



NANAIMO LADYSMITH
PUBLIC SCHOOLS

Nanaimo Ladysmith Public Schools
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www.sd68.bc.ca



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2021

DRAFT



2021



Financial Statement Discussion and Analysis For the Year Ended June 30, 2021

The following is a discussion and analysis of the financial performance of School District No. 68 (SD68) 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, and 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 District's financial statements.

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Overview of School District 68



Nanaimo Ladysmith Public Schools resides within the traditional territories of the Snuneymuxw, Snaw-Naw-As and Stz'uminus First Nations.

Nanaimo Ladysmith Public Schools is the second largest school district on Vancouver Island and resides within the traditional territories of the Snuneymuxw, Snaw-Naw-As and Stz'uminus First Nations. In addition, the District is a proud community partner with the Tillicum Lelum Aboriginal Friendship Centre and the Mid Island Métis Nation.

The District is proud to provide quality education for approximately 15,000 students in 27 elementary & 1 primary school, 6 secondary schools, and District Learning Alternatives, Career and Technical Centre, and Island Connect Distributed Learning Programs.

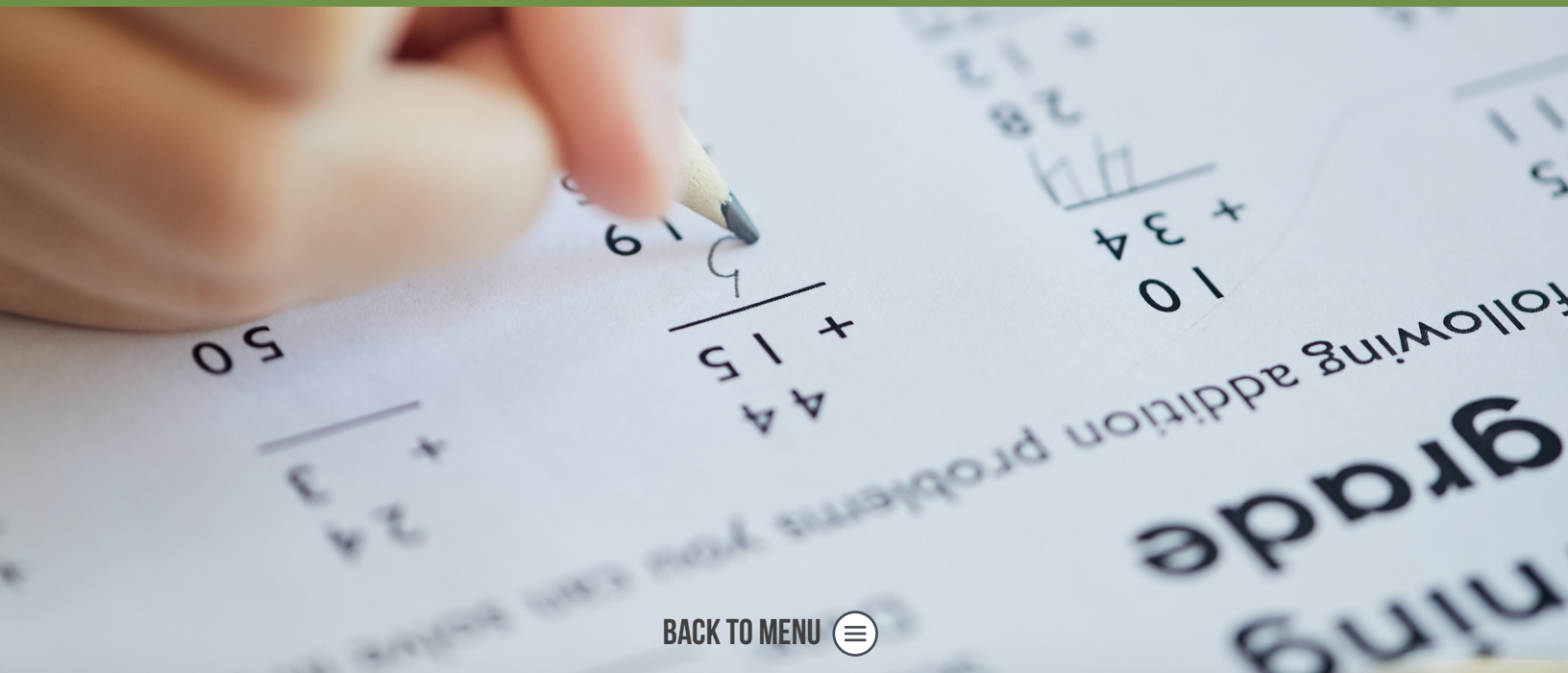
The District encompasses the City of Nanaimo, the towns of Ladysmith and Lantzville, Gabriola Island, North Oyster, Cedar and many other communities which represent a population of 126,047 (2016 census). The District's annual consolidated budget is \$180 million.

FUNDED HEADCOUNT ENROLMENT BY GRADE

	Kindergarten	Primary	Intermediate	Secondary	Other	Total
All Students	1,070	3,280	4,581	6,011	24	14,966
Indigenous Students	160	497	749	924	-	2,330
Students with special needs	24	158	375	603	-	1,160

FUNDED FTE ENROLMENT AND OPERATING FUNDING

Year	September	Full Year		
	Enrolment	Enrolment	Operating Funding	Per Pupil
2009/10	13,897	14,101	\$116,434,560	\$8,257
2010/11	13,626	13,884	\$118,411,575	\$8,528
2011/12	13,563	13,821	\$117,765,521	\$8,520
2012/13	13,272	13,512	\$116,187,122	\$8,599
2013/14	13,201	13,469	\$114,582,966	\$8,507
2014/15	12,878	13,151	\$112,984,200	\$8,591
2015/16	13,067	13,374	\$114,052,753	\$8,528
2016/17	13,427	13,754	\$117,892,435	\$8,572
2017/18	13,728	14,032	\$121,878,363	\$8,686
2018/19	14,035	14,298	\$127,077,630	\$8,888
2019/20	14,295	14,561	\$132,461,131	\$9,097
2020/21	14,309	14,620	\$134,492,365	\$9,199



STRATEGIC PLAN

Our strategic plan defines the key areas of focus as we work together to support student learning in order to achieve our vision of Success for All.

