

FINANCIAL STATEMENT DISCUSSION & ANALYSIS

For the year ended June 30, 2022



School District 59 ~ Peace River South

School District
No. 59 Peace
River South



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Introduction

The following is a discussion and analysis of the School District’s financial performance for the fiscal year ended June 30, 2022. 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 3,650 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, 2022.
2. Statement of Operations (Statement 2) summarizes revenues received and expenses incurred between July 1, 2021 and June 30, 2022.

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 a modest increase.

The global COVID-19 pandemic that was declared in March 2020 impacted enrollment for the past three school years. For the 2019/20 school year the Ministry of Education and Child Care honoured the May DL count which accounted for a higher than normal funding. In 2020/21 families that were not comfortable returning to face-to-face instruction for the 2020/21 school year were offered a transitional program 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. In the 2021/22 school year families chose between face-to-face instruction and DL.

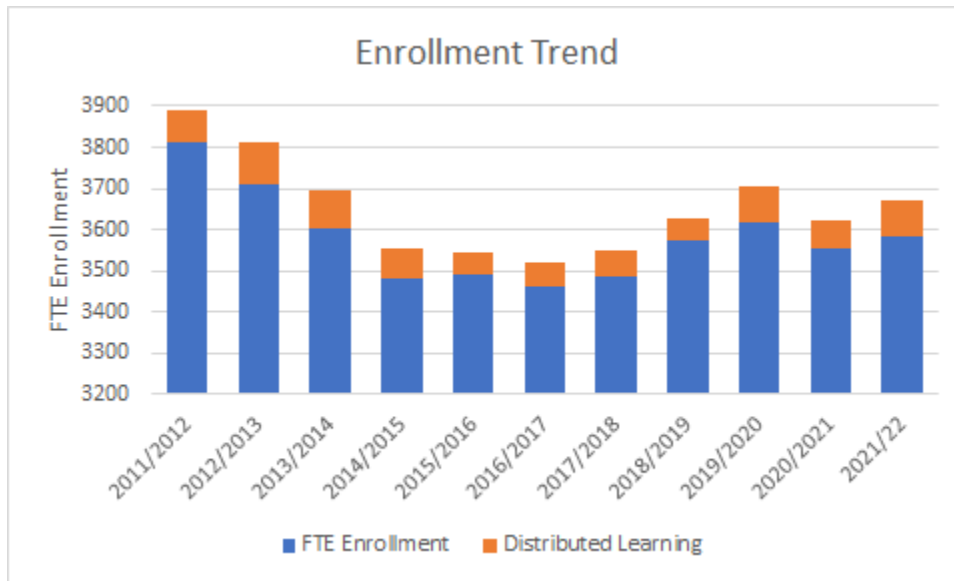
	2021/2022 Actual	2021/2022 Prelim Budget	2020/2021 Actual	Variance to Budget	% Change to Budget	Variance to 2020/2021	% Change to Prior Year
Standard School	3581.0625	3530	3554.4375	51.0625	1.45%	26.625	0.75%
DL	87.875	65	69.75	22.875	35.19%	18.125	25.99%
Total FTE	3668.9375	3595	3624.1875	73.9375	2.06%	44.75	1.23%

Variance to Budget

Preliminary enrollment estimates for the 2021/22 school year were submitted in February 2021 when the plan for the newly developed elementary DL program was unknown. The budget was developed without the additional elementary DL enrollment, this resulted in a favourable variance of 22.875 FTE. Enrollment in the Standard School increased by 51.0625 FTE as compared to budget, this could be in part to families feeling more comfortable with COVID-19 pandemic risks and returning to school.

Variance to 2020/2021

As mentioned above in the 2020/21 school year a transitional program was offered and students were offered DL but enrolled in the Standard School, this transitional program was not offered in 2021/22 school year which explains the increase of 18.125 DL FTE. In 2021/22 actual enrollment in the Standard School as compared to prior year increased by 26.625 FTE, this could be in part to families feeling more comfortable with COVID-19 pandemic risks and returning to school or a general increase student aged enrollment.



