

FINANCIAL STATEMENT DISCUSSION & ANALYSIS

For the year ended June 30, 2021



School District 59 ~ Peace River South

School District
No. 59 Peace
River South



Table of Contents

Introduction	2
The School District	2
Our Mission	2
Strategic Plan.....	2
Composition of Financial Statements	3
Key Audited Statements	3
Schedule 2 – Operating Fund	3
Schedule 3 – Special Purpose Funds	3
Schedule 4 – Capital Fund	3
District Enrollment	3
Employees	5
Local Education Agreements	6
Statement of Financial Position	6
Assets.....	7
Liabilities.....	8
Non-Financial Assets	8
Operating Fund – Schedule 2	9
Revenues	9
Expenses	10
Surplus	14
Accumulated Operating Reserves	15
School Funds.....	16
Special Purpose Fund – Schedule 3	17
Capital Fund – Schedule 4	19
Other Significant Matters	20
Contact Management	21



Introduction

The following is a discussion and analysis of the School District’s financial performance for the fiscal year ended June 30, 2021. It is based on currently known facts, decisions, and conditions. This report should be read in conjunction with the District’s financial statements for the same period.

The purpose of a Financial Statement Discussion and Analysis is to provide an explanation of the information included in the Financial Statements and the trends and factors that influence them. The goal is to increase the reader’s understanding of the Financial Statements.

The School District

School District No. 59 (Peace River South) has approximately 3,600 students and serves the communities of Chetwynd, Dawson Creek, and Tumbler Ridge. The district has 15 elementary schools and three high schools.

The governing body of the School District is a Board of Education of seven 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 Mission

To embrace, inspire, and value learning, meaningful communication, and integrity for each individual and for the communities we serve.

Strategic Plan

The 2020-2024 Strategic Plan identifies three areas of focus, each area has identified goals.

1. Equity
2. Foundational Skills and Core Competencies
3. Sustainable use of our resources

The Strategic Plan serves as a foundation for the senior administration to develop operational initiatives to meet the goals of each priority in the over-arching plan. Targets and fiscal responsibility (if required) are attached to each initiative and reviewed on an ongoing basis.





Composition of Financial Statements

The financial statements are prepared using fund accounting, they are a consolidation of three separate funds (operating, special purpose and capital). Financial performance is difficult to ascertain in the audited statements as the three funds are all combined. Financial details of each fund are reported in the supplementary schedules that follow the notes of the financial statements.

Key Audited Statements

1. Statement of Financial Position (Statement 1) summarizes financial assets, liabilities and accumulated surplus as at June 30, 2021.
2. Statement of Operations (Statement 2) summarizes revenues received and expenses incurred between July 1, 2020 and June 30, 2021.

Schedule 2 – Operating Fund

The Operating Fund accounts for the district's daily operating transactions. Annual and accumulated surplus within the operating fund are an important indication of financial health. School districts are unable to incur an accumulated deficit position. When the district has an available accumulated surplus balance, those funds are available to use for future expenses and to reduce the financial risk of unforeseen circumstances.

The operating fund is where most of the district's operations are reported; therefore, considerable focus and analysis of the operating fund has been provided.

Schedule 3 – Special Purpose Funds

Special Purpose Funds are funds that are restricted for a specific purpose. These funds do not result in an accumulated surplus position but instead are accounted as deferred revenue (deferral method). This is because revenue is only recognized as related expenses are incurred. If expenses for a program within a Special Purpose Fund exceed the revenues received the deficit must be transferred to the operating or capital fund depending on the nature of the expenditure.

Schedule 4 – Capital Fund

The Capital Fund reports investments in and financial activities related to tangible capital assets, including land, buildings, furniture, computers and equipment. Capital contributions are accounted for using the deferral method. Recognition of the capital funding revenue is spread out over the life of the related capital asset to match the amortization expense. Therefore, capital fund revenues reflected in the financial statements are not a reflection of actual funding received in a year.

District Enrollment

Until the 2016/17 school year, the District had been in a steady enrollment decline for over 10 years. From 2016/17 the District has seen modest increases up to the 2019/20 school year. The global COVID-19 pandemic that was declared in March 2020 impacted enrollment for the 2020/21 school year.



For families that were not comfortable returning to face-to-face instruction for the 2020/21 school year, a transitional program was offered where students were provided with a distance learning (DL) education but enrolled in their school and therefore eligible to transition back to face-to-face when and if their comfort level increased. Some families did choose to enroll in a home-schooling program and this would be contributing in part to the enrollment decline.

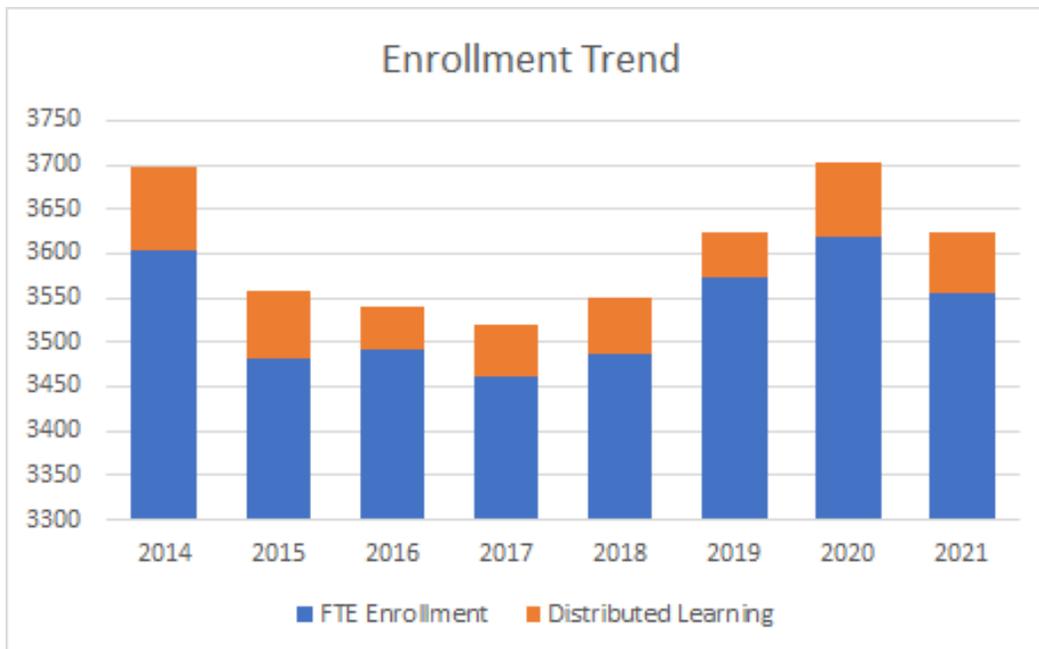
	2020/2021 Actual	2020/2021 Prelim Budget	2019/2020 Actual	Variance to Budget	% Change to Budget	Variance to 2019/2020	% Change to Prior Year
Standard School	3554.4375	3623	3618.5625	-68.5625	-1.89%	-64.125	-1.77%
DL	69.75	65	84.9375	4.75	7.31%	-15.1875	-17.88%
Total FTE	3624.1875	3688	3703.5	-63.8125		-79.3125	