The results of the 2020/21 fiscal year were guided by the vision, mission, and values set by the Board of Education which are as follows:

Vision: Courageous, innovative, inclusive and personalized learning community that inspires success for all.

Mission: To educate all students to become confident, curious and caring citizens by creating an inspiring, inclusive and healthy environment to work, learn and play.

Goals: The District's goals and objectives will be guided by the four goals of the Board's Strategic Plan:

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



Values:



Collaboration



Equity



Transparency



Inclusion



Mutual Respect



Diversity



Honesty



Sustainable



Integrity



Accountability

Understanding School District 68 Financial Statements

The District uses fund accounting and deferral accounting and each of its funds has certain restrictions in accounting for funds received and expended. These methods are primarily used in the public sector where the goal is to avoid budget deficits while providing the greatest benefit to the public by strategically allocating the resources that are available. In this respect, school districts are expected to ensure that available funds are being used in the most efficient way possible to maximize the potential benefit of each dollar and in the specific manner for which they were intended.

The District's financial statements include the following audited statements:

- ▶ **Statement of Financial Position (Statement 1)**
- ▶ **Statement of Operations (Statement 2)**
- ▶ **Statement of Changes in Net Financial Assets (Debt) (Statement 4)**
- ▶ **Statement of Cash Flows (Statement 5)**

The notes to the financial statements provide information regarding the District's accounting policies and details what is included in the account balances in the financial statements.

Following the notes to the financial statements are supplementary unaudited schedules that provide information about the individual funds.

Changes in Accumulated Surplus (Deficit) (Schedule 1)

- ▶ Summarizes the surplus (deficit) for the year and accumulated surplus amounts for each of the three funds (Operating, Special Purpose, and Capital Funds).

Operating Fund (Schedule 2)

- ▶ Includes revenues and expenses related to the operation of the District, including school and administrative functions.
- ▶ School districts are not permitted to budget for or incur an accumulated deficit position.
- ▶ Accumulated surpluses can be used for future expenditures and to reduce financial risks to the District.

Special Purpose Fund (Schedule 3)

- ▶ Includes funding that is restricted for a specific purpose and school generated funds.
- ▶ Surplus for the year and Accumulated Surplus are always zero because revenues are only recognized when the related expenditures occur (deferral accounting).
- ▶ Any special purpose funds that are unspent at the end of the year remain as deferred revenue and are only to be spent in accordance with their original intended purpose.
- ▶ If expenditures in a year exceed revenues, the resulting deficit is transferred to the Operating or Capital Fund in that year, depending on the nature of expenditures.

Capital Fund (Schedule 4)

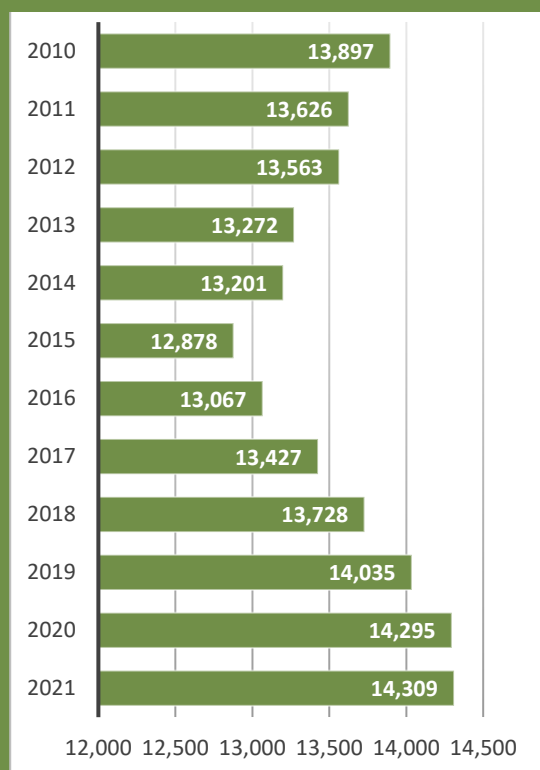
- ▶ Includes financial activities related to tangible capital assets.
- ▶ Capital funding from the Province is accounted for using deferral accounting, whereby capital revenue is recorded in the financial statements over the life of the related asset in order to match the amortization expense. Therefore, capital fund revenue is not equal to the actual capital funding received in a year.
- ▶ Capital fund revenues, expenses and surplus (deficit) for the year are not meaningful measurements of financial performance.



Financial Highlights

The District continues to see a growth in enrolment, as illustrated in the charts below.

FUNDED FTE ENROLMENT BY FISCAL YEAR



ENROLMENT (FTE) PER MINISTRY OF EDUCATION

September	2020/21	2019/20
Standard (Regular) Schools	13,154.38	13,786.50
Continuing Education	0.25	4.63
Adult Education	5.25	9.88
Alternate Schools	237.00	293.00
Distributed Learning	911.88	200.63
Total Enrollment	14,308.76	14,294.63
Included in Total Enrolment (categories that receive additional per student funding)		
Designated Students	749.00	796.00
English Language Learning	970.00	998.00
Indigenous Education	2,330.00	2,373.00

Although the district saw a large shift from students enrolled in Bricks and Mortar to distributed learning, the slight increased enrolment along with the increase in the per-pupil funding rate resulted in a 1.87% (\$2.4M) increase from 2019/20 in the Ministry of Education operating grant.

