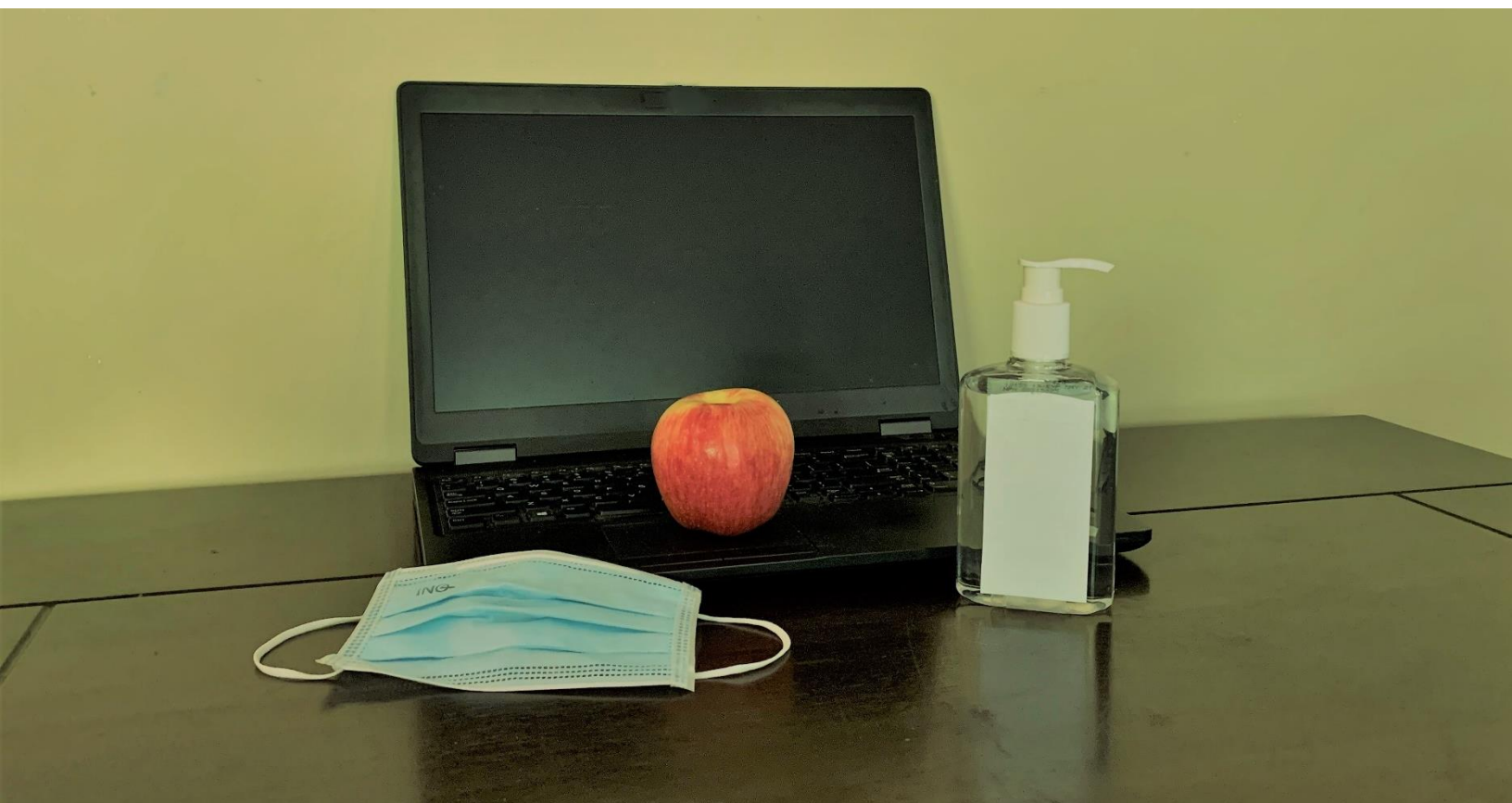


2020/21

# FINANCIAL STATEMENT DISCUSSION & ANALYSIS



**SCHOOL DISTRICT NO. 62 (SOOKE)**

**SCHOOL DISTRICT NO. 62 (SOOKE)  
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)  
YEAR ENDED JUNE 30, 2021**

The discussion and analysis of School District 62's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2021. The intent of the Financial Statement Discussion and Analysis (FSDA) is to look at the District's performance as a whole. The FSDA should be read in conjunction with the financial statements and note disclosures to enhance the overall understanding of School District 62's financial picture for the year.

## **THE SCHOOL DISTRICT**

The District has over 11,000 students and serves the communities of Sooke, Port Renfrew, Metchosin, Highlands, Langford and Colwood. Surrounded by forests, ocean, mountains and lakes, we are located a short distance from Victoria, the capital city of the province of British Columbia. The District is one of the fastest growing school districts in the province.

The governing body of the School District is a Board of Education of seven school trustees who are each elected for a four-year term. The day-to-day matters are managed by the administrative staff of the School District, headed by the Superintendent of Schools.

### **Our Vision**

We honour student voice and choice through engaging, purposeful and experiential learning in a safe and respectful community.

### **Our Values**

– Relationships – Choice – Respect – Integrity – Trust – Safety – Diversity – Equity

## **FINANCIAL HIGHLIGHTS**

The financial statements provide these insights into the results of this year's operations:

### **COVID-19**

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020 and has had a significant financial, market and social dislocating impact worldwide. Under direction of the Provincial Health Officer, all schools suspended in-class instruction in March 2020 and the District remained open to continue to support students and families in a variety of ways. Parents were given the choice to send their children back to school on a gradual and part-time basis beginning June 1, 2020 and full-time (either face-to-face or remote learning) beginning September 1, 2020 with new health and safety guidelines.

Although the uncertain nature of the pandemic made it extremely difficult to project what the financial and operational impacts on the District would be, it became increasingly likely that the pandemic would impact the finances and operations of the District in 2020/21. To maintain existing infrastructure and program services for fiscal 2020/21, the Board approved a one-time reserve threshold of 4% of operating expenses - an increase from the reserve threshold of 2% of operating expenses stated in the reserve policy.

Staff developed a financial plan that relied on the District's financial reserve to address short-term revenue shortfalls in enrolment due to the pandemic. This strategy has worked well and the District, for the most part and with support from the federal and provincial governments, has weathered the financial storm of the pandemic.

