



The Board of Education of School District No. 83 (North Okanagan-Shuswap)

BRIEFING NOTE

TO: The Board of Education
FROM: Dale Culler, Secretary-Treasurer
RE: **2021-22 Amended Annual Budget**

DATE: February 15, 2022

Purpose

As per Section 113 (2) of the *School Act*, the Minister of Education requires that Amended Annual Budgets are prepared, adopted by bylaw, and submitted on or before the last day in February each fiscal year. The **2021-22 Amended Annual Budget Bylaw for School District No. 83 (North Okanagan-Shuswap)** is presented to the Board of Education.

Background

On June 15, 2021, the Board approved, by bylaw, the preliminary *2021-22 Annual Budget* (motions #183, 184, 185/2021). The budget was based on preliminary estimates of enrolment, revenue, and expenditure factors. On December 17, 2021, the Ministry announced the 2021-22 recalculated funding allocations provincially.

The proposed **2021-22 Amended Annual Budget**, as presented, has been prepared in accordance with *Public Sector Accounting Standards* and includes the Operating Fund, Special Purpose Funds, and the Capital Fund. School districts operate on a fiscal year of July 1 to June 30.

This briefing note provides an analysis of changes to revenue and expenditure estimates included in the proposed **2021-22 Amended Annual Budget**, as presented.

Supporting Documentation

- The proposed **2021-22 Amended Annual Budget** is attached.

Operating Funds

The updated operating revenue and expenditure budgets include:

1. the known or anticipated changes in revenues, including the Ministry of Education Block Funding resulting from changes in student enrolment and other;
2. various internally restricted appropriated surpluses carried forward from the *2020-21 Audited Financial Statements* as approved September 21, 2021 (motion #196/2021); and
3. allocations for re-appropriated surpluses and contingency funds.

2021-22 Operating Revenue

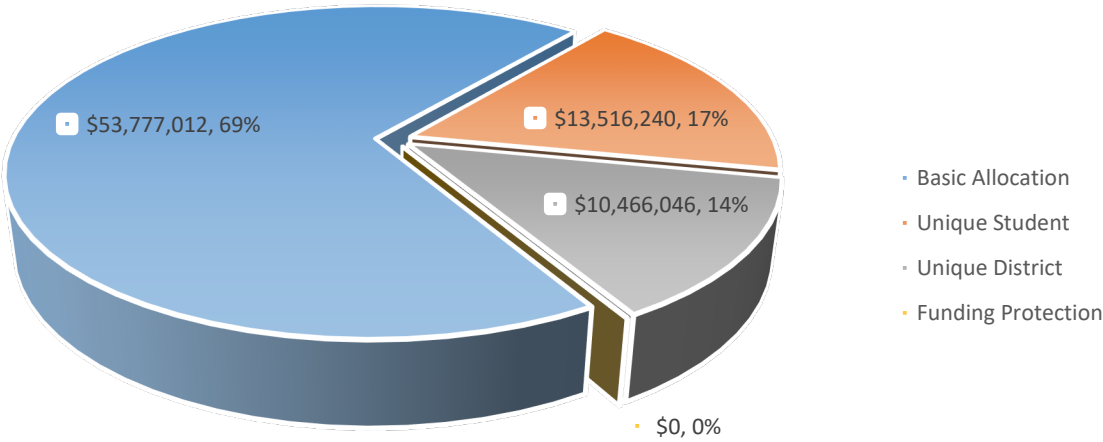
Provincial Operating Grant – Ministry of Education

Based on the Interim Operating Grant allocations announced December 17, 2021, the district can expect to receive \$77,759,298 in operational funding for the 2021-22 school year. The recalculated funding amount for the district is \$2,063,154 more than the estimates used in the development of the 2021-22 Preliminary Annual Budget. The increase is due primarily to an increase in base enrolment being higher by 235.5625 FTE than was originally projected.

