



**NANAIMO
LADYSMITH**
PUBLIC
SCHOOLS

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2019

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, 2019. 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.



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2019

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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 approximately 14,000 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). The District employs approximately 2,000 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 \$158.8 million.

FUNDED HEADCOUNT ENROLMENT BY GRADE

	Kindergarten	Primary	Intermediate	Secondary	Other	Total
All Students	1,070	3,261	4,425	5,682	19	14,457
Aboriginal Students	176	505	786	896		2,363
Students with special needs	28	190	374	525		1,117

FUNDED FTE ENROLMENT AND OPERATING FUNDING

Year	September	Full Year		
	Enrolment	Enrolment	Operating Funding	Per Pupil
2009/10	13,897	14,101	\$116,434,560	\$8,257
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	13,151	\$112,984,200	\$8,591
2015/16	13,067	13,374	\$114,052,753	\$8,528
2016/17	13,427	13,754	\$117,892,435	\$8,572
2017/18	13,728	14,032	\$121,878,363	\$8,686
2018/19	14,035	14,298	\$127,077,630	\$8,888



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 2018/19 fiscal year were guided by the vision, mission, and values set by the Board of Education which are as follows:

Vision: Success for All

Mission: Nanaimo Ladysmith Public Schools, together with families and communities, empowers all students to become healthy, confident life-long learners and socially conscious citizens.

Values:

- ▶ Accountability ▶ Collaboration
- ▶ Community ▶ Courage
- ▶ Diversity ▶ Equity
- ▶ Ethical standards ▶ Inclusion
- ▶ Respect ▶ Transparency

Goals: The District's goals and objectives are guided by the four goals of the Board's Strategic Plan:

- ▶ Meet each student's unique needs
- ▶ The continuous improvement of instruction and assessment
- ▶ Reconciliation
- ▶ Organizational effectiveness and accountability to support student learning

The Board of Education is in the process of finalizing their new strategic plan in which its key drivers are the vision, mission and values noted below. The plan is expected to be completed in the fall of 2019.

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:

- ▶ Transparency ▶ Equity
- ▶ Inclusion ▶ Accountability
- ▶ Mutual Respect ▶ Integrity
- ▶ Diversity ▶ Collaboration
- ▶ Sustainable ▶ Honesty

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

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)

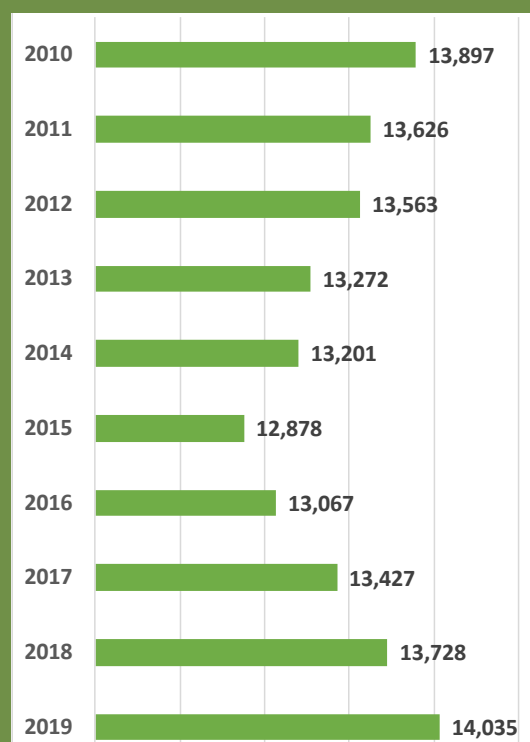
- ▶ Includes financial activities related to tangible capital assets.
- ▶ Capital funding from the Province is accounted for using deferral accounting, whereby capital revenue is recorded in the financial statements over the life of the related asset in order to match the amortization expense. Therefore, 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	13,579.38	13,320.75
Continuing Education	1.00	8.75
Adult Education	13.00	7.75
Alternate Schools	224.00	173.00
Distributed Learning	217.88	217.50
Total Enrolment	14,035.25	13,727.75
Included in Total Enrolment (categories that receive additional per student funding)		
Designated Students	731.00	679.00
English Language Learning	853.00	741.00
Aboriginal Education	2,360.00	2,278.00

The increased enrolment along with the slight increase in the per-pupil funding rate resulted in a 4.4% (\$5.2M) increase from 2017/18 in the Ministry of Education operating grant.

