



FINANCE & OPERATIONS COMMITTEE OF THE WHOLE

MONDAY, SEPTEMBER 20, 2021
10:30 to noon
via zoom

Mandate: To discuss and make recommendations to the board on financial matters and matters pertaining to facilities, maintenance, technology and transportation.

AGENDA

Facilitator: Trustee Flynn

Join Zoom Meeting

<https://sd69-bc-ca.zoom.us/j/6366023344?pwd=Sml0c0JOaEU2WnZFRk45M3FTVHVuZz09>

Meeting ID: 636 602 3344

Passcode: 393760

1. **ACKNOWLEDGEMENT OF TRADITIONAL TERRITORIES**
2. **PRESENTATION**
3. **PROJECT UPDATES**
 - a. Oceanside Community Track at Ballenas (Elaine)
 - b. Arrowview Elementary Child Care Project/Building (Chris)
 - c. Craig Street Commons Update (Chris)
4. **ITEMS FOR DISCUSSION**
 - a. 2021-2022 Funding & Enrolment Update (Ron/Gillian) p 1
5. **INFORMATION ITEM**
 - a. Update-Green House Gas Emissions Study by Prism Engineering (Chris)
 - b. 2022-2023 Capital Plan – Major/Minor Projects (Ron\Chris)
(attachment will follow)
 - c. 2020-2021 Audited Financial Statements (Ron)
 - Summary p 2-5
 - Financial Statement Discussion & Analysis p 6-14
6. **ITEMS FOR RECOMMENDATION TO THE BOARD**
 - a. District flu vaccinations (Ron)
7. **FUTURE TOPICS**
 - a. Land and Facilities Review
 - b. Exploration of Community Schools Concept
 - c. Zonar Bus Pass Update
8. **NEXT MEETING DATE:**
Monday, October 18, 2021 at 10:30
9. **ADJOURNMENT**

School District No. 69 - Qualicum
 Preliminary Enrollment Summary
 DRAFT - as of Sept. 14

	ACTUAL			ACTUAL			FOR BUDGET			ACTUAL			Diff to	
	19/20 Enrollment			20/21 Enrollment			21/22 Enrollment			21/22 Enrollment (Sept14)			Last Year	
	Total	ISP	FTE	Total	ISP	FTE	Total	ISP	FTE	Total	ISP	FTE	H/C	ISP
School Based:														
Ballenas	721	95	836.06	733	19	849.56	753	80	842.00	865	98		36	79
FI	84			96			97			0				
Kwailikum	639	75	626.81	590	9	603.56	687	60	673.00	664	70		74	61
PASS/Woodwinds	122		122.00	123		123.00	125		125.00	120			-3	0
District H/B	1566	170	1,584.88	1542	28	1,576.13	1662	140	1,640.00	1649	168	0.0	107	140
Arrowview	298	1	298.00	285		285.00	289	5	289.00	311			26	0
Bowser	186		186.00	165		165.00	182		182.00	191			26	0
Errington	300		300.00	266		266.00	280		280.00	291			25	0
False Bay	24		24.00	26		26.00	29		29.00	28			2	0
Nanoose	300	3	300.00	313	2	313.00	346		346.00	328	1		15	-1
Springwood	472	2	472.00	461		461.00	482		482.00	534			73	0
Qualicum	384		384.00	370		370.00	381		381.00	387	1		17	1
Oceanside	102	3	473.00	98		452.00	86		481.00	74			-23	0
FI	371			354			395			355				
	2437	9	2,437.00	2338	2	2,338.00	2470	5	2,470.00	2499	2	0.0	161	0
School Based	4003	179	4,021.88	3880	30	3,914.13	4132	145	4,110.00	4148	170	0.0	268	140
Continuing Ed	3		0.38	1		0.13	10		0.00	0				
CEAP	443	2	133.69	576		316.69	425		160.00	236				
Total	4449	181	4,155.94	4457	30	4,230.94	4567	145	4,270.00	4384	170	0.0		