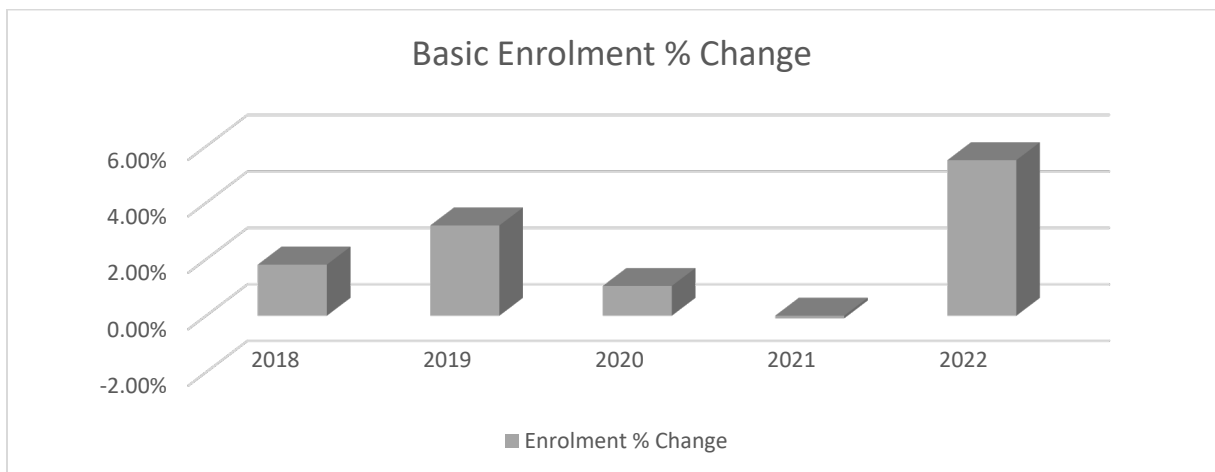
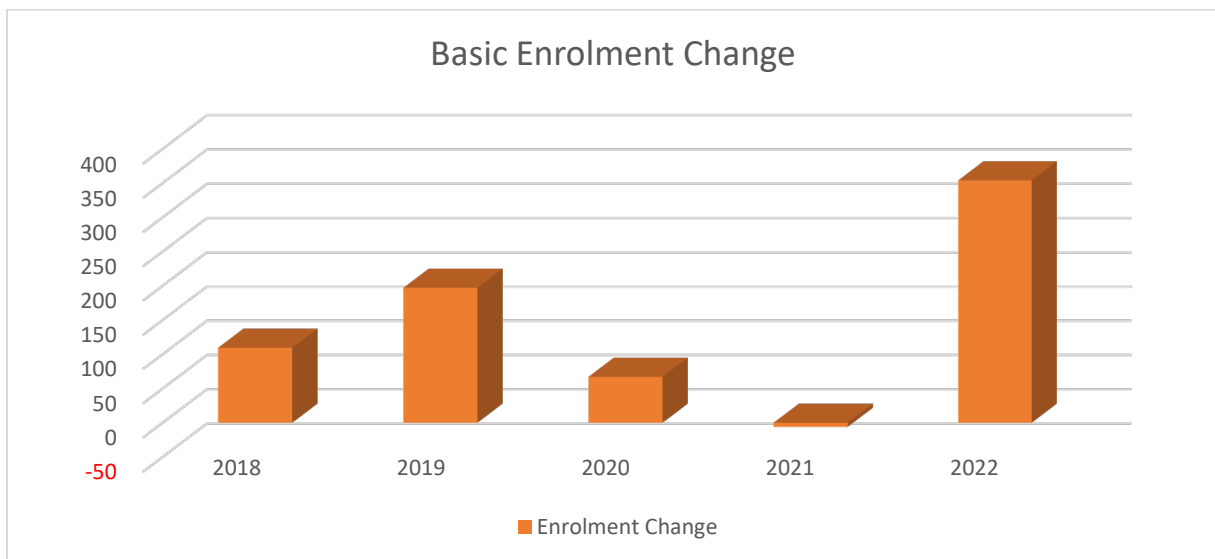
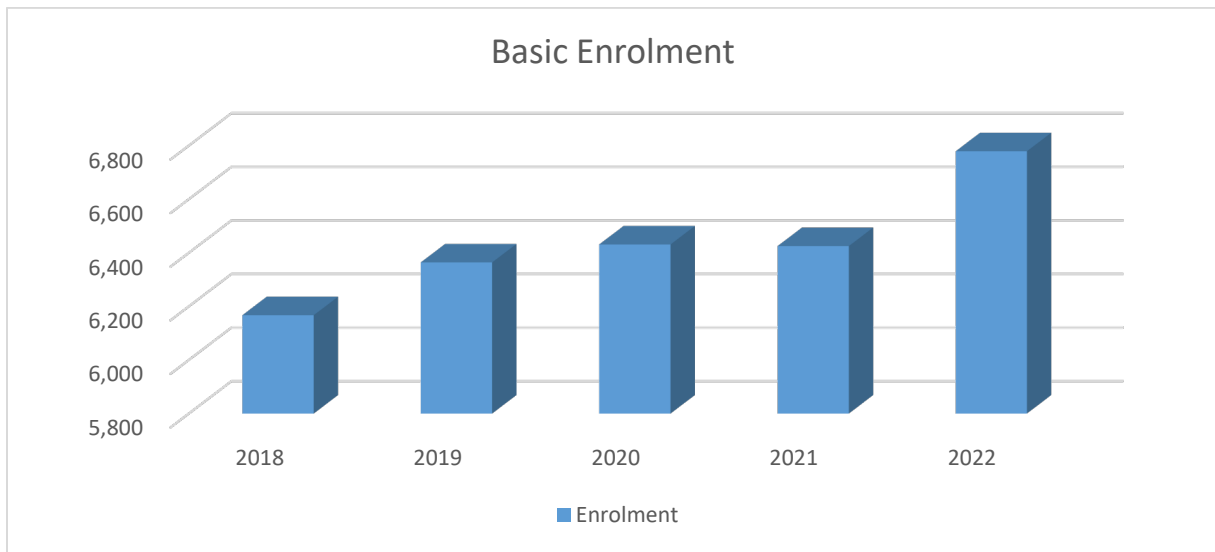
SD 83 2021 -2022 MINISTRY OPERATING GRANTS SUMMARY

