

NANAIMO LADYSMITH PUBLIC SCHOOLS
Board of Education
Business Committee Meeting
Information Sheet

DATE: May11, 2022
TO: Business Committee
FROM: Mark Walsh, Secretary-Treasurer
SUBJECT: 2021/22 Financial Report – Q3

The following information is meant to provide the Business Committee with the district's third quarter operating results, as compared to the 2021-22 Amended Annual Operating Budget, submitted to the Ministry of Education and Child Care in February 2022. Presented in the following table is the current fiscal year budget with actuals to March 31st, as well as 2020/21 results, which has been provided as a comparator. At March 31, the District was 75% through fiscal 2021/22; however, some of the expense categories will be more reflective of 10-month school-based operations.

Nanaimo Ladysmith Public Schools						
<i>Financial Results at March 31, 2022 - Q3</i>						
	2021/22 Amended Budget	Actuals at March 31	% Collected or Spent	2020/21 Amended Budget	Actuals at March 31	% Collected or Spent
Operating Revenues						
Ministry of Education Grants	144,240,639	100,281,919	69.5%	136,966,601	96,784,306	70.7%
Other Provincial Grants	275,416	312,312	113.4%	232,416	221,012	95.1%
Tuition	4,322,250	3,275,469	75.8%	1,344,190	1,338,831	99.6%
Other Revenue	2,080,954	2,318,650	111.4%	2,065,954	1,565,715	75.8%
Rentals and Leases	400,000	343,243	85.8%	400,000	377,502	94.4%
Investment Income	186,000	151,972	81.7%	205,000	190,329	92.8%
Total Operating Revenue	151,505,259	106,683,565	70.4%	141,214,161	100,477,695	71.2%
Operating Expenses						
Salaries						
Teachers	68,106,949	46,998,776	69.0%	62,830,681	43,728,767	69.6%
Principals and Vice Principals	8,917,757	6,437,132	72.2%	8,341,593	6,223,995	74.6%
Educational Assistants	11,246,819	7,191,157	63.9%	10,446,059	6,715,612	64.3%
Support Staff	12,936,224	9,245,226	71.5%	12,310,889	8,746,019	71.0%
Other Professionals	4,957,424	3,499,817	70.6%	4,687,880	3,428,183	73.1%
Substitutes	4,863,800	3,892,846	80.0%	4,384,343	2,809,252	64.1%
Total Salaries	111,028,973	77,264,954	69.6%	103,001,445	71,651,828	69.6%
Employee Benefits	27,622,707	17,509,899	63.4%	25,667,275	16,393,888	63.9%
Total Salaries and Benefits	138,651,680	94,774,853	68.4%	128,668,720	88,045,716	68.4%
Services and Supplies	16,524,434	10,704,731	64.8%	15,889,686	9,252,054	58.2%
Total Operating Expense	155,176,114	105,479,584	68.0%	144,558,406	97,297,770	67.3%
Net Revenue (Expense)	(3,670,855)	1,203,981		(3,344,245)	3,179,925	
Surplus Appropriation	8,858,355			6,346,745		
Transfer to Local Capital	(5,187,500)	(5,472,361)		(3,002,500)	(3,372,793)	
Surplus (Deficit), for the year	-	(4,268,380)		-	(192,868)	
Summary of Accumulated Operating Surplus						
Accumulated Operating Surplus, beginning of year		13,158,740				
Adj for Q3 Operating Surplus (Deficit) per above		(4,268,380)				
Accumulated Operating Surplus at Q3		8,890,360				

**Actuals from each Fiscal's Q3 GRE Report - Schedules 2 and 2B*

The following chart provides the Amended Annual Budget figures, with actuals at the end of Q3, and a projection to year-end.