SCHOOL DISTRICT NO. 69 (QUALICUM)
2020-21 Financial Summary

2021-09-16

	2019/20		2020/21			Diff to Actual
	Amended Budget	Actual	Annual Budget	Amended Budget	Actual	
REVENUE						
PROVINCIAL GRANTS						
Operating Grant	42,851,790	42,927,094	43,844,035	44,146,379	44,534,890	-388,511 recount-242/HB-146
Other MOE Grants-Additional grant	784,115	784,115	426,341	426,341	426,341	0
Other MOE Grants-Pay Equity	936,176	936,176	936,176	936,176	936,176	0
Other MOE Grants-Misc	347,240	828,444		1,321,056	1,346,704	-25,648 Grad Adult
TOTAL MINISTRY OF ED GRANTS	44,919,321	45,475,829	45,206,552	46,829,952	47,244,111	-414,159
OTHER REVENUES						
Other Provincial Revenues	120,000	146,391	101,450	110,000	146,370	-36,370
Offshore Tuition	4,100,000	3,829,455	2,000,000	1,000,000	1,370,654	-370,654 2nd sem - addl 25FTE
Miscellaneous	140,000	152,848	140,000	140,000	93,355	46,645 limited courtesy riders
Rental and Leases	650,000	653,214	550,000	550,000	624,850	-74,850 some recovery
Investment Income	290,000	222,467	190,000	190,000	117,053	72,947 int rate declines
TOTAL OTHER REVENUE	5,300,000	5,004,375	2,981,450	1,990,000	2,352,282	-362,282
TOTAL REVENUES	50,219,321	50,480,204	48,188,002	48,819,952	49,596,393	-776,441
EXPENDITURES						
SALARIES AND BENEFITS						
Teachers	18,470,644	19,318,832	18,087,561	18,681,515	19,183,284	501,769 2nd sem supports
Principals and Vice Principals	3,241,128	3,297,304	3,370,773	3,530,584	3,594,794	64,210
Educational Assistants	3,826,735	3,786,620	3,739,569	3,694,131	3,378,651	-315,480 Add'l funding provided by SPF
Support Staff	5,147,352	5,250,800	5,176,880	5,091,281	5,203,566	112,285 add'l cust
Other Professionals	1,761,336	1,767,748	1,590,125	1,578,493	1,587,849	9,356
Substitutes	1,574,898	1,440,896	1,579,886	1,739,942	1,729,884	-10,058
Benefits	9,062,921	8,979,756	8,888,791	9,149,589	8,777,457	-372,132 benefit rate stabilized
TOTAL SALARIES AND BENEFITS	43,085,014	43,841,956	42,433,585	43,465,535	43,455,485	-10,050
Benefits as a % of Total Salaries	26.6%	25.8%	26.5%	26.7%	25.3%	
SUPPLIES AND SERVICES						
Services	3,045,630	2,639,084	2,175,130	1,775,130	1,908,443	133,313
Training and Travel	579,085	410,577	519,085	419,085	321,190	-97,895 savings for virtual offerings
Rental and Leases	5,000	3,235	5,000	5,000	14,702	9,702
Dues and Fees	71,000	69,879	71,000	71,000	72,941	1,941
Insurance	164,000	139,686	164,000	164,000	166,616	2,616
Supplies	2,176,392	2,231,575	1,765,652	1,565,652	1,959,969	394,317 add'l ye spending
Utilities	1,016,000	882,392	936,000	936,000	981,354	45,354
Capital Equipment	418,550	252,874	418,550	418,550	207,781	-210,769 shows up in supplies
TOTAL SUPPLIES AND SERVICES	7,475,657	6,629,302	6,054,417	5,354,417	5,632,996	278,579
TOTAL EXPENDITURES	50,560,671	50,471,258	48,488,002	48,819,952	49,088,481	268,529 Page 2 shows expenditures by program
NET REVENUE (EXPENDITURE)	-341,350	8,946	-300,000	0	507,912	-507,912
Budgeted Use of Surplus	341,350		300,000		0	
Surplus (Deficit), for the Year	0	8,946	0	0	507,912	-507,912

SCHOOL DISTRICT NO. 69 (QUALICUM)
2020-21 Financial Summary

2021-09-16

	2019/20		2020/21			Diff to Actual
	Amended Budget	Actual	Annual Budget	Amended Budget	Actual	
Operating Surplus	Amended		2020/21			
			Annual	Amended		
Appropriated (Internally Restricted)						
School supply accts		110,051			61,944	-48,107
Capital maint		361,493			421,493	60,000 annual add
District Programs		27,500			53,300	25,800 ITAC/HB
Energy projects		200,000			112,337	-87,663 Ebus contribution
Use of surplus to balance	0	300,000	300,000	0	814,047	514,047
Appropriated Surplus	0	999,044	300,000	0	1,463,121	464,077
Contingency Reserve		994,204			1,038,039	43,835
Unrestricted Surplus					0	0
Total Operating Surplus		<u>1,993,248</u>			<u>2,501,160</u>	<u>507,912</u>

