

**School District No. 72 (Campbell River)**  
**Financial Statement Discussion and Analysis**  
For the year ended June 30, 2021

## Overview of the School District

School District 72 serves 5,500 students in a large geographic area on Mid-Vancouver Island. It provides services to students through 12 elementary schools, 2 middle schools, 2 high schools, 1 alternate program, a distance learning program and an international program.

Over 400 teachers, 300 Support staff and 50 administrative staff work to provide services to our students.

The board began their strategic plan in June 2019. The strategic plan has three goals:

1. Improve student achievement.
2. Build a culture of learning and wellness.
3. Honour Indigenous world views and perspectives.

Our goals are a high-level guide to schools, departments and leaders in creating objectives and focusing resources that align with our vision.

## Financial Highlights

90% of the School District's revenue comes from the Ministry of Education. The level of funding is based on enrollment and unique needs for our geographic region. 5% of our revenue comes from Other Revenue which consists of our local education agreements with our local indigenous bands and an agreement with the Conseil scolaire francophone de la Colombie-Britannique and School Generated Funds. The remaining revenue comes from the recognition of deferred capital grants, international program, leases, investment income and miscellaneous revenue.

81% of our expenses are salary and benefit related. The balance of expenses are related to supplies, contracted services, utilities and amortization.

The Classroom Enhancement Fund continued for the 2020/21 school year. Created by the Ministry of Education as part of the settlement from the Supreme Court Ruling on Class Size and Composition with the BCTF, the fund provided an additional 33.974 FTE of teachers in the amount of \$3,258,045. In recognition of the additional administrative work required to support the CEF the Ministry has provided \$253,325 in overhead funding.

Financially, we finished the year with a decrease to our accumulated surplus of \$1,554,122. The variance of the surplus from \$3,311,850 budget to the \$1,554,122 actual cost includes an underspending of the internally restricted reserve that were budgeted but not spent.

Description	Budget	Actual	Difference
Revenue	73,414,051	73,636,126	222,075
Expenses	76,725,901	75,190,248	(1,535,653)
Surplus	(3,311,850)	(1,554,122)	(1,757,728)

The overall accumulated surplus decrease was impacted by the \$1,260,023 decrease in operating surplus. The addition of new capital projects and deferred capital revenue offset the amortization of assets resulting in a capital decrease of \$294,099. The \$1,260,023 deficit was much less than the budgeted operating deficit of \$3,237,745 that included the budgeted internally restricted reserves.

On a positive note, our operating deficit came in at \$535,471 which was much lower than our forecast of \$1,572,644. Our combined operating surplus concluded the year at \$4,572,656. \$3,227,748 of which was internally restricted for specific purposes and \$1,344,908 was unrestricted. This year SD 72's operating surplus declined by \$1,260,023. The internal restrictions increased by \$206,805 and unrestricted surplus declined by \$797,597. The District continued an emphasis on following the board's governance Accumulated Surplus policy limiting the use of restrictions for ongoing programs and referring new spending requests to the budget process.

Description	20/21	19/20	Difference
Accumulated Surplus - Capital	21,827,426	22,121,525	(294,099)
Accumulated Surplus - Operations	4,572,656	5,832,679	(1,260,023)
Total Accumulated Surplus	26,400,082	27,954,204	(1,554,122)

### Operating Accounts

With a large decline in enrollment from 19/20 to 20/21 the increase in MOE revenue was due to an increase in wages and the addition of the Federal Safe Return to Class grant of \$2,033,406 and the Provincial Sage Return to School Grant of \$462,607.

The COVID-19 Pandemic had a significant impact on SD 72 in 20/21. The district experienced increased costs with increased custodial labour and cleaning supplies and expenses. There was a reduction in revenue to international, interest income and rentals revenue. The district used \$2,496,013 from Federal and Provincial COVID funding to cover increased costs related to enhanced cleaning, supervision, cleaning supplies and safety equipment as well as 14 teachers to offer remote learning.

Operating revenue increased by \$763,551 from 2019/20. The increase consisted of:

- CUPE wage settlement, employer health tax being included in the MOE operating grant \$969,327
- transfer of the employer health tax, CUPE labour settlement and Carbon Tax to the operating grant (\$783,334)
- increase in the teacher labour settlement funding \$845,702
- decrease in international tuition \$302,557
- decrease in investment income \$130,034

Operating expenses (on schedule 2) increased \$1,654,287 from 2020. This was due to a corresponding increase in labour settlement salary increases, costs related to the COVID-19 Pandemic and repairs expenses with transportation.

