WEST VANCOUVER SCHOOLS

A world of opportunity

Financial Statement Discussion and Analysis

For the Year Ended June 30, 2020

September 14, 2020

Introduction

The following is a discussion and analysis of West Vancouver School's (WVS) financial performance for the fiscal year ending June 30, 2020. 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 2019/2020 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, including maintaining an international student program.

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:
    - Communication of student learning outcomes using new assessment tools
    - Improved student engagement through inquiry-based learning and programs of choice
    - Maintaining or increasing non-enrolling teacher ratios to meet the needs of vulnerable learners
    - Thoughtful placement of educational assistants in response to areas of challenge identified by school-based teams and stakeholder consultation
    - Increased spending on special education equipment
    - Continuing to embed new elementary curriculum in the classroom; implementing Grade 10 curriculum
    - Preparing for full implementation of grade 11 and 12 curriculum in 2020-21

- Continued integration of First Nations learning principles, based upon new provincial Tripartite Agreement; development of a Protocol Agreement with the Squamish Nation

Goal 2 – Enhanced learning through the use of technology

- 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 4 of physical literacy initiative for elementary age students
- Assessment and review of data quantifying the success of Years 1 -3 of this program;
- Ongoing pro-d provided by Dr. Mark Lysyshyn, Dr. Dean Kriellars and Dr. John Cairney, as well as our two teacher mentors; presentations at our summer Administrator's Leadership conference, District Opening Day and workshops throughout the year
- PL annual plans completed by all elementary schools, and supported with newsletters, video messages, and workshops
- Implementation of creative and innovative strategies, including the Daily Mile Challenge, outdoor and indoor circuits, movement in secondary school Spanish
- Development of PL assessment ap to assist in recording assessment data

Goal 5 – Sustainable educational organization

- Maintained international student enrolment while broadening the scope of source countries and increasing elementary-age enrolment
- Expanded premiere academy and programs of choice offerings
- 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

				Variance	
	Prior Year	**Budget**	**Current Year**	**CY/PY**	**CY/Budget**
Student FTE	6916.5	6891	6996.94	80.44	105.94
Summer FTE	157.56	147.63	159.06	1.5	11.43
Total	7074.06	7038.63	7156	81.94	117.37

Staffing

				Variance
	Prior Year	**Budget**	**Current Year**	**CY/PY**
Teachers	407.4127		418.0445	10.6318
Educational Assistants	136.4805		140.9995	4.519
Support Staff	113.8743		114.8028	.9285
Principals & Vice-Principals	40.30		40.94	.64
Other Professionals	32.56		30.56	(2.0)
Total	730.6275	*	745.3468	14.7193

* Prior year staffing rolls forward to comprise Preliminary Budget

Financial Highlights (Consolidated Fund Summary)

(Stmt 2, Schedule 1,2)

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 82% Ministry funding (of which 3% is associated with the recognition of deferred capital revenue), 12% International student gross revenue, 5% Programs of Choice & Academies gross revenue, and 1% miscellaneous (interest & rentals).

77% of WVS consolidated expenses are associated with salaries & benefits, 3% with amortization of tangible capital assets, and the balance of 20% with services & supplies.

				Variance	
	Prior Year	**Budget**	**Current Year**	**CY/PY**	**CY/Budget**
Revenue	84,750,659	84,517,041	87,039,864	2,289,205	2,522,823
Expenses	84,741,499	85,232,465	85,574,566	833,067	342,101
Annual Surplus (Deficit)	**9,160**	**-715,424**	**1,465,298**	**1,456,138**	**2,180,722**
Accum. Surplus - Operating	2,279,453	1,969,569	4,434,586	2,155,133	2,465,017
Accum. Surplus - Capital	26,540,549	26,135,009	25,850,714	-689,835	-284,295
Total Accum. Surplus	**28,820,002**	**28,104,578**	**30,285,300**	**1,465,298**	**2,180,722**

Increases in current year consolidated revenue over prior year and budget arise from increased student enrolment and associated increases in Ministry funding, as well as funding support for negotiated labour settlements and increased funds associated with the Employer Health Tax, and a number of smaller one-time only grants. It should be noted however that exempt staff salary lifts continue to be unsupported by Ministry funding. Increases in the number of specialty academies and programs of choice offered increased locally generated revenues. International student FTE was down slightly, with an associated small decrease in total tuition fees.

