



# **Financial Statement Discussion and Analysis**

## **For the Year Ended June 30, 2019**

**September 9, 2019**

## Introduction

The following is a discussion and analysis of West Vancouver School's (WVS) financial performance for the fiscal year ending June 30, 2019. This report is a summary of WVS' financial activities based on currently known facts, decisions, and conditions. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This report should be read in conjunction with WVS' Financial Statements for the same period.

A separate document, "Guide to Financial Statements" has been prepared to assist users of WVS Financial Statements in understanding the information provided. You are encouraged to review the guide in conjunction with this document.

## Overview

The financial and capital resources of WVS are managed in order to maximize support for the strategic plan and educational goals of the West Vancouver Board of Education. Areas of focus in fiscal 2018/2019 included ongoing student success using an inquiry model and implementation of the new provincial curriculum and assessment tools, continued development and adoption of technology in the classroom, physical literacy, Applied Design, Skills and Technologies (ADST) curriculum, expanded programs of choice and academy offerings, teacher recruitment and retention, and development of a sustainable business model.

### Goal 1 – Maintaining student success

- With the support of additional per pupil funding and the continued classroom enhancement fund, additional teachers, education assistants, and administrator resources were added
- Implementation of the new curriculum continued, including:
  - o Communication of student learning outcomes using new assessment tools
  - o Improved student engagement through inquiry-based learning and programs of choice
  - o Maintaining or increasing non-enrolling teacher ratios to meet the needs of vulnerable learners
  - o Thoughtful placement of educational assistants in response to areas of challenge identified by school-based teams and stakeholder consultation
  - o Continuing to embed new elementary curriculum in the classroom; implementing Grade 10 curriculum
  - o Preparing for full implementation of grade 11 and 12 curriculum in 2020-21
  - o Continued integration of First Nations learning principles, based upon new provincial Tripartite Agreement

## Goal 2 – Enhanced learning through the use of technology

- Year 2 of a two-year refreshment of all teacher devices
- Increased digital textbook offerings and expanded access to on-line resources
- Continued FTE for specialized technology teachers providing district-wide support in the classroom

## Goal 3 – Applied Design, Skills and Technologies curriculum (ADST)

- Supported growth of robotics at elementary level through Ignite Your Passions
- Supported growth of robotics academy at secondary level, including additional teacher FTE, increased resources and classroom space, and increased tournament participation
- Continued development of maker spaces throughout the district
- Development of new academies and combined courses to support the ADST curriculum, including Environmental Science and Animation.

## Goal 4 – Physical literacy

- Support of Year 3 of physical literacy initiative for elementary age students
- Assessment and review of data quantifying the success of Years 1 and 2 of this program
- Staffing support to continue with teacher education/planned activities and continued program development for physical literacy

## Goal 5 – Sustainable educational organization

- Maintained international student enrolment while broadening the scope of source countries and increasing elementary-age enrolment
- Expanded international student orientation program
- Continued educational excellence at all sites, resulting in growing local enrolment
- Education and orientation of a newly elected Board of Education
- Development of a new four year Strategic Plan by the Board and senior staff
- Continued HR focus on attraction and retention, to ensure the best teachers are in place to educate our students
- Collaborative and collegial bargaining with our unions, resulting in timely ratification of our collective agreements

- Review of our capital planning process, resulting in restriction of new projects to available funding; discontinuing the use of operating surplus to fund capital projects
- Continued focus on preventative maintenance to ensure the sustainability and safety of physical assets
- Continued focus on health & safety and accessibility deficiencies across the district, including a district-wide accessibility audit, a radon risk assessment, and trial implementation of carbon monoxide detection
- Continued implementation of on-line processes, including student fee payment and staff time-sheet reporting

## Enrolment and Staffing

The primary source of funding for WVS is our Ministry Operating Grant, which is based on our student enrolment. Our annual expenditures are primarily associated with staffing and related compensation and benefits.