Variance to Budget

Preliminary enrollment for the 2020/21 school year were submitted in February 2020 when the impacts of the pandemic on enrollment were not easily known.

Variance to 2019/2020

Because of the pandemic, the Ministry of Education honoured the May DL count for the 2019/20 school year. This contributed to the above normal FTE of 84.9375 in the 2019/20 school and the resulting large variance to the prior year of -15.1875.





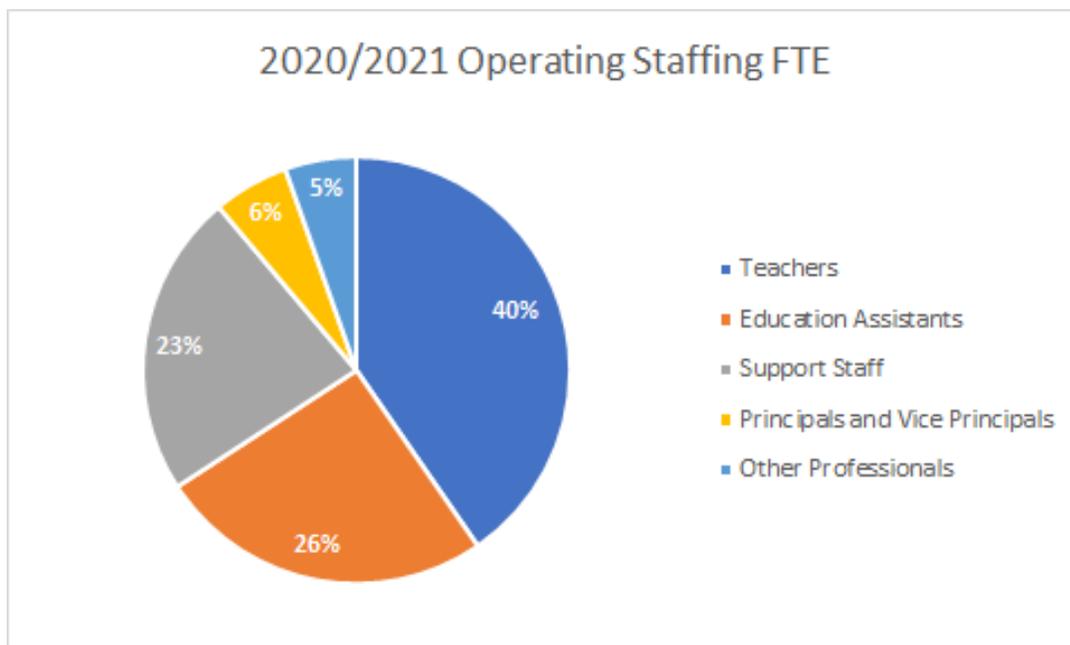
Employees

Salaries are the highest operational expense of the School District (85%). The table summarizes the number of employees for the last two school years.

	2020/2021	2019/2020	Variance	% Change
Teachers	188.357	189.941	-1.584	-0.83%
Education Assistants	118.739	105.803	12.936	12.23%
Support Staff	107.390	109.948	-2.558	-2.33%
Principals and Vice Principa	26.766	28.990	-2.224	-7.67%
Other Professionals	25.219	25.421	-0.202	-0.79%
Total Staffing	466.471	460.103	6.368	

The decrease in teachers of 1.584 FTE is reasonable given the decrease of 64.125 student enrollment as compared to the prior year.

The increase in education assistants as compared to the prior year was required to support the additional 38 students that qualify for supplement funding for unique needs. This is a trend that continues from the prior year that showed an increase in 18.29 FTE of educational assistants in comparison to 2018/2019.





Local Education Agreements

During the 2020/21 school year, the District signed two Local Education Agreements (LEA) with two First Nations within the district, Saluteau First Nation and West Moberly First Nation. Work on the LEAs began in 2019 and they were submitted by the First Nation to the federal government in 2020. If a LEA is in place between a First Nation and a school district, the tuition or funding for any student living on Reserve is paid from the federal government directly to the First Nation, as opposed to flowing through the Ministry of Education. The district is then eligible to bill the First Nation tuition for the students they are providing an educational service for. The tuition rate is set by the Ministry of Education.

This practice of receiving tuition from the First Nations is new to the district and is reflected in the June 30, 2021 balances. At amended budget time, the District was unsure if the agreements would take effect and therefore were not considered. The billing and payment of tuition is just one part of the LEAs that the district has with the First Nations.

Statement of Financial Position

The Statement of Financial Position presents an entity's financial assets and liabilities at a point in time. This statement provides two key performance measures of the District's ability to finance its operations and provide future service; Net Financial Asset (Net Debt) and Accumulated Surplus (Deficit).

