



Staff Report to the Board of Education

April 16, 2025

MULTI-YEAR FINANCIAL PROJECTION

Adrian Johnson, Secretary Treasurer

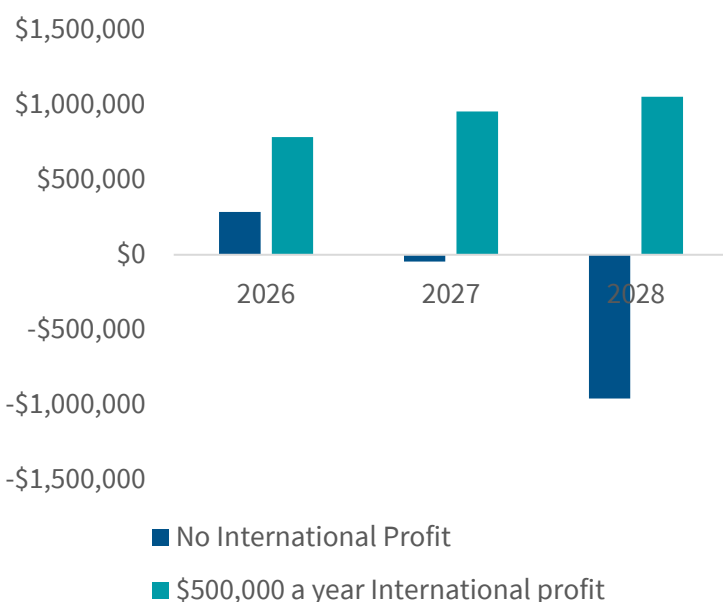
The following table projects the proposed 2025/26 operating fund budget over the next three years. It reflects opening reserves as forecast for the 2024/25 amended budget and updated funding and inflation assumptions.

Year ended June 30	2026	Change	2027	Change	2028
Revenues					
Provincial grants					
MECC	\$ 110,771,653	\$ 1,997,404	\$ 112,769,057	\$ 1,113,934	\$ 113,882,990
Other	\$ 518,338	\$ -	\$ 518,338	\$ -	\$ 518,338
Tuition	\$ 6,670,000	\$ -	\$ 6,670,000	\$ -	\$ 6,670,000
Other revenue	\$ 1,984,869	\$ -	\$ 1,984,869	\$ -	\$ 1,984,869
Rentals and leases	\$ 150,000	\$ -	\$ 150,000	\$ -	\$ 150,000
Investment income	\$ 550,000	\$ -	\$ 550,000	\$ -	\$ 550,000
Total revenue	\$ 120,644,860		\$ 122,642,264		\$ 123,756,197
Expenses					
Instruction	\$ 100,453,777	\$ 1,931,414	\$ 102,385,191	\$ 1,343,414	\$ 103,728,605
District Administration	\$ 4,540,159	\$ 87,247	\$ 4,627,406	\$ 87,247	\$ 4,714,652
Operations and Maintenance	\$ 11,531,949	\$ 216,247	\$ 11,748,196	\$ 216,247	\$ 11,964,444
Transportation and Housing	\$ 2,775,449	\$ 51,047	\$ 2,826,496	\$ 51,047	\$ 2,877,543
Total expense	\$ 119,301,334		\$ 121,587,289		\$ 123,285,244
Net Revenue	\$ 1,343,526		\$ 1,054,974		\$ 470,953
Transfers to other funds					
Capital assets purchased	\$ (261,581)	\$ -	\$ (261,581)	\$ -	\$ (261,581)
Local Capital	\$ (1,163,000)	\$ -	\$ (1,163,000)	\$ -	\$ (1,163,000)
Other	\$ 40,000	\$ -	\$ 40,000	\$ -	\$ 40,000
Total net transfers	\$ (1,384,581)		\$ (1,384,581)		\$ (1,384,581)
Forecast reserve use					
Use of restricted reserves	\$ 41,055		\$ -		\$ -
Use of unrestricted reserves	\$ -		\$ 329,607		\$ 913,628
Total appropriation	\$ 41,055		\$ 329,607		\$ 913,628
Forecast reserves					
Restricted reserves, beginning of year	\$ 1,108,201		\$ 1,067,146		\$ 1,067,146
Unrestricted reserves, beginning of year	\$ 284,946		\$ 284,946		\$ (44,661)
Unrestricted reserves, end of year	\$ 284,946		\$ (44,661)		\$ (958,289)
End of year unrestricted reserves as %age of expense	0.24%		-0.04%		-0.78%

Key assumptions used in this projection are:

- No use of restricted reserves after next year.
- No profit from the International program.
- No change in enrolment in the 2026/27 year and 98 fewer students in the 2027/28 year, with no changes in other demographics such as designations.
- Funded wage and benefit increase of 2% each year.
- Unfunded inflationary increase of 2% of service and supply costs.

Chart: Projection year-end unrestricted reserves at current expenditure levels



With these assumptions, reserves will be depleted by June 30, 2027, driven by unfunded inflationary costs. Declining enrolment the subsequent creates a \$1m deficit.

The picture looks brighter when factoring in potential profit of \$500,000 a year from the International program.

Additionally, all these fluctuations are within about 1% of total operating expenses. That is within the margin of forecasting error.

Board Policy 611, 'Accumulated Operating Surplus', includes the following statement:

Generally, management will propose budget strategies to the Board to achieve or maintain a contingency reserve of no less than 2% and no more than 5% of total operating budget. The Board will consider these strategies in the context of all the Board's strategic goals.

2% of total operating budget is \$ 2.9 million. That is the lower end of the policy's target contingency reserve. The three-year financial forecast indicates that the contingency reserve will remain below the target amount. However, if cost pressures remain within the 2% inflation forecast and the International program continues to generate a profit, the Board's reserves do gradually increase.

Staff will continue to provide the Board with budget options that allow for increasing reserves.