



**NANAIMO
LADYSMITH**
PUBLIC
SCHOOLS

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2020

School District No. 68 (Nanaimo-Ladysmith)

Nanaimo Ladysmith Public Schools

395 Wakesiah Avenue

Nanaimo, BC V9R 3K6

www.sd68.bc.ca





The following is a discussion and analysis of the financial performance of School District No. 68 (SD68) for the fiscal year ended June 30, 2020. This report is a summary of the District's financial activities based on currently known facts, decisions, and conditions.

The results of the current year are discussed in comparison with the prior year and budget. This report should be read in conjunction with the District's financial statements.



2020

Contents

04.	OVERVIEW OF SCHOOL DISTRICT 68
08.	UNDERSTANDING SCHOOL DISTRICT 68 FINANCIAL STATEMENTS
10.	FINANCIAL HIGHLIGHTS
12.	FINANCIAL ANALYSIS 12. STATEMENT OF FINANCIAL POSITION 19. STATEMENT OF OPERATIONS
26	FACTORS BEARING ON SCHOOL DISTRICT 68'S FUTURE AND OTHER POTENTIALLY SIGNIFICANT MATTERS
29.	CONTACTING SCHOOL DISTRICT 68'S FINANCIAL MANAGEMENT

Overview of School District 68



Nanaimo Ladysmith Public Schools resides within the traditional territories of the Snuneymuxw, Snaw-Naw-As and Stz'uminus First Nations.

Nanaimo Ladysmith Public Schools is the second largest school district on Vancouver Island and resides within the traditional territories of the Snuneymuxw, Snaw-Naw-As and Stz’uminus First Nations. In addition, the District is a proud community partner with the Tillicum Lelum Aboriginal Friendship Centre and the Mid Island Métis Nation.

The District boasts more than 14,700 students and offers a full range of programs from Kindergarten to Grade 12 with additional programs for pre-school and adult learners. The District includes 28 elementary schools, 7 secondary schools (including Learning Alternatives and Career Technical Centre), and a distributed learning school – Island Connected Ed (K-12); and approximately 2,200 employees.

The District encompasses the City of Nanaimo, the towns of Ladysmith and Lantzville, Gabriola Island, North Oyster, Cedar and many other communities which represent a population of 126,047 (2016 census). The District’s annual consolidated budget is \$166 million.

FUNDED HEADCOUNT ENROLMENT BY GRADE

	Kindergarten	Primary	Intermediate	Secondary	Other	Total
All Students	1,062	3,343	4,577	5,703	1	14,686
Aboriginal Students	157	538	775	903		2,373
Students with special needs	30	200	436	531		1,197

FUNDED FTE ENROLMENT AND OPERATING FUNDING

Year	September	Full Year		
	Enrolment	Enrolment	Operating Funding	Per Pupil
2010/11	13,626	13,884	\$118,411,575	\$8,528
2011/12	13,563	13,821	\$117,765,521	\$8,520
2012/13	13,272	13,512	\$116,187,122	\$8,599
2013/14	13,201	13,469	\$114,582,966	\$8,507
2014/15	12,878	13,155	\$112,984,200	\$8,588
2015/16	13,067	13,374	\$114,052,753	\$8,528
2016/17	13,427	13,738	\$117,892,435	\$8,581
2017/18	13,728	14,032	\$121,878,363	\$8,686
2018/19	14,035	14,298	\$127,077,630	\$8,888
2019/20	14,295	14,561	\$132,461,131	\$9,097



STRATEGIC PLAN

Our strategic plan defines the key areas of focus as we work together to support student learning in order to achieve our vision of **Success for All**.

The results of the 2019/20 fiscal year were guided by the vision, mission, and values set by the Board of Education which are as follows:

Vision: Courageous, innovative, inclusive and personalized learning community that inspires success for all.

Mission: To educate all students to become confident, curious and caring citizens by creating an inspiring, inclusive and healthy environment to work, learn and play.

Values:

Goals: The District’s goals and objectives will be guided by the four goals of the Board’s new Strategic Plan:

- ▶ Continuous improvement of instruction and assessment
- ▶ Safe, caring and healthy learning and working environment that is inclusive of the diversity of our entire learning community
- ▶ To be a leader in environmental stewardship and sustainability
- ▶ Truth and reconciliation



Student Centred

we believe that our students are at the centre of everything that we do



Collaboration

we seek to develop relationships to achieve shared goals and consider each other in decision-making



Equity

we believe that all students deserve equitable access to our programs and services



Transparency

we believe in making decisions transparently



Inclusion

we honour the diversity of our learning community



Mutual Respect

we relate to each other with care and appreciation



Diversity

we view our diversity as our key strength



Honesty

we are open and honest in our communications with each other



Sustainable

we are leaders in environmental sustainability



Integrity

we act with integrity



Accountability

we are accountable for our actions

Understanding School District 68 Financial Statements

The District uses fund accounting and deferral accounting and each of its funds has certain restrictions in accounting for funds received and expended. These methods are primarily used in the public sector where the goal is to avoid budget deficits while providing the greatest benefit to the public by strategically allocating the resources that are available. In this respect, school districts are expected to ensure that available funds are being used in the most efficient way possible to maximize the potential benefit of each dollar and in the specific manner for which they were intended.

