



# **Financial Statement Discussion and Analysis**

## **For the Year Ended June 30, 2021**

**September 14, 2021**

## Introduction

The following is a discussion and analysis of West Vancouver School's (WVS) financial performance for the fiscal year ending June 30, 2021. 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. In fiscal 2020-21 WVS focused on continuing to provide innovative and comprehensive education despite the many challenges posed by the Covid 19 pandemic. While remote learning options were provided for those families that desired or needed it, students were encouraged to continue in-person learning. Teachers provided exceptional instruction and support while complying with health authority guidelines that included a switch to a quarter system, cohorts, physical distancing and the use of masks. WVS remained dedicated to student success, and continued to provide superior public education using an inquiry model and implementation of the refreshed provincial curriculum and assessment tools, continued development and adoption of technology in the classroom, physical literacy, Applied Design, Skills and Technologies (ADST) curriculum, and expanded programs of choice and academy offerings. These high-level services were provided in spite of a severe drop in international student enrolment due to shifting immigration policies and general uncertainty surrounding the pandemic conditions. The district has also made teacher recruitment and retention an important focus.

### Goal 1 – Maintaining student success

- With the support of additional per pupil funding, the continued classroom enhancement fund and supplemental Federal and Provincial covid funds, additional teachers, education assistants, and administrator resources were added
- Temporary Transition Program
  - o Dedicated teaching staff to support remote learners transitioning back to in-person learning

- Trauma informed practice to support the mental and emotional health of both staff and students
- Implementation of the refreshed curriculum and assessment directions 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
- Inclusion and Diversity:
  - Continued integration of First Nations learning principles
  - Implementation of a joint transportation plan with the Squamish Nation for on-reserve students;
  - Continued progress towards a Protocol Agreement with the Squamish Nation
  - An enhanced focus on equity, inclusion and diversity, with multiple speakers and events for staff, students and parents

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

- Increased digital resource offerings and expanded access to on-line content
- Continued FTE for specialized technology teachers providing district-wide support in the classroom
- Significant investment in refresh of district devices
- Commencement of district-wide IT infrastructure upgrade

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

- Continued growth of robotics, coding and digital arts at elementary level through Ignite Your Passions choice programming
- Continued growth of robotics academy at secondary level, including highly successful participation in both Provincial and World virtual robotics competitions

## Goal 4 – Physical literacy

- Year 5 of physical literacy initiative, including both ongoing support for elementary age program, and the first year of the secondary age program
- Ongoing assessment and review of data quantifying the success of Years 1 -4 of this program;

- Ongoing pro-d provided by our two teacher mentors, with a focus on virtual participation
- Implementation of creative and innovative strategies, including virtual participation in both general movement and skill acquisition and virtual sporting competition

## Goal 5 – Sustainable educational organization

- Significant district-wide contraction of resources in response to a 45% reduction in our International student enrolment
- Continued premier academy and programs of choice offerings, expanding into the virtual environment as necessary
- Continued educational excellence at all sites, supporting student success with both in-person and remote learning
- Significant HR focus on mental and emotional health support for staff and students
- Compliance with provincial health & safety protocols to provide safe learning environments for staff and students as they returned to the classroom
- Increased investment in supervision aides to allow for staggered outdoor breaks and address cohort and physical distancing requirements
- Cautious capital planning processes, restricting new projects to available capital funding and suspending “nice to have” upgrades in order to preserve operating funds
- Continued focus on preventative maintenance resulting in reduced operations costs while ensuring the sustainability and safety of physical assets
- Focus on health and safety in our building infrastructure, ensuring HVAC systems were modified to provide maximum fresh air circulation, and portable air purifiers were provided to all classrooms without HVAC
- Continued implementation of on-line processes, including an auto-callout process for custodial staff, which ensured efficient deployment of custodial staff to maintain the hygiene protocols necessary under pandemic conditions

## 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. In 2020/21, our staffing was further supported by the Federal and Provincial covid grants, which provided for the additional teachers, custodial and support staff necessary to support health protocols and the remote-learning Temporary Transitional Program (TTP).

