



Financial Statement Discussion and Analysis

For the Year Ended June 30, 2021

Introduction

The following is a discussion and analysis of the School District's financial performance for the fiscal year ending June 30, 2021. 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, with an emphasis placed on the current year. This report should be read in conjunction with the School District's Financial Statements for this same period.

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 the 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, and full-time beginning September 2020, with new health and safety guidelines. The ongoing impact of the pandemic presents uncertainty over future cash flows, may have a significant impact on future operations including decreases in revenue, increased cost for enhanced cleaning standards, impairment of receivables, reduction in investment income and possible delays in completing capital project work. 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.

SD 35 Langley – Strategic Plan

Purpose – Mission

To inspire all learners to reach their full potential and create a positive legacy for the future.

Vision

An innovative, inspiring and unified learning community.

Core Principles

In serving first our students and each other in the partnership of students, teachers, support staff, administrators, trustees and parents, we are committed to the following principles.

- Recognizing, developing and supporting the unique worth of each individual.
- Enabling each individual to make his or her best possible contribution.
- Understanding that all have the capacity to learn when given the opportunity.
- Providing a safe, healthy and caring learning and working environment in which all feel confident and have a sense of belonging.
- Building interdependent relationships fostering integrity, recognizing diversity, demonstrating respect and nurturing trust.

- Communicating honestly and openly.
- Delivering opportunities for informed choices.
- Valuing learning as a lifelong process for all.
- Acknowledging personal accountability for our roles and responsibilities.

Our financial discussion and outcome is framed by this vision with key outcomes achieved during the year overviewed below.

Enrolment and Staffing

The operations of the School District are dependent on continued grant funding from the Ministry of Education primarily based on student enrolment, students identified with special needs and other demographic and geographical factors. Expenditures are primarily associated with staffing and related compensation and benefits. Student enrolment and staffing levels are reflected below.

Enrolment

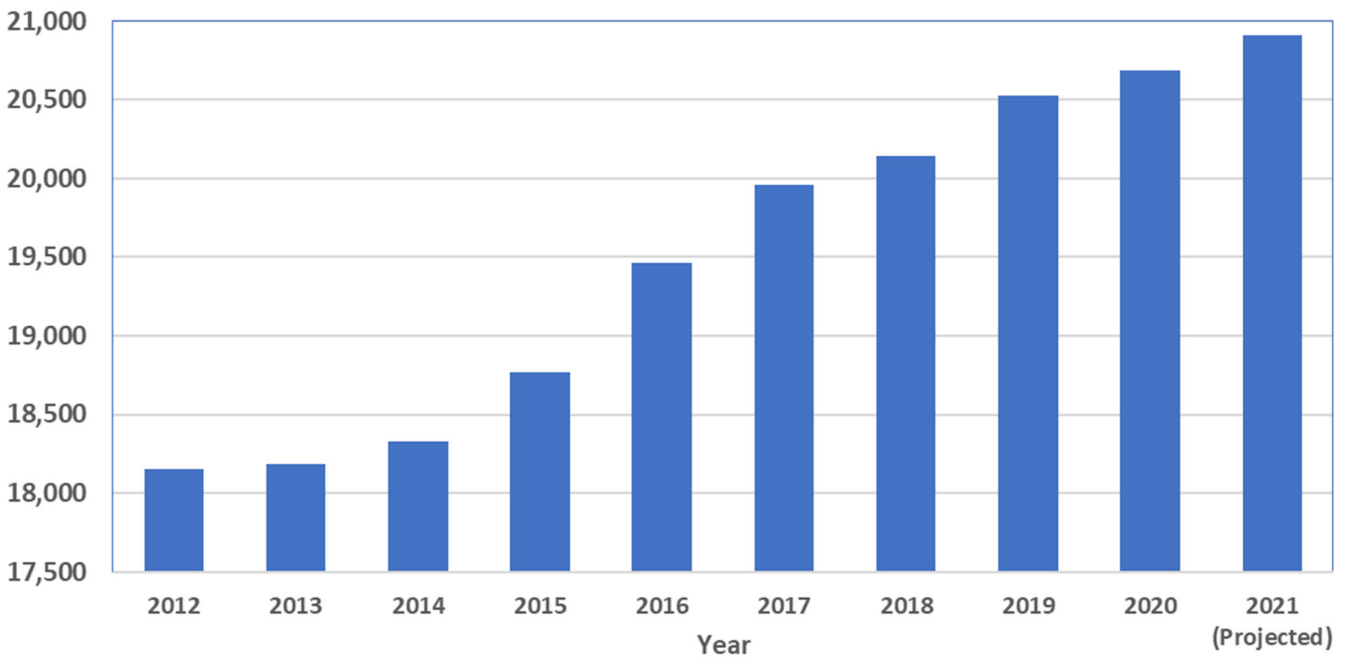
Provincial Grant funding is driven by student enrolment, unique student needs and unique geographical requirements, with additional funding for adult and summer school education. School District student enrolment is summarized as follows.

	2020-21 Actual	2019-20 Actual	2020-21 Budget	Increase (Decrease) From 2019 - 2020	Increase (Decrease) From Budget Variance
Standard (Regular) Schools	20,684.5625	20,524.6250	20,809.0000	159.9375	(124.4375)
Continuing Education	7.3750	14.3125	17.0000	(6.9375)	(9.6250)
Alternate Schools	233.0000	240.0000	240.0000	(7.0000)	(7.0000)
Total FTE	20,924.9375	20,778.9375	21,066.0000	146.0000	(141.0625)

	2020-21 Actual	2019-20 Actual	2020-21 Budget	Increase (Decrease) From 2019 - 2020	Increase (Decrease) From Budget Variance
Distributed Learning	245.9375	111.0625	103.0000	134.8750	142.9375
Home Schooling	140.0000	17.0000	17.0000	123.0000	123.0000
Course Challenges	71.0000	81.0000	91.0000	(10.0000)	(20.0000)
Summer school	61.6250	470.3750	470.3750	(408.7500)	(408.7500)
Adult Education	20.8125	31.6875	28.0000	(10.8750)	(7.1875)
Total FTE	539.3750	711.1250	709.3750	(171.7500)	(170.0000)