Net Financial Asset (Debt)

Net Debt is a term unique to public sector financial reporting. It is the difference between a district's financial assets and liabilities at a point in time. This measure provides readers with important information regarding the district's requirement to generate future revenues to fund past services and transactions.

School districts will show a Net Financial Debt position due to funding, primarily provided by the Ministry of Education, to support capital projects. This balance is reported under the title "Deferred Capital Revenue." Differently from a true liability, these funds do not have to be repaid and are decreased over time. If the Deferred Capital Revenue balance was eliminated from consideration, the District would be in a Net Financial Asset position.

Accumulated Surplus (Deficit)

The Accumulated Surplus (Deficit) represents the net recognized economic resources (all assets and liabilities) of a district at the date of the financial statements. This measure provides the new economic position of a district from all year's operations at a point in time.

The District was in an Accumulated Surplus position as at June 30, 2021.



	June 30, 2021	June 30, 2020	Increase	Increase
	Actual	Actual	(Decrease)	(Decrease)
	\$	\$	\$	%
Financial Assets				
Cash & Cash Equivalents	16,507,366	12,567,585	3,939,781	31%
Accounts Receivable				
Due from Province - Ministry of Education	529,842	178,048	351,794	198%
Other	228,252	207,291	20,961	10%
Total Financial Assets	17,265,460	12,952,924	4,312,536	33%
Liabilities				
Accounts Payable and Accrued Liabilities				
Due to Province - Ministry of Education	1,204,445	-	1,204,445	-
Other	4,350,943	3,507,631	843,312	24%
Unearned Revenue	85,452	96,331	(10,879)	-11%
Deferred Revenue	1,292,380	1,024,704	267,676	26%
Deferred Capital Revenue	28,201,027	27,480,346	720,681	3%
Employee Future Benefits	967,480	907,677	59,803	7%
Total Liabilities	36,101,727	33,016,689	3,085,038	9%
Net Financial Assets (Debt)	(18,836,267)	(20,063,765)	1,227,498	-6%
Non - Financial Assets				
Tangible Capital Assets	39,254,892	38,541,368	713,524	2%
Prepaid Expenses	74,664	167,229	- 92,565	-55%
Total Non-Financial Assets	39,329,556	38,708,597	620,959	2%
Accumulated Surplus (Deficit)	20,493,289	18,644,832	1,848,457	10%

Assets

Cash & Cash Equivalents has increased, this is in part due to the current year surplus but also the variability of timing of when invoices are received by the District. The Due from Province – Ministry of Education increased due to the increased amount of the capital bylaw accrued at year end. This is funding that has been spent on ministry supported capital projects in which the District had not been reimbursed for by June 30, 2021. Other Accounts Receivable are amounts owed to the District and primarily consist of GST rebates and reimbursements from the PRSTA (Peace River South Teachers' Association).



Liabilities

The amount under Due to Province – Ministry of Education is as a result of the LEA adjustment for the 2020/21 school year occurring after year-end, this is a process to reconcile students funded by the province and those funded by the First Nation. Given 2020/21 was the first year of the LEA for the District, all students were funded by the Ministry of Education based on the September enrollment count. This resulted in the District being over-funded when the funding was also received from the First Nations, therefore the District was required to reimburse the Ministry of Education. The expectation going forward is the LEA adjustment will occur before year-end and will be for a much smaller amount as the Ministry of Education will withhold funding based on an estimate of those that will be funded by the First Nation.

Other Accounts Payable is comprised of amounts the District owes and primarily consist of salaries and benefits payable and accrued vacation pay. Deferred Revenue refers to unused funds from the Special Purpose Funds. The majority of this balance consists of school generated funds and the Annual Facilities Grant. Deferred Capital Revenue relates to funding provided by the Ministry of Education for capital projects and is decreased as the tangible capital assets are amortized. Accrued Employee Future Benefits (liabilities) is actuarially calculated annually and includes vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits.

Non-Financial Assets

Tangible Capital Assets reflect the unamortized cost of land, buildings, furniture, computers and equipment. Prepaid Expenses are a result of making advance payments for a good or service that will be received in the future; a common occurrence for the district is insurance premiums that are paid in advance.

