



SCHOOL DISTRICT 46 - SUNSHINE COAST

Excellence in all we do!

**FINANCIAL
STATEMENT
DISCUSSION AND ANALYSIS**

For the Year Ended June 30, 2019

September, 2019

CONTENTS

Introduction	4
Overview	4
Goal 1 – Our Students Excel	4
Goal 2 – Our People Inspire	5
Goal 3 – We Embrace Our Community	5
Enrolment and Staffing	6
Financial Highlights	7
Consolidated Summary	7
Operating Accounts	8
Restricted Surplus (Operating)	9
Special Purpose Accounts	9
Capital Accounts	9
Major Capital Projects	10
School Enhancement Funded Projects (SEP)	10
Land Sales	10
Factors Bearing on School District’s Future and Other Significant Matters	11
Provincial Funding Model Review	11
Teacher Collective Bargaining	11
Classroom Enhancement Fund/Restored Teacher Collective Agreement Language	11
Facilities – Capital Funds	11
Technology Requirements	12
Organizational Capacity	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, 2019. 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.

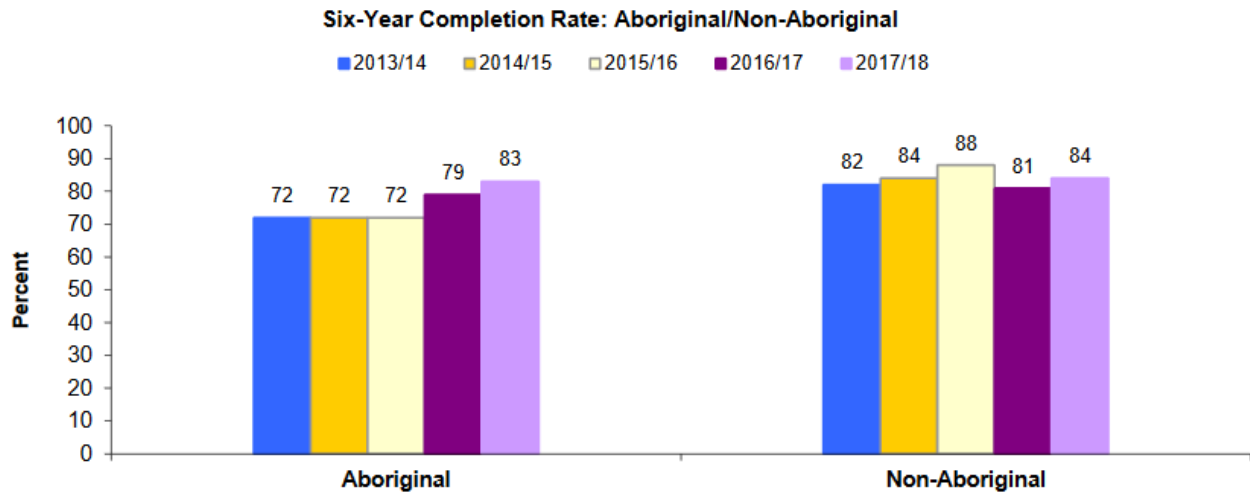
OVERVIEW

During the year the Board of Education entered the fourth year of its four-year strategic plan; **Excellence in All We Do**. It is the fulfillment of a strategic framework created through extensive community and stakeholder consultation and feedback; aligning a clear vision with integration throughout all areas of the organization.

Our financial discussion and outcome is framed by this vision with key outcomes achieved during the year overviewed below.