**SCHOOL DISTRICT NO. 62 (SOOKE)  
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)  
YEAR ENDED JUNE 30, 2021**

**Operating Fund**

- For the fiscal year 2020/21, the District Operating Fund had a deficit of \$2,405,635 (\$118,415,542 in revenues and \$120,821,177 in total expense and capital asset purchases). When subtracted from the balance of \$7,192,890 at the beginning of the year, the accumulated surplus in the Operating Fund ended the year with a balance of \$4,787,255.
- This year-end balance is fully restricted for the following purposes:
  - Due to the nature of constraints on funds: \$ 2,249,153
  - Due to operations spanning the school year: \$ 844,986
  - Due to unanticipated unusual expenses: \$ 1,693,116
- The year-end balance of \$4,787,255 is 3.96% of the \$120,821,177 total Operating expenses and capital asset purchases for the year. This year-end balance is within the one-time reserve threshold of 4% that the Board approved for the year.

**Special Purpose Funds**

- Special Purpose Funds had \$24,388,942 in total expenditures – an increase of 20% (\$4.1M) from the prior year.

**Capital Fund**

- The District had \$31,987,197 in tangible capital asset additions in the year – a decrease of 30% (\$13.9M) from the prior year.

## **OVERVIEW OF FINANCIAL STATEMENTS**

The District's financial statements include a Statement of Financial Position (Statement 1), Statement of Operations (Statement 2), Statement of Changes in Net Financial Assets (Debt) (Statement 4), Statement of Cash Flows (Statement 5), and note disclosures.

These statements present aggregated information and serve as a means by which the District demonstrates its accountability for the resources, obligations and financial affairs for which it is responsible. They report information required to make assessments of and judgments on government financial operations and management.

As the Statement of Financial Position and Statement of Operations will be of particular concern to the users of the financial statements, the focus of this discussion and analysis will be on these two statements.

**SCHOOL DISTRICT NO. 62 (SOOKE)**  
**FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)**  
**YEAR ENDED JUNE 30, 2021**

**STATEMENT OF FINANCIAL POSITION**

The statement of financial position reports the financial position of the District at the financial statement date. Four key figures help describe the financial position of the District at the financial statement date: financial assets; non-financial assets; liabilities; and accumulated surplus or deficit.

	FY21	FY20	INCR / (DECR)	INCR /
FINANCIAL POSITION	ACTUAL	ACTUAL	FROM	(DECR)
(in \$ thousands)	A	B	C = A-B	D = C/B
			PRIOR YEAR	%
TOTAL FINANCIAL ASSETS	29,888	31,477	(1,589)	-5%
TOTAL NON FINANCIAL ASSETS	349,235	326,634	22,601	7%
TOTAL ASSETS	379,123	358,111	21,012	6%
TOTAL LIABILITIES	239,864	221,581	18,283	8%
ACCUMULATED SURPLUS	139,259	136,531	2,729	2%

The **financial assets** are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations (such as inventory). As at the statement date, the District had financial assets of \$29.9M which is a 5% (\$1.6M) decrease from the \$31.5M held the prior year. The decrease is primarily due to the Operating Deficit for the year of \$2.4M.

The **non-financial assets** of the District are assets that are, by nature, normally for use in service provision and include purchased, constructed, contributed, developed or leased capital assets, and prepaid expenses. As at the statement date, the District had non-financial assets of \$349.2M which is a 7% (\$22.6M) increase from the \$326.6M held the prior year. The increase is due to \$32.0M in capital additions offset by \$8.8M in amortization for the year and a reduction in prepaid expenses (\$0.6M).

The **liabilities** are present obligations of the District to others arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits. As at the statement date, the District had liabilities of \$239.9M which is an 8% (\$18.3M) increase from the \$221.6M held the prior year. The increase is primarily due to an increase in Deferred Capital Revenues (\$18.0M).

**SCHOOL DISTRICT NO. 62 (SOOKE)**  
**FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)**  
**YEAR ENDED JUNE 30, 2021**

The **accumulated surplus or deficit** of the District is calculated as the sum of the total assets less the liabilities of the District. This indicator represents the net assets of the District.

	<b>FY21</b>	<b>FY20</b>	<b>INCR / (DECR)</b>	<b>INCR /</b>
<b>ACCUMULATED SURPLUS / (DEFICIT)</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>FROM</b>	<b>(DECR)</b>
(in \$ thousands)	<b>A</b>	<b>B</b>	<b>C = A-B</b>	<b>D = C/B</b>
			<b>PRIOR YEAR</b>	<b>%</b>
ENDOWMENTS	673	673	-	0%
INVESTED IN CAPITAL ASSETS	133,799	128,664	5,134	4%
LOCAL CAPITAL	-	-	-	100%
OPERATING - RESTRICTED	4,787	7,193	(2,406)	-33%
<b>TOTAL ACCUMULATED SURPLUS</b>	<b>139,259</b>	<b>136,531</b>	<b>2,729</b>	<b>2%</b>

As at the statement date, the District had an accumulated surplus of \$139.3M which is a 2% (\$2.7M) increase from the \$136.5M held the prior year. The increase largely is a result of the site development costs for the Pexsisen Elementary and Centre Mountain Lellum Middle School.

**SCHOOL DISTRICT NO. 62 (SOOKE)**  
**FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)**  
**YEAR ENDED JUNE 30, 2021**

**STATEMENT OF FINANCIAL POSITION METRICS**

The following are some statement of financial position metrics that indicate the financial health of the District.

**Working capital ratio / Current ratio** is an indication of the ability of the District to meet its current financial obligations from the liquid assets it has at a point in time. The ratio is calculated as current assets divided by current liabilities.

If the ratio is less than 1.0, then the District may have trouble paying back creditors. If the ratio is greater than 1.0, then the District has working capital and may have the potential to invest and grow.

The District had a ratio of 1.47 as at June 30 2021, which is consistent with the prior year and significantly less than the current ratio of 3.10 of all the school districts in the province noted in the 2010 Office of the Auditor General Report on Management of Working Capital by Colleges and School Districts. The District's current ratio is also consistent with neighbouring districts SD61 (1.38) and SD63 (1.67) from 2019/20.

