organizational, compliance and operational risks. The District works to ensure controls are in place through policies, procedures, programs, and internal controls to



2021-2022 Budget Bylaw - Budget Assumptions Risk Mitigation Strategies

reduce these risks. Staff monitor risk events on an ongoing basis and carry out litigation strategies in partnership with its insurance partners to reduce known risks to an acceptable level.

Budget Assumptions

1. Legislation and Regulation

The Bylaw is prepared within current legislative and regulatory standards and guidelines.

The School District, established on April 10, 1946, operates under authority of the School Act of British Columbia as a corporation under the name of "The Board of Education of School District No. 10 (Arrow Lakes)," and operates as "School District No. 10 (Arrow Lakes)." The board of education ("Board") elected for a four-year term governs the School District. The School District provides educational programs to students enrolled in schools in the district and is principally funded by the Province of British Columbia through the Ministry of Education. School District No. 10 (Arrow Lakes) is exempt from federal and provincial corporate income taxes.

Because the District receives more than 95% of its revenue from the BC provincial government through the Ministry of Education, any changes to provincial grants after the Bylaw is adopted may have a significant impact on the school district's spending plan. Budget changes resulting from new information throughout the year are presented and approved by the Board in an amended budget bylaw and spending plan by the end of February in the following year.

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.

The District reports its revenue and expenditures in accordance with Ministry of Education and Public Sector Accounting Standards (PSAB) guidelines using three separate funds: the operating fund, the special purpose fund, and the capital fund.



2. Vision, Mission and Strategic Plan

The District’s Vision and Mission statements, Strategic and Learning Plans form the foundation for allocating and aligning its resources to its spending plan included in the Annual Budget Bylaw.

Vision Statement: Our vision is of a learning community which embodies world class learning in a rural environment.

Mission Statement: Our mission is to provide all our students with an equal opportunity to grow into caring, intelligent, and productive citizens by:

- achieving academic excellence to the utmost of their abilities.
- pursuing diverse pathways based on their passions and interests.
- embracing and managing change, and
- learning to live and work in harmony with others and the environment.

We believe our mission can only be achieved together: through collaboration with students, family and community, and a highly professional staff.

Provincial Mission:

The purpose of the British Columbia school system is to enable learners to develop their individual potential and to acquire the knowledge, skills, and attitudes needed to contribute to a healthy, democratic, and pluralistic society and a prosperous and sustainable economy.

Direction of Education:

The overall direction of education in British Columbia is determined by the Ministry of Education. Education in the Arrow Lakes School District is founded on the Mission of Education and the Goals of Education as established for the province.

Strategic Plan

Following a comprehensive, and consultative process in October of 2017, the District developed, “Three Bold Goals” to guide the 2017-2022 District Strategic Plan as follows:

- Enhance Teaching and Learning
- Cultivate Relationships and Connections
- Build Advocacy for SD10



**2021-2022 Budget Bylaw -
Budget Assumptions
Risk Mitigation Strategies**

The Board of Education thoughtfully reviewed the Strategic Plan goals, the 2019-2020 Progress Report and student achievement data from the District Plan for Learning. The Board decided that the following areas will form Strategic Plan Priorities for the 2020-2021 school year:

- Literacy: Improve student success in Reading and Writing for all K-12 students.
- Indigenous Education: Improve success for all Indigenous students.
- Physical and Mental Well-being: Focus on mental well-being for all: student learners and staff.
- Environmental Education and Place-conscious Learning: Continue growing these deep learning practices to impact appreciation of our local and global environment.

The 2021-2022 Strategic Plan will focus on furthering these goals and objectives.

Priorities	Goals	Actions	Measurements
Literacy for K-12	1	8	7
Indigenous student success	2	9	11
Physical & Mental Well Being	1	15	15
Environmental Education & Place Conscious Learning	1	6	6

How do we align resources to strategic priorities, goals, and action plans?

3. Budget Process – public consultation, scenario comparisons

The District undergoes an extensive consultation process prior to approving its Annual Budget bylaw in accordance with the School Act. Meetings are held with stakeholders throughout February, followed by three finance committee meetings where discussions are held with key stakeholders. The Board of Education meets two times before approving the Bylaw on April 28.



2021-2022 Budget Bylaw - Budget Assumptions Risk Mitigation Strategies

4. Purpose

The Budget Bylaw is mainly a compliance document whereby the Province dictates the format of resources allocation. The Province is now moving to a priority-based model where supplementary information must be provided that aligns resources to priorities.

5. Compliance Bylaw

6. Funding

Statement 2 – Consolidated Revenues - \$10,325,454 (update capital)

Statement 2 (page 2) includes consolidated revenues of \$10,325,454 comprised of the following:

- Operating revenues \$9,205,969
- Special Purpose revenues \$683,118
- Capital revenues \$436,367

The current Bylaw includes decreased operating funding of \$58,639 and decreased special purpose funding of \$456,840 (total decrease \$515,479) compared to the 2021 Amended Annual Budget Bylaw.