### Enrolment

	Prior Year	Budget	Current Year	Variance	
				CY/PY	CY/Budget
<b>Student FTE</b>	6898.06	6892	6916.5	18.44	24.5
<b>Summer FTE</b>	135.81	135	157.56	21.75	22.56
<b>Total</b>	<u>7033.87</u>	<u>7027</u>	<u>7074.06</u>	<u>40.19</u>	<u>47.06</u>

### Staffing

	Prior Year	Budget	Current Year	Variance	
				CY/PY	
<b>Teachers</b>	409.2166		407.4127	(1.8039)	
<b>Educational Assistants</b>	133.0085		136.4805	3.4720	
<b>Support Staff</b>	111.8553		113.8743	2.0190	
<b>Principals &amp; Vice-Principals</b>	33.96		40.30	6.340	**
<b>Other Professionals</b>	36.40		32.56	(3.84)	**
<b>Total</b>	<u>724.4404</u>	<u>*</u>	<u>730.6275</u>	<u>6.1871</u>	

\* Prior Year numbers roll forward to comprise Preliminary Budget

\*\*Changes due to shift from Head Teacher to VP at several sites, as well as reclassification of senior staff from Other Professionals to PVP if they hold a teaching certificate.

## Financial Highlights (Consolidated Fund Summary)

### (Stmnt 2, Schedule 1)

The statement portion of the WVS' financial statements represents a consolidation of three funds – Operating, Capital and Special Purpose. WVS' consolidated revenues are comprised of 83% Ministry funding (of which 2% is associated with the recognition of deferred capital revenue), 14% International student gross revenue, 2% Programs of Choice & Academies gross revenue, and 1% miscellaneous (interest & rentals).

79% of WVS expenses are associated with salaries & benefits, 3% with amortization of tangible capital assets, and the balance of 18% with services & supplies.

	Prior Year	Budget	Current Year	Variance	
				CY/PY	CY/Budget
Revenue	82,291,936	81,027,204	84,750,659	2,458,723	3,723,455
Expenses	82,729,551	81,861,313	84,741,499	2,011,948	2,880,186
<b>Annual Surplus (Deficit)</b>	<b>-437,615</b>	<b>-834,109</b>	<b>9,160</b>	<b>446,775</b>	<b>843,269</b>
Accum. Surplus - Operating	1,966,221	1,132,112	2,279,453	313,232	1,147,341
Accum. Surplus - Capital	26,844,621	26,538,203	26,540,549	-304,072	2,346
<b>Total Accum. Surplus</b>	<b>28,810,842</b>	<b>27,670,315</b>	<b>28,820,002</b>	<b>9,160</b>	<b>1,149,687</b>

Increases in actual consolidated revenue over prior year and budget arise from increased student enrolment and associated increases in Ministry funding, increased special purpose funds associated with the Classroom Enhancement Fund, Employer Health Tax, Economic Stability Dividend and a number of smaller one-time only grants, an increase in the number of specialty academies and programs of choice, and an increase in International homestay fees.

Increases in expenses arise primarily from variations in salaries and benefits: increases in salaries, driven primarily by grid movement and excluded staff salary lifts were offset to a degree by decreases in TTOC costs and in benefits. Services costs also increased due to increases in special education, early learning, legal, facilities-related costs, and increases in International homestay and commission charges. Changes in consolidated accumulated surplus are derived from a small structural surplus in the operating fund, combined with amortization of capital assets in the capital fund. Further detail is provided below:

## Operating Fund (Schedules 2, 2A, 2B)

### Operating Revenues:

**Provincial Grants:** There was an increase in basic per/pupil funding of \$122/student FTE, as well as modest increases in special education category funding. Student FTE also increased in all areas. Additionally, over \$300,000 in new one-time grants were received, including a contribution towards the costs of the new Employer Health Tax, support for the Economic Stability Dividend, and education grants related to mental health and early learning. Together these factors increased provincial grants by 2% over budget and 3% over the prior year.

**International:** International revenues increased 5% over budget and 2% over the prior year despite a slight decrease in enrolment, primarily due to a greater number of students choosing to opt in to the district's in-house homestay program. As homestay revenue is a flow-through amount matched by homestay expenses, the overall net revenue remained relatively static.

**Other, Rentals, Investment:** Significant increases in the number of academy offerings and programs of choice, increased preschool operations, and improved interest rates combined to increase the balance of operating revenue by 14% over budget and 9% over the prior year. As revenue generated from these programs is set at rates that provide cost recovery only, the overall increase is matched by expenses and will not impact the net income for the year.