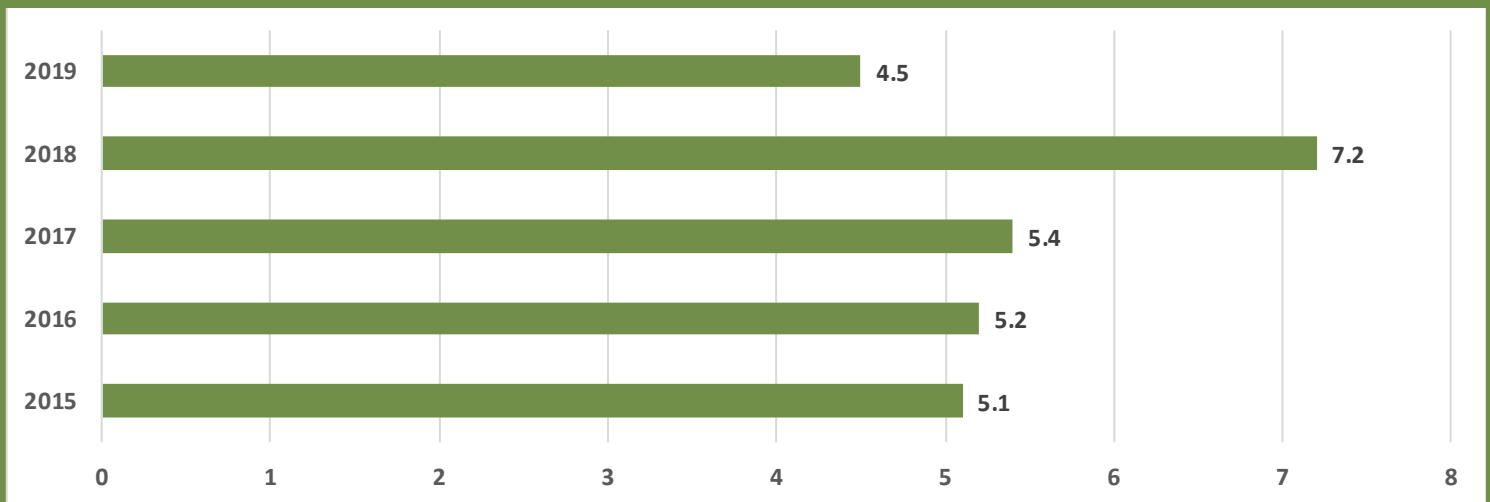
2018/19 also included a number of significant capital asset transactions including the following:

- ▶ The completion of the Frank J. Ney Elementary 10 classroom addition
- ▶ The completion of the Hammond Bay gym expansion
- ▶ Continuous investment in network and classroom technology

The Accumulated Operating Surplus at the end of 2018/19 is illustrated in the chart below and reflects the following:

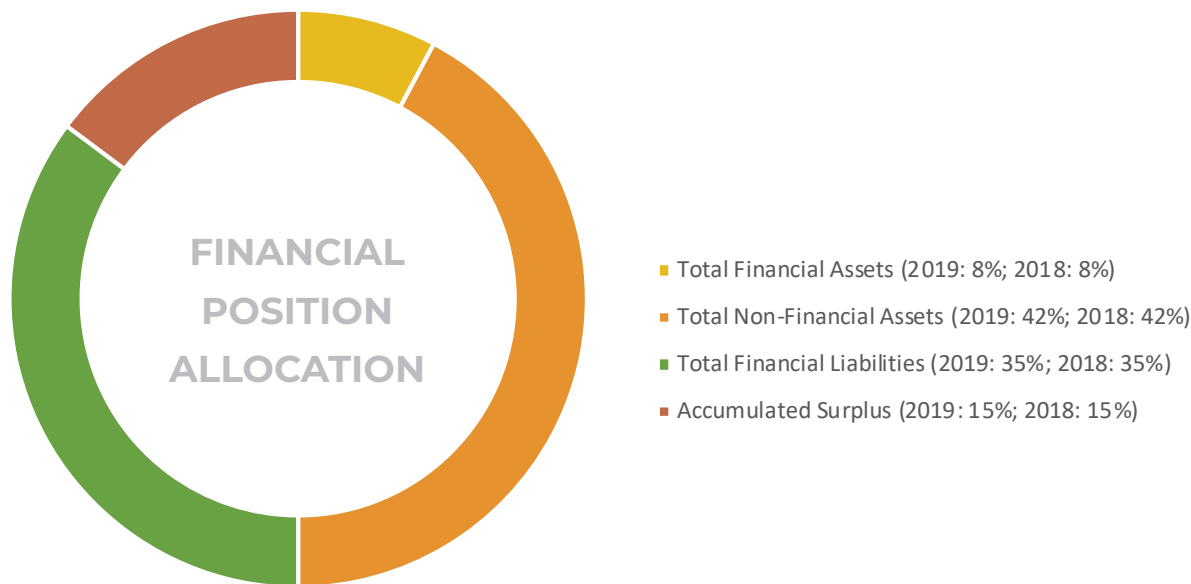
- ▶ The completion of a number of operating projects that were outstanding in the prior year.
- ▶ Transfers of \$4.3M from the Operating Fund to Local Capital for specific capital projects, including the District's technology plan, the Wi-Fi initiative, playgrounds, school signs, learning studios, and unfunded space needs.

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



Financial Analysis

STATEMENT OF FINANCIAL POSITION



	2018/19	2017/18	\$ Change	% Change
Financial Assets	31,389,670	32,789,816	(1,400,146)	(4.27%)
Tangible Capital Assets (TCA)	169,927,503	167,610,632	2,316,871	1.38%
Total Assets	201,327,173	200,400,448	926,725	0.46%
Liabilities	141,727,420	140,901,116	826,304	0.59%
Accumulated Surplus	59,599,753	59,499,332	100,421	0.17%

Financial Assets are assets that can be used to discharge liabilities and provide working capital funds in the normal course of operations. The decrease in financial assets from 2017/18 resulted from changes in the following District accounts:



Decrease in cash balances from a decrease in operating surplus and the start/completion of District funded capital projects

A+

Increase in capital funding receivable from the Ministry of Education at June 30 due to an increase in Ministry funded capital projects in progress in June 2019 (\$161k)



Decrease in mortgage receivable balance as the mortgage on the Old Victoria Road property was paid off in May 2019 (\$347k)



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 30. The increase in TCA is comprised of new assets purchased totalling \$11.1M less amortization of \$8.8M.

TCA additions and their funding sources during 2018/19 include the following:



	Investment	Funding Source
Buildings		
Building upgrades (significant projects incl. lighting upgrades, roofing, flooring, exterior painting, windows, IT upgrades, fire alarm upgrades, portable renovations)	\$2,800,000	Province - Annual Facilities Grant
Hammond Bay Elementary Gym Expansion	1,265,000	Local Capital
Various classroom renovations and new portables at Bayview, North Oyster, Pauline Haarer, and Rock City Elementary	955,000	Province - Classroom Enhancement Fund
Frank J Ney Elementary addition	937,000	Local Capital, Special Purpose Fund (BC Hydro)
New portables at Departure Bay, Pleasant Valley	594,500	Local Capital
Hammond Bay Elementary HVAC	504,400	Province - School Enhancement Project
Dover Bay Dust Extractor	339,600	Province - School Enhancement Project
Wellington Dust Extractor	326,000	Province - School Enhancement Project
Learning Studios	238,000	Local Capital
Cinnabar Boiler	187,000	Province - School Enhancement Project
Chase River, Georgia Avenue, Mountain View Elementary computer lab conversion	176,000	Local Capital
Park Avenue HVAC	135,400	Province - School Enhancement Project
Various portable/classroom renovations/Space Studios	73,500	Local Capital
LSS and John Barsby - Dust Extractor	44,700	Province - School Enhancement Project
Hammond Bay Expansion	43,000	Local Capital
Cilaire and Pleasant Valley Seismic	26,800	Local Capital