Nanaimo Ladysmith Public Schools <i>Financial Results at March 31, 2022 with Forecast to Year-End</i>					
	2021/22 Amended Annual Budget	Actuals at March 31st	Forecast to June 30th	Total Estimated Actuals at YE	Variance of Estimated YE Actuals Vs. Budget
Operating Revenue					
Ministry of Education	144,240,639	100,281,919	43,958,720	144,240,639	-
Provincial Grants	275,416	312,312	50,000	362,312	86,896
Tuition	4,322,250	3,275,469	1,046,781	4,322,250	-
Other	2,080,954	2,318,650	152,500	2,471,150	390,196
Rentals and Leases	400,000	343,243	56,757	400,000	-
Investment Income	186,000	151,972	34,028	186,000	-
Total Operating Revenue	151,505,259	106,683,565	45,298,786	151,982,351	477,092
Operating Expense					
Salaries					
Teachers	68,106,949	46,998,776	20,531,837	67,530,613	(576,336)
Principals and Vice Principals	8,917,757	6,437,132	2,241,714	8,678,846	(238,911)
Educational Assistants	11,246,819	7,191,157	3,405,538	10,596,695	(650,124)
Support Staff	12,936,224	9,245,226	3,458,717	12,703,943	(232,281)
Other Professionals	4,957,424	3,499,817	1,263,155	4,762,972	(194,452)
Substitutes	4,863,800	3,892,846	1,696,452	5,589,298	725,498
Total Salaries	111,028,973	77,264,954	32,597,413	109,862,367	(1,166,606)
Employee Benefits	27,622,707	17,509,899	8,981,549	26,491,448	(1,131,259)
Total Salaries and Benefits	138,651,680	94,774,853	41,578,962	136,353,815	(2,297,865)
Total Services and Supplies	16,524,434	10,704,731	4,604,000	15,308,731	(1,215,703)
Total Operating Expense	155,176,114	105,479,584	46,182,962	151,662,546	(3,513,568)
Net Revenue (Expense)	(3,670,855)	1,203,981	(884,176)	319,805	(3,036,476)
Budgeted Surplus Appropriation	8,858,355				
Transfer to Local Capital	(5,187,500)			(5,472,361)	
Surplus (Deficit), for the year	-			(5,152,556)	
Summary of Accumulated Operating Surplus					
Accumulated Operating Surplus, beginning of year				13,158,740	
Adjustment for Annual Operating Surplus (Deficit), for the year, per above				(5,152,556)	
<u>Estimated Accumulated Operating Surplus, at year end</u>				<u>8,006,184</u>	

The projection results show that the district will end the year with an operating surplus of \$319,805 which will become part of our Accumulated Operating Surplus, once the figure has been confirmed at year-end. However, this figure is strictly an estimate, based on known factors at this time, which are subject to change over the course of the next few months.

Notably, the financial impact of the newly announced changes to the Employment Standards Act (ESA) requiring the district provide 5 paid sick days to all employees, a change from only those employees who currently receive sick time pursuant to our Collective Agreements, is still to be determined. At the end of the third quarter our replacement costs are 80% expended, up from the prior year where at this time only 64.1% had been expended. This is a direct impact of COVID and the resulting landscape where employees are asked not to come to work if they are unwell, that combined with the ESA change in place as of March 31st, will result in costs exceeding our estimated budget.

Another factor relates to the supply chain, and the ability to order and receive equipment and /or resources in this fiscal year (by June 30th). In such cases where items are ordered but not received, the cost will be recorded next fiscal year when the items are received, causing an underspend in the current year, adding to the overall year-end surplus balance.

Finally, the district may receive further revenues that are not yet recorded, nor anticipated, such as in 2020/21 where holdback funds were provided to districts late in the year, which would also impact our year-end surplus position.

Confirmed year-end results will be reflected in the Audited Financial Statements, presented to the Board of Education in September, along with the Accumulated Surplus position where any allocations must align with the Policy 2.16 – Accumulated Operating Surplus (Reserves) and Administrative Procedure AP524.

Revenue Summary:

At the end of Q3 district revenues received to date are at the expected levels of approximately 70%. Forecast to year-end results show two notable revenue variances to budget, which relates to multiple small additional grants received that were not originally anticipated.

Summary of Expenses:

Third quarter results are generally in line with expected expense levels to March 31st, however, as previously noted our replacement costs are considerably higher than last year and expected to be over budget at YE due to the additional impact of the ESA Sick Day Amendment, effective March 31, 2022.

Employee benefits show at 63% but with school-based operations being over 10 months, employee benefit accruals are tripled in June to account for the summer months, thus larger fourth quarter expense than the other categories.

Supply and services budgets are up from last year where COVID had a major impact on capacity, initiatives, supply chain, events, etc. whereas this year with restrictions lifting and operations reverting back to pre-COVID levels, expenses at March 31st are reasonable. There are however continued supply chain issues that may impede our ability to acquire goods and services which will have an impact on our year-end position in this category, likely resulting in additional surplus.

