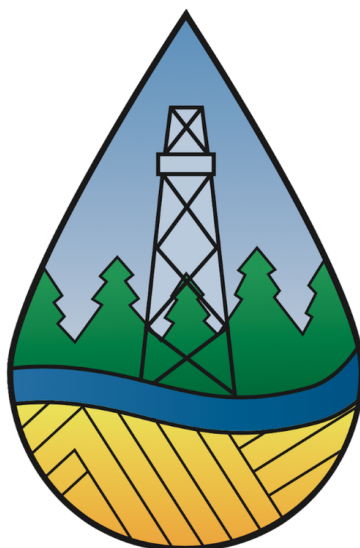


For the Year Ended June 30, 2022

# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

School District No. 60 (Peace River North) is located on the traditional territory of the Tsáá? Ché Ne Dane within Treaty 8.



School District 60  
Peace River North

## Contents

The following Financial Statement Discussion and Analysis should be read in conjunction with the audited financial statements and accompanying notes for School District No. 60 (Peace River North) for the year ended June 30, 2022. The purpose of the Financial Statement Discussion and Analysis is to highlight information and provide explanations, which enhance the reader's understanding of the school district's financial statements as well as the factors that influenced the financial results presented in these statements. The preparation of the Financial Statement Discussion and Analysis is the responsibility of the management of the school district.

The Ministry of Education, which governs all school districts in British Columbia, was changed to the Ministry of Education and Child Care (MECC). This change coincides with our first full year of operating four Before and After School Care (BASC) programs in four of our elementary schools. BASC was very well received in our parent community as it provided the ability to have education and child care in the same location.

Overall as of June 30, 2022, the District has strong financial health and a clean audit. This strong financial health can be contributed to sound financial management, planning and governance.

## Table of Contents

Contents	2
Table of Contents	3
Overview of School District No. 60	5
Enrollment	7
Staffing	8
Understanding the Financial Statements	8
Schedules	10
Capital Projects and Activities for 2021-2022	12
Analysis of Financial Statements	14
Revenue	18
Amortization	19
Expenses	20
Accumulated Surplus	21
Contacting the District's Management	22

## Overview of School District No. 60

### **COMPOSITION**

School District No. 60 is a progressive and growing district comprised of 23 schools serving approximately 6,000 students. Our schools range in size, number and services offered; including an Open Learning School, three two-room rural schools and four community schools that offer elementary to secondary programming. The major center, Fort St John, hosts eight modern elementary schools, two middle schools, and one senior secondary school. There are three elementary schools in the surrounding communities of Taylor, Charlie Lake and Baldonnel. The Key Learning Center has been granted Provincial Online Learning School (POLS) status. Our student population is ethnically and demographically diverse. The District's character is also diverse with a blend of rural and urban populations, partnered with a strong northern influence and a community philosophy that values personal resilience, the entrepreneurial spirit, and hard work.

### **MISSION**

All of our students will graduate, crossing the stage with dignity and grace.

### **VALUES**

The five core ethical values seen as most important to guide our daily lives include:

Respect - Compassion - Honesty - Responsibility - Relationships

### **MOTTO**

Together we learn.

## **DREAM STATEMENT**

We are a community of learners striving together to build success for all. We have a safe, healthy and welcoming environment. Staff and students connect through caring and laughter.

All members of our learning community are valued and respected. Cultural differences are honoured. We all belong.

We nurture body, mind and spirit and believe in finding the beauty in every human being.

We provide a variety of learning environments, both in and outside of the classroom and through the integration of technology. With the help of our community partners, we involve students in authentic learning experiences.

Students discover and pursue their interests and strengths. They are actively engaged and are willing to step outside their comfort zone in order to challenge their learning.

