



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

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Introduction

The following is a discussion and analysis of the School District's financial performance for the fiscal year ending June 30, 2020. 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.

Overview

The Delta School District is a leading district for innovative teaching and learner success. We are a District of 15,900 student FTE and a headcount of approximately 2,260 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.

Our Vision



During the 2010-11 school year, the Delta School District embarked on a journey to truly identify its future direction. All schools and school sites took part in a visioning process where they were asked to define their Big Bold Vision. Students, teachers, parents, and staff actively came together under the direction of a professional facilitator to brainstorm and narrow their focus. A graphic artist captured the ideas in drawings along the way. In the end, a concrete mission, vision and set of values were determined.

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

Background: 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 (as follows on next page).



Academic Achievement for the Year 2019-20:

The District Framework for Enhancing Student Learning Goals that were established back in the 2017-18 school year continue to be a focus for our district and school leaders. The 2019-20 school year was our second full year of work focused on the goals of: **1) Increasing students' sense of connectedness, 2) Reading – All students reading at grade level by grade three, 3) Assessment – Building teacher capacity in quality assessment practices and, 4) Graduation – 100% of students graduating with dignity, purpose, passion and options.**

For most of this school year, the zone Assistant Superintendents continued to work with school leaders to go deeper into their school goals and continue to support teachers in their ongoing learning. At the

District level, District leaders are responsible for the four goal areas and have been working with their teams to review and report out on progress. During this year, the District continues to maintain a strong focus on tracking data associated with each of the goals. We are looking forward to being able to present our District data in the fall of 2020.

Literacy Initiatives:

2019-20 saw the continuation of a significant emphasis on student literacy. The second year of widespread reading data collection in K-3 allowed all levels of the system (classroom, school, and district) to begin identifying patterns in student literacy rates and witnessing positive evidence of improved student learning as a result of changes in instruction.

This was particularly the case in the Professional Literacy Communities Program (PLC). 2019-20 was the second year where eight elementary schools were identified as having the highest percentage of struggling readers. These eight 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 2019-20, marking the ninth year of 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 deepening of focus in a couple of areas:

1. increased teacher learning on effective literacy practices
2. increased rigor around metrics of improvement

This year, we witnessed more secondary schools experimenting with a COI team rather than a COI person. This approach shows great promise towards greater impact at secondary schools.

Other Curriculum, Instruction and Assessment (CIA) Initiatives in 2019-20:

We continued to support existing programs including:

- Story Studios: place-based, student-centred literacy rooms designed to inspire student engagement in storytelling.
- Decision Skills: an initiative for the creation and testing of a resource to support students learning 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.
- Technology tools including Google Apps for Education.

Indigenous Education:

A new focus this year was to create interest and support in the new BC Curriculum course, English First Peoples 12. Previously, this course had not registered enough students to run a class in Delta. A team of Learning Services staff conducted an inquiry into how to better engage secondary school learners, and the result was sufficient registration to run the course in three Delta secondary schools in 2020-21. We look forward to seeing what impact this course has on learners' literacy skills in secondary schools.

Assessment:

One of the outcomes from the COI work at Seaquam Secondary was the creation and sharing of a visual tool for helping teachers plan and teach the skills of self-regulated learning and the assessment for learning. The tool is being used in both elementary and secondary classrooms, and interest is growing.

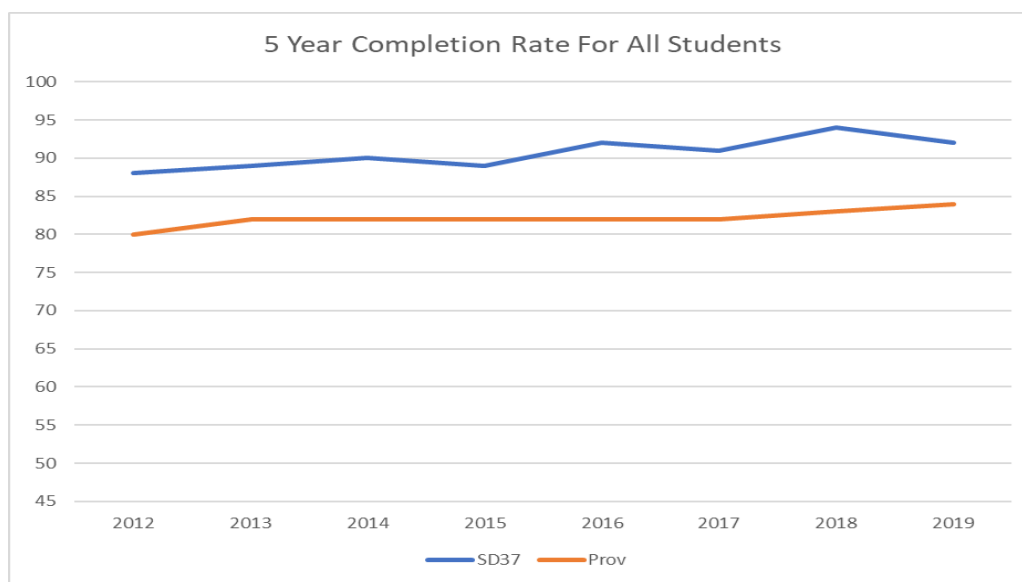
Learning Services during COVID-19:

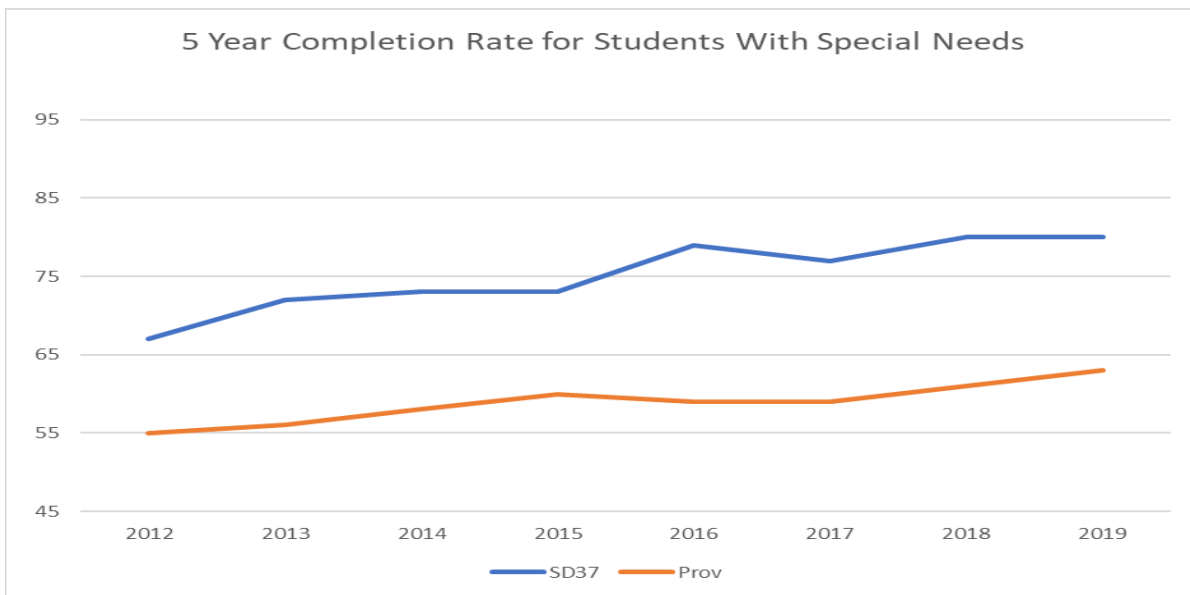
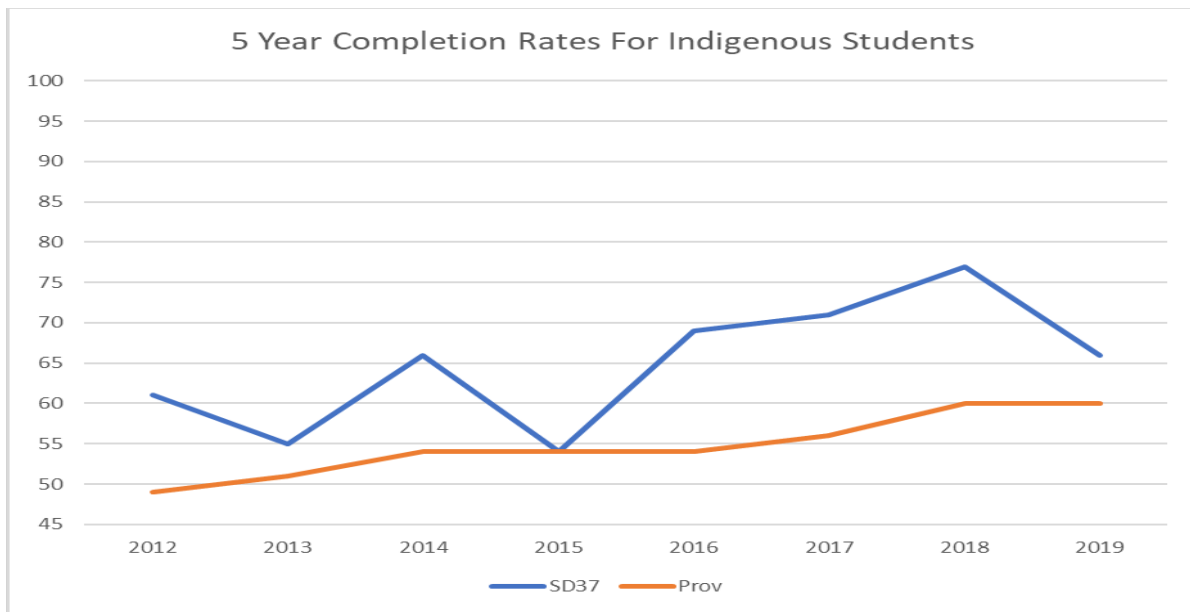
COVID-19 had a significant impact on the work of Learning Services post-spring break. The team worked quickly to create and curate guiding documents, resources and frameworks for online teaching and learning - including a comprehensive package of professional learning offerings for educators. This led to the creation of a website and weekly district-wide bulletin "Learn at Home" designed to update the District on new resources, policies and learning opportunities.

Also this year, with the sudden shift of in-class instruction to remote learning, teachers expressed a renewed interest in aspects of assessment, such as feedback cycles, clear criteria for success, and ways to best elicit evidence of learning. To support these questions, Learning Services staff built a website specific to designing quality assessment in a remote setting. We are keen to build on this learning space next year.

Five Year Completion Rates

The Delta School district continues to have completion rates well above the provincial average as shown in the five-year completion graphs below. We are deeply committed to parity and equity for all students.





International Student Program

Delta School District's International Student Program was pleased to welcome over 750 students to our schools and community for a significant portion of the 2019-20 school year. In addition, the program saw its historically largest group of students participate in English Language Learners (ELL) summer camp programs in July and August 2019. The year saw further growth of the program, new complexities such as the addition of MSP fees for international students, requirements for immunization records, and changes to study permit requirements.

In the days after the declaration of COVID-19 as a pandemic by the World Health Organization on March 11, 2020 and the resulting suspension of in-class learning in BC on March 18, over 200 international students returned home, most to complete their studies remotely.

While numbers have dropped significantly for September 2020, the strong global reputation that Delta's schools and Delta's International Student Program hold are once again being highlighted as inquiries and commitments for September 2021 are ahead of what we would normally expect at this time.

Maintenance and Operations

School buildings are being refurbished on a cyclical schedule. In 2019-20, Maintenance and Operations continued to focus on providing safe and clean buildings to enhance the student and staff experience by replacing carpet walls, installing new whiteboards, refurbishing aged flooring, updating parking lots and driveways, enhancing playgrounds, updating technology, lighting, replacing air handling units and roofs at various schools.

The District resurfaced the South Delta Secondary Track in financial partnership with the City of Delta for the benefit of school and community use.

District IT Services updated servers in our schools and at the District's data centre, updated District disaster recovery systems and data recovery plans, completed data migration to MyEd BC, began conversion of PA systems from analog to digital and implemented significant system security improvements.

Year in Review

Contract negotiations by the BC Teachers' Federation with the BC Public School Employers' Association and by CUPE locals concluded and new three year collective agreements were ratified.

After a lengthy and challenging development process, the Ministry of Education announced the release of the first of two phases of a new funding model in March 2020 for the 2020-21 school year, while phase two continues to be developed.

The District and the City of Delta collaborated on various recreation projects for students and the Delta community, including the enhancement of playgrounds, construction of beach volleyball courts at Delta Secondary School, and resurfacing of the South Delta Secondary School track.

On Orange Shirt Day, the District unveiled a Truth and Reconciliation house post at the school board office in Ladner in recognition of our ongoing working relationship with Tsawwassen First Nation (TFN). The 3.6 m pole was carved from red cedar by TFN artist Karl Morgan with the assistance of three other TFN members and numerous SD37 students.

On March 11, 2020 the World Health Organization declared COVID-19 a pandemic. Shortly thereafter, on March 18, 2020, BC declared a state of emergency due to COVID-19 and life began to change radically. In K-12 education, school trips were cancelled first, followed by an all in-class learning suspension. Administrators, teachers and school office staff rallied to deliver a completely new learning model and provide a multitude of supports to families. Close to 500 laptops were distributed to students without access to a computer at home. Students had to adjust to learning from home, being separated from their friends, while parents did as much as they could to support their children. Facilities and Maintenance staff worked hard to ensure our schools and work sites were clean, ready and safe for students and staff while distancing measures were undertaken throughout the District. Sadly, many of our international students had to make the difficult decision to return home early. For a time, classes, meetings, conferences and graduation ceremonies took place in a virtual environment. The school year ended with much uncertainty around the start of the upcoming year.

In 2019-20, the new Employer Health Tax (EHT) was in effect for the entire year while the Medical Services Plan (MSP) was finally discontinued at the end of December 2019.

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 97.0% of the District's 2019-20 Ministry Operating Grant and 74.8% 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 15,900 students of which 98.4% are school-aged K-12 students. The 2019-20 actual enrolment count for school-aged students, adult students and summer school students matched that of the Amended Budget as enrolment counts were halted when in-class learning was suspended during COVID-19.

School-aged, adult and summer school enrolments increased over the prior year by 142.968 FTE, 3.5 FTE and 25.37 student-FTE respectively.

DELTA SCHOOL DISTRICT - #37							
Overall Student Enrolment							
AS AT JUNE 30, 2020							
	Total 2019-20	A. Budget 2019-20	Total 2018-19	\$ Variance from A. Budget	Variance from Prior Year		
School Age	15,640.4067	15,640.4067	15,497.4388	-	0.0%	142.968	0.9%
Adult	56.5000	56.5000	53.0000	-	0.0%	3.500	6.2%
Summer School	203.6200	203.6200	178.2500	-	0.0%	25.370	12.5%
Total	15,900.5267	15,900.5267	15,728.6888	-		171.838	

...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: \$42,400
- **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: \$20,200
- **Level 3 designations** include students requiring intensive behavior interventions or students with serious mental illness (H); Funding Amount: \$10,250
- **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 \$1,495, for students with Indigenous Ancestry at \$1,450, for Newcomer Refugees at \$3,734 and for Adult Students at \$4,773.