2020/21 also included a number of significant capital asset transactions including the following:

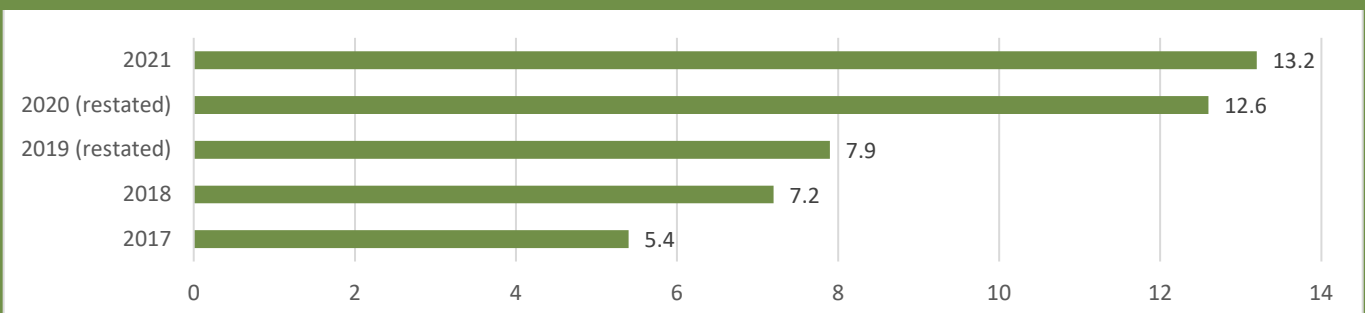
- ▶ Various building upgrades, including lighting, roofing, flooring, and exterior paint
- ▶ Commencement of the Cilaire Elementary and Pleasant Valley Elementary seismic upgrades, as well as the preparation of the swing space locations
- ▶ Commencement of the new child care facilities at Forest Park Elementary, Chase River Elementary, and Ladysmith Primary

- ▶ Continuous investment in network and classroom technology
- ▶ Continuous work on the Ecole Hammond Bay Elementary expansion
- ▶ Continuous work on the Dover Bay Secondary building envelope upgrade
- ▶ Completion of the Ladysmith Secondary and John Barsby Secondary dust collection system upgrades
- ▶ Completion of the Gabriola Elementary HVAC upgrades
- ▶ Completion of the Park Avenue Elementary HVAC upgrades
- ▶ Demolition of the CRC-Library at 420/430 Selby Street and the Franklyn Street Gym at 421 Franklyn Street
- ▶ Purchase of two new electric busses as well as the completion of the electric bus charging station infrastructure

The Accumulated Operating Surplus at the end of 2020/21 is illustrated in the chart below and reflects the following:

- ▶ The carry forward of the accumulated operating surplus from the 2019/20 year
- ▶ The current year operating surplus, which is primarily due to an increase in the benefit premium balance (\$900k), and reduced spending due to the impacts of COVID-19.
- ▶ Transfers of \$3.0M from the Operating Fund to Local Capital for specific capital projects including the District's technology plan, the Wi-Fi initiative, vehicles, environmental upgrades, Dover Bay Secondary expansion, Dover Bay Secondary PA system, and the electric bus charging station infrastructure.
- ▶ Note: The 2019 and 2020 balances are restated due to the recognition of the extended health and dental benefit premium balance

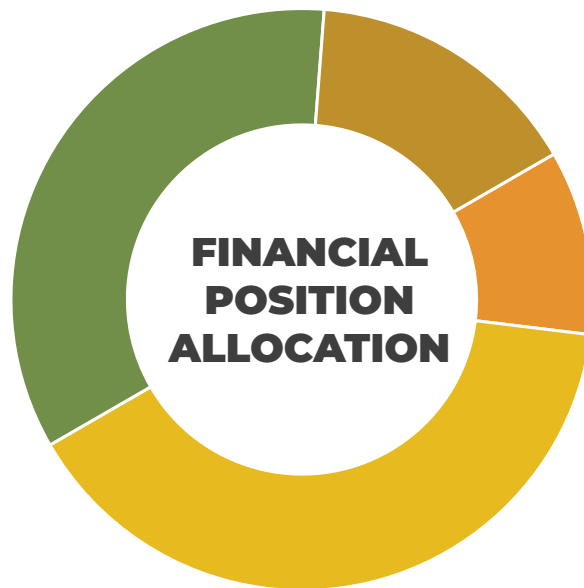
ACCUMULATED OPERATING SURPLUS BALANCE BY FISCAL YEAR (\$ MILLIONS)



Financial Analysis

STATEMENT

STATEMENT OF FINANCIAL POSITION



- Total Financial Assets (2021: 10%; 2020: 10%)
- Total Non-Financial Assets (2021: 40%; 2020: 40%)
- Total Financial Liabilities (2021: 35%; 2020: 34%)
- Accumulated Surplus (2021: 15%; 2020: 16%)

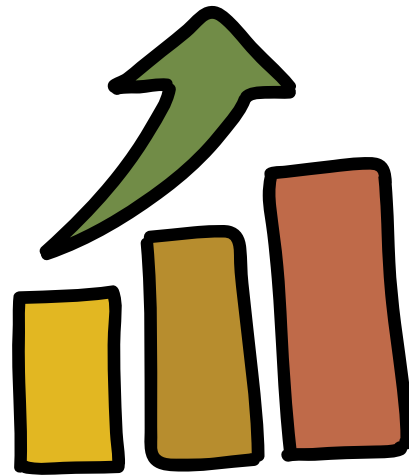
	2020/21	2019/20	\$ Change	% Change
Financial Assets	46,374,277	42,839,336	3,534,941	8.25%
Non-Financial Assets	179,492,630	170,277,216	9,215,414	5.41%
Total Assets	225,866,907	213,116,552	12,750,355	5.98%
Liabilities	156,088,757	145,446,067	10,642,690	7.32%
Accumulated Surplus	69,778,150	67,670,485	2,107,665	3.11%

Financial Assets are assets that can be used to discharge liabilities and provide working capital funds in the normal course of operations. The increase in financial assets from 2019/20 resulted from changes in the following District accounts:

► *Increase in cash balances primarily due to an increase in funds received for the International Student Education Program for the 2021/22 school year (\$2.9M).*

► *Increase in the benefit premium balance available (\$900k).*

► *Increase in capital funding receivable from the Ministry of Education at June 30th due to an increase in Ministry funded capital projects in progress in June 2021 (\$860k).*



Tangible capital assets (TCA) are non-financial assets used in providing the services of the District and include buildings, equipment, furniture, technology and vehicles purchased, constructed or contributed to the District. The balance in the financial statements is the historical cost of the assets less accumulated amortization to June 30th. The increase in TCA is comprised of new assets purchased totaling \$18.4M less amortization of \$9.6M.

