



SCHOOL DISTRICT 46 - SUNSHINE COAST

Excellence in all we do!

**FINANCIAL
STATEMENT
DISCUSSION AND ANALYSIS**

For the Year Ended June 30, 2021

September, 2021

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Introduction

The following is a discussion and analysis of the School District's financial performance for the fiscal year ending June 30, 2021. 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 2019-20 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 circles of care; care for our students, care for our staff and care for our community.

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

CIRCLE 1 – CARE FOR OUR STUDENTS

- Sunshine Coast Online program was available to families who chose to learn from home during the pandemic.
- The West Sechelt Elementary Expansion project was underway and will include infant/toddler and preschool age child care.
- The Early Years Hub in Sechelt renovation began and will include infant/toddler and preschool age child care.
- The “Seamless Day” pilot project at West Sechelt Elementary offers before and after school care, in the kindergarten classroom, from 8:00 am to 5:00 pm.
- Professional development opportunities to support staff with Competency Based Individual Education Plan, Literacy (LIST), Numeracy (Math CAMP) and Mental Health Literacy took place.
- A district-wide program designed to support the transition to Grade 8 titled ‘School’s Out’ was implemented in the 2020-21 school year.
- Providing for the nutritional needs of students has been supported through the work of community schools through enhanced federal funding during the pandemic. Breakfast and lunch programs have expanded in order to meet the growing demand.
- The District’s Environmental Action Committee shared and began implementation of the Environmental Action plan.
- The District Fine Arts Committee developed a three-year fine arts plan, based on many of the goals of the Board’s Strategic Plan.
- The board supported the purchase of musical instruments for elementary student music programs so that every child has access to instruments regardless of ability to pay.
- The Elementary Counselling team staffing budget was increased by 22%, with the addition of a full-time counselling position.

CIRCLE 2 – CARE FOR OUR STAFF

- Professional Development for programs including Trauma Informed Practice, Mental

Health First Aid, Positive Behaviour Support and Crisis Prevention (CPI) were offered to teachers, education assistants and school principals to support them in their work.

- Staff Wellness Grants of \$2000 per site were available to provide opportunities for staff groups to create and implement programs to support wellness.
- A newly established 3-year pilot program for a District Inclusion Team supports inclusive practices in every classroom, the team includes two Inclusion Teacher, two Educational Assistants, and a Family Support Navigator.

CIRCLE 3 – CARE FOR OUR COMMUNITY

- There was a strong focus on communications during the pandemic, through a variety of avenues including social media, print media and Zoom sessions.
- The facilities department has installed a number of solar arrays on many of our schools, upgraded controls and HVAC systems and installed LED lighting to reduce energy consumption.
- Air filtration systems were upgraded to MERV-13 filters, with improved efficiency.
- Washroom faucets were upgraded to one-touch faucets.
- Improvements to playgrounds at Roberts Creek Elementary and Langdale Elementary.
- Kinnikinnick Elementary HVAC was changed over to heat pumps and a 100 kW solar array was installed.
- Halfmoon Bay Elementary received new ventilation units in the original wing and a 100 kW solar array was installed.

COVID-19 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.

These events continued to have a significant impact on the operations of the School District. Wide-ranging safety measures were implemented for the 2020/21 school year, including grouping students into cohorts, limiting sports and extra-curricular activities, enhanced cleaning, mask protocols and other measures. At the time of approval of these financial statements, in response to the COVID-19 pandemic:

- 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.

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 Year	vs. Budget
School Age	3,270.00	3,295.00	3,215.56	-54.44	25.00
Adult	3.50	0.00	2.63	-0.87	3.50
Total	3,273.50	3,295.00	3,218.19	-55.31	28.50
				-1.70%	0.89%

STAFFING

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

	Previous Year	Current Year	Variance
Teachers (FTE)	213.9	220.6	6.7
Educational Assistants	76.3	85.0	8.7
Support Staff	83.9	86.8	2.9
Principals and Vice Principals	20.0	20.0	0.0
Other Professionals	13.0	13.0	0.0
Total Staffing	407.1	425.4	18.3

The increase in staffing levels is mainly attributable to:

- Supplemental grants related to Covid,
- Mid-year surplus spending to maintain staffing in the face of lower-than-expected enrolment at certain sites, and;
- The addition of a temporary online program/school.

