

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

DATE: May12, 2020
TO: Business Committee
FROM: Mark Walsh, Secretary-Treasurer
SUBJECT: 2020/21 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 2020-21 Amended Annual Operating Budget, submitted to the Ministry of Education in February 2021. Presented in the following table is the current fiscal year budget with actuals to March 31st, as well as 2019/20 results, which has been provided as a comparator. At March 31, the District was 75% through fiscal 2020/21; however, some of the expense categories will be more reflective of 10-month school-based operations.

Nanaimo Ladysmith Public Schools (SD68)						
<i>Financial Results at March 31, 2021 - Q3</i>						
	2020/21 Amended Budget	Actuals at March 31	% Collected or Spent	2019/20 Amended Budget	Actuals at March 31	% Collected or Spent
Operating Revenues						
Ministry of Education Grants	136,966,601	96,784,306	70.7%	132,564,001	93,459,263	70.5%
Other Provincial Grants	232,416	221,012	95.1%	230,416	204,862	88.9%
Tuition	1,344,190	1,338,831	99.6%	3,743,000	2,424,395	64.8%
Other Revenue	2,065,954	1,565,715	75.8%	2,431,977	1,859,739	76.5%
Rentals and Leases	400,000	377,502	94.4%	607,755	490,761	80.7%
Investment Income	205,000	190,329	92.8%	500,000	298,542	59.7%
Total Operating Revenue	141,214,161	100,477,695	71.2%	140,077,149	98,737,562	70.5%
Operating Expenses						
Salaries						
Teachers	62,830,681	43,728,767	69.6%	60,795,049	41,368,741	68.0%
Principals and Vice Principals	8,341,593	6,223,995	74.6%	7,876,242	5,940,438	75.4%
Educational Assistants	10,446,059	6,715,612	64.3%	10,469,187	6,772,218	64.7%
Support Staff	12,310,889	8,746,019	71.0%	11,833,562	8,513,004	71.9%
Other Professionals	4,687,880	3,428,183	73.1%	4,372,967	3,223,503	73.7%
Substitutes	4,384,343	2,809,252	64.1%	4,271,142	2,922,008	68.4%
Total Salaries	103,001,445	71,651,828	69.6%	99,618,149	68,739,912	69.0%
Employee Benefits	25,667,275	16,393,888	63.9%	25,506,904	16,113,747	63.2%
Total Salaries and Benefits	128,668,720	88,045,716	68.4%	125,125,053	84,853,659	67.8%
Services and Supplies	15,889,686	9,252,054	58.2%	15,092,207	9,877,167	65.4%
Total Operating Expense	144,558,406	97,297,770	67.3%	140,217,260	94,730,826	67.6%
Surplus (Deficit), for the year	(3,344,245)	3,179,925		(140,111)	4,006,736	

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

The following chart presents known adjustments since the Amended Annual Budget, actuals at March 31st, and a forecast to year-end.

Nanaimo Ladysmith Public Schools (SD68) <i>Financial Results at March 31, 2021 with Forecast to Year-End</i>							
	2020/21 Amended Annual Budget	Adjustments	Budget at March 31st	Actuals at March 31st	Forecast to June 30th	Total Estimated Actuals at YE	Variance of Current Budget to Estimated Actuals at YE
<u>Operating Revenue</u>							
Grants - Ministry of Education							
Operating Grant	133,578,580	867,553	134,446,133	94,564,919	40,075,107	134,640,026	193,893
ISC/LEA Recovery	(1,174,655)	-	(1,174,655)	(1,014,618)	(160,037)	(1,174,655)	-
Pay Equity	160,000	-	160,000	36,512	123,488	160,000	-
Transportation Supplement	244,630	-	244,630	171,241	73,389	244,630	-
Labour Settlement Funding	3,645,082	-	3,645,082	2,665,964	979,118	3,645,082	-
Other	512,964	-	512,964	360,288	152,676	512,964	-
Total Grants - Ministry of Education	136,966,601	867,553	137,834,154	96,784,306	41,243,741	138,028,047	193,893
Provincial Grants	232,416	-	232,416	221,012	41,404	262,416	30,000
Tuition	1,344,190	-	1,344,190	1,338,831	287,064	1,625,895	281,705
Other Educational Authorities	519,299	-	519,299	410,738	108,561	519,299	-
Funding from First Nations	1,174,655	-	1,174,655	1,014,618	160,037	1,174,655	-
Cafeteria Revenue	205,000	-	205,000	60,312	27,000	87,312	(117,688)
BC Hydro Energy Manager Grant	50,000	-	50,000	38,125	11,875	50,000	-
Other	117,000	-	117,000	41,925	75,075	117,000	-
Rentals and Leases	400,000	-	400,000	377,502	89,940	467,442	67,442
Investment Income	205,000	-	205,000	190,329	60,000	250,329	45,329
Total Operating Revenue	141,214,161	867,553	142,081,714	100,477,698	42,104,697	142,582,395	500,681
<u>Operating Expense</u>							
Salaries							
Teachers	62,830,681	288,877	63,119,558	43,728,767	18,740,861	62,469,628	649,930
Principals and Vice Principals	8,341,590	51,241	8,392,831	6,223,995	2,082,334	8,306,329	86,502
Educational Assistants	10,446,060	43,671	10,489,731	6,715,612	3,595,553	10,311,165	178,566
Support Staff	12,310,889	(26,361)	12,284,528	8,746,019	3,411,464	12,157,483	127,045
Other Professionals	4,687,880	(13,488)	4,674,392	3,428,183	1,230,996	4,659,179	15,213
Substitutes	4,384,344	30,621	4,414,965	2,809,252	1,180,144	3,989,396	425,569
Total Salaries	103,001,444	374,561	103,376,005	71,651,828	30,241,352	101,893,180	1,482,825
Employee Benefits	25,667,276	76,403	25,743,679	16,393,888	8,648,236	25,042,124	701,555
Total Salaries and Benefits	128,668,720	450,964	129,119,684	88,045,716	38,889,588	126,935,304	2,184,380
Total Services and Supplies	15,889,686	416,589	16,306,275	9,252,054	3,245,266	12,497,320	3,808,955
Total Operating Expense	144,558,406	867,553	145,425,959	97,297,770	42,134,854	139,432,624	5,993,335
Net Revenue (Expense)	(3,344,245)		(3,344,245)	3,179,928		3,149,771	5,492,654

