



# FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2019

School District No. 37 (Delta)

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The following is a discussion and analysis of the School District's financial performance for the fiscal year ending June 30, 2019. This report is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. The results of the current year are discussed in comparison with the prior year and budget. This report should be read in conjunction with the School District's financial statements for this same period.

The Delta School District is a leading district for innovative teaching and learner success. We are a District of 15.7 thousand student FTE and a headcount of approx. 2,600 staff. The District's 31 schools, located in Ladner, North Delta, and Tsawwassen, nurture caring relationships, connections and a sense of belonging to our local and global communities. The District's mission is to enable all learners to succeed and contribute their full potential to the future. We value Caring, Respect, Responsibility, Community and Excellence.

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DELTA FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

## Vision

**The Delta School District is a leading district for innovative teaching and learner success.**

### Vision Subthemes

1. Students are engaged through stimulating, relevant and inspiring educational experiences that ignite a lifelong passion for learning.
  1. Multiple pathways to learner success
  2. Sustainable, accessible technology supports innovative instruction
  3. Education takes place in all parts of the community
  4. Teachers work collegially to use best practices
2. Learners are fully prepared and empowered to contribute their personal best to society and become tomorrow's citizens and leaders.
  1. Engaged and inspired learners achieve success
  2. Delta graduation rates soar!
  3. Well-rounded global citizens emerge from our schools
3. Our schools nurture caring relationships, connections and a sense of belonging to our local and global communities.
  1. Safe and supportive learning community
  2. A culture of inclusion

## Our Mission

**To enable all learners to succeed and contribute their full potential to the future.**

## Our Values

### **Caring, Respect, Responsibility, Community, and Excellence**

- **CARING:** Compassion, Empathy, Acceptance, Dedication
- **RESPECT:** Equality, Fairness, Dignity, Inclusion, Trust
- **RESPONSIBILITY:** Integrity, Accountability, Social Responsibility, Safety
- **COMMUNITY:** Teamwork, Partnership & Collaboration, Connectedness
- **EXCELLENCE:** Innovation, Creativity, Achievement, Engagement

## Academic Achievements for the Year

In 2017, the District engaged schools in a planning process to identify key school and district goals under the Ministry of Education's new Framework for Enhancing Student Learning (FESL). Most of 2017 was an opportunity for school teams to work collaboratively to identify key student learning needs at the school that required further focus and improvement. In the fall of 2017, schools provided their school goals to the District for review and a scan of the school goals resulted in four key goal areas that formed the District FESL (See below).



The 2018-19 school year focused on the implementation of the FESL goals at the District and School level. The zone Assistant Superintendents guided School leaders in implementing the school goals with a focus on measurement and evidence. At the District level, District leaders were assigned to each of the four goal areas to lead the steps required to achieve these goals. During this year, the District will maintain a strong focus on tracking data associated with each of the goals.

#### Literacy Initiatives:

2018/19 was a significant year for literacy in Delta. One of the four goals of the district FESL (Framework for Enhancing Student Learning) - 'all students reading at grade level by grade 3' was introduced to the District. As part of this a number of supports were initiated:

Professional Literacy Communities Program - 8 elementary schools were identified as having the highest percentage of struggling readers. These 8 schools were invited to participate in the district PLC program that involved teachers collaboratively examining evidence of student literacy, implement new literacy strategies and checking for impact.

#### Coordinator of Inquiry (COI) Program

The COI Program continued in 2018-19 - marking the 8th year this initiative in Delta. The COI program continues to deepen in impact, and broaden in the number of teachers participating in school inquiries. The year-end celebration videos from this year highlighted a significant shift in a couple of areas:

- (1) more focus on core instruction (reading, math, etc.)
- (2) more focus on measurable impact.

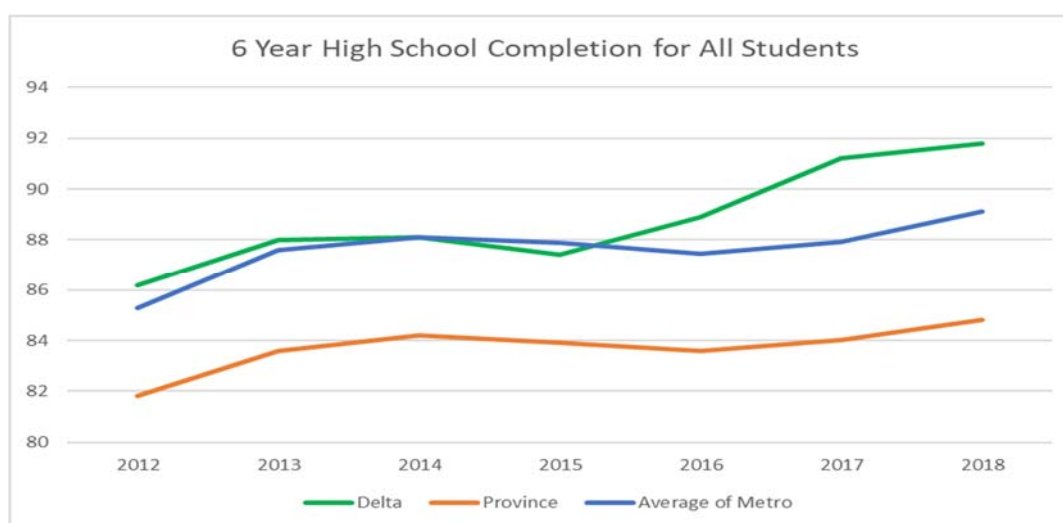
Also this year, the COI structure at Secondary Schools saw some changes. Two schools (Seaquam Secondary School and Sands Secondary School) moved away from having just one COI position, instead using the COI funds as a way to build leadership across a team. This new approach is showing great promise towards greater impact at secondary schools, where the COI program has had led impact so far.

#### Other New CIA Initiatives in 2018/19

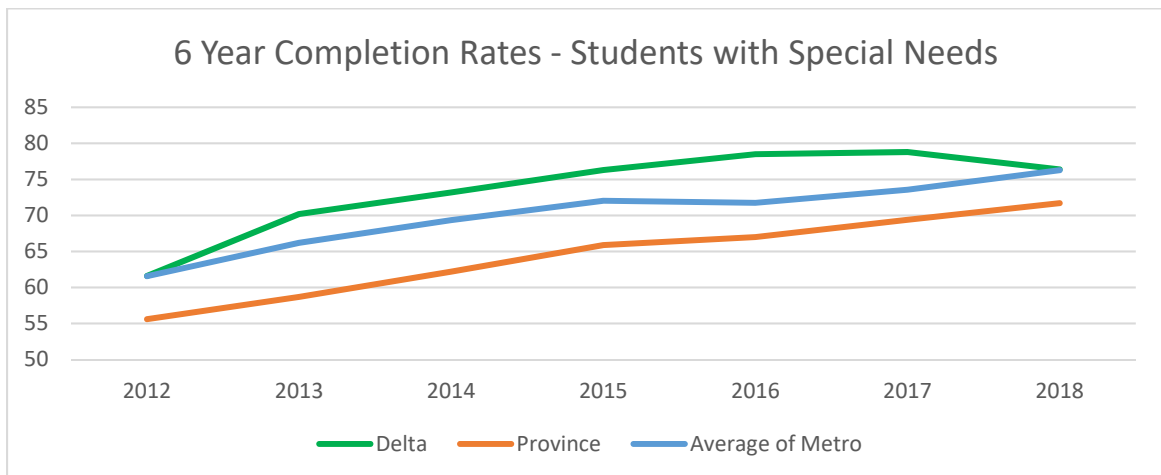
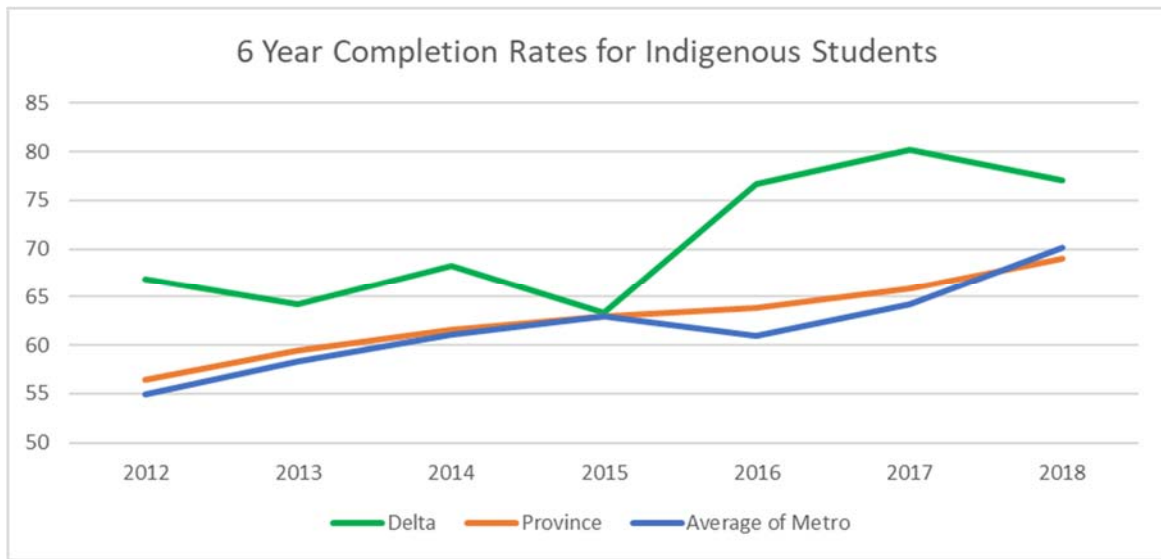
Story Studios (place-based, student-centred literacy rooms designed to inspire student engagement in storytelling), Creation of Decision Skills, an initiative for the creation and testing of a resource to support students learn the process of effective decision making (<https://deltalearns.ca/decisions/>), MyBlueprint (an online tool used by Secondary schools as a Career Education support and portfolio space), Numeracy Framework (a teacher support tool for Numeracy). Support was also given to the new curriculum areas across K-12.