TCA additions and their funding sources during 2020/21 include the following:

Buildings	Investment	Funding Source
Dover Bay Secondary building envelope upgrade	3,082,500	Province - Building Envelope Program
Ecole Hammond Bay Elementary expansion	2,671,600	Local Capital, Province - Hammond Bay Expansion
Building upgrades (significant projects including perimeter drainage, field irrigation, lighting upgrades, roofing, flooring, IT upgrades, office renovations, bathroom renovations)	1,875,900	Province - Annual Facilities Grant
Cilaire Elementary Seismic	1,504,000	Province - Seismic
Upgrades to support District WIFI project	1,250,400	Local Capital
Child care facilities - Chase River Elementary , Forest Park Elementary, Ladysmith Primary, Rock City Elementary	1,062,800	Ministry of Children and Family Development
Pleasant Valley Elementary Seismic	904,100	Province -Seismic
Ladysmith Secondary dust collection system upgrade	420,400	Province - School Enhancement Program
John Barsby Secondary dust collection system upgrade	396,100	Province - School Enhancement Program
Park Ave Elementary HVAC upgrade	324,800	Province - Carbon Neutral Capital Program and School Enhancement Program
Enrolment growth space needs	232,800	Local Capital
Gabriola Elementary HVAC upgrade	171,300	Province - Carbon Neutral Capital Program
Various projects (incl. lead in water remediation, child care applications, HVAC for portables, PA replacement)	165,900	Local Capital
John Barsby Secondary, Forest Park Elementary, Ladysmith Intermediate, Mountain View Elementary, North Oyster Elementary building envelope project - planning	34,000	Local Capital
Dover Bay Secondary expansion	19,600	Local Capital
Ecole Hammond Bay Elementary Heat Recovery	11,000	Province - School Enhancement Program

Furniture & Equipment	Investment	Funding Source
Various equipment (inc. tent canopies, hand wash sinks, office furniture, student desks/chairs, stage drapery, gym equipment, dishwasher, sign plotting machine, heat pump, phone systems)	490,600	Special Purpose Fund , Operating Fund
Upgrades to support District WIFI Project	466,800	Local Capital
Clorox sprayers	273,600	Special Purpose Fund
Fire/intrusion alarms, playground equipment, Hot Water Tank	162,600	Province - Annual Facilities Grant
Various facilities equipment (incl. aerator machine, bobcat blade, generator, landscaping equipment, spreader, trailer, mower)	142,500	Operating Fund
Electric bus charging station	92,400	Special Purpose Fund, Province - Carbon Neutral Capital Program
École Quarterway Elementary playground equipment	78,400	Special Purpose Fund - PAC Funded
Two Earthquake Kiosks - Randerson Ridge Elementary and Nanaimo District Secondary School	11,200	Special Purpose Fund - PAC Funded

Technology	Investment	Funding Source
Classroom technology (incl. chrome books, tablets, network hardware, data storage)	1,185,100	Local Capital, Operating Fund, Special Purpose Fund
Atrieve Refresh Project	32,500	Local Capital

Vehicles	Investment	Funding Source
Two Electric Busses	521,800	Province - Bus Acquisition Program
Three 3 ton cutaway vans	209,300	Local Capital
Toro Gang Mower	155,200	Local Capital
John Deere Tractor	143,200	Operating Fund
3 ton truck and plow	103,200	Local Capital
Four Cargo Vans	187,700	Local Capital
1 Ton Van	42,300	Operating Fund



Liabilities are obligations of the District to others arising from prior transactions, the settlement of which will require the use of current and future financial assets. The increase in liabilities from 2019/20 resulted mainly from changes in the following accounts:

- ▶ Increase in trade payables and construction holdbacks due to the timing of when purchases were made in the current year versus the prior year and the increased amount of capital activity occurring at the current year-end (\$621k). As well there was an increase in salaries and benefits payable due to a combination of an increase in the number of days to be accrued, wage increases, and additional staff at the end of 2020/21 compared to 2019/20 (\$1.6M).
- ▶ Increase in unearned revenue due to an increase in the International Student Education tuition payments received for the next school year (\$1.7M).
- ▶ Increase in deferred capital revenue resulting from the receipt of Ministry of Education funding for projects funded by the School Enhancement Program, Carbon Neutral Capital Program, Annual Facilities Grant, Seismic, Ecole Hammond Bay Elementary Expansion, Building Envelope Program, and the Bus Acquisition Program, less the current year's amortization (\$5.3M)
- ▶ Increase in other liabilities due to an increase in the amount of International Student homestay and medical fees received for the next school year (\$1.1M).



Accumulated surplus or deficit represents the net assets or debt of the District. The District had a surplus for the 2020/21 fiscal year and continues to be in an accumulated surplus position.

Accumulated Surplus is comprised of the following components:

	2020/21	2019/20 (restated)	\$ Change	% Change
Operating Fund:				
Staffing/Unusual Expenses	1,900,000	1,500,000	400,000	27%
Planning Reserve (Multiple Years)	-	1,050,053	(1,050,053)	(100%)
Targeted Constraints Reserve	8,212,721	6,415,525	1,797,196	28%
Internally Restricted	10,112,721	8,965,578	1,147,143	13%
Unrestricted	3,046,019	3,641,473	(595,454)	(16%)
Total Operating Fund	13,158,740	12,607,051	551,689	4%
Proposed transfer from Unrestricted to Local Capital	(1,248,000)	(1,030,000)	(218,000)	21%
Total Operating Fund Surplus	11,910,740	11,577,051	333,689	3%
Capital Fund:				
Investment in TCA	52,641,742	50,295,292	2,346,450	5%
Local Capital	3,977,668	4,768,142	(790,474)	(17%)
Total Capital Surplus	56,619,410	55,063,434	1,555,976	3%
Proposed transfer from Operating	1,248,000	1,030,000	218,000	21%
Total Capital Fund Surplus	57,867,410	56,093,434	1,773,976	3%
Total Accumulated Surplus	69,778,150	67,670,485	2,107,665	3%

The Staffing/Unusual Expenses Reserve is a contingency reserve to provide for replacement costs, and wages and benefits for unforeseen staffing. The district has maintained a Staffing/Unusual Expenses Reserve of approximately \$1.5M for the past 6 years. In addition, as COVID continues, an additional \$400k has been added for enhanced cleaning protocols.