Special Purpose Fund Summary:

Special Purpose Fund revenues received to date due to timing of payments released by the funding parties is 64.9% where direct expenses vary by category per expected levels, also at 64.9% overall. Any year-end surplus balances will be retained by the district, for use in the coming fiscal year, in support of the intended programming.

Special Purpose Summary at March 31, 2022			
Special Purpose Revenues	21/22 Amended Budget	Actuals at March 31	% Collected or Spent
Annual Facilities Grant	608,485	588,442	96.7%
Learning Improvement Fund	487,126	341,793	70.2%
French Programs	270,107	152,746	56.6%
Ready Set Learn	102,766	33,586	32.7%
Strong Start	289,855	167,089	57.6%
Community Link	2,409,321	1,534,192	63.7%
Classroom Enhancement Fund	11,547,216	8,091,213	70.1%
CR4YC	26,780	3,891	14.5%
Mental Health	166,440	39,341	23.6%
BCTEA Transportation Fund	297,146	152,273	51.2%
Provincial COVID Fund	423,553	222,406	52.5%
School Generated Funds	2,645,000	1,432,529	54.2%
Other Misc. and Deferred Revenue	981,031	381,938	38.9%
Total Special Purpose Revenue	20,254,826	13,141,439	64.9%
Special Purpose Expenses			
Salaries			
Teachers	8,279,722	5,803,934	70.1%
Principals and Vice Principals	262,373	190,986	72.8%
Educational Assistants	1,958,922	1,300,800	66.4%
Support Staff	655,210	424,137	64.7%
Other Professionals	221,564	197,845	89.3%
Substitutes	677,089	437,196	64.6%
Total Salaries	12,054,880	8,354,898	69.3%
Employee Benefits	3,027,636	2,080,119	68.7%
Total Salaries and Benefits	15,082,516	10,435,017	69.2%
Services and Supplies	5,172,310	2,706,422	52.3%
Total Special Purpose Expense	20,254,826	13,141,439	64.9%
Surplus (Deficit), end of year	-	-	

Capital and Local Capital Update:

The following Capital schedule reflects the ongoing capital projects with expenses to March 31st.

2021-22 Capital Budget - Revenue/Expense Schedule							
March 31, 2022							
Capital Projects			Total Project COA	WIP	Annual Budget	2021/22 Expenses at March 31	Project Funding Balance
School Addition	CP44D	Hammond Bay	11,277,098	1,955,466	9,321,632	4,129,011	5,192,621
School Reno	CP10C	Dover Bay	2,344,274	-	2,344,274	-	2,344,274
BEP	CPD21	Dover Bay	4,750,000	4,012,778	737,222	103,765	633,457
	CP337	Forest Park	31,000	6,132	24,868	24,403	465
	CP11C	John Barsby	24,250	6,947	17,303	17,206	97
	CP348	LIS	33,000	6,495	26,505	25,645	860
	CP352	Mountain View	44,250	9,695	34,555	34,306	250
	CP358	NOE	33,000	4,722	28,278	28,278	-
Seismic	CP324	Cilaire	10,027,544	1,639,939	8,387,605	3,593,412	4,794,193
	CP366	Pleasant Valley	6,713,304	994,187	5,719,117	2,244,472	3,474,645
SEP/CNCP	CP44C	Hammond Bay	159,000	132,672	26,328	18,136	8,192
	CP66B	Pleasant Valley (HVAC)	375,000	-	375,000	82,880	292,120
	CP24B	Cilaire (HVAC)	1,000,000	-	1,000,000	147,776	852,224
	CP209	Cedar Secondary	400,000	-	400,000	-	400,000
BUS	CP682	District - Bus x 2	416,896	-	416,896	416,896	-
Playground	CP371	Quarterway	165,000	-	165,000	165,000	-
Child Care	CP447	Chase River	2,196,213	292,203	1,904,010	586,913	1,317,097
	CP448	Forest Park	2,123,636	505,560	1,618,076	1,022,838	595,238
	CP449	LPS	2,279,113	240,656	2,038,457	318,881	1,719,576
	CP450	QQS	1,976,689	-	1,976,689	14,792	1,961,897
	CP451	Rock City	2,436,717	24,418	2,412,299	50,833	2,361,466
	CP457	Cilaire	2,698,085	-	2,698,085	-	2,698,085
	CP458	Georgia Ave	2,431,273	-	2,431,273	-	2,431,273
	CP459	Pleasant Valley	2,838,069	-	2,838,069	-	2,838,069
	CP460	Quarterway	1,073,279	-	1,073,279	-	1,073,279
	CP461	Seaview	2,594,173	-	2,594,173	6,257	2,587,916
StrongStart	CP452	Bayview	34,286	-	34,286	-	34,286
	CP454	Cedar Elementary	34,286	-	34,286	-	34,286
	CP455	Fairview	34,286	-	34,286	-	34,286
	CP456	Quarterway	34,286	-	34,286	-	34,286
Project Totals			60,578,007	9,831,870	50,746,137	13,031,700	37,714,438

