



**SCHOOL DISTRICT 46
SUNSHINE COAST**

**FINANCIAL
STATEMENT
DISCUSSION AND ANALYSIS**

For the Year Ended June 30, 2022

September, 2022

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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, 2022. 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 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

- Indigenous authors and authors from a diversity of cultures were invited to promote an understanding of cultural perspective.
- Students were offered creative experiential learning opportunities that build capacity for student leadership, service learning, and the deepening of cross-cultural understanding.
- The district continues to offer a range of early-learning programs including a new program “WonderFULL ME” that supports families transitioning to kindergarten.
- The Early Years Centre was officially opened at the former Sechelt Learning Centre. The centre houses wrap-around supports for families, including family navigators, child development classes, early intervention therapists, child care for infant/toddlers and pre-school age children, as well as after school care through the Community School.
- The district continues to offer the “Seamless Day” child care program at West Sechelt Elementary, where Early Childhood Educators provide before and after school care to students in their kindergarten classroom.
- The district received funding to pilot the “JUST B4” early childhood education program to strengthen early years to Kindergarten transitions for young children and their families.
- The district allocated \$100,000 to support food programs to ensure access to food for all students so that they can flourish at every level of their health, wellbeing, and learning.
- Funding was allocated to support student access to fine art programming, including a Vancouver Symphony Orchestra virtual subscription, ArtStarts programming and ongoing support of the District Musical Theatre program.
- Students had an opportunity to participate in a “Fire Fighting Academy”, in partnership with the Sunshine Coast Fire Chiefs.
- A total of fourty students participated in the three Train in Trades programs: Automotive Service, Carpentry and Culinary.
- Schools are being supported by new Environmental Leads to help further the work of the Environmental Education and Climate Change Action Committee.
- Students and staff can access digital innovation kits, including 3D printing kits and other

robot innovation such at Ozobot and Makedo school libraries.

CIRCLE 2 – CARE FOR OUR STAFF

- Continued work with *Ensouling our Schools* on professional development days to support all staff. By helping our staff understand how Indigenous worldviews inform personal development, mental health, trauma informed practice, our students will more deeply understand themselves and flourish
- The District Wellness Initiative continued for a second year with additional wellness grants being made available to the TTOC group, sites with more than one location, and specialized departments. Larger sites were able to apply for additional funding.
- The District Inclusion Support Team continued for the second year of a three-year pilot. Staffing was increased with one additional Inclusion Support Teacher, a coordinator position, increased Educational Assistant hours and additional Family Navigator hours.
- The district continues to offer a variety of in-person and virtual professional development opportunities in the areas of literacy, numeracy, digital literacy, early years connections, and curriculum assessment and reporting. Support staff are offered a variety of professional development opportunities in the second week of the spring break. The offerings include Positive Discipline in the Classroom, an online series by Kim Barthel, and CPI training.

CIRCLE 3 – CARE FOR OUR COMMUNITY

- Daytime custodial continued in the 2021/2022 school year to ensure daily disinfection of high touch points
- The facilities department completed an LED lighting upgrade at Elphinstone Secondary
- The Early Years Centre was completed and the YMCA daycare began operation at the site.
- The West Sechelt Elementary Expansion project was completed and the school was officially re-opened in September 2021.
- A full tree assessment at Gibsons Elementary School lead to the removal of hazardous trees at that site.
- The interior renovation at Halfmoon Bay Elementary school was near completion, and a new playground, new retaining walls and a new basketball court was added to the site.
- Remediation of damaged flooring as a result of moisture at Kinnikinnick Elementary was at 50% completion at years end. The remainder of the project will be completed in the 2022/23 school year.
- A new partnership was initiated with Vancouver Community College for our Automotive Service Technician Train in Trades program at Chatelech Secondary.
- The technology department worked in collaborations with BlackBean Creative to increase the responsiveness of our websites
- Funds were made available to provide opportunities for cultural activities for international students.

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	3,215.56	3228.00	3355.13	139.57	127.13
Adult	2.63	-	2.00	-0.63	-2.63
Total	3,218.19	3228.00	3357.13	138.94	124.50

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)	220.6	226.4	5.8
Educational Assistants	85.0	88.5	3.5
Support Staff	86.8	87.4	0.6
Principals and Vice Principals	20.0	20	-
Other Professionals	*13.2	13.2	0.2
Total Staffing	425.4	435.5	10.1

The increase in staffing levels is mainly attributable to increases in enrolment and some supplemental grants.