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 approximately \$49,000 per school year, as compared to supplemental funding of \$10,250 for a student identified as meeting Level 3 designation criteria.

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 2019-20, enrolment for students identified with Level 1, 2 and 3 Ministry designations increased by 39 students over the prior year. As a result of the increased enrolment and an increase in the per pupil amounts, funding increased by \$1.964 million. This was the third 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 106 student FTE and there was an increase of one student with Indigenous Ancestry.

The table below shows 2019-20 v. 2018-19 Enrolment for Designated Students:

ENROLMENT FOR STUDENTS WITH UNIQUE STUDENT NEEDS	2019-20			2018-19			2019-20 v. 2018-19	
	FTE	\$ / ea	Revenue	FTE	\$ / ea	Revenue	FTE	Revenue
Level 1 Students - Sep	11.000	42,400	466,400	11.000	38,800	426,800	-	39,600
Level 1 Students - Feb	1.000	21,200	21,200	1.000	19,400	19,400	-	1,800
Level 1 Students - Total	12.000		487,600	12.000		446,200	-	41,400
Level 2 Students - Sep	746.000	20,200	15,069,200	696.000	19,400	13,502,400	50.000	1,566,800
Level 2 Students - Feb	12.000	10,100	121,200	25.000	9,700	242,500	(13.000)	(121,300)
Level 2 Students - Total	758.000		15,190,400	721.000		13,744,900	37.000	1,445,500
Level 3 Students - Sep	411.000	10,250	4,212,750	436.000	9,800	4,272,800	(25.000)	(60,050)
Level 3 Students - Feb	34.000	5,125	174,250	7.000	4,900	34,300	27.000	139,950
Level 3 Students - Total	445.000		4,387,000	443.000		4,307,100	2.000	79,900
ELL	1,725.000	1,495	2,578,875	1,619.000	1,420	2,298,980	106.000	279,895
Indigenous	590.000	1,450	855,500	589.000	1,230	724,470	1.000	131,030
Newcomer Refugees	-	3,734	-	3.000	3,712	11,136	(3.000)	(11,136)
ELL Supplement for Refugees	-	748	-	3.000	710	2,130	(3.000)	(2,130)
Sub-total	3,530.000		23,499,375	3,390.000		21,534,916	140.000	1,964,459
Unfunded Students	1,027.000			1,055.000			(28.000)	-
Total Enrolment & Funding	4,557.000		23,499,375	4,445.000		21,534,916	112.000	1,964,459

The 2019-20 enrolment aligned with projected enrolment.

The 2019-20 school year saw the actual number of students enrolled aligned more closely with the projected enrolment. This was a change from the 2017-18 and 2018-19 school years in which the actual number of students enrolled were higher than projected. During the 2017-18 and 2018-19 school year actual enrolment was higher than projected due to increased motivation for schools to pursue designations resulting from the reinstated contract language, improvements made to District processes for the assignment of designations and migration into the District - from out-of-District student waitlists. The 2019-20 school year saw the rate of designation assignment stabilize following two years of the temporarily increased designation rate.

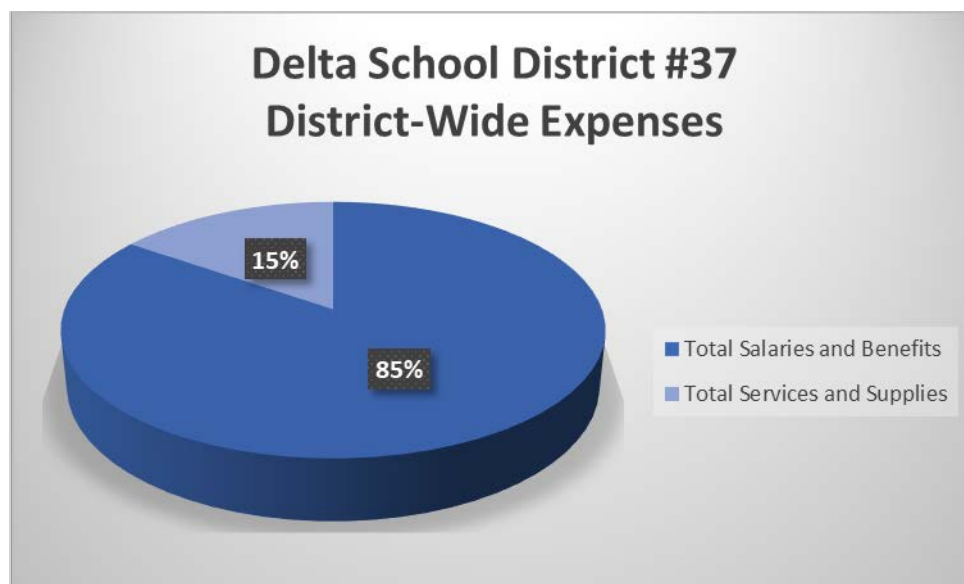
During the 2019-20 school year, Inclusive Learning continued to prioritize staffing, learning resources, the provision of supports and students directly impacting student success, professional learning and

subject-area expert consultation, and the ongoing review and adjustment of structures and processes furthering the District goals of inclusion, equity and the success of all students. Inclusive Learning maintained an array of Kindergarten to Grade 12 support services offered through the tiers of foundational and universal strategies supporting the success of all students through to increasingly targeted and highly individualized supports.

Throughout the 2019-20 school year, to further the goal of continuing to build system-wide capacity to achieve inclusion, equity and student success, Inclusive Learning worked with several community-based and internationally renowned subject-area experts in the fields of education, inclusion and equity. Some examples included Dr. Ross Greene (Harvard Medical School, Virginia Tech.), Shelley Moore (University of British Columbia), Guy Felicella (Clinical Peer Advisor at the BC Centre of Substance Use and the Ministry of Mental Health and Addictions), Ramen Gill, (Clinician Simply Counselling), and presenters from the Justice Institute of British Columbia.

Change in Staffing

The Majority of School District funding is expended on staffing costs. In 2019-20, 85% of total District expenditures were staffing related.



Teachers

In 2019-20, hiring for positions requiring special qualifications, such as French Immersion, Tech Ed and Inclusive Learning, continued to be challenging because of province-wide shortages in those areas. Delta, along with many other BC 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 creating enhanced advertising strategies and processing more complex application scenarios. Travel to recruitment events across the country has provided important links to new job markets, but this will necessarily be reduced or eliminated as a result of COVID-19 concerns.

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 continued to create pressure on the system in 2019-20. TTOC's provide release time in the case of teacher illness and to cover teacher collaboration and professional development initiatives.