The District's financial statements include the following audited statements:

- ▶ **Statement of Financial Position (Statement 1)**
- ▶ **Statement of Operations (Statement 2)**
- ▶ **Statement of Changes in Net Financial Assets (Debt) (Statement 4)**
- ▶ **Statement of Cash Flows (Statement 5)**

The notes to the financial statements provide information regarding the District's accounting policies and details what is included in the account balances in the financial statements.

Following the notes to the financial statements are supplementary unaudited schedules that provide information about the individual funds.

Changes in Accumulated Surplus (Deficit) (Schedule 1)

- ▶ Summarizes the surplus (deficit for the year and accumulated surplus amounts for each of the three funds (Operating, Special Purpose, and Capital Funds).

Operating Fund (Schedule 2)

- ▶ Includes revenues and expenses related to the operation of the District, including school and administrative functions.
- ▶ School districts are not permitted to budget for or incur an accumulated deficit position.
- ▶ Accumulated surpluses can be used for future expenditures and to reduce financial risks to the District.

Special Purpose Fund (Schedule 3)

- ▶ Includes funding that is restricted for a specific purpose and school generated funds.
- ▶ Surplus for the year and Accumulated Surplus are always zero because revenues are only recognized when the related expenditures occur (deferral accounting).
- ▶ Any special purpose funds that are unspent at the end of the year remain as deferred revenue and are only to be spent in accordance with their original intended purpose.
- ▶ If expenditures in a year exceed revenues, the resulting deficit is transferred to the Operating or Capital Fund in that year, depending on the nature of expenditures.

Capital Fund (Schedule 4)

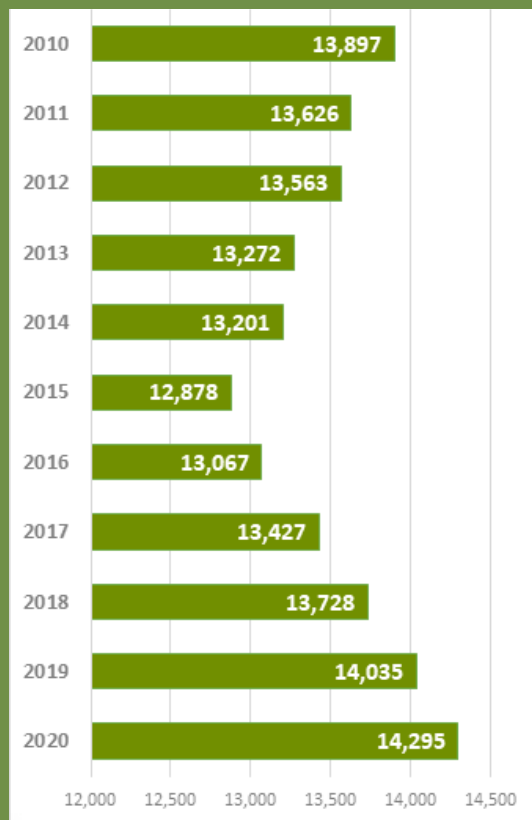
- ▶ Includes financial activities related to tangible capital assets.
- ▶ Capital funding from the Province is accounted for using deferral accounting, whereby capital revenue is recorded in the financial statements over the life of the related asset in order to match the amortization expense. Therefore, capital fund revenue is not equal to the actual capital funding received in a year.
- ▶ Capital fund revenues, expenses and surplus (deficit) for the year are not meaningful measurements of financial performance.



Financial Highlights

The District continues to see a growth in enrolment, as illustrated in the charts below.

FUNDED FTE ENROLMENT BY FISCAL YEAR



ENROLMENT (FTE) PER MINISTRY OF EDUCATION

September	2018/19	2017/18
Standard (Regular) Schools	13,786.50	13,579.375
Continuing Education	4.63	1.00
Adult Education	9.88	13.00
Alternate Schools	293.00	224.00
Distributed Learning	200.63	217.875
Total Enrolment	14,294.63	14,035.25
Students Receiving Additional Funding (included in total enrolment)		
Designated Students	796.00	731.00
English Language Learning	998.00	853.00
Aboriginal Education	2,373.00	2,360.00

The increased enrolment along with the slight increase in the per-pupil funding rate resulted in a 4.68% (\$5.8M) increase from 2018/19 in the Ministry of Education operating grant.