**Cash asset ratio** is a measure of the District's ability to pay its short-term obligations. The ratio is calculated as cash and cash equivalents divided by total current liabilities. The District had a ratio of 1.18 as at June 30 2021 which is a slight decrease over the 1.22 ratio from the prior year. The District's ratio is within the Office of the Comptroller General of BC suggested ratio of greater than 1.0 and is consistent with neighbouring districts SD61 (1.18) and SD63 (1.40) from 2019/20.

				INCR / (DECR)
		FY21	FY20	FROM
	STATEMENT OF FINANCIAL POSITION METRICS (in \$ thousands)	ACTUAL	ACTUAL	PRIOR YEAR
	<b>CURRENT ASSETS</b>			
	CASH AND CASH EQUIVALENTS	\$ 24,982	\$ 26,020	\$ (1,038)
	ACCOUNTS RECEIVABLE	\$ 4,906	\$ 5,457	\$ (551)
	PORTFOLIO INVESTMENTS	\$ -	\$ -	\$ -
	PREPAID EXPENSES (excluding the prepaid lease)	\$ 1,027	\$ 1,602	\$ (574)
	OTHER ASSETS	\$ -	\$ -	\$ -
<b>A</b>	<b>TOTAL CURRENT ASSETS</b>	<b>\$ 30,916</b>	<b>\$ 33,079</b>	<b>\$ (2,164)</b>
	<b>CURRENT LIABILITIES</b>			
	ACCOUNTS PAYABLE	\$ 12,551	\$ 14,619	\$ (2,068)
	UNEARNED REVENUE	\$ 4,940	\$ 3,328	\$ 1,613
	DEFERRED REVENUE (SPF BALANCES)	\$ 1,359	\$ 1,408	\$ (50)
	DEFERRED CAPITAL REVENUE (UNSPENT)	\$ 2,241	\$ 2,018	\$ 224
<b>B</b>	<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 21,091</b>	<b>\$ 21,373</b>	<b>\$ (282)</b>
	<b>WORKING CAPITAL</b>			
	LONG TERM LIABILITIES: EMPLOYEE FUTURE BENEFITS	\$ 5,037	\$ 4,513	\$ 524
	ACCUMULATED SURPLUS - LOCAL CAPITAL	\$ -	\$ -	\$ -
	ACCUMULATED SURPLUS - OPERATING FUND - RESTRICTED	\$ 4,787	\$ 7,193	\$ (2,406)
<b>C = A-B</b>	<b>TOTAL WORKING CAPITAL</b>	<b>\$ 9,824</b>	<b>\$ 11,706</b>	<b>\$ (1,882)</b>
<b>D = A/B</b>	<b>CURRENT RATIO = CURRENT ASSETS / CURRENT LIABILITIES</b>	<b>1.4658</b>	<b>1.5477</b>	<b>-0.08</b>
	<b>CASH ASSET RATIO = CASH AND CASH EQUIVALENTS / CURRENT LIAB</b>	<b>1.1845</b>	<b>1.2174</b>	<b>-0.03</b>

## STATEMENT OF OPERATIONS

The Statement of Operations reports the surplus or deficit from operations in the accounting period. The statement displays the cost of District services provided in the period, the revenues it has recognized in the period and the difference between them.

The Statement of Operations consolidates all revenues and expenses by function reported for the Operating (Schedule 2), Special Purpose (Schedule 3) and Capital funds (Schedule 4).

The Operating Fund is where the majority of the District's operations are reported. As this will be of particular concern to the users of the financial statements, considerable focus and analysis is provided on the Operating Fund.

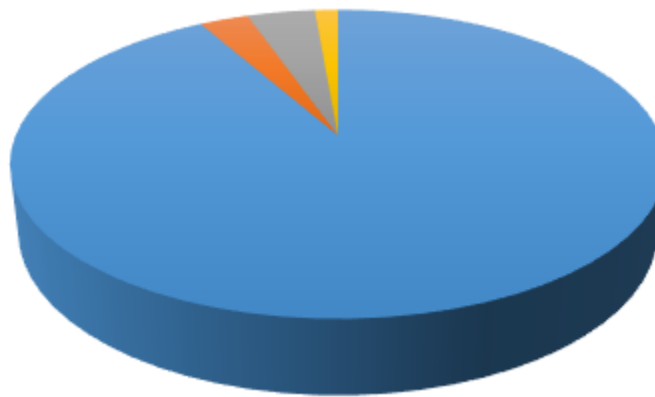
### OPERATING FUND

The Operating Fund is comprised of four components: revenues, expenses, tangible capital assets purchased, and operating surplus or deficit. The summary schedule for the Operating Fund can be found in Schedule 2 – the Schedule of Operating Operations in the financial statements.

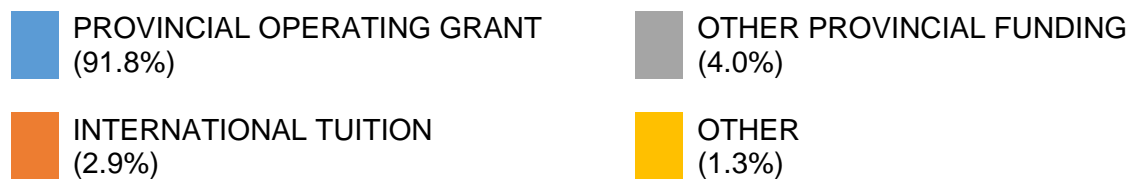
### REVENUES

The summary schedule for the District operating revenues can be found in Schedule 2A – the Schedule of Operating Revenue by Source.

The most significant District operating revenues are generated from three sources: the operating grant, international tuition, and other Ministry of Education grants.



### OPERATING REVENUE ALLOCATION





**SCHOOL DISTRICT NO. 62 (SOOKE)**  
**FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)**  
**YEAR ENDED JUNE 30, 2021**

The District's operating revenues of \$118.4M increased by 1% (\$1.7M) over the prior year. Against a budget of \$116.5M, the \$118.4M in revenues resulted in savings of 2% (\$1.9M).