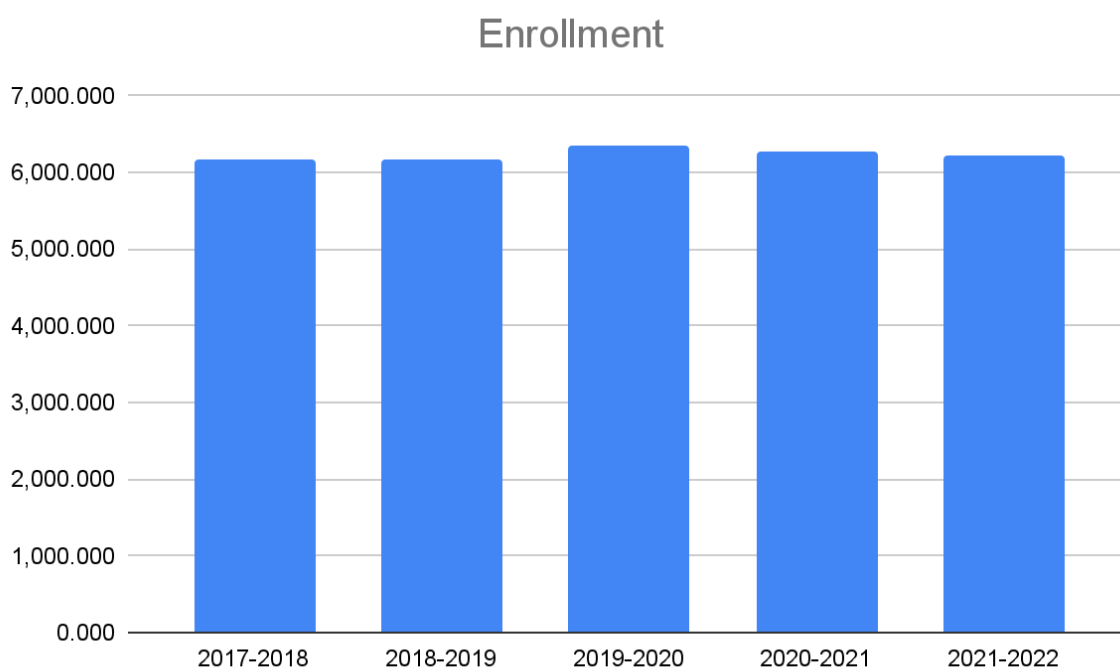
We are excited about our learning. We take time to share our stories and celebrate success. We are proud to see students become more confident in their skills and abilities, open to lifelong learning, and prepared to make a difference in our world.

## Enrollment

Provincial grant funding is primarily based on student enrollment and unique student needs with additional funding for adult education. Enrollment over the past 5 years has been very consistent. We saw a shift in the model of how students chose to learn during the COVID-19 pandemic. Student enrollment determines the revenue we receive and the subsequent planning for education programming. Swings in enrollment cause difficulties in staffing, purchasing supplies and overall planning.

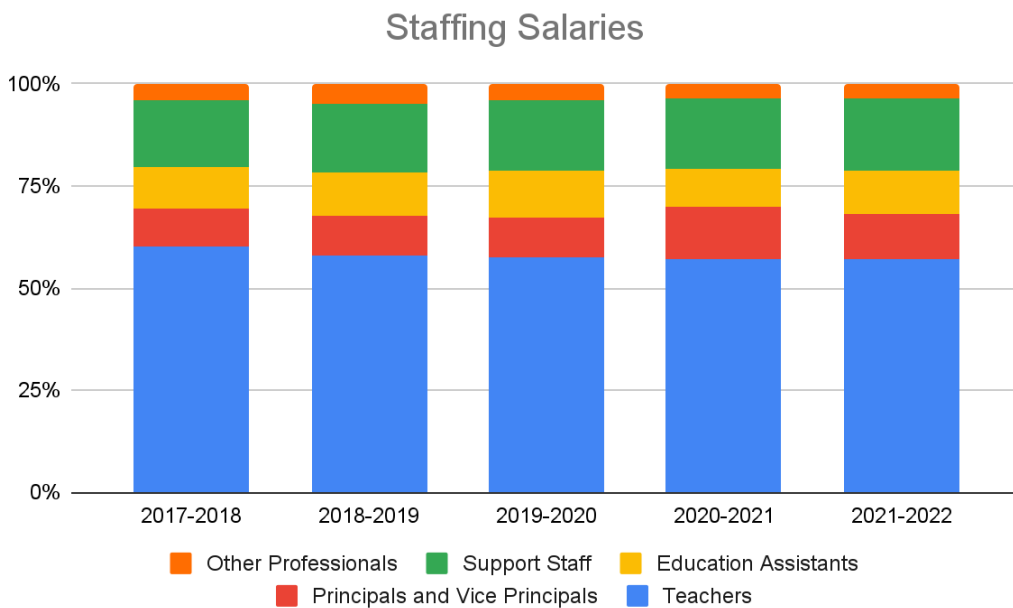
	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
School Age	6,167.063	6,163.125	6,348.063	6,266.375	6,232.869
Adult	17.188	18.188	25.187	25.000	25.500
Other	0.000	11.875	13.000	0.000	1.920
Total	6,184.251	6,193.188	6,386.250	6,291.375	6,260.289

\*From the Amended Annual Budget figures



## Staffing

Over the past two years our staffing FTE has remained constant, which aligns with our steady enrollment numbers. Staff wages are the most significant operational expenditure of the school district (84.99%).