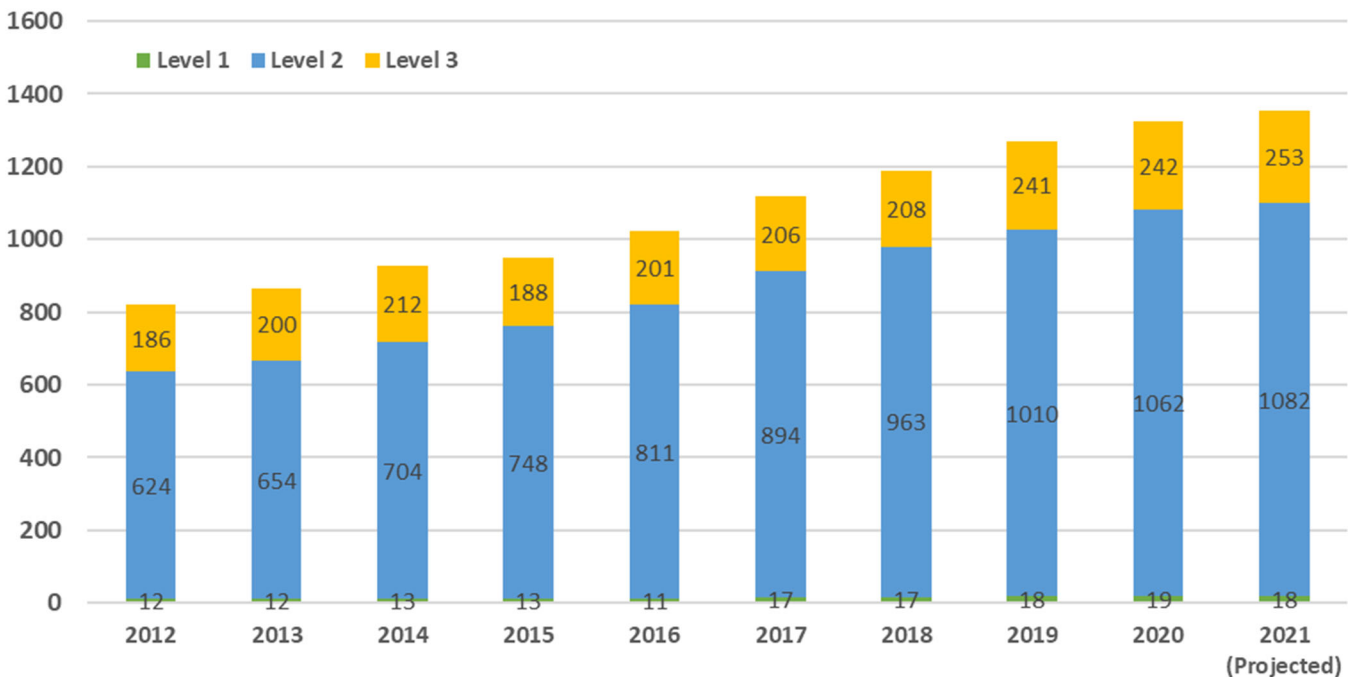
The bar graph shows that regular student enrolment has been increasing at a steady rate over the past few years. FTE growth rates shows increases of 2.5%, 1.0%, and 1.9% in 2017, 2018, 2019, and then slightly less than 1.0% in 2020. (Data Source: Ministry of Education September 1701)

SD35 Student Enrolment 2012-2021 (FTE)



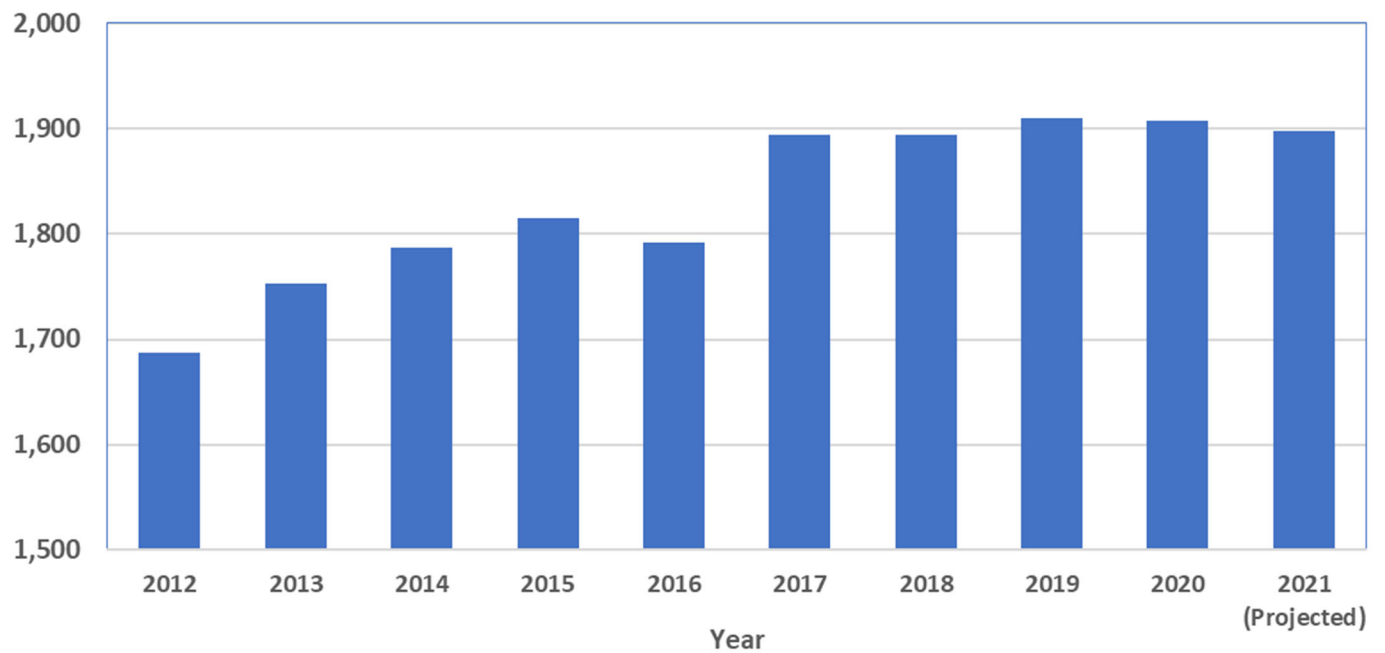
*FTE represents Regular School-Age - CE, Alternate, DL, HS, Adult & Supplemental not included

SD35 Special Needs Enrolment by Level (HC)