While salaries and benefits increased due to negotiated labour settlements and continuing PSEC approval for modest exempt staff increases, overall expenses were significantly decreased by the Covid-19 pandemic starting in March 2020. Due to a shift to remote learning subsequent to the March spring break, TTOC costs were down 30% below the prior year and 35% below budget, and transportation costs were down 30% below prior year and 24% below budget. Professional development and travel were down 24% below prior year and budget, and Services were 16% below prior year and 9% below budget. Additionally, benefit costs were 2% below budget due to restricted access to extended health service providers. These reductions resulted in a significant improvement in operating fund results, moving from a budgeted deficit of $.3m to a surplus of $2.1m. Further detail is provided below.

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

Operating Revenues:

Provincial Grants: There were a number of changes in the operating grant in 2019/20. The basic per/pupil funding increased by $45 per/student FTE. Special needs per/ pupil funding increased by 9% for Level 1 students, and 5% for Levels 2 and 3 and ELL. Aboriginal per pupil funding increased by 18%. Additionally, a grant of $566,130 was received to cover the final transition period from the Medical Services Plan to the new Employer Health Tax, and labour settlement funding for both support and teaching staff totalled just over $1m. These changes, together with increased student FTE in all areas, led to an overall 5% increase in our operating grant year over year, and a 4% increase over our preliminary budget.

International: International revenues decreased by approximately 1%, due to drop of 14 FTE related to limited homestay availability. The impact of the pandemic did not affect 2019/20 international tuition fee revenue, and no refunds for withdrawals were provided. However, it should be noted that we are forecasting a 45% reduction in international enrolment in 2020/21, which will have a significant impact on operating revenues next year.

Other, Rentals, Investment: While we continued to increase the number of academy offerings and programs of choice in 2019/20, these programs were cancelled subsequent to spring break due to the pandemic, with a corresponding decrease in fee revenue of 15% year over year, and 19% over budget. Additionally, in an effort to serve the community and essential care workers, we did not charge our childcare partners rent for the period April – June, resulting in a reduction of 11% year over year and 6% under budget. However, as revenue generated from these programs is set at rates that provide cost recovery only, the overall decrease was matched by expense reductions and did not impact the net income for the year. Additionally, there was a modest improvement in investment income.

Operating Expenses:

Salaries and benefits account for 87% of total operating expenses. Increased wages and associated benefits related to negotiated settlements and exempt staff increases in 2019/20 were offset by decreased TTOC costs and reduced use of benefits due to the pandemic in the final quarter of the year. Overall, salaries and benefits were up only 4% year over year and 2% over budget.

Services and supplies costs were down 11% year over year, and 8% under budget, due to the impact of Covid-19.

Operating Fund Reserves:

As a result of operating revenue increases coupled with operating expense decreases, WVS has an unprecedented structural surplus in 2019/20 of $2.2m. Net of a small interfund transfer to our capital fund, this will provide a net contribution to reserves of $2.2m, bringing WVS reserves up to 6% of operating expenses, or $4.4m.

The 2020/21 operating budget presents the unique challenge of a 45% reduction in Int'l revenue, and it was estimated to require the entire balance of reserves ($2.1m as estimated in the spring), in order to balance. The improvement in 2019/20 operating surplus as calculated in the June 30 Financial Statements will now preserve a balance of $1.5m for the 2021/22 budget year and beyond, providing that we are able to maintain the restricted operating expenses laid out in the 2020/21 preliminary budget. This will provide much improved operational sustainability for WVS in the years ahead, and help to mitigate any continuing impacts of the pandemic as they occur.