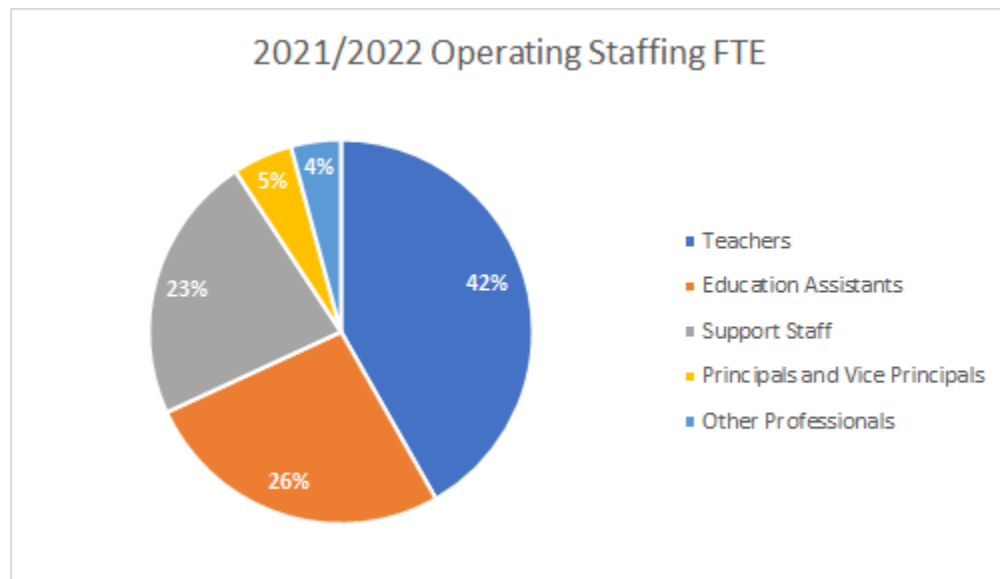
Employees

Salaries are the highest operational expense of the School District (84%). The table summarizes the full-time equivalent (FTE) of employees for the prior two years.

	2021/2022	2020/2021	Variance	% Change
Teachers	214.746	218.859	-4.113	-1.88%
Education Assistants	135.590	137.020	-1.430	-1.04%
Support Staff	116.270	113.700	2.570	2.26%
Principals and Vice Principals	26.000	26.000	0.000	0.00%
Other Professionals	21.630	21.590	0.040	0.19%
Total Staffing	514.236	517.169	-2.933	

Although teachers decreased by 4.113 FTE when enrollment increased by 26.625 FTE the overall percentage change is very low. Each year, the school’s employee per student FTE can vary depending on the school’s composition and configuration.

The district does always strive to be fully staffed but there were also periods of time in the 2021/22 school year where teaching and education assistant positions were unfilled and being covered by casual subs which are not reflected in the above employee numbers. This would have occurred in the 2020/21 school year as well but not at as frequently.



Prior Period Adjustments

On May 28, 2021, the Office of the Comptroller General directed all school districts to apply the half-year rule method of amortization beginning in the fiscal year an asset is placed into service. This directive applies to both past and future purchases. Prior to this directive, the district did not recognize amortization in the first partial service year. The School District has made a retroactive adjustment to recognize amortization of all assets and deferred capital contributions beginning in the first service year. The prior period figures are therefore being issued as restated in the financial statements.

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 and Child Care, 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, 2022.

	June 30, 2022	June 30, 2021		
	Actual	Actual	Increase	Increase
	\$	(Restated)	(Decrease)	(Decrease)
		\$	\$	%
Financial Assets				
Cash & Cash Equivalents	15,752,624	16,507,366	- 754,742	-5%
Accounts Receivable				
Due from Province - Ministry of Education	153,117	529,842	(376,725)	-71%
Other	450,663	228,252	222,411	97%
Total Financial Assets	16,356,404	17,265,460	- 909,056	-5%
Liabilities				
Accounts Payable and Accrued Liabilities				
Due to Province - Ministry of Education	-	1,204,445	- 1,204,445	-
Other	3,153,497	4,350,943	- 1,197,446	-28%
Unearned Revenue	91,470	85,452	6,018	7%
Deferred Revenue	1,838,892	1,292,380	546,512	42%
Deferred Capital Revenue	28,361,534	27,377,217	984,317	4%
Employee Future Benefits	1,027,807	967,480	60,327	6%
Total Liabilities	34,473,200	35,277,917	- 804,717	-2%
Net Financial Assets (Debt)	(18,116,796)	(18,012,457)	(104,339)	1%
Non - Financial Assets				
Tangible Capital Assets	39,526,101	38,192,173	1,333,928	3%
Prepaid Expenses	107,219	74,664	32,555	44%
Total Non-Financial Assets	39,633,320	38,266,837	1,366,483	4%
Accumulated Surplus (Deficit)	21,516,524	20,254,380	1,262,144	6%



Assets

Cash & Cash Equivalents has decreased, even though the district ended in a net Operating Fund surplus position the cash balance won't necessarily increase, this is due to the variability of timing when invoices are received by the District. The Due from Province – Ministry of Education and Child Care decreased due to the lower 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, 2022. Other Accounts Receivable are amounts owed to the District and primarily consist of a GST rebate and other receivables.

Liabilities

The prior-year amount under Due to Province – Ministry of Education and Child Care 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. The process occurred before year-end in the 2021/22 school year and therefore no amounts were outstanding as at June 30, 2022.

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 and Child Care 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.