## Special Purpose Fund

Our special purpose funds are funds held by the district for a specific purpose. They are provided by third parties with a directive on the use of funds. Due to this restriction, they are held in a special fund where they can be reported on a supporting schedule separately from the operating accounts.

In 20/21 our Special Purpose Fund balance increased overall by \$38,182:

- Federal Safe Return to Class fund was received from the Ministry of Education to support increased costs related to the impact of COVID. \$2,033,406 \$1,540,000 was used to provide new teachers for remote learning opportunities at each elementary school. \$250,000 was provided to cover absences due to COVID and \$243,406 was used for staffing and equipment to support safety programs. The Federal funds were fully spent during 20/21 resulting in a \$0 balance remaining.
- Provincial Safe Return to School fund provided \$460,000 that was used for enhanced daytime cleaning, additional bus cleaning, cleaning supplies and safety equipment. The Provincial funds were also fully spent in 20/21.

## Capital

We had a fairly quiet capital spending program in 2021 with approved Carbon Neutral and School Enhancement funded capital projects.

Our AFG program spending decreased to \$943,590 due to an overspend in 19/20 of \$360,000.

- 2020 saw Carihi Secondary complete their mechanical upgrade at a total cost of \$1,448,559 . Under the approved budget of \$1,535,506 from the School Enhancement Program.
- École Willow Point replaced their boiler for \$184,106. \$14,106 was funded by a Fortis grant with \$167,000 provided through the Carbon Neutral Capital Plan.
- We completed two roofing section projects at Quadra and Timberline. Our roofing projects were only able to replace a portion of the roof on each building as a roof does not wear evenly. The highest priority sections are replaced first. SD 72 expenses all roofing replacement and maintenance costs.

## Financial Analysis of the School District

<b>Financial Assets</b>	<b>2021 Actual</b>	<b>2020 Actual</b>	<b>Variance</b>	<b>Change</b>
Cash and Cash Equivalents	17,784,796	17,570,062	214,734	1.22%
Accounts Receivable – MOE	367,352	408,776	(41,424)	(10.13%)
Accounts Receivable – Prov	-	211,100	(211,100)	(100.00%)
Accounts Receivable – FN	505,997	720,407	(214,410)	(29.76%)
Accounts Receivable	227,844	111,350	116,494	104.62%
<b>Total Financial Assets</b>	<b>18,885,989</b>	<b>19,021,695</b>	<b>(135,706)</b>	<b>(0.71%)</b>
<b>Liabilities</b>				
Accounts Payable	8,552,756	7,707,767	844,989	10.96%
Unearned Revenue	588,806	316,761	272,045	85.88%
Deferred Revenue	1,251,595	1,213,413	38,182	3.15%
Deferred Capital Revenue	65,099,620	66,034,332	(934,712)	(1.42%)
Employee Future Benefits	1,457,201	1,349,951	107,250	7.94%
Capital Lease Obligations	18,496	39,530	(21,034)	(53.21%)
<b>Total Liabilities</b>	<b>76,968,474</b>	<b>76,661,754</b>	<b>306,720</b>	<b>0.40%</b>
<b>Net Financial Assets (Debt)</b>	<b>(58,082,485)</b>	<b>(57,640,059)</b>	<b>(442,426)</b>	<b>(1.11%)</b>
<b>Non-Financial Assets</b>				
Tangible Capital Assets	84,172,704	85,530,200	(1,357,496)	(1.59%)
Prepaid Expenses	309,863	64,063	245,800	383.8%
<b>Total Non-Financial Assets</b>	<b>84,482,587</b>	<b>85,594,263</b>	<b>(1,111,696)</b>	<b>(1.30%)</b>
<b>Accumulated Surplus (Deficit)</b>	<b>26,400,082</b>	<b>27,954,204</b>	<b>(1,554,122)</b>	<b>(5.56%)</b>

**Reference Notes for the Financial Assets above:**

- The decrease in Accounts Receivable – First Nations and Province was due to the invoices being delivered earlier in the fiscal year which enabled the Nations to pay before year-end. In 2020, the invoices were delivered after the fiscal year-end.
- The Accounts Receivable reduction was due to the increase of international students after an uncertain year in 2020 due to COVID-19.
- Unearned Revenue – international student enrollment increased for 2021/22 after a COVID impacted 2020 year. Students’ families will pre-pay tuition for the year to secure a spot.
- The capital leases for the shuttle busses at Carihi and Timberline had a reduction from 19/20 to 20/21 due to the annual principal pay down.
- Prepaid invoices increased due to licensing for our telephone system and renewed licensing for our servers.