## Understanding the Financial Statements

The District uses fund accounting, and each of its funds has specific restrictions in accounting for funds received and expended. These methods are used in the public sector where the goal is to avoid budget deficits while providing the greatest benefit to the students and public. School districts are expected to ensure that resources are allocated in the most efficient way possible to achieve student success and ensure facilities are places where students can achieve this success.

## Key Audited Statements

- Statement of Financial Position (Statement 1)
  - Summarizes financial assets, liabilities and accumulated surplus.
  - Provides an indication of the District's financial health.
- Statement of Operations (Statement 2)
  - Summarizes revenues received and expenses incurred from July 1, 2021 to June 30, 2022.
  - Provides an indication of funding received and how it was spent.
- Statement of Changes in Net Debt (Statement 4)
  - Reports the items that explain the difference between the surplus or deficit and the change in net financial assets or net debt for the year.
- Statement of Cash Flows (Statement 5)
  - Is a bridge between the Statement of Financial Position and the Statement of Operations that shows how money moved in and out of the District.
- Notes to the Financial Statements
  - Provide information as to the items that govern the School District as well as further breakdowns to the numbers in the statements.



## Schedules

Schedules at the end of the notes section (pages 31-45) provide detailed information to each of the three funds: Operating, Special Purpose and Capital Funds. The balances in the schedules, when combined, provide the information to the financial statements. These schedules are:

### Schedule 1 - Accumulated Surplus

- Summarizes the surplus for the year and accumulated surplus from each of the three funds.

### Schedule 2 - Operating Fund

- Accounts for district grants and other operating revenues as well as district operating expenses.
- The operating fund includes operating grants and other revenues used to fund instructional programs, school and district administration, facilities operations, maintenance and transportation. Other revenue streams include international student tuition, rentals and leases and investment income.
- Any surplus is carried forward to use for future expenses and to reduce the financial risk of unforeseen circumstances.

### Schedule 3 - Special Purpose Funds

- Accounts for grants and other contributions that are restricted for a specific purpose. This is targeted funding.
- This fund shows amounts received for programs such as annual facility grants, learning improvement funds, classroom enhancement funding, community links and SWIS. This fund can show either a surplus or deficit; but any deficits must be covered by operating dollars, so a deficit only occurs in extenuating circumstances.
- Any unspent funds are accounted for as deferred revenue, not accumulated surplus.

### Schedule 4 - Capital Fund

- Accounts for investments in and financial activities related to tangible capital assets, including land, buildings, furniture, computers and equipment.
- This funding comes from specific funding requests put in by the District and funded from MECC.
- Accounts for local capital, as well as bylaw capital and MECC restricted capital.

The Schedules at the end of the notes to the financial statements provide more details specific to each of the three funds.

## Capital Projects and Activities for 2021-2022

- Bert Ambrose wall system upgrades
- NPSS HVAC upgrade
- Electrical upgrades at NPSS, Dr. Kearney, Bert Bowes and Hudson's Hope
- Three new replacement buses
- Preliminary planning for Upper Halfway Gymnasium
- Creation of universal bathrooms in various sites in the district
- Upgrading of windows and doors to ensure the schools are decreasing their environmental footprint
- New bus hoist in the Transportation Department
- Technology upgrades and investments to ensure student success
- Many smaller scale projects to ensure the safety and comfort of students and staff within our buildings
- Playgrounds in four locations for our Before & After School Care Programs (BASC)
- Building upgrades and portable moves to support BASC in four locations

## Analysis of Financial Statements

Financial Assets are assets that can be used to pay liabilities and provide working capital for normal operations.

Liabilities are obligations to others arising from prior transactions, the settlement of which will require the use of current and future financial assets.