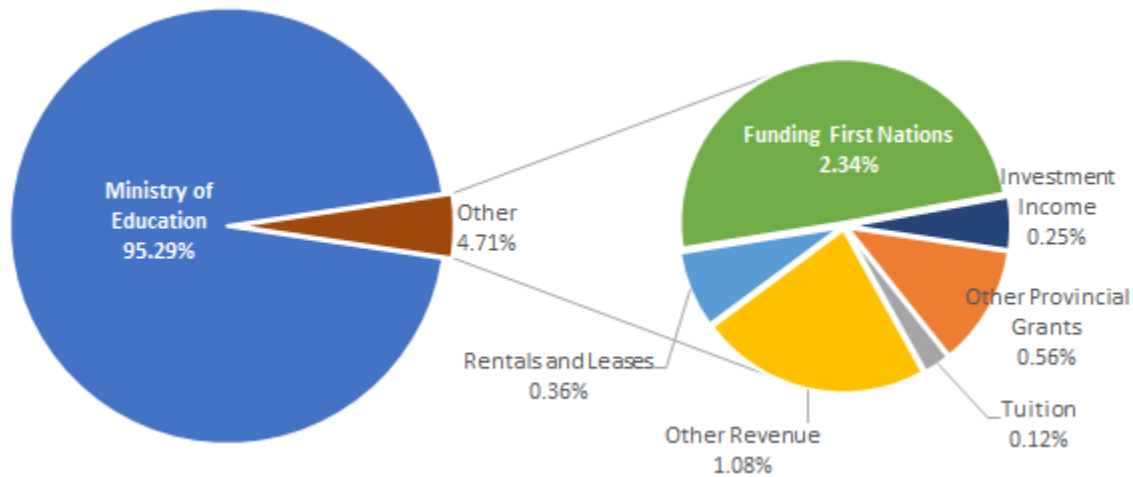


Operating Fund – Schedule 2

	2021/2022 Actual	2021/2022 Budget	2020/2021 Actual	Variance to Budget	Variance to Prior Year
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Ministry of Education	46,286,062	46,096,999	44,490,530	189,063	1,795,532
Other	273,111	272,970	253,432	141	19,679
Tuition	60,104	60,104	34,503	-	25,601
Other Revenue	1,662,277	1,705,352	1,591,348	(43,075)	70,929
Rentals and Leases	175,139	179,000	178,528	(3,861)	(3,389)
Investment Income	119,507	100,000	128,510	19,507	(9,003)
Total Revenue	48,576,200	48,414,425	46,676,851	161,775	1,899,349
Expenses					
Instruction	34,848,384	36,616,811	32,987,074	(1,768,427)	1,861,310
District Administration	1,948,917	1,992,748	1,930,031	(43,831)	18,886
Operations and Maintenance	6,604,219	6,931,032	6,286,848	(326,813)	317,371
Transportation and Housing	3,465,646	3,471,540	3,282,593	(5,894)	183,053
Total Expense	46,867,166	49,012,131	44,486,546	(2,144,965)	2,380,620
Operating Surplus (Deficit)	1,709,034	(597,706)	2,190,305	2,306,740	(481,271)
Budget Appropriation of Surplus		1,844,879			
Net Transfers from other funds					
Tangible Capital Assets Purchased	- 213,163	- 1,247,173	- 739,487	1,034,010	526,324
Total Operating Surplus	1,495,871	-	1,450,818	3,340,750	45,053

Revenues

Total operating revenues for the District were \$48.6 million for the 2021/22 school year. The Ministry of Education and Child Care 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 \$161,775. The positive variance can be broken down to the following.

Support Staff Benefits Grant	16,094
Early Learning Framework Implementation	719
DL Estimate (141,907 - 37,789)	104,118
Graduated Adults	314
MCFD Contracts	441
ACEIT Grants	(300)
Seconded Staff Recoveries	(6,903)
Substitute Staff Recoveries	(11,313)
Bus Charges	(12,079)
Misc Revenue	55,038
Rentals and Leases	(3,861)
Investment Income	19,507
	\$161,775

Included in the Amended Budget was a decrease in revenue of \$141,907 for the estimated reduction in the Distance Learning 1701 numbers as compared to budget in February and May. The reduction in the Distance Learning 1701 numbers was only \$37,789 contributing \$104,118 to the variance.

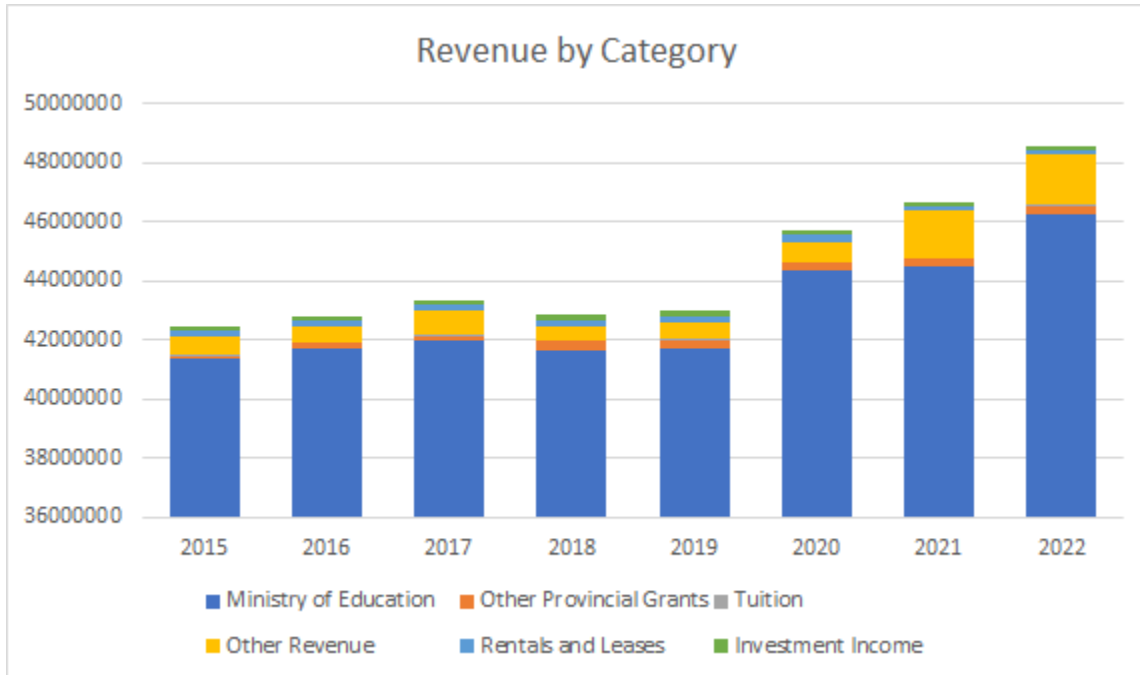
Miscellaneous Revenue was higher than budget due to higher auction proceeds, ICBC rebates and payouts for written-off vehicles, and a Fortis rebate from a boiler upgrade.

