



## **Financial Update**

### **Date: March 31, 2020**

#### **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'.

#### **COVID-19 Update**

Currently, we are in the midst of an unprecedented pandemic and the subsequent planned responses. The Minister has set priorities for the Education Sector during the pandemic. The Ministry of Education and all education partners are working together to strategize how we can provide the services necessary to support our students and communities in this incredible time of need.

To guide those conversations, the Minister has put forward these four guiding principles, which we will collectively use to inform our decisions through this time:

1. Maintain a healthy and safe environment for all students and families and all employees.
2. Provide services to support children of essential workers.
3. Support vulnerable students who may need special assistance.
4. Provide continuity of educational opportunities for all students.

This report does not include the impact of COVID. After a few weeks, we will have a better understanding of the financial impact of this pandemic. We have implemented tracking processes and will bring forward a more detailed analysis of the financial impact in the near future. Below is a preliminary list of revenue/costs to consider. We have separated them into three categories: (i) potential lost revenue, (ii) cost savings and (iii) additional costs due to COVID.

<b>Potential Lost Revenue</b>	<b>Potential Cost Savings</b>	<b>Additional Costs</b>
<ul style="list-style-type: none"><li>• Preschool &amp; afterschool lease revenue</li><li>• Permit revenue</li><li>• Fee revenue</li><li>• Int'l Ed. student fee revenue</li><li>• Investment income</li></ul>	<ul style="list-style-type: none"><li>• TOC illness costs</li><li>• Professional development (travel, flights, conference costs)</li><li>• Resources/supplies</li><li>• Utilities (electricity, gas, propane)</li><li>• Fuel/natural gas</li><li>• Repairs &amp; maintenance of fleet/buses</li><li>• Mileage costs</li></ul>	<ul style="list-style-type: none"><li>• COVID illness costs</li><li>• TOCs to provide services to support children of essential workers</li><li>• Short term additional clerical relief</li><li>• Custodian supplies (gloves, sanitizer)</li><li>• Food delivery supplies</li><li>• Mileage costs</li></ul>

## **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 nine months ending March 31, 2020. Comparison is provided to the 2019/2020 amended annual budget submitted in February 2020. Other items of note for the 2019/2020 financial year include:

Overall funded student enrolment in September 2019 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.

The District's spending to March 31, 2020 progressed as expected. 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.

## **Classroom Enhancement Fund Update**

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).

## **Funding Formula Update**

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 announced the new funding formula for British Columbia school districts. Although District staff were mainly concerned with Recommendation 6 (Inclusive Education) and Recommendation 9 (Funding based on the number of students versus the number of courses being taken), both of these were deferred to next year.

As part of the new funding formula, a new supplement was introduced that recognizes B.C.'s children and youth in care. This change will expand priority funding to more children with mental-health challenges and those living in low-income families. Funding allocated for this new supplement has been provided to districts to deliver service based on local needs and is intended for supports such as trauma counselling, school breakfast or lunch programs, additional classroom support etc. Our District's proportionate share of this supplement for 2020/2021 is estimated to be \$858,406.

## **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).

For this school year, the COVID-19 pandemic is also an unexpected key financial risk. The costs associated with providing the services mentioned above are unknown. Currently, there are no plans to change the funding announcement for the upcoming year; however, the pandemic is resulting in a recession and circumstances to funding rates and enrolment projection may change.

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.

Operating Fund			Actual to Mar 31, 2020	Forecast to Year End	2019/2020 Amended Annual Budget	Forecast (Over) Under	Forecast Variance %	Commentary
Instruction	Salaries & Benefits	*	123,062,491	182,100,000	182,600,788	500,788	0.27%	In light of COVID, there is some savings expected.
	Services and Supplies		8,774,981	10,000,000	11,144,235	1,144,235	10.27%	In light of COVID, there is some savings expected.
	Total	1	131,837,472	192,100,000	193,745,023	1,645,023	0.85%	
District Administration	Salaries & Benefits	**	3,504,200	4,875,314	4,875,314	0	0.00%	Spending progressing as expected.
	Services and Supplies		1,234,450	1,575,000	1,680,680	105,680	6.29%	In light of COVID, there is some savings expected.
	Total	4	4,738,650	6,450,314	6,555,994	105,680	6.29%	
Operations & Maintenance	Salaries & Benefits		10,404,791	14,000,000	14,085,136	85,136	0.60%	Spending progressing as expected.
	Services and Supplies		6,983,890	9,200,000	9,504,324	304,324	3.20%	In light of COVID, there is some savings expected.
	Total	5	17,388,681	23,200,000	23,589,460	389,460	1.65%	
Transportation	Salaries & Benefits		2,244,094	3,100,000	3,119,831	19,831	0.64%	Spending progressing as expected.
	Services and Supplies		1,196,586	1,200,000	1,448,500	248,500	17.16%	Spending progressing as expected.
	Total	7	3,440,680	4,300,000	4,568,331	268,331	5.87%	
<b>TOTALS</b>			<b>157,405,483</b>	<b>226,050,314</b>	<b>228,458,808</b>	<b>2,408,494</b>	<b>1.05%</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 Mar 31, 2020	Forecast to Year End	2019/2020 Amended Annual Budget	Forecast (Over) Under	Forecast Variance %	Commentary
Capital Assets	Local Capital	03	\$ 3,064,508	\$ 4,741,609	\$ 4,741,609	\$ -	0.00%	Additions relate primarily to the District's school refresh program and school based capital purchases.
	Bylaw Capital	99	9,896,288	13,195,051	13,195,051	-	0.00%	Amortization adjusted each year once financial statements are finalized.
<b>TOTALS</b>			<b>\$ 12,960,796</b>	<b>\$ 17,936,660</b>	<b>\$ 17,936,660</b>	<b>\$ -</b>	<b>0.00%</b>	