### Enrolment

	Prior Year	Budget	Current Year	Variance	
				CY/PY	CY/Budget
<b>Student FTE</b>	6996.94	6945.125	6945.125	(51.815)	0
<b>Summer FTE</b>	159.06	127.688	127.688	(31.372)	0
<b>Total</b>	7156	7072.813	7072.813	(83.187)	0

### Staffing

	Prior Year	Budget	Current Year	Variance
				CY/PY
<b>Teachers</b>	418.0445	436.912	430.6912	12.6467
<b>Educational Assistants</b>	140.9995		144.1214	3.1219
<b>Support Staff</b>	114.8028	128	131.3695	16.5667
<b>Principals &amp; Vice-Principals</b>	40.94	40.2	41	.0600
<b>Other Professionals</b>	30.56	29.2	30.2	(0.360)
<b>Total</b>	745.3468		777.3821	32.0353

## Financial Highlights (Consolidated Fund Summary)

Beginning in the 2020/21 fiscal year, WVS has begun using the Amended Annual Budget for comparison purposes in the financial statements. The Amended budget is filed in February, and as it is based on actual student enrolment it reflects more accurate estimates of financial results than the Preliminary Annual Budget filed in June of the preceding year. Discussion of this presentation change can be found in Note 18 of the notes to the financial statements.

## (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 89% Ministry funding (of which 2% is associated with the recognition of deferred capital revenue), 7% International student gross revenue, 4% Programs of Choice & Academies gross revenue, and .4% miscellaneous (interest & rentals). Included in revenue is a capital loss of \$679k.

In the prior year Ministry funding comprised 82%, International was 12%, and Programs of Choice and Academies was 5%. The change year over year is due to the pandemic conditions, which included additional funding from the government and reduced International and Programs of Choice enrolment.

WVS is committed to maximizing spending in the classroom. In 2020/21, 82% of WVS consolidated expenses were associated with instruction, 4% with administration, 13% with operations and maintenance, and the remaining 1% with transportation.

	Prior Year	Budget	Current Year	Variance	
				CY/PY	CY/Budget
Revenue	87,039,864	86,107,910	84,307,824	-2,732,040	-1,800,086
Expenses	85,574,566	87,296,812	83,690,396	-1,884,170	-3,606,416
<b>Annual Surplus (Deficit)</b>	<b>1,465,298</b>	<b>-1,188,902</b>	<b>617,428</b>	<b>-847,870</b>	<b>-1,806,330</b>
Accum. Surplus – Op'g	4,434,586	4,036,599	5,706,543	1,271,957	1,669,944
Accum. Surplus - Capital	25,850,714	25,059,799	25,196,185	-654,529	136,386
<b>Total Accum. Surplus</b>	<b>30,285,300</b>	<b>29,096,398</b>	<b>30,902,728</b>	<b>617,428</b>	<b>1,806,330</b>

Decreases in current year consolidated revenue over prior year and budget arise from decreased student enrolment, in both local and international students, offset by additional covid funding support from both the provincial and federal governments, as well as funding support for negotiated labour settlements and a number of smaller special purpose grants. It should be noted however that exempt staff salary lifts continue to be unsupported by Ministry funding. The pandemic also decreased specialty academy and programs of choice revenue, and interest income associated with international student fees. Rental revenue did not decline as much as anticipated, though it remains below normal levels.

Overall salaries and benefits increased over the prior year due to negotiated labour settlements and continuing PSEC approval for modest exempt staff increases, as well as an increase in TTOC costs due to the return to in-person learning for the full 10-

month school year. However, service and supply expenses were significantly decreased in 2020/21.

The additional funding, together with significant cost cutting, combined to improve operating results for fiscal 2020/21 over both the prior year and the amended budget estimates. The net result was a return of the reserves balance to the suggested level of 3% of total operating expenses, while still providing for funds to balance the estimated operating deficit in the 2021/22 preliminary budget and fund a district-wide IT infrastructure upgrade.