Special Purpose Fund: (Schedules 3, 3A)

Typically, these are flow-through funds, whereby funds received are matched by targeted expenditures, typically within the same fiscal year, although some carryforward of unspent funds is allowed. Ministry special purpose funds include the Classroom Enhancement Fund and Learning Improvement Fund which support staffing increases related to bargaining. In 2019/20 WVS received three additional targeted funds, for First Nations transportation, mental health, and the new Changing Results for Young Children initiative, totalling an additional $84,023.

The pandemic impacted spending at the school level, with a decrease of close to $1m in both revenue and expenses related to school generated funds, scholarships and fundraising trusts.

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 2019/20 WVS received $1.8m in Bylaw Capital related to the AFG and a School Enhancement Program (SEP) and Carbon Neutral Program (CNCP) grant received under the Five-Year Capital Pan.

Operating funds in the amount of $64,000 were spent on capital items, including custodial equipment and an upgrade to IT infrastructure at Caulfeild Elementary.

Special Purpose funds included transfers of $91k to capital from the operating portion of the AFG grant spent on HVAC upgrades, $28k in school purchases for gymnasium and playground equipment, and new lockers, and $51k in PAC purchases to support construction of an outdoor classroom at Rockridge Secondary, an upgraded kindie playground at Ecole Pauline Johnson, and new audio and projector systems.

Project costs related to the SEP grant for Phase 1 of a mechanical upgrade at Ridgeview Elementary that were incurred in 2018/19 were removed from work in process (WIP) in 2019/20 when Phase 1 was completed, and costs related to Phase 2 have been added. The June 30 balance in WIP is $825,000.

In addition to numerous maintenance and renovation activities covered by the AFG related to elevators, floors and interiors, major projects in 2019/20 included minor building envelope upgrades at six sites, roof and floor remediation at Sentinel Secondary, major drainage repair and remediation at Westcot Elementary, replacement of an acid bath at West Vancouver Secondary School and a septic system at Lions Bay Community School.

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, 2019 and 2020, with a review of significant year over year changes discussed below.

	Prior Year	Current Year	Difference	% Change
Financial Assets				
Cash & Cash Equivalents	19,498,712	19,419,262	-79,450	-.004%
Accounts Receivable				
Due from Ministry	92,388	168,221	75,833	82%
Other	1,081,786	797,675	-284,111	-26%
Portfolio Investments	86,269	51,800	-34,469	- 40%
Total Financial Assets	**20,759,155**	**20,436,958**	**322,197**	**2%**
Liabilities				
Accounts Payable & Accrued Liabilities	7,314,769	6,958,402	-356,367	-5%
Unearned Revenue	8,364,430	6,500,647	-1,863,783	-22%
Deferred Revenue	2,598,927	2,571,502	-27,425	-1%
Deferred Capital Revenue	38,611,717	38,497,135	-114,582	-.002%
Employee Future Benefits	1,633,244	1,774,390	141,146	9%
Total Liabilities	**58,523,087**	**56,302,076**	**-2,221,011**	**-4%**
Net Financial Assets	**-37,763,932**	**-35,865,118**	**- 1,898,814**	**-5%**
Non-Financial Assets				
Tangible Capital Assets	65,776,195	64,971,778	-804,417	-1%
Prepaid Expenses	807,739	1,178,640	370,901	46%
Total Non-Financial Assets	**66,583,934**	**66,150,418**	**433,516**	**-.01%**
Accumulated Surplus (Deficit)	**28,820,002**	**30,285,300**	**1,465,298**	**5%**

Accounts Receivable decreased due to a reduction in the flow through of homestay fees as international students returned home early, and enrolment has declined for the upcoming year.

Accounts Payable decreased due to smaller capital projects compared to the prior year, and reduced operational activity overall due to the pandemic in the final quarter of the year.

Unearned revenue represents international student prepaid tuition fees for the following year, and due to the uncertainty around the pandemic situation and border restrictions in September 2020, registrations, as forecast, are down significantly from the prior year.

Tangible Capital Assets decreased due to amortization and a decrease in capital projects associated with Ministry of Education capital funding.

Prepaid Expenses increased by 46%, primarily related to recognition of a benefit surplus in employee benefit plans due to decreased use during the pandemic.