## Income Statement

<b>Revenues</b>	<b>2021 Actual</b>	<b>2020 Actual</b>	<b>Change</b>	<b>Variance</b>
Ministry of Education	<b>65,903,266</b>	<b>62,147,124</b>	3,756,142	6.04%
Other Provincial – VIHA	<b>59,977</b>	<b>29,576</b>	24,401	82.50%
Tuition	<b>436,514</b>	<b>739,071</b>	302,557	(40.94%)
Other Revenue	<b>3,863,213</b>	<b>4,375,915</b>	(512,702)	(11.72%)
Rentals and Leases	<b>118,627</b>	<b>122,795</b>	(4,168)	(3.39%)
Investment Income	<b>141,539</b>	<b>283,368</b>	(141,829)	(50.05%)
Amortization of Deferred Capital Revenue	<b>3,118,990</b>	<b>3,062,020</b>	56,970	1.86%
<b>Total Revenue</b>	<b>73,636,126</b>	<b>70,759,869</b>	<b>2,876,257</b>	<b>4.06%</b>
<b>Expenses</b>				
Instruction	<b>56,933,342</b>	<b>53,516,823</b>	3,416,519	6.38%
District Administration	<b>2,978,137</b>	<b>2,701,932</b>	276,205	10.22%
Operations and Maintenance	<b>13,710,749</b>	<b>13,232,553</b>	478,196	3.61%
Transportation and Housing	<b>1,566,220</b>	<b>2,055,608</b>	(489,388)	(23.81%)
Debt Services	<b>1,800</b>	<b>3,022</b>	(1,222)	(40.44%)
<b>Total Expense</b>	<b>75,190,248</b>	<b>71,509,938</b>	<b>3,680,310</b>	<b>5.15%</b>
<b>Surplus (Deficit) for the year</b>	<b>(1,554,122)</b>	<b>(750,069)</b>	<b>(804,053)</b>	<b>(107.20%)</b>

### Reference Notes for Income Statement:

- Ministry of Education revenue went up due to an increase labour settlements and benefit increases.
- VIHA has increased the space they rent from Robron resulting in an increase of \$24,401.
- The decreasing interest rates are having a negative impact on SD 72's investment income. The board saw a drop in interest rates from 2.45% to 0.95%.
- Instruction cost increases were related to the wage settlement and benefit increase.
- District Administration overage was due to staffing. 2021 saw two positions require a long term sick leave that required backfill. The District also extended the MyEd BC implementation that required a district principal for an additional 6 months. The impact of the unbudgeted positions was 2.0 FTE.
- The interest cost for the shuttle busses is reflective of a full year worth of leasing costs in 19/20. The interest portion reduces as the term expires resulting in a greater paydown of the principal.

## Budget Highlights/Analysis of Operating Results to Budget

### Schedule 2A - Operating Revenue

	2021 Budget	2020 Actual	Diff \$	Diff %	Reason
Provincial Grants MOE	56,454,568	56,815,20	360,934	0.06%	on target to budget
Tuition	286,000	436,514	150,514	52.63%	Increase in students attending.
LEA/Direct Funding from First Nations	2,071,945	2,019,109	(52,836)	(2.55%)	Reduction of enrollment
Other School District/Education Authorities	355,100	379,835	24,735	6.97%	on target to budget
Contracted Services (Student Services)	71,626	71,626	-	0.00%	on target to budget
Miscellaneous revenue	6,500	17,991	11,491	176.78%	Asset disposal diesel generator, vehicle not budgeted.
Rentals and leases	115,000	118,627	3,627	3.15%	On target to budget
Investment Income	124,686	132,864	8,178	6.56%	Decrease in prime rate