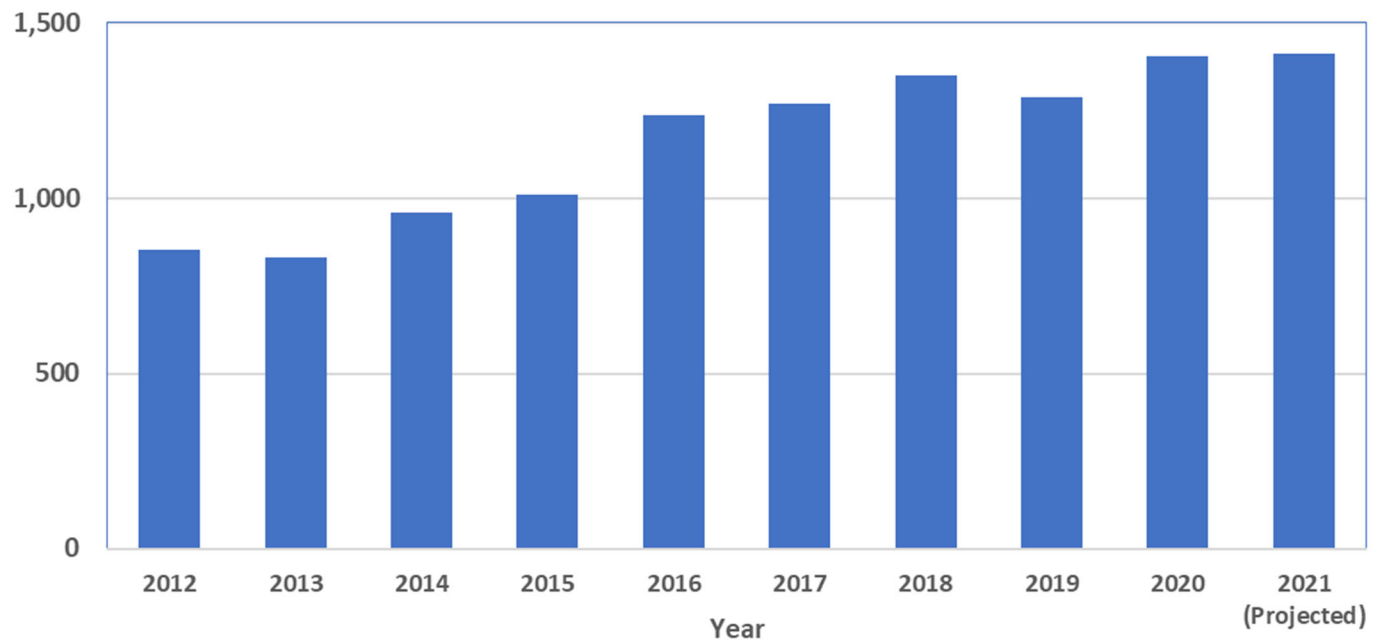
*HC represents Regular School-Age - CE, Alternate, DL, HS, Adult & Supplemental not included

SD35 Indigenous Enrolment 2012-2021 (HC)



*HC represents Regular Schools-Age - CE, Alternate, DL, HS, Adult & Supplemental not included

SD35 ELL Enrolment 2012-2021 (HC)



*HC represents Regular School-Age - CE, Alternate, DL, HS, Adult & Supplemental not included

Financial Highlights

The School District's revenue is heavily reliant upon the Operating Grant from the provincial government which is based on enrolment levels and other factors. 75.0% of the District's revenue is from the Operating Grant, 14.7% is provincial grant funding within the Special Purpose Fund, 4.0% of revenue is generated from International Education Programs, 3.9% associated with the recognition of Deferred Capital Revenue, and the balance through other revenue programs such as other Special Purpose Funding, Facility Rental and Lease Income, Investment Income and Summer School Programs.

91% of the School District's operating expenditures are associated with salaries and benefits. The balance of expenditures is related to supplies and services including utilities, professional development and maintenance.

Financial Results for 2020/2021

	Operating	SPF	Capital	Total
Revenues				
Provincial Grants	203,582,655	40,066,331	565,691	244,214,677
Federal Grants	-	-	-	-
Tuition	10,851,823	-	-	10,851,823
Other Revenue	1,433,931	3,062,365	-	4,496,296
Rentals and Leases	616,117	-	-	616,117
Investment Income	613,669	-	32,249	645,918
Gain (Loss) on Disposal of Tangible Capital Assets	-	-	-	-
Amortization of Deferred Capital Revenue	-	-	10,728,764	10,728,764
Total Revenues	217,098,195	43,128,696	11,326,704	271,553,595
Expenses				
Instruction	179,653,826	38,009,263	-	217,663,089
District Administration	8,132,820	322,917	-	8,455,737
Operations and Maintenance	21,645,607	3,990,151	565,691	26,201,449
Transportation and Housing	1,881,017	90,000	-	1,971,017
Amortization of Tangible Capital Assets	-	-	13,670,436	13,670,436
Debt Services	-	-	-	-
Total Expenses	211,313,270	42,412,331	14,236,127	267,961,728
Surplus (Deficit)	5,784,925	716,365	(2,909,423)	3,591,867
Net Transfers to/from other Funds				
Local Capital	(3,834,713)	(716,365)	4,551,078	-
Total Net Transfers	(3,834,713)	(716,365)	4,551,078	-
Total Surplus (Deficit) for the year	1,950,212	-	1,641,655	3,591,867
Surplus (Deficit) beginning of the year	16,047,379	-	101,263,327	117,310,706
Accumulated Surplus (Deficit)	17,997,591	-	102,904,982	120,902,573

Operating Accounts

The School District was in a surplus position of \$1,950,212 when factoring in capital from operating. This is favorable when compared to a deficit budget of 5.05M. The following are some explanations for the variances:

- Revenue is higher than the Amended Budget due mainly to the \$0.642 million in Ministry funding for Learning Loss Funding from the Ministry holdback and \$0.390 million from School Generated Funds entry;
- Other Professionals was \$121K over budget due to vacation payouts and Principals & Vice-Principals salary was within budget;
- Higher substitute costs due to vacancies coverage and due to the impact of COVID-19 resulting in higher expenditures on support staff replacement costs and teacher replacement costs;
- Support Staff and Educational Assistant salary was \$1.19 million under budget due to lower bussing costs, higher than budgeted salary recoveries, unfilled vacancies in the maintenance area, and lower Special Education and clerical positions (these were offset by higher casual costs);
- Lower average teacher salary and vacancies (offset by higher substitute costs) was a factor in salaries being \$2.32 million under budget;
- Benefits rate of 24.1% is higher than the previous year's rate of 23.9%, actual benefit costs were 1.36 million lower than budgeted due to lower salary costs;
- Spending on Services and Supplies was approximately \$2.10 million under budget due to the impact of COVID -19 resulting in lower spending patterns for schools and at the district level; as well as energy savings resulting from fewer facility rentals and a very mild winter. The pandemic impacted the supply chain channels and the timely delivery of certain commodities by year end. Funds were restricted to cover off many of these open commitments.

Special Purpose Accounts

All Special Purpose Funds tracked within the Amended Budget including the Classroom Enhancement Fund accounts discussed below. The District received funding via the Provincial Safe Return to School Grant and Federal Safe Return to Class Fund to mitigate of the impact of COVID-19 on staff and schools.