In the first nine months of the fiscal year, the average interest income per month was \$7,200. The interest rates increased significantly in April-June 2022 and this increased the average interest income per month to \$18,100 for the last three months of the fiscal year, this resulted in the positive variance in investment income of \$19,507.



Revenues - Variance to Prior Year

Total Variance to Prior Year was an increase of \$1,899,349. This is mainly due to the increase in the Ministry of Education and Child Care Operating Grant to cover collective agreement increases and the additional 44.75 student FTE.



The large increase in Other Revenue that occurred the previous two fiscal years was as a result of the new LEA agreements. Tuition for First Nations students living on reserve is now flowed from the Federal Government through the First Nations as opposed to from the Ministry of Education and Child Care.

Expenses

Of the School District’s expenses 83.6% (85.3% 2020/21) are related to salaries and benefits, most salaries (50%) are paid to teachers. The remaining 16.4% 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 \$2.1 million.

Instruction was underbudget by \$1,768,429

The positive variance can be broken down to the following:



School Surpluses	584,400
District 100 account	690,000
District Level Budget	494,000
	<u>\$1,768,400</u>

Of the \$754,400 of School Surpluses, both professional staff (\$471,000) and support staff (\$558,000) were underbudget while substitutes (\$154,000) and supplies and services (\$121,000) were overbudget. Given the difficulty recruiting positions for the 2021/22 school year, the positive variance in staffing is expected. Some of the positions were covered by casual substitutes which explains the overage in that category. 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 \$690,000 underbudget. The District 100 account cumulates the difference between the average costs and actual wages, given the balance was a negative (savings) the average costs was higher than the actual wages. The average costs do include a sub component, part of this variance would be explained by the decreased availability of substitutes as compared to the prior year. A variance of \$690,000 is 2% of the total \$29 million of salaries and benefits that flow through this account.

The District Level Budget variance of \$324,000 can be broken down as follows:

Indigenous Education	109,000
Literacy	23,000
Learning Services	75,000
Speech and Language	25,800
Numeracy	34,000
Employee Future Benefits	29,000
Miscellaneous	28,200
	<u>\$ 324,000</u>

Administration was underbudget by \$43,831

Total salaries and benefits were underbudget by \$96,700, this is due to the reallocation of salaries against targeted funds. Supplies and services were overbudget by \$52,869, this was focused in Personnel and Board of Trustees. Personnel was overbudget due to additional recruitment initiatives, this involved additional fees to Apply to Education, a contract for a new recruitment web page and the partnership with UBC for practicum students. The Board of Trustees was overbudget in legal expenses and the retirement dinner. In review of the budget for the retirement dinner, it was not increased to pre-pandemic levels for the 2021/22 budget which has contributed to the overage.



Operation and Maintenance was underbudget by \$326,813

Total salaries and benefits were underbudget by \$416,394, this was mainly focused in the mechanical, carpentry, custodial, and Chetwynd maintenance departments all of which encountered leaves during the year that were not filled due to no qualified applicants. Supplies and services were overbudget by \$27,377, which is only 2% of budget. Utilities were overbudget by \$62,204. Propane was \$9,026 overbudget but the main contributing factor to the overage was an unfavourable variance of \$139,765 related to natural gas. In review of the natural gas invoices, another \$2.06 per GJ was being paid in May 2022 as compared to July 2021. Other utilities were underbudget by smaller amounts to counter some of the natural gas overage.

