

# 2022/23 ANNUAL BUDGET NARRATIVE

April 2022



This budget narrative document for School District #62 (Sooke) is meant to provide a high-level overview of the financial plan required to deliver on the goals and objectives of the District's Strategic Plan. The Board of Education has defined the strategic direction for the District and also has the responsibility to resource the work required to meet the desired outcomes found in the Strategic Plan. This document reflects the necessary revenue required to fund the District's operations and how the expenditures are expected to be made.

## THE SCHOOL DISTRICT

The District has approximately 12,000 students and serves the communities of Sooke, Port Renfrew, Metchosin, Highlands, Langford and Colwood. Surrounded by forests, ocean, mountains and lakes, we are located a short distance from Victoria, the capital city of the province of British Columbia. The District is one of the fastest growing school districts in the province.

The governing body of the School District is a Board of Education of seven school trustees who are each elected for a four-year term. The day-to-day matters are managed by the administrative staff of the School District, headed by the Superintendent of Schools and Chief Executive Officer.

### Our Vision

We honour student voice and choice through engaging, purposeful and experiential learning in a safe and respectful community.

### Our Values

– Relationships – Choice – Respect – Integrity – Trust – Safety – Diversity - Equity

## EXECUTIVE SUMMARY

As discussed, during last year's budget development process, the District undertook a detailed review of its programs (Program Review). The intent of the Program Review was to ensure alignment, coherence and efficacy with the Strategic Plan. As a result, this year's budget process focused on ensuring strong alignment of resources to services required to deliver on the goals and objectives of the Board's Strategic Plan.

Similar to recent years, the District is estimating a modest shortfall (1.74%) due to unfunded inflation and the operational cost of opening two new schools. The process included feedback from our partners, stakeholders and leadership team in developing a plan for the Board to consider that addresses the estimated shortfall.

To ensure student success, this plan has a balanced approach that includes structural changes and limited use of the financial reserve to minimize the impact on programs and services.

In the 22/23 school year, staff will jump into the second phase of the Program Review to address the unfunded inflationary costs that has eroded away our purchasing power. This Review will consist of looking at potential additional revenue streams and the efficacy of the existing expenditures in the District.

The following Budget Narrative provides the story behind the financial plan and health of the District.

## BUDGET DEVELOPMENT PROCESS

School Boards are required by the School Act to adopt two budgets each fiscal year:

- A preliminary or “annual” budget is adopted by June 30<sup>th</sup> for the subsequent fiscal year based on forecasted enrolment and revenues; and
- An amended budget is adopted by the end of February within the fiscal year reflecting actual fall enrolment and funding.

At their January 2022 meeting, the Board approved the following budget principles and assumptions for staff to use in the budget development process for the 2022/23 budget:

### Budget Principles

- 1) Budget decisions will be based on the existing Strategic Plan goals;
- 2) Input from the District partners and Leadership Team will help shape 22/23 funding levels; and
- 3) The annual budget process will be informed by the multi-year budget estimates on a 3-year rolling cycle.

### Budget Assumptions

- 1) The District will open the 22/23 school year with the same health and safety protocols as were in place for the 21/22 school year;
- 2) No additional pandemic funding will be provided by the federal or provincial governments;
- 3) The provincial funding formula will remain the same and be based on per full-time equivalent (FTE) funding; and
- 4) Domestic enrolment will continue to grow and international enrolment will approach the pre-pandemic levels.

Similar to prior years, the District started the annual budget development process in mid-February when enrolment projections for the coming fall are due to the Ministry. Staff consulted with the District’s partners and developed a list of priorities that will remain the focus of our financial plan. The process focused on increasing the partner and stakeholder touch points on the budget with the strategic plan as the guiding document. The budget priorities that emerged through these touch points were identified as:

### Budget Priorities

#### Partners

- Additional classroom supports
- More learning and integrated supports especially at the elementary level
- Mental health and counselling support
- Full time hours and pay equity
- Health and safety for staff and students

#### Students

- Raising awareness of mental health and wellness supports for students
- Early intervention
- Better balance of clinical counselling vs. career counselling at secondary

#### Community

- A Thought Exchange has been issued and initial results will be provided at the meeting with a deeper report out at the April and May Board meetings

**Budget Pressures Identified**

During the budget development process, several funding pressures were identified in the amount of \$3.085 million. These pressures stem largely from unfunded inflation (\$1.5 million) and the opening of Pexsisen Elementary and Centre Mountain Lellum Middle School (\$1.5 million total).