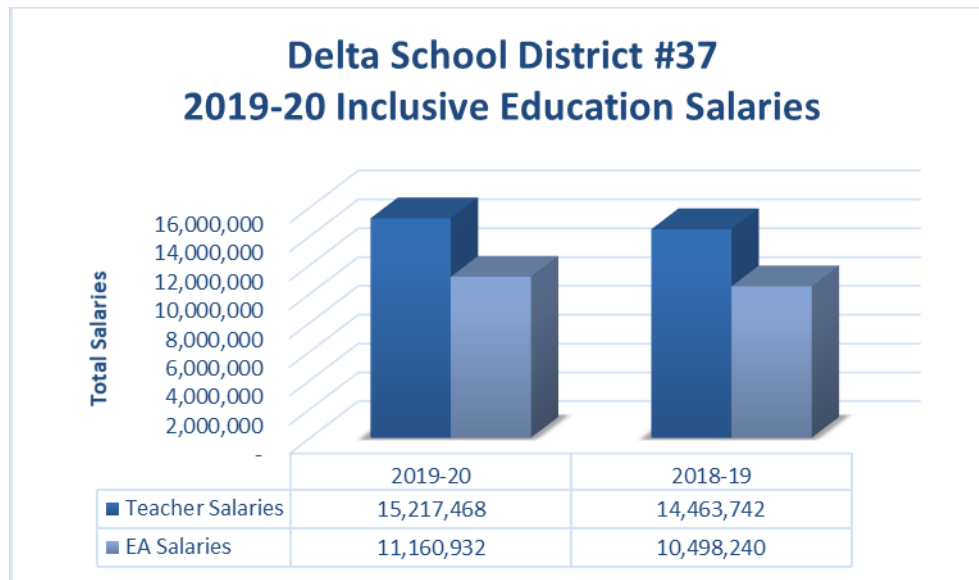
Since 2017-18, the class size and composition restored language provides teachers with relief where a certain threshold of class size or class compositions have been reached. This relief, referred to as "remedy", can be provided to teachers in a number of variations, including TTOC release time and pooled minutes to create posted positions. Given the shortage of TTOC's, the District attempted to provide 2019-20 remedy mostly through posted positions. With TTOC's still in short supply and the COVID-19 related suspension of in-class learning, an amount of \$660 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 and 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.

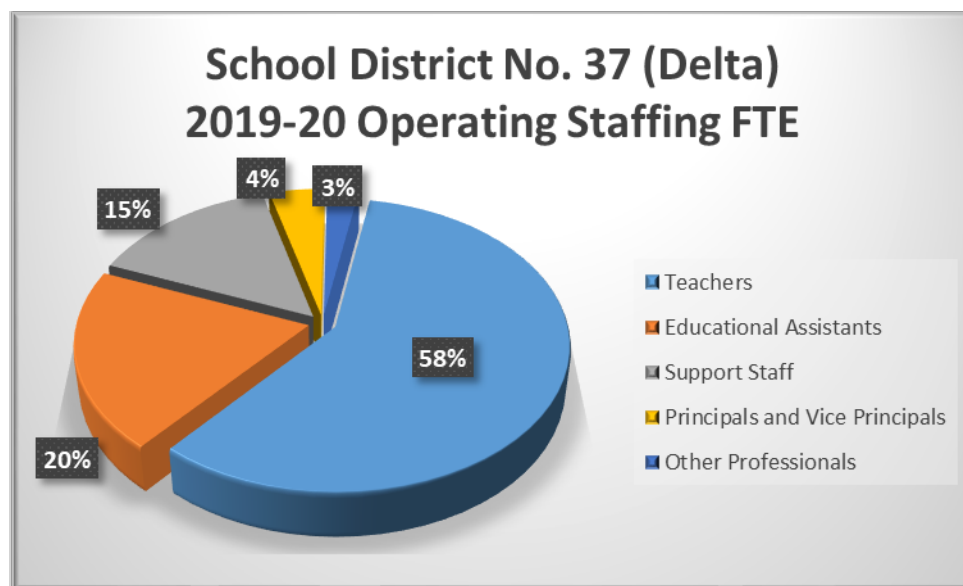
As already mentioned, 2019-20 enrolment numbers for students with unique student needs increased compared to the prior year (please refer to pages 11-13 for details). These enrolment increases were largely anticipated and drove a significant increase in education assistant positions over the prior year, although the suspension of in-class learning and unavoidable hiring delays caused a decrease in education assistant position deployment compared to expectation. As with teachers, Delta's increasing need for education assistants is shared with other Districts, leading to significant recruitment challenges.

In spite of staffing shortages, great efforts were made to keep positions for students with special needs staffed throughout the year with some promising results. The chart following 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 2019-20 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 4% of overall staffing and other professionals, who include management and trustees, made up 3% of the FTE distribution (please see below).



Operating Accounts

The circumstances of 2019-20 resulted in an **Operating Surplus of \$3.312 million** which **increased the Operating reserve from \$15.548 million to \$18.86 million.**

The primary factors that contributed to the Surplus:

- International Program Net Contribution over Amended Budget: **\$1.583 million**
- Inclusive Education underspending mainly due to COVID and unavoidable hiring delays: **\$936 thousand**
- Supplemental Ministry Funding for designated students received after the Amended Budget: **\$316 thousand**
- Facilities and Technology underspending due to COVID and timing: **\$693 thousand**
- All other COVID net savings impact on Operations in March, April and June: **\$1.349 million**
- Capital spending: **(\$1.650) million**
- All other impacts: **\$84 thousand**

DELTA SCHOOL DISTRICT - #37					
Operating Fund Net Change					
AS AT JUNE 30, 2020					
	Total 2019-20	A. Budget 2019-20	Total 2018-19	\$ Variance from A.Budget	Variance from Prior Year
Total Revenue	169,921,261	165,476,855	163,581,138	4,444,406	6,340,123
Total Expenses	164,959,574	165,992,130	163,367,441	(1,032,556)	1,592,133
Net Change	4,961,687	(515,275)	213,697	5,476,962	4,747,990
Total Net Transfers	(1,650,168)	(2,663,684)	(1,696,961)	1,013,516	46,793
Total Net Change	3,311,519	(3,178,959)	(1,483,264)	6,490,478	4,794,783
Acc. Surplus Opening Balance	15,548,429	15,548,429	17,031,693	-	(1,483,264)
Acc. Surplus Ending Balance	18,859,948	12,369,470	15,548,429	6,490,478	3,311,519

Special Purpose Funds

Special Purpose Funds 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 \$4.295 million. Receipts of \$20.996 million and spending of \$20.558 million resulted in a \$438 thousand increase in the balance to be carried forward. The total carry-forward balance as at June 30, 2020 was \$4.732 million. For more information, please see the section called “Financial Analysis” Subsection “Special Purpose Funds” on page 30.

DELTA SCHOOL DISTRICT - #37**Special Purpose Funds**

AS AT JUNE 30, 2020

	ACTUAL	Prior Year	Variance from Prior Year
Provincial Grants - Ministry of Education (net)	15,052,081	13,439,040	1,613,041
Provincial Grants - Other	292,397	164,008	128,389
Other	5,633,502	5,992,047	(358,545)
Investment Income	17,964	27,180	(9,216)
Total Restricted Grants	20,995,944	19,622,275	1,373,669
Allocated to Revenue	20,558,332	19,594,555	963,777
Total Net Change	437,612	27,720	409,892
Beginning Balance	4,294,565	4,266,845	27,720
Ending Balance	4,732,177	4,294,565	437,612

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 school year ended June 30, 2020, the District invested \$5.295 million in capital assets and capital leases.

Funding used to make these additions possible consisted of the following sources: \$3.2 million from the Ministry of Education, \$1.643 million from District Operating Funds, and \$452 thousand from Special Purpose Funds and other sources.

The funding was used to make \$3.914 million in building and playground upgrades, invest \$334 thousand in technology and technology infrastructure projects, \$434 thousand in facilities equipment replacements and \$613 thousand in capital lease payments.

Financial Analysis of the School District

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.