#### 6 Year Completion Rates

A particular highlight for the 2018/19 school year was a significant increase in our Six Year Completion Rate (Graduation) for District students overall. Rates for students of Indigenous ancestry as well as students with identified special needs ranked above the Metro and Provincial Completion Rates. Please note that in 2018/19 we received the data for 2017. Thus, this reflects the most current information we have available, as shown below.







## Financial Highlights

### About BC School District Financial Statements

BC School District financial statements are prepared in accordance with section 23.1 of the Budget Transparency and Accountability Act of the Province of BC which requires that financial statements are prepared in accordance with Canadian public sector accounting standards with some exceptions as explained in Note 2 to the financial statements. Public sector accounting emphasizes accountability, not profitability. **School District Financial Statements have a prescribed common format** and they are consolidated into the Provincial Financial Statements.

Further, **Financial Statements of BC School Districts are reported as a consolidation of three separate funds: Operating, Special Purpose and Capital.** In the financial statements, these three separate funds are reported collectively in statements 1 through 5 and separately in schedules 2 (Operating Fund), 3 (Special Purpose Funds) and 4 (Capital Fund). To gain a full understanding of statements 1 through 5, it is important to also review each of the funds separately.

## Change in Enrolment

### **It all starts with our Students**

BC Education funding is largely enrolment driven. Enrolment related funding made up 95.6% of the District's 2018-19 Ministry Operating Grant and 70.9% of overall District revenue. Shifts in enrolment can have significant impacts on school district operations.

### **Student Enrolment**

The Delta School District's FTE enrolment presently ranges upward of 15.7 thousand students of which 99% are school-aged K-12 students. The 2018-19 school-aged enrolment increased over budgeted projections by 45.75 FTE and over the prior year by 55 FTE. There was a decrease in Adult students of (21.375) FTE compared to the Amended budget and of (12.75) FTE compared to the prior year. These decreases are considered to be related to a combination of an increased graduation rate within the Delta School District and the continued challenge with housing affordability in the lower mainland area. Summer School enrolment, having decreased by (18.75) student FTE from the prior year was exactly on budget. The decrease from the prior year is possibly related to a reduction in the number of Provincial exams written. Overall, enrolment changes for 2018-19 did not have a significant impact on operations.

DELTA SCHOOL DISTRICT - #37							
Overall Student Enrolment							
AS AT JUNE 30, 2019							
	Total 2018-19	A. Budget 2018-19	Total 2017-18	\$ Variance from A. Budget	Variance from Prior Year		
School Age	15,497.4388	15,451.6890	15,442.4375	45.750	0.3%	55.001	0.4%
Adult	53.0000	74.3750	65.7500	(21.375)	-32.5%	(12.750)	-17.1%
Summer School	178.2500	178.2500	197.0000	-	0.0%	(18.750)	-10.5%
Total	15,728.6888	15,704.3140	15,705.1875	24.375		23.501	

### **...and the Students within our Students**

Currently, BC's Ministry of Education provides additional supplemental funding for students meeting Ministry special needs designation criteria. These Ministry of Education special needs designations are grouped into three categories with associated funding amounts.



### Categories and funding amounts include:

- **Level 1 designations** include physically dependent (A) and deaf blind (B) students; Funding Amount: \$38,800
- **Level 2 designations** include moderate to profound intellectual disability (C); physical disability/chronic health impairment (D); visual impairment (E); deaf or hard of hearing (F); autism spectrum disorder (G) students; Funding Amount: \$19,400
- **Level 3 designations** include students requiring intensive behavior interventions or students with serious mental illness (H); Funding Amount: \$9,800
- **Unfunded Ministry of Education Special Needs designations** include mild intellectual disability (K); students requiring moderate behavior support or students with mental illness (R); gifted (P); or learning disabilities (Q).

Students enrolled in September are funded the full amount. Students enrolled after September are counted in February and are funded half of the full-year amount.

Additionally, the Ministry of Education provides funding for students identified as English Language Learners (ELL) at \$1,420, for students with Indigenous Ancestry at \$1,230, for Newcomer Refugees at \$3,712 and for Adult Students at \$4,696.

Student enrolment varies from school year to school year. The total number of students with Level 1, 2 and 3 Ministry special needs designations, and the variation in the amount of students within the three levels, determine the amount of Ministry funding received.

The nature of the supports that students require also varies from school year to school year and as a result, so do the associated costs for providing students with the required supports and services.

The Ministry funding levels do not reflect and do not provide for the full spectrum and associated cost of addressing actual student learning needs.

- **For example**, in a given school year the number of students identified with Level 2 designations may decrease, resulting in less funding than the previous school year while, at the same time, the costs to provide student supports and services may increase as the number of students requiring intensive and costly supports in this category may increase.
- **For example**, an increase in students with Level 3 Ministry designations is often associated with an increase in complex and costly support needs. A student with a Level 3 designation may require a full complement of supports including counsellor, specialized teacher and full time EA support. For example, a full time EA support is provided at a cost of \$50,000 per school year, as compared to supplemental funding of \$9,610 for a Level 3 student.

The types and amounts of support services for individual students is driven by their Individual Education Plans, not by the Ministry designation category.

## Unique Student Need Enrolment

In 2018-2019, enrolment for students identified with Level 1, 2 and 3 Ministry designations increased by 57 students over the prior year. As a result of the increased enrolment and an increase in the per pupil amounts, funding increased by \$1.835 million. This was the second school year with an increase in the number of students identified with Ministry designations. The actual enrolment of students identified with Level 1, 2 and 3 designations was also higher than projected. This in turn resulted in increases in EA and specialized teacher FTE.

ELL Students increased by 101 student FTE and there was an increase of 15 students with Indigenous Ancestry.

**The table below shows 2018-19 v. 2017-18 Enrolment for Designated Students:**

ENROLMENT FOR STUDENTS WITH UNIQUE STUDENT NEEDS	2018-19			2017-18			2018-19 v. 2017-18	
	FTE	\$ / ea	Total Revenue	FTE	\$ / ea	Total Revenue	FTE	Revenue
Level 1 Students - Sep	11.000	38,800	426,800	10.000	38,140	381,400	1.000	45,400
Level 1 Students - Feb	1.000	19,400	19,400	-	19,070	-	1.000	19,400
Level 1 Students - Total	12.000		446,200	10.000		381,400	2.000	64,800
Level 2 Students - Sep	696.000	19,400	13,502,400	621.000	19,070	11,842,470	75.000	1,659,930
Level 2 Students - Feb	25.000	9,700	242,500	14.000	9,535	133,490	11.000	109,010
Level 2 Students - Total	721.000		13,744,900	635.000		11,975,960	86.000	1,768,940
Level 3 Students - Sep	436.000	9,800	4,272,800	418.000	9,610	4,016,980	18.000	255,820
Level 3 Students - Feb	7.000	4,900	34,300	56.000	4,805	269,080	(49.000)	(234,780)
Level 3 Students - Total	443.000		4,307,100	474.000		4,286,060	(31.000)	21,040
ELL	1,619.000	1,420	2,298,980	1,518.000	1,395	2,117,610	101.000	181,370
Indigenous	589.000	1,230	724,470	574.000	1,210	694,540	15.000	29,930
Newcomer Refugees	3.000	3,712	11,136	8.125	3,651	29,664	(5.125)	(18,528)
ELL Supplement for Refugees	3.000	710	2,130	6.000	698	4,188	(3.000)	(2,058)
<b>Sub-total</b>	<b>3,390.000</b>		<b>21,534,916</b>	<b>3,225.125</b>		<b>19,489,422</b>	<b>164.875</b>	<b>2,045,494</b>
Unfunded Students	1,055.000			1,058.000			(3.000)	-
<b>Total Enrolment &amp; Funding</b>	<b>4,445.000</b>		<b>21,534,916</b>	<b>4,283.125</b>		<b>19,489,422</b>	<b>161.875</b>	<b>2,045,494</b>

### Why was actual enrolment for the 2018-2019 school year higher than anticipated?

- Increased motivation for schools and caregivers to pursue designations as a result of reinstated contract language
- Improvements made to District processes for the assignment of designations
- Migration into the District - from out-of-District student waitlists

**Note:** The 2018-2019 school year was the second school year in a row following the reinstatement of contract language in which the actual number of students enrolled was higher than projections.

