



SCHOOL DISTRICT 46 - SUNSHINE COAST

Excellence in all we do!

**FINANCIAL
STATEMENT
DISCUSSION AND ANALYSIS**

For the Year Ended June 30, 2020

September, 2020

CONTENTS

Introduction.....	4
Overview.....	4
Circle 1 – Our Students	4
Circle 2 – Our Staff.....	5
Circle 3 – Our Community.....	5
COVID-19 global pandemic.....	5
Collective Bargaining agreements	6
Enrolment and Staffing.....	7
Enrolment	7
Staffing 7	7
Financial Highlights.....	8
Consolidated Summary.....	8
Operating Accounts	9
Restricted Surplus (Operating)	10
Special Purpose Accounts.....	10
Capital Accounts	10
Major Capital Projects	11
Minor capital projects.....	11
Land Sales	11
Factors Bearing on School District’s Future and Other Significant Matters.....	11
COVID-19 pandemic – Ongoing Impacts	11
Provincial Funding Model Review	12
Contacting Management.....	12

INTRODUCTION

The following is a discussion and analysis of the School District's financial performance for the fiscal year ending June 30, 2020. This report is a summary of the School 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, with an emphasis placed on the current year. This report should be read in conjunction with the School District's financial statements for this same period.

OVERVIEW

The Board of Education approved a new four-year strategic plan at their first meeting of the 2019-21 school year. The updated 2019 – 2023 Strategic Plan is available online at https://sd46.bc.ca/wp-content/uploads/SD46-Strategic-Plan-2019_digital.pdf. The strategic framework, which was developed through extensive community and stakeholder consultation, highlights three dominate circles of care; that of our students, our staff and our community.

Our financial discussion and outcomes are framed by this plan. The key outcomes achieved during the year are outlined below.

CIRCLE 1 – OUR STUDENTS

- Hosted a successful grade 11 forum to allow for greater opportunity for students to share their thoughts, ideas and opinions.
- Implemented Family Support Navigators in order to actively connect families to enhanced supports and services.
- Transitioned to Competency Based Individual Education Plans.
- Offered literary supports through the CARE program (Collaborating about Reading Engagement).
- Celebrated the 10th Anniversary of the student Coastal Voices Writer's Anthology.
- Offered numeracy supports through Math CAMPs (Collaborating About Math in Primary) for primary, intermediate and secondary students.
- Supported the development of Mental Health Literacy programing for secondary students.
- Collaborated with partners to develop a Pathways to Care program to assist families when addressing concerns about their child's mental health or substance use
- Presented vaping awareness and prevention and substance use panels to students and families.
- Enhanced accessibility of indigenous cultures by inviting elders and knowledge keepers to district schools.
- Developed an extensive Environmental Action Plan.
- Increased use of Google Accounts for student learning, especially during COVID related school closures.

CIRCLE 2 – OUR STAFF

- Provided necessary health accommodations during COVID to support staff health.
- Offered collaboration and mentorship structures to support staff professional development.
- Offered an ongoing series of training opportunities to improve staff understanding of inclusive education practices with speaker Shelley Moore.
- Provided Teacher in Charge training and hosted workshops for aspiring principals to support staff leadership and initiative.
- Engaged in a learning series for Parent Advisory Councils to develop meeting skills.
- Supported the development of a new district website, along with new websites for all schools and district programs.
- Offered a series of online parenting resources and classes.

CIRCLE 3 – OUR COMMUNITY

- Installed new TV displays in school foyers and district offices to promote daily activities and events.
- Adopted a new branding package to promote the district’s visual identity.
- Launched the strategic plan with a series of presentations to district parent advisory councils.
- Collaborated with local governments through the Intergovernmental Meeting series and the Sunshine Coast Emergency Planning Committee.
- Enhanced collaborations with the Nicholas Sonntag Marine Education Centre.
- Installed additional photovoltaic solar projects at school sites.
- Completed renovations at the School Board Office and the Sunshine Building.
- Completed asbestos abatement projects at school sites.
- Collaborated with Vancouver Coastal Health to explore Active Transportation projects.
- Collaborated with School District No. 48 in offering international student programming.

COVID-19 GLOBAL PANDEMIC

On March 11, 2020, the World Health Organization declared a global pandemic. The outbreak of the novel strain of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility. Governments and central banks including Canadian federal, provincial, territorial and municipal governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

At the time of approval of these financial statements, in response to the COVID-19 pandemic:

- The district significantly reduced operations on March 15, 2020 based on public health recommendations, and remained operating below full capacity for the remainder of the fiscal year.
- The district has pursued available government assistance programs.
- The district has implemented remote work arrangements for those able to do so.
- The district has implemented stringent health and safety procedures.

- The management of the district has been proactive and diligent in addressing the implementation of infection prevention and other precautionary measures, guided by public health authorities, to limit the spread of COVID-19 and the impact of the pandemic and the related economic contraction on the district.

The rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may result in significant impacts to the district's activities, results of operations and financial condition. The duration and impact of the COVID-19 outbreak is unknown at this time.

COLLECTIVE BARGAINING AGREEMENTS

During the course of the fiscal year, the District was engaged in collective bargaining with both teacher and support staff unions. Collective bargaining is now concluded for the term July 1, 2019 - June 30, 2022, with both agreements being ratified and achieved within mandate set by the Public Sector Employers' Council.

ENROLMENT AND STAFFING

The operations of the School District are dependent on continued grant funding from the Ministry of Education primarily based on student enrolment, students identified with special needs and other demographic and geographical factors. Expenditures are primarily associated with staffing and related compensation and benefits. Student enrolment and staffing levels are reflected below.

ENROLMENT

Provincial grant funding is primarily based on student enrolment, unique student needs, and unique geographical requirements, with additional funding for adult education. School District student enrolment is summarized as follows;

	Previous Year	Budget	Actual	Variance	
				vs. Prev	vs. Budget
School Age	3,256.06	3,281.00	3,270.00	13.94	-11.00
Adult	2.875	2.63	3.50	0.63	0.87
Total	3,258.94	3,283.63	3,273.50	14.57	-10.13
				0.45%	-0.31%

STAFFING

Staffing is the most significant operational expenditure of school districts. The Staffing budget data was extracted from October provincial employee (EDAS*) reporting and is summarized in Full Time Equivalent (FTE) terms, as follows:

	Previous Year	Current Year	Variance
Teachers (FTE)	210.3	213.9	3.6
Educational Assistants	75.6	76.3	0.7
Support Staff	82.3	83.9	1.6
Principals and Vice Principals	20.0	20.0	0.0
Other Professionals	12.2	13.0	0.8
Total Staffing	400.4	407.1	6.7

* EDAS is the Employment Data and Analysis System. This was a new data source used for this year, and as a result, prior year numbers presented may not align with the prior year's report.

FINANCIAL HIGHLIGHTS

CONSOLIDATED SUMMARY

91% of the School District's revenue comes in the form of an Operating Grant from the provincial government which is based on enrolment levels and other student and geographical factors. 3% of revenue is associated with the recognition of deferred capital revenue, and the balance through other revenue programs such as international education, services provided to School District No. 93, special purpose funding (eg: school generated funds), facility rental and lease income, and investment income.

81% of the School District's expenditures are associated with salaries and benefits. The balance of expenditures are related to amortization of capital assets and supplies and services including transportation, utilities, professional development and maintenance.

Description	Budget	Actual	Variance
Revenue	48,311,603	48,884,942	573,339
Expenses	52,128,266	47,416,074	(4,712,192)
Net Change for the Year	(3,816,663)	1,468,868	5,285,531

The Budget column reflects the planned use of a portion of the accumulated surplus and payments toward debt.

The Actual net change outcome occurs primarily as a result of unexpected revenue and underspend of expense budgets, some of which are restricted to "carry forward" into the following year, such as school budgets and employment contract obligations.

Additional items that contribute to the current year's surplus are summarized in this section.

OPERATING ACCOUNTS

Our actual financial outcome for the 2019/20 school year is consistent with expectations based on monthly Board reporting. The influences that contribute to our realized unrestricted operating surplus include are detailed below, at approximate amounts:

	Estimates	Unspent / (Overspent) Budgets	Covid Pandemic	Total
Salaries & Wages:				
Teachers	276,000	(303,000)		(27,000)
Principals/Other Professionals	12,000			12,000
Support Staff	134,000	(140,000)		(6,000)
Benefits:				
Teachers	269,000	(96,000)		173,000
Principals/Other Professionals	25,000			25,000
Support Staff	448,000	(54,000)		394,000
Other:				
Financial Provision - Surplus Policy Change		900,000		900,000
Sick Leave		285,000	155,000	440,000
Supplies & Services		455,000	(70,000)	385,000
Transportation		95,000	150,000	245,000
Utilities		95,000		95,000
Other (Miscellaneous)		145,000	(5,000)	140,000
Other Absences		23,000	40,000	63,000
Unfunded Employee Benefits Retired		(511,000)		(511,000)
Revenue:				
Labour Settlement Funding		562,000		562,000
Mid-Year Enrolment Changes		180,000		180,000
Investment Income	30,000			30,000
Total	1,194,000	1,636,000	270,000	3,100,000

Note that some savings related to COVID-19 relate to unspent budgets for sick leave and other leaves that are estimates only. This is due to the challenge of estimating what the utilization of sick and other leaves would have otherwise been, had there not been a pandemic.