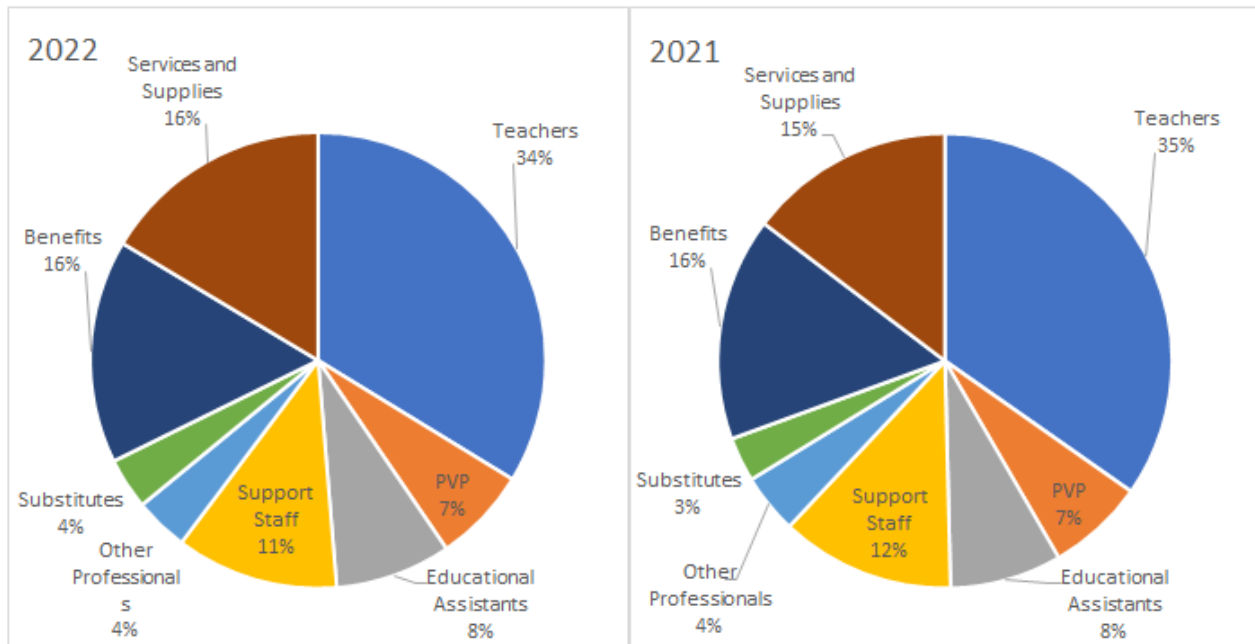
Transportation was underbudget by \$5,894

Total salaries and benefits were underbudget by \$84,175, given the shortage of spare bus drivers and the amount of cancelled runs this variance comes as no surprise. Supplies were overbudget by \$78,281. Within the supplies and services, fuel was overbudget by \$93,034 while other supplies were underbudget by \$14,753. The fuel prices increased substantially towards the later part of 2021/22 causing the unfavourable fuel variance as compared to budget.

Expenses - Variance to Prior Year

Overall operating expenses are up 5.35% as compared to the previous year. This is in alignment with the 4.07% increase in revenue as compared to the previous year. The percent increase in expenses does line up with the increase in enrollment, and the increase in collective agreement of 2% to unionized staff.