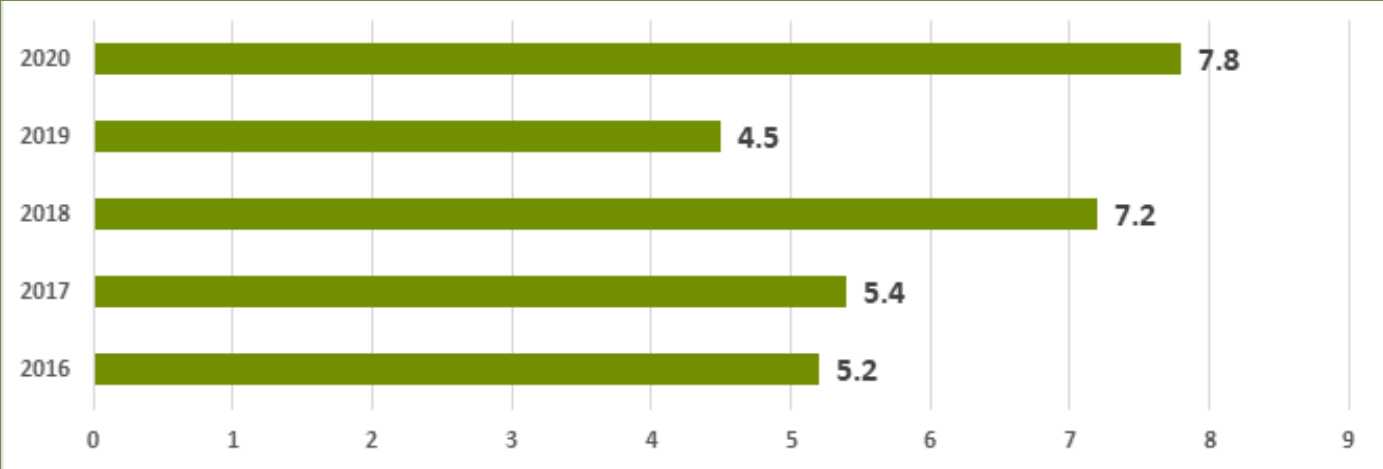
2019/20 also included a number of significant capital asset transactions including the following:

- ▶ Various building upgrades, including lighting, roofing, flooring and exterior paint
- ▶ Continuous investment in network and classroom technology
- ▶ Various computer lab to classroom conversions and construction of learning studios, to support increased enrolment
- ▶ The completion of two new playgrounds, at Georgia Avenue and Gabriola
- ▶ The completion of the Powerschool upgrade (Finance and HR system)
- ▶ The completion of phase two of the Park Avenue HVAC upgrade

The Accumulated Operating Surplus at the end of 2019/20 is illustrated in the chart below and reflects the following:

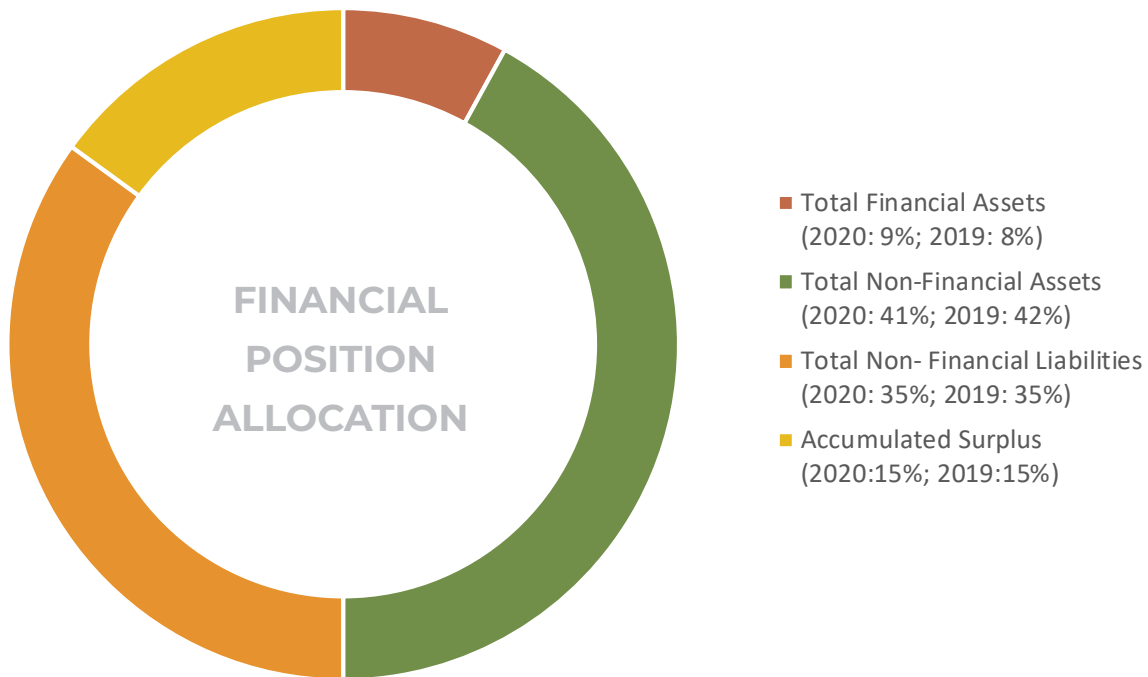
- ▶ The carry forward of the accumulated operating surplus from the 2018/19 year
- ▶ The current year operating surplus, which is directly correlated to reduced expenditures in the last quarter of 2019/20 as a result of COVID-19
- ▶ Transfers of \$2.3M from the Operating Fund to Local Capital for specific capital projects, including the District’s technology plan, the Wi-Fi initiative, and the Hammond Bay Elementary Expansion