FUNDING SOURCE	2021-2022 Preliminary	2021-2022 Amended	Change from 21-22 Preliminary	Rate Change	Enrolment Change
FTE September Enrolment	6,538.0000	6,773.5625	235.5625	-	235.5625
Enrollment Based Funding					
school age - reg	50,053,980	52,400,260	2,346,280	-	2,346,280
continuing education	-	-	-	-	-
school age - alt	315,400	299,630	(15,770)	-	(15,770)
dist learn	954,000	572,400	(381,600)	-	(381,600)
home school	4,500	8,000	3,500	-	3,500
course challenge	4,428	1,722	(2,706)	-	(2,706)
sub-total	51,332,308	53,282,012	1,949,704	-	1,949,704
Special Education					
level 1	358,800	313,950	(44,850)	-	(44,850)
level 2	9,192,960	9,235,520	42,560	-	42,560
level 3	1,698,500	1,720,000	21,500	-	21,500
sub-total	11,250,260	11,269,470	19,210	-	19,210
Distance Ed Enrollment Based					
July (Summer Learning)	4,480	16,800	12,320	-	12,320
Feb	374,320	374,320	-	-	-
May	103,880	103,880	-	-	-
sub-total	482,680	495,000	12,320	-	12,320
Equity of Opportunity	245,536	250,615	5,079	5,079	-
English Language Learning	77,665	61,815	(15,850)	-	(15,850)
Indigenous Education	1,878,000	1,934,340	56,340	-	56,340
Adult Education	2,515	-	(2,515)	-	(2,515)
Salary Differential	693,786	732,652	38,866	38,866	-
Unique Geographical Factor	9,675,568	9,675,568	-	-	-
Supplement for Education Plan	57,826	57,826	-	-	-
TOTAL	75,696,144	77,759,298	2,063,154	43,945	2,019,209