Statement of Operations – Operating Fund

Revenue (Schedule 2A)

Grant Revenue

			Variance	
Prior Year	Budget	Current Year	CY/PY	CY/Budget
61,096,695	61,264,970	62,962,009	1,865,314	1,697,039

Grant revenues were $1.8m higher than the prior year, and $1.7m higher than budget, due to increased student FTE, and increased per pupil funding for all categories, as well as support for both teacher and support staff negotiated wage settlements. Basic student FTE increased by 80.4375 FTE over the prior year and 180.9375 over budget, and negotiated wage settlement funding was close to $1m. Special needs, ELL and Aboriginal per pupil funding amounts increased year over year, and enrolment in these areas also increased both year over year and over budget.

International Revenue

			Variance	
Prior Year	Budget	Current Year	CY/PY	CY/Budget
10,188,792	10,125,450	10,086,826	-101,966	--38,624

International student enrolment was down slightly over the prior year and budget due to a reduction in available homestays and a reduction in the number of fee-paying students that participates in summer school in July 2019. While some Int'l students returned home in the final quarter of the current year due to the pandemic, refunds were not provided and therefore revenue was not affected. The impact of the pandemic on our Int'l program will be felt in 2020/21. In the current fiscal year Int'l revenues comprise 13% of total operating revenue.

Other Revenue

			Variance	
Prior Year	Budget	Current Year	CY/PY	CY/Budget
1,976,735	2,056,969	1,670,431	-306,304	-386,538

Other Revenue was budgeted to increase in the current year due to the continued expansion of the academy and programs of choice offerings. However, due to the pandemic these programs were cancelled for the final quarter of the 2019/20 year. As the fees for these programs are set on a cost recovery basis and the related program costs were not incurred over the same period, this reduction in revenue does not have an impact on our overall net operating income. Academy and choice programs are anticipated to resume in September 2020.

Expenses (Schedule 2B & 2C)

Salary & Benefits

Overall, salary expenses equate to 71% of our total operating expenses, and benefits comprise 16%.

Teachers

			Variance	
Prior Year	**Budget**	**Current Year**	**CY/PY**	**CY/Budget**
31,729,972	32,833,900	33,642,219	1,912,247	808,319

Teacher salary expenses were higher than prior year due to an increase in WVS average educator salary from $75,689 to $77,132 resulting from changing staff demographics and grid movement. The variance over budget was due to the provincially negotiated salary increase of 2% July 1st, 2019, totalling $793,057, which was not included in the 2019/20 Preliminary Budget.

Principals/Vice-Principals

			Variance	
Prior Year	**Budget**	**Current Year**	**CY/PY**	**CY/Budget**
4,938,443	4,896,174	5,102,947	164,504	206,773

Administration salaries increased pursuant to further improvements in exempt staff salaries allowed by Public Sector Employers Council (PSEC) in order to address compression and retention issues.

Educational Assistants

			Variance	
Prior Year	Budget	Current Year	CY/PY	CY/Budget
5,337,699	5,621,678	5,702,202	364,503	80,524

Educational Assistant FTE varies from year to year, based upon the changing student demographic and identified needs within the classroom. Salaries were higher than the prior year and budget in part due to additional staffing added in October as needs were identified, and in part due to the 2% negotiated support staff salary lift that was implemented in 2019/20.

Support Staff

			Variance	
Prior Year	Budget	Current Year	CY/PY	CY/Budget
5,077,102	5,303,526	5,327,560	250,458	24,034

Support staff salaries increased over the prior year and budget due to a negotiated labour settlement of 2%. Additionally, the year over year increase was impacted by staffing increases in the clerical, education assistant and custodial areas.

Other Professionals

			Variance	
Prior Year	Budget	Current Year	CY/PY	CY/Budget
2,552,421	2,483,144	2,673,258	120,837	190,114

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

			Variance	
Prior Year	Budget	Current Year	CY/PY	CY/Budget
1,693,701	1,842,375	1,201,317	-492,384	--641,058

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. However, the dramatic decreases seen in 2019/20 from both the prior year and budget reflect the pandemic situation and the resulting shift to remote learning for the majority of the final quarter.