GOAL 1 – OUR STUDENTS EXCEL

- Continued trend of increased completion rates for Aboriginal students, reaching equivalent rates to the district as a whole. See below:



- Continued the multi-year initiative of implementing the new revised curriculum which includes:
 - Communicating student learning outcomes
 - Improving the quality of educational services and student engagement
- Increased use of the literacy support called Levelled Literacy Intervention (LLI)
- Completed installation of learning gardens at all schools

GOAL 2 – OUR PEOPLE INSPIRE

- Implemented an inquiry-based, collaborative teacher professional development initiative called TLC (Teaching, Learning, Collaborating)
- Enhanced a comprehensive professional development program by adding offerings such as Collaborating About Math in Primary (CAMP).
- Enhanced Investment Revenues by more closely managing cash flows and maintaining larger balances in accounts and investments that generate higher rates of return. These increased revenues support students through school and district-based program capacity.
- Contained utility expenditures through Energy Infrastructure improvements and shared service initiatives.
- Continued with an extensive review and update of administrative regulations, documenting and extending efficient practices.
- Increased Positive Discipline and Circle of Security training for parents and staff
- Expanded Professional Development for EA's
- Completed a World Maps and Heritage Project
- Completed a significant, multi-year renovation of Elphinstone Secondary

GOAL 3 – WE EMBRACE OUR COMMUNITY

- Increased operations related to the Joint Use Agreement between the Sunshine Coast Regional District and the Board of Education that allows greater opportunity for both students and the community to access public assets
- Increased International Education enrolment and revenues over the prior year.
- Partnerships with Vancouver Island University, Sunshine Coast Regional Economic Development Organization, community school societies, Hospice, and many more!
- Began re-work of District website in support of better communication with parents and the community

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;

	Last Year	Budget	Actual	Variance	
				vs. Last Year	vs. Budget
School Age	3,158.94	3,256.06	3,296.13	137.19	40.07
Adult	2.13	1.75	5.31	3.18	3.56
Total	<u>3,161.07</u>	<u>3,257.81</u>	<u>3,301.44</u>	<u>140.37</u>	<u>43.63</u>
				4.25%	1.32%

STAFFING

Staffing is the most significant operational expenditure of school districts. The Staffing budget is summarized in Full Time Equivalent (FTE) terms, as follows:

	Last Year	Current	Variance
Teachers (FTE)	203.76	206.14	2.38
Educational Assistants	75.68	77.69	2.01
Support Staff	60.75	61.58	0.83
Principals and Vice Principals	18	20	2.0
Other Professionals	14.0	12.2	-1.8
Total Staffing	<u>372.19</u>	<u>377.61</u>	<u>5.42</u>

For the year ended June 30, 2019, Directors of Instruction were categorized as Principals and Vice Principals, per Ministry of Education guidelines. This was a change from the previous year, however the prior year figures were also adjusted in the June 30, 2019 financial statements.

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	46,910,913	47,550,307	639,394
Expenses	49,454,340	46,279,202	(3,175,138)
Net Change for the Year	(2,543,427)	1,271,105	3,814,532

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 2018/19 school year is consistent with expectations based on monthly Board reporting. The influences that contribute to our realized surplus include are detailed below, at approximate amounts:

	Unfilled Absences	Estimates	Unspent Budgets	Misc
Salaries and Wages:				
Teachers		125,000		
EA	60,000	325,000		
Maintenance	50,000		25,000	
Spec Ed Support	6,000		10,000	
Tech	30,000			
Benefits:				
Teachers		173,000		70,000
EA	18,000	125,000		25,000
Administrators/Excluded		64,000		
Maintenance	14,000		3,500	
Tech	10,000	6,000		1,700
Custodian				13,000
Other:				
Sick Leave			267,000	
Other Absences			80,000	
Utilities			76,000	
Supplies and Services			272,000	
Unexpected Revenue				231,000
Total	188,000	818,000	733,500	340,700

*Miscellaneous expenditure savings relate primarily to benefit premium holidays granted by the benefit provider.

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 \$4,211,119:

School Surpluses		\$1,105,774
Financial Provision		900,000
Subsequent Year Budget Allocation		1,519,026
MSP/EHT	\$220,000	
Teacher Pro-D	56,087	
CUPE Pro-D	64,697	
PEBT Contingency	8,248	
Contractual Obligations		349,032
Indigenous Education	115,990	
Donations re: Aboriginal Journey	4,016	
English as a Second Dialect	66,290	
English Language Learning	22,831	
BC Ed Plan	49,833	
Gr. 10 to 12 Curriculum Implementation	8,610	
Student Transportation Fund	16,704	
Website Development	17,299	
Capital Project Consultants	28,864	
BCTEA - LEA Grant	6,850	
District Programs		337,287
Total Restricted Surplus		\$4,211,119

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.