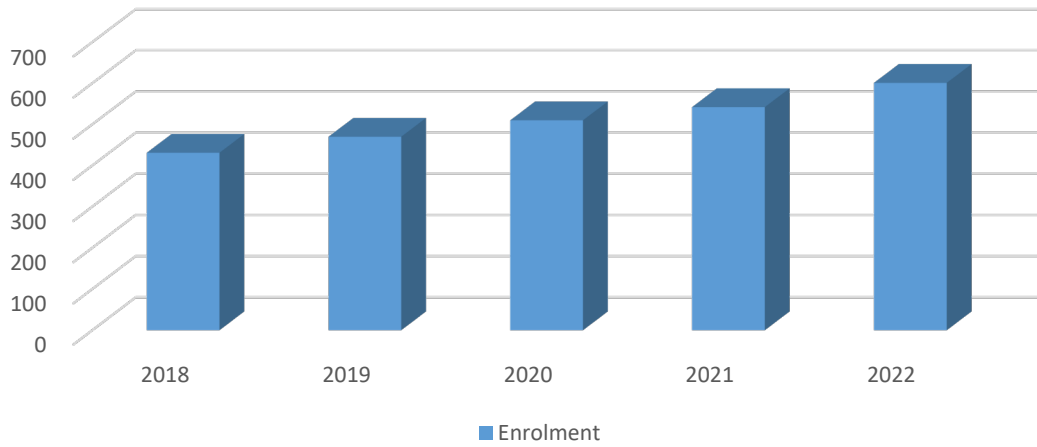
District Grant Allocation



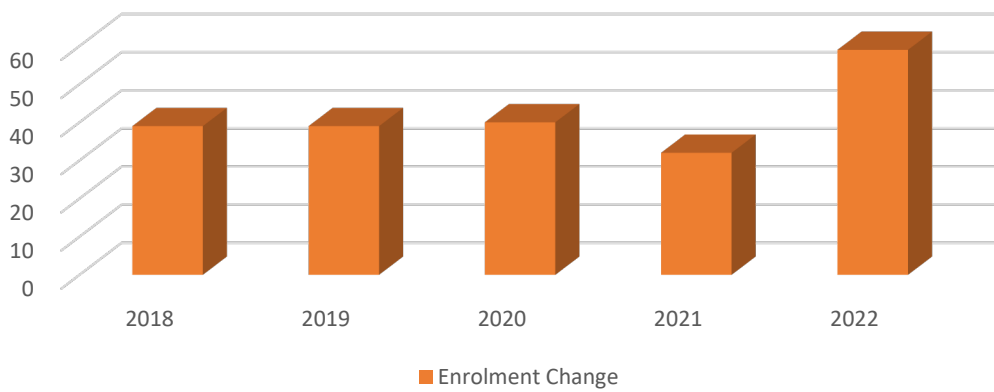
Five Year Enrolment Analysis



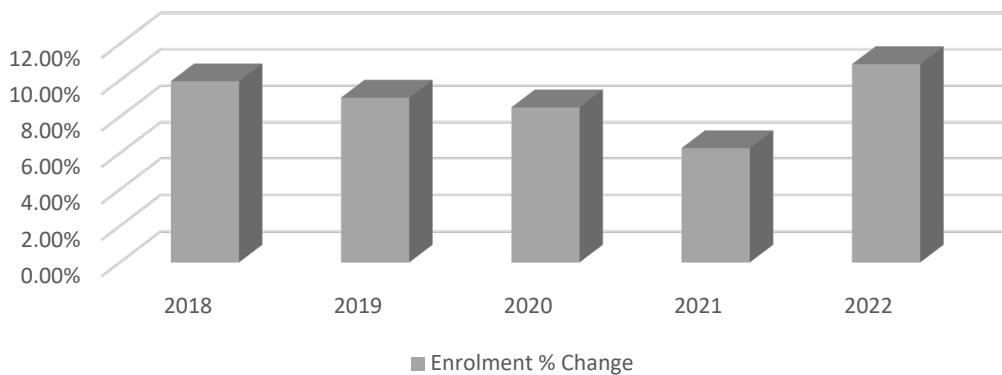
SPED Level 1, 2 and 3 Enrolment



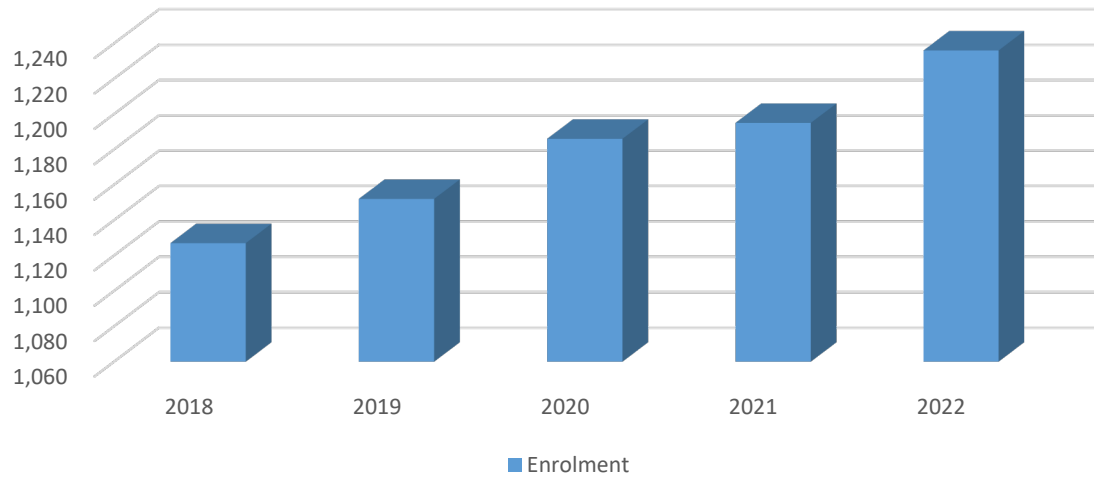
SPED Level 1, 2 and 3
Enrolment Change



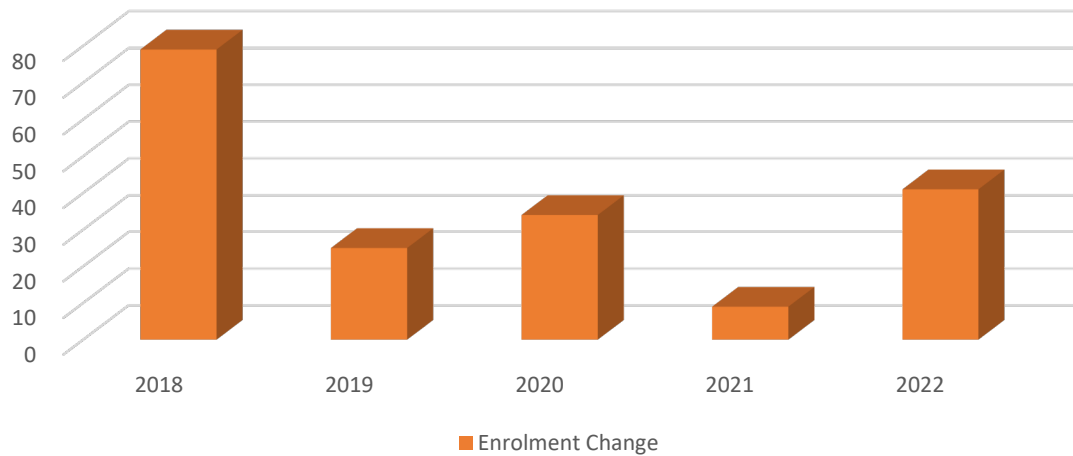
SPED Level 1, 2 and 3
Enrolment % Change



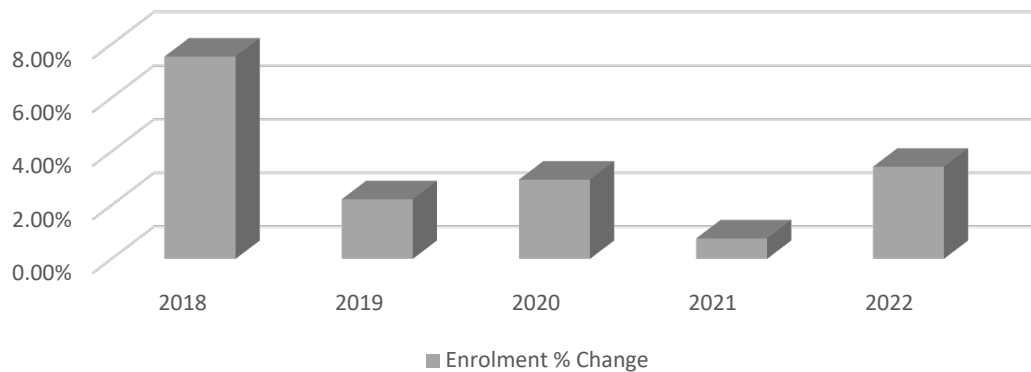
Indigenous Enrolment



Indigenous Enrolment Change



Indigenous Enrolment % Change



Unique Geographic Factors

	2020/21	2021/22	Funding Change	Rate Change %
Small Community Supplement	\$2,790,206	\$2,884,588	\$94,382	3.38%
Low Enrolment Factor	\$1,098,881	\$1,142,610	\$43,729	3.98%
Rural Factor	\$629,928	\$636,137	\$6,209	0.99%
Climate Factor	\$401,003	\$404,956	\$3,953	0.99%
Sparseness Factor	\$40,043	\$42,299	\$2,256	5.63%
Student Location Factor	\$3,820,046	\$4,144,978	\$324,932	8.51%
Supplemental Student Location Factor	\$409,000	\$420,000	\$11,000	2.69%
Unique Geographic Factors	\$9,189,107	\$9,675,568	\$486,461	5.29%