Summaries of each fund are provided below:

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

### Operating Revenues:

**Provincial Grants:** The provincial per pupil operating grant was increased by \$92/FTE as a result of rolling the carbon tax grant, employer health tax grant and support staff benefits grant into the block funding, which provided an increase in basic funding despite a decline of 65 FTE in local enrolment year over year. Total provincial grant revenue was further increased by the third year of teacher labour settlement funding, and a new early career mentorship fund. These changes led to an overall 2% increase in our operating grant year over year.

Release of the operating grant holdback in May and June also increased provincial funding over the amended budget by close to \$200k

**International:** International revenues decreased by approximately 41% over the prior year, due to drop of 218 FTE related to the complications of the worldwide pandemic. This impacted both tuition fees and homestay fees, reducing International revenue by a total of \$4.1m.

**Other, Rentals, Investment:** We decreased the number of academy offerings and programs of choice in 2020/21, so while revenues were less than is typical the remaining programs operated at capacity, and revenue exceeded both the amended budget and the prior year. Elementary band presented unique challenges in the covid conditions however, and operated at a reduced level, resulting in a small reduction in fee revenue. WVS was very pleased to see the return of before/after care services in the district, and lease revenue improved over the course of the year to exceed the amended budget estimate and come close to prior year levels. Investment income was less than both budget and the prior year due to lower international fee revenue on hand associated with reduced enrolment.

### **Operating Expenses:**

Salaries and benefits accounted for 90% of total operating expenses in 2020/21.

Overall, total salaries were less than both the amended budget estimate and the prior year. While TTOC costs were higher than 2019/20, this increase was offset by reduced costs for EA's and support staff, as some of these salaries were covered by the special purpose covid funds. Benefits costs were higher than the prior year and the budget due to an increase in extended medical use as staff obtained vaccinations, health restrictions were reduced and concerns regarding covid began to decline.

To offset the 41% decline in international student revenues, spending across the district was reduced. All supplies budgets were cut by 25%, staff vacancies remained unfilled where possible, travel and professional development costs were well below normal, and costs associated with the international program, including agents' fees, homestay and travel, declined in concert with the reduction in enrolment. Incremental costs incurred in compliance with health and safety protocols were fully covered by the special covid funds provided, including all additional staffing, services, supplies, utilities and transportation.

### **Operating Fund Reserves:**

In 2019/20 WVS had an unprecedented structural surplus of \$2.2m, resulting from decreased operating expenses in the last quarter of the year due to school closure, and a delay in the impact of the pandemic on International fees. In 2020/21 revenues declined to a greater degree than expenses, but the district was still able to realize a structural surplus of \$1.27m. While less than the prior year, this was significantly higher than budgeted, as a result of lower than anticipated incremental covid costs and larger reductions in general spending. The 2020/21 contribution brings the balance of total operating reserves to \$5.7m.

In alignment with Ministry guidance and best practice, a contingency of 3% of total operated expenses will be retained in the form of unrestricted reserves of \$2.23m. Internally restricted reserves will consist of the \$2.9m currently required to balance the preliminary 2021/22 budget, along with \$480k required to fund a district-wide IT infrastructure upgrade project.



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

Typically these are flow-through funds, spent on targeted expenditures within the same fiscal year, although some carry forward 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, as well as the operating portion of the Annual Facilities Grant, early learning and French immersion program support, special education funding for Community Link and Mental Health, and First Nation Student Transportation funding. In 2020/21 WVS also received covid support under the Federal Safe Return to Class and Provincial Safe Return to School initiatives, which added an additional \$3.1m to the total provincial special purpose grants of \$6.6m.

While School Fundraising Trust revenue remained close to normal levels, School Generated Fund revenue declined by 57% due to pandemic restrictions on field trips, international travel and extracurricular sports competition and travel.

## 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. It is received as Bylaw Capital and recognized as Deferred Capital Revenue as it is expended. In 2020/21 WVS recognized \$1.5m in Bylaw Capital related to the AFG, a School Enhancement Program (SEP) project, and a Playground Grant, all received under the Five-Year Capital Plan.

There were no capital expenditures related to Operating funds in 2020/21, as purchases normally made in this manner were funded instead under the provincial and federal covid grants. A total of \$809k was capitalized from those funds, in addition to \$156k from School Generated Funds and Fundraising Trusts. Expenditures focused on technology and special education equipment.