Note 1: Annual Budget figures are the Total Project COA, less prior year(s) WIP

Note 2: WIP (Work in Progress) - Prior year(s) project expenditures; per Schedule 4B of the Annual Financial Statements

Note 3: COA (Certificate of Approval) - The current approved funding envelope, subject to change by the funding party

Note 4: This list is exclusive of AFG and Local Capital

The following Local Capital schedule includes an estimated expense for the fourth quarter, in order to estimate our year-end financial position and determine the resources that will be available for future operations. Ministry of Education has indicated they would like to see multi year financial planning with regards to cash balances such as Accumulated Operating Surplus and Local Capital, in order to ensure districts are managing financial assets, risk, and ongoing operational pressures, are being transparent to the public, are focusing on enhancing student outcomes and supporting Board goals and Operational Plans.

Local Capital 2021-2022 Budget							
April 30, 2022							
Revenue	WIP (Prior Yr. Expense)	2021/22 Budget	2021/22 Expenses at March 31	LC-AFG Transfer	21/22 Adjusted Mar 31 Expense	Estimated Expense for Q4	Estimated Project Funding Balance at YE
Deferred Revenue from 2020-2021		3,977,668					
Work in Progress - Prior Yr.	2,281,038						
	2,281,038	3,977,668					
Transfer from Operating/Accumulated Surplus							
Technology / Infrastructure Upgrades		1,100,000					
Funding for E-Buses / Infrastructure		120,000					
Purchase of Hoists		28,000					
Equitable Access to Technology		500,000					
Ice Solar Panel Installation		300,000					
Vehicle Replacement Program		400,000					
Cilaire Portable Upgrade		200,000					
John Barsby Contribution		500,000					
School Site Acquisition Fund		700,000					
Environmental Upgrade Fund		700,000					
Syeyutsus Support		199,500					
Outdoor Learning Fund		400,000					
School Enhancement Projects		112,000					
External Landscape Sustainability Fund		40,000					
Total Transfer from Operating	-	5,299,500					
Investment Income	-	30,000					
	-	5,329,500					
Total Funding Available	2,281,038	9,307,168					
Projects/Expenses							
LC035 District Wi-Fi Initiative - Multi Year	926,366	2,200,000	735,976	(360,685)	375,291.33	206,277	1,618,432
LC203 Syeyutsus Support	-	199,500	6,373		6,372.61	18,000	175,127
LC210 Dover Bay Expansion	19,596	380,404	324,246		324,246.48	56,158	-
LC328 Departure Bay Washroom	-	21,000	20,747	(20,747)	-		21,000
LC330 Dufferin Reno/Furniture	-	20,000	6,285		6,284.75		13,715
LC344 Hammond Bay Expansion	1,250,000	-	-		-		-
LC400 Asset Management Plan	-	400,000	-		-		400,000
LC561 Outdoor Learning Fund	-	400,000	22,279		22,278.69	80,000	297,721
LC580 Vehicle Replacement Program	-	400,000	81,702		81,701.95	318,298	-
LC581 District Equipment	-	70,000	16,204		16,204.16	15,000	38,796
LC609 Technology Plan	-	1,000,000	495,716		495,715.82	500,000	4,284
LC681 Accessibility	-	80,000	35,613	(27,588)	8,024.85	10,000	61,975
LC682 Solar Panel Project	-	300,000	-		-	50,000	250,000
LC683 Landscape Sustainability Project	-	40,000	-		-	30,000	10,000
LC690 CRC Demo	-	25,000	18,679		18,679.49		6,321
LC723 Environmental Upgrades - General	-	1,050,000	98,856	(27,991)	70,864.85	182,000	797,135
LC724 E-Bus Infrastructure	-	120,000	144,288		144,288.33		(24,288)
LC750 School Enhancement Projects	-	112,000	14,460		14,459.67	10,000	87,540
LC800 Learning Studios	-	200,000	83,005	(83,005)	-		200,000
LC823 School Signs	-	150,000	1,638		1,638.25		148,362
LC846 Lead in Water	74,714	52,190	35,127	(35,127)	0		52,190
LC888 Dover Bay PA/Phone System Upgrade	1,726	250,000	226,221	(226,221)	0.26	15,000	235,000
LC997 Enrollment Growth Space Needs	-	250,000	762		762.00	60,000	189,238
LC999 Outstanding Purchase Order	-	28,000	-		-		28,000
LC999 Emergent Reserve	-	188,074	30,614		30,613.66		157,460
LCCAP General Capital Approval Support	-	141,000	96,892		96,892.40		44,108
LCCCC Childcare Space Applications	8,636	-	2,848		2,848.49		(2,848)
LCSSA School Site Acquisition Fund	-	700,000	-		-		700,000
LCTFR Turf Field Reserve	-	500,000	-		-		500,000
LCXXX Transfer to approved capital projects	-	-	(77,561)		(77,561)		77,561
Total Projects/Expenses	2,281,038	9,277,168	2,420,973	(781,365)	1,639,607	1,550,733	6,086,828
Fund Balance	-	30,000					