### Operating Expenses:

Salaries and benefits account for 86% of total operating expenses. Due to increased staffing, grid movement, salary increases related to the economic stability dividend and continuing provisions to bring excluded salaries up to market value after a lengthy freeze, salaries and benefits increased by 2% over the prior year and 3% over budget. Benefits also increased 2% over the prior year, but decreased by 10% over budget. This decrease was the result of the preliminary budget assumptions being based on the prior year's budget assumptions, prior to a review of June 30, 2018 results that indicated the assumptions needed to be recalculated. Average benefit cost is decreasing due to changes in rates, overly conservative estimates of benefit use by the provider, and a change in staff demographics that impacts benefit use.

Services and supplies costs increased 3% over the prior year and 9% over the budget, primarily due to a general increase in market costs, as well as costs associated with a larger international homestay program and additional academies and programs of choice, as well as some large facilities projects undertaken to bring health and safety

related systems up to current standards. The increases were somewhat offset by significant savings in utilities due to a shift to LED lighting in 2018/19, as well as an ongoing replacement of aging boilers with new, more efficient models.

### **Operating Fund Reserves:**

As a result of operating revenue increases exceeding operating expense increases, WVS has a structural surplus in 2018/19 of \$692,260. Together with transfers from the operating to the capital fund (\$250,389 in tangible capital asset purchases, \$245,532 of lease revenue transferred to local capital to fund Sentinel Secondary School's gymnasium project), and a \$116,893 recovery of capital project costs, there was a net contribution to reserves of \$313,232, bringing WVS reserves up to 3% of operating expenses, which falls within the sector's recommended range. We go forward into the 2019/20 school year with total operating reserves of \$2,279,453 (which includes continuance of the desired fiscal prudence contingency of \$1m). Of this balance \$309,884 is restricted to service the 2019/20 estimated structural deficit.

### **Special Purpose Fund: (Schedules 3, 3A)**

Typically these are flow-through funds, whereby funds received are matched by targeted expenditures. Special purpose funds include the Classroom Enhancement Fund and Learning Improvement Fund which support staffing increases related to bargaining. WVS fully expended the funds received for these purposes. All other Ministry-related funds, as well as school-related funds, maintained consistent levels of activity.

### **Capital Fund: (Schedules 4, 4A, 4B, 4C, 4D)**

Funding for capital expenditures is sourced primarily through the Ministry of Education, in the form of the Annual Facilities Grant (AFG), together with awards based on WVS' Five-Year Capital Plan. In 2018/19 WVS received \$4.4m in Bylaw Capital related to the AFG and a School Enhancement Program (SEP) grant received under the Five-Year Capital Plan.

Operating funds in the amount of \$250,000 were spent on capital items, including facilities and custodial vehicles, building improvements related to the SEP program, and computer purchases for Phase II of the teacher device refresh. This was partially offset by receipt of a \$116,893 rebate related to prior year capital projects.

Special Purpose funds spent on capital included PAC purchases of \$70,000 related to playgrounds, and school-generated fund purchases of \$90,000 related to a gym scoreboard, computer lab equipment, projectors and a 3-D printer.

Project costs related to the SEP grant that were incurred in 2017/18 were removed from work in process (WIP) in 2018/19 when the project was completed. Costs related to the exploration of a gymnasium addition project at Sentinel Secondary were incurred, and the June 30 balance in WIP is \$777,000.

In addition to numerous maintenance and renovation activities covered by the AFG, major projects in 2018/2019 included the replacement of the building envelope, boilers and HVAC system at Irwin Park Elementary, completion of the VOIP and LED lighting conversion projects, renovation and upgrades at Inglewood Secondary, and improved accessibility, flooring replacements and roof repair projects at several sites.



## Statement of Financial Position (Statement 1)

The following table provides a comparative analysis of WVS' Net Financial Position for the fiscal years ending June 30, 2018 and 2019, with a review of significant year over year changes discussed below.