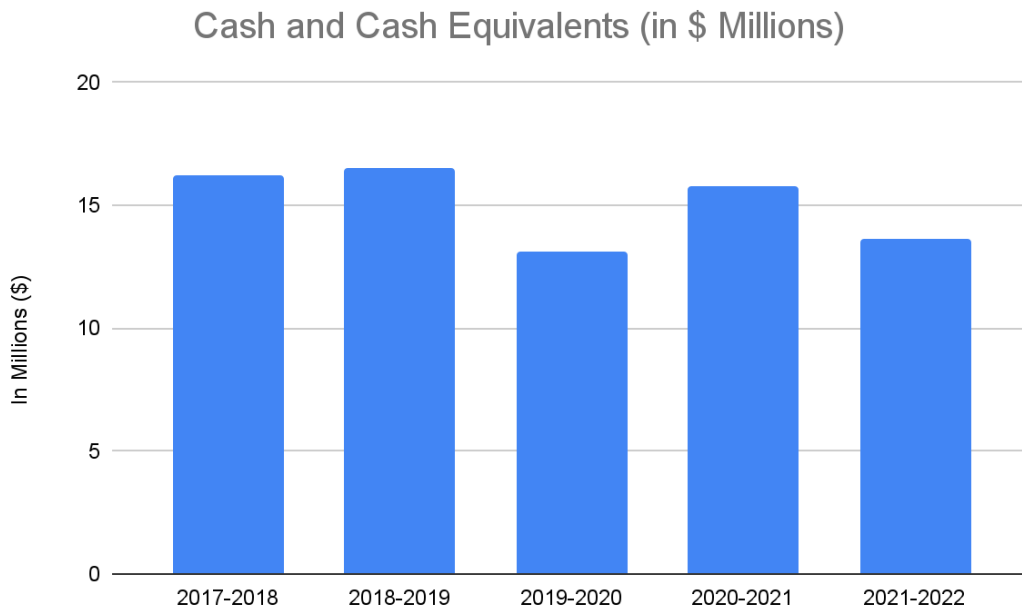
Tangible capital assets are non-financial assets used in providing the services of the District and include buildings, equipment, furniture, technology and vehicles purchased.

## Statement of Financial Position - Statement 1

\*June 30, 2021 restated includes half-year amortization rule

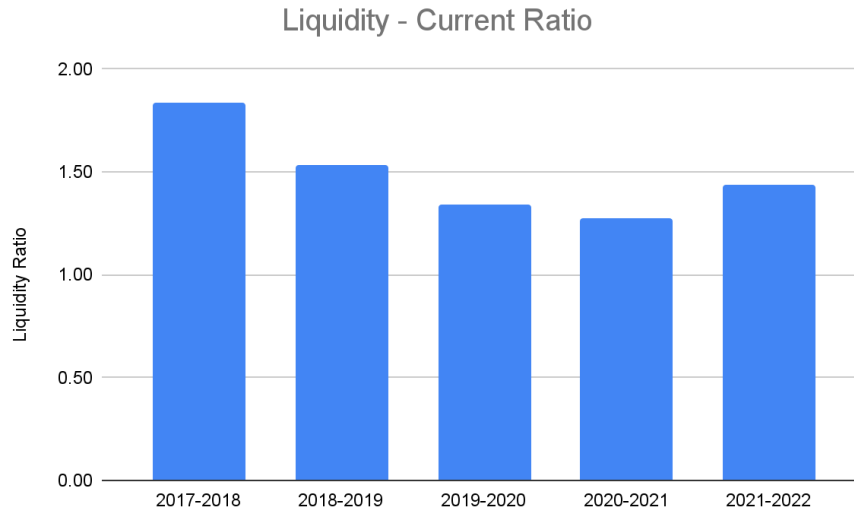
	June 30, 2022	June 30, 2021	Variance	Variance
	Actual	Restated	\$	%
<b>Financial Assets</b>				
Cash and Cash Equivalents	13,629,527	15,773,723	(2,144,196)	-13.6%
Accounts Receivable	1,779,104	599,296	1,179,808	196.9%
Inventories for Resale	116,477	116,477	0	0.0%
<b>Total Financial Assets</b>	<b>15,525,108</b>	<b>16,489,496</b>	<b>(964,388)</b>	<b>-5.8%</b>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	6,392,856	8,479,308	(2,086,452)	-24.6%
Unearned Revenue	312,828	399,971	(87,143)	-21.8%
Deferred Revenue	2,958,428	3,146,947	(188,519)	-6.0%
Deferred Capital Revenue	108,304,735	109,297,585	(992,850)	-0.9%
Employee Future Benefits	1,139,165	909,437	229,728	25.3%
<b>Total Liabilities</b>	<b>119,108,012</b>	<b>122,233,248</b>	<b>(3,125,236)</b>	<b>-2.6%</b>
Net Debt	(103,582,904)	(105,743,752)	2,160,848	-2.0%
<b>Non-Financial Assets</b>				
Tangible Capital Assets	135,871,298	136,925,591	(1,054,293)	-0.8%
Prepaid Expenses	375,192	392,341	(17,149)	-4.4%
<b>Total Non-Financial Assets</b>	<b>136,246,490</b>	<b>137,317,932</b>	<b>(1,071,442)</b>	<b>-0.8%</b>
Accumulated Surplus (Deficit)	32,663,586	31,574,180	1,089,406	3.5%