The following table (values presented in millions of dollars) provides details of the estimated revenues and expenditures leading to the \$3.085 million pressure:

Initial Budgeted Revenues/Expenditures	Amount	Comments/Details
Total Enrolment Driven Revenue Increase	2.423	Increase of 345 standard FTEs
Operating Grant Supplement Increase	0.166	Includes salary differential/geographical index
Structural Surplus from 21/22	1.000	Resulting from increased enrolment in 21/22
International Program Enrolment	(0.373)	Considered one-time as pandemic impacts lessen
Rental Revenue increases	0.100	NLC space coming on-line @ Pexsisen
<b>Total Budgeted Revenue Increases</b>	<b>3.316</b>	
<b>Direct Enrolment Costs</b>		
Additional teachers	2.318	27 teachers (enroll & non-enroll)
Additional ToC costs related to growth	0.162	12 days for each additional teacher (27)
Additional Bus Route	0.075	To maintain same ratio of FTEs to routes
Various incremental enrolment driven costs	0.100	Lunchtime supervisors, school supplies, etc.
Addition VP at Journey	0.145	To maintain ratio as other middle schools; net of teacher savings
Pexsisen and Centre Mountain Lellum	1.489	Admin, clerical, custodial related to new buildings
Unfunded inflationary costs	1.555	Teacher and excluded increments; pay equity; legal; EFAP
Pressures on existing budgets	0.072	Communications; pest management; intake clerk
Program Review Initiatives	0.485	Year 1 for blended learning, core ed, recruitment
<b>Total Budgeted Expenditure Increases</b>	<b>6.401</b>	
<b>Initial Budget Shortfall to Solve</b>	<b>(3.085)</b>	

Based on the budget principles and assumptions approved by the Board and the budget priorities identified by the partner and stakeholder groups, the Executive developed a budget plan for the Board to consider. Staff did their best to identify enough structural options to address the structural pressures but given the limitations on the above noted principles and priorities, a total amount of \$0.590 million of the structural pressure remains to be addressed in future budget years.

The following table (values presented in millions of dollars) reflects the plan:

Structural/Financial Reserve Proposals	Amount	Comments/Details
<b>Structural Proposals</b>		
Teacher FTE reallocation - 5.25 FTEs	0.558	Reallocation of total teacher FTEs throughout the system (30/25)
Excluded salary increases	0.350	Funds would be from enrolment/reserve if approved by BCPSEA
Additional Enrolment increase	0.311	Assumes additional 100 FTEs to a total of 12,106 FTEs
IES Dept. Replacement staff	0.203	Reduce replacement budget by paying TTOCS @ EA rate
Additional supplemental funding for SEFs (3)	0.120	Use supplemental funding instead of operating funding
Additional supplemental funding for EAs (2)	0.080	Use supplemental funding instead of operating funding
Psychology intern	0.060	Defer intern position to 23/24 year pending available funding
Curriculum Staffing - .5 FTE	0.053	Reduction of .5 FTE Curriculum Coordinator
Transportation Route	0.075	Do not add route to maintain existing ratio
Services, Supplies & Utilities reductions	0.297	Spread across departments (not schools)
Increase in rental rates	0.015	Childcare and other user group rental rate increases
<b>Total Structural Proposals</b>	<b>2.122</b>	
<b>Financial Reserve Proposals</b>		
International Program Enrolment	0.373	Pressure considered one-time as pandemic impacts lessen
Financial Reserve Funding	0.590	Projected financial reserve as at June 30, 2023 = 1.75%
<b>Total Financial Reserve Proposals</b>	<b>0.963</b>	
<b>Remaining Budget Shortfall</b>	<b>0.000</b>	

Given the uncertainty as to when the International Program may return to pre-pandemic enrolment, the District's plan is not only with consideration of the coming fiscal year but over the next several years. The budgeted expenditures assume that if not in 2022/23, the program may rebound in 2023/24. As such, it is important that the infrastructure of the program is maintained to support the program should that normalcy return in the near future.