Work in Progress was reduced by the sale of the Sentinel gymnasium structure, with the balance of \$18k representing costs incurred on Phase 1 of the West Bay building envelope project funded with a SEP grant.

## 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, 2020 and 2021, with a review of significant year over year changes discussed below.

	Prior Year	Current Year	Difference	% Change
<b>Financial Assets</b>				
Cash & Cash Equivalents	19,419,262	22,707,067	3,287,805	17%
Accounts Receivable				
Due from Ministry	168,221	68,351	-99,870	-59%
Other	797,675	978,645	180,970	23%
Portfolio Investments	51,800	27,000	-24,800	-48%
<b>Total Financial Assets</b>	<b>20,436,958</b>	<b>23,781,063</b>	<b>3,344,105</b>	<b>16%</b>
<b>Liabilities</b>				
Accounts Payable & Accrued Liabilities	6,958,402	8,236,687	1,278,285	18%
Unearned Revenue	6,500,647	6,762,160	261,513	.04%
Deferred Revenue	2,571,502	2,679,373	107,871	.04%
Deferred Capital Revenue	38,497,135	38,214,231	-282,904	-.007%
Employee Future Benefits	1,774,390	1,765,955	-8,435	-.005%
<b>Total Liabilities</b>	<b>56,302,076</b>	<b>57,658,406</b>	<b>-2,221,011</b>	<b>-4%</b>
<b>Net Debt</b>	<b>-35,865,118</b>	<b>-33,877,343</b>	<b>-1,987,775</b>	<b>-5.5%</b>
<b>Non-Financial Assets</b>				
Tangible Capital Assets	64,971,778	63,959,345	-1,012,433	-1.5%
Prepaid Expenses	1,178,640	820,726	-357,914	-30%
<b>Total Non-Financial Assets</b>	<b>66,150,418</b>	<b>64,780,071</b>	<b>-1,370,347</b>	<b>-2%</b>
<b>Accumulated Surplus (Deficit)</b>	<b>30,285,300</b>	<b>30,902,728</b>	<b>617,428</b>	<b>2%</b>

**Accounts Receivable** decreased due to scheduling the commencement of ministry-funded capital projects closer to year end, with a corresponding decrease in the amount of capital funds spent but not yet received from the ministry, offset by an increase in funds due under the international program as enrolment climbs over the prior year.

**Accounts Payable** increased due to increased costs in transportation, as well as costs incurred for the IT infrastructure project and various facilities projects close to year end.

**Unearned revenue** represents international student prepaid tuition fees for the following year, and due to increasing enrolment is higher than the prior year.

**Tangible Capital Assets** decreased due to amortization, disposal of a capital asset and a later timetable for capital projects.

**Prepaid Expenses** decreased as covid restrictions have eased and employees are resuming use of extended health benefits, with a corresponding decrease in our benefit surplus.

## Statement of Operations – Operating Fund

### Revenue (Schedule 2A)

#### Grant Revenue

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
62,962,009	63,516,871	63,698,950	736,941	182,079

Grant revenues were higher than the prior year due to an increase in per/student funding, together with increased Labour Settlement funding and the addition of Early Career Mentorship funding. The current year was higher than budget due to a release of holdback funds late in the year

#### Tuition Revenue – Summer School

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
53,600	0	41,900	-11,700	41,900

Summer school revenue represents fees paid by International students for summer school, and was less than the prior year due to decreased International enrolment. Due to uncertainties around the pandemic situation a conservative approach was taken and this revenue was not budgeted for in 2020/21.

## Tuition Revenue - International

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
10,033,226	5,527,880	5,915,533	- 4,117,693	387,653

International student enrolment was down 41% over the prior year due to the pandemic, but showed a slight improvement over budget estimates from the fall, as a higher than expected number of students enrolled mid-year.

## Other Revenue

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
1,670,431	1,586,135	1,669,099	- 1,332	82,964

Other Revenue is comprised primarily of our specialty academy fees, which remained very close to the prior year despite the pandemic conditions and cancellation of some programs. The current year performed better than budget in this area as well, though programs of choice offset the increase as some programs were affected by health and safety protocols related to covid and saw reduced activity.