Expenses by Object

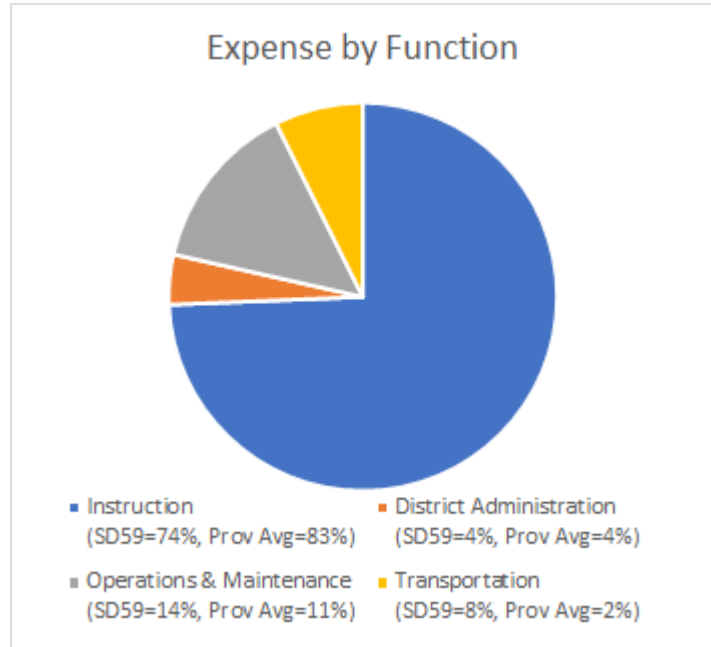




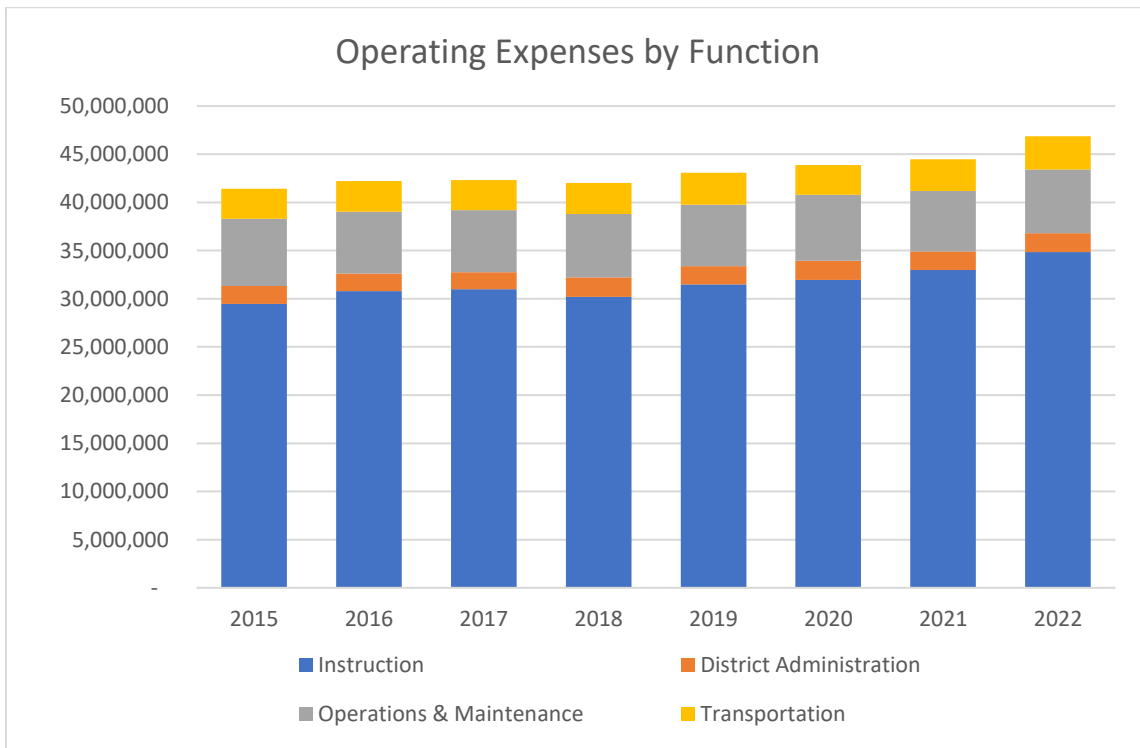
Expenses by Function

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 has remained steady over the last eight years.





Surplus

The school district ended the 2021/22 fiscal year with an operating surplus of \$1,495,871. The Amended 2021/22 Budget had draws from operating reserves of \$1,844,879. 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, 2022.

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 \$653,712 (\$710,452 prior year).

Total Operating Surplus	1,495,871
Indigenous Education underspend	108,684
Capital Purchases that didn't arrive by year-end	174,436
Service Improvement Allocation	11,453
School Surpluses	547,586
District Based portion of Operating Surplus	\$ 653,712

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

Surplus Appropriation	Budget	Actual
Pouce Coupe Renovation	833,513	-
Strategic Plan Initiatives	121,000	90,000
Holdback Funding - Covid learning impacts	141,969	141,969
Service Improvement Allocation	27,428	27,428
COVID supports	150,000	97,500
Indigenous Education underspend	93,417	93,417
School Surpluses	477,552	477,552
District Based portion of Operating Surplus	\$1,844,879	\$ 927,866

The Board of Education approved the allocation of \$1,844,879 from unrestricted reserves to support the above projects. Of the amount budgeted, \$927,866 was spent. These initiatives were able to be funded from the current year operating budget and therefore the actual district surplus would be considered to be \$1.58 million (\$653,712 + \$927,866).

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, 2022, the district had \$10,085,352 in operating surplus, of which \$3,643,721 is restricted for specific purposes and \$6,441,631 is unrestricted. Restricted reserve funds are held for an intended purpose.

The breakdown of the restricted operating surplus is as follows:

School Surpluses	547,586
Service Improvement Allocation	11,453
Indigenous Education	108,684
Capital Purchases that didn't arrive by year-end	174,436
Portables	600,000
Strategic Plan Initiatives	2,157,500
Pouce Coupe Expansion	44,062
	<u>\$3,643,721</u>

An unrestricted accumulated Operating Surplus of \$6,441,631 is 14% of the 2021/22 annual operating expenses. This is well above the policy requirement.

	2017	2018	2019	2020	2021	2022
Internally Restricted	3,157,953	5,410,944	2,570,088	1,256,241	2,058,880	3,643,721
Unrestricted	3,494,435	1,566,321	3,826,524	5,882,422	6,530,601	6,441,631
Total Operating Surplus	\$ 6,652,388	\$ 6,977,265	\$ 6,396,612	\$ 7,138,663	\$ 8,589,481	\$ 10,085,352

Unrestricted Surplus as a % of annual operating expenses	8%	4%	9%	13%	15%	14%
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As the district continues to experience difficulty with recruitment and retention, surpluses will likely continue. The district's goal is always to remain fully staffed and will budget accordingly. As well, some projects within the strategic initiatives don't take the full funds that are budgeted due to the lack of subs available for coverage.

The district will continue to prioritize efforts to allocate and spend the funding received for the education of students within the school district.