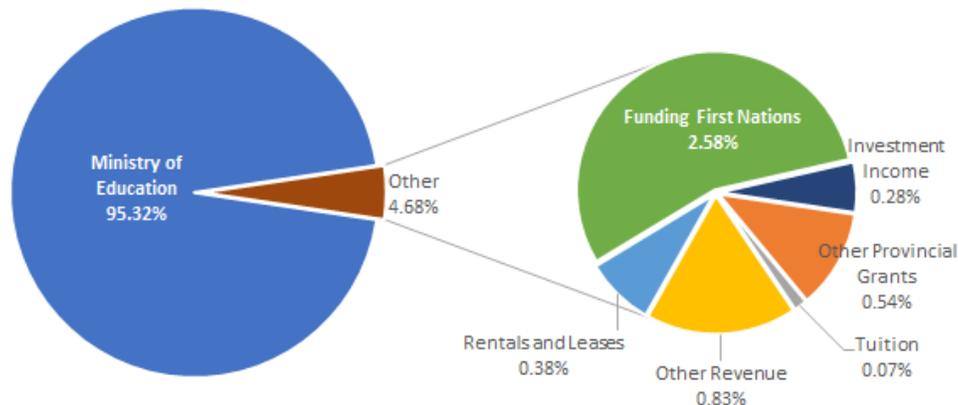


Operating Fund – Schedule 2

	2020/2021 Actual	2020/2021 Budget	2019/2020 Actual	Variance to Budget	Variance to 2019/2020
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Ministry of Education	44,490,530	45,510,423	44,345,626	(1,019,893)	144,904
Other	253,432	250,084	260,602	3,348	(7,170)
Tuition	34,503	34,503	22,128	-	12,375
Other Revenue	1,591,348	344,500	694,790	1,246,848	896,558
Rentals and Leases	178,528	176,000	226,339	2,528	(47,811)
Investment Income	128,510	120,000	191,996	8,510	(63,486)
Total Revenue	46,676,851	46,435,510	45,741,481	241,341	935,370
Expenses					
Instruction	32,987,074	34,546,258	31,953,499	(1,559,184)	1,033,575
District Administration	1,930,031	1,937,815	2,011,577	(7,784)	(81,546)
Operations and Maintenance	6,286,848	6,850,197	6,829,921	(563,349)	(543,073)
Transportation and Housing	3,282,593	3,466,480	3,084,571	(183,887)	198,022
Total Expense	44,486,546	46,800,750	43,879,568	(2,314,204)	606,978
Operating Surplus (Deficit)	2,190,305	(365,240)	1,861,913	2,555,545	328,392
Budget Appropriation of Surplus		1,106,240			
Net Transfers from other funds					
Tangible Capital Assets Purchased	- 739,487	- 741,000	- 1,119,862	1,513	380,375
Total Operating Surplus	1,450,818	-	742,051	2,557,058	708,767

Revenues

Total operating revenues for the District were \$46.7 million for the 2020/21 school year. The Ministry of Education funding makes up 95% of total operating revenue for the school district, this means the District is heavily reliant on the Base Operating Grant, which is calculated mainly on student enrollments.



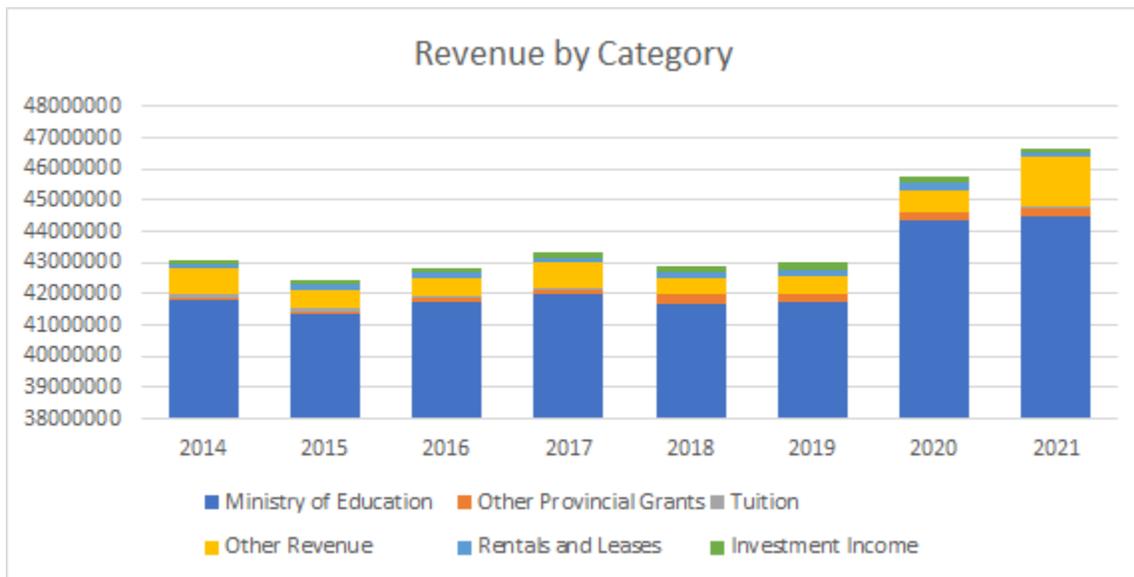


Revenues - Variance to Budget

Total Variance to Budget was an increase of \$241,341. The Ministry of Education Grant was reduced as a result of the LEA, but it was directly offset by the same amount to Other Revenue. The \$241,341 variance was mainly due to an increase in February and May DL counts (\$42,000), Holdback Allocation (\$142,000), and Miscellaneous Income (\$50,000).

Revenues - Variance to Prior Year

Total Variance to Prior Year was an increase of \$935,370. The Ministry of Education grant for the 2020/21 school year increased by \$1.1 million even though enrollment decreased, this is due to collective agreement increases being funded through the grant.



Expenses

85.3% of the School District’s expenses are related to salaries and benefits, most salaries (50%) are paid to teachers. The remaining 14.7% of operating expenses are related to supplies and services including professional development, student transportation, utilities, and insurance.

Expenses - Variance to Budget

Operating expenses as compared to budget were down \$2.3 million (4.94%).

Instruction was underbudget by \$1,559,184

The positive variance can be broken down to the following:

School Surpluses	688,000
District 100 account	558,000
District Level Budget	313,000
	<u>\$1,559,000</u>



Of the \$688,000 of School Surpluses, the majority is related to professional staff (\$189,000), support staff (\$380,000) and supplies and services (\$135,000). The District experienced great difficulty recruiting for some positions during the 2020/21. It is always the District’s goal to be fully staffed but when that doesn’t occur savings are often a result.

The District 100 account was \$558,000 underbudget. The District 100 account cumulates the difference between the average costs and actual wages, given the balance was a negative balance the average costs was higher than the actual wages. The average costs do include a sub component. Part of this variance would be a reduction in the average teacher cost for the District as compared to the provincial average, (\$84 less in 2019/20, \$935 less in 2020/21), plus the decreased subs that were charged in the 2020/21 school year. A variance of \$558,000 is 2% of that total \$28 million of salaries and benefits that flow through this account

The District Level Budget variance of \$313,000 can be broken down as follows:

District Planning Committee	22,000
Service Improvement Allocation	27,000
Indigenous Education	93,000
Literacy	18,000
Visually Impaired	29,000
Technology Budget	52,000
Numeracy	33,000
Employee Future Benefits	32,000
Miscellaneous	7,000
	<u>\$ 313,000</u>

Operation and Maintenance was underbudget by \$563,349

Total salaries and benefits were underbudget by \$185,789. There were many leaves this year in the department that were not replaced. Supplies and services were underbudget by \$219,000, in part due to some planned projects not proceeding due to respecting the space in the school during a pandemic and the decreased flexibility to share or move space. Utilities were underbudget by \$158,000, mainly due to water & sewer, garbage, carbon offsets and the digital services recovery charge. The District is seeing significant savings in garbage service since the contract was re-tendered.