Note 1: The current allocations are subject to change if emergent needs arise

As presented, the district is estimating a year-end Local Capital balance of \$6.086 million, pending actual fourth quarter results which may vary due to supply chain, workforce, and/or construction issues, where the final balance will be presented on the Audited Financial Statements in September. Prior to that confirmation, staff have used the estimated year-end balance as the opening revenue for the 2022/23 preliminary Local Capital three-year financial plan, where proposed annual transfers from the Accumulated Operating Surplus balance would provide the additional resources required to support the Plan.

Investment Update:

Since the 2021/22 Q2 update there have been two additional investment purchases. The district's total investments are summarized below:

Investment	Purchase Date	Rate	Total Investment
Royal Bank of Canada - GIC - 2 year with quarterly payouts	01-Dec-21	1.31%	2,000,000
Coast Capital Savings - GIC - 1 year fixed	28-Apr-22	3.15%	2,500,000
Coast Capital Savings - GIC - 1 year cashable after 90 days	28-Apr-22	2.15%	7,500,000

Current Interest Rates	
RBC Operating Acct	1.32%
CDP	1.70%

The Bank of Canada has increased interest rates by 75 basis points since March 2022 resulting in an increase in rates not only in the district's current Operating and Central Deposit Program accounts but also on the rates available on GIC's. While previously the GIC purchased in December was at a rate significantly higher than the rate available in other accounts, it is now at a rate in line with what our Operating account can offer. As this GIC offers quarterly pay-outs staff intend to re-invest these payouts at a higher rate.

On April 28, 2022, \$2,500,000 was invested into a 1-year fixed GIC at a rate of 3.15%, and \$7,500,000 in a 1 year cashable after 90-day GIC at a rate of 2.15%. These investments were chosen as given interest rates are still expected to increase over the course of the year, the district will have the ability to draw from the cashable GIC's after 90 days and re-invest at a higher rate while still earning more interest than our Operating and CDP accounts. Based on current rates these GIC's are expected to earn the district an additional \$100k in the next year.

Financial Summary:

Overall staff are confident that the district is in a positive financial position, however, we reiterate that much can change in a single quarter and year-end results may vary from the current forecast.

Also, important to note that the district is in a healthy accumulated operating surplus position, provided we don't end the year with an unlikely operating deficit, which will allow the Board to continue to support some one-time educational initiatives in 2022/23 (such as Outreach), as well as provide financial resources for our three-year Local Capital Plan. This Plan has a focus on long range capacity pressures, continued support of technology, environmental sustainability, school growth and accessibility, as well as asset management, all of which must be resourced by the district as not funded by the Ministry of Education and Child Care.