SCHOOL DISTRICT NO. 69 (QUALICUM)
2020-21 Financial Summary

2021-09-16

	2019/20		2020/21			Diff to Actual
	Amended Budget	Actual	Annual Budget	Amended Budget	Actual	
INSTRUCTION						
Regular Instruction	22,675,706	23,180,940	22,218,624	22,908,913	23,673,489	764,576 Add'l resources for 2nd sem
Career Programs	703,629	679,513	682,165	703,483	693,987	-9,496
Library Services	1,135,564	1,139,684	1,149,074	1,158,336	1,126,483	-31,853
Counselling	1,015,065	1,020,731	1,027,045	981,330	922,502	-58,828
Special Education	7,030,187	6,967,382	6,847,812	7,030,196	6,564,063	-466,133 Add'l funding provided by SPF
English as a Second Language	80,877	84,251	81,677	87,889	88,817	928
Aboriginal Education	692,825	687,300	711,717	731,778	730,500	-1,278
School Administration	3,784,775	3,847,563	3,924,723	3,885,671	3,854,790	-30,881
Continuing Education	-	-	0	0	-	0
Off Shore Students	3,128,722	2,676,110	1,837,241	1,297,919	1,706,705	408,786 rebound - plus 25FTE
Other	47,172	45,161	49,194	50,267	50,769	502
Function 1 - Instruction	40,294,522	40,328,635	38,529,272	38,835,782	39,412,105	576,323
DISTRICT ADMINISTRATION						
Educational Administration	745,092	690,633	670,240	656,975	585,383	-71,592
School District Governance	209,080	197,612	212,115	215,358	201,297	-14,061
Business Administration	1,359,478	1,510,236	1,352,172	1,351,241	1,404,567	53,326
Function 4 - District Administration	2,313,650	2,398,481	2,234,527	2,223,574	2,191,247	-32,327
OPERATIONS AND MAINTENANCE						
Operations and Maintenance Admin	565,561	515,076	593,920	606,444	473,377	-133,067 late adm hire
Maintenance Operations	3,831,975	4,274,285	3,633,573	3,634,692	3,805,478	170,786 IT supplies
Maintenance of Grounds	319,667	319,806	324,237	325,920	289,166	-36,754
Utilities	1,136,000	977,920	1,056,000	1,056,000	1,077,827	21,827 incr garbage/recyl
Capital Equipment	418,550	252,874	418,550	418,550	207,781	-210,769 shows up in IT and Instruct suppl
Function 5 - Operations and Maint	6,271,753	6,339,961	6,026,280	6,041,606	5,853,629	-187,977
TRANSPORTATION AND HOUSING						
Transportation and Housing Admin	163,605	135,172	158,707	160,594	151,388	-9,206
Student Transportation	1,499,141	1,250,252	1,521,216	1,540,396	1,448,877	-91,519
Housing/Boarding	18,000	18,757	18,000	18,000	31,235	13,235
Function 7 - Transportation and Housing	1,680,746	1,404,181	1,697,923	1,718,990	1,631,500	-87,490
TOTAL FUNCTION 1-7	50,560,671	50,471,258	48,488,002	48,819,952	49,088,481	268,529

SCHOOL DISTRICT NO. 69 (QUALICUM)
2020-21 Financial Summary

2021-09-16

	2019/20		2020/21			Diff to Actual
	Amended Budget	Actual	Annual Budget	Amended Budget	Actual	
Special Purpose Fund (SPF) Budget						
Annual Facility Grant	199,346	199,346	199,346	199,346	199,346	0
Classroom Enhancement Fund	3,702,009	3,702,009	3,332,953	3,724,787	3,724,787	0
Community Link	375,902	375,902	380,322	380,322	380,322	0
Learning Improvement Fund	157,126	157,126	158,680	158,680	158,680	0
French Funds	101,323	87,303	101,323	97,565	119,707	22,142
Strong Start	96,000	96,474	96,000	102,000	96,000	-6,000
Ready, Set, Learn	19,600	19,892	19,600	19,600	19,600	0
Federal Safe Return	n/a			1,660,269	1,660,269	0
Provincial Safe Return	n/a			311,500	311,500	0
Mental Health	n/a			55,000	13,058	-41,942 58K remaining
Service Delivery/Coding					2,933	2,933 56K rem (Seamless DC)
FN Transportation						102K remaining
School Generated Funds					592,777	592,777 627K remaining
Special Purpose Funds-Total Expenses	4,651,306	4,638,052	4,288,224	6,709,069	7,278,979	569,910
Other Projects						
<u>Local Capital</u>						
LC-IT Wiring	135,989	88,001	47,988	47,988	109,359	0
LC-QC/EES playground	n/a	0	50,000	50,000	50,000	0
LC-BSS Track	200,000	29,085	170,915	170,915	7,500	163,415
LC-Uncommitted				217,360	-5,743	161,732
				<u>486,263</u>		<u>325,147</u>
<u>Other Provincial</u>						
Grant-AES Daycare	n/a	35,957	1,698,000	1,698,000	1,114,984	583,016 547K remaining
Grant-CCC Daycare					-60,000	60,000 60K remaining
						<u>643,016</u>

School District No. 69 (Qualicum)
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2021

The following is a discussion and analysis of the Qualicum School District's financial performance for the fiscal year ended June 30, 2021. This report is a summary of the district's financial activities based on currently known facts, decisions, or conditions. The results of the current year are discussed in comparison with the prior year and budget. This report should be read in conjunction with the School District's financial statements.