Transportation was underbudget by \$183,887

Given the shortage of spare bus drivers, the District did have an increased number of cancelled runs in the 2020/21 school year. Wages in the transportation department were underbudget by \$21,000, which could be attributed to cancelled runs when no replacement driver was available. Benefits was under budget by \$68,000. This is due to many employees not enrolling in certain benefit plans. The trend in benefits within the transportation department has continued for many years; therefore, to reduce this trend the budgeted benefit rate has been reduced by 5% within the transportation

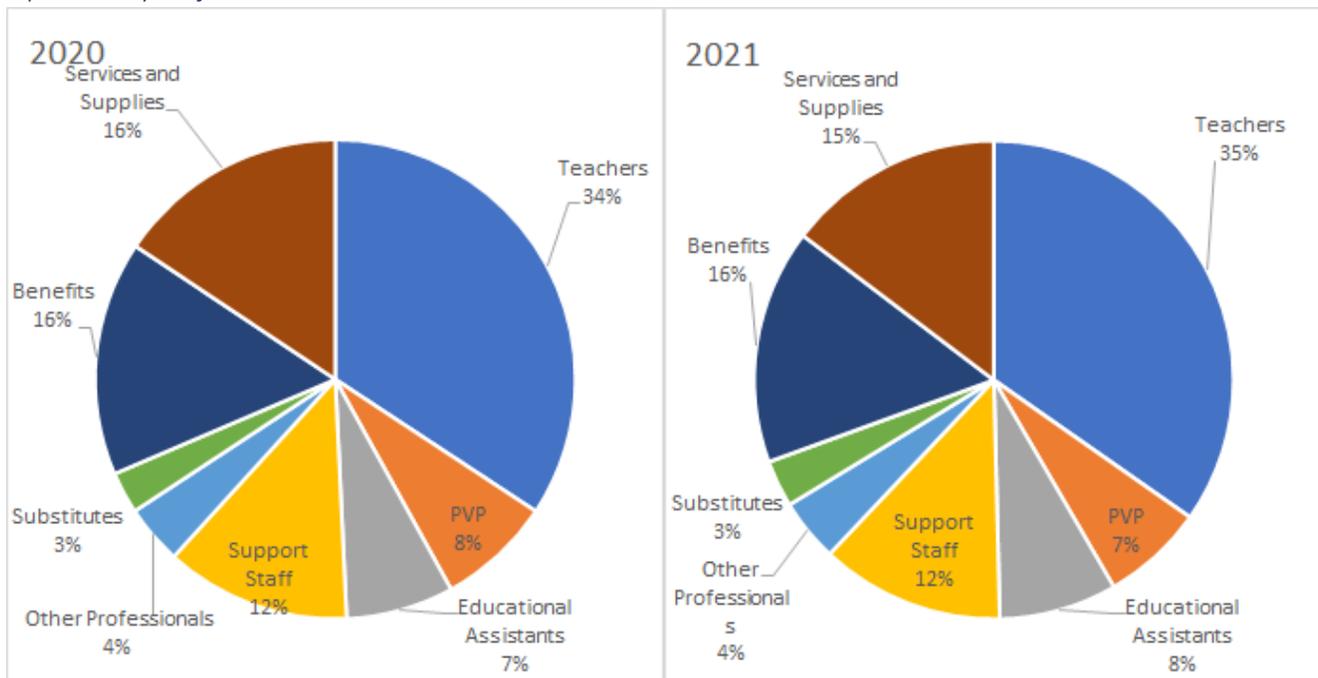


department for the 2021/22 preliminary budget. Fuel was underbudget by \$80,000, which can also be attributed savings in fuel due to cancelled runs; as well, the transportation department is seeing the benefit from the newer more fuel-efficient busses.

Expenses - Variance to Prior Year

Overall operating expenses are up 1.38% as compared to the previous year. Although enrollment was down in regular funding, the amount of funding for students with diversabilities was increased. Collective agreement increases of 2% to unionized staff would also contribute to the increase.