	Investment	Funding Source
Furniture & Equipment		
Classroom Equipment including desks and tables	445,900	Local Capital, operating fund, special purpose fund
Trades programs equipment including 3 engine lathes, 6 drill presses, 1 planer, 6 bandsaws, sawstop saws and accessories	336,000	Industry Training Authority
School Signs at John Barsby, Cedar, and Wellington Secondary School	149,000	Local Capital
Appliances	145,500	Operating Fund
2 sets of bleachers at NDSS and final turf field costs	86,600	Joint funding from City of Nanaimo and SD68 Local Capital
Classroom supplies (incl. sports equip, pottery equip, robotics, engines)	84,700	Operating Fund, Special Purpose Fund
New portable furnishings	60,000	Province - Classroom Enhancement Fund
Playground Equipment (incl. Hammond Bay, Coal Tyee, North Oyster)	55,700	Special Purpose Fund
Frank J Ney Elementary addition furnishings	46,800	Local Capital
Blinds	33,100	Operating Fund



	Investment	Funding Source
Technology		
Classroom technology (incl. chromebooks, tablets, network hardware, data storage)	780,700	Local Capital, operating and special purpose funds
Atrieve Refresh Project	169,800	Local Capital



	Investment	Funding Source
Vehicles		
Truck with snow plow	56,900	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 2017/18 resulted from changes in the following accounts:

- ▶ Increase in salaries and benefits payable from an increase in the 12 month pay liability as a result of an increase in teachers enrolling in the 12 month plan, the new Employer Health Tax, as well as an overall increase in the liability due to an increase in employee FTE from prior year (\$2.4M)
- ▶ Decrease in trade payables and construction holdbacks due to timing of when purchases were made in the current year versus the prior year and the increased amount of capital activity occurring at year-end last year (\$1.2M)
- ▶ Decrease in deferred capital revenue resulting from the receipt of Ministry of Education funding for new classroom space, school enhancement projects and annual facilities grant, less the current year's amortization (\$241k)
- ▶ Decrease in debt due to the final payout of the Municipal Finance Authority equipment loans (\$158k)



Accumulated surplus or deficit represents the net assets or debt of the District. The District had a surplus for the 2018/19 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 (\$ MILLIONS)

	2018/19	2017/18	\$ Change	% Change
Operating Fund:				
Staffing/Unusual Expenses Reserve	-	\$2,000,000	(\$2,000,000)	(100%)
Planning Reserve (Multiple Years)	375,000	-	375,000	100%
Targeted Constraints Reserve	2,806,648	2,554,883	251,765	10%
Internally Restricted	3,181,648	4,554,883	(1,373,235)	(30%)
Unrestricted	1,280,009	2,626,802	(\$1,346,793)	(51%)
Total Operating Fund	4,461,657	7,181,685	(\$2,720,028)	(38%)
Capital Fund:				
Investment in TCA	49,526,080	46,614,442	2,911,638	6%
Local Capital	5,612,016	5,703,205	(91,189)	(2%)
Total Capital Surplus	55,138,096	52,317,647	2,820,449	5%
Total Accumulated Surplus	\$59,599,753	\$59,499,332	\$100,421	0%

The Staffing/Unusual Expenses Reserve is a contingency reserve to provide for replacement costs, and wages and benefits for unforeseen staffing. Due to the Ministry only releasing 90% of the School District's CEF grant funding, the \$1.5M normally restricted in this reserve for staffing and replacement cost contingencies has been allocated to the Targeted Constraints Reserve to supplement the CEF grant funding. It is expected that the remaining 10% will be released later in the fall of 2019. These funds will then be available to the District for the standard contingencies that the District maintains for staffing and replacement as well as to increase the unrestricted operating surplus.

The Planning Reserve is for future year's operations, school/department carry-forwards, projects in progress, etc. The current year amount of \$375k is to support the start-up of the Qwam Qwum Stuwixwuhl partnership with Snuneymuxw.