OVERVIEW OF THE SCHOOL DISTRICT

The Qualicum School District serves more than 4,100 student FTE in: 11 school sites (8 elementary schools, 2 secondary schools and 1 alternate education school), Family Place, Collaborative Education Alternate Program, Indigenous Education Program and the Qualicum International Student Program.

The Board completed their Strategic Plan for 2019 to 2023 which guides the Board of Education and its employees and partners in delivering educational programs through the period 2018/19 to 2022/23. The Plan identified the following Strategic Priorities:

- Increasing the engagement of our learners by providing students with Student Centered Learning opportunities
- Ensuring that the structures that shape and support learning include Quality Teaching and Leadership and
- Responding to the diverse social/emotional needs of our learners by providing more Social/Emotional Learning opportunities

UNDERSTANDING SCHOOL DISTRICT FINANCIAL PERFORMANCE

Annual surplus and accumulated surplus¹ are key financial statement performance indicators; however, interpreting the meaning of these figures in BC school districts is complicated by the use of fund accounting and deferral accounting. The use of fund accounting means the financial statements of school districts are a consolidation of three separate funds (operating, special purpose and capital), and each of these funds differs with respect to the methods of accounting used and the legislative and other constraints on budgeting and financial results. This means financial performance can only be fully understood by reviewing each fund separately. Financial

¹ Annual surplus is the extent to which annual revenues exceed expenses. If annual expenses exceed revenues the result is referred to as an annual deficit. An accumulated surplus position is the extent to which revenues from all prior years have exceeded expenses from all previous years. An accumulated deficit position occurs when expenses from all previous years exceed revenues from all previous years. When an accumulated deficit occurs, it means future revenues are needed to pay for past expenditures.

performance for each fund is reported in the supplementary schedules that follow the notes to the financial statements.

<p>Operating Fund</p> <p>2021 Revenues: \$49.6 million (2020-50.5M)</p>	<p>Annual program revenues and expenditures are reported within the operating fund and special purpose fund (see below). Annual and accumulated surplus within the operating fund are important indicators of financial performance and financial health for school districts. This is because school districts are not permitted to budget for or incur an <u>accumulated</u> deficit position. This means when a school district has accumulated operating surplus available it can be used to budget for future expenditures and to reduce financial risk associated with unforeseen expenditures.</p>
<p>Special Purpose Fund</p> <p>2021 Revenues: \$7.28 million (2020-5.75M)</p>	<p>The special purpose fund includes grants and school generated funds that are restricted for a specific purpose. Annual and accumulated surplus is always zero because revenues are recognized only as related expenditures occur (deferral method of accounting). If expenditures for a program within the special purpose fund exceed available revenues, the resulting deficit is transferred to the operating fund reducing accumulated operating surplus.</p>
<p>Capital Fund</p> <p>2021 Capital Funding Received or Receivable: \$3.0 million (2020-3.0M)</p> <p>2021 Capital Assets Purchased: \$2.8 million (2020-2.7M)</p>	<p>The capital fund reports investment in and financing activities related to capital assets. Capital contributions (funding) from the Province are accounted for using the deferral method of accounting, whereby recognition of capital funding revenue is spread out over the life of the related capital assets to match with the amortization expense which reflects the use of the asset over its life. This means capital fund revenues are not a reflection of funding actually received in a given year. Also, capital revenues only offset amortization expense in the capital fund to the extent assets were funded by provincial capital grants. As many capital investments are funded by operating revenues (recorded as transfers of accumulated operating surplus to the capital fund), the capital fund normally reports an annual deficit.</p> <p>In short, capital fund revenues, expenses and annual deficit are not a meaningful indicator of annual financial performance.</p>