Benefits

			Variance	
Prior Year	**Budget**	**Current Year**	**CY/PY**	**CY/Budget**
12,257,942	12,651,257	12,348,758	90,816	-302,499

Benefits are budgeted using a conservative estimate of % of total salaries based on historical data, and as salaries and benefits together comprise 87% of total operating expenses, small changes can have a large impact. Changing staff demographics are a recurring factor, but the large decrease in actual over budgeted costs is reflective of the pandemic situation in the final quarter, which restricted access to extended health care providers. The small increase over the prior year is due to changing benefit rates.

Services & Supplies

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

			Variance	
Prior Year	**Budget**	**Current Year**	**CY/PY**	**CY/Budget**
10,696,463	10,326,813	9,500,307	-1,196,156	-826,506

Services

			Variance	
Prior Year	**Budget**	**Current Year**	**CY/PY**	**CY/Budget**
5,935,784	5,463,036	4,988,517	-947,267	-474,519

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, premier academy and programs of choice activities, international program activities and facilities expenditures related to maintenance and repairs. 30% of the decrease in year over year and budget is attributable to the international program, including close to $200k reductions in flow-through homestay costs due to fewer homestays and students returning to their home countries early due to the pandemic, and in agent commissions due to a reduced number of 2020/21 registrations, offset by an increase of $100k in medical fees reflecting the government's change in medical services rules, whereby international students must now pay for provincial coverage.

Reductions in facilities service costs accounts for an additional 30% decrease in services year over year, due to a number of factors, including careful budgeting, applying the operating portion of the AFG to HVAC services, savings in vehicle and equipment maintenance resulting from replacing aging vehicles last year, and no engagement of outside contractors for our grounds work (a one-time catch-up engagement in 2018/19). Facilities cost differences between current year and budget were minimal, due to extensive reviews made prior to budget to determine current rates and costs.

IT differences included an increase in computer service upgrades related to replacing IT infrastructure at Caulfeild Elementary, offset by reduced NGN costs related to internet hosting.

Pandemic related savings accounted for the majority of the remaining balance in service savings, with $200k of the difference resulting from discontinuing our academy contractors after spring break and $80k reductions in printing costs due to remote learning.

Professional Development & Travel

			Variance	
Prior Year	**Budget**	**Current Year**	**CY/PY**	**CY/Budget**
864,826	877,327	659,524	-205,302	-217,803

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 also associated with training and professional development activities, as well as travel related to WVS' international program. In all cases, related costs were significantly impacted by the pandemic due to a restriction on all non-essential travel, cessation of pro-d activities due to the need for physical distancing and an intense focus on managing the shift to remote learning, and a cessation of all overseas travel and fairs in the international department.

Supplies

			Variance	
Prior Year	**Budget**	**Current Year**	**CY/PY**	**CY/Budget**
1,684,041	1,810,808	1,760,234	76,193	-50,574

The pandemic had an impact on supplies expenses in 2019/20. Custodial supplies increased by $40k over the prior year and $21k over budget due to the purchase of additional cleaning/disinfecting products. However, this increase was offset by decreases of $44k over prior year and budget in supply purchases related to academies, which did not run subsequent to the March break, and general supplies at a district level. While classroom supplies increased over the prior year by $41k, this was due to increased enrolment, as supplies funding is allocated by the district on a per/FTE basis. Classroom supply purchases decreased from budget by $50k. Additionally, learning resources spending was down $70k from prior year and $12k from budget. Expenses not directly impacted by the pandemic include necessary replacement of janitorial and classroom equipment amounting to $37k over prior year and $21k over budget, and computer equipment expenditures for five local site servers and teacher devices that were $100k over prior year and $55k over budget. The net impact has been an increase in supplies spending over the prior year, and a decrease when compared to budget.