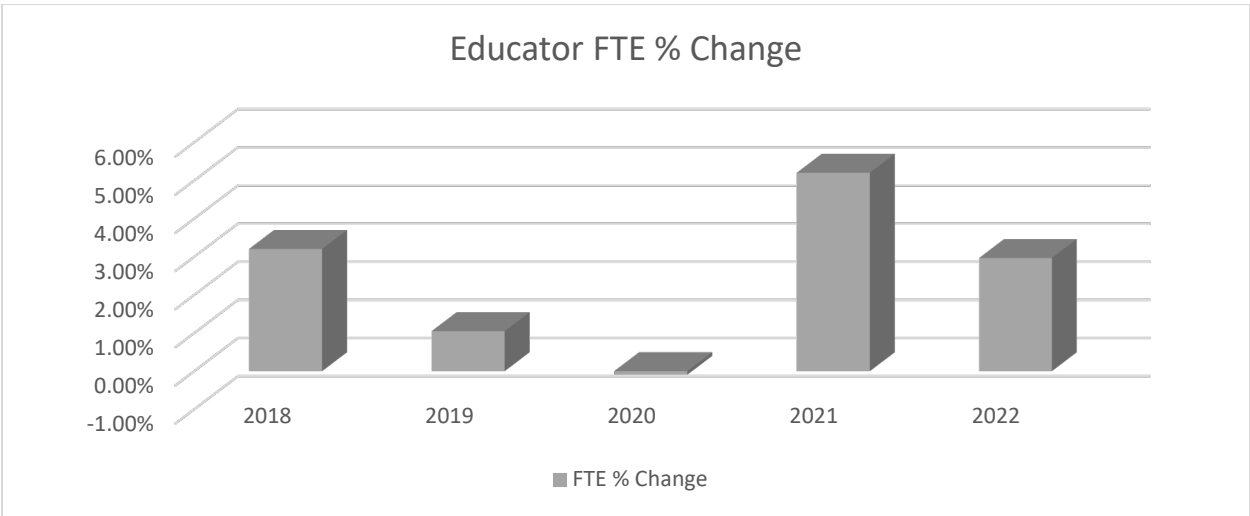
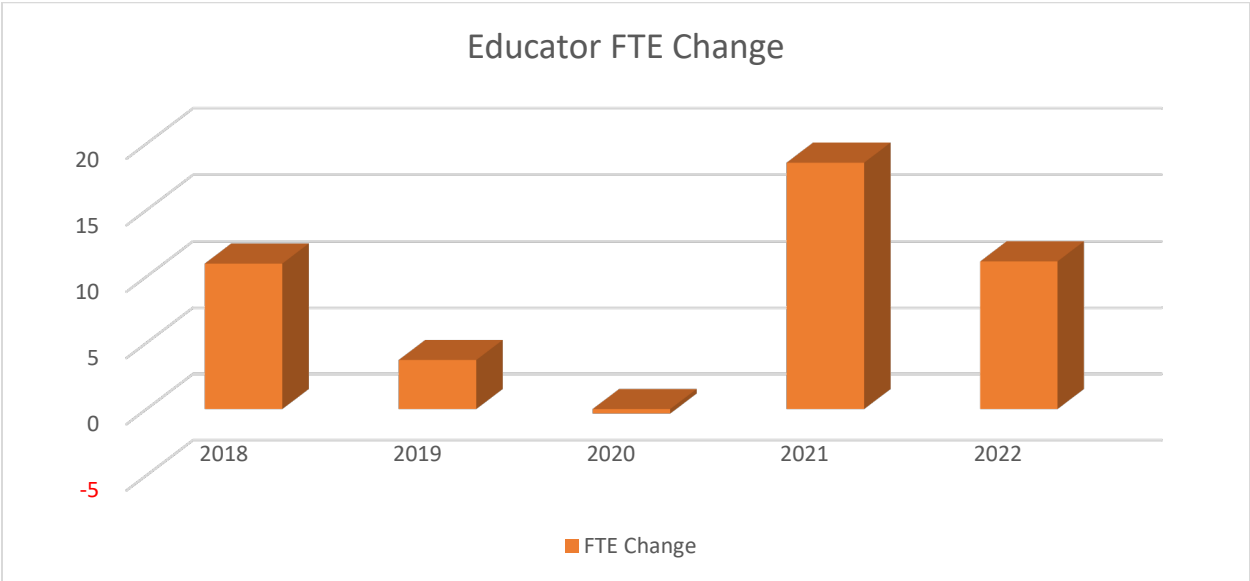
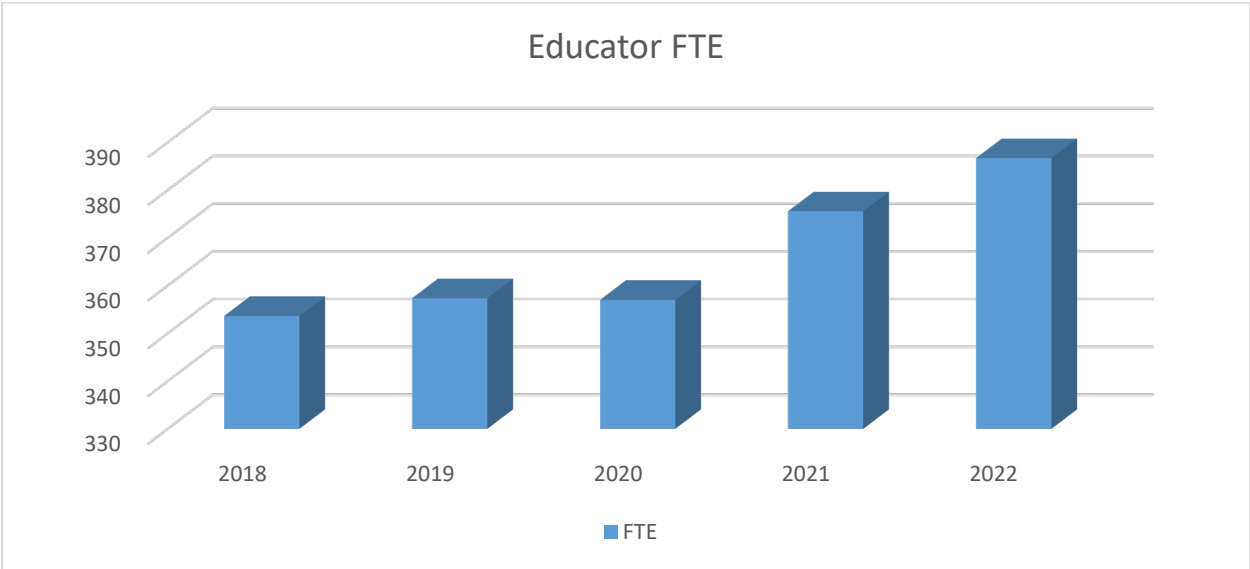
Salary Differential Funding