FINANCIAL HIGHLIGHTS

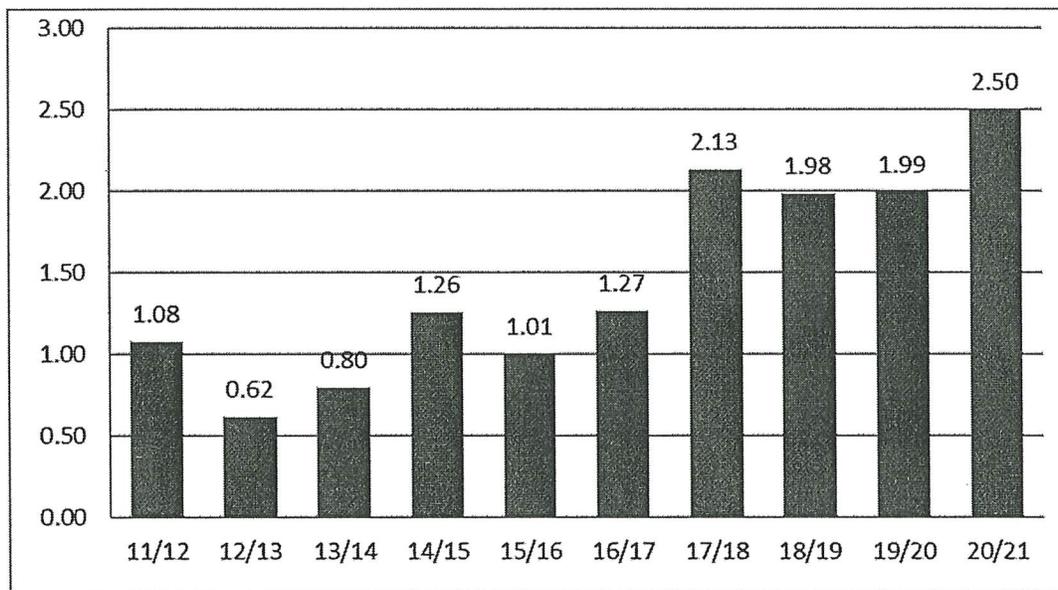
As reported in the Statement of Operations, for the year ended June 30, 2021 the district's revenues exceeded its expenses resulting in a combined annual surplus of \$298,804 (2020 deficit was \$73,478). This was comprised of the combined financial results of the operating fund and the capital fund as follows:

Annual Surplus (Deficit)	June 30, 2021	June 30, 2020
Operating Fund	507,912	8,946
Capital Fund	-209,108	-82,424
Combined	298,804	-73,478

Looking at the operating fund, the annual surplus of \$507,912 resulted in an increase to accumulated operating surplus from \$1,993,248 at the beginning of the year to \$2,501,160 as at June 30, 2021. This overall increase in accumulated operating surplus was the result of increased revenues that was not fully matched by expenditures. While actual results in a number of expenditure areas were either higher or lower than budget, the impact of these variances came close to a decrease of \$1.3 million in expenditures.

Maintaining an accumulated operating surplus has alleviated some of the budget pressure over the past few fiscal years particularly due to prior years' impact of funding protection. As shown in Exhibit 1, accumulated operating surplus has increased from \$1.08 million at the end of fiscal year 2012 to its current level of \$2.50 million at the end of fiscal year 2021.