To maintain existing infrastructure and program services elsewhere in the District, the District will use the financial reserve to accommodate the anticipated loss in net revenues from the International Program

The following table provides detail of the shortfall of \$0.373 million from the structural budget of the Program:

	<b>A</b>	<b>B</b>	<b>C = A-B</b>
	<b>ANNUAL BUDGET FY23</b>	<b>STRUCTURAL BUDGET FY22</b>	<b>INCREASE / (DECREASE) FY23</b>
INTERNATIONAL TUITION REVENUES	\$ 6,789,749	\$ 6,602,900	\$ 186,849
INTERNATIONAL PROGRAM EXPENSES	\$ 5,545,639	\$ 4,986,290	\$ 559,349
NET REVENUE / (EXPENSE)	<b>\$ 1,244,110</b>	\$ 1,616,610	\$ (372,500)

**Board Decision**

At the Public Board meeting of April 26, 2022, the Board of Education approved a motion to increase the budget by \$60,000 for the addition of a 1.0 FTE Youth Outreach Worker. Funding for this position will be out of the District's financial reserve for 22/23 only and will be structurally funded out of enrolment growth beginning in the 23/24 school year.

## STATEMENT OF OPERATIONS AND BUDGET BYLAW

The total budget bylaw amount is presented at the end of the Statement of Operations (Statement 2).

The Statement of Operations consolidates all revenues and expenses by function reported for the Operating (Schedule 2), Special Purpose (Schedule 3) and Capital funds (Schedule 4).

The following table shows an increase of \$4.6 million from the prior year's budget bylaw for a total of \$171.6 million in 2022/23:

<b>Statement 2</b>	<b>STATEMENT OF OPERATIONS</b>		
	<b>TOTAL</b>		
	<b>2022-23</b>	<b>2021-22</b>	
	<b>Annual</b>	<b>Amended</b>	<b>Incr / (Decr)</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Operating - Total Expense	137,328,912	131,606,275	5,722,637
Operating - Tangible Capital Assets Purchased	0	171,305	(171,305)
Special Purpose Funds - Total Expense	22,823,740	24,567,858	(1,744,118)
Capital Fund - Total Expense	11,416,254	10,614,570	801,684
<b>Total Budget Bylaw Amount</b>	<b>171,568,906</b>	<b>166,960,008</b>	<b>4,608,898</b>

The Operating Fund is where the majority of the Districts operations are reported. As this will be of particular concern to the users of the financial statements, considerable focus and analysis is provided on the Operating Fund.

### **OPERATING FUND**

The Operating Fund is comprised of four components: revenues, expenses, tangible capital assets purchased, and prior year surplus appropriation. The summary schedule for the Operating Fund can be found in Schedule 2.

### **REVENUES**

The summary schedule for the District operating revenues can be found in Schedule 2A – the Schedule of Operating Revenue by Source.

The most significant District operating revenues are generated from three sources: the operating grant, international tuition, and other Ministry of Education grants.