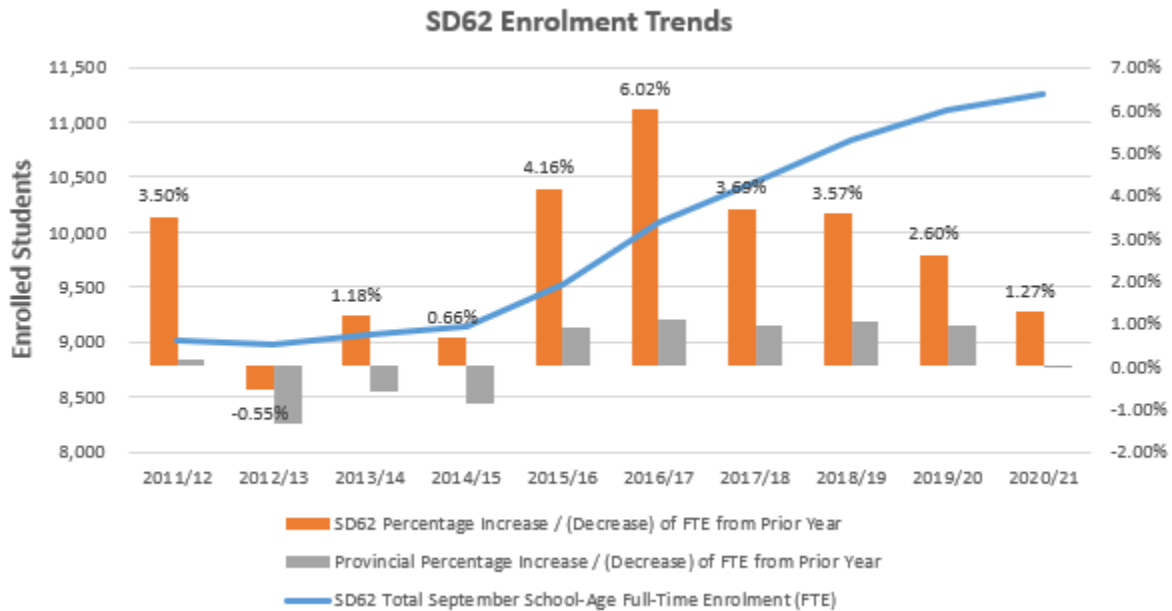
	BUDGET	ACTUAL	ACTUAL	SAVINGS /	SAVINGS /	INCR / (DECR)	INCR /
	FY21	FY21	FY20	(PRESSURE)	(PRESSURE) %	FROM	(DECR)
	A	B	C	D = A-B	E = D/A	PRIOR YEAR	%
OPERATING REVENUES (in \$ thousands)						F = B-C	G = F/C
PROVINCIAL OPERATING GRANT	107,351	108,654	104,473	1,303	1%	4,181	4%
OTHER PROVINCIAL FUNDING	4,654	4,738	4,029	84	2%	709	18%
FUNDING FROM FIRST NATIONS	482	510	482	27	-	27	-
CONTINUING ED TUITION	110	94	111	(16)	(15%)	(17)	(15%)
INTERNATIONAL TUITION	2,985	3,411	6,303	426	14%	(2,892)	(46%)
MISCELLANEOUS	421	488	558	67	16%	(71)	(13%)
RENTALS AND LEASES	269	230	358	(38)	(14%)	(128)	(36%)
INVESTMENT INCOME	254	291	410	37	14%	(119)	(29%)
<b>TOTAL OPERATING REVENUES</b>	<b>116,526</b>	<b>118,416</b>	<b>116,724</b>	<b>1,890</b>	<b>2%</b>	<b>1,691</b>	<b>1%</b>

The \$1.9M in savings was largely from the Operating Grant (\$1.3M) and International Tuition (\$0.4M).

**Operating Grant**

The Funding Allocation System allocates the General Operating Grants using individual district enrolments and specific factors that apply to each school district.

As highlighted in the graph below, enrolment has increased every year except one over the past decade.



For the past four years, the enrolment growth has slowed from 3.69% in 2017/18 to 1.27% in 2020/21. However, at an average enrolment increase of 2.78% over the past four years, the District's growth is significantly higher than the provincial average (0.72%) over the same time period and is expected to increase beyond the 2.78% in the foreseeable future.



**SCHOOL DISTRICT NO. 62 (SOOKE)**  
**FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)**  
**YEAR ENDED JUNE 30, 2021**

The upward trajectory of student enrolment continued in the 2020/21 school year. As detailed in the table below, there was a 1.4% (196.25 FTE) increase in total enrolment from the prior year.

	BUDGET	ACTUAL	ACTUAL	SAVINGS /	SAVINGS /	INCR / (DECR)	INCR /
	FY21	FY21	FY20	(PRESSURE)	(PRESSURE) %	FROM	(DECR)
	A	B	C	D = B-A	E = D/A	F = B-C	G = F/C
ENROLMENT (in FTE)						PRIOR YEAR	%
SEPTEMBER							
STANDARD (REGULAR) SCHOOLS	10,930.94	10,930.94	10,700.81	-	0.0%	230.13	2.2%
CONTINUING EDUCATION	15.13	15.13	17.81	-	0.0%	(2.69)	-15.1%
ALTERNATE SCHOOLS	210.00	210.00	258.00	-	0.0%	(48.00)	-18.6%
DISTRIBUTED LEARNING	98.69	98.69	137.00	-	0.0%	(38.31)	-28.0%
HOME SCHOOLING & COURSE CHALLENGES	24.00	24.00	6.00	-	0.0%	18.00	300.0%
DESIGNATED STUDENTS	769.00	769.00	727.00	-	0.0%	42.00	5.8%
ENGLISH LANGUAGE LEARNING	626.00	626.00	681.00	-	0.0%	(55.00)	-8.1%
ABORIGINAL EDUCATION	1,183.00	1,183.00	1,205.00	-	0.0%	(22.00)	-1.8%
ADULT EDUCATION	14.06	14.06	11.81	-	0.0%	2.25	19.0%
TOTAL SEPTEMBER COUNT	13,870.81	13,870.81	13,744.44	-	0.0%	126.38	0.9%
FEBRUARY COUNT	132.00	254.94	211.50	122.94	93.1%	43.44	20.5%
MAY COUNT	51.00	72.44	46.00	21.44	42.0%	26.44	57.5%
TOTAL ENROLMENT	14,053.81	14,198.19	14,001.94	144.38	1.0%	196.25	1.4%

The increased enrolment along with funding level increases resulted in a 4% (\$4.2M) increase in the operating grant from the prior year. There were savings of \$1.3M due to the February and May counts being higher than budgeted (\$1.0M) and the District received \$0.3M in holdbacks that weren't anticipated.

