



## **Financial Update**

### **Date: December 31, 2019**

#### **Background**

The Office of the Auditor General of BC, in their May 2016 report '*Improving Budgeting and Expenditure Management in the Public Education System*' recommended that every school district 'regularly report forecasted results compared with actual budget results to the school board (or committee of the board), and provide an accompanying discussion and analysis, as necessary, to fully communicate financial performance and key risks'.

#### **Financial Performance**

The District's fiscal year runs from July 1 to June 30 each year. The enclosed document analyzes the financial revenue and expenditures for the six months ending December 31, 2019. Comparison is provided to the 2019/2020 preliminary annual budget submitted in February 2019. Other items of note for the 2019/2020 financial year include:

Overall funded student enrolment was higher than anticipated resulting in an expected increase in projected operating grants. This increase as well as an unappropriated surplus from the 2019 fiscal year allowed additional teachers to be added to the system to support classroom composition as well as our increased English Language Learner (ELL) student population.

Based on the costs to December 31, 2019, the District's spending is progressing as expected. We anticipate an unrestricted operating surplus of approximately \$2-2.5M at June 30, 2020, which is in line with previous years.

Illness replacement at the end of December is expected to trend to budget by yearend.

Benefit costs are lower during the latter part of each calendar year (September- December) as a number of employees have reached their annual maximum for CPP and EI.

In the fall, once all registrations were processed, the District added bus routes to the system. These additional costs were absorbed in the Amended Annual Budget.

Revenue from outside sources is as expected year to date. International enrolment is at 378 FTE at the end of December and is expected to meet the projected 400 FTE by the end of the year.

During spring staffing (April 2019), 162 teacher FTE were identified to be funded by the Classroom Enhancement Fund (CEF). Of this, 118 FTE were enrolling teachers. In September, the District added an additional 9 teacher FTE to the system to better support classroom composition. In our fall CEF submission to the Ministry of Education, the District requested and received our full request of 182 FTE (2019 FTE = 147).

As previously discussed, in early 2018, an Independent Panel conducted a review of the BC K-12 Public Education Funding Model to ensure the education system receives stable and predictable funding. In March 2020, the Ministry of Education will announce the new funding formula for British Columbia school districts. District staff are mainly concerned with Recommendation 6 (Inclusive Education) and Recommendation 9 (Funding based on the number of students versus the number of courses being taken). At this time, it is unclear how the changes to the funding formula will affect our District.

### **Key Financial Risks**

Key financial risks for our District include the cost of sick leave and benefits, as well as unexpected cost increases in some major spending categories (utilities, insurance).

Cost of sick leave is budgeted using historical patterns applied to current staffing levels. The financial risk of overspending is mitigated through incorporating contingencies within these budgets to minimize the impact of unforeseen costs.

For other major spending categories, risk is mitigated through careful monitoring and if necessary, underspending in other discretionary areas to offset increasing costs.

Department and school budgets are actively reviewed by management and where areas of concern have been identified, department management have met to discuss ways of completing the year within the allotted budget.

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Operating Fund			Actual to Dec 31, 2019	Forecast to Year End	2019/2020 Annual Budget	Forecast (Over) Under	Forecast Variance %	Commentary
Instruction	Salaries & Benefits	*	71,551,810	715,518,100	178,757,494	(536,760,606)	-300.27%	Overall student enrolment was higher than expected (resulting in increased teachers FTE) at the Annual Budget, Amended Budget has been adjusted for this increase.
	Services and Supplies		6,555,320	11,046,380	11,046,380	0	0.00%	Spending progressing as expected.
	Total	1	78,107,130	726,564,480	189,803,874	(536,760,606)	-282.80%	
District Administration	Salaries & Benefits	**	2,432,458	4,664,917	4,683,704	18,788	0.40%	Spending progressing as expected.
	Services and Supplies		948,141	1,680,447	1,680,447	0	0.00%	Spending progressing as expected.
	Total	4	3,380,599	6,345,364	6,364,151	18,788	0.40%	
Operations & Maintenance	Salaries & Benefits		7,043,677	14,887,353	15,083,590	196,236	1.30%	Spending progressing as expected.
	Services and Supplies		4,263,491	8,609,523	8,609,523	0	0.00%	Spending progressing as expected.
	Total	5	11,307,167	23,496,876	23,693,113	196,236	0.83%	
Transportation	Salaries & Benefits		1,442,473	3,050,000	2,945,336	(104,664)	-3.55%	Additional routes were added to the system in the fall, Annual Budget absorbed some of this but the Amended Budget has been adjusted for the additional expenses.
	Services and Supplies		850,060	1,183,500	1,183,500	0	0.00%	Spending progressing as expected.
	Total	7	2,292,533	4,233,500	4,128,836	(104,664)	-2.53%	
<b>TOTALS</b>			<b>95,087,430</b>	<b>760,640,220</b>	<b>223,989,975</b>	<b>(536,650,245)</b>	<b>-239.59%</b>	