The Targeted Constraints Reserve includes amounts for projects and initiatives that have constraints on how they are to be spent in the upcoming fiscal year that will not be funded by revenues of that year. Significant reserves for 2020/21 include the benefit premium balance available to reduce future benefit expenditures, those for Indigenous Education and Outreach programs, and International Student Program Contingency (see Note 11 of the financial statements for the complete listing).

The unrestricted surplus balance has decreased as a result of an increase in the staffing/unusual expense reserve and an increase in the number of projects and initiatives included in the Targeted Constraints Reserve. There is also a recommended direct transfer to Local Capital to support specific capital projects including the districts Wi-Fi initiative and the annual technology plan.

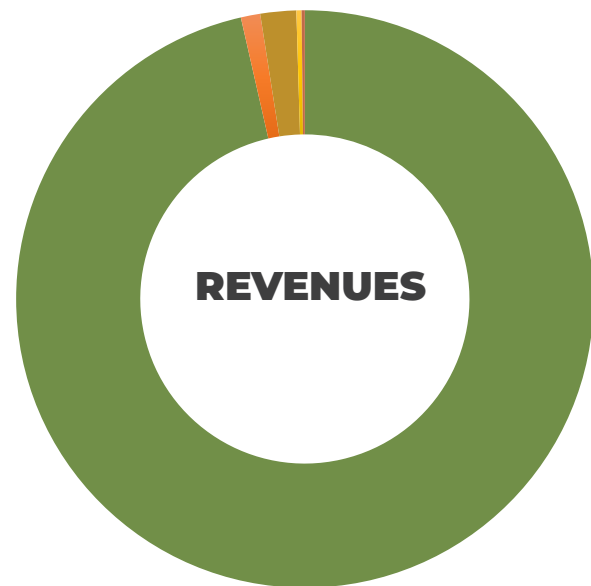
The Local Capital balance (\$3.98M) represents the accumulated surplus in the Capital Fund over which the District has discretion for allocation to strategic capital projects. Such projects include the following:

- ▶ District Wi-Fi initiative
- ▶ Annual technology plan
- ▶ Dover Bay Secondary Expansion
- ▶ Asset management plan
- ▶ Enrolment growth space requirements
- ▶ Accessibility
- ▶ Dover Bay Secondary PA System Upgrade
- ▶ School Signs
- ▶ Environmental Upgrades
- ▶ Vehicle Replacement Program
- ▶ E-Bus
- ▶ Departure Bay Elementary Washroom
- ▶ Lead in Water



REVENUES

STATEMENT OF OPERATIONS



- Province of BC (2021:96.4%; 2020:94.4%)
- Tuition (2021:1.1%; 2020:2.1%)
- Other Revenue (2021:2.0%; 2020:2.8%)
- Rentals and Leases (2021:0.3%; 2020:0.4%)
- Investment Income (2021:0.2%; 2020:0.3%)

The chart above shows that the proportions of individual revenue sources, not including capital revenues, are consistent with the prior year.

THE FOLLOWING CHART PROVIDES COMPARISONS OF 2020/21 ACTUAL REVENUES TO 2019/20 ACTUAL AND 2020/21 BUDGET AMOUNTS:

	Fiscal 2020/21		Fiscal 2019/20	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	\$	%	\$	%
Provincial	160,207,185	163,555,630	151,491,843	3,348,445	2%	12,063,787	8%
Tuition	1,344,190	1,842,060	3,353,180	497,870	37%	(1,511,120)	(45%)
Other Revenue	5,497,617	3,400,034	4,563,775	(2,097,583)	(38%)	(1,163,741)	(25%)
Rentals and Leases	400,000	490,916	565,820	90,916	23%	(74,904)	(13%)
Investment Income	250,000	306,208	473,738	56,208	22%	(167,530)	(35%)
Amortization of Deferred Capital Revenue	5,900,000	6,010,475	5,903,792	110,475	2%	106,683	2%
Total	173,598,992	175,605,323	166,352,148	2,006,331	1%	9,253,175	6%



The following charts provide the actual revenue by fund for 2020/21 with the 2019/20 comparison.

2020/2021	Operating Fund	Special Purpose Fund	Capital Fund	Total
Provincial Grants - Ministry of Education	138,305,681	23,033,289	1,895,490	163,234,460
Provincial Grants - Other	237,116	84,054	-	321,170
Tuition	1,842,060	-	-	1,842,060
Other Revenue	1,560,281	1,650,758	188,995	3,400,034
Rentals and Leases	490,916	-	-	490,916
Investment Income	264,181	15,823	26,204	306,208
Amortization of Deferred Capital Revenue	-	-	6,010,475	6,010,475
Total	142,700,235	24,783,924	8,121,164	175,605,323

2019/2020	Operating Fund	Special Purpose Fund	Capital Fund	Total
Provincial Grants - Ministry of Education	134,956,052	16,151,825	-	151,107,877
Provincial Grants - Other	231,966	152,000	-	383,966
Tuition	3,353,180	-	-	3,353,180
Other Revenue	2,128,959	2,434,816	-	4,563,775
Rentals and Leases	565,820	-	-	565,820
Investment Income	365,376	30,944	77,418	473,738
Amortization of Deferred Capital Revenue	-	-	5,903,792	5,903,792
Total	141,601,353	18,769,585	5,981,210	166,352,148