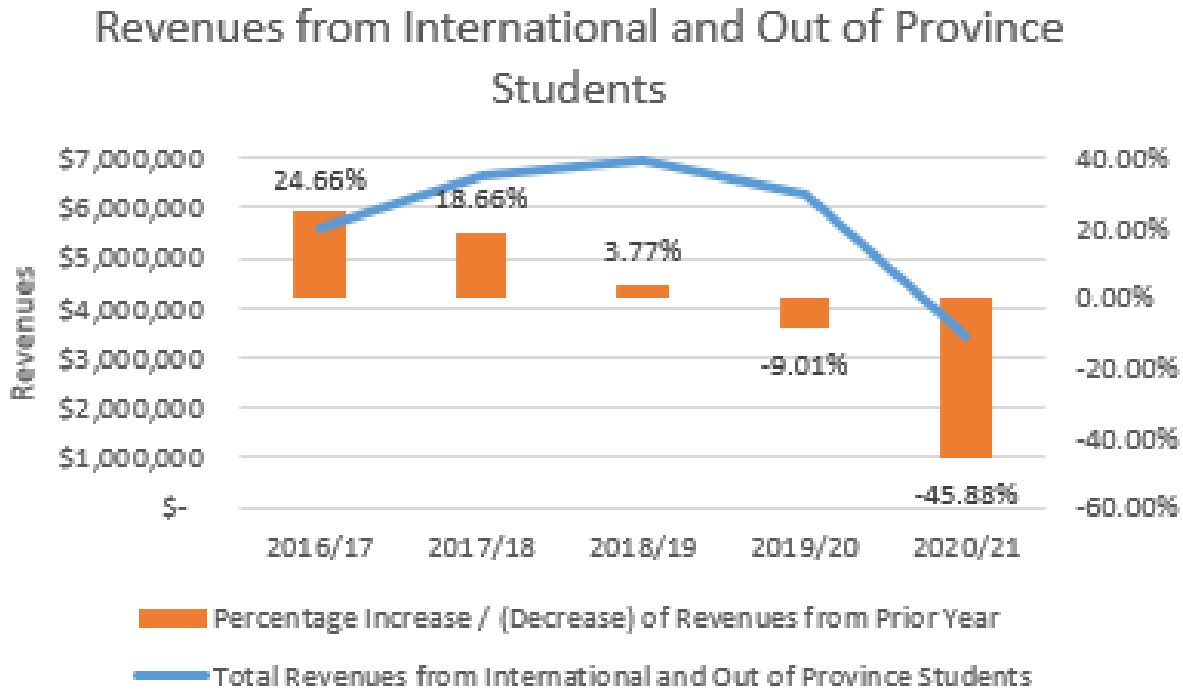
### Other Provincial Funding

There was an increase of \$0.7M in other Ministry of Education grants from the prior year largely due to an increase in the Teachers' Labour Settlement funding (\$1.8M) and a new Early Career Mentorship funding (\$0.2). These increases were offset by the elimination of the Employer Health Tax Grant (\$0.8M) and the Support Staff Wage Increase funding (\$0.4M). Against a budget of \$4.7M, the \$4.7M in other provincial funding revenues was primarily on budget for the year.

**SCHOOL DISTRICT NO. 62 (SOOKE)  
 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)  
 YEAR ENDED JUNE 30, 2021**

**International Tuition**

The International Program experienced a significant decline in revenues from the prior year due to the travel restrictions and concerns from the COVID-19 pandemic. At \$3.4M for 2020/21, revenues decreased by 45.9% (\$2.9M) from the prior year.



The International Program cost \$2.5M in expenses to generate the \$3.4M in revenues – for net revenues of \$0.9M in 2020/21. This is about \$1.0M less than the \$1.9M in net revenues generated in the prior year. The funds generated from the International Program go to support discretionary programs in the District. Due to the reduction in net revenues due to the pandemic, the District relied on the financial reserve to maintain existing infrastructure and program services.

At a budget of \$3.0M, the reduction in revenues was anticipated. However, with actual revenues of \$3.4M there were savings of \$0.4M due to higher international student enrolment in the latter half of the fiscal year.

**SCHOOL DISTRICT NO. 62 (SOOKE)  
 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)  
 YEAR ENDED JUNE 30, 2021**

**EXPENSES**

The summary schedule for the District operating expenses can be found in Schedule 2B (the Schedule of Operating Expense by Object) and Schedule 2C (the Schedule of Operating Expense by Function, Program and Object).

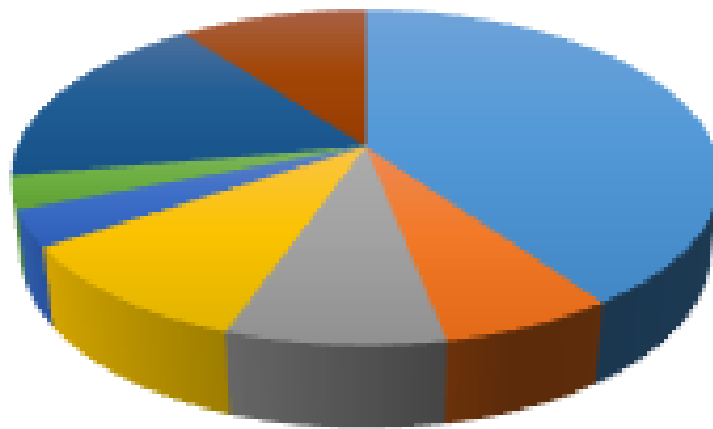
The provincial averages are taken from data available to the public on the Ministry of Education financial reporting website. At the time of issuance of this report, the provincial actuals for fiscal 2021 were not yet available, as such the provincial budgets for fiscal 2021 were used for comparative purposes.

**Expenses by Type (Object)**

The District's spending allocations by object were in line with provincial averages - with 89.8% of its expenses on salaries and benefits (Province = 88.8%) and 10.2% on services and supplies (Province = 11.2%).

The chart below further details spending allocations for the District in the year compared to provincial averages.