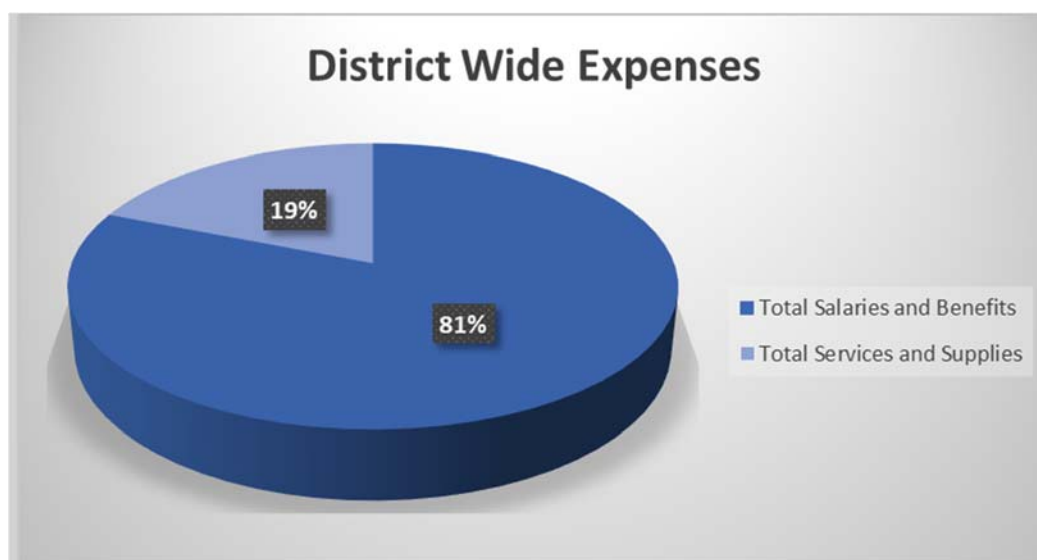
During the 2018-2019 school year, Inclusive Learning continued to prioritize staffing, learning resources and professional learning activities in pursuit of the goal of inclusion, equity and the success of all students. With this in mind, Inclusive Learning maintained an array of Kindergarten to Grade 12 support programs offered through the tiers of universal support strategies, more targeted supports and highly individualized supports.

As the School Based Team processes associated with the reinstated contract language were implemented with increasing frequency across Delta schools, additional Education Assistant, Child and Youth Care Worker and Teacher staffing allocations were made to schools. In many cases, challenges in recruitment resulted in School Based Team staffing allocations remaining unfilled throughout the school year.

Throughout the 2018-19 school year, Inclusive Learning provided a range of professional learning opportunities with the goal of continuing to build system-wide capacity to achieve inclusion, equity and student success. Some examples include the School District working with experts in the field of inclusion such as Shelley Moore, University of British Columbia and Dr. Ross Greene, Harvard Medical School, Virginia Tech.

## Change in Staffing

The Majority of School District funding is expended on staffing costs. In 2018-19, 81% of total District expenditures were staffing related.



## Teachers

In 2018-19, hiring for positions requiring special qualifications, such as French Immersion, Tech and Inclusive Learning, had become especially challenging. Delta, along with many other British Columbia School Districts, is increasingly looking for opportunities to recruit Teachers from all over BC and from outside of the Province. This has resulted in greater staff time and expenditures for recruitment and retention.

In 2017-18, increases in Teacher FTE positions were related to the rollout of the Supreme Court decision dated March 2017, which restored the substantive collective agreement language back to the levels established in 2002. In 2018-19, three Special Purpose Funds, named Classroom Enhancement Fund –

Staffing (Teachers), Classroom Enhancement Fund – Overhead and Classroom Enhancement Fund – Remedies, were provided by the Ministry of Education to fund cost increases resulting from the rollout. Funding for the same number of Teachers as in 2017-18 was provided in the Classroom Enhancement Fund – Staffing for 2018-19. The funding for this was fully spent. More on Classroom Enhancement Funding will follow in the Special Purpose Fund section.

## Teachers Teaching on Call (TTOC's)

TTOC's are included in the Substitute Labour category, which also includes casual EA's, Clerical, Maintenance and Custodial labour.

Shortages from increased Province-wide demand for TTOC's due to the restored collective agreement language, still continued to create pressure on the system in 2018-19. TTOC's provide release time in the case of Teacher Illness and to cover Teacher collaboration and professional development initiatives. The 2018-19 levels of TTOC spending in the Operating Fund, for the mentioned categories, matched the prior year within (\$11) thousand but came in below the amended budget by (\$202).

Since 2017-18, the class size and composition restored language provides Teachers with relief where certain threshold of class size or class compositions have been reached. This relief, referred to as "remedy" can be provided to Teachers in a number of variations, including TTOC release time and pooled minutes to create posted positions. With TTOC's still in short supply an amount of \$984 thousand in unutilized remedy time remained unspent at year-end.

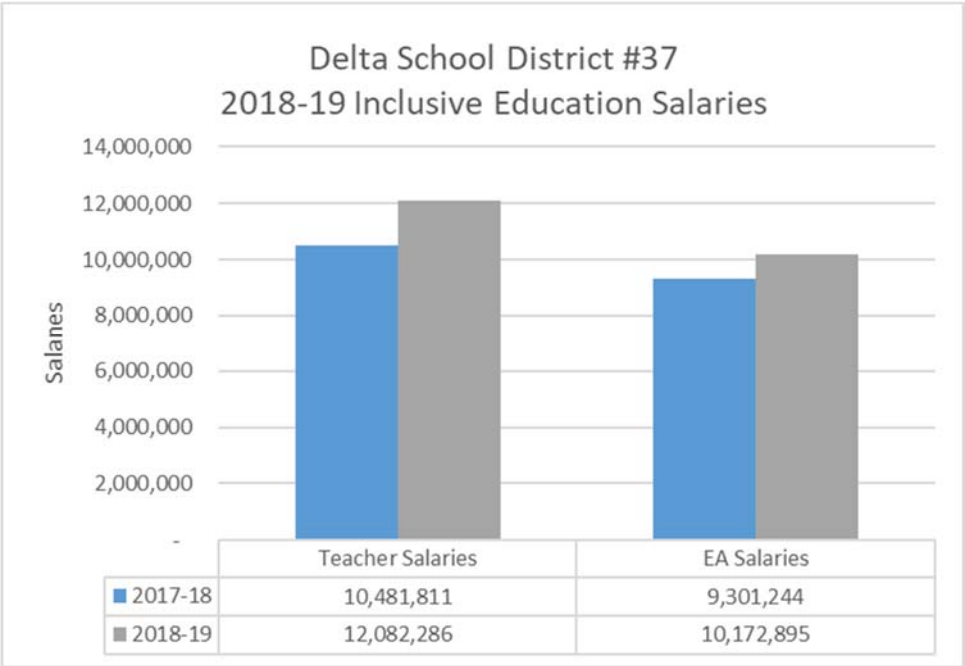
## Education Assistants (EA's)

The Education Assistants category includes Child and Youth Care Workers. Education Assistants and Child & Youth Care Workers are employed in a variety of Education areas in the District, including Inclusive Education (89%), Career Programs, the International Student Program, in Continuing Education and in a variety of Education Programs, including English Language Learners (ELL) and Indigenous Education.

As already mentioned, 2018-19 enrolment numbers for students with unique student needs increased compared to the prior year (please refer to pages 7-10 for details). These increases were largely anticipated. Also anticipated was an increase in momentum in the use of the restored substantive collective agreement language regarding school-based teams. In fact, school-based-team requests began to exceed the provincial Classroom Enhancement funding available to the District for this purpose, resulting in some costs having to be absorbed by the District's Operating Fund. As with Teachers, Delta's increasing need for Education Assistants is shared with other Districts, leading to significant recruitment challenges.

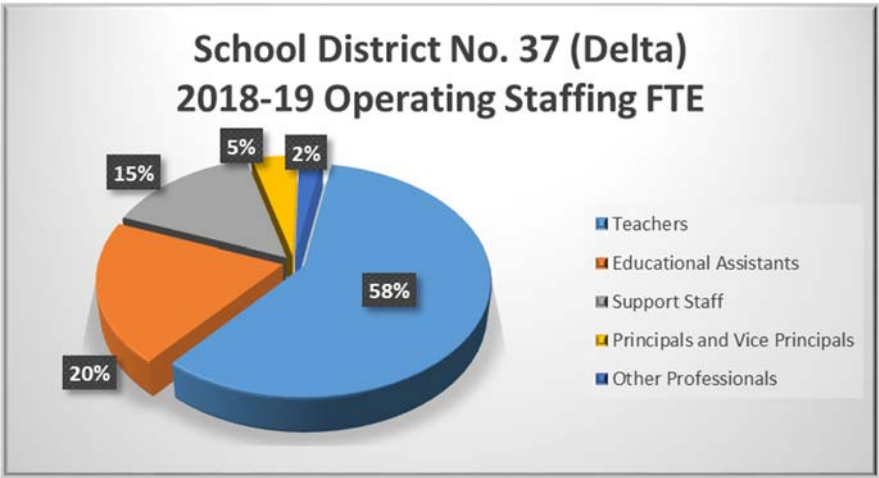
In combination, increasing enrolment and school-based team costs absorbed from the Classroom Enhancement fund resulted in some 2018-19 EA Operating overspending to budget and a significant increase in EA Operating spending compared to the prior year.