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 2018/19 fiscal year (see Note 12 of the financial statements for project list for both fiscal years above). Also included in this balance is the CEF supplement as noted above.

See the variance analysis of the Statement of Operations for the components of the decrease in Unrestricted Operating Surplus.

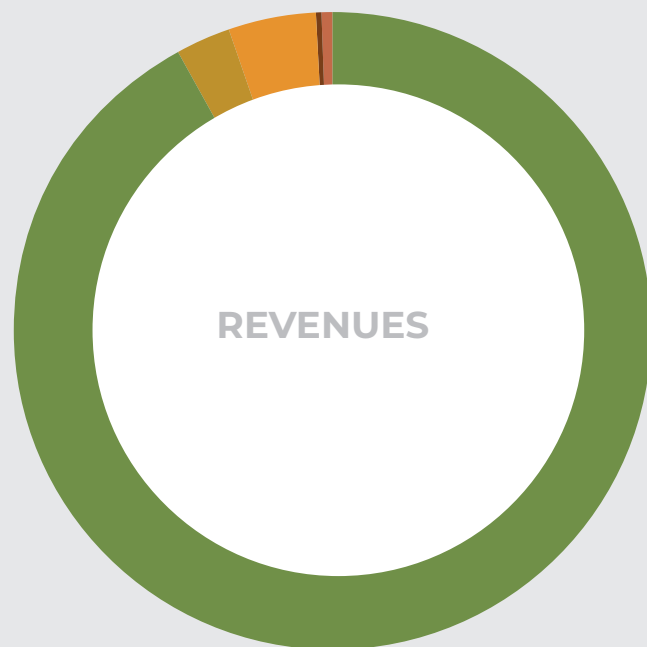
The Local Capital balance (\$5.6M) represents the accumulated surplus in the Capital Fund over which the District has discretion for allocation to strategic capital projects. Such projects include the following:

- ▶ District Wi-Fi initiative
- ▶ Annual technology plan
- ▶ Enrolment growth space needs
- ▶ Learning Studios/portable retrofits
- ▶ Power School reimplementation
- ▶ Asset management plan
 - equipment replacement
- ▶ School signs



REVENUES

STATEMENT OF OPERATIONS



■	Province of BC (2019:92.9%; 2018:92.0%)
■	Tuition (2019:2.5%; 2018:2.8%)
■	Other Revenue (2019:3.8%; 2018:4.4%)
■	Rentals and Leases (2019:0.4%; 2018:0.4%)
■	Investment Income (2019:0.4%; 2018:0.4%)

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 2018/19 ACTUAL REVENUES TO 2017/18 ACTUAL AND 2018/19 BUDGET AMOUNTS:

	Fiscal 2018/19		Fiscal 2017/18	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	\$	%	\$	%
Provincial	142,687,178	142,405,051	137,028,720	(282,127)	0%	5,376,331	4%
Tuition	4,073,000	3,762,373	4,229,284	(310,627)	(8%)	(466,911)	(11%)
Other Revenue	5,186,692	5,856,667	6,566,467	669,975	13%	(709,800)	(11%)
Rentals and Leases	560,000	672,758	601,183	112,758	20%	71,575	12%
Investment Income	616,000	604,675	522,421	(11,325)	(2%)	82,254	16%
Gain on Disposable of Tangible Capital Assets	-	-	4,839,918	-	-	(4,839,918)	(100%)
Amortization of Deferred Capital Revenue	5,697,500	5,708,423	5,446,762	10,923	0%	261,661	5%
Total	158,820,370	159,009,947	159,234,755	189,577	0%	(224,808)	0%



Provincial Grants: Increase over prior year is primarily due to an increase in the operating grant of \$5.2M. This is a result of the increase in overall student FTE of 266, as well as an increase in the standard per student amount of \$122/FTE (2017/18: \$7,301, 2018/19: \$7,423). The Classroom Enhancement Fund grant also increased from 17/18 due to an increase of 10.6 FTE of funded teachers (\$788k).