The School District announced that it will advance funds to support the business case documentation (PDR) for the expansion of West Sechelt Elementary.

MAJOR CAPITAL PROJECTS

There were no Major Capital projects in progress or initiated during the year.

SCHOOL ENHANCEMENT FUNDED PROJECTS (SEP)

- **Dust Collector Upgrades - Elphinstone and Chatelech Secondary Schools** - This important safety upgrade began in the spring of 2019 and will reduce the risk of fire and enhance air quality in the shop classrooms at these two schools. Similar enhancement is planned at Pender Harbour Secondary.
- **Mechanical Upgrades - Roberts Creek and Cedar Grove Elementary Schools** - These mid-sized elementary schools had their mechanical systems upgraded with new air handling units and boilers to reduce operating costs and increase the useful lives of the assets.

LAND SALES

There were no sales of land during the year.

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

There are several factors that could influence the District's stable and healthy financial situation during the 2019/20 school year and beyond.

PROVINCIAL FUNDING MODEL REVIEW

The provincial government has initiated and will soon be completing a review of the funding allocation model. Although a review is certainly overdue, government has not committed any additional funds to support the initiative. This will 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

TEACHER COLLECTIVE BARGAINING

The current round of collective bargaining with teachers has been ongoing for several months at the time of this report. In previous rounds, labour disruption has impacted the organization's ability to fulfill its mandate. Any financial savings realized as a result of job actions are typically retained by the provincial government or used to fund contract enhancements.

CLASSROOM ENHANCEMENT FUND/RESTORED TEACHER COLLECTIVE AGREEMENT LANGUAGE

BCPSEA and BCTF reached an agreement in the previous year on the restored language arising from the Supreme Court of Canada ruling in November 2016. The restoration has been categorized into 4 areas:

- Non-Enrolling Teacher Staffing ratios;
- Class Size Provisions;
- Class Composition Provisions; and
- Process and Ancillary Language.

Interim funding was provided for this agreement during 2016/17 and annualized for 2018/19. In addition, the Education Fund (EF or LIF) is being repurposed into a Classroom Enhancement Fund.

The future funding amounts are dependent on both contract negotiations and the Provincial Funding Model Review, mentioned above.

FACILITIES – CAPITAL FUNDS

As we have noted in previous reports, tackling system stresses to address increased demand for enrolment space in elementary schools, especially in West Sechelt, requires intensive forward-looking capital planning. In some situations, this involves the advancement of local capital funds to mitigate the risk of school overcrowding and student and staff safety. Additionally, the requirement to comply with collective agreement restored language places an increased burden and demand on class space. Unrestricted local capital is essentially nil, leaving the inability to fund new classroom additions, portable placements or further classroom conversions, except with operating funds.

TECHNOLOGY REQUIREMENTS

The demand for technology hardware, software, and system utilization continues at a rapid pace. Providing the required services and ensuring that information is secure and protected necessitates increased financial resources. Technology in support of education and the framework for enhancing student learning and more real-time reporting on student progress is an important undertaking. MyEdBC student administration system requires enhancements in order to meet the ongoing needs for improved data and reporting.

ORGANIZATIONAL CAPACITY

Over the past number of years, exempt compensation freezes and inability to move administrative personnel to the appropriate level of compensation due to PSEC restrictions has resulted in difficulties with recruitment and retention of these key personnel. While this has eased in the past year, restrictions remain on benefit levels and salary placement that impact the organization. Further, the increase in overall teacher hiring across the province continues to put pressure on teacher recruitment, particularly with specialized positions.

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

School District No. 46 (Sunshine Coast)
494 South Fletcher Rd, PO Box 220
Gibsons, British Columbia V0N 1V0