In spite of staffing shortages, great efforts were made to keep positions for students with special needs staffed throughout the year. These efforts showed promising results. The chart below shows increases in Teacher staffing and Education Assistants as a result of increased special needs enrolment.



### Overall Staffing Composition

At 58%, the largest contingent of the 2018-19 District staffing consisted of Teachers, followed by Education Assistants, who made up 20% of the District’s staffing FTE, and Support Staff at 15%. Principals and Vice Principals made up 5% of overall staffing and Other Professionals, who include Management and Trustees, made up 2% of the FTE distribution (please see below).



## Operating Accounts

The circumstances of 2018-19 resulted in an **Operating Deficit of (\$1.483) million**. The impact of the Operating Deficit **decreased the Operating reserve from \$17.032 million to \$15.548 million**.

### The primary factors that had a mitigating effect on the Deficit:

- Strong International Education enrolment – Program Contribution over Expectation: \$2.118 million
- Timing of Capital projects (in the summer rather than before year-end)
- Some underspending in Facilities, Technology (timing) and to a lesser extent Inclusive Education
- Late timing of receipts of Ministry funding or funding over expectation in the amount of \$128 thousand
- An unbudgeted partial receipt of Employer Health Tax funding of \$389 thousand
- An Increase in Ministry Funding for designated students due to increased late enrolment of \$365 thousand
- An Increase in Investment income of \$168 thousand.

### The primary factor that contributed to the Deficit:

- A **one-time** retroactive adjustment of \$5.458 million for a rate differential since the inception of the District's contract with the provider of its' thermal energy plant stemming from a BC Utilities Commission regulatory process (please see note: 9 to the Financial Statements for more information).

DELTA SCHOOL DISTRICT - #37					
Operating Fund Net Change					
AS AT JUNE 30, 2019					
	Total 2018-19	A. Budget 2018-19	Total 2017-18	\$ Variance from A. Budget	Variance from Prior Year
Total Revenue	163,581,138	159,827,670	158,173,893	3,753,468	5,407,245
Total Expenses	163,367,441	158,012,460	151,123,748	5,354,981	12,243,693
Net Change	213,697	1,815,210	7,050,145	(1,601,513)	(6,836,448)
Total Net Transfers	(1,696,961)	(2,287,227)	(2,014,950)	590,266	317,989
Total Net Change	(1,483,264)	(472,017)	5,035,195	(1,011,247)	(6,518,459)
Acc. Surplus Opening Balance	17,031,693	17,031,693	11,996,498	-	5,035,195
Acc. Surplus Ending Balance	15,548,429	16,559,676	17,031,693	(1,011,247)	(1,483,264)



## Special Purpose Funds

Special Purpose Fund financial statement schedules provide information on “restricted contributions” where the term “restricted contributions” is defined as legislative or contractual stipulations, or restrictions, as to the use of funds. This, among other funds, includes funds that are designated to be Special Purpose Funds by the Ministry of Education (e.g.: Annual Facilities grant) and it includes Scholarship Funds.

At the beginning of the year, the District’s Special Purpose Funds had a combined opening balance of \$4.267 million. Receipts of \$19.622 million and spending of \$19.595 million resulted in an \$28 thousand increase in the balance to be carried forward. The carry forward balance was \$4.295 million as at June 30, 2019. For more information, please see the section called “Financial Analysis” Subsection “Special Purpose Funds” on page 27.

<b>DELTA SCHOOL DISTRICT - #37</b>			
<b>Special Purpose Funds</b>			
<b>AS AT JUNE 30, 2019</b>			
	<b>ACTUAL</b>	<b>Prior Year</b>	<b>Variance from Prior Year</b>
Provincial Grants - Ministry of Education (net)	13,439,040	12,417,222	1,021,818
Provincial Grants - Other	164,008	99,397	64,611
Other	5,992,047	5,685,968	306,079
Investment Income	27,180	15,158	12,022
Total Restricted Grants	19,622,275	18,217,745	1,404,530
Allocated to Revenue	19,594,555	18,154,818	1,439,737
<b>Total Net Change</b>	<b>27,720</b>	<b>62,927</b>	<b>(35,207)</b>
Beginning Balance	4,266,845	4,203,918	62,927
Ending Balance	4,294,565	4,266,845	27,720

## Capital Accounts

Capital Fund financial statement schedules provide information on the District’s tangible capital asset acquisitions and the net book value of these acquisitions. Additionally, these schedules provide information on externally restricted capital revenues provided to the District for the acquisition of tangible capital assets, and on funds transferred in from the operating or special purpose funds for the purpose of acquiring tangible capital assets.

During the year ended June 30, 2019, the District invested \$6,368,606 in capital assets and capital leases.

Funding used to make these additions possible consisted of the following sources: \$4.491 million from the Ministry of Education, \$1.683 million from District Operating Funds, and \$195 thousand from Special Purpose Funds and other sources.

The funding was used to make \$4.818 million in building and playground upgrades, invest \$718 thousand in technology and technology infrastructure projects, \$193 thousand in facilities equipment replacements and \$612 thousand in capital lease payments.

## Financial Analysis of the School District

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### Statement of Financial Position

**Definition:** “An overarching statement that summarizes an entity’s financial position. It presents an entity’s financial assets and liabilities at a point in time. The statement layout provides two key performance measures of the entity’s ability to finance its operations and provide future services”. (Quoted from: “Understanding Canadian Public Sector Financial Statements” by the Office of the Auditor General of BC)

The two financial measures are: 1) Net Financial Assets (Debt) and 2) Accumulated Surplus (Deficit).

#### **1) Net Financial Assets (Debt)**

“Net debt is a term that is unique to public sector financial reporting. It is the difference between an entity’s financial assets and liabilities at a point in time. This performance measure provides readers with important information regarding the entity’s requirement to generate future revenues to fund past services and transactions.” (Quoted from: “Understanding Canadian Public Sector Financial Statements” by the Office of the Auditor General of BC)

School Districts will show a “net debt” position due to the funding provided, primarily by the Ministry of Education, for large capital projects and school acquisitions, but also by other external Ministries and organizations. These types of funding carry the term “Deferred Capital Revenue”. Differently from a debt, these contributions do not have to be repaid but are amortized over time. A net debt position therefore is not an indicator of insufficient financial assets to settle existing liabilities.

When District net debt is offset by non-financial assets, which include net capital assets, the resulting positive measure denotes a District’s accumulated surplus. Under the School Act, School Districts must not incur any accumulated deficits.

#### **2) Accumulated Surplus (Deficit)**

An accumulated surplus position means that a district has net positive resources for the provision of future services. District-wide “Accumulated Surplus” consists of “Accumulated Operating Surplus” and “Accumulated Capital Surplus”.

Conceptually, special purpose funds do not incur surpluses because the deferred revenues remaining in these funds are liabilities that are owing back to the provider of the funds in the event that the stipulations attached to the funds are not met.

As an exception, when special purpose funds make capital expenditures, they create a surplus by recognizing more revenues than expenses. This surplus is then transferred to the capital fund in payment of the capital acquisition (see Schedules 3 and 3a). The revenue recognized thus exactly covers operating and capital expenditures, leaving no surplus.

An accumulated operating surplus consists of accumulated surpluses and deficits over the years. The balance must always be positive, however, school districts can incur an annual deficit when they are in an accumulated surplus position. The deficit is a way to access the prior accumulated surplus balances.

The use of accumulated operating surplus balances is guided by District policy and is authorized, monitored, and reviewed by the Board and the Audit Committee through the year.

<b>SCHOOL DISTRICT No. 37 (DELTA)</b> <b>STATEMENT OF FINANCIAL POSITION</b> <b>AS AT JUNE 30, 2019</b>				
	<b>TOTAL</b> <b>2018-19</b>	<b>TOTAL</b> <b>2017-18</b>	<b>Variance from</b> <b>Prior Year</b>	<b>% of</b> <b>Change</b>
<b>FINANCIAL ASSETS</b>				
Cash and Cash Equivalents	52,656,279	45,957,407	6,698,872	15%
Accounts Receivable				
Due from Province - Ministry of Education	1,100,170	36,427	1,063,743	2920%
Due from Province - Other	59,415	390,479	- 331,064	-85%
Due from LEA/Direct Funding	271,643	310,394	- 38,751	-12%
Other Receivables	924,241	922,544	1,697	0%
<b>TOTAL FINANCIAL ASSETS</b>	<b>55,011,748</b>	<b>47,617,251</b>	<b>7,394,497</b>	<b>16%</b>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities				
Due to Province - Other	304	227	77	34%
Other	19,268,387	11,143,599	8,124,788	73%
Unearned Revenue	9,211,533	8,831,596	379,937	4%
Deferred Revenue	4,294,565	4,266,845	27,720	1%
Deferred Capital Revenue	108,175,846	107,395,074	780,772	1%
Accrued Employee Future Benefits	4,286,735	4,214,775	71,960	2%
Capital Lease Obligations	5,198,843	5,580,987	- 382,144	-7%
Other Liabilities	1,047,657	1,126,809	- 79,152	-7%
<b>TOTAL LIABILITIES</b>	<b>151,483,870</b>	<b>142,559,912</b>	<b>8,923,958</b>	<b>6%</b>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>- 96,472,122</b>	<b>- 94,942,661</b>	<b>-1,529,461</b>	<b>2%</b>
<b>NON-FINANCIAL ASSETS</b>				
Tangible Capital Assets - Net	144,112,448	145,921,199	-1,808,751	-1%
Prepaid Expenses	708,021	609,535	98,486	16%
Supplies Inventory	22,298	29,099	- 6,801	-23%
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>144,842,767</b>	<b>146,559,833</b>	<b>-1,717,066</b>	<b>-1%</b>
<b>ACCUMULATED SURPLUS (DEFICIT)</b>	<b>48,370,645</b>	<b>51,617,172</b>	<b>-3,246,527</b>	<b>-6%</b>
<b>Accumulated Surplus (Deficit) is comprised of:</b>				
<b>Accumulated Surplus (Deficit)</b>	<b>48,370,645</b>	<b>51,617,172</b>	<b>-3,246,527</b>	<b>-6%</b>
	48,370,645	51,617,172	-3,246,527	-6%