\* The majority of staff attached to Instruction are paid over 10 months.

\*\* The majority of staff attached to District Administration are paid over 12 months.

Capital Fund			Actual to Dec 31, 2019	Forecast to Year End	2019/2020 Annual Budget	Forecast (Over) Under	Forecast Variance %	Commentary
Capital Assets	Local Capital	03	\$ 2,523,102	\$ 4,338,899	\$ 4,338,899	\$ -	0.00%	Additions relate primarily to the District's school refresh program and school based capital purchases.
	Bylaw Capital	99	5,278,020	52,780,204	13,195,051	(39,585,153)	-300.00%	Amortization adjusted each year once financial statements are finalized.
<b>TOTALS</b>			<b>\$ 7,801,123</b>	<b>\$ 57,119,103</b>	<b>\$ 17,533,950</b>	<b>\$ (39,585,153)</b>	<b>-225.76%</b>	

Special Purpose Funds		Fund	Actual to Dec 31, 2019	Forecast to Year End	2019/2020 Annual Budget	% of Budget Spent	Forecast (Over) Under
Annual Facilities		57	\$ 1,186,586	\$ 1,200,778	\$ 785,351	151.09%	Includes prior year carry forward balances to be spent by March 2020.
Classroom Enhancement		71	6,706,854	15,663,856	12,240,629	54.79%	Additional CEF funding has been requested & awarded. Once the 2019/20 amended budget is approved, the budget figures in this report will be updated. Total CEF funds awarded were \$17,315,239. An additional 13 teacher FTE has been added to the system effective January 13, 2020.
Community Link		85	483,605	1,261,106	1,270,780	38.06%	Includes fiscal 2019 carry fwd to be spent by June 2020.
Learning Improv-Support Staff		97	176,383	868,237	793,018	22.24%	Includes fiscal 2019 carry fwd to be spent by June 2020.
Official Languages (French)		96	140,653	331,771	308,871	45.54%	Includes fiscal 2019 carry fwd to be spent by June 2020.
Provincial Resource Project		88	92,660	186,965	180,570	51.32%	Includes fiscal 2019 carry fwd to be spent by June 2020.
Ready Set Learn		95	20,135	75,950	75,948	26.51%	Spending will progress as expected throughout the year.
School Generated		89	1,928,053	7,800,000	7,300,000	26.41%	Preliminary budget was light; adjusted through Amended Budget.
Special Education Equipment		72	-	22,065	30,000	0.00%	Spending will progress as expected throughout the year.
Strong Start		94	103,465	256,000	256,000	40.42%	Spending will progress as expected throughout the year.
<b>TOTALS</b>			<b>\$ 10,838,393</b>	<b>\$ 27,666,728</b>	<b>\$ 23,241,167</b>	<b>46.63%</b>	