ACCUMULATED OPERATING SURPLUS BALANCE BY FISCAL YEAR (\$ MILLIONS)



Financial Analysis

STATEMENT OF FINANCIAL POSITION



	2019/20	2018/19	\$ Change	% Change
Financial Assets	38,079,030	31,389,670	6,689,360	21.31%
Tangible Capital Assets (TCA)	170,277,216	169,927,503	349,713	0.21%
Total Assets	208,356,246	201,327,173	7,029,073	3.49%
Liabilities	145,446,067	141,727,420	3,718,647	2.62%
Accumulated Surplus	62,910,179	59,599,753	3,310,426	5.55%

Financial Assets are assets that can be used to discharge liabilities and provide working capital funds in the normal course of operations.

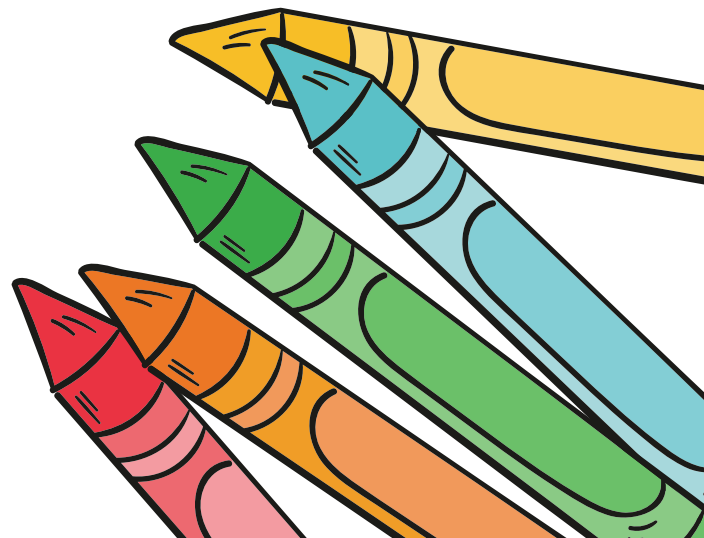
The increase in financial assets from 2018/19 resulted from changes in the following District accounts:



Increase in cash balances from an increase in operating surplus and the receipt of funding for future capital projects (\$6M)

A+

Increase in capital funding receivable from the Ministry of Education at June 30th due to an increase in Ministry funded capital projects in progress in June 2020 (\$520k)



Tangible capital assets (TCA) are non-financial assets used in providing the services of the District and include buildings, equipment, furniture, technology and vehicles purchased, constructed or contributed to the District. The balance in the financial statements is the historical cost of the assets less accumulated amortization to June 30th. The increase in TCA is comprised of new assets purchased totalling \$9.5M less amortization of \$9.15M.

TCA additions and their funding sources during 2019/20 include the following:



	Investment	Funding Source
Buildings		
Building upgrades (significant projects include lighting upgrades, roofing, flooring, exterior painting, accessibility upgrades, IT upgrades, fire alarm replacements/upgrades, computer lab conversions, and portable renovations)	\$2,661,200	Province - Annual Facilities Grant
Various classroom/school renovations and new portables	2,069,000	Local Capital
Park Avenue HVAC	1,029,400	Province - School Enhancement Project
Dover Bay Building Envelope Project	998,500	Province - Building Envelope Project
Hammond Bay Elementary Expansion	468,000	Local Capital
Cilaire and Pleasant Valley Seismic	226,000	Local Capital
Extension Elementary Demolition	135,000	Province - Demolition
John Barsby Secondary Dust Extractor	131,800	Province - School Enhancement Project
Hammond Bay Heat Recovery	121,700	Province - School Enhancement Project
Ladysmith Secondary Dust Extractor	120,600	Province - School Enhancement Project
Cinnabar Boiler	90,200	Province - School Enhancement Project
Upgrades to Support District WIFI Project	52,100	Local Capital
Gabriola HVAC	19,800	Province - School Enhancement Project
Accessibility upgrades	16,900	Local Capital



	Investment	Funding Source
Furniture & Equipment		
Playground Equipment (Georgia Avenue and Gabriola)	286,100	Local Capital, Province - Playground Equipment Project
Various equipment (incl. utility trailer, appliances, play equipment, heat exchanger, storage containers, classroom equipment, wheel chair ramp, boom lift)	195,700	Operating Fund
Trades programs equipment	191,600	Industry Training Authority
Menstrual Products Dispensers	66,200	Local Capital
School equipment (incl. play equipment, storage container, boat, audio system)	32,700	Special Purpose Fund
NDSS Score Clock	15,300	Local Capital



	Investment	Funding Source
Technology		
Classroom technology (incl. chromebooks, tablets, network hardware, data storage)	1,448,600	Local Capital, operating and special purpose funds
Atrieve Refresh Project	311,200	Local Capital