Exhibit 1: Accumulated Operating Surplus (\$ millions) by Fiscal Year

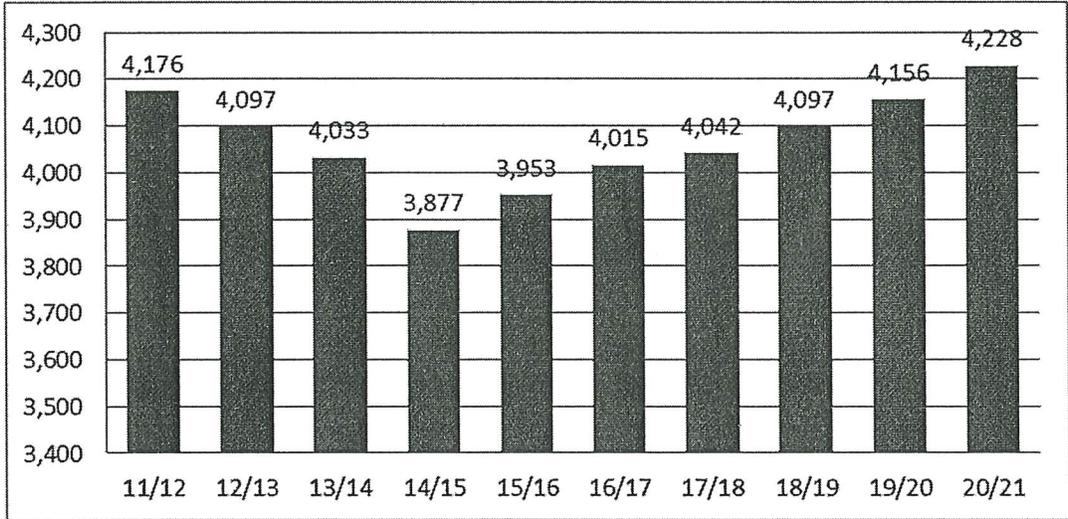


Over the past 10 years, significant financial pressure resulted from the combined effect of declining student enrolment and funding rates that did not pace inflation. These pressures contributed to some use of accumulated operating surplus as presented in Exhibit 1. Provincial operating grants, which comprise approximately 90% of total operating fund revenues, are determined largely based on student enrolment. As enrolment and funding declines, financial pressure results because many program expenditures such as facility and administration costs do not vary directly with student enrolment.

The trend in student enrolment is important for understanding both historical financial performance and the risk related to future budgetary balance. Under the per pupil funding formula, when enrolment increases a district is better able to fund overall program costs increasing financial flexibility. As shown in Exhibit 2, during the past 10 years the school district experienced some decline in student enrolment that has stabilized in the past several years. Stable enrolment and moderate growth forecasted in the years ahead means that risk to program and financial stability is expected to improve. As will be discussed in the significant financial events section, the ministry finalized a comprehensive review of the funding model and has

implemented some recommendations in 2020/2021 with a goal of additional recommendations in later years.

Exhibit 2: Funded FTE Enrolment by Fiscal Year



Capital Investment

During the year ended June 30, 2021, the district invested \$3,130,278 in capital additions that were funded by: Provincial capital funding (\$2,742,197) and other funds (\$287,781). The majority of this capital investment related to the following facility projects:

Project	Total Allocation	Invested in 2020/21	Completion Date
Ballenas Roof Replacement	988,500	648,542	Summer 2020
Arrowview Boiler Replacement	311,500	240,108	Summer 2020
Bus Replacements	558,112	558,112	Summer 2020
LED lighting upgrades/Electric bus	225,000	118,132	Summer/Fall 2020
Arrowview Child Care Centre	1,698,000	1,103,906	Spring 2021

Significant Events

COVID Pandemic – The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020 and has had a significant financial, market and social dislocating impact worldwide. Under direction of the Provincial Health Officer, all schools suspended in-class instruction in March 2020 and the District remained open to continue to support students and families in a variety of ways. Parents were given the choice to send their children back to school on a gradual and part-time basis beginning June 1 with new health and safety guidelines. The ongoing impact of the pandemic presented uncertainty over future cash flows and had a significant impact on the current year operations including decreases in revenue, impairment of receivables, reductions in investment income and delays in completing capital project work. As the situation continues to be dynamic and the ultimate duration and magnitude of the impact are

still not known, an estimate of the future financial effect on the District is not practicable at this time.

The 2020/21 Budget made adjustments to reflect the impact of COVID with particular considerations in the area of the International Student Program and its ability to host students. The overall impact is still not known but conservative enrolment projections had been taken into account. Other cost pressures built into the 2020/21 budget are for custodial staff and custodial supplies needed to address additional cleaning.

Safe Return to School Funds – During the summer of 2021, the Province of BC and later the Government of Canada announced supplemental funding that would flow to School Districts to support the safe return of students to school. These funds were to be used to address the learning impacts as a result of the COVID-19 pandemic. Overall \$42.5 million and \$216.8 million (respectively) was released to BC School Districts to support four broad areas, Learning Resources, Health and Safety, Transportation and Child care. These funds bought enhanced cleaning services, additional staff for online learning opportunities, additional technology for online/remote learning, safety products (masks/hand sanitizer stations), improved air systems and much more in order to support the safe return to school mandate.

International Student Program – As anticipated but not fully understood until the year unfolded, the ISP program was profoundly affected by the pandemic and its ability to bring international students to the School District. The resultant decrease in enrolment from 190 to 59 students and therefore decreased revenues from \$3.8 million to \$1.4 million impacted additional supplies and services that would normally have been supported with these funds. The changes were made at the beginning of the year and reflected in the amended budget approved in January 2021. Budgets for items such as district supply accounts and some additional staffing were reduced pending the rebound of the program.

Class Size and Composition Language – Following a ruling by the Supreme Court of Canada, in the fall of 2017 all school districts in the Province restored class size and composition language that had been previously removed from the teachers' contract in 2002. This restoration was a significant undertaking in the Qualicum School District and involved hiring more than 32 teachers, developing new administrative processes and the creation of additional classroom space through reconfiguration of internal space. During 2020/21, the district received \$3.7 million in additional funding through the Classroom Enhancement Fund (CEF) for teaching positions and for other overhead costs related to the restoration. Funding for restoration (CEF) and the related costs are reported in the special purpose fund.