SCHOOL DISTRICT No. 37 (DELTA) STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020				
	TOTAL 2019-20	TOTAL 2018-19	Variance from Prior Year	% of Change
FINANCIAL ASSETS				
Cash and Cash Equivalents	47,511,080	52,656,279	- 5,145,199	-10%
Accounts Receivable			-	
Due from Province - Ministry of Education	104,856	1,100,170	- 995,314	-90%
Due from Province - Other	22,516	59,415	- 36,899	-62%
Due from LEA/Direct Funding	249,850	271,643	- 21,793	-8%
Other Receivables	1,293,203	924,241	368,962	40%
TOTAL FINANCIAL ASSETS	49,181,505	55,011,748	- 5,830,243	-11%
LIABILITIES				
Accounts Payable and Accrued Liabilities				
Due to Province - Other	49	304	- 255	-84%
Other	12,956,332	19,268,387	- 6,312,055	-33%
Unearned Revenue	5,761,661	9,211,533	- 3,449,872	-37%
Deferred Revenue	4,732,177	4,294,565	437,612	10%
Deferred Capital Revenue	107,291,662	108,175,846	- 884,184	-1%
Accrued Employee Future Benefits	4,443,084	4,286,735	156,349	4%
Capital Lease Obligations	4,798,686	5,198,843	- 400,157	-8%
Other Liabilities	1,334,646	1,047,657	286,989	27%
TOTAL LIABILITIES	141,318,297	151,483,870	- 10,165,573	-7%
NET FINANCIAL ASSETS (DEBT)	- 92,136,792	- 96,472,122	4,335,330	-4%
NON-FINANCIAL ASSETS				
Tangible Capital Assets - Net	141,660,003	144,112,448	- 2,452,445	-2%
Prepaid Expenses	767,256	708,021	59,235	8%
Supplies Inventory	39,041	22,298	16,743	75%
TOTAL NON-FINANCIAL ASSETS	142,466,300	144,842,767	- 2,376,467	-2%
ACCUMULATED SURPLUS (DEFICIT)	50,329,508	48,370,645	1,958,863	4%
Accumulated Surplus (Deficit) is comprised of:				
Accumulated Surplus (Deficit)	50,329,508	48,370,645	1,958,863	4%
	50,329,508	48,370,645	1,958,859	4%

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 and 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 decreased by \$5.145 million (or -9.8%) over the prior year. The decrease is largely due to the one-time retroactive payment in December 2019 to Fortis Alternative Energy Services (FAES) for prior year rate differentials accumulated since the inception of the contract. 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 the District’s liabilities.

2019-20 CASH RECONCILIATION				
CASH & INVESTMENT BALANCE AT JUNE 30, 2020		2019-20		2018-19
CASH BALANCE FOR ALL FUNDS		18,246,907		14,226,932
INVESTMENT WITH PROV. TREASURY		29,264,173	62%	38,429,347
PORTFOLIO INVESTMENTS		-		-
TOTAL CASH & INVESTMENTS		47,511,080		52,656,279
FUNDS NEEDED FOR				
Accounts Payable		12,956,382		19,268,692
<i>Includes: Wages, Payroll Deductions</i>				
<i>Amounts due to Vendors, Taxes</i>				
Tuition and Facility Rental Advance Payments		5,761,661		9,211,533
Restricted Special Purpose Funds		4,732,177		4,294,565
Unspent Deferred Contributions - Capital Funds		1,657,117		1,900,653
Accrued Employee Benefits - Mercer		4,443,084		4,286,735
Vacation and Overtime Banks		1,334,646		1,047,657
Operating Reserve Initiatives		18,859,948		15,548,429
Capital Reserves Initiatives		242,787	19,102,735	183,803
				15,732,232
LESS: FUNDS TO BE RECEIVED FOR OR SAVED FROM				
Accounts Receivable		(1,670,425)		(2,355,469)
<i>Includes: GST Refund, TFN & Other Billings</i>				
<i>Computer Plan, Interest Receivable</i>				
<i>Amounts receivable fr. PAC and SGF</i>				
Prepaid Expenses		(767,256)		(708,021)
Maintenance Inventory		(39,041)		(22,298)
TOTAL USES OF CASH & INVESTMENTS		47,511,080		52,656,279

Accounts Receivable decreased overall by (\$685) thousand due to various year-end timing differences between the current and prior fiscal years from transactions pertaining to the ordinary course of business. Included in this amount are (\$995) thousand in decreased receivables from the Ministry of Education due to the receipt of Classroom Enhancement funding and funding for capital projects, increases of \$369 thousand in other receivables, including receivables for the Federal Programs Language Instruction for Newcomers to Canada (LINC) and Settlement Workers in Schools (SWIS) and from the City of Delta.

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) decreased by (\$6.312) million. This amount comprises various year-end timing differences including the following: \$258 thousand in increased payroll deductions, \$24 thousand in increased Employer Health Tax, both due after June 30, 2020, and \$56 thousand in increased trade payables. It also includes an “Other” payables variance which is comprised of a (\$1.182) million decrease in International Student Program homestay and MSP fees, (\$221) thousand in International Student Program Refunds, a decrease of (\$30) thousand in construction holdbacks and a decrease 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.

Unearned Revenue consists of advance tuition fees received for the upcoming school year. As the education services paid for by these fees have not yet been provided by the District, the fees have not yet been earned. Unearned revenues decreased by (\$3.45) million due to the impact of COVID-19 related enrolment declines on the International Student Program.

Deferred Revenue is another form of liability consisting of advance payments that have not been earned yet. Deferred revenues mainly include capital and special purpose funds that have been restricted by the provider of the funds for a particular use. This funding is recorded as revenue when the deliverables have been provided. Deferred revenue increased by \$437 thousand as a result of changes in the unspent carry-forward balances of various special purpose funds.

Deferred Capital Revenue (DCR) consists of deferred revenue that is earmarked for capital projects. Deferred capital revenue is taken into income via amortization. DCR decreased by (\$884) thousand from the prior year. This was related to an increase of \$3.407 million in deferred capital revenue employed in capital projects, and a decrease of (\$4.291) million through the amortization of deferred capital revenue.

Accrued Employee Future benefits include post-employment benefits, compensated absences 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 2019-20 increased by \$156 thousand from the prior year.

Capital Lease Obligations Lease payments made during the 2019-20 school year reduced principal owing on District leases by (\$400) thousand.

Other Liabilities increased by \$287 thousand due to an increase 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 (\$2.452) million from the prior year. This change consisted of \$926 thousand in capital asset additions (net of disposals), primarily in the areas of buildings and to a lesser extent in furniture and equipment and vehicle replacements with a decrease in vehicles and technology from deemed disposition exceeding new acquisitions. The asset additions were offset by amortization of (\$3.378) million (net of disposals).

Prepaid Expenses increased by \$59 thousand due to increases in licenses for software and timing of vehicle insurance payments.

Supplies Inventory saw a small variance resulting from the 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 \$50.33 million and consists of \$18.86 million in accumulated operating surplus and \$31.47 million in accumulated capital surplus balances.

Accumulated Operating Surplus of \$15.548 million at the beginning of the year, increased by \$3.312 million during the year as described on page 15 of this report. Financial statement Note 18 “Internally Restricted Surplus” on page 27 of the financial statement package provides details of the composition of these reserve funds.

Accumulated Capital Surplus of \$32.822 million at the beginning of the year, decreased during the year by (\$1.353) million. It is composed of investments in capital assets in the amount of \$31.227 million and of local capital reserves of \$243 thousand. For greater detail on the activity in these areas throughout the year, please refer to Schedule 4 on page 40 of the financial statement package.