	Investment	Funding Source
Vehicles		
Two Buses	277,200	Local Capital, operating and special purpose funds
Ford 3 Ton Dump truck, Cargo Van and Salt Spreader	131,200	Operating Fund

Liabilities are obligations of the District to others arising from prior transactions, the settlement of which will require the use of current and future financial assets. The increase in liabilities from 2018/19 resulted mainly from changes in the following accounts:

- ▶ Increase in trade payables and construction holdbacks due to the timing of when purchases were made in the current year versus the prior year and the increased amount of capital activity occurring at the current year-end (\$1.08M)
- ▶ Decrease in unearned revenue due to a reduction in the amount of International Student Education tuition payments received for the next school year (\$898k)
- ▶ Increase in deferred capital revenue resulting from the receipt of Ministry of Education funding (for school enhancement projects, annual facilities grant, seismic projects, buses, playgrounds and the demolition of an old school) and Ministry of Children and Family Development funding (for new child care sites), less the current year amortization (\$4.03M)
- ▶ Decrease in other liabilities due to a reduction in the amount of International Student homestay and medical fees received for the next school year (\$603k)



Accumulated surplus or deficit represents the net assets or debt of the District. The District had a surplus for the 2019/20 fiscal year and continues to be in an accumulated surplus position.

Accumulated Surplus is comprised of the following components:

ACCUMULATED SURPLUS BALANCE BY FISCAL YEAR

	2019/20	2018/19	\$ Change	% Change
Operating Fund:				
Staffing/Unusual Expenses Reserve	1,500,000	1,704,537	(204,537)	(12%)
Planning Reserve (Multiple Years)	1,050,053	375,000	675,053	180%
Targeted Constraints Reserve	1,655,219	1,102,111	553,108	50%
Internally Restricted	4,205,272	3,181,648	1,023,624	32%
Unrestricted	3,641,473	1,280,009	2,361,464	184%
Total Operating Fund	7,846,745	4,461,657	3,385,088	76%
Proposed transfer from Unrestricted to Local Capital	(1,030,000)	(1,250,000)	220,000	(18%)
Total Operating Fund Surplus	6,816,745	3,211,657	3,605,088	112%
Capital Fund:				
Investment in TCA	50,295,292	49,526,080	769,212	2%
Local Capital	4,768,142	5,612,016	(843,874)	(15%)
Total Capital Surplus	55,063,434	55,138,096	(74,662)	0%
Proposed transfer from Operating	1,030,000	1,250,000	(220,000)	(18%)
Total Capital Fund Surplus	56,093,434	56,388,096	(294,662)	1%
Total Accumulated Surplus	\$62,910,179	\$59,599,753	\$3,310,426	6%

The Staffing/Unusual Expenses Reserve is a contingency reserve to provide for replacement costs, and wages and benefits for unforeseen staffing. The District has maintained a staffing/unusual expense reserve of approximately \$1.5M for staffing and replacement cost contingencies for the past 6 years (since 2014/15).

The Planning Reserve is for future year's operations, school/department carry-forwards, projects in progress, etc. The current year amount of \$1.05M is to supplement the International Student Education program costs as COVID-19 has directly reduced their enrolment and revenues for the 2020/21 school year.

The Targeted Constraints Reserve includes amounts for projects and initiatives that were in progress at year-end for which funds have been committed for spending in the 2019/20 fiscal year. Significant reserves for 2019/20 include those for Aboriginal Education programs, COVID-19 related costs and revenue losses, school supplies, and a confined spaces study required by Worksafe BC (see Note 11 of the financial statements for the complete listing).

The unrestricted surplus of \$3.6M has increased this year due to the current year operating surplus. Staff are recommending a further transfer of \$1.03 million to Local Capital in support of capital items including vehicles, PA/phone systems, transportation infrastructure and renovations. This will reduce the Unrestricted Surplus to \$2.6M.

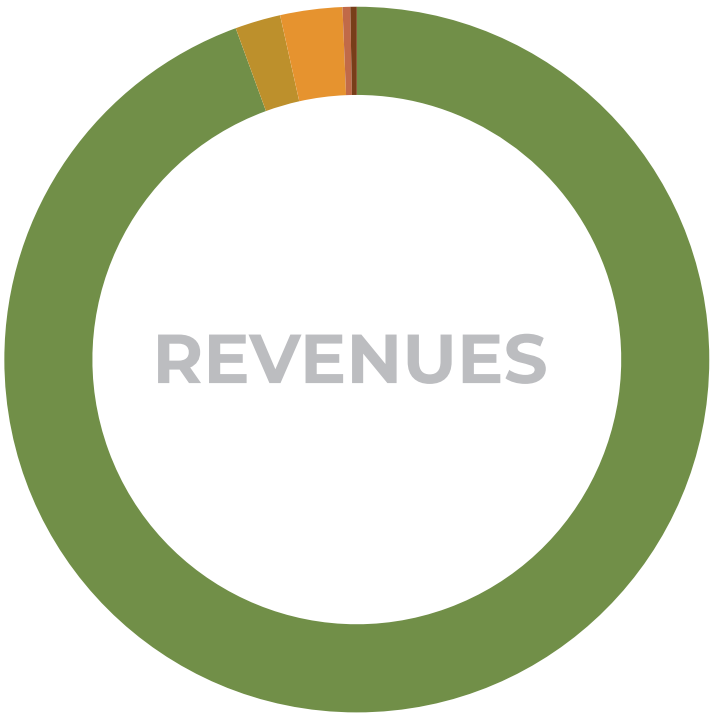
The Local Capital balance \$4.7M represents the accumulated surplus in the Capital Fund over which the District has discretion for allocation to strategic capital projects. Such projects include the following:

- ▶ District Wi-Fi initiative
- ▶ Annual technology plan
- ▶ Hammond Bay Expansion
- ▶ Asset management plan
- ▶ Enrolment growth space needs
- ▶ Accessibility upgrades



REVENUES

STATEMENT OF OPERATIONS



- Province of BC (2020:94.4%; 2019:92.9%)
- Tuition (2020:2.1%; 2019:2.5%)
- Other Revenue (2020:2.8%; 2019:3.8%)
- Rentals and Leases (2020:0.4%; 2019:0.4%)
- Investment Income (2020:0.3%; 2019:0.4%)

The chart above shows that the proportions of individual revenue sources, not including capital revenues, are consistent with the prior year.

THE FOLLOWING CHART PROVIDES COMPARISONS OF 2020 ACTUAL REVENUES TO 2018/19 ACTUAL AND 2019/20 BUDGET AMOUNTS:

	Fiscal 2019/20		Fiscal 2018/19	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	\$	%	\$	%
Provincial	149,551,188	151,491,843	142,405,051	1,940,655	1%	9,086,792	6%
Tuition	3,743,000	3,353,180	3,762,373	(389,820)	(10%)	(409,193)	(11%)
Other Revenue	5,135,496	4,563,775	5,856,667	(571,721)	(11%)	(1,292,892)	(22%)
Rentals and Leases	607,755	565,820	672,758	(41,935)	(7%)	(106,938)	(16%)
Investment Income	616,000	473,738	604,675	(142,262)	(23%)	(130,937)	(22%)
Gain on Disposable of Tangible Capital Assets	-	-	-	-	-	-	-
Amortization of Deferred Capital Revenue	5,852,094	5,903,792	5,708,423	51,698	1%	195,369	3%
Total	165,505,533	166,352,148	159,009,947	846,615	1%	7,342,201	5%



Provincial Grants:

Provincial grants increased from the prior year is primarily due to increases in the operating grant (\$5.4M), Employer Health Tax funding (\$736k), support staff wage increase funding (\$577k), Teacher's labour settlement funding (\$1.5M), Classroom Enhancement funding (\$619k), and additional LEA funding which offsets the reduction of LEA funding in other revenue (\$366k).

The increase in the operating grant is a result of the increase in overall student FTE of 262, as well as an increase in the standard per student amount of \$45/FTE (2018/19: \$7,423, 2019/20: \$7,468). The Classroom Enhancement Fund grant also increased from 2018/19 due to an increase of 3.2 FTE of funded teachers and due to the unspent funding from the prior year being spent in 2019/20 and thus being recognized into revenue.

Tuition:

Tuition revenue has decreased from the prior year due to a decline of approximately 35 FTE international students.

Other Revenues:

Other revenues have decreased from the prior year primarily due to reductions in the LEA funding from First Nations (\$366k), school generated funds (\$587k), and other miscellaneous grants (\$326k). The amount of revenue recognized in the year for school generated funds decreased during the year due to the significant decrease in school based spending that occurred as a result of the COVID-19 pandemic.

Rentals and Leases:

Rentals and leases revenue decreased in the year, as a direct result of COVID-19, as facility rentals significantly declined due to the pandemic.

Investment Income:

Investment income also decreased as a result of COVID-19, as interest rates declined significantly during the pandemic.

Amortization of Deferred Capital Revenue:

Amortization of deferred capital revenue increased over prior year due to capital additions funded by the Province in 2019/20.

EXPENSES



- **Instruction (2020:79%; 2019:79%)**
- **District Administration (2020:4%; 2019:4%)**
- **Operations and Maintenance (2020:16%; 2019:16%)**
- **Transportation and Housing (2020:1%; 2019:1%)**

The chart above shows that the proportions of individual expenses are consistent with the prior year.