Salary Differential remains below historical levels. In 2019-20, our average teacher salary was only \$286 less than the provincial average. Based on the December 17, 2021 funding table, the difference is now \$1,299 below provincial average. This indicates that the average teacher's salary continues to be less than the Provincial average according to our EDAS reporting because many of our teachers have not reached the top of the pay scale compared to other Districts. Despite this we are seeing a small increase in Salary Differential Funding in the amount of \$38,866 only due to additional educator FTE as discussed below.

Our preliminary 2021-22 Annual Budget was developed last spring based on student enrolment of 6,538 full time equivalent students (FTE), with 598 designated special needs students. Actual enrolment per our September 30, 2021 *1701 Student Data* submission was 6,773 FTE, with 601 identified as special needs. As such the increase in enrolment resulted in an increase of staff to support the additional students.

Educator FTE

Staffing plans for our bricks and mortar schools were developed based on student enrolment of 6,538 FTE. In September, actual enrolment increased to 6,773 FTE. The increase of 235 student FTE resulted in an increase of 11.14 educator FTE across the District.



Other Provincial Grants - MoE

Other Ministry of Education Grants include the following:

- Pay Equity - \$641,286. This is an annually recurring grant that has not changed in value.
- Funding for Graduated Adults – Estimated at \$2,000.
- Transportation Supplement - \$561,925. This is an annually recurring grant that has not changed in value.
- Support Staff Benefits Grant - \$64,233. Recently received confirmation that this grant will continue for 2021-22.
- NGN Self-Provisioning - \$28,470.
- Foundation Skills Assessment - \$12,964. This amount has not changed in value.
- Early Learning Framework Implementation - \$2,625. This grant has not changed in value.

Other Provincial Grants

Due to reduced student enrolment in ACE-IT and ITA programs, *Other Provincial Grant* allocations are expected to drop below preliminary projections for 2021-22.

Other Revenues

Through further analysis and review, rental income for the 2021-22 fiscal resulted in a slightly lower amount than was estimated last spring.

The resulting over-all increase in operating revenues is \$2,425,221.

2021-22 Appropriated Operating Surplus

The following table summarizes the approved appropriation of the *2020-21 Accumulated Operating Surplus* as per *Schedule 2* and *Note 18* of the *2020-21 Audited Financial Statements*. A portion of the \$2,138,248 was allocated to specific programs and initiatives as intended:

Operating Fund	
Internally Restricted:	
School Budget Balances	\$ 579,304
Career Program	58,021
Unspent Aboriginal Education Targeted Funds	138,623
Automated External Defibrillator Commitments	20,000
Various Outstanding Projects	52,300
Contingency Reserve	730,000
Portables	425,000
Information Technology Commitment	135,000
Appropriated for Next Year's Budget	-
Total Internally Restricted	\$ 2,138,248
Unrestricted Operating Surplus	816,952
Total Operating Surplus	\$ 2,955,200

Where appropriate, these funds have been appropriated into the proposed **2021-22 Amended Annual Budget** and are included on **Schedule 1** in the “**Operating Fund**” opening balance.

2021-22 Contingency Funds

A *Contingency Fund* was approved at the September 21, 2021 Regular Board Meeting in accordance with Policy 4060.01R – Accumulated Operating Surplus (Reserve) for one percent (1%) of operating expenses in the amount of \$730,000 (motions #195, 196/2021). In addition, there was an *Unrestricted Operating Surplus* in the amount of \$816,925, leaving the District with discretionary surplus of 2.1% of operating expenses. A good benchmark for unrestricted surplus is between 2 – 3% of operating expenses. The budget has been prepared with an effective ending *Unrestricted Operating Surplus* of 1.92% after netting out the holdback for the vacant Assistant Superintendent position that is not expected to be filled during the 2021-22 fiscal year and will close back to surplus. Included in the final draft of the amended budget are the following projects that were discussed at the January 28, 2022 Committee of the Whole Meeting:

1. Portable at M.V. Beattie for next year in the amount of approximately \$250,000;
2. PVP reallocation between administrative time and teaching in the amount of \$178,000;
3. Flag poles at District schools and sites for Secwepemc flags in the amount of \$150,000;
4. Student Leadership initiatives throughout the District (presented to the Board at the December 14, 2021 Regular Meeting) in the amount of \$15,000; and
5. Additional Indigenous library resources and books in the amount of \$25,000.