* EDAS is the Employment Data and Analysis System

Financial Highlights

CONSOLIDATED SUMMARY

95% 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 consolidated 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	51,800,790	52,380,256	579,466
Expenses	56,914,491	53,416,266	3,498,225
Net Change for the Year	(5,113,701)	(1,036,010)	4,077,691

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:		
Teacher Salaries - Average Cost Estimate	110,000	Variance is 0.6% of budget.
Teacher Salaries - Unfilled Positions	142,000	Primarily Counselling FTE
Teacher Salaries - Average TTOC Estimate	(75,000)	4% of \$1.78 million in TTOCs
Support Staff - Unfilled Positions & Estimates	410,000	Significant Custodial turnover
Principals/Other Professionals	(23,000)	
Substitutes:		Pro-D: \$211k, Schools: \$441k (restricted)
Teacher Sick Leave	(130,000)	
Support Staff Sick Leave	45,000	
Long-term Sick Leave	45,000	
Other Absences	(11,000)	Discretionary Days, Other Leaves
Benefits:		
Average Benefit Cost Estimates	288,000	3.8% Variance on total \$7.7 million
Related to Unfilled Positions	172,000	
Benefit 'Premium Holiday'	162,000	
Other:		
Financial Provision	1,000,000	2% of revenue - per surplus policy
Departmental Services & Supplies	(39,609)	Technology Invoice timing
Transportation - District	73,000	
Utilities	(80,000)	Related to increased ventilation
Revenue:		
International Student Fees	2,500	
Miscellaneous Revenue	(7,200)	
Rentals and Leases	(2,600)	
Investment Income	7,300	
Total	2,088,391	

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 \$4,418,751:

School Surpluses		\$ 1,752,257
Year 3 of Pilot Project – Behaviour Support		267,000
Subsequent Year Budget Allocation		1,425,281
Teacher Pro-D	\$ 110,558	
CUPE Pro-D	<u>100,456</u>	
Contractual Obligations		211,014
Indigenous Education	429,238	
Donations re: Aboriginal Journey	4,981	
English as a Second Dialect	68,279	
English Language Learning	5,096	
BC Ed Plan	63,190	
Musical Instruments	103,722	
Careers Program Facilities	<u>88,423</u>	
District Programs		762,929
Total Restricted Surplus		<u><u>\$ 4,418,751</u></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 was one major capital project 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 has eliminated the need for all portables at the site, provide new multi-purpose space and renovated 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.

MINOR CAPITAL PROJECTS

The School District received approval for \$1,525,000 in Minor Capital funding and commenced work on four projects during the year:

- **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 second phase funding envelope for the project is \$600,000.
- **School Enhancement Program (SEP) – Elphinstone Roofing Upgrades**
The School District received \$500,000 for roofing upgrades at Elphinstone Secondary
- **Carbon Neutral Capital Program (CNCP) – Langdale Lighting Upgrades**
The School District received \$75,000 to upgrade the lighting efficiency and quality at the school through the addition of LED lighting throughout.
- **Carbon Neutral Capital Program (CNCP) – Chatelech Lighting Upgrades**
The School District received \$350,000 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

COVID-19 PANDEMIC – ONGOING IMPACTS

As reported earlier, the District anticipates ongoing operational impacts relating to the pandemic proceeding into the 2022/23 school year and beyond. Supplemental funding from both provincial and federal governments has been significantly reduced and there are no ongoing supplemental funding sources that have been identified.

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.

One area of related financial concern is the significant increased usage of sick leave provisions in collective agreements by employees. Both increased length of absences as well as increased vigilance by employees in completing daily health checks have resulted in increases in usage of this employee benefit. Exacerbating the issue is increased staff turnover which has led to depletion of on-call staff lists and frequent inability to replace absent employees.

In the 2021/22 fiscal year, Teacher Short-term Sick Leave was \$130,000 overspent on a \$681,000 budget, despite shortages in TTOC replacement staff. If all teacher sick leave absences had been filled, the sick leave budget would have been a further \$130,000 overspent. This indicates a potential structural deficit in teacher sick leave budgets of \$260,000, or \$1,150 per teacher. Overall, combined short-term and long-term sick leave utilization was higher than pre-covid levels (2018/19) by \$663,000, or 68%.

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.

INFLATIONARY PRESSURES

Inflationary pressures have been an increasing area of concern in recent years. With a few small exceptions, overall operating funding has only been increased to address unionized contract settlements. Contractual increases to Principals and other Exempt staff, fuel, services and supplies required to maintain high quality operations have experienced significant inflation in the past year. With fixed funding and higher operating costs, service levels may experience decline.

COLLECTIVE BARGAINING

Collective agreements for both teachers and support staff expired at June 30, 2022. The majority of cost items are bargained at the provincial level. If union and employer are unable to reach a collective agreement through negotiations, they may try to resolve the impasse through job action. Job action is intended to put pressure on the other party to the collective bargaining dispute to try to resolve a bargaining impasse. In the event that job action does occur due to impasse at either bargaining table, delivery of educational services may be impacted.

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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