Capital Accounts

Funding for capital expenditures is primarily through the Ministry of Education with some funding provided through locally generated capital funds.

There were three schools under construction during the year (Langley Secondary seismic, new Donna Gabriel Robin Elementary School, and Shortreed seismic project). The Langley Secondary seismic project was complete in the Spring of 2021.

Classroom Enhancement Fund (CEF)

In the spring of 2017, the Ministry of Education committed funding to school districts to meet the obligations of the restored collective agreement language for class size and composition. For the 2020-21 school year \$26.09 million was provided to Langley and was utilized for the hiring of 264.97 (annualized) FTE teachers, to pay for an estimated \$1.53 million in remedy and to pay for an estimated \$.906 million in additional overhead costs.

Statement of Financial Position

The following table provides an analysis of the School District's Net Financial Position for the fiscal years ended June 30, 2021 and 2020.

Cash increased \$0.638 million over the prior year. Cash held in the bank for current operational needs totals \$30.8 million. \$35.2 million is held on deposit with the Ministry of Finance and is available within 1-2 days if required. These deposits attract interest at 1.45% (as of June 30, 2021), comparable with one year or longer locked in GIC rates. These rates have declined from a rate of 2.95% in the Spring of 2020 due to the economic impacts of the pandemic.

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	Increase (Decrease)	Change
Financial Assets				
Cash and cash equivalents	\$ 69,565,187	\$ 68,927,115	\$ 638,072	0.93%
Accounts Receivable				
Due from Province - Ministry of Education	4,373,652	4,376,520	(2,868)	-0.07%
Other	2,590,579	1,289,807	1,300,772	100.85%
Total Financial Assets	<u>76,529,418</u>	<u>74,593,442</u>	<u>1,935,976</u>	<u>2.60%</u>
Liabilities				
Accounts payable and accrued liabilities	32,822,742	32,246,839	575,903	1.79%
Unearned revenue	11,884,447	12,175,509	(291,062)	-2.39%
Deferred revenue	1,555,360	3,282,723	(1,727,363)	-52.62%
Deferred capital revenue	241,139,368	226,835,269	14,304,099	6.31%
Employee future benefits	6,144,015	5,960,764	183,251	3.07%
Total Liabilities	<u>293,545,932</u>	<u>280,501,104</u>	<u>13,044,828</u>	<u>4.65%</u>
Net Financial Assets (Debt)	<u>(217,016,514)</u>	<u>(205,907,662)</u>	<u>(11,108,852)</u>	<u>5.40%</u>
Non-Financial Assets				
Tangible capital assets	335,683,901	321,030,898	14,653,003	4.56%
Prepaid expenses	2,235,186	2,187,470	47,716	2.18%
Total Non-Financial Assets	<u>337,919,087</u>	<u>323,218,368</u>	<u>14,700,719</u>	<u>4.55%</u>
Accumulated surplus	<u>\$ 120,902,573</u>	<u>\$ 117,310,706</u>	<u>\$ 3,591,867</u>	<u>3.06%</u>
Accumulated Surplus				
Capital	\$ 102,904,982	\$ 101,263,327	\$ 1,641,655	1.62%
Operating	17,997,591	16,047,379	1,950,212	12.15%
	<u>\$ 120,902,573</u>	<u>\$ 117,310,706</u>	<u>\$ 3,591,867</u>	<u>3.06%</u>

Cash assets at June 30 are categorized as follows.

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	Increase (Decrease)
Funds deposited with ScotiaBank	\$ 30,761,190	\$ 30,660,969	\$ 100,221
Central deposit - Ministry of Finance	35,224,553	34,717,789	506,764
School generated funds	3,579,444	3,548,357	31,087
	<u>\$ 69,565,187</u>	<u>\$ 68,927,115</u>	<u>\$ 638,072</u>

This cash is required to fulfill the payment and liability obligations as follows.

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	Increase (Decrease)
Obligations			
Trade payables	\$ 5,805,411	\$ 6,223,770	\$ (418,359)
Salaries and benefits payable	20,471,763	20,801,424	(329,661)
Accrued vacation pay	4,345,908	4,145,024	200,884
Due to Province - Ministry of Education	40,359	-	40,359
Other payable	2,159,302	1,076,614	1,082,688
Unearned Revenue - International students program	11,862,320	12,077,750	(215,430)
Unearned Revenue - Other	22,127	97,759	(75,632)
Deferred Revenue - Special Purpose Funds	1,555,361	3,282,723	(1,727,362)
Employee Future Benefits	6,144,015	5,960,764	183,251
Deferred Capital Revenue - Unspent	5,843,250	3,287,766	2,555,484
Local Capital	2,517,197	3,536,300	(1,019,103)
Other	-	243,639	(243,639)
			-
Assets			
Receivable - Ministry of Education	(4,373,652)	(4,376,520)	2,868
Receivable - Other	(2,590,579)	(1,289,807)	(1,300,772)
Prepaid expense	(2,235,186)	(2,187,470)	(47,716)
	<u>51,567,596</u>	<u>52,879,736</u>	<u>(1,312,140)</u>
Accumulated Operating Surplus	<u>17,997,591</u>	<u>16,047,379</u>	<u>1,950,212</u>
	<u>\$ 69,565,187</u>	<u>\$ 68,927,115</u>	<u>\$ 638,072</u>

The difference between the cash assets and the liabilities is reflected as the accumulated surplus.

Accounts Receivable increase is due mainly to school site acquisition charge accrual and also an increase in GST receivable for increased purchase activity in the 4th Quarter.

Accounts Payable and Other Liabilities decreased by \$0.576 million (decrease in accruals under Trades Payable for less construction invoices \$0.418 million, increase in Other Payables \$1.083 million due primarily to an increase in European students requiring Homestay, decrease in Salaries and Benefits payable of \$0.330 million due to timing and cutoffs and an increase in Accrued vacation pay \$0.201 million).

Unearned Revenue is related to International Education tuition for subsequent years received in advance.

Deferred Revenues – Special Purpose Funds primarily consists of Provincial and Federal Grants not spent by June 30th (\$0.491 million) and School Generated Funds (\$0.984 million).

Employee Future Benefits net liabilities increased \$183K.

Deferred Capital Revenue increased \$2.55 million, associated with the current capital projects and the capital portion of the Annual Facilities Grant work.

Local Capital decreased \$1.02 million for District contributions to capital projects.

Financial Analysis – Comparison to Budget and Last Year

Statement of Operations

The Statement of Operations is a consolidation of three funds – Operating, Special Purpose and Capital Funds. Each of these three funds are reviewed separately below.