## Financial Assets:

**Definition:** “Financial Assets are the financial resources an entity controls and can use to pay what it owes to others. These assets include cash, accounts receivable, investments and assets that are convertible to cash or that generate cash so that the entity can pay its liabilities as they come due”. (Quoted from: “Understanding Canadian Public Sector Financial Statements” by the Office of the Auditor General of BC)

### Cash & Investment Balance:

Cash and investments are required to settle the District’s liabilities after deducting its receivables. The District’s cash and investment balance is always sufficient to cover these costs and the initiatives that are fundable from Accumulated Operating Surplus.

The District’s cash balance increased by \$6,698,872 (or 15%) over the prior year. The reconciliation below provides details regarding the change in cash and cash equivalents from the prior year and shows how the cash balance will be used to meet District requirements.

2018-19 CASH RECONCILIATION				
CASH & INVESTMENT BALANCE AT JUNE 30, 2019		2018-19		2017-18
CASH BALANCE FOR ALL FUNDS		14,226,932		14,873,324
INVESTMENT WITH PROV. TREASURY		38,429,347	73%	31,084,083
PORTFOLIO INVESTMENTS		-		-
<b>TOTAL CASH &amp; INVESTMENTS</b>		<b>52,656,279</b>		<b>45,957,407</b>
<b>FUNDS NEEDED FOR</b>				
<b>Accounts Payable</b>		19,268,692		11,143,826
<i>Includes: Wages, Payroll Deductions</i>				
<i>Amounts due to Vendors, Taxes</i>				
<b>Tuition and Facility Rental Advance Payments</b>		9,211,533		8,831,596
<b>Restricted Special Purpose Funds</b>		4,294,565		4,266,845
<b>Unspent Deferred Contributions - Capital Funds</b>		1,900,653		1,519,178
<b>Accrued Employee Benefits - Mercer</b>		4,286,735		4,214,775
<b>Vacation and Overtime Banks</b>		1,047,657		1,126,809
<b>Operating Reserve Initiatives</b>	15,548,429			17,031,693
<b>Capital Reserves Initiatives</b>	183,803	15,732,232		121,163
				17,152,856
<b>LESS: FUNDS TO BE RECEIVED FOR OR SAVED FROM</b>				
<b>Accounts Receivable</b>		(2,355,469)		(1,659,844)
<i>Includes: GST Refund, TFN &amp; Other Billings</i>				
<i>Computer Plan, Interest Receivable</i>				
<i>Amounts receivable fr. PAC and SGF</i>				
<b>Prepaid Expenses</b>		(708,021)		(609,535)
<b>Maintenance Inventory</b>		(22,298)		(29,099)
<b>TOTAL USES OF CASH &amp; INVESTMENTS</b>		<b>52,656,279</b>		<b>45,957,407</b>

Accounts Receivable increased overall by \$696 thousand due to various year-end timing differences. Included in this amount are increased receivables totaling \$1.065 million, including Classroom Enhancement Funding for 2017-18 Remedies and capital project funding, both due from the Ministry of Education. Decreases of (\$370) thousand include a reduction in receivables for insurance claim reimbursements compared to the prior year and reduced year-end receivables for Local Education Agreement billings.

## Liabilities:

**Definition:** “Liabilities are existing financial obligations to outside parties at the date of the financial statements. They result from past transactions and events and will lead to the future sacrifice of economic benefits”. (Quoted from: “Understanding Canadian Public Sector Financial Statements” by the Office of the Auditor General of BC)

Accounts Payable (see Note 4) increased by \$8.125 million. This amount comprises various year-end timing differences including the following: \$871 thousand in payroll deductions and \$779 thousand in Employer Health Tax due after June 30, 2019; \$564 thousand in trade payables. It also includes an “Other” payables variance in the amount of \$5.910 million which is comprised of \$462 thousand in homestay fees payable to international homestay families at the beginning of the 2019-20 school year, an amount of \$5.459 million payable to Fortis Alternative Energy Services (FAES) in connection with a retroactive adjustment for a rate differential accumulated since the inception of the contract as per an April 16, 2019 ruling by the BC Utilities Commission (for more information, please see Note 9 “Capital Lease Obligations” to the Audited Financial Statements) and miscellaneous payables of (\$10) thousand.

Unearned Revenue consists of advance tuition fees received for the upcoming school year. The services have not yet been provided by the District and the fees have therefore not yet been earned. Unearned revenues increased by \$380 thousand from enrolment related increased International Student Program fees.

Deferred Revenue is not yet revenue and consists of amounts received in advance of being earned. It includes capital and special purpose funds that are restricted for a particular use. This funding is recorded as revenue when the deliverables have been provided. Deferred revenue increased by \$28 thousand as a result of changes in the unspent carry-forward balances of various special purpose funds.

Deferred Capital Revenue (DCR) consists of outside funding that has been employed for capital projects. Deferred capital revenue is taken into income via amortization. DCR increased by \$781 thousand. This was due to an increase of \$4.977 million in deferred capital revenue from funding employed in capital projects, and a decrease of (\$4.196) million in deferred capital revenue from amortization on prior year capital projects.

Accrued Employee Future benefits include post-employment benefits, compensated absences (accrued sick, holiday and banked time leaves) and termination benefits. Liability balances are determined by an actuarial process and are reduced when entitlements are taken through leaves or payouts. The liability amount for 2018-19 increased by \$72 thousand from prior year.

Capital Lease Obligations Lease payments made during the 2018-19 school year reduced principal owing on District leases by (\$382) thousand.

Other Liabilities decreased by (\$79) thousand due to reductions of accruals for vacation and overtime banks.

## Non-Financial Assets:

**Definition:** “Non-financial assets are assets that an entity will use up when providing future services to the public. These assets are not normally used by an entity to settle its liabilities with external parties. As a result, they are shown separately in the Statement of Financial Position”. (Quoted from: “Understanding Canadian Public Sector Financial Statements” by the Office of the Auditor General of BC)

Tangible Capital Assets decreased by (\$1.809) million from prior year. This change consisted of capital asset additions (net of disposals) of \$2.392 million, primarily in the areas of buildings and to a lesser extent in furniture and equipment and vehicle replacements with a decrease in technology from deemed disposition exceeding new acquisitions. The asset additions were offset by amortization of (\$4.201) million (net of disposals).

Prepaid Expenses increased by \$98 thousand due to increases in licenses for software, prepaid conferences and timing of vehicle insurance payments.

Supplies Inventory - small variance in normal course of doing business.

## Accumulated Surplus or Deficit:

**Definition:** “The accumulated surplus or deficit represents the net recognized economic resources (all assets and liabilities) of the entity at the date of the financial statements. This measure provides the net economic position of the entity from all years’ operations at a point in time. An accumulated surplus position means that the entity has net positive resources that could be used to provide future services. An accumulated deficit position means that the entity has borrowed to finance annual operating deficits”. (Quoted from: “Understanding Canadian Public Sector Financial Statements” by the Office of the Auditor General of BC)

Accumulated Surplus totals \$48.371 million and consists of \$15.548 million in accumulated operating surplus and \$32.822 million in accumulated capital surplus balances.

**Accumulated Operating Surplus** of \$17.032 million at the beginning of the year, decreased by (\$1.483) million during the year as described on page 13 of this report. Financial statement Note 18 “Internally Restricted Surplus” on page 28 of the financial statement package provides details of the composition of these reserve funds.

**Accumulated Capital Surplus** of \$34.585 million at the beginning of the year, decreased during the year by \$1.763 million. It is composed of investments in capital assets in the amount of \$32.638 million and of local capital reserves of \$184 thousand. For greater detail on the activity



in these areas throughout the year, please refer to Schedule 4 on page 41 of the financial statement package.