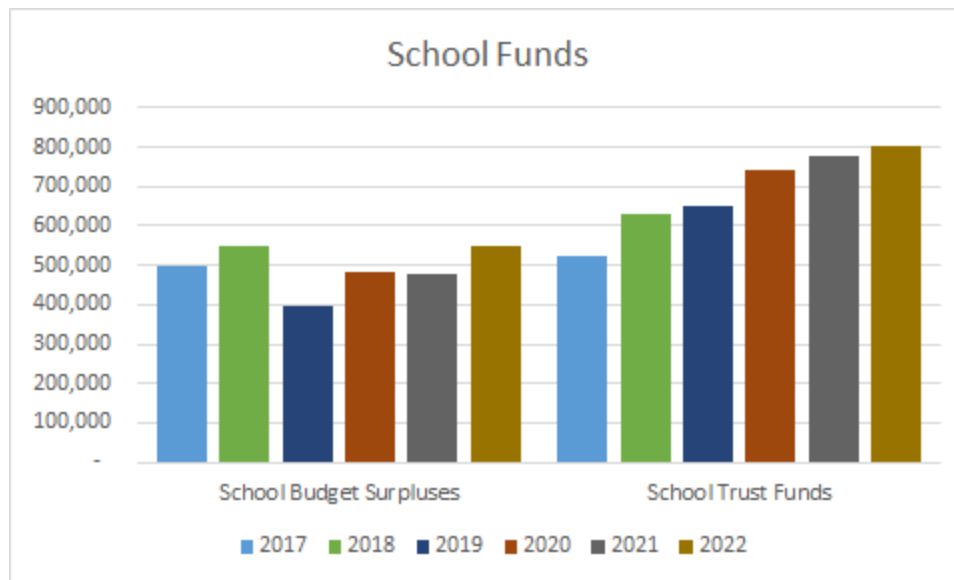


School Funds

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 \$206,847 (\$210,041 prior year) in the school surpluses.

	2017	2018	2019	2020	2021	2022
School Budget Surpluses	495,812	547,282	395,250	483,810	477,553	547,586
School Trust Funds	524,221	630,905	648,912	742,970	775,774	804,636
School Funds Total	\$ 1,020,033	\$ 1,178,187	\$ 1,044,162	\$ 1,226,780	\$ 1,253,327	\$ 1,352,222

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 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 surpluses, whereas any carry forward in the Classroom Enhancement Fund will reduce the funding allocated in the next fiscal year.

The following table summarizes the transactions for the year.

	Opening	Revenue	Expense	Closing June 30, 2022
Ministry of Education Grants				
Annual Facility Grant	352,578	279,708	(263,975)	368,311
Learning Improvement Fund	-	156,844	(133,319)	23,525
StrongStart	-	192,000	(162,299)	29,701
Ready Set Learn	-	36,750	(36,750)	-
French Language	26,382	105,315	(68,460)	63,237
Community Links	-	380,505	(299,732)	80,773
Mental Health in Schools	6,752	129,932	(51,583)	85,101
First Nation Student Transportation	30,557	14,286	(20,384)	24,459
Classroom Enhancement Fund	36,018	3,685,761	(3,721,779)	-
Safe Return to School Grant	-	109,006	(109,006)	-
Federal Safe Return to Class Fund	-	100,201	(11,180)	89,021
Early Childhood Education Dual Credit Program	-	260,000	(59,752)	200,248
Other Special Purpose Funds				
School Generated Funds	775,775	946,981	(918,120)	804,636
Early Learning Funds	52,727	23,951	(27,485)	49,193
Career Grants	11,591	18,500	(9,404)	20,687
Total	1,292,380	6,439,740	(5,893,228)	1,838,892

The Annual Facility Grant (AFG) is split between a capital allocation of \$1,185,720 and an operating portion of \$279,708, the operating portion is tracked with the SPF. During 2021/22, 100% of the capital portion was spent but the majority of the operating portion will be requested to be carried forward. A larger project (DCSS – South Peace Campus stairs/entrance replacement) planned for this year’s AFG did not occur until after year-end which contributed in part to the carry-forward. The request to carry-forward an AFG balance has never been denied in the past.

A posting for French language LRT at Ecole Frank Ross was not filled for the year causing the underspend in French Language.

The Safe Return to School Grant and the Federal Safe Return to Class fund were two additional funds to support education and health and safety during the pandemic. The Federal Safe Return to Class fund was to be specifically spent on ventilations-related improvements. In 2021-22, \$11,180 was spent



to purchase heap filtration units for all the portables that are not connected to mechanical ventilation systems. The remaining funds will need to be spent during the 2022/23 year.

The Safe Return to School Grant was used for additional cleaning and cleaning supplies, PPE for staff and students, and additional Educational Assistant time for staggered lunches.

The Early Childhood Education Dual Credit Program is a new fund that supports students in getting post secondary education in the Early Childhood Education field. This is a partnership with School District 60 and 81 whereas the district shares the total funding allocation of \$260,000.

Capital Fund – Schedule 4

Ministry of Education

DCSS - SP Campus HVAC upgrade - SEP program	769,404
McLeod Roof upgrade - SEP program	41,787
CSS Boiler Upgrade - CNCP program	251,548
Devereaux Playground - PEP	167,428
School Buses	594,279
Total	\$1,824,446

District Operating Fund

1/2 Ton Pickup	67,612
Server Replacement	47,651
New Phone System - EFR & DCSS campuses	71,479
Snow Plow Blade	10,679
Bobcat Snow Plow	9,231
Tire Balancer	6,511
Total	\$ 213,163

The School District invested \$2 million in capital additions. Funding to make these additions came from the following sources: \$1,824,446 from the Ministry of Education and Child Care and \$213,163 from the District Operating Fund.