**Schedule 2B - Operating Expense by Object**

	<b>2021 Budget</b>	<b>2020 Actual</b>	<b>Diff \$</b>	<b>Diff %</b>	<b>Reason</b>
Teachers	25,258,555	25,485,046	43,509	0.17%	On target to budget
Principals & Vice Principals	4,244,043	4,266,073	(22,030)	(0.52%)	On target to budget
Other Professionals	1,809,980	1,939,896	(159,916)	(8.84%)	
Educational Assistants	5,154,499	4,822,665	331,834	6.44%	On target to budget
Support Staff	6,424,821	6,364,974	59,847	0.93%	
Employee Benefits	10,100,434	9,939,752	160,682	1.59%	On target to budget
Services	1,512,476	1,344,485	167,991	11.11%	Budgeted appropriations Ab Ed underspent
Supplies	2,937,664	2,970,515	(32,851)	(1.12%)	On target to budget
Utilities	1,748,901	1,511,725	237,176	13.56%	Reduced occupancy due to COVID-19

## Reserves – Operating, Special Purpose and Capital Balances

### Statement of Operations - Special Purpose Fund

Program	Last Year Spending	Actual Spending	Difference	Deferred Revenue Balance	Comments
<b>Ministry of Education Funded</b>					
Annual Facilities Grant (AFG)	508,544	263,128	(245,426)	-	2 years worth of AFG trust allocation was spent in 19/20. Only 1 year spent in 20/21.
Oasis/Headstart PRP	273,402	324,832	51,430	2,539	Experienced teachers taught the program in 20/21
Special Education Equipment	3,147	14,045	10,898	18,073	
Strong Start	128,632	128,000	(632)	-	
Learning Improvement Fund	214,745	214,151	(594)	-	CEF replaces the teacher portion of LIF. Support Staff LIF continues.
Community LINK program	599,538	502,986	(96,552)	72,332	19/20 spent the full grant. 20/21 had a balance remaining.
French Language (OLEP)	162,585	151,072	(11,513)	7,446	
Ready Set Learn	47,272	26,699	(20,573)	4,176	
BC Skills for Jobs Blueprint	-	-	-	16,620	
First Nations Student Transportation	26,281	55,537	26,281	29,086	A larger grant was received in 20/21. So more was spent.
Mental Health in Schools	28,500	52,000	23,500	-	Full grant was spent.
Changing Results for Young Readers	-	-	-	26,430	
Provincial Literacy	-	-	-	52,320	
Classroom Enhancement Funding (Staffing)	3,413,892	3,258,045	(155,847)	-	Total grant received was less in 20/21. Full grant was spent
Classroom Enhancement Funding (Overhead)	327,184	291,660	(35,524)	-	Grant was reduced for 20/21.
Classroom Enhancement Funding (Remedies)	12,459	253,325	240,866	-	Teachers were able to use remedy in 20/21 but not 19/20.
BC Numeracy Network Classroom Assessments	4,727	-	(4,727)	5,605	
Provincial Safe Return to School	-	462,607	462,607	-	Full grant was spent
Federal Safe Return to Class Fund	-	2,033,406	2,033,406	-	Full grant was spent
	5,750,918	8,031,323	2,280,405	234,447	

Program	Last Year	Actual	Difference	Deferred Revenue Balance	Comments
<b>Other</b>					
School Generated Funds	1,779,694	1,312,408	(467,286)	723,464	COVID-19 reduced use of school generated funds
Scholarships	25,325	20,955	(4,370)	158,330	
District Trusts	194,815	96,586	(98,229)	65,228	Less use due to COVID-19.
Van Kelp Foundation	-	-	-	70,126	
	1,999,834	1,429,949	(569,885)	1,017,148	
Schedule 3A	7,750,752	9,461,272	1,710,520	1,251,595	

## Capital Assets

### School Enhancement Funded Projects (SEP)

- Carihi (Phase 3) Mechanical Upgrade. \$1,535,506 approved. The last phase for this project is the Chemistry room fume hood and it was completed in 2021. The total cost for this project was \$1,448,559.
- The Southgate Dust Collector replacement was funded for 390,500 and completed in 2021 at a total cost of \$298,021.
- Timberline replaced a section of their roof in 2021 within approved funding at a cost of \$439,744.
- Another 2020 roofing project was completed for Quadra at a cost of \$304,027.