RESTRICTED SURPLUS (OPERATING)

The District restricts a portion of its surplus for spending in subsequent years, as part of its multi-year approach to allocation of resources. The following schedule designates the current year's restricted surplus of \$4,421,084:

School Surpluses		\$1,893,949
Years 2-3 Pilot Project – Behaviour Intervention		526,000
Subsequent Year Budget Allocation		1,032,284
Teacher Pro-D	68,399	
CUPE Pro-D	<u>80,784</u>	
Contractual Obligations		149,183
Indigenous Education	300,159	
Donations re: Aboriginal Journey	2,861	
English as a Second Dialect	79,701	
English Language Learning	15,788	
BC Ed Plan	88,716	
Curriculum	8,328	
Band Instruments	200,307	
Careers Program (Plumbing)	94,944	
Capital Projects	<u>28,864</u>	
District Programs		819,668
Total Restricted Surplus		<u>\$4,421,084</u>

SPECIAL PURPOSE ACCOUNTS

Special purpose funds are utilized to capture funding designated for specific purposes and balances can be deferred to subsequent years for the intended use. Grant revenues are only recognized as expenses are incurred. Any unused grants or funds remaining at the end of the year are treated as deferred revenue.

CAPITAL ACCOUNTS

Funding for capital expenditures is sourced primarily through the Ministry of Education with incremental funding provided through locally generated capital funds.

MAJOR CAPITAL PROJECTS

There were two major capital projects which began during the year:

- **West Sechelt Elementary Expansion** – This important enhancement to one of the larger elementary schools in Sechelt will address significant overcrowding at the school. There are currently 5 temporary classrooms in use at the site and unsatisfactory inclusion support and multi-purposes spaces. Through this project, the District will eliminate the need for all portables at the site, provide new multi-purpose space and renovate the existing inclusion space. There will also be a licensed childcare created through a Neighbourhood Learning Center allocation. The maximum project value is \$11.2 million.
- **Sechelt Learning Centre Early Years hub and Licensed Childcare** – Through a grant funded by the Ministry of Children & Family Development, the District began work on a licensed childcare facility at the Sechelt Learning Center. Efforts toward this project began over 5 years ago with a \$500,000 grant received by the YMCA, which was later returned. The maximum project value is \$2.6 million.

MINOR CAPITAL PROJECTS

- **CNCP - Mechanical upgrades including solar panel installation at Kinnikinnick Elementary** – Through the Carbon Neutral Capital Program (CNCP), the District received \$725,000 to upgrade mechanical systems and add a PV solar array at Kinnikinnick Elementary. Work began in the Spring and will be completed in the 2020/21 school year.
- **SEP - Mechanical upgrades including solar panel installation at Halfmoon Bay Elementary** – Through the School Enhancement Program (CNCP), the District received \$500,000 to upgrade mechanical systems and add a PV solar array at Halfmoon Bay Elementary. Work began in the Spring and will be completed in the 2020/21 school year.

LAND SALES

There were no sales of land during the year.

FACTORS BEARING ON SCHOOL DISTRICT'S FUTURE AND OTHER SIGNIFICANT MATTERS

There most significant event that could influence the District's stable and healthy financial situation during the 2020/21 school year and beyond is the global pandemic.

COVID-19 PANDEMIC – ONGOING IMPACTS

As reported earlier, the District anticipates ongoing operational impacts relating to the pandemic proceeding into the 2020/21 school year and beyond. Supplemental funding from both provincial and federal governments announced at the time of these financial statements will mitigate the immediate impact and allow for the provision of additional health and safety measures without materially reducing program offerings. In subsequent years, economic impacts of the pandemic may impact the abilities of all levels of government, including local governments and school boards, to maintain services which had been offered in previous years. It is not currently possible to reliably estimate the length and severity of these developments and their potential impact on the District's financial results, conditions and cash flows.

PROVINCIAL FUNDING MODEL REVIEW

The provincial government has completed Phase 1 of what had previously been communicated as a single-phase review of the funding allocation model. Although a review is certainly overdue, government has not committed any additional funds to support the initiative. This could result in a reallocation of funds between districts, with some “winning” and others “losing” scarce funds. Government has signaled a potential departure from the medical diagnosis model of funding allocation related to students with special needs, meaning there could be a departure from specific funding to address these student needs. In SD46, these funds comprise over 15% of operating grant revenues, which is much higher than most districts in the Province. The Board of Education of School District No. 46 (Sunshine Coast) remains circumspect of the outcome and potential impacts of Phase 2 of the funding model review.

CONTACTING MANAGEMENT

This financial report is designed to provide the School District’s stakeholders with a general but more detailed overview of the school district’s finances and to demonstrate increased accountability for the public funds received by the school district.

If you have questions about this financial report please contact the Office of the Secretary – Treasurer at 604-886-4484.



SCHOOL DISTRICT 46 SUNSHINE COAST

494 South Fletcher Rd, PO Box 220
Gibsons, British Columbia V0N 1V0