**FY21 EXPENSES BY OBJECT**



- TEACHER SALARIES (SD62=40.2%; Prov=42.7%)
- PVP SALARIES (SD62=6.7%; Prov=5.8%)
- EA SALARIES (SD62=8.4%; Prov=8.0%)
- SUPPORT STAFF SALARIES (SD62=10.2%; Prov=9.1%)
- OTHER PROF. SALARIES (SD62=3.5%; Prov=2.8%)
- SUBSTITUTE SALARIES (SD62=3.2%; Prov=3.2%)
- EMPLOYEE BENEFITS (SD62=17.6%; Prov=17.3%)
- TOTAL SERVICES AND SUPPLIES (SD62=10.2%; Prov=11.2%)

**SCHOOL DISTRICT NO. 62 (SOOKE)**  
**FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)**  
**YEAR ENDED JUNE 30, 2021**

The District's operating expenditures of \$120.3M increased by 5.8% (\$6.6M) over the prior year. Against a budget of \$121.8M, the \$120.3M in expenditures resulted in savings of 1.2% (\$1.5M).

	BUDGET	ACTUAL	ACTUAL	SAVINGS /	SAVINGS /	INCR / (DECR)	INCR /
	FY21	FY21	FY20	(PRESSURE)	(PRESSURE) %	FROM	(DECR)
	A	B	C	D = A-B	E = D/A	F = B-C	G = F/C
EXPENSES (in \$ thousands)							
TEACHERS SALARIES	47,695	48,393	45,375	(698)	(1.5%)	3,018	6.7%
PVP SALARIES	8,113	8,086	7,555	27	0.3%	530	7.0%
EA SALARIES	9,844	10,136	9,249	(292)	(3.0%)	887	9.6%
SUPPORT STAFF SALARIES	12,409	12,221	11,950	188	1.5%	271	2.3%
OTHER PROFESSIONAL SALARIES	4,104	4,227	3,871	(123)	(3.0%)	356	9.2%
SUBSTITUTES SALARIES	4,275	3,808	3,228	467	10.9%	580	18.0%
EMPLOYEE BENEFITS	21,633	21,108	19,107	525	2.4%	2,001	10.5%
TOTAL SERVICES AND SUPPLIES	13,735	12,322	13,391	1,412	10.3%	(1,068)	(8.0%)
<b>TOTAL OPERATING EXPENSES</b>	<b>121,809</b>	<b>120,302</b>	<b>113,726</b>	<b>1,507</b>	<b>1.2%</b>	<b>6,576</b>	<b>5.8%</b>

The \$1.5M in savings was largely from services and supplies (\$1.4M), employee benefits (\$0.5M), and substitutes salaries (\$0.5M) offset by pressures in teacher salaries (\$0.7M) and EA salaries (\$0.3M).

The \$0.7M teacher salaries pressure is largely due to the teachers funded by the Classroom Enhancement Fund (CEF) special purpose fund being less than anticipated.

The \$0.3M EA salaries pressure is largely due to additional staffing stemming from higher special needs enrolment than anticipated.

The \$1.4M savings from services and supplies is largely from school supply budgets (\$0.2M), utilities (\$0.2M), IT Department (\$0.3M), SBO Business Administration (\$0.1M), Digital Services (\$0.1M).

The \$0.5M savings from benefits is due to the District average employee benefit rate (24.3%) being lower than anticipated (25.0%).

The \$0.5M savings from substitutes salaries is largely due to lower general teacher on call usage than anticipated (\$0.2M) and unspent BCTF Mentorship funds (\$0.1M).

**SCHOOL DISTRICT NO. 62 (SOOKE)**  
**FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)**  
**YEAR ENDED JUNE 30, 2021**

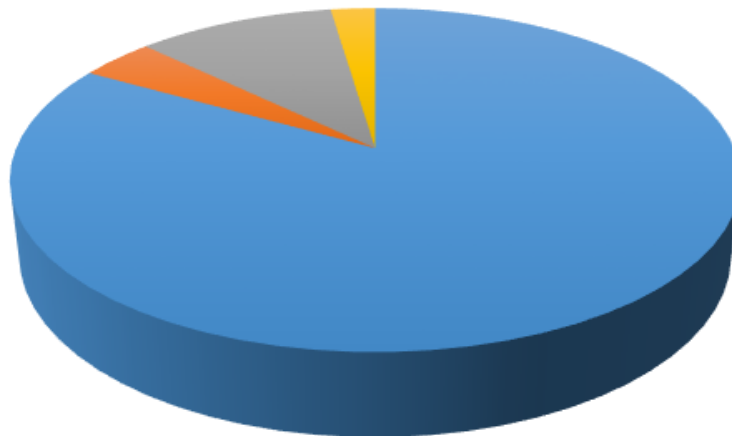
**Expenses by Function**

The District's expenditures can be categorized by the following functions: Instruction; District Administration; Operations and Maintenance; and Transportation. The functions are defined as follows:

- The **Instruction** function incorporates all programs related to the instruction of students.
- The **District Administration** function incorporates the cost of all programs related to district governance and district administration of educational, business, human resource and labour relations activities.
- The **Operations and Maintenance** function incorporates all programs related to the district's responsibility for the operation, maintenance and safety of sites, buildings, and equipment.
- The **Transportation** function incorporates programs involving the transportation of students.

Over 84% of the District's expenses are categorized under the Instruction function.

**FY21 EXPENSES BY FUNCTION**



**INSTRUCTION**  
(SD62=84%; Prov=83%)

**OPERATIONS AND MAINTENANCE**  
(SD62=9%; Prov=11%)

**TRANSPORTATION**  
(SD62=3%; Prov=2%)

**DISTRICT ADMINISTRATION**  
(SD62=4%; Prov=4%)

The District's expense allocations are generally in line with the Provincial averages, however the District's expenditures are slightly more heavily allocated towards Instruction and less in Operations and Maintenance than other Districts.