Expenses by Object

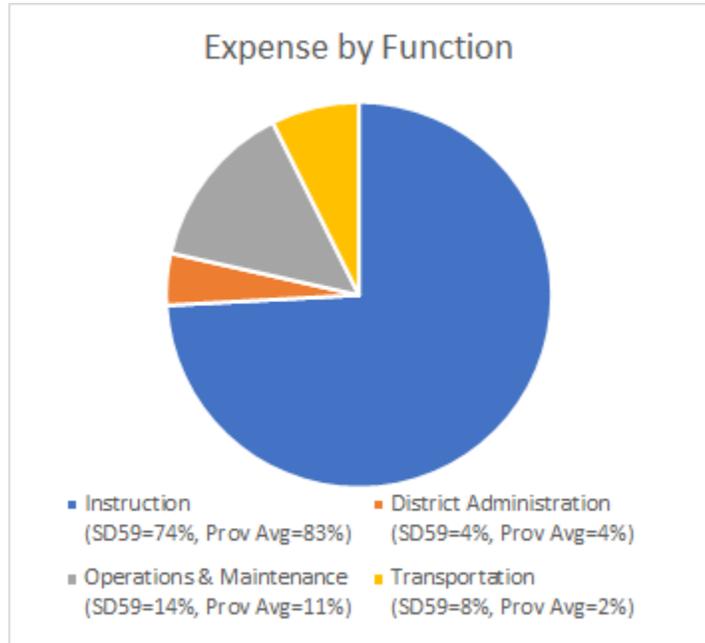




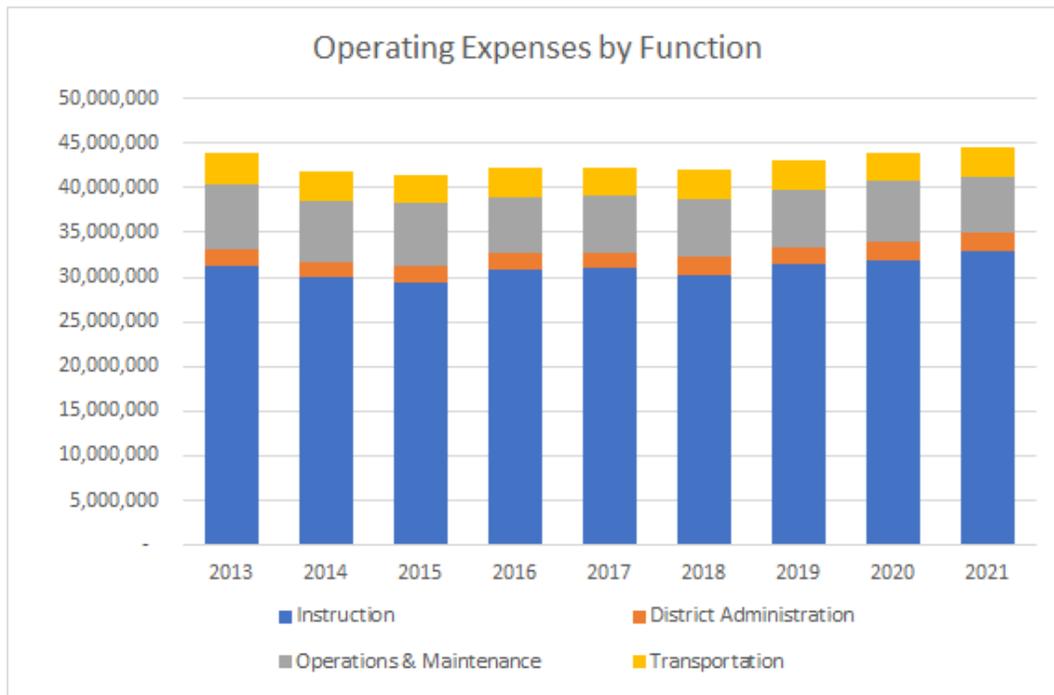
Expenses by Function

The four functions are described below:

- **Instruction** function includes expenses related to the instruction of students.
- **District Administration** function included expenses related to district governance and district administration of education, business and human resources.
- **Operations and Maintenance** function includes expenses related to the operation, maintenance and safety of buildings and equipment.
- **Transportation** function included expenses involved with the transportation of students.



The percentages per function have remained steady over the last nine years.





Surplus

The school district ended the 2020/21 fiscal year with an operating surplus of \$1,450,818. The Amended 2020/21 Budget had draws from operating reserves of \$1,106,240. This was a planned reduction of reserves to support board approved initiatives. This support was not required from reserves given the surplus position as at June 30, 2021.

There are certain balances within this years Total Operating Surplus that are restricted for a specific use, it is therefore important to isolate those balances to consider what surplus is as a result of the day-to-day operations. After isolating restricted funds and School Surpluses from the Total Operating Surplus, the district-based portion was \$710,452.

Total Operating Surplus	1,450,818
Indigenous Education underspend	93,417
Holdback Funding	141,969
Service Improvement Allocation - BCGEU	27,428
School Surpluses	477,552
District Based portion of Operating Surplus	\$ 710,452

The planned initiatives that were being funded from reserves are detailed below.

Budgeted Surplus Appropriation

CSS Renovation	500,000
Succession Planning - VP Support	16,000
Indigenous Education underspend	106,431
School Surpluses	483,809
District Based portion of Operating Surplus	\$1,106,240

The Board of Education approved the allocation of \$516,000 from unrestricted reserves to support the final phase of the CSS renovation and an additional administration position for succession planning during the 2020/21 school year. These initiatives were able to be funded from the current year operating budget and therefore the actual district surplus would be considered to be \$1.2 million (\$710,452 + \$516,000).

Although school surpluses are treated as a restricted surplus, there is no guarantee that schools would continue to carry-forward 100% of these funds. The Secretary Treasures has authority to monitor and limit these balances when necessary.



Accumulated Operating Reserves

Policy 5010 Accumulated Operating Surplus states that the Board of Education is responsible for ensuring the District is protected financially from financial forecasting risk and unforeseen circumstances which could negatively impact the education of students. The accumulated operating surplus serves as a contingency reserve for the risk's associated with unexpected increases in expenses and /or decreases in revenues related to major emergent operating issues, one-time costs and intermittent projects. Regulation 5010 states the Board of Education will attempt to maintain an unrestricted operating fund balance of 5% of annual operating expenses.

As at June 30, 2021, the district had \$8,589,481 in operating surplus, of which \$2,058,880 is restricted for specific purposes and \$6,530,601 is unrestricted. Restricted reserve funds are held for an intended purpose.

The breakdown of the restricted operating surplus is as follows:

School Surpluses	477,553
Service Improvement Allocation - BCGEU	27,428
Indigenous Education	93,417
Holdback Funding	141,969
Strategic Plan Initiatives	485,000
Pouce Coupe Expansion	833,513
	<u>\$2,058,880</u>

An unrestricted accumulated Operating Surplus of \$6,530,601 is 15% of the 2020/21 annual operating expenses. This is well above the policy requirement.

