



Memorandum

Date: November 15, 2024
To: Finance and Planning Committee
From: Delta Carmichael, Secretary-Treasurer/CFO
Action Item: **Financial Update – September 30, 2024**

1.0 RELEVANT BOARD MOTION/DIRECTION

None.

2.0 BACKGROUND

The Office of the Auditor General of British Columbia, in their May, 2016 report 'Improving Budgeting and Expenditure Management in the Public Education System' recommended that every school district 'regularly report forecasted results compared with actual budget results to the school board (or committee of the board), and provide an accompanying discussion and analysis, as necessary, to fully communicate financial performance and key risks'.

3.0 INFORMATION STATEMENT

Classroom Enhancement Fund Update

During spring staffing (April, 2024), 281 teacher FTE were identified to be funded by the Classroom Enhancement Fund (CEF). Of this, 188 FTE were enrolling teachers. In September, additional teacher FTE was added to the system to support classroom size and composition. In the District's CEF submission to the Ministry of Education and Child Care in October 2024, the District requested 285 FTE (2024 FTE = 250).

Feeding Futures Fund

In April, 2023, the Ministry of Education and Child Care announced new funding of \$214 million over three years so school districts can create or expand local food programs in schools throughout British Columbia. The funds will be used for purchasing food and hiring dedicated staff to co-ordinate providing meals and snacks to students. The District's proportionate share for the 2023/2024 school year was \$2.8 million, of which \$2,441,730 (87%) was spent at June 30, 2024, leaving a balance of \$367,063 to be carried forward into the 2024/2025 school year. The District's proportionate share for the 2024/2025 school year is \$2,828,440. The expectation is that this funding, along with the carry forward balance mentioned above, will be fully spent by June 30, 2025.

Financial Performance

The District's fiscal year runs from July 1 to June 30 each year. The enclosed document analyzes the financial revenue and expenditures for the three (3) months ending September 30, 2024. Financial comparison is the 2024/2025 Amended Budget as of November 5, 2024. The 2024/2025 Amended Budget will be presented at the Finance and Planning Committee meeting on January 29, 2025 with a recommendation for approval to the Board of Education at the February 19, 2025 Public Board Meeting.

Other items of note for the 2023/2024 financial year include:

- The 2024/2025 Annual Budget was built on a projected student enrolment of 400 FTE which was aligned with prior year trends. The 3-year average of student enrolment growth is 520 FTE (2.22%) and the 6-year average of student enrolment growth is 434 FTE (1.90%).
- In September, 2024, the overall funded student enrolment, excluding adult, alternate and online enrolment, was lower than anticipated, with a 151 student FTE increase versus the 400 student FTE increase projected. This decrease in enrolment resulted in a \$4.4 million budget pressure for the 2024/2025 school year. Senior staff worked collaboratively to identify \$4.4M in savings. Where possible, unfilled positions were left vacant to avoid direct impact to existing positions. This decrease is reflected in the current 2024/2025 Amended Budget and will be included in the Amended Budget Bylaw that is due to the Ministry of Education and Child Care in February, 2025.
- The Central Okanagan has been identified by Immigration, Refugees & Citizenship Canada as a destination hub for newcomers, and as such the District experienced an increased number of families arriving from all over the world. This summer alone, 241 newcomer students from 12 countries enrolled in the District, with most families settling in the Central and Rutland family of schools. This influx is driven by increased immigration, refugee settlement and educational opportunities for immigrants. This immigration trend has resulted in the increase of English Language Learner (ELL) FTE over the prior years.
- The District's spending to September 30, 2024, is progressing as expected. A reminder that to the end of September, 2024, only one (1) month of school operations has occurred.
- Benefit costs are lower during the latter part of each calendar year (September-December) as several employees have reached their annual maximum for CPP and EI.

Key Financial Risks

Key financial risks for the District include the cost of sick leave and benefits, as well as unexpected cost increases in some major spending categories (fuel, supplies, utilities, insurance).

During this school year, the lasting impacts of the COVID-19 pandemic may continue to be an unexpected key financial risk. Cost of sick leave is budgeted using historical patterns applied to current staffing levels; however, the projected budget for staff illness and long-term replacement costs continue to be increased compared to prior year budgets.

For other major spending categories, risk is mitigated through careful monitoring and if necessary, underspending in other discretionary areas to offset increasing costs.

Department and school budgets are actively reviewed by management and where areas of concern have been identified, department management have met to discuss ways of completing the year within the allotted budget.

4.0 SECRETARY-TREASURER/CFO'S COMMENTS

None.

5.0 STAFF RECOMMENDATION

THAT: The Finance and Planning Committee recommends to the Board:

THAT: The Board of Education receive the Financial Update as of September 30, 2024 as presented, and forward to the Board of Education as an Information Item.

6.0 APPENDIX

A. Financial Update – September 30, 2024