Revenue Summary:

Since the Amended Annual Budget, the District received an additional \$857,533 for the February Student Data Collection which was for FTE counted over what was originally estimated. Ministry provided that funding to the district just prior to March 31st so it was recorded in our third quarter financials. However, subsequent to that we were informed that the data collection was overstated, and we are therefore overfunded by approximately \$400,000 which is still to be confirmed and clawed back by Ministry. At this time, we have accounted for the estimated over payment in our projection to year-end.

Also included in that forecast is the revenue received from the Ministry, which was Phase 1 release of holdback funds, in the amount of \$143,892. This additional holdback revenue is available to Ministry due to the pandemic, where many students across the province did not attend school in September so were not counted in the data collection therefore were not funded. In addition, many families chose either the homeschooling or distributed learning option, both drastically reducing the operating grants originally provided to districts, where that lost funding is now being released back out in phases. As this additional funding directly relates to learning loss, we have not budgeted for a direct expense at this time. Instead we intend to roll these funds into year-end surplus and support a summer and fall outreach program which is currently in planning stages. We also anticipate that Ministry will release Phase 2 holdback funds soon, currently we have estimated this at \$450,000

Summary of Expenses:

Along with the increased revenue recorded since the Amended Annual Budget, some minor changes in expense are presented, most notably a small increase in teacher and EA staffing. The increase in supplies and services represents the additional revenue, not tied to a direct expense, but placed in contingency where some will roll into year-end surplus, and some will revert back to Ministry per the overpayment of February funding.

Forecast and Year-End results:

Variance from budget figures to projected actuals relating to salaries and benefits is due to a variety of factors which includes the lag time of planned staffing to positions being filled, the effects of attrition, and employee replacement challenges.

The Services and Supplies category is projected to have a large year-end variance from budget.

One of the most significant contributing factors is the surplus from 2019-20 that was added into the 2020-21 budget for planned pandemic related supports, as well as other identified needs and initiatives. Some of the items added to budget to mitigate risk related to COVID-19 were subsequently funded by the Ministry through the second installment of the anticipated federal funding. The restricted surplus funds will therefore remain unspent in 2020-21, and as a reminder, we recently asked the Board to unrestrict \$500,000 so we could record and plan for their expense in the 2021-22 budget.

Additional surplus will be recorded due to the increased revenue previously noted, that has no planned expense in 2020-21. Further, due to the ongoing pandemic, there are many initiatives and regularly planned expenditures that were not able to come to fruition this fiscal year which will add to anticipated year-end balances.

At this time, and with all known information considered, the district is forecast to end the fiscal year with \$3.1 million dollar surplus in the Operating Fund.

Of note, surplus will be allocated per the district's Operating Surplus/Deficit Policy (2.16) and Administrative Procedure (AP524) where some items are automatically internally restricted. Such items could include any Indigenous Education target surplus, year-end school operating balances as those will roll over to the next school year, and any other planned expenditures that we do not take delivery of by June 30th.

Year-end results, inclusive of any confirmed surplus balances, will be reflected in the Financial Statements in September, and be presented to the Board of Education.

Conclusion:

Overall staff are confident that the District is in a positive financial position. However, we note that much can change in a single quarter and the Board is already estimating expenditures for 2021-22 based on 2020-21 surplus. Therefore, internally, we are continually monitoring spending to ensure that the Board will have the flexibility to support additional cleaning as well as outreach programs next year. To be clear this means that we are planning for a surplus, which is a different approach than we would normally engage in.

References:

https://www.sd68.bc.ca/wp-content/uploads/Policy/2.0/2.16_Operating_Surplus_and_Deficit.pdf

https://www.sd68.bc.ca/wp-content/uploads/Administrative-Procedures/500/AP-524-Operating_Surplus_and_Deficit.pdf