Statement of Operations – Operating Fund

Revenue

Grant Revenue

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	2020 - 2021 Budget	Increase (Decrease) From Jun 30, 2020	Budget Variance
Provincial Grants - Ministry of Education	\$ 203,376,696	\$ 196,913,365	\$ 202,695,995	\$ 6,463,331	\$ 680,701
Provincial Grants - Other	205,959	78,632	205,259	127,327	700
	<u>\$ 203,582,655</u>	<u>\$ 196,991,997</u>	<u>\$ 202,901,254</u>	<u>\$ 6,590,658</u>	<u>\$ 681,401</u>

Grant Revenues were \$6.59 million higher than last year due to increased enrollment and increases in funding levels for per student amounts to fund collective agreements, resulting in higher grants. This combined with higher enrollment for students with special needs (also per student rates increased to fund the collective agreements) resulting in additional grants of \$5.42 million. The other main contributor to increases were additional \$0.642 million of holdback for Learning Loss, \$0.585 million Equity of Opportunity Supplement, and \$0.475 million for Teacher Mentorship Funds. This was offset by the elimination of the Carbon Tax of \$179K and \$0.356 million decrease for Graduated Adults.

Grant Revenues were \$0.681 million higher than budget mainly due to the \$0.642 million for Learning Loss Funding received after the amended budget was finalized. These funds will be utilized in the 2021/22 school year.

International Education Revenues

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	2020 - 2021 Budget	Increase (Decrease) From Jun 30, 2020	Budget Variance
Tuition - International	10,713,625	15,037,872	10,701,350	(4,324,247)	12,275

International Education revenues were \$4.32 million lower than last year due to the impacts of the pandemic resulting in lower enrollment.

Other Revenues

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	2020 - 2021 Budget	Increase (Decrease) From Jun 30, 2020	Budget Variance
Tuition - Other	138,198	265,578	142,260	(127,380)	(4,062)
Other Revenue	1,433,931	944,655	903,196	489,276	530,735
Rental and Leases	616,117	744,430	697,681	(128,313)	(81,564)
Investment Income	613,669	921,902	580,000	(308,233)	33,669
	\$ 2,801,915	\$ 2,876,565	\$ 2,323,137	\$ (74,650)	\$ 478,778

Tuition Other was down from last year due to lower Summer School and Continuing Education Fees. Other Revenues were higher than last year and Amended Budget due mainly to the increase in school generated fund revenue. Rental and lease revenue was lower than last year due to COVID-19, resulting in lower film and community rental revenues. The impact of COVID-19 resulted in lower interest rates resulting in lower investment income.

Expenses

Teachers

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	2020 - 2021 Budget	Increase (Decrease) From Jun 30, 2020	Budget Variance
Teachers	\$ 96,255,536	\$ 94,501,758	\$ 98,572,219	\$ 1,753,778	\$ (2,316,683)

Teacher Salary Expenses were \$1.754 million higher than last year due to additional salary increments per the collective agreement and grid step increases.

Teacher Salary Expenses were \$2.32M lower than budget due mainly to the lower average teacher salary; there was also some vacancies throughout the year.

Principals & Vice Principals

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	2020 - 2021 Budget	Increase (Decrease) From Jun 30, 2020	Budget Variance
Principals and Vice-Principals	11,825,615	11,552,405	11,817,314	273,210	8,301

Principals and VP Salaries were \$273K higher due to wage increases provided during the year.

Principals and VP Salaries were within acceptable range for budget.

Education Assistants

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	2020 - 2021 Budget	Increase (Decrease) From Jun 30, 2020	Budget Variance
Educational Assistants	18,441,383	19,506,389	18,984,053	(1,065,006)	(542,670)

Actual expenses were \$1.06M lower than last year. There were 25 SEA positions reduced in the 20/21 Budget (\$816K); lower Bus Monitor costs (\$20K); the number of Summer Session Education Assistants was lower (\$145K); reduced number of ISP Education Assistants (\$116K); there were lower sick day and vacation payouts (\$118K); costs for ELL & Library Tech Assistants was lower (\$66K); late start savings \$150K; contractual wage increase of 2% \$366K.

Actual expenses were lower than budget by \$543K due to late starts and vacancies, this is offset by higher casual costs and higher than budgeted costs for vacation payouts.

Support Staff

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	2020 - 2021 Budget	Increase (Decrease) From Jun 30, 2020	Budget Variance
Support Staff	16,146,146	16,410,493	16,793,314	(264,347)	(647,168)

Actual expenses were \$264K lower than last year due to reduced bus drives with route reductions (\$193K); lower overtime costs (\$113K) also, higher salary recoveries (\$126K), school request team reduction and vacancies for maintenance area (\$314K); lower sick day payouts (\$83K). This was offset with higher vacation payouts \$97K; contractual wage increases of 2% \$386K; CUPE Service Improvement Allocation for PRO-D \$82K.

Actual expenditures were below budget due to lower bussing costs, lower clerical costs, higher than budgeted salary recoveries in the maintenance area, some savings for vacancies for certain trade positions. This was offset with higher vacation payout costs.

Other Professionals

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	2020 - 2021 Budget	Increase (Decrease) From Jun 30, 2020	Budget Variance
Other Professionals	5,211,981	4,936,527	5,091,254	275,454	120,727

Actual expenses were \$275K higher than last year due to the full year impact of Exempt positions hired part way through the year; combined with a wage increase and higher vacation payouts.

Actual expenses were \$121K above budget due to higher vacation accruals.

Substitutes

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	2020 - 2021 Budget	Increase (Decrease) From Jun 30, 2020	Budget Variance
Substitutes	7,743,694	7,091,680	7,289,477	652,014	454,217

Actual expenses were \$0.652M higher than last year due to the impact of COVID-19. This resulted in \$754K higher TTOC > 3 days illness costs that were offset by lower TTOC non contractual and replacement vacancy costs of (\$188K). Casual support cost for illness' > 3 days was \$94K higher; Casual SEA costs were \$450K higher. This was offset by lower casual custodial costs of (\$293K) as temporary full-time positions were filled under Federal & Provincial Safe Return to School. There were also savings for casual bus drivers and other clerical totaling (\$165K)

Actual casual support expenses were \$523K higher than budgeted mostly due to the impact of COVID-19, back-filling for vacancies and there were \$69K savings in TTOC costs.

Benefits

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	2020 - 2021 Budget	Increase (Decrease) From Jun 30, 2020	Budget Variance
Employee Benefits	37,574,955	36,746,654	38,940,179	828,301	(1,365,224)

Actual expenses were higher than last year due to an increase in overall staffing FTE and increases for wage sensitive benefits. There were rate increases for CPP & EI as well as premium increases for EHB & Dental.

Actual expenses were lower than budget due to the lower average teacher salaries for the district. There were also some vacancies and late starts; this directly impacted the wage sensitive benefits (CPP, EI, WCB, & Pension).