	2015	2016	2017	2018	2019	2020	2021
Internally Restricted	3,106,063	2,610,153	3,157,953	5,410,944	2,570,088	1,256,241	2,058,880
Unrestricted	2,570,751	3,340,685	3,494,435	1,566,321	3,826,524	5,882,422	6,530,601
Total Operating Surplus	\$5,676,814	\$5,950,838	\$6,652,388	\$6,977,265	\$6,396,612	\$7,138,663	\$8,589,481
Unrestricted Surplus as a % of annual operating expenses	6%	8%	8%	4%	9%	13%	15%

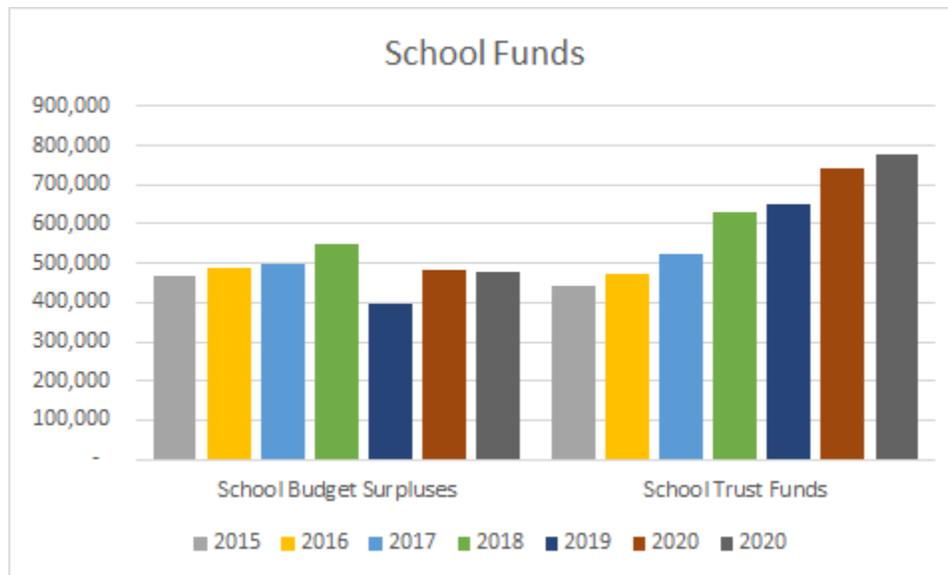


School Funds

The District practices school-based budgeting which allows schools that end the year in a surplus position to carry forward any balances. These balances are restricted at year-end and then pulled out of reserves at the beginning of each school year for the schools to apply to their new budget. For the last three years, school surpluses greater than 2.5-3% of budget were restricted. This was done to stop the trend of increasing surpluses that was occurring. This year the limitation of 2.5-3% of budget resulted in a decrease of \$210,041 (\$186,183 2019/20) in the school surpluses.

	2015	2016	2017	2018	2019	2020	2020
School Budget Surpluses	470,017	487,068	495,812	547,282	395,250	483,810	477,553
School Trust Funds	440,133	472,120	524,221	630,905	648,912	742,970	775,774
School Funds Total	\$ 910,150	\$ 959,188	\$ 1,020,033	\$ 1,178,187	\$ 1,044,162	\$ 1,226,780	\$ 1,253,327

The graph below includes school trust funds which are funds that are held by the schools in independent bank accounts. The school trust funds are tracked and maintained by the school administrator and secretary. Most of these funds would exist for a specific purpose (field trips, grad fundraising, hot lunch programs, yearbook sales, etc.). The school trust funds are tracked within a special purpose fund and are not part of the operating reserve.





Special Purpose Fund – Schedule 3

The Special Purpose Funds (SPF) are utilized to track funding for designated purposes. The balances can often be deferred to subsequent years for the intended purpose. Some of the funds require ministry approval to carry forward and other funds that carry a surplus at the end of the year reduce the funding allocated in the next fiscal year.

The following table summarizes the transactions for the year.

	Opening	Revenue	Expense	Closing June 30, 2021
Ministry of Education Grants				
Annual Facility Grant	88,125	285,735	(21,282)	352,578
Learning Improvement Fund	12,172	157,452	(169,624)	-
StrongStart	20,605	192,000	(212,605)	-
Ready Set Learn	4,151	36,750	(40,901)	-
French Language	21,737	94,708	(90,063)	26,382
Community Links	7,519	374,489	(382,008)	-
Mental Health in Schools	14,592	55,000	(62,840)	6,752
First Nation Student Transportation	17,760	12,929	(132)	30,557
Classroom Enhancement Fund	17,053	3,310,181	(3,291,216)	36,018
Safe Return to School Grant	-	313,770	(313,770)	-
Federal Safe Return to Class Fund	-	1,363,984	(1,363,984)	-
Other Special Purpose Funds				
School Generated Funds	742,971	639,942	(607,138)	775,775
Early Learning Funds	53,828	4,299	(5,400)	52,727
Career Grants	24,191	7,500	(20,100)	11,591
Total	1,024,704	6,848,739	(6,581,063)	1,292,380

The Annual Facility Grant (AFG) is split between a capital allocation of \$1,118,833 and an operating portion of \$285,735, the operating portion is tracked with the SPF. During the 2020/21, 100% of the capital portion was spent but the majority of the operating portion will be requested to be carried forward. The request to carry-forward an AFG balance has never been denied in the past.

The District was able to receive an additional \$12,929 in the current year to support extracurricular travel for First Nations living on reserve. Given the pandemic, many activities did not proceed as normal. The District is currently finalizing plans to provide a late bus from Chetwynd Senior Secondary School to both West Moberly First Nation and Saulteau First Nation for the 2021/22 school year, the schedule is yet to be determined. The goal of providing a later bus is that students will be able to



participate in after school events and activities (i.e.: homework club and school sports) and still be able to have transportation home at the end of the day.

The unspent Classroom Enhancement Fund balance of \$36,018 is not able to be carried forward and next years allocation will be reduced by that amount. This allocation was specific to covering remedies and therefore the amount budgeted was more than what was required.