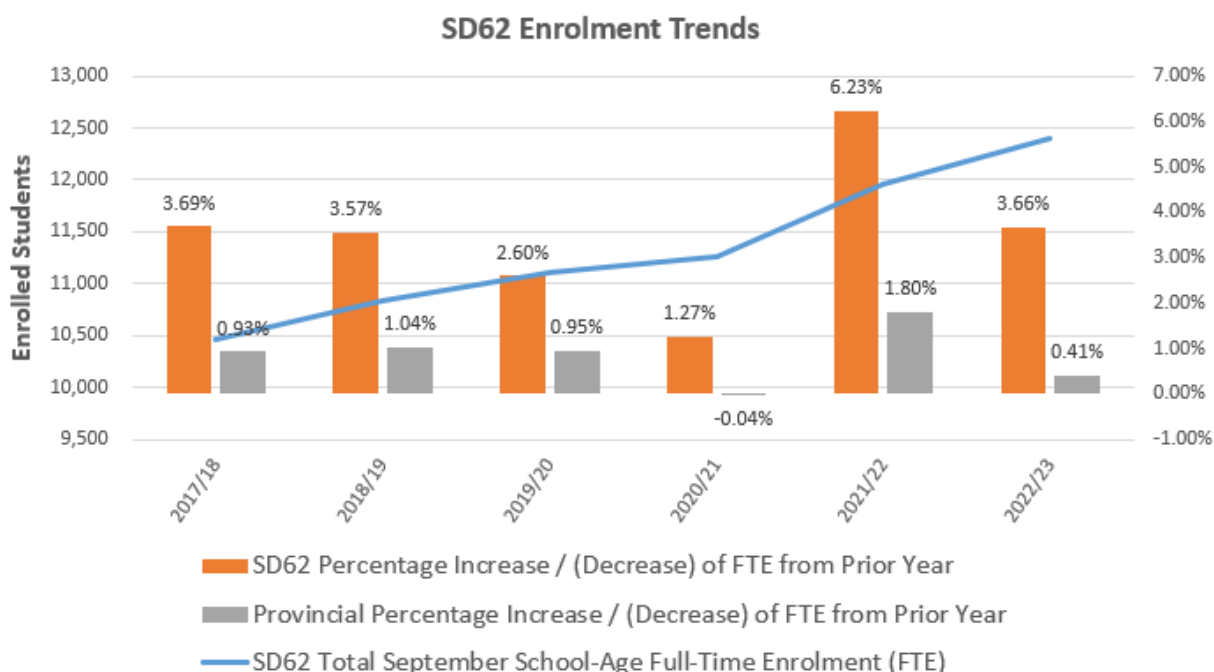
	ANNUAL BUDGET FY23	AMENDED BUDGET FY22	INCREASE / (DECREASE) FY23	INCREASE / (DECREASE) % FY23
	A	B	C = A-B	D = C/B
OPERATING REVENUES (in \$ thousands)				
MOE OPERATING GRANTS	126,837	121,144	5,693	5%
OTHER PROVINCIAL FUNDING	1,341	1,341	-	-
NET LEA FUNDING	-	-	-	-
CONTINUING ED TUITION	110	110	-	-
INTERNATIONAL TUITION	6,790	6,603	187	3%
MISCELLANEOUS	371	421	(50)	(12%)
RENTALS AND LEASES	503	389	114	29%
INVESTMENT INCOME	354	354	-	-
<b>TOTAL OPERATING REVENUES</b>	<b>136,306</b>	<b>130,361</b>	<b>5,944</b>	<b>5%</b>

Budgeted operating revenues are increasing by \$5.944 million largely due to a \$5.693 million increase in the operating grant.

### Operating Grant

The Funding Allocation System allocates the General Operating Grants using individual district enrolments and specific factors that apply to each school district.

The District saw an enrolment increase of 6.2% in 2021/22 as the District returned to full-time in-class instruction. The District is projecting enrolment growth of 445 full-time equivalent (FTE), resulting in a total of 12,106 FTE standard school-age enrolment. This growth is similar to the pre-pandemic growth rates with an increase of 3.66% as highlighted in the graph below:



The Ministry of Education announced operating grant funding rates for 2022/23 on March 11, 2022. The funding rates are unchanged from the prior year which highlights that the ongoing inflationary costs are unfunded through the funding formula.



**EXPENDITURES**

The summary schedule for the District operating expenditures (both expenses and tangible capital assets purchased) can be found in Schedule 2. The total operating expenditures budgeted for 2022/23 is an increase of \$5.551 million over 2021/22.