	Fiscal 2019/20		Fiscal 2018/19		Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	\$	%	\$	%	
Instruction	133,723,764	129,526,459	126,185,871	4,197,305	(3%)	3,340,588	3%	
District Administration	6,485,065	6,069,232	6,029,736	(415,833)	(6%)	39,496	1%	
Operations and Maintenance	26,649,794	25,715,399	24,869,716	(934,395)	(4%)	845,683	3%	
Transportation and Housing	1,843,053	1,730,632	1,820,976	(112,421)	(6%)	(90,344)	(5%)	
Debt Services	-	-	3,227	-	-	(3,227)	(100%)	
Total	168,701,676	163,041,722	158,909,526	(5,659,954)	(3%)	4,132,196	3%	

Instruction expenses increased from 2018/19 mainly due to additional teachers and education assistants that were hired to accommodate the increase in enrolment. There were also wage increases throughout the year (teachers/CUPE staff – 2% July 1, 2019, remaining employee groups– varying rates/times), and increased costs due to the new Employer Health Tax (first full year of the Employer Health Tax). However, the instruction expenses increase would have been greater, if not for instructional savings that were realized as a result of COVID-19.

District Administration costs are consistent with 2018/19, however they were less than the 2019/20 amended budget due to the difference between the amounts budgeted for District Administration and the actuals are a result of reduced spending on supplies and services in the later portion of the year, as a result of COVID-19.

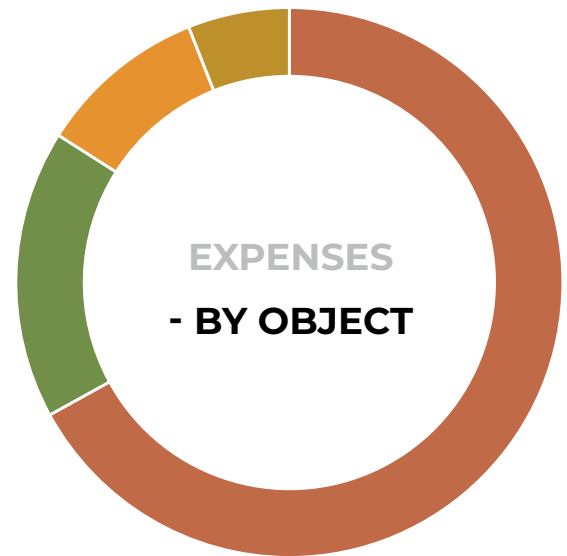
Operations and Maintenance costs increased from 2018/19 due to a variety of factors including additional facilities staffing during the year and wage increases across all employee groups (\$235k), increased amortization for capital additions during the year (\$393k), and an increase in projects that were expensed rather than capitalized in comparison to the prior year (\$150k).

The difference between the amounts budgeted for Operations and Maintenance and the actuals are due to lower maintenance salaries and benefits resulting from unfilled positions (\$492k), lower utilities and supplies costs than anticipated (\$123k), and more projects that were able to be capitalized, rather than expensed than expected during the year (\$369k).

Transportation expenses are fairly consistent with 2018/19 as well as with the 2019/20 amended budget.

EXPENSES

THE PROPORTION OF INDIVIDUAL EXPENSE OBJECTS TO THE TOTAL DISTRICT EXPENSES ARE CONSISTENT WITH THE PRIOR YEAR.



- Salaries (2020:68%; 2019: 67%)
- Benefits (2020:17%; 2019:17%)
- Services and Supplies (2020:10%; 2019: 11%)
- Interest (2020:0%; 2019:0%)
- Amortization (2020:6%; 2019:6%)

	Fiscal 2019/20		Fiscal 2018/19	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	\$	%	\$	%
Salaries	112,073,984	110,439,869	106,334,133	(1,634,115)	(1%)	4,105,736	4%
Benefits	28,471,182	27,464,011	26,629,641	(1,007,171)	(4%)	834,370	3%
Services & Supplies	19,148,384	15,984,904	17,183,364	3,163,480	(17%)	(1,198,460)	(7%)
Interest	-	-	3,227	-	0%	(3,227)	(100%)
Amortization	9,008,126	9,152,938	8,759,161	144,812	2%	393,777	4%
Total	168,701,676	163,041,722	158,909,526	(5,659,954)	(-3%)	4,132,196	3%



Salaries and benefits increased from 2018/19 due to an increase in teacher and educational assistant FTE, the new Employer Health Tax, as well as wage increases for all employee groups throughout the year.

The difference between the amounts budgeted for salaries and benefits and the actuals are primarily due to positions budgeted for that were unable to be filled and decreases in substitute, teacher release and teacher replacement costs, as a result of COVID-19.

Services and supplies have decreased from the prior year, mainly due to a decrease in instructional supplies, as a result of reduced instructional spending in the later portion of the year due to COVID-19 (\$955k).

The difference between the amounts budgeted for services and supplies and the actuals are due to more projects that were able to be capitalized, rather than expensed than expected during the year (\$369k), reduced purchasing of supplies by schools using school generated funds as a result of COVID-19 (\$277k) and reduced purchasing of instructional supplies due to COVID-19 (\$2.09M).

Amortization expense has increased following significant capital asset purchases in 2019/20 and the completion of various projects that were still in progress at the 2018/19 year end.