Difference from prior year	Operating Fund	Special Purpose Fund	Capital Fund	Total
Provincial Grants - Ministry of Education	3,349,629	6,881,464	1,895,490	12,126,583
Provincial Grants - Other	5,150	(67,946)	-	(62,796)
Tuition	(1,511,120)	-	-	(1,511,120)
Other Revenue	(568,678)	(784,058)	188,995	(1,163,741)
Rentals and Leases	(74,904)	-	-	(74,904)
Investment Income	(101,195)	(15,121)	(51,214)	(167,530)
Amortization of Deferred Capital Revenue	-	-	106,683	106,683
Total	1,098,882	6,014,339	2,139,954	9,253,175

Provincial Grants – Ministry of Education:

Operating Fund: The increase in provincial grants from the Ministry of Education from prior year is due to an increase in the operating grant from the Ministry (\$2.4M) due to a slight increased enrolment (additional 60 overall FTE) along with the increase in the per-pupil funding rate of \$92/FTE (2020/21: \$7,560, 2019/20: \$7,468). In addition, we received Early Career Mentorship Funding (\$280k), and Seatbelt Pilot Funding (\$50k). In the prior year funding received for the Support Staff Wage Increase Funding and Employer Health Tax Grant was separate from the Operating Grant. In 2020/21 these funds were included in the overall Operating Grant and therefore do not show separately on the financial statements.

Special Purpose Fund: In response to the impacts of COVID-19, there were three new special purpose funds in the 2020/21 year - the Safe Return to School Grant (\$1.1M), the Federal Safe Return to Class Fund (\$5.5M), and the Rapid Response Team (\$150k).

Capital Fund: The provincial grants from Ministry of Education recognized in the capital fund is the funds received for the demolition of the CRC-Library building at 420/430 Selby Street.

Provincial Grants Other:

Operating Fund: The Other Provincial grants represent funds received from the Ministry of Children and Family Development (\$40k) and the Industry Training Authority BC (\$196k).

Special Purpose Fund: The Other Provincial grants in the special purpose fund represents the total spending using funds received from the province (other than the MOE). In 2020/21 this was funds from the ITA Discover the Trades Grant (\$9k) and the Ministry of Tourism, Arts, Culture and Sport for the After School Sport and Arts Initiative (\$75k).

Tuition:

Tuition revenue has decreased from the prior year as a direct result of COVID-19 resulting in fewer International Student Education students.

Other Revenues:

Operating Fund: Other revenue has decreased from prior year primarily due to a reduction in the LEA funding from First Nations (\$420k). This revenue loss is directly offset by revenue gain in Provincial Grants – Operating Funding.

Special Purpose Fund: The other revenue in the special purpose fund represents the total spending using funds classified as other revenue. The decrease from prior year is primarily due to a decrease in school generated funds expenditures. This is as expected given the decrease in field trips/ activities at the school level as a result of COVID-19 (\$923k).

Capital Fund: The other revenue in the capital fund represents the funds leftover from the insurance proceeds received for the demolition of 421 Franklyn Street (\$188k).

Rentals and Leases:

Rental and lease revenue decreased in the year due to a decrease in income from the community use of school's rentals (\$150k) as a direct result of COVID-19. This decrease was slightly offset by an increase in rental revenue from the provincial election.

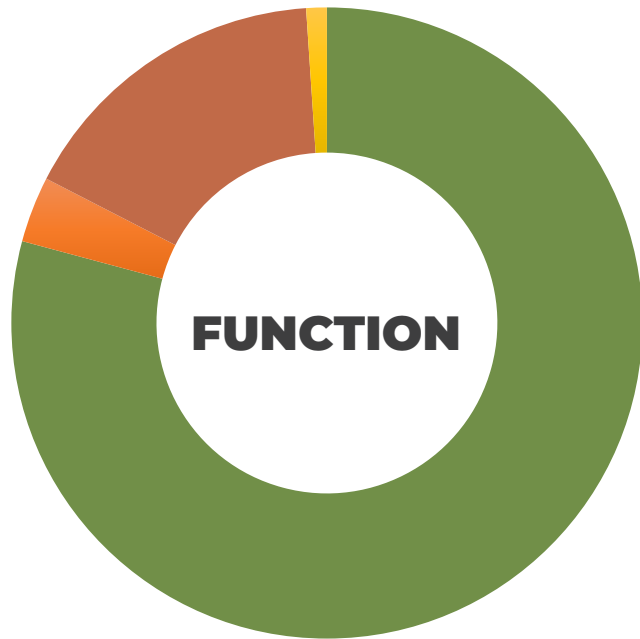
Investment Income: Investment income decreased as a result of COVID-19, as interest rates have declined significantly during the pandemic.

Amortization of Deferred Capital Revenue:

Increased over prior year due to capital additions funded by the Province in 2020/21.

EXPENSES

EXPENSES – BY FUNCTION



- Instruction (2021:79%; 2020:79%)
- District Administration (2021:3%; 2020:4%)
- Operations and Maintenance (2021:16%; 2020:16%)
- Transportation and Housing (2021:1%; 2020:1%)

The chart above shows that the proportions of individual expenses are consistent with the prior year.

THE FOLLOWING CHART PROVIDES COMPARISONS OF 2020/21 ACTUAL EXPENSES TO 2019/20 ACTUAL AND 2020/21 BUDGET AMOUNTS:

	Fiscal 2020/21		Fiscal 2019/20 (restated)	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	\$	%	\$	%
Instruction	144,360,053	137,372,613	128,388,305	(6,987,440)	(5%)	8,984,308	7%
District Administration	6,492,355	5,870,028	6,038,864	(622,327)	(10%)	(168,836)	(3%)
Operations and Maintenance	27,680,246	28,425,126	25,568,856	744,880	3%	2,856,270	11%
Transportation and Housing	1,962,583	1,829,891	1,710,440	(132,692)	(7%)	119,451	7%
Total	180,495,237	173,497,658	161,706,465	(6,997,579)	(4%)	11,791,193	7%

Instruction expenses increased from 2019/20 primarily due to wage increases (teachers – 2% retroactive to July 1, 2019, and 2% July 1, 2020, CUPE staff – 2% July 1, 2020, remaining employee groups – varying rates/times). In addition, there was a decrease in divisions in the Operating Fund as a result of students moving to distributed learning, and a significant increase in instructional staffing to support the increased Distributed Learning enrolments, Transition and Outreach programs, and to support enhanced cleaning of classrooms. The Federal Safe Return to Class Funds and the Provincial Safe Return to School Grant funded approximately 32.25 FTE of teachers, 4.89 FTE of educational assistants, and 18.5 FTE of support staff.