Utilities

			Variance	
Prior Year	**Budget**	**Current Year**	**CY/PY**	**CY/Budget**
1,194,304	1,119,558	1,164,384	-29,920	44,826

Electricity costs decreased over the prior year due to continued savings related to boiler replacement and LED lighting, which has helped to offset rate increases in this area. Gas prices increased over the prior year, so while there was a $10k decrease year over year due to pandemic-related school closures, gas still came in $45k over budget. This applied to water and sewer costs as well, with decreased usage in the final quarter providing a $11k save over prior year, but rising prices bringing expenditures $35k over budget. Garbage pickup also increased in price, leading to a $10k increase over prior year and $35k increase over budget. The net impact of changes in consumption, together with rising prices led to a net decrease in costs over the prior year, but an increase in costs over the preliminary budget.

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

Special purpose funds are targeted for specific programs and activities, and revenues are only recognized as funds are spent. Most funds are fully expended within the year received, but balances may be carried forward to offset targeted costs in future years.

Special Purpose Funds	Prior Year	Current Year	Difference	Balance	Comment
Ministry Funded					
Annual Facility Grant	267,383	267,383	-	-	Operating portion of ongoing grant
Learning Improvement Fund (LIF)	150,680	310,252	159,572	1,966	Support staff funding; includes unspent funding from 18/19
Special Education Equipment	0	4,288	4,288	0	Grant discontinued; balance now expended
Strongstart	64,000	61,627	-2,373	2,689	Expenses reduced by final quarter closure
Ready Set Learn	36,715	25,388	-11,327	9,107	Expenses reduced by final quarter closure
Official Languages Education Program (OLEP)	127,577	130,231	2,654	0	Increased funding due to enrolment increase
Community Link	251,839	255,814	3,975	0	Minor increase in ongoing grant; pays for youth workers
Classroom Enhancement Fund - Overhead	206,919	205,884	-1,035	0	Funding for increased costs associated with classroom size and composition
Classroom Enhancement Fund - Staffing	2,474,987	2,496,862	21,875	0	Provides funding for staffing related to classroom size and composition; increase due to salary increases
Classroom Enhancement Fund - Remedies	153	404	251	3,754	Remedies for classes >30; balance will be clawed back in 20/21
First Nation Student Transportation	0	9,922	9,922	7,856	New funding to assist indigenous students to get to school, extracurricular activities; unspent amount due to school closure final quarter
Mental Health in Schools	0	2,341	2,341	26,159	Funding for student mental health; unspent amount due to school closure final quarter
Changing Results for Young Children	0	8,963	8,963	28,782	New funding for early learning; unspent amount due to school closure final quarter
Professional Learning Partnership	0	0	0	10,822	Waiting for Ministry direction
Other					
Fundraising Trusts	310,791	220,901	-89,890	433,031	Spending at school discretion; varies year to year; impacted by pandemic and school closure final quarter.
Scholarships	80,123	116,136	36,013	501,666	
School Generated Funds	4,107,809	3,392,399	-715,410	1,545,670	

Statement of Operations – Capital Fund

(Schedule 4, 4D)

Ministry capital funds are received as deferred capital, and advances are drawn down as projects proceed and costs are incurred. Certificates of Approval and associated Bylaws 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), Carbon Neutral (CNCP, 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 of the year the awards are announced. 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 may be aside via an interfund transfer between the operating and capital fund to be used on specific capital projects. The district has in the past set aside a portion of the revenues generated from building leases in recognition of the wear and tear of rental operations. As locally generated revenue was decreased in the current year, and is forecast to dramatically decrease in 2020/21, all revenue has been retained within the operating fund in 2019/20 in an effort to maximize surplus to balance future budgets.

	Prior Year	Current Year	Difference	Comment
Ministry Grants Received: AFG, SEP	4,417,101	1,698,822	-2,718,279	Reduced funding pursuant to reduced 5 Year Capital Plan awards, and reduced spending in current year of grants that have been awarded

Major Capital Projects

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

5 Year Capital Plan:

School Enhancement Program (SEP) – $836,453

Ridgeview Elementary – new boiler and HVAC system (Phase I complete; Phase 2 work in process)

Playground grant – funding awarded

Chartwell Elementary – $125,00 awarded for universally accessible playground equipment; unspent at June 30, 2020

AFG (repairs/upgrades/renovations)
$702,211

District wide:

Grounds remediation
Plumbing fixture upgrades & modernization
Gymnasium floor refinishing
Playground line painting; softfall replacement
Electrical panel upgrades
Projector maintenance
Safety equipment upgrades
Regulatory inspections

Caulfeild Elementary – new boiler
Cypress Park Primary – improved drainage
Facilities Works Yard – electric security gate installation
Lions Bay – septic field remediation; tank replacement
Sentinel Secondary – exterior door replacements; field house floor remediation; library skylight remediation
West Bay Elementary – exterior stair replacement; washroom upgrade
Westcot Elementary – water main replacement; drainage and pavement replacement and remediation
WVSS North Campus – trades classroom upgrades; robotics room expansion, acid bath replacement

Carbon Neutral Capital Program – complete
$155,324

Remediation of building envelope seals – Sentinel Secondary, WVSS, Westcot Elementary

Surplus (Operations)
(Schedule 1)

West Vancouver Schools has established an accumulated operating surplus cusadministrative 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 operating surplus for 2019/20 are as follows:

	2019/2020
Reserves, July 01, 2019	**2,279,453**
Operating Surplus 2019/20	2,219,097
Transfer to Capital Fund (Capital Assets purchased from Operating funds)	- 63,964
Transfer to Local Capital	- 0
Reserves, June 30, 2020	**4,434,586**

The closing balance at June 30, 2020, 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, 2020 of $4.4m however, $2.9m is required as of June 30, 2020 to balance the 2020/21 Preliminary Annual Budget. The remaining $1.5m balance represents only 2% of our total operating expenses, and will be needed to address any additional shortfall in the 2020/21 fiscal year, as well as anticipated shortfalls in 2021/22 due to the ongoing impact of the pandemic on our international student program.

Significant Factors Bearing on Future Operations

Organizational Capacity & Sustainability

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, and integration of technology to enhance learning.

With the advent of the Covid-19 pandemic, the challenge has become to maintain this focus while delivering education under an entirely new model as required by our Provincial Health Authorities.

Using our enterprise risk assessment framework, the pandemic has/will impact our operations in the following areas:

Risk Factor #1 – International

Locally-generated revenue from our International program typically comprises 13% of our operating revenue. While very well-regarded and fully subscribed, our program capacity is limited by the availability of homestay placements, and is susceptible to changes in world economics, politics and events.

The impact of Covid-19 is particularly acute in this area, as our careful efforts to diversify the countries from which we draw students was ineffective in the face of a worldwide pandemic. Enrolment is estimated to be reduced by a minimum of 45% in 2020/21, and this drop may increase depending upon federal management of immigration and study permits. Additionally, we believe that the impact of the pandemic on our homestay availability will be felt for years to come, and we will not return to pre-covid placement levels.

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. 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 2019/20, capacity, recruitment, retention, training and experience will remain an ongoing area of focus and concern.

It is anticipated that this area will also feel the impact of the pandemic as public education is restructured in response to provincial health guidelines. The potential draw on our TTOC and casual staff resources is of particular concern as we head into the fall/winter terms under unprecedented health conditions and the continuing evolution of the province's Covid-19 response.

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 in particular funded enrolment levels. 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.

The pandemic will complicate our programming. Additionally, it is unclear at this time if we will see an enrolment reduction due to families unwilling to return to in-person instruction under the current health conditions, choosing to either homeschool or enrol in distance-learning programs through other districts.

Risk Factor #5 – Technology

Technology continues to be a critical component of modern educational practice and profoundly enhances our inquiry-based learning. Our ongoing investment in technology served the district well when the pandemic situation demanded a move to remote learning in March 2020.Technology will remain a critical part of our work as we respond to the evolving health situation and the guidance and instructions provided by the provincial health authorities and the Ministry of Education. Unfortunately, while our need to upgrade our IT infrastructure remains acute, there is currently no available funding to address it, and we do not anticipate undertaking any infrastructure projects in this regard in the 2020/21 fiscal year.

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 2019/2020, 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://westvancouverschools.ca/about-wvs/vision-values