## Rental & Lease Revenue

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
218,321	86,258	210,075	- 8,246	123,817

The district was very pleased to see our child care partners maintain close to normal enrolment and operations, despite pandemic conditions, with increased lease revenue as a result. Rental revenue was less robust, as the district delayed renting to outside organizations until half-way through the year, and activity remained at a very restricted level out of concern for health and safety protocols.

## Investment Income

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
278,074	150,000	166,433	-111,641	16,433

Investment income remained depressed compared to the prior year due to the decrease in International student enrolment, with a corresponding decrease in the interest earned on prepaid tuition fees.

## Expenses (Schedule 2B & 2C)

### Salary & Benefits

Overall, salary expenses equate to 72% of our total operating expenses, and benefits comprise 17%.

### Teachers

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
33,642,219	33,525,385	33,658,526	16,307	133,141

Teacher salary expenses were higher than prior year due to the provincially negotiated salary increase of 2% July 1<sup>st</sup>, 2020 and an increase in special education teachers of 5.67%, offset by a decrease in International teacher salaries of 40% resulting from the 41% decrease in student enrolment in the program.

### Principals/Vice-Principals

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
5,102,947	5,141,427	5,141,528	38,581	101

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

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
5,702,202	5,386,298	5,194,225	-507,977	-192,073

Educational Assistant FTE varies from year to year, based upon the changing student demographic and identified needs within the classroom. However, the large decrease in these costs relative to both the prior year and the budget was primarily due to shifting the cost of supervision aides to the federal covid fund. Additionally, in order to cope with decreased revenues associated with the International program, secondary lab TA time and library time was reduced in 2020/21.

## Support Staff

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
5,327,560	5,119,147	5,086,089	-241,471	-33,058

Support staff salaries decreased relative to the prior year and budget due to some custodial salaries being covered by the federal and provincial covid funds, in addition to delaying replacement of facilities staff related to retirements in an effort to balance the budget by reducing costs.

## Other Professionals

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
2,673,258	2,484,170	2,559,388	-113,870	75,218

Other Professionals salary expense decreased relative to the prior year as a result of delayed replacement of office administrative staff at secondary schools, together with a delay in filling the position of district Purchasing Manager. These decreases were partially offset by 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
1,201,317	1,579,375	1,518,096	378,058	-61,279

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 increase over the prior year is due to in-person classes running to June 30 in 2020/21, as opposed to 2019/20 where the last quarter of the fiscal year was spent in on-line learning while adjustments were made to deal with the pandemic. Our TTOC budget is always determined on a very conservative basis, as this area is unpredictable. Fiscal results in 2020/21 saw a slight decrease from what was budgeted.

## Benefits

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
12,348,758	12,576,192	12,805,547	456,789	229,355

Benefits are budgeted using a conservative estimate of % of total salaries based on historical data, and as salaries and benefits together comprise close to 90% of total operating expenses, small changes can have a large impact. Changing staff demographics are a recurring factor, but the large increase in actual over the prior year and budgeted costs is reflective of the pandemic situation as the year progressed and covid restrictions eased, resulting in an increase in employee access to extended health benefits.

## Services & Supplies

Overall, service and supply costs equated to 10% of the total operating expenses in 2020/21, a reduction of 4% over the prior year. This was due to both a concerted effort to reduce costs to offset the loss of International student revenue, as well as a shifting of some costs to the federal and provincial covid funds.

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
9,500,307	8,381,970	7,418,262	-2,082,045	--963,708

## Services

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
4,988,517	3,802,882	3,442,128	-1,546,389	-360,754

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. A large proportion of the decrease in year over year is related to the pandemic, which resulted in reduced costs in the International program. Agent fees and particularly homestay fees decreased dramatically in concert with the 41% decrease in International enrolment.

Reductions in facilities service costs year over year resulted from an ongoing preventative maintenance program and replacement of aging vehicles and elevators, all of which is contributing to reduced repairs and servicing costs. A reduction from budget results primarily from a reclassification of ministry charges related to internet hosting.