Cash and cash equivalents have remained stable over the past 5 years. As of June 30, 2022, the District reported \$13.63M in cash and cash equivalents.

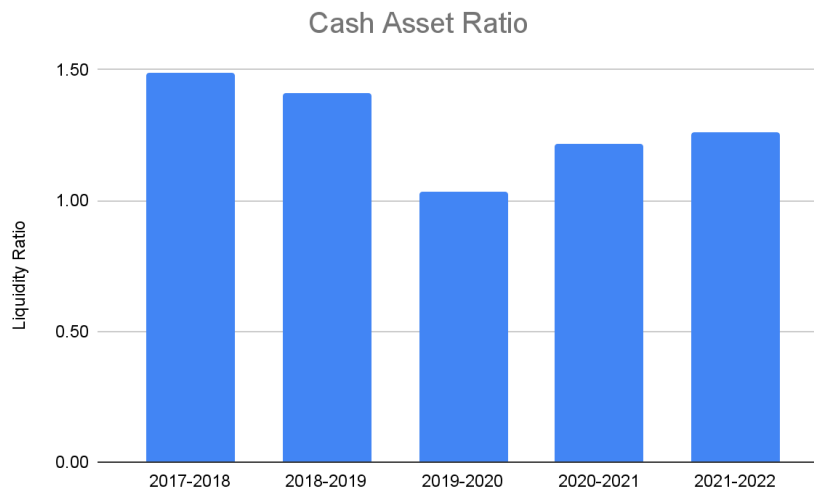


Cash on hand is not necessarily available for new initiatives as portions of it come from unspent Special Purpose Funds and Capital funds, which are for targeted purposes. The cash must also be applied to the Accounts Payable and Accrued Liabilities that are outstanding at year end.

Liquidity is calculated as current assets divided by current liabilities. If the current ratio is greater than or equal to 1, then there are ample assets to meet current liabilities. The current year's current liabilities are equal to total liabilities less deferred capital revenue. As of June 30, 2022, the district is reporting a liquidity ratio of 1.44, which is liquid positive.



Cash Asset Ratio is a tool used to assess the district's ability to meet their current liabilities. It is the result of cash and cash equivalents divided by current liabilities and determines how quickly obligations can be met. A ratio over 1 (100%) indicates that the District has more than enough cash on hand to satisfy all obligations. As of June 30, 2022, the district reported a cash asset ratio of 1.26 (126%) and can easily meet their obligations.