The Safe Return to School Grant and the Federal Safe Return to Class fund were two new funds to support education and health and safety during the pandemic. The funds were used to:

- Provide PPE to staff and students, this included masks, plexiglass, face shields, gloves etc.
- Support a transitional DL program where students could receive non-face-to-face instructions while still being connected to their area school
- Additional day time cleaning and cleaning supplies
- Hand sanitizer
- Ventilation upgrade at Moberly Lake Elementary
- Installing additional water bottle fill stations in schools
- Portable sinks for the portables within the district
- Additional classroom sinks at Ecole Frank Ross
- Technology to support Indigenous students and students with complex needs
- Space adaptations
- Outdoor learning spaces
- Additional EA time to supervise staggered lunch times



Capital Fund – Schedule 4

Ministry of Education

DCSS - SP Campus HVAC upgrade - SEP program	783,411
Frank Ross Flooring - SEP program	101,773
Devereaux Roof upgrade - SEP program	230,000
CSS Boiler Upgrade - CNCP program	249,809
McLeod Roofing upgrade - SEP program	182,592
School Buses	421,632
Total	\$1,969,217

District Operating Fund

CSS Renovations	500,269
Bus Radio System	62,103
Bobcat Replacement Program (2)	23,650
Auto Scrubbers (5)	30,285
Server Upgrade - SANs Array	23,230
Work Van	50,028
Truck Deck Unit #33	6,516
Bus Overages	11,486
Replacement Phone System - TRE	14,384
Sawstop Tools	17,536
Total	\$ 739,487

The School District invested \$2.7 million in capital additions. Funding to make these additions came from the following sources: \$1,969,217 from the Ministry of Education and \$739,487 from the District Operating Fund.

Specific balances in the Capital Fund are as follows:

Capital Fund	June 30, 2021	June 30, 2020	Change
Work-In-Progress	92,969	-	92,969
Other Provincial Capital	20,200	-	20,200
Restricted Capital	425,709	164,046	261,663
Local Capital	404,032	281,099	122,933
Total	942,910	445,145	497,765

Work-in-progress reported on Schedule 4B represents costs incurred up to June 30, 2021 on the Pouce Coupe expansion project.

The Other Provincial Capital balance of \$20,200 is related to a grant received to renovate the library at Ecole Frank Ross for before and after-school care. The renovation was completed over the summer and therefore as at June 30, 2021 the balance is reported as Unspent Deferred Capital Revenue.



Restricted Capital represents the Ministry of Education's portion (75%) of the proceeds on disposals of property in which the district received ministry support to make the initial purchase. The fund was increased due to the sale of Rolla Discovery School and O'Brien Education Center. The District must receive ministry approval to spend these funds. The District is currently approved to use these funds to support the Pouce Coupe Elementary expansion project.

There are two capital fund surpluses:

The **Local Capital** fund of \$404,032 represents accumulated surpluses designated to fund the purchase of Tangible Capital Assets. This balance can increase if the Board makes a motion to transfer operating surpluses to Local Capital or when the district receives the unrestricted portion (25%) on sales or property. The balance was increased during the 2020/21 year due to the sale of Rolla Discovery School and O'Brien Education Center.

The **Investment in Tangible Capital Assets** fund of \$11,499,776 represents capital investments that are funded by operating funds (shows as a net transfer from other funds). As an asset is amortized (shown as an expense), the surplus will decrease. Therefore, the balance is used to fund future amortization costs and does not represent funds that are available for other purposes.

Other Significant Matters

COVID-19 Pandemic

The COVID-19 pandemic impacted this year's financial statements and will continue to do so into the 2021/22 school year. The District is proud that face-to-face instruction was maintained for the full 2020/21 school year. While the District is hoping for a full to return to normal in the near future, the impact of the pandemic is still affecting key areas of the budget and its hard to determine future impacts. The District has received additional funding for the 2021/22 school year to support ongoing health and safety measures, First Nations and Metis students, mental health services, and to address learning impacts to students.

Strategic Plan

A new Strategic Plan was developed during the 2019/20 school year. During the 2020/21 school year, the District was currently in year one of the four-year plan. The Operational Plan was presented to the board in March 2021, this is a plan for senior administration outlining goals and strategies to fulfill the District's Strategic Plan.

During the 2020/21 school year, the plan focused on equity and included:

- reviewing the plan for Children and Youth in Care;
- completion of an inclusion review in schools;
- offering Universal Design for Learning training;
- increased look at data specifically for Indigenous students;
- children and youth in care and students with diversabilities;



- support for schools to develop a vision and action plan for Social Emotional Learning and Mental Health Literacy; and
- investing in Compassionate Systems Leadership training.

More information on the Strategic and Operational plan can be found on the District website (<https://www.sd59.bc.ca/district/achievement>).

Infrastructure

The majority of the buildings within the school district were built in the 1960's, with a few that were built in the late 1950's. Given the age of our schools, there is a concern on the ability to maintain buildings that are beyond a normal life expectancy. A large portion of the provincial K-12 capital budget is used to support seismic upgrades and the financial support for replacement schools is minimal. The District continues to prioritize submission of major and minor capital projects to the Ministry of Education to support our infrastructure.

Funding Model Review

In 2018, the Ministry of Education began a review of the current funding formula which had been in place since 2002. The review ended with a list of 22 recommendations along three themes: equity, accountability and financial management. The Ministry of Education has implemented 12 of the 22 recommendations; the recommendations that were implemented had little impact on the formula. At this time, it is unknown if the next phase of recommendations will have a positive or negative impact on the district's budget.

Operating Reserves

As at June 30, 2021, the unrestricted accumulated operating surplus was 15% of the 2020/21 annual operating expenses, this is well above the policy requirement of 5%. Senior administration will be presenting a plan to the Board of Education to reduce reserves. Reserve balances continue to face scrutiny from the Ministry of Education and it is important the District is using resources effectively and responsibly.

Contact Management

This financial report was completed with the purpose to provide a general overview of the School District's finances as at June 30, 2021 and to demonstrate the District's accountability for the funding it receives.

If you have any questions about the report, please contact the Secretary Treasurer's office at 250-782-8571.