**SCHOOL DISTRICT NO. 62 (SOOKE)**  
**FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)**  
**YEAR ENDED JUNE 30, 2021**

	BUDGET	ACTUAL	ACTUAL	SAVINGS /	SAVINGS /	INCR / (DECR)	INCR /
	FY21	FY21	FY20	(PRESSURE)	(PRESSURE) %	FROM	(DECR)
				FY21	FY21	PRIOR YEAR	%
EXPENSES BY FUNCTION (in \$ thousands)	A	B	C	D = A-B	E = D/A	F = B-C	G = F/C
INSTRUCTION	102,042	101,010	95,815	1,032	1%	5,196	5%
DISTRICT ADMINISTRATION	5,721	5,413	4,624	308	5%	790	17%
OPERATIONS AND MAINTENANCE	11,288	10,781	10,707	508	4%	73	1%
TRANSPORTATION	2,757	3,097	2,580	(340)	(12%)	517	20%
TOTAL OPERATING EXPENSES	121,809	120,302	113,726	1,507	1%	6,576	6%

**Instruction**

The District’s \$101.0M expenditures on Instruction for the year was an increase of \$5.2M over the prior year. The \$5.2M increase was largely from Regular Instruction (\$4.8M – mostly teacher salaries and benefits), and Special Education (\$1.2M – mostly education assistant salaries and benefits), offset by a reduction in International of \$1.9M.

Against a budget of \$102.0M, the \$101.0M expenditures resulted in savings of 1% (\$1.0M). The savings were largely driven by services and supplies (\$1.0M).

**District Administration**

The District’s \$5.4M expenditures on District Administration for the year was an increase of 17% (\$0.8M) over the prior year. The increase is largely due to the former MYEDBC and Next Generation Network (NGN) expenditures being combined into a new Digital Services expenditure (\$0.4M) and charged here. There were also increases in legal expenses (\$0.1M) and Human Resources (HR) Department salaries and benefits (\$0.3M) over the prior year. The increase in HR staffing costs is largely due to two positions formerly funded out of Special Purpose Funds now funded out of Operating.

Against a budget of \$5.7M, the \$5.4M expenditures resulted in a savings of 5% (\$0.3M). The savings was largely driven by SBO Business Administration services and supplies (\$0.1M), Digital Services (\$0.1M) and savings in the Finance Department (\$0.1M).

**Operations and Maintenance**

The District’s \$10.8M expenditures on Operations and Maintenance for the year was a marginal increase of 1% (\$0.1M) over the prior year. This was largely due to the sewage upgrades (\$0.5M) and an increase in utilities (\$0.1M) offset by a decrease in NGN expenses (\$0.3M) as it was combined with the MYEDBC expenses and moved to District Administration. Against a budget of \$11.3M, the \$10.8M expenditures resulted in a savings of 4% (\$0.5M) due to savings in Maintenance Operations (\$0.4M) and utilities (\$0.1M).

**Transportation**

The District’s \$3.1M expenditures on Transportation for the year was an increase of 20% (\$0.5M) over the prior year. This was largely due to additional bus routes to accommodate the pandemic-driven schedule changes. Against a budget of \$2.8M the \$3.1M expenditures resulted in a pressure of 12% (\$0.3M) due to higher transportation costs stemming from the pandemic.

**SCHOOL DISTRICT NO. 62 (SOOKE)**  
**FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)**  
**YEAR ENDED JUNE 30, 2021**

**TANGIBLE CAPITAL ASSETS PURCHASED AND WORK IN PROGRESS**

The amount of tangible capital assets purchased and tangible capital assets that are a work in progress can be found in Schedule 2 – the Schedule of Operating Operations in the financial statements. The District spent \$519,417 on tangible capital assets including electric buses (\$0.2M) and theatre seats at EMCS (\$0.1M).

**ACCUMULATED SURPLUS (DEFICIT)**

Pursuant to *Section 156(12)* of the *School Act*, school districts must obtain prior approval from the Minister before incurring deficits in the operating fund. The District's year end position as reflected in the table below is a nil unrestricted surplus.

<b>OPERATING FUND SURPLUS FOR THE FISCAL YEAR ENDING JUNE 30 2021</b>		<b>FINAL AMOUNT</b>
<b>A</b>	OPERATING SURPLUS, BEGINNING OF YEAR	\$ 7,192,890
<b>B</b>	OPERATING SURPLUS / (DEFICIT), FOR THE YEAR 2020/21	\$ (2,405,635)
<b>C = A+B</b>	<b>OPERATING SURPLUS, END OF YEAR</b>	<b>\$ 4,787,255</b>
<b>INTERNALLY RESTRICTED SURPLUS</b>		
Due to nature of constraints on funds		
	Discretionary School Generated Funds	\$ 147,205
	School budget balances	\$ 69,486
	Various unspent grants	\$ 20,805
	BCTF Mentorship grant	\$ 161,088
	2020/21 Holdback	\$ 354,569
	Budgeted 2021-22 shortfall	\$ 1,496,000
	<b>Total - Due to nature of constraints on funds</b>	<b>\$ 2,249,153</b>
Due to operations spanning the school year		
	IT Dept	\$ 130,000
	Careers	\$ 4,321
	Curriculum	\$ 109,685
	Various maintenance projects	\$ 196,389
	Transportation Safety Committee	\$ 9,884
	Electric buses	\$ 150,000
	Custodial	\$ 97,000
	WS Langford	\$ 22,708
	Feasibility study	\$ 50,000
	Program Review	\$ 75,000
	<b>Total - Due to operations spanning the school year</b>	<b>\$ 844,986</b>
Due to unanticipated unusual expenses		
	Total accumulated financial reserves remaining	\$ 1,693,116
	<b>Total - Due to unanticipated unusual expenses</b>	<b>\$ 1,693,116</b>
<b>D</b>	<b>TOTAL INTERNALLY RESTRICTED SURPLUS</b>	<b>\$ 4,787,255</b>
<b>E = C-D</b>	<b>UNRESTRICTED SURPLUS</b>	<b>\$ (0)</b>

The total Operating Fund financial reserve of \$1,693,116 that is restricted for unanticipated unusual expenses is 1.35% of the \$125,092,177 Operating Fund expenses currently budgeted for the year ended June 30 2022. This is compliant with the 2% financial reserve threshold established by the Board.



**SCHOOL DISTRICT NO. 62 (SOOKE)  
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)  
YEAR ENDED JUNE 30, 2021**

**SPECIAL PURPOSE FUNDS**

All restricted contributions received, with the exception of capital contributions and unearned revenues (tuition, rentals, etc.) must be reported as special purpose funds. Revenues are recognized when the stipulation or restriction the contribution is subject to is met.

The following table compares the most material expenditures for the year to the prior year of the special purpose funds.