The District also received the Employer Health Tax grant (\$321k) in fiscal 2018/19.

Tuition: Tuition revenue has decreased from prior year due to a decline of approximately 51 FTE international students.

Other Revenues: Significant changes from prior year and differences from budget are as follows:

- ▶ A large number of one time donations received in 2017/18 but not in 2018/19. These included donations for the construction of the accessible playground at McGirr Elementary (Canadian Tire Jumpstart, Rick Hansen Foundation, BC Tire Stewardship, McGirr PAC), NDSS NASA project (Vancouver Foundation, First West Credit Union) and Technology (Intel) totaling approximately (\$460k)
- ▶ One time donations received in 2018/19 include:
 - Indigo – Fairview library - \$50,000
 - VMAC gift in kind – engines - \$32,620
 - North Oyster Elementary PAC – playground - \$20,000
 - Hammond Bay Elementary PAC – playground - \$18,377
- ▶ Revenue recognized from school generated funds have decreased from the prior year due to an adjustment recorded in 2017/18 for revenue/expenses missed in the 2016/17 fiscal year (\$306k) as well as an increased amount of expenditures in 2017/18 due to the McGirr playground construction.

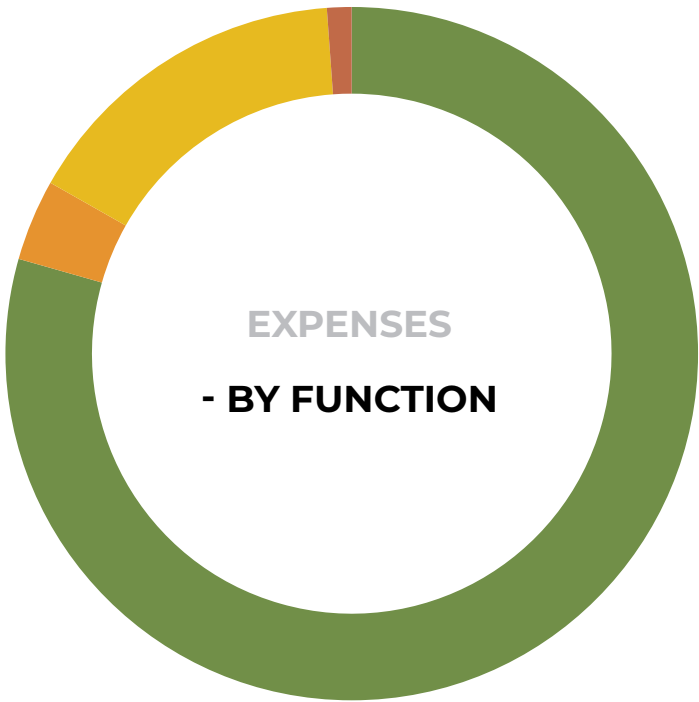
Rentals and Leases: Increase due to additional individual space rentals during the year partially due to the use of District facilities for election purposes.

Investment Income: Increase due to slightly higher interest rates.

Gain on TCA disposal: In 2017/18 resulted from the sale of lands adjacent to NDSS (including Rotary Bowl and Serausmen Stadium) and a property on Old Victoria Road (the “Clay Tree” property). There were no sales of District property during the 2018/19 year.

Amortization of Deferred Capital Revenue: Increased over prior year due to capital additions funded by the Province in 2018/19.

EXPENSES



- Instruction (2019:79%; 2018:80%)
- District Administration (2019:4%; 2018:4%)
- Operations and Maintenance (2019:16%; 2018:15%)
- Transportation and Housing (2019:1%; 2018:1%)
- Debt Services (2019:0%; 2018:0%)



	Fiscal 2018/19		Fiscal 2017/18	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	\$	%	\$	%
Instruction	127,545,460	126,185,871	120,055,361	(1,359,589)	(1%)	6,130,510	5%
District Administration	6,607,828	6,029,736	5,687,118	(578,092)	(9%)	342,618	6%
Operations and Maintenance	25,950,903	24,869,716	23,344,981	(1,081,187)	(4%)	1,524,735	7%
Transportation and Housing	1,748,562	1,820,976	1,795,762	72,414	4%	25,214	1%
Debt Services	1,025	3,227	4,563	2,202	215%	(1,336)	(29%)
Total	161,853,778	158,909,526	150,887,785	(2,944,252)	(2%)	8,021,741	5%

Instruction expenses increased from 2017/18 mainly due to additional teachers that were hired to accommodate the increase in enrolment. There were also wage increases throughout the year (teachers/CUPE staff – 2% July 1, 2018, remaining employee groups– varying rates/ times), and increased costs due to the new Employer Health Tax.