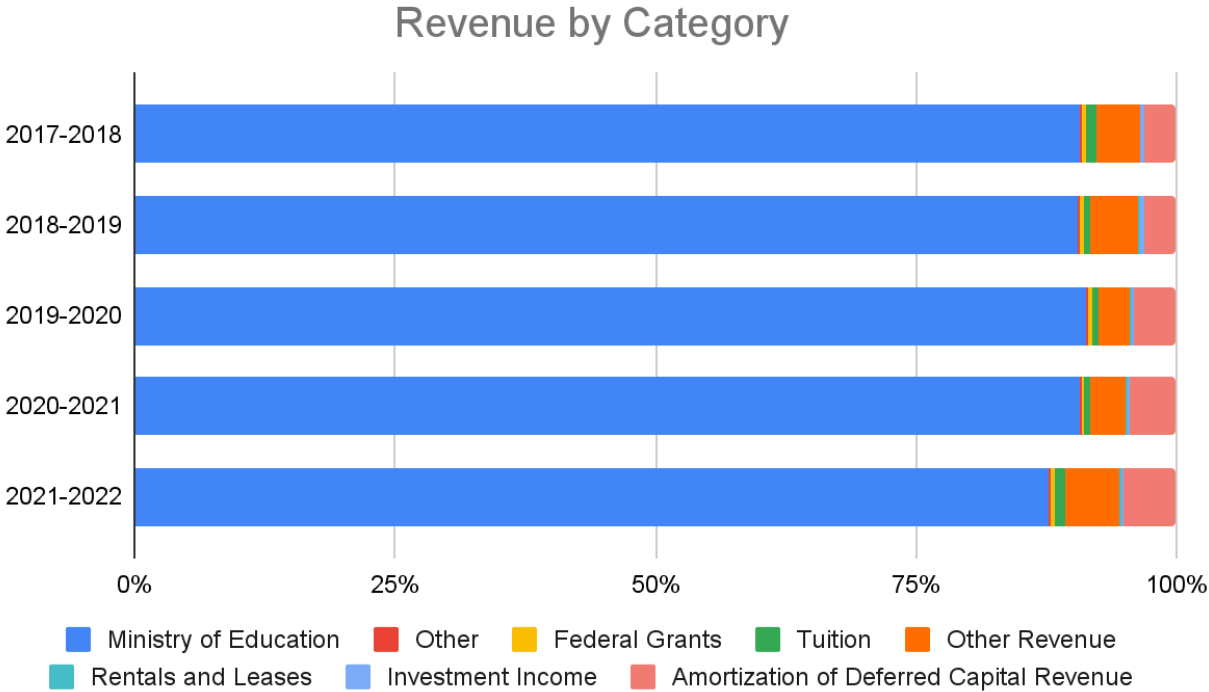


## Statement of Operations - Statement 2

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 impact worldwide. The 2021-2022 school year began with the pandemic still occurring, which prolonged uncertainty on the impact of student learning. We received funds for safeguards, such as masks, hand sanitizer and ventilation funding. Despite the constantly changing nature of the pandemic and health orders, School District No. 60 maintained its delivery of educational services. There were no school closures.

Total Revenues from the MECC for all funds have been continually increasing over the past 5 years moving from \$68.06M in 2017-2018 to \$75.42M in 2021-2022. This is mainly due to the fact that 87.63% of all revenue is from the Ministry of Education; not all Ministry funding is provided every year for Special Purpose Funds.

# Revenue



The second main source of funding which makes up 5.35% is “Other Revenue” which consists of money from Indigenous Local Education Agreements, School Generated Funds and Industry Training Authority (ITA) grants.

The third main source of revenue is Amortization of Deferred Capital Revenue at 5.16%. It must be stated that this is not “real money” and is an accounting function that recognizes revenue with the active life of an asset. In this case, assets are buildings, furniture and equipment, vehicles, computer hardware and computer software.