	ANNUAL BUDGET FY23	AMENDED BUDGET FY22	INCREASE / (DECREASE) FY23	INCREASE / (DECREASE) % FY23
OPERATING EXPENDITURES (in \$ thousands)	<b>A</b>	<b>B</b>	<b>C = A-B</b>	<b>D = C/B</b>
TOTAL EXPENSE	137,329	131,606	5,723	4%
TANGIBLE CAPITAL ASSETS PURCHASED	-	171	(171)	(100%)
<b>TOTAL OPERATING EXPENDITURES</b>	<b>137,329</b>	<b>131,778</b>	<b>5,551</b>	<b>4%</b>

The \$5.551 million increase is due to unfunded inflationary pressures, the operating costs associated with the opening of Pexsisen Elementary and Centre Mountain Lellum Middle School, and the costs associated with providing services to an increase in 445 additional students.

The summary schedule for the District operating expenses can be found in Schedule 2B (the Schedule of Operating Expense by Object) and Schedule 2C (the Schedule of Operating Expense by Function, Program and Object).

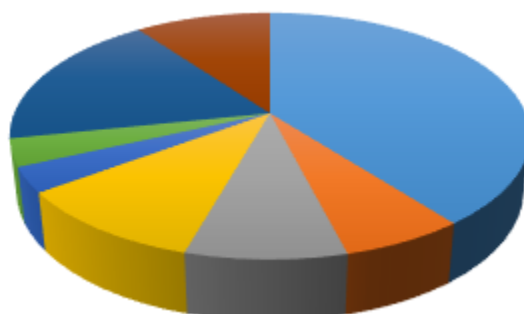
The provincial averages are taken from data available to the public on the Ministry of Education financial reporting website. At the time of issuance of this report, the provincial budgets for fiscal 2022/23 were not yet available, as such the amended provincial budgets for fiscal 2021/2022 were used for comparative purposes.

### Expenses by Type (Object)

The District's spending allocations by object are in line with provincial averages - with 89.6% of its expenses on salaries and benefits and 10.4% on services and supplies.

The chart below further details spending allocations for the District in the year compared to provincial averages.

**2021/22 EXPENSES BY OBJECT**



- TEACHER SALARIES (SD62=38.5%; Prov=42.3%)
- OTHER PROF. SALARIES (SD62=3.6%; Prov=2.8%)
- EMPLOYEE BENEFITS (SD62=17.6%; Prov=17.2%)
- PVP SALARIES (SD62=6.8%; Prov=5.7%)
- SUPPORT STAFF SALARIES (SD62=9.9%; Prov=9.0%)
- TOTAL SERVICES AND SUPPLIES (SD62=10.4%; Prov=11.4%)
- EA SALARIES (SD62=9.2%; Prov=8.2%)
- SUBSTITUTE SALARIES (SD62=4.0%; Prov=3.4%)

	ANNUAL BUDGET FY23	AMENDED BUDGET FY22	INCREASE / (DECREASE) FY23	INCREASE / (DECREASE) % FY23
EXPENSES BY OBJECT (in \$ thousands)	A	B	C = A-B	D = C/B
<b>SALARIES</b>				
TEACHERS	52,870	50,731	2,138	4%
PRINCIPALS AND VICE PRINCIPALS	9,366	8,648	718	8%
EDUCATIONAL ASSISTANTS	12,648	10,979	1,669	15%
SUPPORT STAFF	13,579	12,837	742	6%
OTHER PROFESSIONALS	4,929	4,726	203	4%
SUBSTITUTES	5,445	5,626	(181)	(3%)
<b>TOTAL SALARIES</b>	<b>98,838</b>	<b>93,548</b>	<b>5,289</b>	<b>6%</b>
EMPLOYEE BENEFITS	24,200	22,822	1,378	6%
SERVICES AND SUPPLIES	14,292	15,236	(944)	(6%)
<b>TOTAL OPERATING EXPENSES</b>	<b>137,329</b>	<b>131,606</b>	<b>5,723</b>	<b>4%</b>
TANGIBLE CAPITAL ASSET PURCHASES	-	171	(171)	(100%)
<b>TOTAL OPERATING BUDGETED EXPENDITURES</b>	<b>137,329</b>	<b>131,778</b>	<b>5,551</b>	<b>4%</b>

The \$6.667 million increase in salaries and benefits is largely due to more teachers and educational assistants to accommodate the anticipated student enrolment growth.