Special Purpose Funds		Fund	Actual to Mar 31, 2020	Forecast to Year End	2019/2020 Amended Annual Budget	% of Budget Spent	Forecast (Over) Under
Annual Facilities		57	\$ 1,186,586	\$ 1,186,586	\$ 1,186,586	100.00%	Includes prior year carry forward balances that were fully spent by March 2020.
Classroom Enhancement		71	11,984,410	17,315,239	17,315,239	69.21%	Total CEF funds awarded were \$17,315,239. An additional 13 teacher FTE were added to the system effective January 13, 2020. In light of COVID, uncertain if savings are expected at this time.
Community Link		85	910,591	1,261,708	1,246,963	73.02%	Forecast includes fiscal 2019 carry fwd to be spent by June 2020.
First Nation Student Transportation		70	-	-	732	0.00%	Will carry forward balance to be used in fiscal 2020.
Learning Improv-Support Staff		97	467,598	750,000	868,237	53.86%	Includes fiscal 2019 carry fwd to be spent by June 2020. Struggling to hire 8 BIT CEAs, at March 31st, only 5 were employed. Additional LIF minutes given to participating CEAs in early February. In light of COVID, expecting to underspend LIF. Will carry forward unspent balance to next year.
Official Languages (French)		96	223,042	345,576	331,771	67.23%	Includes fiscal 2019 carry fwd to be spent by June 2020, spending progressing as expected. Forecast includes \$13,805 funding received for this year only.
Provincial Resource Project		88	132,794	186,965	186,965	71.03%	Includes fiscal 2019 carry fwd to be spent by June 2020, spending progressing as expected.
Ready Set Learn		95	42,954	75,950	75,950	56.56%	Spending progressing as expected.
School Generated		89	4,689,910	7,400,000	7,800,000	60.13%	In light of COVID, there is some savings expected.
Special Education Equipment		72	657	10,000	22,065	2.98%	In light of COVID, there is some savings expected.
Strong Start		94	210,957	301,000	301,000	70.09%	Spending progressing as expected.
<b>TOTALS</b>			<b>\$ 19,849,498</b>	<b>\$ 28,833,024</b>	<b>\$ 29,335,508</b>	<b>67.66%</b>	

**Total Budget Bylaw** **\$ 275,730,976**

Bylaw Capital Projects		Fund	Actual to Mar 31, 2020	Ministry COA Budget	Balances Still to Withdraw	% of Budget Spent	Forecast (Over) Under
Annual Facilities Grant		57	\$ 2,214,631	\$ 3,075,143	\$ 860,512	72.02%	Expected to fully spend by June 30, 2020.
Canyon Falls Middle		33	37,035,038	37,110,000	\$ 74,962	99.80%	Project is at substantial completion, some building deficiencies still outstanding. Expected to fully spend by June 30, 2020.
H.S. Grenda Middle		33	6,736,336	34,407,183	\$ 27,670,847	19.58%	Must be fully spent by June 1, 2021, will request extension as required.
Dust Collectors		34	296,551	513,549	\$ 216,998	57.75%	Projects are almost completed. Balance will be tsf to MOE Restricted at yearend 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 at yearend 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	957,541	984,008	\$ 26,467	97.31%	Project has been completed. MOE permission granted to utilize balance to purchase new transportation software
<b>TOTALS</b>			\$ 48,014,485	\$ 76,889,883	\$ 28,875,397	62.45%	

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>				\$ -	\$ 5,890,059		Available for carry forward
						<b>Change</b>	
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>		
						<b>Change</b>	
Funded Students (FTE)	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>		
						<b>Change</b>	
	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>		