Supplies

- Supplies categories represent approximately 9% of the operating budget expenditures. Overall Services and supplies are \$2.10 million under budget due to the impact of COVID -19 resulting in lower spending patterns for schools and at the district level; as well as energy savings resulting from a milder winter and reduced facilities rentals to the community. The pandemic impacted the supply chain channels and the timely delivery of certain commodities by year end. Funds were restricted to cover off many of these open commitments. More details below for each supply category

Services and Supplies

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	2020 - 2021 Budget	Increase (Decrease) From Jun 30, 2020	Budget Variance
Services	5,693,392	5,573,549	6,255,828	119,843	(562,436)
Supplies	7,837,814	7,465,560	7,874,827	372,254	(37,013)
	13,531,207	13,039,109	14,130,655	492,097	(599,449)

Actual expenses for Services & Supplies were \$492K higher than last year. 2020/21 was a unique school year with the impact of COVID-19 impacting expenditures and budgets. Overall Supply expenditures at schools increased by \$267K over 2019/20. This was offset by lower technology expenditures (\$123K) purchased centrally and lower photocopying costs of (\$269K). Centrally there were higher IT costs related to licenses and computer hardware \$502; higher learning resource costs of \$259K, increased Learning Support Services cost for consulting and supplies \$374K; higher Indigenous presenter and cultural activity costs \$38K; higher professional consulting fees \$90K; this was offset by savings in grounds for snow removal costs (\$168K); lower maintenance and transportation supplies (\$262K); Professional Services department supply savings due to reduced PRO-D events (\$47K); special program and sports fieldtrip transportation cost savings (\$102K); other supply savings for central cost centres (\$67K).

Actual expenses were \$599K lower than budget. School supplies and services under budget (\$243K); photocopier costs at schools are under budget by (\$138K); lower school maintenance request costs(\$100K); technology costs were under budget as more computers were deployed centrally by IT (\$60K); Central cost centre supplies came in under budget (\$58K).

Transportation

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	2020 - 2021 Budget	Increase (Decrease) From Jun 30, 2020	Budget Variance
Student transportation	17,730	120,043	104,273	(102,313)	(86,543)

Actual transportation expenses were \$102K lower due to fewer numbers of field trips compared to 2019/20 – this is a direct result of COVID-19 as fieldtrips did not proceed.

Actual expenses were \$87K lower than budget due to less field trips as the result of COVID-19.

Professional Development & Travel

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	2020 - 2021 Budget	Increase (Decrease) From Jun 30, 2020	Budget Variance
Professional development	1,258,764	1,055,595	1,704,490	203,168	(445,726)

Actual Pro-D costs were \$203K higher than last year. Increases due to Contractual Teacher Mentorship Funds by \$475K and CUPE Service Improvement Allocation of \$82K. This was offset by reduced International Education travel of (\$114K) and other decreased travel and attendance at conferences due to COVID-19 centrally and at schools (\$238K).

Actual expenses were \$446K lower than budget due to decreased spending on travel and training, and contractual PRO-D - this is a direct result of COVID-19 as travel and many events were halted.

Rentals & Leases

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	2020 - 2021 Budget	Increase (Decrease) From Jun 30, 2020	Budget Variance
Rentals and leases	8,535	28,167	42,100	(19,632)	(33,565)

Decreased space rental from the Township of Langley for different events was the \$20K decrease from last year.

Rentals and leases were \$34k below budget as less equipment and facilities were rented.

Dues and Fees

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	2020 - 2021 Budget	Increase (Decrease) From Jun 30, 2020	Budget Variance
Dues and fees	594,867	1,201,953	594,085	(607,086)	782

Dues and Fees expenses were \$607K lower due mainly to commissions expenses for the International Student Program. This was direct result of COVID-19 and the reduced number of international students being recruited by agents for the District.

Dues and Fees were within budget.

Insurance

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	2020 - 2021 Budget	Increase (Decrease) From Jun 30, 2020	Budget Variance
Insurance	468,023	472,488	460,143	(4,465)	7,880

Insurance premiums decreased by \$5K over 2019/20.

Insurance deductibles were higher relating to the increase in the number of insurance claims at schools compared to last school year.

Utilities

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	2020 - 2021 Budget	Increase (Decrease) From Jun 30, 2020	Budget Variance
Utilities	2,224,255	2,673,426	3,178,000	(449,172)	(953,745)

Utilities declined by a total of \$449K compared to the 2019/20 school year. The main driver for the decrease was due to the impact of COVID-19 and limited facility rentals to the community as well as the mild winter. Natural Gas decreased (\$166K); Electricity was down (\$297K); Water & Sewer increased by \$16K and Garbage collection costs increased by \$18K. Propane costs decreased by (\$3K) and Hazardous materials disposals decreased (\$17K)

Utilities were \$954K lower than budgeted due to the impact of COVID-19 and milder winter. Electricity costs were (\$456K) below budget. Natural Gas costs were (\$426K) below budget and there were (\$37K) savings for garbage collection. Other savings totaled (\$35K)

Statement of Operations – Special Purpose Fund

Special Purpose Funds are utilized to capture funding designated for specific purposes and balances can be deferred to subsequent years for the intended use. Grant revenues are only recognized as expenses are incurred. Any unused grants or funds remaining at the end of the year are treated as deferred revenue.

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	Increase (Decrease) From Jun 30, 2020	Deferred Revenue Balance Jun 30, 2021
Provincial Grants - Ministry of Education				
Annual Facility Grant	\$ 680,178	\$ 680,178	\$ -	\$ -
Learning Improvement Fund	683,405	701,497	(18,092)	36,617
Strong Start	290,084	287,338	2,746	-
Ready, Set, Learn	75,001	76,457	(1,456)	1,317
Official Languages in Education Protocol	190,411	215,465	(25,054)	29,133
CommunityLINK	2,082,291	1,999,729	82,562	-
Classroom Enhancement Fund - Overhead	906,082	1,008,011	(101,929)	-
Classroom Enhancement Fund - Staffing	23,647,519	19,170,901	4,476,618	-
Classroom Enhancement Fund - Remedies	1,533,354	1,332,332	201,022	-
First Nation Student Transportation	21,236	7,772	13,464	8,478
Mental Health in Schools	45,880	19,013	26,867	7,607
Safe Return to School Grant	1,607,951	-	1,607,951	-
Federal Safe Return to Class Fund	7,747,933	-	7,747,933	361,972
Changing Results for Young Children	14,076	3,556	10,520	2,219
	<u>39,525,401</u>	<u>25,502,249</u>	<u>14,023,152</u>	<u>447,343</u>
Provincial Grants - Other				
Settlement Workers in Schools	540,930	463,192	77,738	73,582
	<u>540,930</u>	<u>463,192</u>	<u>77,738</u>	<u>73,582</u>
Other				
School Generated Funds	3,062,365	5,458,012	(2,395,647)	1,034,435
	<u>3,062,365</u>	<u>5,458,012</u>	<u>(2,395,647)</u>	<u>1,034,435</u>
Total	<u>\$ 43,128,696</u>	<u>\$ 31,423,453</u>	<u>\$ 11,705,243</u>	<u>\$ 1,555,360</u>