DELTA SCHOOL DISTRICT - #37**Operating Fund Net Change**

AS AT JUNE 30, 2020

	Total 2019-20	A. Budget 2019-20	Total 2018-19	\$ Variance from A.Budget	Variance from Prior Year
Total Revenue	169,921,261	165,476,855	163,581,138	4,444,406	6,340,123
Total Expenses	164,959,574	165,992,130	163,367,441	(1,032,556)	1,592,133
Net Change	4,961,687	(515,275)	213,697	5,476,962	4,747,990
Total Net Transfers	(1,650,168)	(2,663,684)	(1,696,961)	1,013,516	46,793
Total Net Change	3,311,519	(3,178,959)	(1,483,264)	6,490,478	4,794,783
Acc. Surplus Opening Balance	15,548,429	15,548,429	17,031,693	-	(1,483,264)
Acc. Surplus Ending Balance	18,859,948	12,369,470	15,548,429	6,490,478	3,311,519

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, 2020

	Total 2019-20	A. Budget 2019-20	Total 2018-19	\$ Variance from A.Budget		Variance from Prior Year	
Ministry of Education	151,564,362	148,749,030	144,618,032	2,815,332	2%	6,946,330	5%
Provincial Revenue	931,147	655,639	915,309	275,508	42%	15,838	2%
Federal Revenues	922,700	945,648	980,006	(22,948)	-2%	(57,306)	-6%
Tuition	12,515,025	11,797,855	12,615,771	717,170	6%	(100,746)	-1%
Other Revenues	2,452,322	1,954,308	2,761,027	498,014	25%	(308,705)	-11%
Facility Rental	689,485	695,375	733,254	(5,890)	-1%	(43,769)	-6%
Interest Income	846,220	679,000	957,739	167,220	25%	(111,519)	-12%
Total Operating Fund Revenues	169,921,261	165,476,855	163,581,138	4,444,406	3%	6,340,123	4%

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 \$2.815 million over the Amended Budget and by \$6.946 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 \$316 thousand and \$211 thousand respectively; increased funding of \$321 thousand over expectation for graduated adults; increased funding for the teacher labour settlement of \$1.849 million and an unbudgeted benefit grant of \$111 thousand. It also included a decrease in the Local Education Agreement (LEA) claw back of (\$29) 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.

- **Variance to the Prior Year included:** Increased funding for regular students of \$1.792 million, where enrolment increased by 142.968 student FTE and the per pupil amount increased by \$45 (from \$7,423 to \$7,468).

Funding for students with unique student needs increased by \$1.964 million, in part due to an increase in enrolment, as shown on page 12, but also due to a significant increase in the per pupil funding provided by the Ministry of Education. The per pupil increase resulted from the recognition that over recent years, the per pupil increases for students with unique student needs had not kept up with the basic per pupil increase or with education cost increases in this area.

Funding over the prior year further included \$64 thousand due to increased enrolment at elevated per pupil rates pertaining to continuing education academic courses. Further changes included a \$143 thousand increase in graduated adult related per pupil funding; an \$84 thousand increase in student location factor dollars; a reduction of (\$348) thousand in the salary differential between Delta and the province; \$891 thousand of funding for the Employer Health Tax in addition, and \$2.536 million in funding for the newly ratified teacher and support staff labour settlement agreements.

An Economic Stability Dividend received in the prior year did not apply to 2019-20, causing a decrease in this funding by (\$176) thousand. Finally, the LEA claw back formula resulted in an adjustment of (\$29) thousand.

[Provincial Revenues](#) increased overall by \$16 thousand compared to the prior year and by \$275 thousand in comparison to the Amended Budget mainly in connection with the following grants: Language Challenge, Life Skills, POPARD Teacher Training program.

[Federal Revenues](#) decreased by (\$57) thousand compared to the prior year for the Federal LINC and SWIS programs and by (\$23) thousand compared to the Amended Budget. Approved funding for these programs is received based on service provision, which was slowed by COVID-19 in the last quarter of the school year.

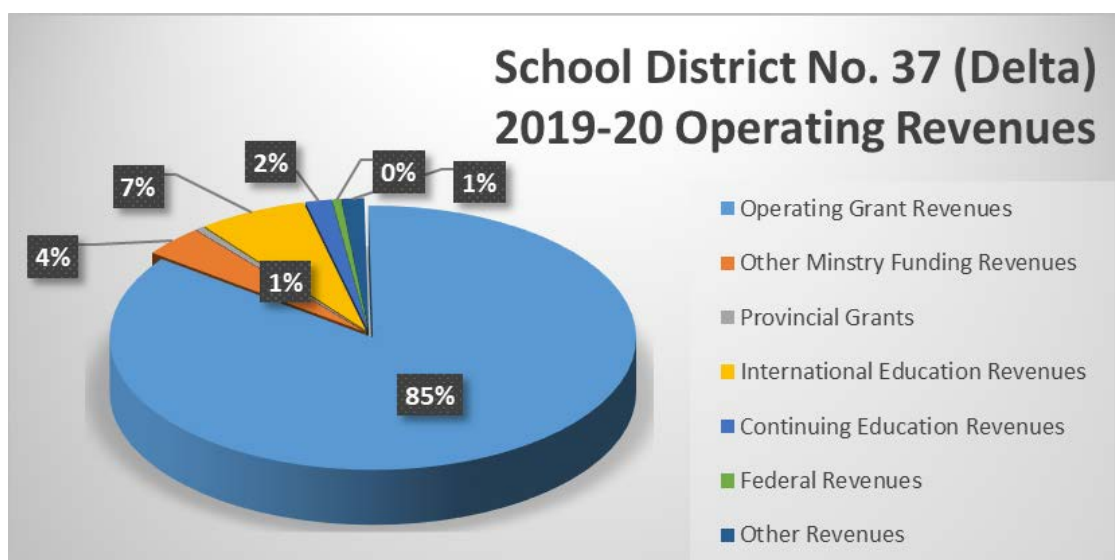
Tuition Revenues decreased by (\$101) thousand compared to the prior year but increased by \$717 thousand over the Amended Budget. The change compared to the prior year is largely due to COVID-19 and a COVID-19 related decrease in the International short programs. The change over the Amended Budget is due to additional international student enrolment in the months after the Amended Budget. The increase is the result of less budgetary reliance being placed on late enrolment in the year. It is believed that enrolment beyond the start of COVID-19 might have been negatively impacted, with this impact however being difficult to measure.

Other Revenues decreased by (\$309) thousand compared to the prior year and increased by \$498 thousand over the Amended Budget. The decrease from the prior year was due in large part to a (\$576) thousand decrease in miscellaneous international Student Program revenue, which, in turn, was impacted in part by a change in how medical insurance fees for International students are collected and processed. Other revenue variances included decreases in field maintenance of (\$47) thousand, and instructional cafeteria revenues of (\$118) thousand. These were offset to some extent by \$91 thousand in donations received to help feed those in need during COVID-19 and \$304 thousand in miscellaneous contractual education services.

Facility Rentals of \$689 thousand was lower than Amended Budget by (\$6) thousand and decreased from the prior year by (\$44) thousand. The decrease is due to COVID-19 which resulted in facility rental cancellations to community groups.

Interest Income decreased by (\$112) thousand over the prior year and increased by \$167 thousand over the cautious Amended Budget. The prior year impact was brought about by a decrease in cash resulting from a payment to Fortis Alternative Energy Services (FAES) in connection with accumulated utility rate differentials over time in connection with the District's thermal energy contract with FAES. Additionally, interest rates decreased due to COVID-19.