DELTA SCHOOL DISTRICT - #37					
District Wide Net Position - Summary					
AS AT JUNE 30, 2019					
	Total 2018-19	A. Budget 2018-19	Total 2017-18	\$ Variance from A.Budget	Variance from Prior Year
Total Revenue	187,434,547	180,773,851	180,479,325	6,660,696	6,955,222
Total Expenses	190,681,074	182,249,807	176,100,938	8,431,267	14,580,136
Change in Net Postion	(3,246,527)	(1,475,956)	4,378,387	(1,770,571)	(7,624,914)
Acc. Surplus Opening Balance	51,617,172	51,617,172	47,238,785	-	4,378,387
Acc. Surplus Ending Balance	48,370,645	50,141,218	51,617,172	(1,770,573)	(3,246,527)

## Statement of Operations

**Definition:** “The Statement of operations explains the change in the accumulated surplus or deficit from the prior year. Financial elements of the statement of operations include revenues and expenses. The performance and accountability measures are the annual surplus or deficit and the comparison of budgeted to actual results”. (Quoted from: “Understanding Canadian Public Sector Financial Statements” by the Office of the Auditor General of BC)

## Revenues

DELTA SCHOOL DISTRICT - #37							
Operating Fund Revenues							
AS AT JUNE 30, 2019							
	Total 2018-19	A. Budget 2018-19	Total 2017-18	\$ Variance from A.Budget		Variance from Prior Year	
Ministry of Education	144,618,032	143,334,649	139,815,638	1,283,383	1%	4,802,394	3%
Provincial Revenue	915,309	696,139	723,150	219,170	31%	192,159	27%
Federal Revenues	980,006	936,476	964,616	43,530	5%	15,390	2%
Tuition	12,615,771	11,620,625	12,528,509	995,146	9%	87,262	1%
Other Revenues	2,761,027	1,765,406	2,746,345	995,621	56%	14,682	1%
Facility Rental	733,254	695,375	774,732	37,879	5%	(41,478)	-5%
Interest Income	957,739	779,000	620,903	178,739	23%	336,836	54%
<b>Total Operating Fund Revenues</b>	<b>163,581,138</b>	<b>159,827,670</b>	<b>158,173,893</b>	<b>3,753,468</b>	<b>2%</b>	<b>5,407,245</b>	<b>3%</b>

**Definition:** “Revenues are increases in economic resources that result from the entity’s operations, transactions and events during the accounting period. Revenues result from decreases in liabilities or

increases in assets”. (Quoted from: “Understanding Canadian Public Sector Financial Statements” by the Office of the Auditor General of BC)

Ministry of Education Funding increased by \$1.283 million over the amended budget and by \$4.802 million over the prior year. Please see an explanation of the most significant items below.

- **Variance to the Amended budget included:** Increased Inclusive Education and Continuing Education funding for mid-year enrolment of \$309 thousand and \$178 thousand respectively, increased funding of \$177 thousand over expectation for graduated adults and an unbudgeted benefit grant of \$77 thousand. It also included Employer Health Tax funding of \$389 thousand, a \$101 thousand increase in economic stability grant fund over expectation and a reduced LEA claw back of \$52 thousand.
- **Variance to the Prior Year included:** Increased funding for regular students of \$1.770 million, enrolment decreases by (12.25) student FTE, however the per pupil amount increased by \$122 (from \$7,301 to \$7,423); increased funding for students with unique student needs of \$2.045 million, increased enrolment related continuing education academic funding by \$302 thousand, a salary differential increase for Delta compared to the Province of \$107 thousand and increases due to the Employer Health Tax of \$389 thousand, an Economic Stability Dividend in excess of the prior year by \$82 thousand and a decrease in the LEA claw back of \$52 thousand.
- Ministry of Education funding levels are known up to the time of finalizing the Amended budget at the end of February. Funding in excess of the Amended budget tends to be for amounts unknown at the time of preparing the amended budget or is estimated low due to reasons of uncertainty.

Provincial Revenues increased by \$192 thousand compared to the prior year and increased by \$219 thousand in comparison to the amended budget in connection with funding changes to a number of grants with increases to Language Challenge, the Provincial Outreach Program and a variety of smaller other programs.

Federal Revenues increased by \$15 thousand compared to the prior year for the Federal LINC and SWIS programs and actual revenues coming in \$44 thousand higher than the Amended budget.

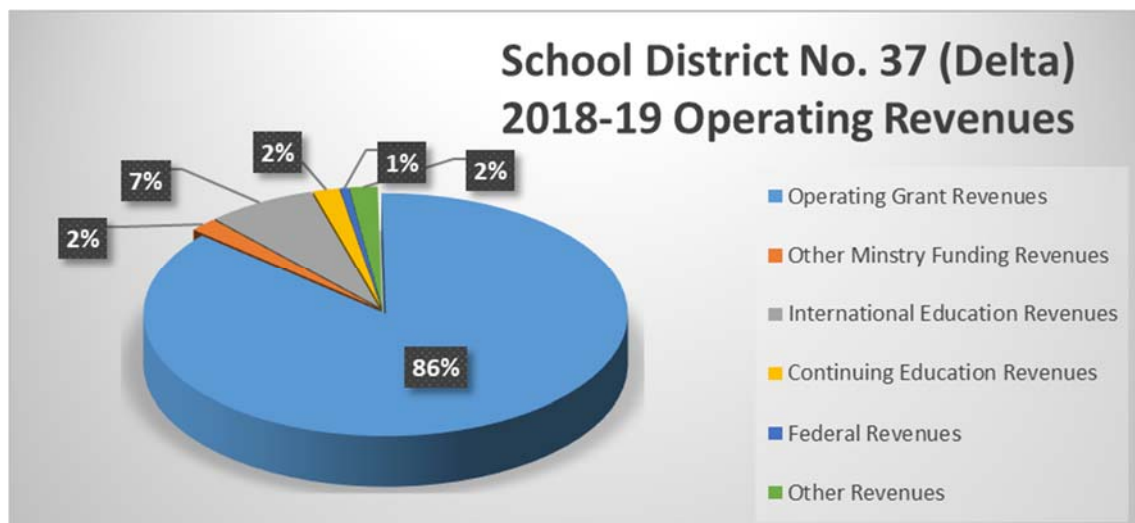
Tuition Revenues increased by \$87 thousand compared to the prior year and by \$995 thousand over the amended budget. The change over the amended budget is due in large part to greater international student enrolment compared to expectation in the latter half of the year.

Other Revenues increased by \$15 thousand compared to the prior year and by \$996 thousand over the amended budget. The increase was due in large part to \$768 thousand in miscellaneous international revenue and various other revenues, such as field maintenance of \$34 thousand and instructional cafeteria revenues of \$36 thousand.

Facility Rentals of \$733 thousand increased over projections by \$38 thousand and decreased by (\$41) thousand compared to the prior year. The latter is due to a slight drop in hourly rentals which were offset to some extent by an increase in licenses to occupy.

Interest Income increased by \$337 thousand over the prior year and by \$179 thousand over the amended budget due to an investment of increased cash balances.

#### Revenue distribution by source:



## Expenses

**Definition:** “Expenses are decreases in economic resources that result from the entity’s operations, transactions and events during the accounting period. Expenses result from decreases in assets or increases in liabilities”. (Quoted from: “Understanding Canadian Public Sector Financial Statements” by the Office of the Auditor General of BC)

#### OPERATING SALARIES

<b>DELTA SCHOOL DISTRICT - #37</b>						
<b>Operating Fund Salaries and Benefits</b>						
AS AT JUNE 30, 2019						
	Total 2018-19	A. Budget 2018-19	Total 2017-18	\$ Variance from A.Budget	Variance from Prior Year	
Teachers	75,615,786	75,262,003	71,830,537	353,783	0%	3,785,249
Principals and Vice Principals	8,714,211	8,591,521	8,270,898	122,690	1%	443,313
Educational Assistants	11,813,047	11,640,444	10,870,229	172,603	1%	942,818
Support Staff	11,412,764	11,410,455	11,203,782	2,309	0%	208,982
Other Professionals	3,111,259	3,283,432	2,983,372	(172,173)	-5%	127,887
Substitutes	4,313,482	4,254,184	4,296,142	59,298	1%	17,340
<b>Total Salaries</b>	<b>114,980,549</b>	<b>114,442,039</b>	<b>109,454,960</b>	<b>538,510</b>	<b>0%</b>	<b>5,525,589</b>
Benefits	28,276,572	27,997,416	27,231,580	279,156	1%	1,044,992
<b>Total Salaries and Benefits</b>	<b>143,257,121</b>	<b>142,439,455</b>	<b>136,686,540</b>	<b>817,666</b>	<b>1%</b>	<b>6,570,581</b>

[Teacher Salaries](#) increased by \$354 thousand over the amended budget largely in the areas of Inclusive Education and Casual Teachers, both, due to an increase in student need in these areas. Teacher salaries increased by \$3.785 million over the prior year due to salary grid increases, an increased use of long-term illness coverage and due to an addition of 9.5 FTE in areas where class size and composition issues did not qualify for additional Classroom Enhancement funding. For further details, please see page 10 of this document.

[Principals and Vice Principals](#) salary costs increased by \$123 thousand over the amended budget and by \$443 thousand over the prior year as a result of administrator salary increases authorized under the provincial compensation framework and, in part, due the timing of these increases. Additionally, some retirement and illness related absences required overlap staffing.