IT differences included a decrease in service costs in order to preserve operating funds for an IT infrastructure project commencing in the summer of 2021. Additionally, device replacement and upgrades were covered by federal covid funding in 2020/21.

## Student Transportation

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
396,473	565,250	570,230	173,757	4,980

The increase in student transportation costs reflects the school closure in the final quarter of the 2019/20 year, during which all bussing was suspended. In 2020/21 in-person learning was offered for the full 10 months. Actual transportation costs were higher than is shown in the operating expenses, with the cost increases associated with increased service due to covid being covered by the federal covid support provided as a special purpose fund.



## Professional Development & Travel

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
659,524	499,345	435,281	-224,243	-64,064

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

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
1,760,234	1,638,380	1,266,232	-494,002	-372,148

The pandemic continued to have an impact on supplies expenses in 2020/21. To offset decreased International student revenue, all supply budgets were cut by 25%. Additionally, 2019/20 had large one-time expenditures in custodial, classroom and IT equipment that did not occur in 2020/21. Along with reduced spending in all areas, these factors combined to make supplies spending significantly lower than in 2019/20. In addition, departments were concerned about future budgets and further reduced supply spending in an effort to conserve funds for future years, resulting in a decrease in actual expenditures over budget.

## Utilities

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
1,164,384	1,403,633	1,268,981	104,597	-134,652

Utilities costs increased over the prior year due to rate increases and higher consumption related to health and safety adjustments made in response to the pandemic. However, the cost of these adjustments was not as dramatic as expected,

and was for the most part covered by government covid support funding, resulting in a decrease over 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
<b>Ministry Funded</b>					
Annual Facility Grant	267,383	267,383	-	-	Operating portion of ongoing grant
Learning Improvement Fund (LIF)	310,252	231,166	-79,086	0	Support staff funding; prior year spend includes unspent funding from 18/19
Special Education Equipment	4,288	0	0	0	Grant discontinued; balance now expended
Strongstart	61,627	49,398	-12,229	17,291	Expenses reduced by covid-related reductions in activity, use of funds carried forward from previous year
Ready Set Learn	25,388	17,556	-7,832	25,851	Expenses reduced by covid related reductions in activity
Official Languages Education Program (OLEP)	130,231	100,783	-29,448	34,425	Expenses reduced by covid related reductions in activity
Community Link	255,814	264,859	9,045	0	Minor increase in ongoing grant; pays for youth workers
Classroom Enhancement Fund - Overhead	205,844	183,530	-22,314	0	Reduced funding for overhead costs associated with classroom size and composition
Classroom Enhancement Fund - Staffing	2,496,862	2,287,582	-209,280	0	Provides funding for staffing related to classroom size and composition; decrease due to staffing changes
Classroom Enhancement Fund - Remedies	404	1,118	251	4,606	Remedies for classes >30; balance will be clawed back in 21/22
First Nation Student Transportation	9,922	13,505	3,583	5,682	New funding to assist indigenous students to get to school, extracurricular activities; unspent amount due to pandemic
Mental Health in Schools	2,341	27,290	2,341	50,869	Funding for student mental health; unspent amounts due

					to covid carried forward to 21/22
Changing Results for Young Children	8,963	17,731	8,963	36,051	New funding for early learning; unspent amounts due to covid carried forward to 21/22
Federal Safe Return to Class Fund	0	2,647,652	2,647,652	0	Federal funding to support costs and challenges associated with covid health protocols and teaching conditions
Provincial Safe Return to School Fund	0	502,456	502,456	0	Provincial funding to support costs and challenges associated with covid health protocols and teaching conditions
<b>Other</b>					
Fundraising Trusts	220,901	230,344	9,443	514,136	Spending at school discretion; varies year to year; significant impact on school trips and extracurricular activity by pandemic
Scholarships	116,136	139,144	23,008	495,732	
School Generated Funds	3,392,399	1,475,505	-1,916,894	1,469,632	

## 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 an associated Bylaw 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(PG)). 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. However, in 2020/21 the SEP fund for the Ridgeview HVAC Phase II project was allowed to carry forward to September 30, 2021 in the amount of \$29k, due to difficulties in sourcing materials and performing work under covid conditions.