The difference between the amount budgeted for Instruction and the actuals are due to the timing of when the second instalment of the Federal Safe Return to Class Funds were announced as the budget included costs that were subsequently funded by these funds (\$3.1M). In addition, when the budget is prepared, Special Purpose Funds are considered fully spent whereas the actual results were a total of \$2.6M unspent at the 20/21 year-end. This is primarily school generated funds which had \$1.2M less expenditures than budget. This is largely due to schools doing less trips/activities as a direct result of COVID-19.

District Administration costs are consistent with 2019/20, however they were less than the 2020/21 amended budget due to a lower than anticipated costs relating to legal/consulting, travel, photocopying, and office equipment.

Operations and Maintenance costs increased from 2019/20 due to a variety of factors including wage increases across all employee groups, an increase in amortization for capital additions during the year (\$441k), and an increase in projects that were expensed rather than capitalized in comparison to the prior year (\$1.9M).

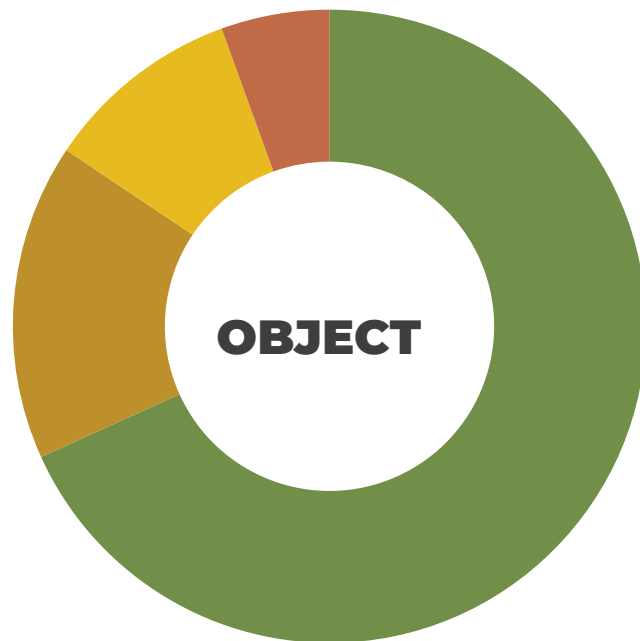
The difference between the amounts budgeted for Operations and Maintenance and the actuals are higher due to the timing of when the second instalment of the Federal Safe Return to Class Funds were received as the budget included costs that were subsequently funded by these funds. In addition, the budget did not include the projects that were expensed rather than capitalized during the year (\$1.9M). This included the demolition of the CRC-Library building at 420/430 Selby Street.

Transportation expenses are fairly consistent with 2019/20 as well as with the 2020/21 amended budget.



EXPENSES

EXPENSES – BY OBJECT



- Salaries (2021:68%; 2020: 68%)
- Benefits (2021:16%; 2020:16%)
- Services and Supplies (2021:10%; 2020:10%)
- Amorization (2021:6%; 2020:6%)

The chart above shows that the proportions of individual expenses by object to the total District expenses are consistent with the prior year.

THE FOLLOWING CHART PROVIDES COMPARISONS OF 2020/21 ACTUAL EXPENSES BY OBJECT TO 2019/20 ACTUAL AND 2020/21 BUDGET AMOUNTS:

	Fiscal 2020/21		Fiscal 2019/20 (restated)	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	\$	%	\$	%
Salaries	118,703,256	118,375,771	110,439,869	(327,485)	0%	7,935,902	7%
Benefits	29,502,718	28,034,275	26,128,754	(1,468,443)	(0.05)	1,905,521	7%
Services & Supplies	22,799,263	17,493,380	15,984,904	(5,305,883)	(23%)	1,508,476	9%
Amortization	9,490,000	9,594,232	9,152,938	104,232	1%	441,294	5%
Total	180,495,237	173,497,658	161,706,465	(6,997,579)	(4%)	11,791,193	7%



The following charts provide the expense by object by fund for 2020/21 with the 2019/20 comparison.

2020/2021	Operating Fund	Special Purpose Fund	Capital Fund	Total
Salaries	101,734,222	16,641,549	-	118,375,771
Benefits	24,057,294	3,976,981	-	28,034,275
Services & Supplies	12,388,675	3,180,622	1,924,083	17,493,380
Amortization	-	-	9,594,232	9,594,232
Total	138,180,191	23,799,152	11,518,315	173,497,658

The following charts provide the expense by object by fund for 2020/21 with the 2019/20 comparison - Continued

2019/2020 (restated)	Operating Fund	Special Purpose Fund	Capital Fund	Total
Salaries	98,385,742	12,054,127	-	110,439,869
Benefits	23,189,571	2,939,183	-	26,128,754
Services & Supplies	12,546,471	3,416,761	21,672	15,984,904
Amortization	-	-	9,152,938	9,152,938
Total	134,121,784	18,410,071	9,174,610	161,706,465

Difference from prior year	Operating Fund	Special Purpose Fund	Capital Fund	Total
Salaries	3,348,480	4,587,422	-	7,935,902
Benefits	867,723	1,037,798	-	1,905,521
Services & Supplies	(157,796)	(236,139)	1,902,411	1,508,476
Amortization	-	-	441,294	441,294
Total	4,058,407	5,389,081	2,343,705	11,791,193

Salaries and Benefits:

The difference between the amounts budgeted for salaries and benefits and the actuals are primarily due to timing of when positions were budgeted and actually filled, and less experienced teachers being hired resulting in a lower wage than what is used in the budget. In addition, the budget did not include the recognition of the change in the benefit premium balance (\$909k).