Approved in the Amended Budget was \$387,600 of funding for capital purchases at the district level, many of which were ordered but did not arrive by June 30, 2022. The larger items that were ordered but did not arrive in time included the bobcat renewal, and the purchase of a SUV and plow truck. These items will arrive in the next fiscal year resulting in \$174,436 in restricted operating reserves to cover these expenses.



Specific balances in the Capital Fund are as follows:

Capital Fund	June 30, 2022	June 30, 2021	Change
Work-In-Progress	1,555,937	92,969	1,462,968
Other Provincial Capital	-	20,200	(20,200)
Restricted Capital	-	425,709	- 425,709
Local Capital	170,425	404,032	- 233,607
Total	1,726,362	942,910	783,452

Work-in-progress reported on Schedule 4B represents costs incurred up to June 30, 2022 on the Pouce Coupe Elementary School expansion project. This project will be completed in the 2022/23 fiscal year at a total cost of \$1.6 million. The project was a 50/50 cost share between the district and the Ministry of Education and Child Care.

Restricted Capital represents the Ministry of Education and Child Care’s portion (75%) of the proceeds on disposals of property in which the district received ministry support to make the initial purchase. The District received approval to use the funds to support the Pouce Coupe Elementary expansion project. Breakdown of funding sources for the Pouce Coupe expansion are as followed.

Pouce Expansion Project	
Restrict Capital - Prior Year	92,969
Restrcited Capital - Current Year	425,709
Local Capital - Current Year	237,259
Est. Restrcted Operating Surplus - 2022/23	44,063
Total	\$ 800,000

There are two capital fund surpluses:

The **Local Capital** fund of \$170,425 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 decreased during the 2021/22 year due to the Pouce Coupe Elementary School expansion.

The **Investment in Tangible Capital Assets** fund of \$11,260,747 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, but to a lesser degree than the 2019/20 and 2020/21 fiscal years. Schools were open for in-class instruction the full year and a



transitional program from distance learning to in-class instruction was not offered. Additional custodial time incurred on Monday to Thursday for an additional 30 minutes per day per employee to assist in additional cleaning of chairs. The district started a rapid testing program for employees in March 2022 which ceased on April 13, 2022. Due to the Omicron variance, in March additional Education Assistant time was incurred when lunches were recommended to be staggered. As the district progressed through the year, the pandemic response shifted towards a communicable disease prevention plan.

Strategic Plan

A new Strategic Plan was developed during the 2019/20 school year. During the 2021/22 school year, the District was in year two of the four-year plan.

During the 2021/22 school year, the work on the Strategic/Operational Plan included:

- offering Universal Design for Learning (UDL) training with Dr Katz (train the trainer);
- Completed the pilot on the new Inclusive and Competency-based Individual Education Plan (ICBIIEP), all learning assistance teachers were trained to implement the ICBIIEP;
- investing in Compassionate Systems Leadership training;
- technology investment in a new lab for DCSS – Central Campus;
- Support in the implementation and monitoring (data collection) of Social Emotional Learning and Mental Health Literacy school action plans, including an elementary mental health literacy pilot project;
- Indigenous Education started a Primary Numeracy Project and brought in Kevin Lamoureux for a Truth and Reconciliation workshop that was impactful around the Calls to Action and what reconciliation really means. An Artist in Residence worked with classes to provide a local Indigenous context to our schools.
- Ongoing review and support for Children in Care including updating planning documents, collaborating with relevant stakeholders, and regular school-based team meetings to review data on Children in Care;
- Completed our second inclusion survey in June 2022, data will be reviewed by Senior and school level Administration;
- Continuation of Literacy and Numeracy PLC meetings and development of a SNAP for grades 8-9;
- Draft Long-Range Facility Plan completed
- Completion of the 2021-22 Leadership Academy cohort

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 and Child Care to support our infrastructure.

Capacity

Capacity continues to be a concern at Crescent Park Elementary and Canalta Elementary. The board approved the purchase of an additional two portables in June 2022 to assist the two schools with instructional and meeting space. The expansion request for Crescent Park Elementary was submitted for a second year.

Operating Reserves

As at June 30, 2022, the unrestricted accumulated operating surplus was 14% of the 2021/22 annual operating expenses, this is well above the policy requirement of 5%. Senior administration continues to strive to spend budgeted funds but struggle with increased vacancies throughout the district. Reserve balances continue to face scrutiny from the Ministry and it is important the District is using resources effectively and responsibly.

Ministry of Education and Child Care

In March 2022, The Ministry of Education changed to the Ministry of Education and Child Care. The amalgamation of the two branches of the Ministry is still in the infancy stages. The district is working on offering before and after school child care programs within the schools. Two schools are currently housing these programs, Ecole Frank Ross and Crescent Park Elementary. Additional opportunities for 0-4 child care are being explored, any expansion into 0-4 child care will likely require new spaces.

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, 2022 and to demonstrate the District's accountability for the funding it receives.

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