Funding is received as deferred capital, and is recorded as deferred capital contributions as it is spent. Where a project has not been completed by June 30, the expenditures are recorded to Work in Progress rather than Capital Additions.

#### Schedule 4C - D – Capital Grants

	Prior Year	Current Year	Difference	Comment
<b>Ministry Grants Received: AFG, SEP, PG</b>	1,698,822	1,561,401	-137,421	Varies year to year depending upon funding awarded under capital plan, and timing of capital work.

#### Schedule 4B –Work in Progress

	Prior Year	Current Year	Difference	Comment
<b>Work in Process</b>	825,493	18,725	- 806,768	WIP reduced by completion of Ridgeview SEP Phase 1 and sale of Sentinel gym, balance is West Bay BEP Phase 1.

#### Schedule 4A – Tangible Capital Assets

	Prior Year	Current Year	Difference	Comment
<b>Net Capital Assets</b>	64,971,778	63,959,345	-1,012,433	Reduced by amortization, deemed disposals, and sale of SE gym; increased by SEP, PG, AFG and special purpose fund purchases.

#### Schedule 4 – Schedule of Capital Operations

	Prior Year	Current Year	Difference	Comment
<b>Total Capital Surplus (Deficit)</b>	25,850,714	25,196,185	- 654,529	Reduced by amortization, deemed disposals, and sale of SE gym; increased by SEP, PG, AFG and special purpose fund purchases.

## Major Capital Projects

The following is a summary of major capital projects undertaken throughout the year, funded by grants pursuant to the 2020/21 5 Year Capital Plan submission:

### School Enhancement Program (SEP) – \$855,367

Ridgeview Elementary – new boiler and HVAC system (Phase 2) \$836,642  
West Bay Elementary – building envelope (Phase 1) \$18,725

The two-phase HVAC and boiler upgrade/replacement project at Ridgeview Elementary was very close to completion as of June 30. Delays due to covid-related supply chain issues and labour shortages delayed completion earlier in the year.

A building envelope renewal project was begun at West Bay Elementary school, using funding awarded under the 2021/22 5 Year Capital Plan. A small amount has been recorded in Work in Process (WIP) for financial statement purposes, and will be recognized when the project is completed in 2021/22.

### Playground grant – \$125,000

Chartwell Elementary updated their playground with universally accessible equipment using the \$125,000 grant they were awarded pursuant to the 2020/21 5 Year Capital Plan.

### AFG (repairs/upgrades/renovations) - \$581,034

#### **District wide:**

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

#### **Highlights include:**

Bowen Island Community School – septic tank removal, soft-fall replacement  
Caulfeild Elementary – tree clearing, door and window refurbishment and repair  
Chartwell Elementary – playground upgrade  
Eagle Harbour Primary – engineering report on HVAC system installation  
West Bay Elementary – tree clearing, soft-wall replacement  
Westcot Elementary – library floor renewal and upgraded library fixtures

Rockridge Secondary – elevator replacement, tree clearing  
Sentinel Secondary – exterior painting, heating repairs, elevator and boiler room repairs  
WVSS North Campus – exterior cafeteria deck upgraded; carpenter shop modifications

Through careful planning and project management, our facilities department succeeded in restricting projects to the amount of 2020/21 available AFG funds. This leaves the full amount of the 2021/22 AFG grant available for projects in the 2021/22 fiscal year.