7. Student Enrollment

Enrollment – 469.000 FTE vs 515.157 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 amended budget – a decrease of (46.157) or a decrease of (8.95%). 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.

8. Consolidated Budget - \$10,089,376

Consolidated Expenses

Statement 2 – Scenario 5 Consolidated Expenses \$10,031,574 (approved)

Statement 2 – Scenario 4 Consolidated Expenses \$10,211,074 (considered)



9. Operational Costs

Financial Drivers

- 0% inflationary increase applied to all budget lines
- BCTF contract negotiations
- CUPE contract changes
- Partner agreement commitments

Staffing

The Bylaw includes staffing at xx levels.

Bylaw scenarios 4 and 5 differ from Scenario 3 discussed at the last Finance Committee meeting as follows:

Scenario 4 = Scenario 3 + \$133,731

- + \$116,256 for a 1.0 FTE music instructional teacher
- + \$ 15,000 for CUPE Pro D (new collective agreement) – missed in earlier scenarios
- + \$ 2,475 miscellaneous adjustments

Scenario 5 = Scenario 4 - \$179,500

- - \$116,256 for a 1.0 FTE music instructional teacher
- - \$ 48,500 for a .5 FTE teacher from scenario 1
- - \$ 48,500 for a .5 FTE temporary teacher position
- - \$ 38,500 for a .3 FTE counsellor
- +\$ 50,000 contracted service – music
- +\$ 29,000 extra custodial time
- - \$ 10,000 carbon tax expense
- +\$ 3,256 miscellaneous adjustments

Refer to the attached scenario worksheet for a snapshot of all scenarios considered throughout the budget process.

In summary, Scenario 4 and Scenario 5 - Statement 2 (page 2) includes consolidated expenses of \$10,211,074 and \$10,031,574 comprised of the following:



**2021-2022 Budget Bylaw -
Budget Assumptions
Risk Mitigation Strategies**

	Scenario 4	Scenario 5
Operating expense	\$8,893,531	\$8,714,031
Special Purpose expense	\$662,781	\$662,781
Capital expense	\$654,762	\$654,762
Total-Statement 2 (page 2)	\$10,211,074	\$10,031,574
Capital from Special Purpose	\$57,802	\$57,802
Bylaw Total	\$10,268,876	\$10,089,376

The approved Bylaw (without depreciation – non-cash) includes increased spending of \$360,550 compared to the 2020 Amended Annual Budget Bylaw.

10. Special Purpose Funds

11. Capital Funds

N/A

12. Surplus

The District’s Surplus Policy (attach link) is considered in developing the District’s annual budget bylaw and these resources are used as a source of funds to assist the District in achieving its goals over the long term.

Statement 2 – Scenario 5 Budget Allocation use of surplus - \$420,770

The table below shows The District’s ending surplus balance for Scenario 4 and Scenario 5 compared to the District’s last 3 years and what it looked like approximately 9 years ago. 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.



**2021-2022 Budget Bylaw -
Budget Assumptions
Risk Mitigation Strategies**

	2012 Financial Statements	2018 Financial Statements	2019 Financial Statements	2020 Amended Annual Budget	2021 Annual Budget Scenario 4	2021 Annual Budget Scenario 5
Opening Surplus						
Internally restricted						
Emergency	393,582	250,000	250,000	250,000	250,000	250,000
Achievement Fund	250,000	-	-	-	-	-
Capital Projects	-	100,000	100,000	100,000	-	-
Equipment	280,000	100,000	100,000	100,000	-	-
Financial Software Transition	-	100,000	150,000	150,000	-	-
IT Infrastructure	-	-	100,000	100,000	-	100,000
Library	50,000	-	-	-	-	-
Long Range Facilities Plan	-	100,000	100,000	100,000	-	50,000
Professional Learning	-	90,000	90,000	90,000	-	-
Utilities	27,348	105,500	100,000	100,000	13,425	33,226
Scholarship Fund	30,000	30,000	30,000	30,000	35,000	35,000
Strategic Plan Goals/School Configuration	200,000	100,000	100,000	100,000	-	-
	1,230,930	975,500	1,120,000	1,120,000	298,425	468,226
Unrestricted						
Operating Surplus	235,148	478,413	352,138	20,969	249,098	248,798
Closing Surplus	1,466,078	1,453,913	1,472,138	1,140,969	547,523	717,024

13. Approved Bylaw - \$10,089,376 - (attach link)

Statement 2, 4 and Schedule 2 to 4 form the Annual Budget of the Board.

In summary, the 2021 annual budget bylaw allocates District resources to the Board’s spending plan for the following year. The approved Bylaw is based on discussions held with the Board 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, the Board and staff believe that the approved option provides the District a path for achieving the District’s goals both in the short term and long term in these uncertain times.