	FY21	FY20	INCR / (DECR)	INCR /
	ACTUAL	ACTUAL	FROM	(DECR)
			PRIOR YEAR	%
SPECIAL PURPOSE FUNDS (in \$ thousands)	A	B	C = A-B	D = C/B
ANNUAL FACILITIES GRANT	337	337	-	0%
LEARNING IMPROVEMENT FUND	399	391	8	2%
SCHOOL GENERATED FUNDS	1,395	2,173	(779)	-36%
STRONG START	200	230	(31)	-13%
OFFICIAL LANGUAGES IN EDUCATION PROTOCOL	308	223	86	39%
COMMUNITY LINK	796	775	21	3%
ACADEMIES	524	826	(302)	-37%
CLASSROOM ENHANCEMENT FUND	14,936	14,904	31	0%
RURAL EDUCATION ENHANCEMENT FUND	-	242	(242)	-100%
SAFE RETURN TO SCHOOL GRANT	873	-	873	100%
FEDERAL SAFE RETURN TO CLASS FUND	3,895	-	3,895	100%
OTHER	262	207	56	27%
TOTAL SPECIAL PURPOSE FUNDS EXPENSES	23,923	20,308	3,616	18%
CAPITAL PURCHASES	466	-	466	100%
TOTAL SPECIAL PURPOSE FUNDS	24,389	20,308	4,081	20%

The District's \$24.4M expenditures on Special Purpose Funds for the year was a 20% (\$4.1M) increase over the prior year. Including the capital purchases (\$0.5M) out of the fund, there was a \$4.4M new Federal Safe Return to Class Fund and \$0.9M Safe Return to School Grant to help the District address pressures due to COVID-19. These increases were offset by a \$0.8M decrease in School Generated Funds expenditures and \$0.3M decrease in Academies expenditures as a result of the impact of COVID-19. Additionally, the Rural Education Enhancement Fund was discontinued in 2020/21.

**SCHOOL DISTRICT NO. 62 (SOOKE)  
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)  
YEAR ENDED JUNE 30, 2021**

**CAPITAL FUND**

The District's tangible capital asset additions of \$31,987,196 for the year was a 30% (\$13.9M) decrease from the prior year. The decrease is largely due to a decrease in Expansion Program purchases from the prior year.

	FY21 ACTUAL	FY20 ACTUAL	INCR / (DECR) FROM PRIOR YEAR	INCR / (DECR) %
	A	B	C = A-B	D = C/B
CAPITAL ADDITIONS (in \$ thousands)				
CAPITAL FUND				
EXPANSION PROGRAM	28,541	42,336	(13,795)	-33%
SCHOOL ENHANCEMENT PROGRAM	1,142	1,040	101	10%
CARBON NEUTRAL CAPITAL PROGRAM	74	36	39	109%
BUILDING ENVELOPE PROGRAM	20	-	20	100%
BUS ACQUISITION PROGRAM	808	352	457	130%
ANNUAL FACILITIES GRANT	121	382	(261)	-68%
PLAYGROUNDS	0	97	(97)	-100%
LOCAL CAPITAL	-	1,085	(1,085)	-100%
OTHER	295	66	229	349%
OPERATING FUND	519	521	(2)	0%
SPECIAL PURPOSE FUND	466	-	466	100%
TOTAL CAPITAL ADDITIONS	31,987	45,915	(13,928)	-30%

Some of the more significant capital projects include:

- **Expansion Program (EXP)** – In 2020/21, \$5.3M was spent finishing the Royal Bay Secondary expansion project and \$23.2M was spent on continuing site development and construction of the Pexsisen Elementary and Centre Mountain Lellum Middle School. The \$13.8M decrease is largely due to a decrease in land acquisitions from the prior year. In 2020/21 other than continuing site work on the Pexsisen Elementary and Centre Mountain Lellum Middle School projects, there were no site acquisitions. In 2019/20 the District acquired two elementary school sites with a total cost of \$17.5M: one in south Langford and the other in Royal Bay.
- **School Enhancement Program (SEP)** - \$1.0M was spent on energy upgrade work at Dunsmuir Middle.
- **Bus Acquisition Program (BUS)** - \$0.8M was spent on five new buses in the District.
- **Annual Facilities Grant (AFG)** – \$0.1M was spent on HVAC upgrades.
- **Local Capital** – there were no capital purchases from Local Capital in FY21. In FY20 the remaining \$1.1M of Local Capital was spent on the procurement and preparation of additional portables in the District.
- **Operating Fund** – there were \$0.5M in Operating Fund tangible capital asset purchases including electric buses (\$0.2M) and theatre seats at EMCS (\$0.1M).
- **Special Purpose Fund** - \$0.5M of the Federal Safe Return to Class Fund was spent on HVAC upgrades.

## RISKS AND UNCERTAINTIES

The following list are some of the significant financial risks that the District is aware of that could negatively affect operations:

- **Enrolment** – Enrolment drives the District's revenues and an inaccurate estimation of future enrolment could result in either an over or under deployment of resources. Additionally, an inaccurate estimation of future enrolment could further exacerbate the capacity issues the District is currently experiencing.
- **Staff benefit rates** – Benefit rates fluctuate from year to year dependent on staff usage so are difficult to accurately predict. In 2020/21, the District benefit rate increased by 0.78% from the prior year (2020/21= 24.30%; 2019/20= 23.52%). A one per cent fluctuation in \$86M in salaries amounts to \$860,000.
- **Utilities** – Expenditures on utilities fluctuate based on usage, and usage typically depends on the weather which, even for the Farmers' Almanac, is impossible to predict.
- **Leave liability** – Leave balances (such as unused vacation balances) are recorded in the year they are earned. The larger the balance, the larger the expense. It is difficult to predict with accuracy across the District exactly how many vacation days staff plan on using in any given year.
- **Salary differential** – A component of the Operating Grant is the supplement for salary differential which provides additional funding to districts with average teacher salaries higher than the provincial average. In 2020/21, the District received \$299,172 less than the prior year (FY21=\$1,601,386; FY20=\$1,900,558).
- **COVID-19** - The ongoing impact of the pandemic presents uncertainty over future cash flows, may have a significant impact on future operations including decreases in revenue, impairment of receivables, reduction in investment income and delays in completing capital project work. Examples of the more significant operational impacts include the International Student Program, Academies Program, and Transportation Department. As the situation is dynamic and the ultimate duration and magnitude of the impact are not known, an estimate of the future financial effect on the District is not practicable at this time.