## Sentinel Gymnasium Structure

As Sentinel Secondary School's enrolment is typically over-capacity for the site, a project was undertaken in 2018 to augment the school's main gym and adjacent field house with a third gym structure. Local rental revenue was set aside in Local Capital for several years to fund the anticipated cost of approximately \$800k. The planned structure consisted of a steel frame and insulated fabric cover, and its manufacture began in 2018. However, by 2019 it became clear the district had been badly misinformed both with respect to the total cost to erect the structure in compliance with the local building code, and the feasibility of upgrading the site's hydro service to accommodate the additional load. The final cost was estimated at upwards of \$2m, and the district did not have sufficient resources to fund a capital project of this magnitude. The project was cancelled rather than put the financial sustainability of the district at risk. While the fabric of the structure had yet to be manufactured, the steel frame had been built and paid for and substantial funds invested in architectural and engineering fees. The resulting cost of \$748k remained in Work In Progress until the sale of the steel frame in the current year. The sale resulted in a capital loss of \$678k in 2020/21, with an addition to Local Capital of \$75k, which will be used for a capital project at Sentinel to be chosen at the discretion of the site administrator in consultation with our facilities department and district leadership team.

## Surplus (Operations) (Schedule 1)

West Vancouver Schools has established an accumulated operating 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 Finance Committee reviews our surplus position as part of their review of our audited financial statements, and their recommendations to the Board, together with their recommendations with respect to WVS' annual budgets, determine the future use of surplus funds.

Changes in accumulated operating surplus for 2020/21 are as follows:

	2020/21
<b>Reserves, July 01, 2020</b>	<b>4,434,586</b>
Surplus for the year ended June 30, 2021	1,271,957
<b>Reserves, June 30, 2021</b>	<b>5,706,543</b>

The closing balance at June 30, 2021, is available for future years. Use of reserves during the 2021/22 fiscal year will be determined as part of the amended budget process in the fall of 2021. However, as at July 01, 2021, anticipated use of reserves is as follows:

	2021/22
<b>Reserves, July 01, 2021</b>	<b>5,706,543</b>
<b>Internally Restricted:</b>	
Balance Preliminary Budget 2021/22	- 2,999,861
Infrastructure Upgrade	- 480,863
<b>Unrestricted (3% of Operating Expenses):</b>	<b>2,225,819</b>

## 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 refreshed curriculum and reporting models, teacher professional development and collaboration, staff recruitment and retention, and integration of technology to enhance learning.

With the advent of the Covid-19 pandemic, the challenge was 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/continues to 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 (only 8% in 2020/21). 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 was reduced by 45% in 2020/21 compared to the prior year due to a number of pandemic-related factors: general uncertainty over health conditions, issues with the availability and timing of study permits and related border closures, and reduced worldwide family income. The pandemic also had an adverse effect on our homestay availability, as age restrictions imposed by the provincial health authority reduced our number of eligible homestay placements, and concern and challenges associated with quarantine requirements and perceived health risks further discouraged residents from hosting international students. We anticipate that it will take several years for both our international enrolment and our homestay availability to reach pre-pandemic levels.

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

Provincially, the teacher demand has exceeded supply in many specialty areas and for on-call teachers in recent years. While our district enjoys an excellent reputation and we were successful in fully staffing all enrolling and non-enrolling positions in 2020/21, capacity, recruitment, retention, training and experience will remain an ongoing area of focus and concern.

However, while we anticipated a significant impact from the pandemic as public education was restructured in response to provincial health guidelines, we were in fact able to retain sufficient staff resources, including our TTOC and casual staff, to successfully offer and support both in-person and remote learning



## Risk Factor #4 – Financial

84% of our operating revenue is provided through Ministry funding (89% in 2020/21). Accordingly, we have exposure to shifts in the Ministry's mandate, government policy, and in particular funded enrolment levels. While our local enrolment maintains 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 destination district.

While the pandemic complicated our programming and we experienced a minor reduction in enrolment due to families unwilling to return to in-person instruction under the pandemic conditions, most such families chose to participate in our remote temporary transition program rather than enrolling 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. The pandemic conditions, demanding a mix of in-person and remote learning, only magnified the importance of technology and presented a significant challenge. It was met with determination by our teaching staff, who collectively supported one another in growing their personal technical skills and developing and improving delivery of remote instruction. The district made significant investments in a refresh of personal devices and computer lab equipment, and also began a district-wide upgrade of our IT infrastructure to address ongoing issues with band width and connectivity. Using federally-provided covid funding the equipment for this upgrade was purchased in the 2020/21 fiscal year, and installation will take place at the beginning of 2021/22.

## 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 2020/21, 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>