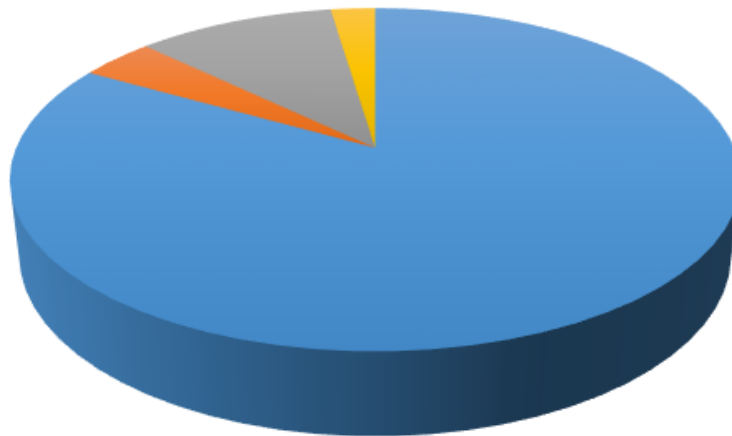
### Expenses by Function

The District's expenditures can be categorized by the following functions: Instruction; District Administration; Operations and Maintenance; and Transportation. The functions are defined as follows:

- The **Instruction** function incorporates all programs related to the instruction of students.
- The **District Administration** function incorporates the cost of all programs related to district governance and district administration of educational, business, human resource and labour relations activities.
- The **Operations and Maintenance** function incorporates all programs related to the district's responsibility for the operation, maintenance and safety of sites, buildings, and equipment.
- The **Transportation** function incorporates programs involving the transportation of students.

Over 84% of the District's expenses are categorized under the Instruction function.

#### 2022/23 EXPENSES BY FUNCTION



**INSTRUCTION**  
(SD62=84.8%; Prov=82.8%)

**OPERATIONS AND MAINTENANCE**  
(SD62=8.6%; Prov=11.4%)

**TRANSPORTATION**  
(SD62=2.0%; Prov=1.9%)

**DISTRICT ADMINISTRATION**  
(SD62=4.6%; Prov=3.9%)

The District's expense allocations are generally in line with the Provincial averages, however the District's expenditures are slightly more heavily allocated towards Instruction and less in Operations and Maintenance than other Districts.

As indicated in Schedule 2 and the table below, there is a \$5.663 million increase in operating expenses.

	ANNUAL BUDGET FY23	AMENDED BUDGET FY22	INCREASE / (DECREASE) FY23	INCREASE / (DECREASE) % FY23
EXPENSES BY FUNCTION (in \$ thousands)	A	B	C = A-B	D = C/B
INSTRUCTION	116,418	111,109	5,309	5%
DISTRICT ADMINISTRATION	6,364	6,303	62	1%
OPERATIONS AND MAINTENANCE	11,796	11,444	352	3%
TRANSPORTATION	2,751	2,751	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>137,329</b>	<b>131,606</b>	<b>5,723</b>	<b>4%</b>

The \$5.309 million increase in **Instruction** is due to more teachers and educational assistants to accommodate the anticipated enrolment growth along with an increase in administrative staff due to the opening of two new schools (Pexsisen Elementary and Centre Mountain Lellum Middle School).

The \$0.062 million increase in **District Administration** is largely due to Program Review initiatives including recruitment.

The \$0.352 million increase in **Operations and Maintenance** is largely due to additional custodial and utilities costs associated with the opening of Pexsisen Elementary and Centre Mountain Lellum Middle.

The **Transportation** budget is consistent with 2021/22.

### Tangible Capital Assets Purchased

The 2021/22 Amended Budget has \$0.171 million budgeted for tangible capital assets which includes \$0.150 million in one-time funds carried over from 2020/21 for the purchase of an electric bus. The purchase of the electric bus is expected to be completed in 2021/22 and no additional tangible capital asset purchases are budgeted for in 2022/23.