Factors bearing on School District 68's future and other potentially significant matters

RISKS AND UNCERTAINTIES

COVID-19: There are significant COVID-19 related cost pressures that are still being identified as the district works through the implementation of the K-12 restart plan. The Provincial and Federal governments have recently provided safe return to school funding intended to cover costs such as additional cleaning supplies, PPE, custodial support, increased staff replacement costs, higher heating/HVAC costs, and increased supplies and services. As well, lost revenue from the International Student Program, lost funding for many students transferring from in-school instruction to the distributed learning program, staffing costs for the implementation of the transition program for students not yet ready to return to in-class instruction, additional supervision staff required for staggered breaks at schools, less rental and lease income, as well as other costs that have yet to be determined. The district is currently working to ensure that the health and safety guidelines, provided by Ministry, are being followed, where additional cost are expected to arise due to the complexities of the pandemic. The district is anticipating that costs will be in excess of the funding provided, given this reality, much of the unallocated surplus will likely be required to cover these costs.

Enrolment: Student enrolment is the most critical input for determining the District's operating funding from the Province. Accurate estimates of enrolment are key for staff and space capacity planning, as well as District budgeting. Although we anticipated increased enrolment for the 2020/21 school year and have added the associated staffing and spaces to accommodate this growth, there is great uncertainty around the actual student numbers due to the pandemic. Many families are hesitant to send their children back to school at this time and instead want an online education option, as was available in June, until such time they feel it's safe for their children to return to in-class instruction. Due to this unrest, the Ministry of Education announced that school districts would accommodate families by coordinating a transition program, where students can learn remotely until they feel safe to transition back to schools. There are also many families who wish to transfer their children, full time, from their catchment school to the districts distributed learning program. As families are still deciding on the best option for them, enrolment numbers within schools, the transition plan and the distributed learning program are still undetermined. The district is monitoring this closely as there is a funding differential between school-based learning and distributed learning, as well as the potential for a large increase in staffing costs to support the transition program.

Ministry of Education funding formula review: In October 2017, the Ministry of Education launched a review of the K-12 public education funding model to consider whether there was a better way to allocate operating funding to Boards of Education. In 2018, the Province appointed an Independent Review Panel to undertake a review of how public education is funded for the first time in almost 30 years. The review involved input and consultation from all 60 school districts and over 350 education stakeholders. The Panel presented a final report on December 18, 2018, with 22 recommendations along three themes: equity, accountability and financial management. To understand what these recommendations meant for students in the classroom, working groups were established in spring 2019; members included parents, teachers, inclusive education advocacy groups and Indigenous education partners. Final Working Group reports were completed in October 2019, and partners noted that some of the recommendations would be relatively straightforward to implement, while others – like how Government funds inclusive education or online learning – would require extensive work to ensure there would be no negative, unintended consequences for students. Ministry intends to implement the recommendations in two phases, phase one has been completed and included 12 of 22 recommendations. No major changes to the Funding Allocation System (FAS), with the exception of one additional supplement, came out of those recommendations. Phase two has yet to be determined, and with COVID-19 the district does not anticipate major change in the 2020/21 school year. However, impact on future years is expected so the district will continue to monitor and adhere to implementation requirements as they arise.

Enterprise Risk Management (ERM): The District will undertake a formal ERM review in 2020/21 and respond to risks identified in that process. This is also an opportunity to better protect the Districts financial and human capital.



2020-21



OPPORTUNITIES

Long Range Facilities Plan: The District's long range facilities plan is a key input for Board and staff decisions related to capacity planning in schools and other District facilities. This plan will be updated during 2020/21 to provide the most current information available as the District responds to increasing enrolment and other space needs and to ensure it is aligned with the District's vision, mission and strategic goals for education in the District. Needs related to enrolment, infrastructure, seismic, and educational programming will be addressed in the Long Range Facilities Plan.

New Child Care Sites: In 2019/20 the District entered into a commitment to develop Child Care Sites, through capital funding provided by the Ministry of Children and Family Development. The term of the commitment varies from 5 to 15 years depending on the site. It is anticipated that approximately 400 child care spaces will be created as a result of this project, over ten sites. The district will be looking for community partners to lease and operate child care services at these sites; occupancy is expected in at least one site in 2020/21 and others as the building projects are completed.

Technology: The District continues to restrict funds towards the annual technology plan which provides for digital learning devices, software applications, hardware, Wi-Fi and network maintenance. In 2020/21 the district is looking to allocate substantial resources towards a multiyear Wi-Fi upgrade. The current infrastructure is highly outdated and has not been able to meet the demands of students and staff for some time. In addition, at the onset of the global pandemic districts were required to move instruction to an online platform, which emphasized the inadequacy of the current technology in place. In order to best support student learning, and proactively advance the district towards enhanced technology, the Wi-Fi project has become high priority.

Overall, the unprecedented uncertainty related to COVID-19 and increases in enrolment, aging facilities, space constraints and the restoration of the teacher collective agreement language will continue to drive needs in staffing, equipment and capital. Many of the uncertainties and opportunities listed above may enhance the District's journey in the transformation in education, improving graduation rates and improving life chances for students.

Contacting School District 68's Financial Management

This financial report is designed to provide SD68 stakeholders with a general overview of SD68 finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Secretary Treasurer's office.



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