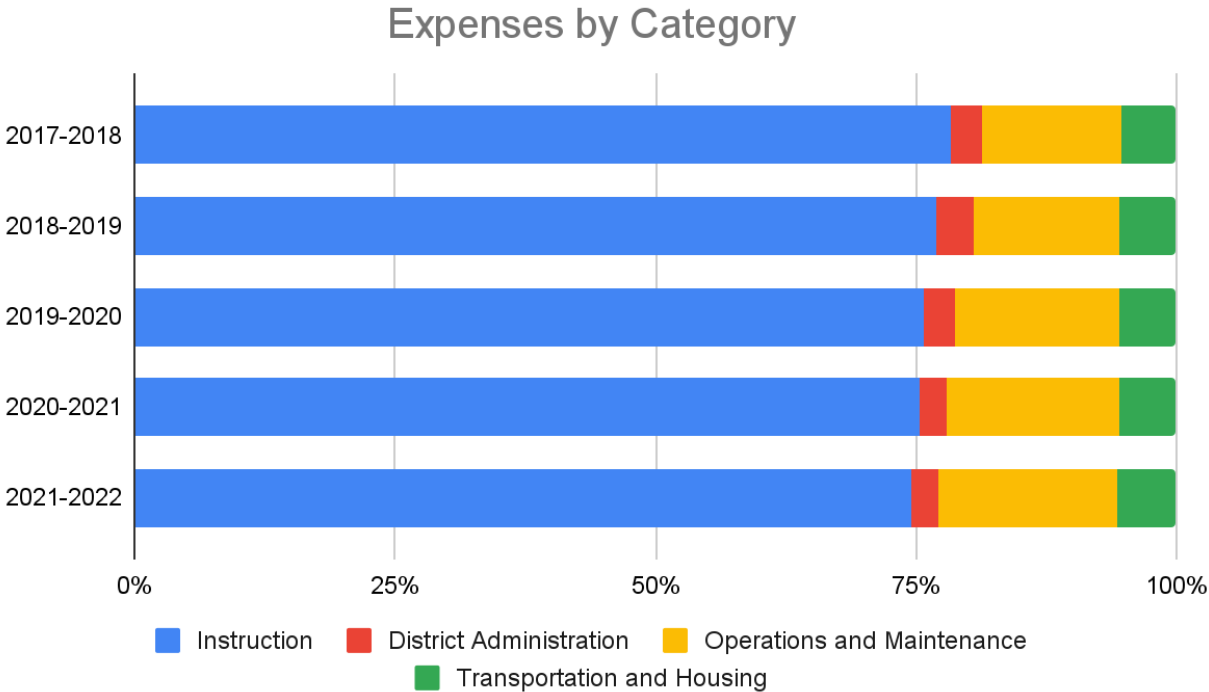


## Amortization

On May 28, 2021 the Office of the Comptroller General issued a directive ordering school districts to retroactively apply the half-year rule of amortization for the fiscal year ended June 30, 2021. For government year end March 31, 2021, the Ministry estimated the effect of this change for inclusion in the Public Accounts. Due to the timing of the receipt of this directive, the Ministry delayed the application to June 30, 2022, at which time all school districts must be using the half-year rule to amortize assets and related deferred capital contributions. The government directive resulted in a change in accounting policy which was applied retroactively.

The impact of the change in accounting policy was a decrease in accumulated surplus of approximately \$584,000 at the beginning of the earliest comparative period of July 1, 2020. The change in policy was a non-cash timing difference in amortization impacting only the Capital Fund. The Operating Fund and Special Purpose Funds were not impacted by the change in policy.

# Expenses



Expenses have been fairly consistent over the 4 main categories with an average of 76.22% on Instruction; 2.95% on Administration; 15.39% on Operations and Maintenance and 5.45% on Transportation and Housing. Costs have fluctuated at essentially the same rate as increases in revenue, which is consistent when revenues are received in a grant format.

## Accumulated Surplus

Accumulated Surplus is made up from all three funds. Accumulated Surplus is broken into 2 categories, Internally Restricted (appropriated by the Board) and Unrestricted Operating Surplus.

### Operating Fund:

Internally Restricted (appropriated) by Board for:

Carryforward Budget Allocation	\$246,053	
Mentorship Funding	\$125,000	
Educational Initiatives	\$936,900	
Construction Projects	\$500,000	
Equipment Purchases	\$370,000	
Staffing Initiatives	\$120,000	
Planned Projects	<u>\$85,000</u>	
Subtotal Internally Restricted		\$2,382,953
Unrestricted Operating Surplus (Deficit)		<u>\$2,233,718</u>
Total Operating Fund Reserve:		\$4,616,671

The Unrestricted Operating Surplus (Contingency Reserve) will be sufficient to reduce, to an appropriate level, financial risk that results from emergent operating issues, and/or to offset unrealized revenues. The amount of Unrestricted Operating Surplus at the end of a fiscal year should be a minimum of 1.5% and maximum of 2.5% of actual operating expenses of the fiscal year. Examples of emergent operating issues include inclement weather, forest fires, etc. that cannot be anticipated and budgeted for and it may not be feasible to absorb the cost of such events in other budget areas. Examples of offsetting unrealized revenues that are impacted by economic downturns such as lower off-shore student enrollment.

## Contacting the District's Management

This report is designed to provide the reader with an overview of the school district's finances and to demonstrate the district's accountability for the funding it receives. If you would like additional information or have any questions about this report, please contact Angela Telford, Secretary-Treasurer at (250) 262-6006 or visit our website at [www.prn.bc.ca](http://www.prn.bc.ca).