### ACCUMULATED SURPLUS / RESERVE

In 2018 the Board established a financial reserve policy of 2% of operating expenditures to build and maintain an accumulated reserve to ensure the necessary resources are available when required.

As per the 2021/22 Amended Budget, the Board has restricted \$3,371,116 of the \$4,787,255 Operating Fund accumulated surplus for this purpose. To maintain existing infrastructure and program services elsewhere in the District, the District will use the financial reserve to accommodate the residual structural shortfall that will be addressed in the second phase of the Program Review.

As per the table below, District staff anticipate to end fiscal year 2022/23 with an accumulated reserve of \$2,347,882 or 1.71% of budgeted expenses:

Financial reserve as at June 30, 2021	\$	4,787,255	
2021/22 Amended Budget Net Expense	\$	(1,416,139)	
Budgeted financial reserve as at June 30, 2022	\$	3,371,116	A
2022/23 Preliminary Budget Net Expense	\$	(1,023,234)	B
Budgeted financial reserve as at June 30, 2023	\$	2,347,882	C = A+B
2022/23 Preliminary Budget Total Operating Fund Expense	\$	137,328,912	D
Budgeted financial reserve as % of Total Operating Fund Expense		1.71%	E = C/D

### 3 YEAR BUDGET OUTLOOK

As previously noted, a total amount of \$0.651 million of structural pressures remains to be addressed in future budget years. Additionally, there are inflationary pressures that are not funded through the Operating Grant that the District will need to address to stay on strong financial footing.

Assuming enrolment growth per the long-range plan estimates and that the 2022/23 International Program net revenue shortfall of \$372,500 is eliminated in 2023/24 through to 2025/26, the following table highlights the anticipated pressures in 2023/24 through to 2025/26 if not addressed:

\$ in millions	BUDGET 2022/23	BUDGET 2023/24	BUDGET 2024/25	BUDGET 2025/26
ESTIMATED OPERATING RESERVE, BEG OF YEAR	\$ 3.371	\$ 2.348	\$ 2.000	\$ 1.717
REVENUES	\$ 136.306	\$ 139.637	\$ 141.992	\$ 144.869
EXPENSES	\$ 137.329	\$ 139.986	\$ 142.275	\$ 144.875
TANGIBLE CAPITAL ASSETS PURCHASED	\$ -	\$ -	\$ -	\$ -
SURPLUS (DEFICIT) FOR THE YEAR	\$ (1.023)	\$ (0.348)	\$ (0.283)	\$ (0.006)
OPERATING RESERVE / (DEFICIT), END OF YEAR	\$ 2.348	\$ 2.000	\$ 1.717	\$ 1.711
RESERVE % OF OPERATING EXPENSE (2.0% target)	1.71%	1.43%	1.21%	1.18%

**SPECIAL PURPOSE FUNDS**

All restricted contributions received, with the exception of capital contributions and unearned revenues (tuition, rentals, etc.) must be reported as Special Purpose Funds. Revenues are recognized when the stipulation or restriction the contribution is subject to is met.

The following table compares the most material Special Purpose Funds (SPF) expense budgets for 2022/23 to the prior year.

	ANNUAL BUDGET FY23	AMENDED BUDGET FY22	INCREASE / (DECREASE) FY23	INCREASE / (DECREASE) % FY23
	A	B	C = A-B	D = C/B
<b>SPECIAL PURPOSE FUNDS (in \$ thousands)</b>				
ANNUAL FACILITIES GRANT	337	330	7	2%
LEARNING IMPROVEMENT FUND	429	402	27	7%
SCHOOL GENERATED FUNDS	2,000	2,710	(710)	-26%
STRONG START	192	196	(4)	-2%
OFFICIAL LANGUAGES IN EDUCATION PROTOCOL	251	245	7	3%
COMMUNITY LINK	788	870	(81)	-9%
ACADEMIES	730	1,010	(280)	-28%
CLASSROOM ENHANCEMENT FUND - STAFFING	16,555	16,555	-	0%
CLASSROOM ENHANCEMENT FUND - OVERHEAD	1,430	1,430	-	0%
MENTAL HEALTH IN SCHOOLS	-	140	(140)	-100%
SAFE RETURN TO SCHOOL GRANT	-	279	(279)	-100%
OTHER	111	403	(291)	-72%
<b>TOTAL SPECIAL PURPOSE FUNDS EXPENSES</b>	<b>22,824</b>	<b>24,568</b>	<b>(1,744)</b>	<b>-7%</b>