	Prior Year	Current Year	Difference	% Change
<b>Financial Assets</b>				
Cash & Cash Equivalents	19,092,251	19,498,712	406,461	2%
Accounts Receivable				
Due from Ministry	359,318	92,388	-266,930	-74%
Other	637,104	1,081,786	444,682	70%
Portfolio Investments	91,200	86,269	- 4,931	- 6%
<b>Total Financial Assets</b>	<b>20,179,873</b>	<b>20,759,155</b>	<b>579,282</b>	<b>3%</b>
<b>Liabilities</b>				
Accounts Payable & Accrued Liabilities	7,310,736	7,314,769	4,033	0%
Unearned Revenue	8,182,443	8,364,430	181,987	2%
Deferred Revenue	2,270,066	2,598,927	328,861	14%
Deferred Capital Revenue	35,873,938	38,611,717	2,737,779	8%
Employee Future Benefits	1,432,235	1,633,244	201,009	14%
<b>Total Liabilities</b>	<b>55,069,418</b>	<b>58,523,087</b>	<b>3,453,669</b>	<b>6%</b>
<b>Net Financial Assets</b>	<b>- 34,889,545</b>	<b>-37,763,932</b>	<b>- 2,874,387</b>	<b>8%</b>
<b>Non-Financial Assets</b>				
Tangible Capital Assets	62,967,941	65,776,195	2,808,254	4%
Prepaid Expenses	732,446	807,739	75,293	10%
<b>Total Non-Financial Assets</b>	<b>63,700,387</b>	<b>66,583,934</b>	<b>2,883,547</b>	<b>5%</b>
<b>Accumulated Surplus (Deficit)</b>	<b>28,810,842</b>	<b>28,820,002</b>	<b>123,131</b>	<b>0%</b>

**Accounts Receivable** from the Ministry of Education decreased by 74% due to a reduction in construction activities related to the AFG and SEP projects undertaken in the spring. The timing difference between the cut-off date for claiming Certificate of Approval capital funds from the Ministry and the receipt of invoices related to a large capital projects creates the receivable. In the prior year a large SEP project in process at year end resulted in significant accounts receivable.

**Other Receivables** has increased by 70%, primarily due to an increase in benefit plan surpluses, as well as accrued interest increases due to changing interest rates, and increased donations receivable.

**Deferred Revenue** increased by 14% due to full expenditure of one-time only special purpose funds and an increase in the CEF funding, as well as variations in scholarship and school-generated funds.

**Deferred Capital Revenue** increased by 8% as a result of large capital projects in the 2018/19 School Enhancement Fund, AFG, and Playground fund.

**Employee Future Benefits** liability has increased by 14% due to variations in the number of retirements and associated benefit payouts, and the amortization of an actuarial loss related to future benefits, as recalculated by the Ministry.

**Tangible Capital Assets** increased by 4% due to the increase in capital projects associated with the increase in Ministry of Education capital funding.

**Prepaid Expenses** increased by 10%, which relates to recognition of a benefit surplus in employee benefit plans.

# Statement of Operations – Operating Fund

## Revenue (Schedule 2A)

### Grant Revenue

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
60,226,131	61,072,142	62,239,188	2,013,057	1,167,046

Grant revenues were \$2m higher than the prior year, and \$1.2m higher than budget, due to increased student FTE, and increased per pupil funding for all categories. Basic student FTE increased by 18.4375 FTE over the prior year and 24.5 over budget, and Level 2 Special Needs increased by 10 FTE, Level 3 by 4 FTE, ELL by 41 FTE, and Aboriginal by 9 FTE over prior year. Associated per pupil funding amounts also increased.

### International Revenue

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
9,931,408	9,613,700	10,108,292	176,884	494,592

International student enrolment was down slightly over the prior year, but due to an increase in subscription to the WVS' internally managed homestay program, overall revenues were slightly higher than previous year, and higher than budgeted. They comprise 13% of total operating revenue.

### Other Revenue

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
1,805,742	1,735,569	1,976,735	170,993	241,166

Other Revenue increased over both budget and prior year due to an increased number of academies and programs of choice and slightly improved rates of return on investments.

## Expenses (Schedule 2B & 2C)

### Salary & Benefits

Overall, salary expenses equate to 69% of our total operating expenses, and benefits comprise 17%.