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

DELTA SCHOOL DISTRICT - #37							
Operating Fund Salaries and Benefits							
AS AT JUNE 30, 2020							
	Total 2019-20	A. Budget 2019-20	Total 2018-19	\$ Variance from A.Budget		Variance from Prior Year	
Teachers	80,210,770	77,900,734	75,615,786	2,310,036	3%	4,594,984	6%
Principals and Vice Principals	9,044,711	9,002,778	8,714,211	41,933	0%	330,500	4%
Educational Assistants	12,408,203	12,675,546	11,813,047	(267,343)	-2%	595,156	5%
Support Staff	12,005,096	12,152,259	11,412,764	(147,163)	-1%	592,332	5%
Other Professionals	3,613,077	3,506,065	3,111,259	107,012	3%	501,818	16%
Substitutes	3,440,736	4,335,841	4,313,482	(895,105)	-21%	(872,746)	-20%
Total Salaries	120,722,593	119,573,223	114,980,549	1,149,370	1%	5,742,044	5%
Benefits	30,044,406	30,288,311	28,276,572	(243,905)	-1%	1,767,834	6%
Total Salaries and Benefits	150,766,999	149,861,534	143,257,121	905,465	1%	7,509,878	5%

[Teacher Salaries](#) increased by \$2.31 million over the Amended Budget largely due to labour settlement increases and increases in casual teachers in Delta Access and Adult Education. Teacher salaries increased by \$4.595 million over the prior year, due also to labour settlement increases, and due to year-over-year salary grid increases and decreases in long-term illness coverage. Additionally, the District addressed BC-wide TTOC recruitment issues by engaging teachers instead of TTOCs to cover class size and composition related “remedy” time owed to teachers. Further, during in-school instruction in June and to avoid the health and safety risk during COVID-19 of TTOC movement among school buildings, teachers were given fixed placements in schools. The District initiatives resulted in greater spending in teaching labour and lesser spending in substitute labour, the labour category where TTOCs are recorded. This substitute labour decrease can be observed in the above table. For further details, please see page 14 of this document.

[Principal and Vice Principal](#) salary costs increased by \$41 thousand over the Amended Budget and by \$331 thousand over the prior year as a result of administrator salary increases authorized under the provincial compensation framework. Additionally, some retirement and illness-related absences required overlap staffing.

[Education Assistant](#) salaries decreased by (\$267) thousand from the Amended Budget and increased by \$595 thousand compared to the prior year. Decreases over the Amended Budget were due to COVID-19 related suspension of in-class learning and due to unavoidable hiring delays. Increases over the prior year resulted from an increase in designated student enrolment. In addition, the District transitioned its education assistants from several categories to just one category with the most wide-ranging qualifications. This change resulted in an overall increase in education assistant related labour costs in the District.

[Support Staff](#) salaries came in under the Amended Budget by (\$147) thousand but increased by \$592 thousand over the prior year. The decrease compared to the Amended Budget resulted from an increase in clerical staffing time, which was more than offset by a decrease in Maintenance and Facility staffing absences due to illness in Facility Operations. 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. Additionally, there was a small FTE increase.

[Collective Agreement Increases for 2019-20:](#)

Teachers, education assistants and support staff received a collective agreement increase of 2%, effective July 1, 2019; and no Economic Stability Dividend was given this year.

Salaries for [Other Professionals](#) increased by \$107 thousand compared to the Amended Budget due to the timing of vacation accruals. Costs in this category increased by \$501 thousand compared to the prior year resulting from exempt staff salary increases authorized under the Provincial compensation framework, small increase in FTE and timing of vacation accruals.

[Substitute Labour](#) includes TTOCs, Casual EAs, Casual Maintenance and Facility Service workers, Casual Clerical, Cafeteria staff and Crossing Guards. Costs in this category decreased by (\$895) thousand compared to the Amended Budget and by (\$873) thousand compared to the prior year.

- **Variance to the Amended Budget:** This included decreased illness and absence costs of (\$834) thousand, decreased substitute teacher costs of (\$215) thousand, both due to COVID-19 and the suspension of in-class learning. Casual maintenance costs increased by \$102 thousand due to increased health and safety requirements under COVID-19 and casual maintenance staff also fill in for regular staff during staff absences.
- **Variance to the Prior Year:** Similarly, this variance also included a decrease in illness and absence costs, here by (\$888) thousand and a decrease in substitute teacher costs by (\$81) thousand, which both occurred due to COVID-19 and the related suspension of in-class learning. These cost reductions were offset to some extent by an increase of \$137 thousand in casual aides for 2019-20.

[Benefits](#) decreased by (\$244) thousand compared to the Amended Budget and increased by \$1.768 million compared to the prior year, as follows:

- **Variance to the Amended Budget:** A decrease in municipal pension by (\$341) thousand due to timing delays related to the hiring process and due to a further delay in the entitlement to the pension benefit after employees are first hired was offset by smaller increases in Extended Health costs, CPP/EI and more significantly, an increase in Dental benefit costs by \$149 thousand.
- **Variance to the Prior Year:** This was the first year in which the Employer Health Tax was implemented for the whole year. This added \$1.021 million in costs over the prior year. This cost increase was however offset by a (\$511) decrease in MSP costs with MSP ending as at December 31, 2019. Here too, Extended Health and Dental Plan costs of \$943 thousand and Canada

Pension Plan and Employment Insurance of \$346 thousand increased over the prior year. These increases had been substantially anticipated in the Amended Budget based on budgeted FTE.

OPERATING SERVICES & SUPPLIES

DELTA SCHOOL DISTRICT - #37 Operating Services and Supplies AS AT JUNE 30, 2020							
	Total 2019-20	A. Budget 2019-20	Total 2018-19	\$ Variance from A. Budget		Variance from Prior Year	
Services Total	5,186,194	5,022,455	5,504,353	163,739	3%	(318,159)	-6%
Student Transportation Total	1,075,634	1,401,450	1,337,345	(325,816)	-23%	(261,711)	-20%
Professional Development and Travel Total	703,626	792,546	708,076	(88,920)	-11%	(4,450)	-1%
Rentals and Leases Total	37,173	240,002	43,479	(202,829)	-85%	(6,306)	-15%
Dues and Fees Total	184,213	157,651	196,266	26,562	17%	(12,053)	-6%
Insurance Total	315,418	340,001	312,268	(24,583)	-7%	3,150	1%
Supplies Total	4,098,876	5,594,760	4,712,741	(1,495,884)	-27%	(613,865)	-13%
Utilities Total	2,591,441	2,581,731	7,295,792	9,710	0%	(4,704,351)	-64%
Total Services and Supplies	14,192,575	16,130,596	20,110,320	(1,938,021)	-12%	(5,917,745)	-29%

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 \$164 thousand over the Amended Budget and decreased by (\$318) thousand compared to the prior year.

- **Variance to the Amended Budget:** Service costs increased most significantly due to an increase in software costs in connection with COVID-19 for remote learning applications. Some costs decreased, among them communication costs and contract instructors.
- **Variance to the Prior Year:** Service and supply costs decreased compared to the prior year, primarily in connection with reduced legal costs, reduced International Student Program agent commissions and contract instructors due to COVID-19. These were somewhat offset by cost plant maintenance and software costs.

Student Transportation costs decreased due to COVID-19 with no service provided in April and May. This meant that in 2019-20 overall, costs decreased by (\$326) thousand compared to the Amended Budget and by (\$266) thousand compared to the prior year.

To and from school transportation of students with unique student needs decreased by (\$195) thousand compared to the Amended Budget and by (\$193) thousand compared to the prior year due to reduced service for COVID-19.

Similar decreases were experienced in Academies and in the Farm Roots program as in-class learning was suspended in March. Costs decreased in these programs by (\$123) thousand compared to the Amended Budget and by (\$73) thousand compared to the prior year.

Professional Development and Travel decreased by (\$89) thousand compared to the Amended Budget and by (\$4) thousand compared to the prior year. The decrease pertained to COVID-19 and the inability to travel or provide in-person professional development courses.

Rentals and Leases decreased (\$203) thousand compared to the Amended Budget due to timing of expenditures and by (\$6) thousand compared to the prior year.

Dues and Fees increased by \$27 thousand over the Amended Budget due to timing of expenditures incurred and decreased by (\$12) thousand compared to the prior year.