**Total Budget Bylaw** **\$ 264,765,092**

Bylaw Capital Projects		Fund	Actual to Dec 31, 2019	Ministry COA Budget	Balances Still to Withdraw	% of Budget Spent	Forecast (Over) Under
Annual Facilities Grant		57	\$ 1,231,789	\$ 3,075,143	\$ 1,843,354	40.06%	Expected to fully spend by March 31, 2020.
Canyon Falls Middle		33	36,919,095	37,110,000	\$ 190,905	99.49%	Project is at substantial completion, building deficiencies still outstanding.
H.S. Grenda Middle		33	4,256,031	34,407,183	\$ 30,151,152	12.37%	Must be fully spent by June 1, 2021, will request extension as required.
Dust Collectors		34	291,605	513,549	\$ 221,944	56.78%	Projects are almost completed. Balance will be tsf to MOE Restricted for future use.
MBSS Bathroom Upgrade		35	564,389	590,000	\$ 25,611	95.66%	Project has been completed. Balance will be tsf to MOE Restricted for future use.
RLE Playground		35	105,000	105,000	\$ -	100.00%	Playground has been purchased and installed.
SLE Playground		35	105,000	105,000	\$ -	100.00%	Playground has been purchased and installed.
Replacement Buses		35	939,944	984,008	\$ 44,064	95.52%	Project has been completed. Balance will be tsf to MOE Restricted for future use.
<b>TOTALS</b>			<b>\$ 44,412,853</b>	<b>\$ 76,889,883</b>	<b>\$ 32,477,029</b>	<b>57.76%</b>	

Other Information					2019/2020 Figures (30-Sept-19)	2018/2019 Figures		Notes
Appropriated Surplus					0	4,023,494		
Unappropriated Surplus					0	1,866,565		
	<b>Total Surplus</b>				<b>\$ -</b>	<b>\$ 5,890,059</b>		Available for carry forward
Staffing FTE	Teachers	MBF			1,420.97	1,382.51	38.46	FTE growth & complexity of school organizations
	Principal/Vice Principals	MBF			99.60	94.00	5.60	Ab. Ed. VP (1), Int'l Ed. District Principal (.6), CFS (2), middle school VP (2)
	Educational Assistants				554.00	510.00	44.00	Student FTE growth & complexity of school organizations
	Support Staff				519.00	498.00	21.00	Increase in bus drivers (routes), advocates (increase in funding), clerical (CFS)
	Other Professionals	MBF			39.50	37.70	1.80	Asst Transport Mng (1), Asst Cust Mng (1), Int'l Ed. (-2)
	<b>Total Staffing FTE</b>				<b>2,633.07</b>	<b>2,522.21</b>		
Funded Students (FTE)							Change	
	School Age				22,672.0000	22,279.6000	392.40	Annual Budget = 150 FTE, April staffing = 352.5 FTE
	Alternate Schools				261.5000	255.0000	6.50	
	Distributed Learning (DL)				122.6875	144.5000	(21.81)	February recount expected to absorb this FTE decrease
	<b>Total Enrolment Based Funding</b>				<b>23,056.1875</b>	<b>22,679.1000</b>		
							Change	
	Level 1 Special Needs				15.0000	18.0000	(3.00)	
	Level 2 Special Needs				1,012.0000	904.0000	108.00	new Ks, home school & private sector students in our system.
	Level 3 Special Needs				267.0000	223.0000	44.00	
	English Language Learners				756.0000	604.0000	152.00	Per are a preferred destination for Immigration, Refugees & Citizenship Canada to settle refugees. As well, our syrian student FTE has increased over the prior year.
	Aboriginal Education				2,864.0000	2,679.0000	185.00	More students accessing the Aboriginal Education program
	Adult Education				6.2500	6.7500	(0.50)	
	<b>Supplemental for Unique Student Needs</b>				<b>4,920.2500</b>	<b>4,434.7500</b>		
	CE - Feb/May (Recount)				0.0000	12.0000		Feb & May/20 FTE not yet included
	DL - Feb/May (Recount)				0.0000	327.0000		Feb & May/20 FTE not yet included
	Level 2 Special Needs				0.0000	10.0000		Feb & May/20 FTE not yet included
	Level 3 Special Needs				0.0000	20.0000		Feb & May/20 FTE not yet included
	ELL Supplement - Newcomer Refugees				0.0000	3.0000		Feb & May/20 FTE not yet included
	<b>Total Feb &amp; May Enrolment Counts</b>				<b>0.0000</b>	<b>372.0000</b>		
	International Education				400.0000	400.0000		
	<b>Total Student FTE</b>				<b>28,376.4375</b>	<b>27,885.8500</b>		