Special Purpose Funds

Special Purpose Funds include funds received from the Ministry of Education or other sources that have been designated for specific purposes.

Special Purpose Funds include the operational portion of the *Annual Facilities Grant*, the *Learning Improvement Fund*, *StrongStart*, *Ready Set Learn*, *Federal French Grant (OLEP)*, *Scholarships and Bursaries*, *School Generated Funds*, *CommunityLINK*, *Classroom Enhancement Fund*, *First Nations Student Transportation Fund*, *Mental Health in Schools*, *Changing Results for Young Children*, *Safe Return to School Restart Grant*, and the *Seamless Day Kindergarten pilot project at Silver Creek Elementary*.

Classroom Enhancement Funds (CEF) are provided to districts to address the restored class size and composition language that resulted from the recent Supreme Court of Canada ruling. Based on 2021-22 student projections, the District qualifies for 49.8 FTE teacher staffing. The combined grant for overhead, staffing and remedies is \$6,846,908. As in past years, final grant confirmation, based on September 30, 2021 enrolment submissions, which include provisions for remedy, are not provided to districts until December or January. This explains the increase of \$2,088,909 over what was reported in the preliminary annual budget under Schedule 3A - Changes in Special Purpose Funds. There are corresponding increases in staffing as the increase can only be spent on specific items specified in approval letter.

Capital

Currently, the Ministry of Education provides major and minor capital funding in the following categories:

- AFG – Annual Facility Grant (capital portion)
- BEP – Building Envelope Program
- BUS – Bus Acquisition Program
- CNCP – Carbon Neutral Capital Program
- EXP – Expansion – New School, Addition and Site Acquisition
- PEP – Playground Equipment Program
- REP – Replacement
- SEP – School Enhancement Program

For all Ministry capital contributions, other than the Annual Facilities Grant, districts are required to submit their proposed plans in/around June of the year prior to the funding fiscal year. Capital allocations are granted on an April 1 to March 31 fiscal year.

Boards also have the autonomy to purchase capital assets using either operational funds, special purpose funds or local capital funds, which are generated through Board approved transfers of prior year operating surplus, and/or through sale of assets.

Tangible capital assets acquired or constructed are recorded at cost and are amortized on a straight-line basis over the estimated useful life of the asset. It is management's responsibility to determine the appropriate useful lives for tangible capital assets. These useful lives are reviewed on a regular basis or if significant events initiate the need to revise. Estimated useful life is as follows:

Buildings	40 years
Furniture and Equipment	10 years
Vehicles	10 years
Computer Software	5 years
Computer Hardware	5 years

The total planned projects under the minor capital programs are as follows:

AFG – Various Projects	\$1,420,989
BUS – 3 x C&^ with 0 wheelchair spaces	\$425,523
CNCP – FAL – Energy Upgrades	\$120,000
CNCP – SCA – Energy Upgrades	\$138,000
PEP – SCA – Universally Accessible Playground	\$165,000
SEP – ERS – Mechanical Upgrades	\$1,402,000
SEP – SAS – Mechanical Upgrades	\$801,000
Total	\$4,472,512

In addition, there are planned capital purchases being proposed from the Operating and Special Purpose Funds as follows:

<i>Buildings - Portables – (funded from PY surplus)</i>	<i>\$425,000</i>
<i>Buildings – Portables – (funded from CY surplus)</i>	<i>\$250,000</i>
<i>Furniture and Equipment – (includes air purifiers)</i>	<i>\$720,205</i>
<i>Vehicles</i>	<i>\$46,000</i>
<i>Computer Hardware</i>	<i>\$1,295,132</i>
Operating Subtotal	\$2,736,337
<i>SPF - AFG Operating</i>	<i>\$306,060</i>
<i>SPF – Furniture and Equipment</i>	<i>\$40,000</i>
Special Purpose Fund Subtotal	\$346,060
Total	\$3,082,397

The total investment of \$7,554,909 can be referenced in “**Total Acquisition of Tangible Capital Assets**” on **Statement 4**.

Budget Bylaw Amount

Operating - Total Expense	\$78,938,193
Operating - Tangible Capital Assets Purchased	\$2,736,337
Special Purpose Funds - Total Expense	\$10,093,286
Special Purpose Funds - Tangible Capital Assets Purchased	\$346,060
Capital Fund - Total Expense	\$5,094,065
Total Budget Bylaw Amount	\$97,207,941

Respectfully submitted,

Dale Culler

Dale Culler
Secretary-Treasurer