### Carbon Neutral Capital funded Projects (CNCP)

- 2020 CNCP funding was received for École Willow Point Boiler replacement in the amount of \$167,000. The project was completed in 2021 at a cost of \$184,106. The \$17,000 overage was provided from the annual facility grant.
- Phase 4 of the Carihi Mechanical upgrade was approved in the amount of \$248,000 with the 2021 capital plan. The project began in 2021 and will conclude in 2022.

### Bus Acquisition Program (BUS)

- SD 72 was funded for the replacement purchase of 5 school busses from the 2020 capital plan. The busses were purchased in 2021 at a total cost of \$896,182.
- An additional bus was purchased in late spring of 2021 as part of the 2021 capital plan. The total cost was \$172,385 which is under the grant funding of \$178,448.

## Budget Summary

Project	Approved Budget	Spent to June 30, 2021	Estimated Final Expenditure	Variance to Approved Budget
Carihi Mech Upgrade Phase 2 & 3 (SEP)	\$1,535,506	\$1,448,559	\$1,378,163	\$(157,343)
Carihi Mech HVAC Upgrade (CNCP)	\$248,000	\$126,089	\$248,000	\$(121,911)
Quadra Elementary Roof	\$316,000	\$304,027	\$304,027	\$(11,973)
Timberline Roof	\$461,000	\$439,744	\$439,744	\$(21,256)
École Willow Point Boiler	\$167,000	\$184,106	\$181,106	\$14,106
Southgate Dust Collector	\$390,500	\$298,021	\$298,021	\$(92,479)
<b>Totals</b>	<b>\$2,341,006</b>	<b>\$1,983,379</b>	<b>\$2,105,290</b>	<b>\$(320,460)</b>

### Local Capital/Surplus

- The school district's VOIP system was at its end of life and was replaced in 20/21. The capital cost was \$187,000 with the remaining \$250,000 budget used for licensing and staff time.
- There was a small renovation at the school board office to provide space for the new teacher coordinators. The total cost was \$25,000.
- White Fleet: \$64,205 was used to purchase two replacement vans for the maintenance department.
- Secondary Capital is a new equipment program provided to the secondary and middle schools to update and replace larger equipment at their schools. \$75,000 was divided among the schools and used to update washrooms, commercial kitchen equipment, theatre equipment, replace a score clock along with a variety of other purchases.

### Annual Facilities Grant (AFG)

The Annual Facility Grant is funding provided by the Ministry of Education for designated school capital or maintenance upgrades. The following budget summary is provided.

Draw from 2020/21	\$ ( 360,000)
2020/21 Grant	1,273,840
Fortis Energy Rebates	26,152
Less 2020/21 Expended	(943,590)
Draw on 2021/22	<u>(\$20,825)</u>

### 2020/21 Projects valued over \$20,000 include:

- Timberline roof section M1 - M7 \$67,552.
- Southgate gym mechanical upgrade \$166,373
- Phoenix Boiler replacement \$77,165
- Timberline fume hood \$38,304
- Ripple Rock gym cladding \$43,200
- Robron exterior courtyard cladding \$28,872
- Willow Point carpeting \$22,868
- Phoenix rm 203/205 epoxy floor \$20,045
- Blind replacement \$20,992
- Robron A-Wing sewer line replacement \$21,418
- Ripple Rock portable site preparation \$34,203

## **Factors Bearing on the School District's Future/Other Potentially Significant Matters**

### **COVID-19 Pandemic**

The COVID-19 pandemic will continue to have a material impact on SD 72. There is a risk of reduced enrollment due to home school, reduced International Student enrollment due to travel restrictions and a reduction in the investment income. The district is limited to a 1.5% funding protection reduction. The estimate for a potential loss of revenue to SD 72 is \$881,181. The potential increased costs is unknown.

Increased costs have been incurred with additional custodial staffing, and distance learning teachers. We have not budgeted for any COVID cost increases that may include additional cleaning personal protection equipment and excess cleaning supplies. There is no expectation that the \$2,033,406 Federal Safe Return of Class or the \$462,607 Provincial Safe Return to School grants will continue for 2021/22. Any increased COVID expenses will need to be provided from the unrestricted surplus of departmental budgets.

### **Contacting Management**

This financial report is designed to provide the School District's stakeholders with a more general but more detailed overview off 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 250-830-2300

You are encouraged to review the Board's strategic plan, financial statements and other documents at <http://www.sd72.bc.ca/Pages/Publications.aspx>.