The difference between the amount budgeted for instruction and the actuals resulted from underspent Aboriginal Education and school supplies budgets (\$660k), as well as an underspend due to difficulties filling positions that were included in the budgeted figures.

District Administration costs increased from 2017/18 due to wage increases across all employee groups, as well as new initiatives taken on by the Board during the year, including long range facility planning, strategic planning, and reconciliation.

The difference between the amounts budgeted for District Administration and the actuals are a result of lower legal/

bargaining fees than anticipated (\$90k), as well as projects that were budgeted for, but not yet started in 2018/19. (\$150k).

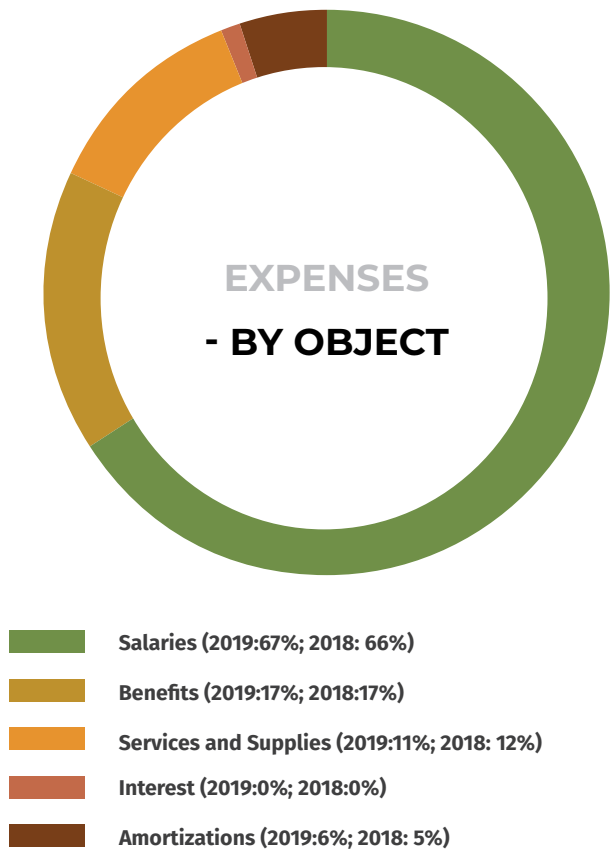
Operations and Maintenance costs increased from 2017/18 due to a variety of factors including additional facilities staffing during the year (carpentry, events, electrical), wage increases across all employee groups, increased amortization for capital additions during the year, an increase in the cost of utilities due to higher user rates, seismic assessments, and additional expenditures that were a result of the damage at Rutherford Elementary.

The difference between the amounts budgeted for Operations and Maintenance and the actuals are due to lower utilities costs than anticipated, and projects that were incomplete or not started in 2018/19 that will be carried over into 2019/20 (see restricted operating surplus).

Transportation expenses are consistent with 2017/18 as well as with the 2018/19 amended budget.

EXPENSES

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



	Fiscal 2018/19		Fiscal 2017/18	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	\$	%	\$	%
Salaries	107,040,940	106,334,133	99,124,316	(706,807)	(1%)	7,209,817	7%
Benefits	26,786,623	26,629,641	25,788,207	(156,982)	(1%)	841,434	3%
Services & Supplies	19,415,190	17,183,364	18,055,639	(2,231,826)	(11%)	(872,275)	(5%)
Interest	1,025	3,227	4,563	2,202	215%	(1,336)	(29%)
Amortization	8,610,000	8,759,161	7,915,060	149,161	2%	844,101	11%
Total	161,853,778	158,909,526	150,887,785	(2,944,252)	(2%)	8,021,741	5%



Salaries and benefits increased from 2017/18 due to an increase in teacher 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.

