
Administrative Memorandum

Regular Board Meeting

Date: February 13, 2019
Topic: 2018-2019 Amended Annual Budget

The Board, at its 2018-05-09 regular meeting, adopted the recommendations of the Budget Committee for a 2018/2019 preliminary budget. In accordance with statutory requirements, the Budget Committee is now bringing forward an amended 2018/2019 budget for Board consideration and approval. The amended budget has been prepared to reflect actual enrolment as funded by the Ministry of Education as well as updated forecasts for other sources of revenues and revised projected expenditures for the year ended June 30, 2019.

Overall, the district is projecting to remain in a strong financial position despite 2018/2019 expenses exceeding revenues by \$2.0 Million. The net shortfall in revenues will be offset by an existing prior years' Operating Fund Balance which will be drawn down to \$12.8 million (see schedule 1) at June 30, 2019. The Operating Fund Balance consists of \$10.3 million Internally Restricted funds and \$2.5 million Unrestricted funds. The Internally Restricted funds are committed for contributions required by government towards new Capital Projects totaling \$7.2 million and the remaining \$3.1 million committed for the anticipated year end roll over of Aboriginal Education, Learning Resources and School Operating fund balances. The Unrestricted Fund balance of \$2.5 million will be allocated to help offset an anticipated 2019-2020 funding shortfall.

Highlights of the 2018/2019 Operating Fund as reflected in the amended budget include:

Total revenues are projected to be \$692.7 million (see schedule 2) an increase of \$10.3 million over the preliminary budget, highlights include:

- Ministry of Education Operating Grant projected to be \$656.4 million; a net increase of \$7.6 million, based on a total regular school age enrolment of 73,355 FTE students. Specific highlights include:
 - School Age enrolment increased 361 FTE over preliminary budget - \$3.0 million
 - Total Unique Student Needs funding increased, primarily as the result of increased enrolment of Special Needs and English Language Learner Students - \$4.6 million

Other Revenues are projected to be \$36.3 million, an increase of \$2.7 million over the preliminary budget, due primarily to the following:

- Economic Stability Dividend for Teachers and Support staff \$0.8 million
- Increased Grad Adult Revenue \$0.7 million
- Investment Revenue increase \$0.7 million
- Increased Other revenue sources \$0.5 million

Total Operating Expenditures are projected to be \$694.7 million, an increase of \$4.2 million over the preliminary budget, due primarily to the following:

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- Salaries increased \$1.1 million
- Benefits decreased (\$3.8 million) mainly due to a reduction in the Teacher’s Pension Plan contribution rates
- Increased supply and services costs \$4.5 million
- Additional funding allocated for Educational Initiatives, Facilities and Technology \$2.4 million

Expenditures by Major Functions

Budgeted expenditures allocated by functional areas include: Instruction 85.7%, Maintenance and Operations 10.8%, Administration 2.6%, and Transportation 0.9%. Schedule 2C of the financial statement package provides a more detailed description of the expenditure distribution by major function and programs.

Net Changes to the Operating Fund Position Control for 2018/2019

Staffing FTE	2018/2019 Amended	2018/2019 Preliminary	Change
Principals and Vice Principals	249	248	+1
Teachers *	4,485	4,457	+28
Other Professional Staff	104	101	+3
Educational Assistants	1,629	1,574	+55
Support Staff	1,163	1,158	+5
Total:	7,630	7,538	+92

**includes Teachers funded from Classroom Education Fund*

Special Purpose Funds (Schedule 3)

The Board of Education receives restricted funds targeted for various specific programs or activities. Included within these special purpose funds is the Classroom Enhancement Fund (“CEF”) provided to districts to cover the cost of implementing the Memorandum of Understanding (“MOU”) related to class size/composition and non-enrolling teacher ratios. The CEF funding allocation to Surrey is estimated at \$36.7 million and is restricted for the purpose of adding 450 FTE teachers and other associated costs related to the MOU.

Other restricted special purpose funds received by the district include; Annual Facility Grants, Learning Improvement Funds, Community Link Funds, Strong Start, Ready, Set, Learn, Provincial Resource Programs, Parent Advisory Councils Funds, Scholarships and other specifically targeted funds. More details of these funds can be found on Schedule 3 and 3A of the financial statement package.

Capital Funds

Schedule 4 of the financial statement package outlines the anticipated change in Investment in Capital and Local Capital Reserve funds.

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Revenue and Expenditure Budgets

The attached Statements and Schedules provide the revenue and expenditure estimates distributed in accordance with Public Sector Accounting Standards and as prescribed by the Ministry of Education account structure and presentation format.

Statements

- 2 Revenue and Expense
- 4 Change in Net Financial Assets (Debt)

Schedules

- 1 Change in Accumulated Surplus
- 2 Operating Revenue and Expense
- 2A Operating Revenue by Source
- 2B Operating Expense by Source
- 2C Operating Expense by Function and Program
- 3 Special Purpose Revenue and Expense
- 3A Change in Special Purpose Funds
- 4 Capital Revenue and Expense

Summary:

The Board's sound and prudent fiscal management policies and practices have enabled the district to continue to put students' needs first. Despite continuing funding and cost pressures, the district continues to remain in a very strong financial position. This strong financial position will assist the district as it plans and develops the budget for the 2019/2020 and subsequent fiscal year.

In summary, the 2018/2019 Amended Annual Budget reflects all staffing and infrastructure decisions taken to-date.

It is recommended:

THAT the attached School District No. 36 (Surrey) Amended Annual Budget for 2018/2019 totaling \$811,998,472 including \$707,289,841 in operating expenditures, be approved and supplied to the Ministry of Education; and

THAT the Amended Annual Budget Bylaw 2018/2019 be given three (3) readings at this meeting (vote must be unanimous); and

THAT the School District No. 36 (Surrey) Amended Annual Budget Bylaw 2018/2019 be approved as read a first time; and

THAT the School District No. 36 (Surrey) Amended Annual Budget Bylaw 2018/2019 be approved as read a second time; and

THAT the School District No. 36 (Surrey) Amended Annual Budget Bylaw 2018/2019 be approved as read a third time and finally adopted

Respectfully submitted by:
Trustee Terry Allen
Chairperson
Budget Committee