Operating Fund: Salaries increased from prior year primarily due to wage increases for all employee groups throughout the year. In addition, as a result of the shift from in class to distributed learning, there was a decrease in divisions. This decrease in costs was slightly offset by the costs related to the districts transition and outreach programs.

Special Purpose Fund: The Safe Return to School Grant and Federal Safe Return to Class Funds resulted in an increase in salaries/benefits in the special purpose fund of \$5.1M. In addition, the wage increases for all employee groups resulted in an increase in salary costs in other special purpose funds such as the Learning Improvement Fund and Community Link.

Services and Supplies:

The difference between the amounts budgeted for services and supplies and the actuals are primarily due to the timing of when the second instalment of the Federal Safe Return to Class Funds were announced. The amended budget included a large increase to the services and supplies category as this is where these costs were allocated due to insufficient time to properly allocate to the various expense categories. In addition, there was less spending of school generated funds than anticipated (\$1.2M), and the budget did not include the demolition of the CRC-Library building.

Operating Fund: Services and supplies have decreased in the operating fund primarily due to a decrease in instructional supplies as a result of reduced spending due to COVID-19. The International Student Education department saw a decrease in spending of \$283k (primarily decreased agent fees and medical premiums due to a lower number of students).

Special Purpose Fund: Services and supplies have decreased in the special purpose fund due to a variety of factors. The new COVID related funds (Safe Return to School Grant, Federal Safe Return to Class Funds and Rapid Response Team) resulted in an increase in services and supplies of \$961k. This was offset by a decrease in services and supplies from CEF (\$269k) as well as school generated funds of (\$925k).

Capital Fund: The increase in services and supplies in the capital fund is due to the demolition of the CRC-Library building at 420/430 Selby Street.

Amortization Expense:

Amortization expense has increased following significant capital asset purchases in 2020/21 and the completion of various projects that were still in progress at the 2019/20 year-end.

Factors bearing on School District 68's future and other potentially significant matters



RISKS AND UNCERTAINTIES

COVID-19: The K-12 sector is planning a full return to in-class instruction in the 2021/22 school year with an emphasis on pandemic recovery and continuing to provide safe learning environments for students and staff. There may still be significant COVID-19 related cost pressures identified as the district works through the K-12 Education Recovery Plan, and the Ministry has confirmed that there will be little COVID related funding in 2021/22.

Enrolment: student enrolment is the most critical input for determining the District's operating funding from the Province. Accurate estimates of enrolment are key for staff and space capacity planning, as well as District budgeting. We anticipate that students will return from the distributed learning option they chose in 2020/21, to their catchment schools, but there are still many unknowns with regards to what September will look like.

Ministry of Education funding formula review: In October 2017, the Ministry of Education launched a review of the K-12 public education funding model to consider whether there was a better way to allocate operating funding to Boards of Education. In 2018, the Province appointed an Independent Review Panel to undertake a review of how public education is funded for the first time in almost 30 years. The review involved input and consultation from all 60 school districts and over 350 education stakeholders. The Panel presented a final report on December 18, 2018, with 22 recommendations

along three themes: equity, accountability and financial management. To understand what these recommendations meant for students in the classroom, working groups were established in spring 2019; members included parents, teachers, inclusive education advocacy groups and Indigenous education partners. Final Working Group reports were completed in October 2019, and partners noted that some of the recommendations would be relatively straightforward to implement, while others – like how Government funds inclusive education or online learning – would require extensive work to ensure there would be no negative, unintended consequences for students. Ministry intends to implement the recommendations in two phases, phase one has been completed and included 12 of 22 recommendations. No major changes to the Funding Allocation System (FAS), with the exception of one additional supplement, came out of those recommendations. Phase two has yet to be determined, and with COVID-19 the district does not anticipate major change in the 2021/22 school year. However, impact on future years is expected so the district will continue to monitor and adhere to implementation requirements as they arise.

Enterprise Risk Management (ERM):

The District is considering undergoing a formal ERM review, and respond to risks identified in that process. This is also an opportunity to better protect the District and human capital.

2021-22



OPPORTUNITIES

Long Range Facilities Plan: The District's long range facilities plan is a key input for Board and staff decisions related to capacity planning in schools and other District facilities. The Board of Education approved the Long-Range Facilities Plan (LRFP) on May 26, 2021. The revised plan focuses on ensuring the district can continue to support the expected enrolment growth, addressing the condition of aging facilities, and enhancing district programs.

New Child Care Sites: In addition to the commitments entered into in 2019/20, in 2020/21 the District entered into additional commitments to develop Child Care Sites, through capital funding provided by the Ministry of Children and Family Development. The term varies from 5 to 15 years depending on the site. It is anticipated that approximately 620 child care spaces will be created as a result of this project, over fourteen sites. Occupancy is expected in at least one site in 2021/22 and others as the building projects are completed.

Technology: The District continues to restrict funds towards the annual technology plan which provides for digital learning devices, software applications, hardware, Wi-Fi and network maintenance. In 2021/22 the district is looking to continue to allocate substantial resources towards a multiyear Wi-Fi upgrade. The current infrastructure is highly outdated and has not been able to meet the demands of students and staff for some time. In addition, at the onset of the global pandemic districts were required to move instruction to an online platform, which emphasized the inadequacy of the current technology in place. In order to best support student learning, and proactively advance the district towards enhanced technology, the Wi-Fi project will continue to be high priority.

Overall, the unprecedented uncertainty related to COVID-19 and increases in enrolment, aging facilities, space constraints and the restoration of the teacher collective agreement language will continue to drive needs in staffing, equipment and capital. Many of the uncertainties and opportunities listed above may enhance the District's journey in the transformation in education, improving graduation rates and improving life chances for students.



NANAIMO LADYSMITH
PUBLIC SCHOOLS

Contacting School District 68's Financial Management

This financial report is designed to provide SD68 stakeholders with a general overview of SD68 finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Secretary Treasurer's office.



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BACK TO MENU 