Services and supplies have decreased from the prior year due to an adjustment in 2017/18 for an understatement of expenses in 2016/17 (\$313k), a decrease in the amount of supplies that were purchased with the Classroom Enhancement Fund grant (\$166k), and a reduction in the amount of Annual Facilities grant projects that are considered non-capital (\$455k).

Offsetting these large decreases from the prior year, were also a few increases in the services and supplies, including increased costs due to contracting out HVAC and

other facilities positions as a result of the inability to fill the positions, as well as new Board initiatives including long range facilities planning, strategic planning, and reconciliation.

The difference between the amounts budgeted for services and supplies and the actuals are due to the 2017/18 adjustment noted above (\$313k), underspent Aboriginal Education and school supplies budgets (\$517k), underspent legal fees (\$90k), reduction in the amount of Annual Facilities grant projects considered non-capital (\$455k), underspent utilities (\$293k), vehicles budgeted for, but not yet received (\$190k), and projects budgeted for not yet started (\$150k).

Amortization expense has increased following significant capital asset purchases and the completion of the Frank J Ney Expansion during the year.

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



RISKS AND UNCERTAINTIES

Upcoming contract

bargaining: Both the NDTA and CUPE collective agreements were being negotiated in 2018/19. The CUPE collective agreement was ratified in August 2019, and the NDTA collective agreement is still undergoing bargaining.

Given that salaries and benefits are approximately 84% of the District's budget, these collective agreements have significant financial implications. Included in this area of uncertainty is the restoration of teacher collective agreement language and any corresponding changes in funding and expenditures.

Increasing 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.

Enterprise Risk

Management (ERM): The District will undertake a formal ERM review in 2019/20 and respond to risks identified in that process. This is also an opportunity to better protect the District and human capital.

Ministry of Education

funding formula review:

In the fall of 2017, a comprehensive education funding model review commenced. In February 2018, an independent review panel was formed to provide recommendations on how the funding is allocated in the K-12 public education sector in BC. Following the final report by the panel in December 2018, working groups were established to engage further in the themes identified in the independent review panel's report: Equity of Educational Opportunity, Accountability, and Financial Management.

It is expected that the groups will report back in the fall of 2019. No changes are going to be made to the existing funding model for the 2019/20 school year.

Elections: The next federal election is in October 2019. Any time there is a change of leadership at the federal level, changes in policy framework, funding and strategic direction can result.

2019-20



OPPORTUNITIES

Strategic Plan: On November 28, 2018 the Board of Education agreed to update the District's Strategic Plan. This process will establish priorities for what the District will accomplish in the future. The community was given the opportunity to provide their top priorities in February 2019, and the finalized plan is expected to be complete in the fall of 2019.

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 2019/20 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 School Partnership:

In August 2019 Snuneymuxw First Nation (SFN) and Nanaimo Ladysmith Public Schools finalized a commitment to co-govern and operate the new Qwam Qwum Stuwixwulh School. The partnership is a continuation of the Syeyutsus Reconciliation Framework and will provide an opportunity for strong revitalization of language and culture for both Indigenous and Non-Indigenous students.

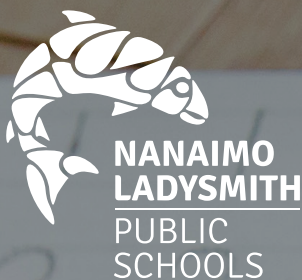
Technology: The District continues to restrict funds towards the annual technology plan for additional investments in Wi-Fi and other network

technology in order to support the exponential increase in classroom use of digital learning devices.

SD68 Human Resources and Finance System:

The District is in the process of reviewing its current HR and Finance system with the goal of improving overall function, user control and to easily retrieve accurate and consistent information for data-driven decision making. This process is expected to be complete in the fall of 2019.

Overall, the unprecedented increase 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.

School District No. 68 (Nanaimo-Ladysmith)

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