Funding Model Review – following a comprehensive review of the education funding model in 2018, the Ministry of Education is conducting further work to review the recommendations and determine how they should be implemented. Some recommendations for the funding model were implemented for the 2020/21 school year, such as supplemental grants were rolled into the per-pupil funding and additional accountability and financial management measures were introduced. The implementation of the new funding model continues to create some uncertainty regarding the district's future budgetary balance.

School Capacity Constraints – with the restoration of class size language and enrolment growth (primarily at elementary) some elementary schools are close to capacity. Over the past two years, growth has been accommodated by renovating internal space to create more classrooms. To accommodate future growth the district will be reviewing several options, which have cost implications for both the capital plan (capital fund) and the operating fund. The District will review its Long Range Facility Plan in early 2021/22 in order to better align facilities with district enrolment.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT

In this section, actual results are compared to the prior year and budget (where applicable). For the statement of operations, the analysis is performed for each of the three funds.

Statement of Financial Position (All Funds)

The table below includes explanations for significant variances in the statement of financial position relative to the prior year.

	2021	2020	Analysis of Variance
Cash	17,116,087	14,007,248	Increased by \$3,108,839 primarily due to increased unearned revenues from ISP and operating surplus accumulation.
Deferred Capital Revenue	46,074,069	46,277,020	Decreased by \$202,951 primarily due to the use of other provincial capital for a Childcare project to be completed in summer 2021.
Tangible Capital Assets	62,819,746	62,465,265	Increased by \$354,481 due to capital assets additions being greater then amortization of capital assets.

Statement of Operations by Fund – Operating Fund

The 2021/22 Annual Budget included an appropriation of \$814,047 of accumulated operating surplus for educational programs. Other appropriations consist of future projects including a capital maintenance reserve, an energy projects reserve and school/district budgets that are carried forward. The remaining \$1,038,039 of the accumulated operating surplus balance went into a Contingency reserve to reduce future budgetary risk.

Detailed information on the operating fund is presented in schedules 2 to 2C following the notes to the financial statements. Revenues, expenditures and accumulated operating surplus are analysed in greater detail below.

Operating Fund Revenues

A high level summary of operating fund revenues is presented below and explanations of significant variances follows. A more detailed presentation of operating revenues is presented in schedule 2A following the notes to the financial statements.

	Amended Budget 2020/21	Actual 2020/21	Difference	Comments
Provincial Grants	46,829,952	47,244,111	414,159	2nd count and holdback release
Other Provincial Revenues	110,000	146,370	36,370	
Offshore Tuition	1,000,000	1,370,654	370,654	slight rebound in spring program
Miscellaneous other	140,000	93,355	-46,645	reduced fees from courtesy bus riders
Rental and Leases	550,000	624,850	74,850	some recovery as tenants remained
Investment Income	190,000	117,053	-72,947	interest rate declined
Total Revenues	48,819,952	49,596,393	776,441	

Operating Fund Expenses

Expenses in the financial statements are presented both by function (program) and by object (category of expense). Operating fund expenses are presented below using each method with explanations of significant variances following. A more detailed presentation of operating expenses is presented in schedules 2B and 2C following the notes to the financial statements.

Analysis of Variances by Function

	Amended Budget 2020/21	Actual 2020/21	Difference	Comments
Operating Fund Expenditures by Function				
Instruction	38,835,782	39,412,105	576,323	additional supports for enrolment
District Administration	2,223,574	2,191,247	-32,327	
Operations and Maintenance	5,623,056	5,645,848	22,792	
Transportation	1,718,990	1,631,500	-87,490	
Fund Transfers	418,550	207,781	-210,769	capitalize vs expense in nature
Total	48,819,952	49,088,481	268,529	

Analysis of Variances by Object

	Amended Budget 2020/21	Actual 2020/21	Difference	Comments
Operating Fund Expenditures by Object				
Teachers	18,681,515	19,183,284	501,769	enrolment growth impacting 2nd semester
Principals and Vice Principals	3,530,584	3,594,794	64,210	
Educational Assistants	3,694,131	3,378,651	-315,480	add'l supports from SP funding
Support Staff	5,091,281	5,203,566	112,285	additional COVID costs
Other Professionals	1,578,493	1,587,849	9,356	
Substitutes	1,739,942	1,729,884	-10,058	
Benefits	9,149,589	8,777,457	-372,132	benefit rates are stabilizing
Total Salaries and Benefits	43,465,535	43,455,485	-10,050	
Total Supplies and Services	4,935,867	5,425,215	489,348	add'l homestay & supply purchases
Fund Transfers	418,550	207,781	-210,769	capitalize vs expense in nature
Total Operating Expenditures	48,819,952	49,088,481	268,529	