* EDAS is the Employment Data and Analysis System

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	\$50,915,270	\$51,126,887	\$211,617
Expenses	55,987,267	51,282,538	4,704,729
Net Change for the Year	(\$5,071,997)	(\$155,651)	\$4,916,346

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 2020/21 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:

	Impact on Unrestricted Surplus	Notes
Salaries & Benefits:		
Teachers - Average Cost	\$461,000	Variance is 2.3% of budget
Support Staff	465,000	Variance is 4.4% of budget
Principals/Other Professionals	(75,000)	Variance is -1.5% of budget
Expenditures:		
Sick Leave	267,000	
Supplies & Services	175,000	
Transportation	53,000	
Utilities	(15,000)	
Other Absences	70,000	
Revenue:		
Mid-year Operating Grant Adjustments	100,000	Feb./May Recount
CSF	15,000	
International	15,000	
Miscellaneous Revenue	(5,000)	
Rentals and Leases	(15,000)	
Investment Income	15,000	
Other:		
Financial Provision	900,000	2% of revenue - per surplus policy
Total	\$2,426,000	

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 \$4,923,369:

School Surpluses		\$1,790,382
Years 2-3 Pilot Project - Behaviour Intervention		526,000
Subsequent Year Budget Allocation		1,502,223
Ministry Holdback Allocation - Covid Recovery		130,035
Teacher Pro-D	\$93,663	
CUPE Pro-D	89,950	
Contractual Obligations		183,613
Indigenous Education	385,388	
Donations re: Aboriginal Journey	4,981	
English as a Second Dialect	74,056	
English Language Learning	8,053	
BC Ed Plan	41,497	
Musical Instruments	132,197	
Careers Program Facilities	94,944	
Earthquake Preparedness	50,000	
District Programs		791,116
Total Restricted Surplus		\$4,923,369

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 in progress 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 were five (5) temporary classrooms in use at the site and unsatisfactory inclusion support and multi-purposes spaces. Through this project, the School 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. The facility will enhance early learning opportunities for the community and provide 16 infant/toddler spaces and 24 spaces for 3-5-year-olds. The maximum project value is \$2.6 million.

MINOR CAPITAL PROJECTS

The School District received approval for \$1,565,000 in Minor Capital funding and commenced work on four projects during the year:

- **Playground Enhancement Program (PEP) - Halfmoon Bay Elementary**
The Province provided \$165,000 in funding to support a universally accessible playground.
- **School Enhancement Program (SEP) – Kinnikinnick Interior Renovations**
Interior renovations at the school include adding a vapor barrier prior to the installation of new flooring throughout the school. The project will be completed in two phases during the Summers in both 2021 and 2022. The initial funding envelope for the project is \$600,000.
- **School Enhancement Program (SEP) – Pender Harbour HVAC Upgrades**
The School District received \$500,000 to upgrade the dust collector system.
- **Carbon Neutral Capital Program (CNCP) – Elphinstone Lighting Upgrades**
The School District received \$300,000 to upgrade the lighting efficiency and quality at the school through the addition of LED lighting throughout.

LAND SALES

There were no sales of land during the year.

Factors Bearing on School District's Future & Other Significant Matters

The most significant event that could influence the District's stable and healthy financial situation during the 2021/22 school year and beyond is the global COVID-19 pandemic.

COVID-19 PANDEMIC – ONGOING IMPACTS

As reported earlier, the District anticipates ongoing operational impacts relating to the pandemic proceeding into the 2021/22 school year and beyond. Supplemental funding from both provincial and federal governments of over \$1.4 million helped mitigate the immediate impact and allow for the provision of additional health and safety measures without materially impacting program offerings. In the 2021/22 year, the District will have access to supplemental funding of \$0.3 million to support health & safety, mental health and student learning.

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. There has been no additional information released about this review since the Summer of 2019.

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

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