[Education Assistants](#) salaries increased by \$173 thousand over the amended budget and by \$943 thousand compared to the prior year. Increases over the amended budget were incurred by a transfer of costs incurred in the Classroom Enhancement Fund, where school-based team collective agreement language had resulted in costs greater than the funding made available in this special purpose fund. Increased spending over the prior year was additionally due to increased staffing needs resulting from an increase in enrolment of students with Level 1, 2 and 3 designations. In the prior year, with the new class size and composition language, enrolment increased significantly over expectation. Similar enrolment changes were experienced around the Province in 2017-18, resulting in Province-wide staffing shortages and recruitment and retention challenges. 2018-19 saw continued increases in designated enrolment and while recruitment and retention challenges continued, these were not as severe as in the prior year. For further details, please also see page 11 of this document.

[Support Staff](#) salaries essentially matched the amended budget but increased by \$209 thousand over the prior year. A temporary need for increased clerical staffing time was offset by staffing absences due to illness in Facility Operations, bringing actual cost within \$2 thousand of the amended budget. Clerical and Facility Operation salaries costs increased compared to the prior year as a result of negotiated collective agreement increases for all support staff categories.

#### [Collective Agreement Increases for 2018-19:](#)

Teachers, Education Assistants and Support staff received 2 collective agreement increases: one of 0.5% of salaries starting July 1, 2018 and a second one of 1.0% salaries starting May 1, 2019 plus an Economic Stability Dividend of .75% beginning in May 1, 2019.

Salaries for [Other Professionals](#) decreased by (\$172) thousand compared to the amended budget due to temporary vacancies in Administration. Costs in this category increased by \$128 thousand compared to the prior year resulting from exempt staff salary increases authorized under the Provincial compensation framework. These increases were budgeted for in 2018-19, however, a few temporarily unfilled positions in Administration and Facilities Operations caused salary costs to remain lower than anticipated in comparison to the amended budget and the prior year.

[Substitute Labour](#) includes TTOCs, Casual EAs, Casual Maintenance and Facility Service workers, Casual Clerical, Cafeteria staff and Crossing Guards. Costs in this category increased by \$59 thousand over the amended budget and in by \$17 thousand compared to the prior year.

- **Variance to the Amended budget:** included decreased illness costs and decreased availability of TTOCs that were offset by increased costs for casual maintenance workers who were needed to fill in for absences in the Facility Operations.
- **Variance to the Prior Year:** an absence experienced in TTOC labour for 2018-19 did not create a noteworthy variance compared to 2017-18, as both years were similarly impacted by recruitment and retention challenges.

Benefits increased by \$279 thousand compared to the amended budget and by \$1.045 million compared to the prior year, as follows:

- **Variance to the Amended budget:** Increasing staffing FTE and salaries after the amended budget had been completed caused unbudgeted benefit impacts in wage-sensitive teacher pension costs of \$103 thousand but also in Canada Pension Plan and Employment Insurance of \$156 thousand. Increased costs over expectation were also experienced in Extended Health and Dental Plan by \$128 thousand and Medical plan costs by \$86 thousand. On the other hand, Municipal Pension decreased by (0.42%) and this provided a welcome offset saving of (\$160) thousand to the cost increases experienced in other benefit areas.
- **Variance to the Prior Year:** The new Employer Health Tax added \$1.368 million in cost to District Operations for which the announced reduction in MSP to 50% beginning January 1, 2018 provided a savings buffer of (\$283) thousand. Here too, extended health and dental plan costs of \$367 thousand and Canada Pension Plan and Employment Insurance of \$244 thousand, showed increases over the prior year. Additionally, the Teacher Pension Plan rate structure changed in 2018-19 from a system of two rates (one above and one below a threshold amount) to a single rate. This new rate structure resulted in a significant saving of (\$663) thousand to the District.

## OPERATING SERVICES & SUPPLIES

DELTA SCHOOL DISTRICT - #37 Operating Services and Supplies AS AT JUNE 30, 2019							
	Total 2018-19	A. Budget 2018-19	Total 2017-18	\$ Variance from A. Budget		Variance from Prior Year	
Services Total	5,504,353	4,864,978	4,662,360	639,375	13%	841,993	18%
Student Transportation Total	1,337,345	1,377,839	1,354,738	(40,494)	-3%	(17,393)	-1%
Professional Development and Travel Total	708,076	705,702	724,426	2,374	0%	(16,350)	-2%
Rentals and Leases Total	43,479	211,798	94,532	(168,319)	-79%	(51,053)	-54%
Dues and Fees Total	196,266	153,206	188,692	43,060	28%	7,574	4%
Insurance Total	312,268	340,001	321,259	(27,733)	-8%	(8,991)	-3%
Supplies Total	4,712,741	6,103,308	5,349,227	(1,390,567)	-23%	(636,486)	-12%
Utilities Total	7,295,792	1,816,173	1,741,974	5,479,619	302%	5,553,818	319%
<b>Total Services and Supplies</b>	<b>20,110,320</b>	<b>15,573,005</b>	<b>14,437,208</b>	<b>4,537,315</b>	<b>29%</b>	<b>5,673,112</b>	<b>39%</b>

Services budget allocations and transfers from other budget areas after the amended budget date (end of February), for instance, from supplies, have not been captured in the amended budget. These timing differences explain many of the variances in spending to the amended budget. Services increased by \$639 thousand over the amended budget and by \$842 thousand compared to the prior year.

- **Variance to the Amended budget:** Service costs increased over the amended budget mainly in the areas of annual software maintenance costs, project-related one-time legal fees, Inclusive Education expenditures and agent commissions on international student short programs. Communication line costs came in below the amended budget.
- **Variance to the Prior Year:** Service costs decreased compared to the prior year, primarily in connection with Operations and Maintenance. Offsetting this decrease were international program agent commissions that resulted from increased international program enrolment, Inclusive Education expenditures and project-related one-time legal fees.

Student Transportation costs generally increase as a result of increasing fuel prices and changes in the need for student transportation. In 2018-19, costs decreased by (\$40) thousand compared to the amended budget and by (\$17) thousand compared to the prior year. To and from school transportation of students with unique student needs decreased by (\$88) thousand compared to the amended budget and by (\$105) thousand compared to the prior year due to reduced ridership in this year. Offsetting increases were experienced in Academies and in the Farm Roots program where transportation costs increased by \$40 thousand over the amended budget and by \$88 thousand over the prior year. Academies and Farm Roots switched, last year, from an aging in-house bus fleet which was expensive to repair to contract bussing.

Professional Development & Travel increased by \$2 thousand over the amended budget and decreased by (\$16) thousand compared to the prior year. The decrease pertained to less travel by our International Student Program during 2018-19.

Rentals and Leases decreased (\$168) thousand compared to the amended budget due to timing of expenditures after the amended budget and by (\$51) thousand compared to the prior year.

Dues and Fees increased by \$43 thousand over the amended budget due to timing of expenditures incurred in comparison to the amended budget and by \$8 thousand compared to the prior year due to variety of smaller impacts in a number of departments.

Insurance costs improved by (\$27) thousand compared to budgeted expectation and by (\$9) thousand compared to the prior year due to reduced insurance premiums payable.

Supplies Variances in spending to the amended budget are heavily influenced by the timing of the amended budget, which captures only the first half of the year. Budget dollars transferred to the capital fund after the approval and submission of the amended budget (end of February), for instance, to fund capital asset acquisitions, are not considered in the amended budget.

Additionally, budget allocations and transfers to other budget areas after the amended budget date, for instance, for services, have not been captured in the amended budget. These timing differences explain many of the variances in spending from the amended budget.



Finally, unspent school supply and service balances are traditionally carried forward at the District, for spending in the coming year.

Supply costs decreased by (\$1.391) million compared to the amended budget and by (\$636) thousand over the prior year.

- **Variance to the Amended budget:** This variance is mostly due to technology, equipment and school underspending to budget. This is an example of the phenomenon explained above, where technology spending took place in the second half of the year. The spending was of a capital nature and was therefore recorded in the capital fund. Amended budget dollars were transferred to the capital fund but this change cannot be shown here because it took place after the amended budget date.
- **Variance to the Prior Year:** A significant variation in spending between 2018-19 and 2017-18 was largely the result of the availability of the Ministry funded Student Learning Grant in 2017-18, which was no longer available in 2018-19. This resulted in (\$563) thousand in reduced school spending. Further, technology spending increased year over year by \$83 thousand.

Utilities Uncertain weather conditions and fluctuations in utility unit rates are a standard cause for variability in utility costs from budget and prior years. Green initiatives can help to control emissions and cost increases. For 2018-19, utility costs exceeded the amended budget by \$5.480 million and also exceeded the prior year by \$5.554 million. The increase is due to an amount of \$5.459 million payable to Fortis Alternative Energy Services (FAES) in connection with a retroactive adjustment for a rate differential accumulated since the inception of the contract which became a District cost as a result of an April 16, 2019 ruling by the BC Utilities Commission (for more information, please see Note 9 “Capital Lease Obligations” to the Audited Financial Statements).