#### Teachers

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
31,151,338	30,920,879	31,729,972	578,634	809,093

Teacher salary expenses were higher than prior year and budget due to an increase in WVS average educator salary from \$73,795 to \$75,869, which was due to changing staff demographics and provincially negotiated salary increases of .5% July 1<sup>st</sup>, 2018 and an economic stability dividend of 1% May 1<sup>st</sup>, 2019.

#### Principals/Vice-Principals

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
4,448,104	4,449,701	4,938,443	490,339	488,742

Administration salaries increased over prior year and budget in part due to a reclassification of some staff members from Other Professionals in order to comply with Ministry reporting requirements, and in part to exempt staff salary increases pursuant to further improvements allowed by Public Sector Employers Council (PSEC).

#### Educational Assistants

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
5,523,362	5,280,707	5,337,699	-185,663	56,992

Educational Assistant FTE varies from year to year, based upon the changing student demographic and identified needs within the classroom. Salaries were higher than budget due to staff added in October as needs were identified, but were lower than prior year due to requiring 3 fewer FTE.

## Support Staff

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
5,136,878	5,146,951	5,077,102	-40,224	-69,849

Support staff salaries decreased over the prior year and budget due to higher than normal retirement payouts made in 2017/18 pursuant to staff turnover.

## Other Professionals

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
2,341,061	2,291,346	2,552,421	211,360	261,075

Other Professionals salary expense increased over both prior year and budget due to exempt staff salary increases pursuant to further improvements allowed by Public Sector Employers Council (PSEC).

## Substitutes

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
1,785,789	1,884,319	1,693,701	-92,088	-190,618

Teachers teaching on call (TTOC) and support staff replacement expenses vary year to year due to numerous factors, and differences year over year and from budget are to be expected. While the TTOC daily rate increased in 2018/19, this was offset by efforts to reduce replacements required for professional development activities in light of increased pressure on WVS' TTOC list due to increased hiring across the sector.

## Benefits

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
12,046,555	13,653,037	12,257,942	211,387	-1,395,095

Benefits are budgeted using a conservative estimate of % of total salaries based on historical data, and as salaries and benefits comprise 86% of total operating expenses, small changes can have a large impact. Changing staff demographics and reduced benefit use resulted in lower than anticipated benefit costs. The 1% difference year over year is to be expected.

## Services & Supplies

Overall, service and supply costs equate to 14% of the total operating expenses.

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
10,282,970	9,713,784	10,696,463	413,493	982,679

## Services

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
4,873,684	4,777,041	5,935,784	1,152,100	1,158,743

Services are comprised of school and district-based expenditures that vary depending upon student FTE and demographic, education, technology and curricular initiatives, special education initiatives, international program activities and facilities expenditures related to maintenance and repairs. One third of the difference in year over year and budget is attributable to the international program, including increased subscription of the district homestay program and higher agent commission rates. New one-time funding for early learning and mental health was matched by increased special education spending, as well as additional student assessment consulting. A shift to on-line textbooks increased curricular service costs, as did the increased number of academies and specialty programs. Significant facilities costs over the prior year included upgrade/repair work on health and safety systems related to PA, fire, radon and carbon dioxide alarms, as well as inspection costs with respect to these systems. Aging infrastructure resulted in increased HVAC and fleet maintenance. Legal fees, which vary year to year, were also higher in 2018/19.

## Professional Development & Travel

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
848,515	969,601	864,826	16,311	-104,775

Professional development expenses vary year to year, depending upon staffing changes and associated training costs, and curriculum and/or software implementation. District travel costs are associated with both training and professional development activities, and travel related to WVS' international program.

## Supplies

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
1,779,660	2,008,793	1,684,041	-95,619	-324,752

Decreased supply expenditures include reductions in electrical costs resulting from a district-wide conversion to new LED light fixtures, decreased IT expenditures related to projectors and Phase II of teacher device replacements, and a reduction in academy supplies related to initial setup for the robotics program. Overall, school spending was reduced with respect to supplies and textbooks.

## Utilities

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
1,773,291	862,896	1,194,304	-578,987	331,408

Utilities costs decreased over the prior year due to improved energy efficiency relating to boiler replacement, LED lighting, VOIP conversion and water saving programs. Budgeted savings were partially offset by increased fuel costs for natural gas and vehicle fuel over the course of the year, as well increased hydro rates.

