

NANAIMO LADYSMITH PUBLIC SCHOOLS
BUSINESS COMMITTEE
PUBLIC MEETING
ACTION SHEET

DATE: September 14, 2022
TO: Business Committee
FROM: Mark Walsh, Secretary-Treasurer
SUBJECT: 2021-2022 Surplus Allocation

Recommendation

The Business Committee recommends that the Board of Education of School District No. 68 (Nanaimo-Ladysmith) approve the recommendations contained in this Action Sheet to allocate the unrestricted surplus to support the Board's goals.

Background

On August 31, 2022, staff presented the Board with the preliminary 2021-2022 year-end surplus (the information sheet is attached). The district ended the year in a robust accumulated surplus position. Much of the surplus is already accounted for, however, there are also amounts available to the Board to support the district's needs. The purpose of the memo is for the Board to consider the recommended surplus allocation for debate and approval.

Discussion

While the 2021-22 financial statements have not yet been finalized, the audit is substantially complete. Pursuant to the revised Accumulated Operating Surplus (Reserves) policy 2.16, the new accumulated operating surplus schedule below has been provided which includes the intended purpose, timeline for the expense (1 or more years), and identifies a direct link to a Board goal, or either the districts Strategic or Operational Plan.

Restricted Operating Surplus

We note that the Board does not have a lot of discretion with respect to the restricted surplus balance of \$5,073,880. A number of items presented in the restricted surplus reserves are either contractually required, targeted funds per the Ministry, or have already been expended pursuant to Board support. Therefore, while the Board will be asked to support these restrictions there is in reality not a lot of discretion with respect to these dollars.

Restricted Surplus Reserve for Anticipated Unusual Expenses

These include funds for anticipated expenses associated with staffing (in the event the District's CEF submission is not fully funded as well as a staffing contingency (reduced from prior years), and additional amounts to support continued elevated staff absenteeism. The \$1,000,000 included in this reserve could be reallocated, however, staff have already lowered the funds from previous years to comply with the revised Accumulated Operating Surplus (Reserve) Policy and to align closer with what actually may be expended for staffing related issues.

Accumulated Operating Surplus Schedule 2022-23 and Future Years				
	2022-23	Board Goal	Timeline	Future Years
Accumulated Operating Surplus	7,818,360			
<u>Restricted Surplus Reserve for Anticipated Unusual Expenses:</u>				
Staffing Contingencies	600,000	1	Allocated per emergent needs	
Replacement Cost Contingencies	400,000	1	Allocated per emergent needs	
COVID - Enhanced Cleaning Protocols	-			
	<u>1,000,000</u>			
<u>Restricted Surplus Reserve for Financial Constraints/Targeted Funds:</u>				
District Benefit Plans - Premium Balance	2,575,232		Balance may vary per Carrier - TBD	
Aboriginal Education Programs	415,443	1,3,4	2022-23	
Outreach Program	55,938	1,3,4	2022-23	
Teacher Mentorship Grant 21/22 unspent per COVID	261,758	1	Multi Years	TBD
School Supplies	134,367	1,3,4	2022-23	
Seamless Day Kindergarten Pilot	50,000	1	2022-23	
Health & Safety	17,800	2	2022-23	
Undelivered purchase orders at June 30th	563,342	1	2022-23	
	<u>4,073,880</u>			
<u>Restricted Surplus Reserve for Operations Spanning Multiple School Years:</u>				
TBD	-			
Total	<u>-</u>			
Total Restricted Operating Surplus	5,073,880			
<u>Unrestricted Operating Surplus Reserve:</u>	2,744,480			
Less, Proposed transfer to Local Capital	<u>(2,000,000)</u>		See Local Capital 3 Year Plan/Schedule	
Revised Unrestricted Operating Surplus Balance, pending Board approval	<u>744,480</u>			
Less, Recommended Surplus Allocations 2022-23				
Additional Cleaning Supports	(100,000)	3	2022-23	
Nanaimo District Secondary School Capacity Issues	(50,000)	1,3	2022-23	
Continued Enhanced Airflow and Filtration/Ventilation	(50,000)	3	2022-23	
School Inflationary Cost Pressure Resources	(82,490)	1,2,3,4	2022-23	
WorkSafe Return to Work Program	(100,000)	1,3	2022-23	
Remaining Unrestricted Surplus Balance for future operations or emergent needs	<u>361,990</u>			TBD

Board Goals

Continuous improvement of instruction and assessment
 To be a leader in environmental stewardship and sustainability
 Safe, caring and healthy learning and working environment that is inclusive of the diversity of our entire learning community
 Truth and Reconciliation

Restricted Surplus Reserve for Financial Constraints/Targeted Funds

These amounts are restricted for specific purposes in the 2022-23 school year or beyond. These include surpluses in certain targeted funds, funds already expended (e.g. summer programs) and approved by the Board during the Spring budgeting process, a reasonable benefits balance, school carry forwards and other minor amounts. The restricted amount also includes funds committed during the 2021-22 school year for purchases delivered after July 1, 2022. This is mainly technology purchased in bulk.

Unrestricted Operating Surplus

After the accumulated operating surplus funds are restricted for the reserves noted above, the unrestricted operating surplus balance for 2021-22 is \$2,744,480. Currently, staff is making six recommendations with respect to this balance.

1. \$100,000 – Additional Cleaning Supports

The purpose of these funds is to continue to maintain elevated “cleaning for health” including following the guidance issued by the Ministry of Education and Childcare. These funds will support additional FTE to proactively address cleaning for health as well as providing supports to react in the event of heightened absenteeism at specific locations or classrooms.