Statement of Operations - Capital Funds

Capital Fund Balances are as Follows:

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	Increase (Decrease) From Jun 30, 2020
Bylaw Capital			
Provincial Grants - Ministry of Education	\$ 22,569,148	\$ 19,890,444	\$ 2,678,704
Transfer project surplus to MEd Restricted	-	(2,745)	2,745
Transfer prior year surplus in MEd Restricted back to Bylaw	-	14,442	(14,442)
Reclassify revenue for AFG expense projects	(565,691)	(926,096)	360,405
Work in progress	(22,247,087)	(18,976,045)	(3,271,042)
Reclass purchase from Local Capital	243,630	-	243,630
Net Change for the Year	-	-	-
Opening Balance	-	-	-
Closing Balance	-	-	-

(Ministry) Bylaw Capital Balance: These are funds from the Ministry of Education and targeted for capital purchases and projects. These funds were for capital projects (LSS, REMSS, SW Yorkson, Shortreed Seismic, ACSS, AFG, Playground Equipment & School Enhancement Projects).

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	Increase (Decrease) From Jun 30, 2020
Ministry of Education - Restricted Capital			
Investment income	6,580	17,155	(10,575)
Net proceeds from the disposal of sites and buildings	-	-	-
Transfer project surplus from Bylaw Capital	-	2,745	(2,745)
Transfer prior year surplus in MEd Restricted back to Bylaw	-	(14,442)	14,442
Other	-	-	-
Work in progress	(110,499)	-	(110,499)
Net Change for the Year	(103,919)	5,458	(109,377)
Opening Balance	1,107,100	1,101,642	5,458
Closing Balance	1,003,181	1,107,100	(103,919)

(Ministry) Restricted Capital Balance: These are funds held on behalf of the Ministry of Education. The balance decreased by a total of \$103,919. The Ministry approved the District to utilize \$110,499 towards the overage for the Langley Secondary School Seismic project. The original funds in MOE Restricted were mainly derived from the sale of schools in 2016/2017. Per the Ministry agreement, we will be

contributing 1.0 million from restricted capital towards the construction of Donna Gabriel Robbins Elementary School.

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	Increase (Decrease) From Jun 30, 2020
Land Capital			
School site acquisition fees	2,306,278	1,285,165	1,021,113
Investment income	15,566	17,892	(2,326)
Site acquisitions	-	(43,979)	43,979
Net Change for the Year	2,321,844	1,259,078	1,062,766
Opening Balance	2,180,198	921,120	1,259,078
Closing Balance	4,502,042	2,180,198	2,321,844

SSAC capital balance: Increased by \$2.32 million, as funds were collected by the District from the Township and City as part of the school site acquisition charge and these funds will be used for future school site land purchases as identified in the capital plan.

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	Increase (Decrease) From Jun 30, 2020
Other Provincial Capital			
Provincial Grants - Other	338,080	-	338,080
Equipment purchases	(521)	(31,442)	30,921
Net Change for the Year	337,559	(31,442)	369,001
Opening Balance	468	31,910	(31,442)
Closing Balance	338,027	468	337,559

Other Provincial Capital: The District received \$338,080 from the Ministry of Children and Family Development under the Child Care Rapid Renovation Fund to purchase equipment for the 3 Neighbourhood Learning Centre spaces in the new Donna Gabriel Robbins Elementary School.

	Jun 30, 2021 Actual	Jun 30, 2020 Actual	Increase (Decrease) From Jun 30, 2020
Local Capital			
Investment income	32,249	72,354	(40,105)
Transfer from Operating Fund	3,834,713	2,178,139	1,656,574
Other	-	-	-
Capital assets purchased	(3,441,199)	(1,482,226)	(1,958,973)
Work in progress	(1,444,866)	(292,042)	(1,152,824)
Net change for the year	(1,019,103)	476,225	(1,495,328)
Opening balance	3,536,300	3,060,075	476,225
Closing balance	2,517,197	3,536,300	(1,019,103)

Local Capital Balance: The District contributed \$1.29 million dollars to the Langley Secondary School Seismic project from Local Capital. Per the Ministry agreement, we will be contributing \$2.5 million from Local Capital towards the construction of Donna Gabriel Robins Elementary School.

Major Capital Projects

The following is a summary of some of the major capital projects undertaken during the year.

Seismic Remediation / Rightsizing

- **Langley Secondary School:** Project is 100% complete. The total value of the project was originally \$26.2 million, and the current forecasted final project cost is \$27.4 million dollars. The School District funded the additional \$1.2 million dollars from Ministry Restricted Capital, Local Capital and the remaining from Operating Accumulated Surplus.

Seismic Remediation

- **Shortreed Seismic School:** Project is 100% complete. On December 10, 2020, the Ministry announced the approval of the seismic project for Shortreed Elementary. The project will retain the existing area and will also include accessibility and life safety upgrades to ensure the school is safe and functional. The total value of the project is \$5.29 million. The School District has estimated costs remaining of \$4.32 million as at June 30, 2021.

New School Construction

- **Donna Gabriel Robins Elementary School:** Project is 90% complete. The total value of the project is \$27.6 million. Construction of the school commenced in February of 2020 and the school is scheduled to open in September 2021. The School District will be contributing \$2.5 million of the capital cost from Local Capital and \$1.0 million from Restricted Capital. The School District has estimated costs remaining of \$7.54 million

Annual Facility Grant (AFG)

The Annual Facility Grant funding is provided by the Ministry of Education for designated school capital or maintenance upgrades. \$3.3 million was provided by the Ministry of Education to fund the following projects in 2020/2021.