Insurance costs improved by (\$25) thousand compared to budgeted expectation and increased by \$3 thousand compared to the prior year due to a small increase in 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 (\$1.496) million compared to the Amended Budget and by (\$614) thousand under the prior year.

- **Variance to the Amended Budget:** This variance is mostly due to underspending in technology and school accounts. School carry-forward balances increased due to COVID-19 and the inability to purchase items during this time. The District lent out approximately 500 available devices during COVID-19, however, technology projects planned independently of COVID-19 were reduced in scope.
- **Variance to the Prior Year:** A significant variation in spending between 2019-20 and 2018-19 was the result of COVID-19. School expenditures were (\$296) thousand lower than in the prior year, Operations and Maintenance underspent the prior year by (\$73) thousand, technology projects planned before COVID-19 were reduced by (\$118) thousand and Learning Services costs decreased by (\$88) thousand due to the suspension of in-person learning.

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. 2019-20 utility costs exceeded the Amended Budget by \$10 thousand but were less than in the prior year by (\$4.704) million. The decrease from the prior year was due to the one-time retroactive payment of \$5.459 million in December of 2019 to Fortis Alternative Energy Services (FAES) for prior year rate differentials accumulated since the inception of the contract.

Special Purpose Funds

DELTA SCHOOL DISTRICT - #37 Special Purpose Funds AS AT JUNE 30, 2020					
	Opening Balance	Receipts	Spent	Ending Balance	Change
Annual Facilities Grant	81,258	622,562	693,394	10,426	(70,832)
Learning Improvement Grant	29,965	543,249	564,575	8,639	(21,326)
Scholarships	246,270	64,191	40,814	269,647	23,377
Service Delivery Transformation	14,374	-	14,374	-	(14,374)
School Generated Funds	2,555,622	5,412,565	5,233,295	2,734,892	179,270
Strong Start	-	225,106	225,106	-	-
Ready, Set, Learn	-	59,481	45,672	13,809	13,809
Federal French Grant	-	263,972	263,972	-	-
Community Link	-	568,402	521,035	47,367	47,367
Community Schools Partnership	-	50,000	50,000	-	-
New Horizons for Seniors	11,498	-	-	11,498	-
Mental Health Grant	-	26,500	26,500	-	-
Changing Results for Youth	-	17,356	5,913	11,443	-
First Nations Student Transportation	-	146	146	-	-
POPARD	7,532	3,233,499	3,241,031	-	(7,532)
CEF Remedies	984,460	2,337,268	2,137,130	1,184,598	200,138
CEF Staffing	-	6,301,873	6,301,873	-	-
CEF Overhead	-	861,175	861,175	-	-
ESWIS - Settlement Workers	11,762	-	5,090	6,672	(5,090)
EWSIS-Youth At Risk	87,751	-	33,209	54,542	(33,209)
Youth Train In Trades	58,916	71,300	90,276	39,940	(18,976)
NOIIE	205,157	337,299	203,752	338,704	133,547
GRAND TOTAL	4,294,565	20,995,944	20,558,332	4,732,177	437,612

Commentary on Special Purpose Funds:

Annual Facilities Grant	This grant has two components, a Special Purpose Fund Component for repairs and refurbishments and a capital component which provided \$2.407 million in 2019-20 for a Ministry approved list of betterments. This funding is targeted exclusively to facility improvements.
Learning Improvement Grant	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.
Scholarships	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.
Service Delivery Transformation	This one-time grant has been provided for the study and implementation of wellness initiatives. In 2019-20, the remaining funds in this grant were fully spent.
School Generated Funds	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. Due to COVID-19, a greater amount remains unspent at the end of the 2019-20 school year than at the end of the prior year.
Various Annual Education Grants	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.
Mental Health Grant	This grant provides funds to ensure students can access supports in the mental health area when they need it and feel safe and connected at school.
POPARD	The Provincial Outreach Program for Autism Related Disorders (POPARD) provides professional support for school districts around BC with respect to autism-related orders.
CEF Staffing, Remedies and Overhead Funds	Three Special Purpose Funds provide Ministry funding support for the additional costs of teacher staffing, teacher remedies and overhead costs given by the restored collective agreement language dating back to 2002 under LOU 17. The 2019-20 ending balance of \$1.184 million pertains to 2019-20 unutilized teacher remedies, with funding for teacher staffing and overhead costs having been fully employed.
ESWIS Settlement Workers and Youth At Risk grants	These grants date back a number of years and are used to supplement ESWIS programs while funds last.
Youth Train in Trades	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. The Youth Train in Trades programs are usually offered by a partnerships between school districts and post-secondary institutions.
Network of Inquiry and Indigenous Education	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, in February 2019, the District leased the North Delta track lands to the City of Delta for a period of 60 years at \$1 per year, as its contribution to a project undertaken by the City to develop an athletic facility for the joint use of students and community.

Facility Improvement Projects of \$3.555 million included \$1.286 million in roofing projects, \$74 thousand in fire system upgrades, \$473 thousand for various building and classroom enhancements, and \$1.722 million for Annual Facilities Grant improvement projects.

Playgrounds and outdoor structures: The McCloskey playground project began in the 2018-19 school year and was completed in the early part of the 2019-20 school year. In addition to local funding, this playground received funding through the Ministry's Playground Equipment Program (PEP). The South Delta Secondary School track was resurfaced in a cost sharing and joint use agreement between the District and the City of Delta for the benefit of students and the community.

Capital Lease payments in connection with the District's copier fleet and thermal energy plant amounted to \$613 thousand. For further detail, please also consult Note 9 of the financial statements.

Maintenance Equipment Replacement: The District purchased snow management and grounds vehicle enhancements in the amount of \$25 thousand and \$46 thousand in facility services cleaning equipment. Upgrades also occurred in the Tech Ed shops with new hoists and lathes.

Technology included \$119 thousand for replacing education technology and an amount of \$214 thousand for server replacements and infrastructure upgrades. The District is guided in its technology purchases by a Technology Roadmap that meets the District's threefold 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, 2020	TOTAL
Facility Improvement Projects	3,555,008
Copier & Thermal Energy Plant Lease	613,272
Education Technology & Equipment	333,805
Maintenance Equipment Replacement	434,097
Playground and Outdoor Structures	358,750
	<u>5,294,932</u>

Funding sources utilized to make the above additions possible consisted of the following: \$3.2 million from the Ministry of Education, \$1.643 million from District Operating Funds, and \$451 thousand from special purpose funds and other sources.

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

DELTA SCHOOL DISTRICT - #37			
Available Capital Funds			
AS AT JUNE 30, 2020			
	Total 2019-20	Total 2018-19	Variance from Prior Year
Ministry Bylaw Funds	190,409	204,300	(13,891)
Ministry Restricted Funds	1,466,708	1,434,460	32,248
Other External Funds	-	261,489	(261,489)
Total Deferred Revenue	1,657,117	1,900,249	(243,132)
Capital Reserve Funds	242,787	183,803	58,984
Total Available Funds	1,899,904	2,084,456	(184,148)

The above unspent Capital Reserve and Ministry Bylaw Funds carry forward for earmarked in-progress projects.

Ministry of Education's Restricted Capital (also shown on the 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.

Future Considerations

It is anticipated that phase 2 of the new funding model may be rolled out in time for the 2021-22 budget process. The formula details of this phase of the new funding model and its impact on BC school district budgets is not yet known.

It is not yet known what life with COVID-19 will look like in the 2020-21 school year. We do however anticipate that it will require flexibility, creativity, kindness and perseverance.

A provincial fall election has been called for October 24, 2020.

Contacting Management

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.