The \$1.744 million decrease in budgeted SPF expenses is largely due to not budgeting for any carry forward of unspent funds. When the 2021/22 financial statements are completed and the carry over amount becomes known, the 2022/23 SPF budgets will likely increase. Also, the classroom enhancement fund (CEF) staffing budget of \$16.555 million is reflective of the amount notionally approved by the Ministry at this time. Adjustments to the District's allocation may be made once final fall 2022 staffing is known.

## STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

The Statement of Changes in Net Financial Assets (Statement 4) presents the surplus for the year plus the changes in non-financial assets including tangible capital asset acquisitions.

The 2022/23 budget includes \$20.154 million in anticipated total capital additions.

	<b>ANNUAL BUDGET FY23</b>
CAPITAL ADDITIONS (in \$ thousands)	<b>A</b>
CAPITAL FUND	
EXPANSION PROGRAM	18,080
SCHOOL ENHANCEMENT PROGRAM	1,000
CARBON NEUTRAL CAPITAL PROGRAM	350
BUS ACQUISITION PROGRAM	585
ANNUAL FACILITIES GRANT	139
OPERATING FUND	-
SPECIAL PURPOSE FUND	-
<b>TOTAL CAPITAL ADDITIONS</b>	<b>20,154</b>



Some of the more significant capital projects include:

- **Expansion Program (EXP)** – \$10.169 million for the continuation of building construction and site development of Pexsisen Elementary & Centre Mountain Lellum Middle Schools in West Langford.
- **School Enhancement Program (SEP)** - \$1.0 million for a HVAC upgrade at Spencer Middle School.
- **Carbon Neutral Capital Program (CNCP)** – \$0.350 million for exterior wall systems upgrades at John Muir Elementary.
- **Bus Acquisition Program (BUS)** – \$0.585 million for three new buses.

## RISKS AND UNCERTAINTIES

The 2022/23 budget is predicated on the general assumption that, other than a reduction to 250 FTE enrolled in the International Program, the financial and operational impact of the pandemic will be minimal and a general sense of normalcy will return. The District has not budgeted for additional expenses related to cleaning or sanitization as a result of health protocols.

### Annual Risks

The following list are some of the significant annual financial risks (risks that are present every year) that the District is aware of that could negatively affect operations:

- **Enrolment** – enrolment drives the District's revenues and an inaccurate estimation of future enrolment could result in either an over or under deployment of resources.
- **Staff benefit rates** – benefit rates fluctuate from year to year dependent on staff usage so are difficult to accurately predict.
- **Utilities** – expenditures on utilities fluctuate based on usage so is difficult to predict.
- **Leave liability** – leave balances (such as unused vacation balances) are recorded in the year they are earned. The larger the balance, the larger the expense. It is difficult to predict with accuracy across the District exactly how many vacation days staff plan on using in any given year.
- **Salary differential** – a component of the Operating Grant is the supplement for salary differential which provides additional funding to districts with average teacher salaries higher than the provincial average. Since it is difficult to predict whether the district's average teacher salary is higher or lower than the provincial average, this could reduce the amount of the Operating Grant the district receives.

## NEXT STEPS

As we approach the fall, the 2022/23 fiscal climate will become clearer. The 2021/22 financials will be completed and the total reserve available for 2022/23 will be known. As the amended budget is adopted by the end of February 2023, there will be an opportunity for the District to reassess the risks and adjust the strategic approach accordingly.