- Roof replacement major sections: five school and repairs at various schools
- Exterior painting: two schools
- Flooring: various classrooms and main hallways, one gym floor, various gyms floors resurfaced
- Lighting upgrade: three schools
- Custodial Room Upgrade: two schools
- Washroom Renovations: six schools
- Heating System Boiler system replacement: one school
- High Voltage vaults: two schools
- Emergency Generator load testing: three sites
- Panel Switch Over: various schools
- Fire Alarm Upgrades: six schools
- Door FOB Access: Various schools
- Duct Cleaning: six schools
- Paving, Drainage, and Site upgrades: seven schools
- Plumbing / HVAC upgrades: various schools

- Information Technology upgrades, Wireless Access Points: various schools
- Filtered Drinking water stations: two schools
- Asbestos Abatement: (removal) various schools
- Functional Improvements, Door & Hardware replacement & Tectum Board: Various Schools

Surplus (Operations)

The School Board has established an Operating Surplus Policy that allows the District to budget for expenditure in excess of revenue in a given year. The Board of Education is responsible for ensuring the District is protected financially from financial risk and unforeseen circumstances which could negatively affect the education of students;

To the extent that there is an excess of revenues to expenditures (operating surplus) in any fiscal year that:

- The Board will establish a restricted portion of its accumulated operating surplus as per Policy No. 3205 – Use of Restricted Surplus to mitigate any negative impact such circumstances might cause.*
- The Board will also annually internally restrict funds for projects and programs that will be spent in the next three years when approving the Audited Financial Statements and will disclose the internally restricted funds in the notes to the Financial Statements.*

The Board reviews this policy annually and provides further details in the Audited Financial Statements as to how restricted surplus funds are planned to be utilized in subsequent years.

	June 30, 2021	June 30, 2020
Total Capital Fund Surplus	\$102,904,982	\$101,263,327
Restricted Operating Surplus		
Internally restricted (appropriated) by the Board	4,000,000	3,388,260
Internally restricted to balance 2021/2022 budget	3,321,891	2,382,381
Internally restricted to balance future budgets	2,500,702	812,602
Internally restricted for infrastructure replacement	107,804	1,007,004
Internally restricted for Aldergrove region improvements	582,200	-
Internally restricted for Electric buses	200,000	-
Internally restricted for student capacity needs	500,000	500,000
School Generated Funds	2,611,009	2,220,943
School surpluses	412,882	488,628
Internally restricted for Indigenous Education 2020/2021	135,026	37,561
Internally restricted for commitments 2020/2021	1,305,421	210,000
Internally restricted for COVID-19 contingency	678,679	5,000,000
Internally restricted for classroom furniture	500,000	-
Internally restricted for projector replacements	500,000	-
Internally restricted for holdback 2020/2021	641,977	-
Internally restricted surplus	17,997,591	16,047,379
Unrestricted Operating Surplus	-	-
Total Operating Surplus	17,997,591	16,047,379
Accumulated Surplus	\$120,902,573	\$117,310,706

Potential Future Financial impact on the District

There are several factors that could impact the District's stable and healthy financial situation during the 2021/2022 school year and beyond.

Risk Assessment

In 2017/2018, a risk assessment was completed that identified 20 areas of risk. The School District staff continue to work on mitigating the risks identified within the report. The following are the top three risk factors that could have potential financial and non-financial impact on the School District:

1. Labour Disruption – both CUPE and Teachers collective agreements that are in place until the end of the 2021/2022 school year.
2. Delivery of capital projects – That the District is unable to secure adequate funding to successfully deliver highly complex capital projects.
3. Supporting students and families with mental health issues - The risk that, due to limited funding, the District and supporting agencies may not have sufficient or appropriate tools and resources to address the needs of students and families with mental health issues.

COVID 19

The ongoing impact of the pandemic presents uncertainty over future cash flows and may have a significant impact on future operations including decreases in revenue, impairment of receivables, reduction in investment income and potential delays in completing capital project work. The pandemic is impacting supply chains and timely delivery of certain commodities.

Classroom Enhancement Fund/Restored Teacher Collective Agreement Language

BCPSEA and BCTF reached an agreement on the restored language arising from the Supreme Court of Canada ruling early 2017. The restoration has been categorized into four areas:

- Non-Enrolling Teacher Staffing Ratios;
- Class Size Provisions;
- Class Composition Provisions;
- Process and Ancillary Language.

A related issue is timely and sustainable funding from the Ministry of Education to create required classroom spaces for subsequent years. Local capital funds are not sufficient to support this level of capital outlay. Delays between identified needs and required funding add to uncertainty and place stress on the School District's capacity to fulfill requirements.

Grant Funding Model Review

During 2018, the Ministry of Education initiated a review of the current grant-funding model that has been in place since 2002. The review involved input and consultation from all 60 school districts and over 350 education stakeholders. Final Working Group reports were completed in October 2019, and partners noted that some of the recommendations would be relatively straightforward to implement while others would not. Upon completion of the review, the Ministry will implement recommendations with a two-phase plan, beginning with 12 of the 22 recommendations (specifically, 2, 3, 12, 13, 14, 15, 16, 17, 19, 20,

21 and 22). Phase 1 of the model was implemented, and funding adjustments were reflected in the 2020-21 Preliminary Budget. Phase 2 still needs to be implemented and at the current time the impact on funding levels to the school district remains unknown.

International Education

The School District is heavily reliant on International Education programs to provide a significant source of revenue funding to reduce the gap on grant funding shortfalls. The restored teacher collective agreement has added space constraints for attracting more international students. While we do not envision negative events that would interrupt these programs, International Education is an important stabilizing financial influence on the School District. The outbreak of COVID-19 worldwide has had an impact on current and future enrolment for the program. The projected numbers for 2021/22 students was 625 FTE for the Preliminary Budget. The full impact will not be known until later this fall.

Facilities – Capital Funds

There continues to be an increasing demand for enrolment space in the Willoughby area and the Brookwood/Fernridge area will be developed over the coming years. The long-term facilities plan has identified the need for a number of schools in the area. The capital approval process takes time and resources to get new capital projects up and running. The Ministry continues to request that school districts contribute more local funds towards capital projects. Additionally, the requirement to comply with collective agreement restored language places an increased burden and demand on class space.

Technology Requirements

The demand for technology hardware, software, and system utilization continues at a rapid pace. Providing the required services and ensuring that information is secure and protected necessitates increased financial resources. Technology in support of education will allow us to implement the paradigm shift and transformational education required to be at the forefront and on the cutting-edge in the 21st-century. Technology in support of the framework for enhancing student learning and more real-time reporting on student progress is a crucial undertaking. MyEdBC student administration system requires enhancements in order to meet the ongoing needs for improved data and reporting.

Vehicle Fleet & Equipment Replacement

The School District currently has an aging fleet in place which will require replacement, upgrade or additional vehicles. Vehicles have been replaced or added as funds become available through facilities department cost savings or allocation of operating budget surplus. The District was able to allocate \$1.0 million to partially refresh the fleet in 2020/2021.

The District continues to work on a sustainable, cost effective model for replacement, upgrades and maintenance of the School District's fleet vehicles and equipment.

Contacting Management

This financial report is designed to provide the School District's stakeholders with a general but more detailed overview of the School District's finances and to demonstrate increased accountability for the public funds received by the School District.

If you have questions about this financial report, please contact the Office of the Secretary–Treasurer.



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