## Statement of Operations – Special Purpose Fund (Schedule 3A)

Special purpose funds are utilized to record funds received for specific purposes. Revenues are only recognized as funds are spent. Many funds received are fully expended within the year received, but balances may be carried forward to subsequent years, to be spent only on their intended use.

Special Purpose Funds	Prior Year	Current Year	Difference	Balance	Comment
<b>Ministry Funded</b>					
Annual Facility Grant	267,383	267,383	-	-	Operating portion of ongoing grant
Classroom Enhancement Fund - Overhead	349,294	206,919	-142,375	-	No explanation from MOE re reduction
Classroom Enhancement Fund - Staffing	2,238,735	2,483,647	244,912	8,660	Provides funding for staffing related to classroom size and composition
Classroom Enhancement Fund – Remedies	28,628	1,098	-27,530	945	Reduction due to fewer classes over 30
Community Link	248,062	251,839	3,777	-	On-going grant; pays for youth workers
Learning Improvement Fund	231,848	232,999	1,151	82,319	Support staff funding; balance will be paid out in 2019/20
OLEP (Federal French)	127,577	127,577	-	-	A new 5 year funding agreement began in 2018/19
Professional Learning Partnership	-	-	-	10,822	One time grant
Ready Set Learn	34,300	34,300	-	-	On-going grant for early learning activities
Special Education Equipment	-	-	-	4,288	Grant discontinued, slowly spending down the balance
StrongStart	64,000	64,000	-	-	Eagle Harbour, Hollyburn, Chartwell
<b>Other</b>					
Fundraising Trusts	440,281	455,789	15,508	441,506	
Scholarships	64,449	65,050	601	183,622	



School Generated Funds	3,984,862	4,224,544	239,682	1,866,765	Spending at school discretion; varies year to year
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## Statement of Operations – Capital Fund

### (Schedule 4, 4D)

Ministry capital funds are received as deferred capital, and advances are drawn down as projects proceed. Certificates of Approval are issued for each successful project application awarded under the various funding programs, including the Annual Facilities Grant (AFG) and 5 Year Capital Plan programs (which include the School Enhancement Program (SEP), Seismic and Playgrounds). The AFG is an ongoing fund, and the 5 Year Capital Plan is submitted annually, with awards for the individual project applications within it made at the Ministry's discretion. Capital funds follow the provincial fiscal year of April 1 – March 31, so typically each fund must be spent by March 31 of the year for which it's awarded, and the district can begin to access the following year's funds in April. Funding is received as deferred capital, and is recorded as deferred capital contributions as it is spent.

Local Capital refers to that portion of operating surplus that is set aside via an interfund transfer between the operating and capital fund and is used on specific capital projects. The district sets aside revenues generated from building leases for this purpose, and most recently used local capital to fund the development of a potential gymnasium structure at Sentinel Secondary.

	Prior Year	Current Year	Difference	Comment
<b>Ministry Grants Received: AFG, SEP</b>	4,608,693	4,417,101	-191,952	Decrease due to funding for modular buildings that was provided on a one-time basis in the prior year pursuant to class size and composition requirements
<b>Balance in Local Capital: Sentinel new gymnasium</b>	374,547	-	-374,547	Local Capital funds used on development of gymnasium project

## Major Capital Projects

The following is a summary of major capital projects undertaken throughout the year:

### 5 Year Capital Plan:

School Enhancement Program (SEP) – complete  
\$3,300,615

Irwin Park Elementary – new boiler and HVAC system  
Irwin Park Elementary – new building envelope  
Ridgeview Elementary – new boiler and HVAC system (Phase I work in process)

Playground grant – complete  
\$90,000

Gleneagles Elementary – new playground apparatus

AFG (repairs/upgrades/renovations)  
\$1,026,486

District wide:

Grounds remediation  
Plumbing fixture upgrades & modernization  
Gymnasium floor refinishing  
Playground line painting  
Electrical panel upgrades  
Pride Parade float construction