## Special Purpose Funds

### DELTA SCHOOL DISTRICT - #37

#### Special Purpose Funds

AS AT JUNE 30, 2019

	Opening Balance	Receipts	Spent	Ending Balance	Change
Annual Facilities Grant	-	628,297	547,039	81,258	81,258
Learning Improvement Grant	33,536	542,761	546,332	29,965	(3,571)
Scholarships	269,917	13,616	37,263	246,270	(23,647)
Service Delivery Transformation	15,619	-	1,245	14,374	(1,245)
School Generated Funds	2,652,469	5,715,154	5,812,001	2,555,622	(96,847)
Strong Start	3,010	224,000	227,010	-	(3,010)
Ready, Set, Learn	-	58,800	58,800	-	-
Federal French Grant	-	263,526	263,526	-	-
Community Link	-	563,526	563,526	-	-
Community Schools Partnership	-	50,000	50,000	-	-
New Horizons for Seniors	11,498	-	-	11,498	-
POPARD	-	3,078,867	3,071,335	7,532	7,532
Classroom Enhancement Fund (CEF)	939,431	8,070,806	8,025,777	984,460	45,029
ESWIS	117,681	-	18,168	99,513	(18,167)
Youth Train In Trades	75,082	63,200	79,366	58,916	(16,166)
Youth Train In Trades	148,602	349,722	293,167	205,157	56,555
<b>GRAND TOTAL</b>	<b>4,266,845</b>	<b>19,622,275</b>	<b>19,594,555</b>	<b>4,294,565</b>	<b>27,720</b>

#### Commentary on Special Purpose Funds:

<a href="#"><u>Annual Facilities Grant</u></a>	This grant has two components, a Special Purpose Fund Component for repairs and refurbishments and a capital component which provided \$2.314 million in 2018-19 for a Ministry approved list of betterments. This funding is targeted exclusively to facility improvements.
<a href="#"><u>Learning Improvement Grant</u></a>	This grant has been restructured, following the provision by the Ministry of targeted funding for the provision of the restored class size and composition language. The teacher funding in the Learning Improvement Fund has been discontinued with the initiation of the Classroom Enhancement Fund. However Education Assistant support continues.
<a href="#"><u>Scholarships</u></a>	The District manages a group of scholarship and memorial funds on behalf of various families and groups of individuals wishing to provide funding for specific educational initiatives in the memory of special educators and loved ones.
<a href="#"><u>Service Delivery Transformation</u></a>	This one-time grant has been provided to June 30, 2019 for the study and implementation of wellness initiatives.
<a href="#"><u>School Generated Funds</u></a>	These funds are collected and managed directly at our schools with financial oversight by the District. Fundraisers, parent contributions to school trips, PAC donations to the school, etc. are reported in these funds.

<a href="#"><u>Various Annual Education Grants</u></a>	A number of annual, education initiative specific funds, largely provided in advance by the Ministry of Education meet the criteria of a special purpose funds and are reported as such. These include the following: Strong Start and Ready-Set-Learn for early learning initiatives, the Federal French Grant which provides supplemental funding for Official Language Education initiatives, Community LINK funding which supports academic achievement and social functioning of vulnerable students and funding from the United Way to help support Community Schools programs, such as after school and summer programs for students and community youth.
<a href="#"><u>POPARD</u></a>	The Provincial Outreach Program for Autism Related Disorders (POPARD) provides professional support for school districts around BC with respect to autism related orders.
<a href="#"><u>CEF Staffing, Remedies and Overhead Funds</u></a>	Three Special Purpose Funds, provide the Ministry of Education funding support for the additional costs of teacher staffing, teacher remedies and overhead costs given by the new restored collective agreement language dating back to 2002 under LOU 17. The 2018-19 ending balance of \$984 thousand pertains to 2018-19 unutilized teacher remedies, with funding for teacher staffing and overhead costs having been fully employed.
<a href="#"><u>ESWIS Settlement Workers and Youth At Risk grants</u></a>	These grants date back a number of years and are used to supplement ESWIS programs while funds last.
<a href="#"><u>Youth Train in Trades</u></a>	The Youth Train in Trades program is the in-class component of a high school apprenticeship. Youth Train in Trades students are Youth Apprentices registered with the Industry Training Authority. Youth Train in Trades programs are usually offered as partnerships between school districts and post-secondary institutions .
<a href="#"><u>Network of Inquiry and Indigenous Education</u></a>	The District provides financial services to the Network of Inquiry and Indigenous Education (NOIIE), which is a voluntary network of inquiry based schools and school districts in British Columbia and beyond that use an inquiry-oriented, evidence-based approach to learning and teaching through the Spiral of Inquiry.

## Capital Fund

[Site Projects](#) no additional sites were acquired or disposed of this year. However, a 60-year lease was entered into with the City of Delta for the upgrade of the North Delta Secondary track lands. The Delta School District is making the track lands available at a lease rate of \$1 per year and the City of Delta undertakes construction of a new track facility for the joint use of both organizations.

[Facility Improvement Projects](#) of \$4.627 million included \$909 thousand in roofing projects, \$576 thousand HVAC system upgrades, \$559 thousand for the completion of the Gibson Seismic Project (the last structural seismic project in the District), \$214 thousand for various smaller building upgrades and classroom enhancements, and \$2.369 million for Annual Facilities Grant improvement projects.

[Playgrounds](#) The District completed the Chalmers playground project that begun in the prior year and neared completion of the McCloskey playground project by the end of the school year with work continuing over the summer. In addition to local funding, both of these playgrounds received funding through the Ministry's Playground Equipment Program (PEP).

[Capital Lease](#) payments in connection with the District's copier fleet and thermal energy plant amounted to \$612 thousand. For further detail, please also consult Note 9 to the financial statements.

[Maintenance Equipment Replacement](#) the District replaced aging vehicles in the amount of \$117 thousand and added \$75 thousand in facility services cleaning equipment.

[Technology](#) included \$431 thousand for replacing education technology and an amount of \$288 thousand for server replacements and infrastructure upgrades. The District is guided in its technology purchases by a Technology Roadmap that meets the District's 3-fold objective of investing in education technology, cybersecurity and the timely replacement of aging infrastructure.

The schedule below provides a summary of the projects mentioned above:

DELTA SCHOOL DISTRICT - #37	
CAPITAL PROJECTS	
AS AT JUNE 30, 2019	TOTAL
Facility Improvement Projects	4,626,795
Copier & Thermal Energy Plant Lease	611,722
Education Technology & Equipment	430,683
Technology Infrastructure Projects	287,743
Maintenance Equipment Replacement	192,605
Playground Projects	191,413
Other	27,645
	<b>6,368,606</b>

Funding used to make these additions possible consisted of the following sources: \$4.491 million from the Ministry of Education, \$1.683 million from District Operating Funds, and \$195 thousand from special purpose funds and other sources.

The following unspent dollars in the capital funds will carry forward to 2019-20. These funds are earmarked for specific 2018-19 projects that were in progress at the end of the school year.

**External and Internal Capital Funds – per schedules 4 and 4D of the Financial Statements:**

<b>DELTA SCHOOL DISTRICT - #37</b> <b>Available Capital Funds</b> <b>AS AT JUNE 30, 2019</b>			
	<b>Total 2018-19</b>	<b>Total 2017-18</b>	<b>Variance from Prior Year</b>
Ministry Bylaw Funds	204,300	235,574	(31,274)
Ministry Restricted Funds	1,434,460	1,148,530	285,930
Other External Funds	261,893	135,074	126,819
<b>Total Deferred Revenue</b>	<b>1,900,653</b>	<b>1,519,178</b>	<b>381,475</b>
Capital Reserve Funds	183,803	121,162	62,641
<b>Total Available Funds</b>	<b>2,084,456</b>	<b>1,640,340</b>	<b>444,116</b>

Ministry of Educations Restricted Capital (see above table) consists of proceeds from land sales, funding remainders of completed projects and investment income on the restricted capital. This funding can be accessed with authorization from the Ministry.

Capital Reserve Funds, also called, Local Capital, contain investment income and restrictions for in-progress technology projects.

External Restricted Funds are set aside for youth trade capital equipment.

## Future Considerations

**Some factors that are anticipated to impact the District during 2019-20 include:**

- The implications of the current contract negotiations between the BC Teachers' Federation and the BC Public Employer's Association are presently unknown.
- In 2019-20, the new Employer Health Tax (EHT) will be in effect for the entire year, with the MSP still impacting the District for the first half of the school year before it has been fully discontinued. Funding from the Province for School District EHT costs has been announced at last March's Ministry funding announcement. The true costs to the District have only been estimated and are not yet known with certainty. Therefore, it is difficult to know whether the funding will cover these costs fully.

- The outcome of the Funding Model Review, undertaken by the Ministry of Education, and its impact on BC school district budgets for 2020-21 and beyond is not yet known.
- Effective July 1, 2019, the District will be paying a new higher thermal energy rate. This rate is the result of an application by Fortis Alternative Energy Services (FAES) to the BCUC for a ruling on interpretational differences in the contracts that govern the provision of thermal energy to the District by FAES. The exact financial impact is still somewhat uncertain, as the final rate, which is still subject to a regulatory process and the consumption are not yet fully known. The District hopes to have a better understanding of this impact by the time it prepares its Amended budget for 2019-20.
- 2020 is the year in which the original timeline of the District's current Vision comes to an end. It is also the year in which the District will create its new vision for the future.
- Beginning in the 2019-20 school year, International Students will be paying for individual health coverage to the Medical Services Plan of BC. The full impact on School Districts from the switch of health and extended health plans currently in place and announced to International student parents is still being analyzed.

## Contacting Management

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

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