



Memorandum

Date: April 25, 2025
To: Finance and Planning Committee
From: Delta Carmichael, Secretary-Treasurer/CFO
Action Item: **Financial Update – March 31, 2025**

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). The funding for this request was confirmed in January, 2025.

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 the majority of 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 nine (9) months ending March 31, 2025. Financial comparison is the 2024/2025 Amended Annual Budget approved at the February 12, 2025 Public Board Meeting.

Other items of note for the 2024/2025 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%).
- As shared at the September 18, 2024 and October 16, 2024 Finance and Planning Committee meetings, two significant circumstances resulted in unforeseen \$4.4M budget pressures for the 2024/2025 school year as outlined below:
 - i. **Year-end Pressures** - As discussed at the September 18, 2024, Finance and Planning Committee meeting, there were many inflationary costs that exceeded the budget when the June 30, 2024 audited financial statements were presented. Due to these cost escalation pressures, the District was unable to commit as much funding to Local Capital as at June 30, 2024. The 2024/2025 Amended Budget was also adjusted to better reflect increased costs for such items as illness, software expenses and other services and supplies costs. Also, the work order recovery budget (relates to school and/or department recovery work supported by the Operations Department) was reduced to allow the Operations Department to continue to focus on the maintenance of buildings. These year-end pressures resulted in a budget pressure of approximately \$2.2M.
 - ii. **Enrolment Pressures** - 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 resulted in an overall reduction of operating funds in the amount of \$2.2M.

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 District's spending, when projected to June 30, 2025, is expected to trend above the 2024/2025 Amended Budget. Due to inflationary increases, many expenses are projected to exceed budget including, but not limited to, fuel, insurance, repairs and maintenance, resources, software, supplies etc. Teacher and support staff illnesses are projected to exceed budget, and school and department work order recoveries are occurring less frequently as the Operations team continues to focus on building maintenance. As a result, on April 2, 2025 a message was shared with principals, vice principals and managers, requesting that schools and departments conserve and/or freeze spending on non-essential items between April 2 and June 30, 2025.
- 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, software, insurance).

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 Finance and Planning Committee receive the Financial Update as of March 31, 2025 as presented, and forward to the Board of Education as an information item.

6.0 APPENDIX

A. Financial Update – March 31, 2025