Cypress Park Primary – new playground  
Cypress Park Primary – accessibility upgrade  
Chartwell Elementary – accessibility upgrade  
Eagle Harbour Montessori – playcourt upgrade  
Hollyburn Elementary – LST room renovations and expansion  
Westcot Elementary – washroom renovations  
Inglewood Secondary – renovation  
WVSS South Campus – exterior painting  
WVSS North Campus – drainage remediation  
Rockridge Secondary – mezzanine learning commons  
Rockridge Secondary – learning commons

## Surplus (Operations) (Schedule 1)

West Vancouver Schools has established an accumulated surplus administrative procedure as part of its approach for stable and sustainable organization health;

### 5. Surplus

*5.1.1 The Secretary-Treasurer will present a financial summary of the District's surplus position each year in conjunction with reviews of the District's Preliminary and Amended Annual Budgets, and Financial Statements. Board motions will be required to approve the internal restriction of surplus funds.*

The Board's Audit Committee reviews our surplus position as part of their review of our audited financial statements, and their recommendations to the Board, together with the recommendations from the Finance & Facilities Committee with respect to WVS' annual budget, determine the future use of surplus funds.

Changes in accumulated surplus for 2018/2019 are as follows:

	2018/2019
<b>Reserves, July 01, 2018</b>	<b>1,966,221</b>
Operating Surplus 2018/2019	692,260
Transfer to Capital Fund (Capital Assets purchased from Operating funds)	- 133,496
Transfer to Local Capital	- 245,532
<b>Reserves, June 30, 2019</b>	<b>2,279,453</b>

The closing balance at June 30, 2019, is available for future years, and falls within the Ministry's recommended range of 3–5% of total operating expenses. Of the surplus balance at June 30, 2019, the Board's preference is to retain a \$1,000,000 fiscal prudence contingency fund if possible. Additionally, \$309,884 is internally restricted to balance the 2019/20 Preliminary Budget, and approximately \$300,000 of the surplus balance represents school supply budget carry forwards. The district will continue to explore operating efficiencies and revenue maximization to reduce the structural deficit and resulting draw on reserves.

# Significant Factors Bearing on Future Operations

## Organizational Capacity

Over the past number of years, the district's organizational focus has been on structuring operations to promote student success and educational innovation. During this process, the primary focus has been on maximizing support in the classroom, implementing the new curriculum and reporting models, teacher professional development and collaboration, integration of technology to enhance learning, and classroom space modification.

However, results from a recently completed enterprise risk assessment study identified that our top five risks are related to operational issues not directly tied to classroom activity:

### Risk Factor #1 – International

Locally-generated revenue from our International program comprises 13% of our operating revenue. While very well-regarded and fully subscribed, our program is limited by several factors, the most critical being the availability of homestay placements. Additionally, diversification of the countries from which our International students visit us from continues to be of great importance.

### Risk Factor #2, #3 – Human Resources

The Supreme Court ruling of November 2016, and the resulting restoration of collective agreement language, has strained our capacity as provincially the teacher demand exceeds supply. While our district enjoys an excellent reputation and we were successful in fully staffing all enrolling and non-enrolling positions in 2018/2019, capacity, recruitment, retention, training and experience will remain an ongoing area of focus.

### Risk Factor #4 – Financial

84% of our operating revenue is provided through Ministry funding. Accordingly, we have exposure to shifts in the Ministry's mandate, government policy, and also declining enrolment rates. While our local enrolment continues on a slight decline, our schools continue to operate at capacity as a result of out of district enrolment. We continue to develop programs and innovative practices to maintain our reputation as a target district.

### Risk Factor #5 – Technology

Technology continues to be a critical component of modern educational practice and profoundly enhances our inquiry-based learning. We completed the second year of a two-year device renewal for all teachers in 2018/2019, as well as completing installation of short-throw projectors at all sites, but technology will continue to require significant

financial resources on an annual basis. Our IT infrastructure will require a major upgrade in 2019/20.

## Further Information

This financial report is designed to provide West Vancouver Schools' stakeholders with a general, but more detailed, overview of the district's financial results for 2018/2019, and to demonstrate increased accountability for the public funds received by the district.

Questions on the material contained in this report should be directed to office of the Secretary-Treasurer/Chief Financial Officer at 604-981-1000.

You are also encouraged to review the Board's strategic vision at <http://westvancouver.schools.ca/about-wvs/vision-values>