Accumulated Operating Surplus

Understanding the components of accumulated operating surplus is necessary for knowing how much of the balance relates to multi-year funding of programs (surplus carry-forwards) and how much of the balance is available to reduce financial risk associated with unforeseen expenditures or to fund additional expenditures in the future. The components of the closing accumulated surplus are presented in the table below:

	Actual 2019/20	Actual 2020/21
School budgets	110,051	61,944
Capital maintenance	361,493	421,493
Educational Programs	27,500	53,300
Energy Projects	200,000	112,337
Budgeted Allocation of Surplus	300,000	814,047
	999,044	1,463,121
Contingency reserve	994,204	1,038,039
Internally restricted	1,993,248	2,501,160
Unrestricted operating surplus	0	0
Total operating surplus	1,993,248	2,501,160

The appropriated operating surplus increased from \$999,044 to \$1,463,121 (an increase of \$464,077) and includes \$814,047 to balance the 2021/22 budget in anticipation of additional impacts of COVID. The remaining surplus is held as Contingency reserve, which increased in 2020/21 by \$43,835, from \$994,204 to \$1,038,039, which is consistent with board policy intended to mitigate risk related to unforeseen circumstances.

Statement of Operations by Fund – Special Purpose Fund

	Amended Budget 2020/21	Actual 2020/21	Difference	Comments
Provincial Grants	5,912,851	6,686,202	773,351	
Other Revenue	1,350,000	592,777	-757,223	reduced fundraising from School Generated
Expenditures	-7,262,851	-7,278,979	-16,128	
Annual Surplus (Deficit)	0	0	0	0

Provincial Grants in 2020/21 increased over the previous year, with additional grants for Federal Safe Return (\$1.66 million), Provincial Safe Return (\$311,500) and First Nations Student Transportation (\$100,854).

Other Revenues derived from School Generated Funds, declined over the previous year by \$510,705 primarily due to the impact of COVID and schools inability to fundraise for extracurricular and field trips activities.

Detailed information on the special purpose fund is presented in schedules 3 to 3A following the notes to the financial statements.

Statement of Operations by Fund – Capital Fund

	Amended Budget 2020/21	Actual 2020/21	Difference	Comments
Provincial Grants	2,890,024	3,005,413	115,389	
Expenditures	-3,225,797	-3,452,302	-226,505	
Fund Transfers	418,550	237,781	-180,769	reduced operating transfers to Capital
Change in Accumulated Surplus	82,777	-209,108	-291,885	0

Revenues and expenses are consistent with budget and the prior year. This is expected because revenues and expenses in the capital fund are predictable and consistent, as they reflect the recognition of capital funding (as revenue) and the usage of capital assets over their life (as amortization expense). Fund transfers from the operating fund were lower than budget as less expenditures in the operating fund met the criteria for capitalization as an asset.

Within the capital fund the following two balances are important as they represent funds available for future capital investment:

- Local Capital Reserve – this balance forms part of accumulated surplus in the capital fund and represents funds available for investment in capital assets at the discretion of the Board of Education. These funds are generated primarily from proceeds of disposition of assets that are allocated to the School Board.
- MEd Restricted Capital – this balance forms part of the deferred capital revenue balance in the capital fund and represents funds available for investment in capital assets at the discretion of the Ministry of Education. These funds are generated primarily from proceeds of disposition of assets that are allocated to the Minister of Education pursuant to the *School Act*.

The table below presents the 2019/20 closing balances in Local Capital and Ministry of Education Restricted Capital and what portion of the balances are already committed to future capital investment.

	Local Capital- 2019/20	Local Capital- 2020/21	M Ed Restricted Capital
Committed for:			
- Wiring Project	47,988	0	
- Ballenas running track	170,915	163,415	
- Errington Elementary playground	50,000	0	
Committed for future investment	268,903	163,415	0
Uncommitted Balance	217,360	161,732	0
Balance at end of year	486,263	325,147	0

The local capital balance had committed to IT rewiring upgrades, the Ballenas running track and the Errington Elementary playground replacement with a balance of 161,732 remaining uncommitted. MEd Restricted Capital balance is now depleted due to the completion of the Errington Elementary parking and turnaround project during the 2018/19 year.

Detailed information on the capital fund is presented in schedules 4 to 4D following the notes to the financial statements.

CONTACTING THE SCHOOL DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District’s stakeholders with a general overview of the School District’s finances and to demonstrate the School District’s accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Secretary Treasurer’s office.