2. \$50,000 – Nanaimo District Secondary School Capacity Issues

These funds are to provide additional supports – mainly clerical – to support NDSS’s population which has topped 1700 for the 2022-23 school year. It should be noted that the administrator allocation was changed during the 2022-23 budget to increase VP time due to the population but the allocation was not altered to reflect a school over 1600. This allocation is intended to be one time as the intention is to shrink NDSS but if that goal cannot be accomplished by the 2023-24 school year the clerical allocation formula will likely be adjusted on an ongoing basis.

3. \$50,000 – Ventilation

These funds will support increased energy costs associated with enhanced airflow in schools. In addition, continued purchases of MERV13 filtration in facilities.

4. \$82,490 - School Inflationary Pressure Support

This amount is reflective of \$5.00 per student headcount with a minimum of \$1,500 per school. It should be noted that the government’s recent Student and Family Affordability Fund (\$1.458 million) will alleviate some pressures at the school level. However, the fund is not intended to support consumables in home economics, shops, paper etc.

5. \$100,000 – Worksafe Return to Work

The Board supported this amount in previous years. The purpose of the fund is to provide supernumerary supports to reconnect employees with workplace injuries with their positions quicker. These funds will bring savings in future years due to an anticipated lower “experience rating” with our Worksafe premiums. It is also intended to support workers and also lessen the need for replacements by reconnecting injured workers with the workplace faster in a supportive environment.

6. \$2,000,000 – transfer to Local Capital

This transfer would be for the annual technology plan as well as to support the three-year local capital planned expenditures. The current Local Capital three-year schedule is provided below for updated information as well as to provide relevance to support the recommended transfer.

Local Capital - Three Year Financial Plan			
2022/23 to 2024/25			
<u>Revenue</u>	2022-23	2023-24	2024-25
Deferred Revenue per F/S	7,221,058	1,295,520	362,520
	<u>7,221,058</u>	<u>1,295,520</u>	<u>362,520</u>
<u>Operating Fund and/or Accumulated Surplus Transfers</u>			
<i>Transfer necessary to fund three year planning</i>	1,000,000	2,400,000	3,120,000
Technology / Infrastructure Upgrades	1,000,000	1,000,000	1,000,000
Total Transfer from Operating	<u>2,000,000</u>	<u>3,400,000</u>	<u>4,120,000</u>
Investment Income	30,000	32,000	34,000
	<u>2,030,000</u>	<u>3,432,000</u>	<u>4,154,000</u>
Total Revenue	<u>9,251,058</u>	<u>4,727,520</u>	<u>4,516,520</u>
<u>Planned Projects</u>			
Board Goal - Continuous improvement of instruction and assessment			
LC035 Equitable Access to Technology (Wi-Fi)	1,500,000	800,000	800,000
LC609 Technology Plan	1,000,000	1,000,000	1,000,000
LC800 Learning Studios	275,000	275,000	300,000
Board Goal - To be a leader in environmental stewardship and sustainability			
LC682 Solar Panel Project	250,000		
LC683 Landscape Sustainability Project	10,000		
LC723 Environmental Upgrades - General	775,000	100,000	100,000
LC724 E-Bus	225,000	250,000	275,000
LC561 Outdoor Learning Fund	300,000	50,000	50,000
Board Goal - Safe, caring and healthy learning and working environment that is inclusive of the diversity of our entire learning community			
LC681 Accessibility	40,000	40,000	40,000
LC750 School Enhancement Projects	88,000	50,000	50,000
Board Goal - Truth and Reconciliation			
LC203 Syeyutsus Support	175,000	100,000	100,000
Long Range Facilities Plan (LRFP)			
LC580 Vehicle Replacement Program/AMP	381,179	350,000	400,000
LC581 District Equipment/Signage	200,000		
LC997 Enrollment Growth Space Needs	250,000	300,000	350,000
LCSSA School Site Acquisition Fund	400,000		
LCLRP LRFP-Capacity/Capital Contributions		850,000	850,000
LCCAP Support of Pending/New Capital Projects	100,000	100,000	100,000
LCTFR Turf Field Reserve	500,000		
LC324 Cilaire Parking Lot	50,000		
TBD Randerson Drainage Support	200,000		
TBD Pleasant Valley HVAC Support	125,000		
TBD LIS/NDSS Capacity and Seismic Capital Contribution	1,000,000		
LC999 Contingent Reserve	111,359	100,000	101,520
Total Projects/Expenses	<u>7,955,538</u>	<u>4,365,000</u>	<u>4,516,520</u>
<u>Fund Balance</u>	1,295,520	362,520	-

Note: This schedule is based on estimated spending over the next three years but is subject to change in the event of unforeseen projects, emergent district needs or a change in available financial resources.

It is recommended that the remaining unrestricted operating surplus balance of \$361,990 remain as unrestricted. The purpose of these funds will be to address inflationary pressures that arise during the school year. Specifically, Districts are not funded for principal and vice-principal and/or exempt salary increases. While we budgeted for some increase, depending on the outcome of collective bargaining we could be faced with the need for additional amounts.

In addition, there may be other pressures that arise that the unrestricted fund can support. Further, staff are concerned that adding additional educational programming or initiatives is unable to be supported by district staff due to workloads. In addition, as we experienced last year, additional supports in the form of staffing created staff shortages (e.g., every additional EA hire put more risk for the failure to fill). While we understand the need for staffing, we are concerned about the continued morale impacts on failure to fill.

Appendix A: August 31, 2022 Information Sheet

Appendix B: Financial Statement Discussion and Analysis

Appendix C: 2021-22 Draft Audited Financial Statements

