



School District No.54
(Bulkley Valley)

School District No. 54 (Bulkley Valley)
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2022

September 2022

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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. This section of the report is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements.

DISTRICT CONTEXT

Our School District is located on Highway 16 in the central interior of British Columbia on the traditional territory of the Witsuwit'en Nation and we serve the communities of Houston, Telkwa, Smithers and Wit'set. The District operates nine programs and schools: five elementary, two secondary, a distributed learning program and an alternate education program. We provide educational programs for approximately 2000 students inclusive of early learning, performing arts, sports, and trades programs, as well as dual credit programs in partnership with Coast Mountain College. The District has also recently added daycare space and before and after school care at two sites. Approximately 25% of our students identify as Indigenous, with the majority living off-reserve. A Local Education Agreement is in place with Indigenous community representatives that make up the Indigenous Educational Council. Witsuwit'en students living on reserve are supported through our Local Education Agreement with the Witset First Nation. Through the LEA, we co-construct the educational services provided to the students while attending schools within our school district.

STRATEGIC PLAN

Financial planning and decisions for School District 54 and created in conjunction with the District four-year [Strategic Plan](#) and reported on by the [Framework for Enhancing Student Learning](#). Since its adoption it has provided guidance to budgets, school planning, staffing, facility planning, teacher training and professional development. The plan was, and will be, reviewed and adjusted by the Board in June of each year. As the plan is in year two of four, there were some adjustments made in June 2022.

ENROLLMENT

Provincial grant funding is primarily based on student enrolment, unique student needs, unique geographical requirements and additional funding for indigenous students. School District student enrolment is summarized as follows:

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Enrollment (FTE)	1974	1949	1944	1932	1912
Increase (Decline) from previous year		-1.3%	-0.3%	-0.6%	-1.0%

Enrollment has been consistently declining which provides financial challenges given that enrollment-based funding constitutes approximately 94% of district funding.

STAFFING

Staffing (full-time equivalent) has remained consistent over the past year. Small reductions in custodial staffing, post COVID, and reductions in special education assistants given the shortage in available qualified support staff. Teacher time was increased slightly due to school class configurations requiring more teachers and specialty positions.

	FTE 2021-2022	FTE 2020-2021
Teachers	113.3	110.2
SEA	38.4	42.1
Bus	9.5	9.9
Custodians	17.0	18.7
Clerrical	14.1	14.3
Tech	2.0	2.0
Maint	15.4	14.4
Administrators	15.0	14.0
Excluded	11.9	11.7
Total	236.6	237.3

FINANCIAL STATEMENT DISCUSSION & ANALYSIS OVERVIEW

The following is a discussion and analysis of the financial performance of School District 54 (Bulkley Valley) for the fiscal year ended June 30, 2022. This report should be read in conjunction with the District's consolidated financial statements for the same period.

Composition of the Financial Statements

The two key audited statements are:

- The **statement of financial position (Statement 1)**, which summarizes the districts assets and liabilities at June 30, 2022. This provides an indication of the financial health of the school district.
- The **statement of operations (Statement 2)**, which summarizes the revenues received and expenses incurred between July 1, 2021 and June 30, 2022. This statement provides an indication of the funding received by the school district and how that funding was spent.

The **Statement of Changes in Net Debt (Statement 4)**, the **Statement of Cash Flows (Statement 5)** and the notes to the financial statements are also audited and provide further analysis of the District's finances. The District manages its financial activities in three distinct areas;

- The Operating fund (Schedule 2);
- Special Purpose Funds (Schedule 3); and the
- Capital Fund (Schedule 4)

These schedules are included at the end of the financial statements and are in a format prescribed by the Ministry of Education. These schedules provide additional details specific to each of these areas. The balances reported in the schedules, when combined together, are consistent with the balances reported in the statements. These schedules are unaudited.

Schedule 1 illustrates the sum of the funds in all three of these areas.

Schedule 2 provides detail on the **Operating Fund**.

The Operating Fund accounts for the District's operating grants and other operating revenues. Legislation requires that the District present a balanced budget for the Operating Fund, whereby budgeted expenditure does not exceed the total of budgeted revenue and any surplus in the operating fund is carried forward from previous years.

Schedule 3 provides detail on the **Special Purpose Funds**.

Special purpose funds are utilized to capture funding designated for specific purposes and balances can be deferred to subsequent years for the intended use. Grant revenues are only

recognized as expenses are incurred. Any unused grants or funds remaining at the end of the year are treated as deferred revenue.

Schedule 4 provides detail on the **Capital Fund**.

The capital fund accounts for the capital assets of the District including land (sites), buildings, vehicles, furniture, equipment and computers.

ANALYSIS OF FINANCIAL STATEMENTS

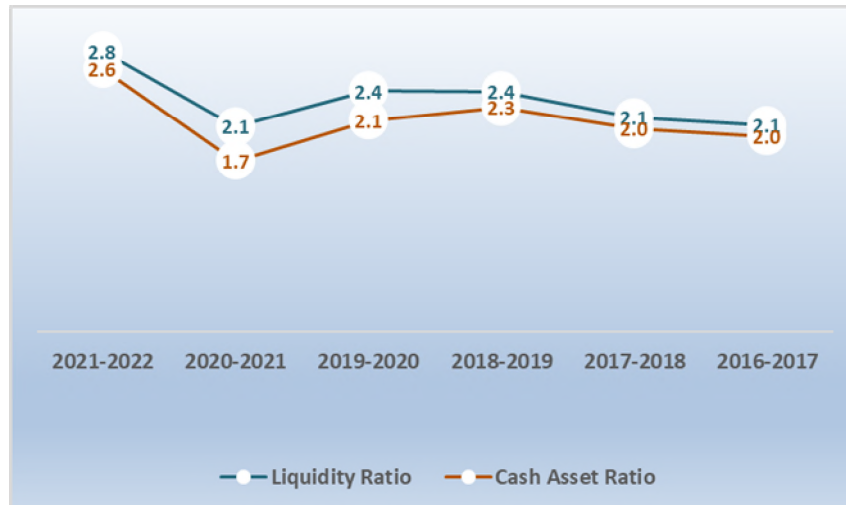
Cash & Cash Equivalents

Financial assets are assets available to discharge existing liabilities or finance future operations. Overall, there was a decrease of \$2.829 million from the prior year’s overall balance. The current liabilities have also decreased by \$2.872 million. Net Current Assets reflect the remaining cash after liabilities have been accounted for and paid.

Statement 1	2021-2022	2020-2021	2019-2020
Cash and Cash Equivalents	\$ 10,657,467	\$ 11,814,853	\$ 11,667,205
Accounts Receivable	\$ 716,743	\$ 2,378,537	\$ 1,647,878
Total Current Assets	\$ 11,374,210	\$ 14,193,390	\$ 13,315,083
Current Liabilities	\$ 4,044,464	\$ 6,916,951	\$ 5,523,054
Net Current Assets	\$ 7,329,746	\$ 7,276,439	\$ 7,792,029

Liquidity

Liquidity, or the current ratio, is calculated as current assets divided by current liabilities. If the current ratio is greater than or equal to 1, then there are sufficient assets on hand to meet current liabilities. In this case, current liabilities are equal to total liabilities less deferred capital revenue. Currently, current assets are 2.8 which means the School District has the ability to meet the current liabilities by 2.8 times.



Cash Asset Ratio is another tool 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.

Revenue

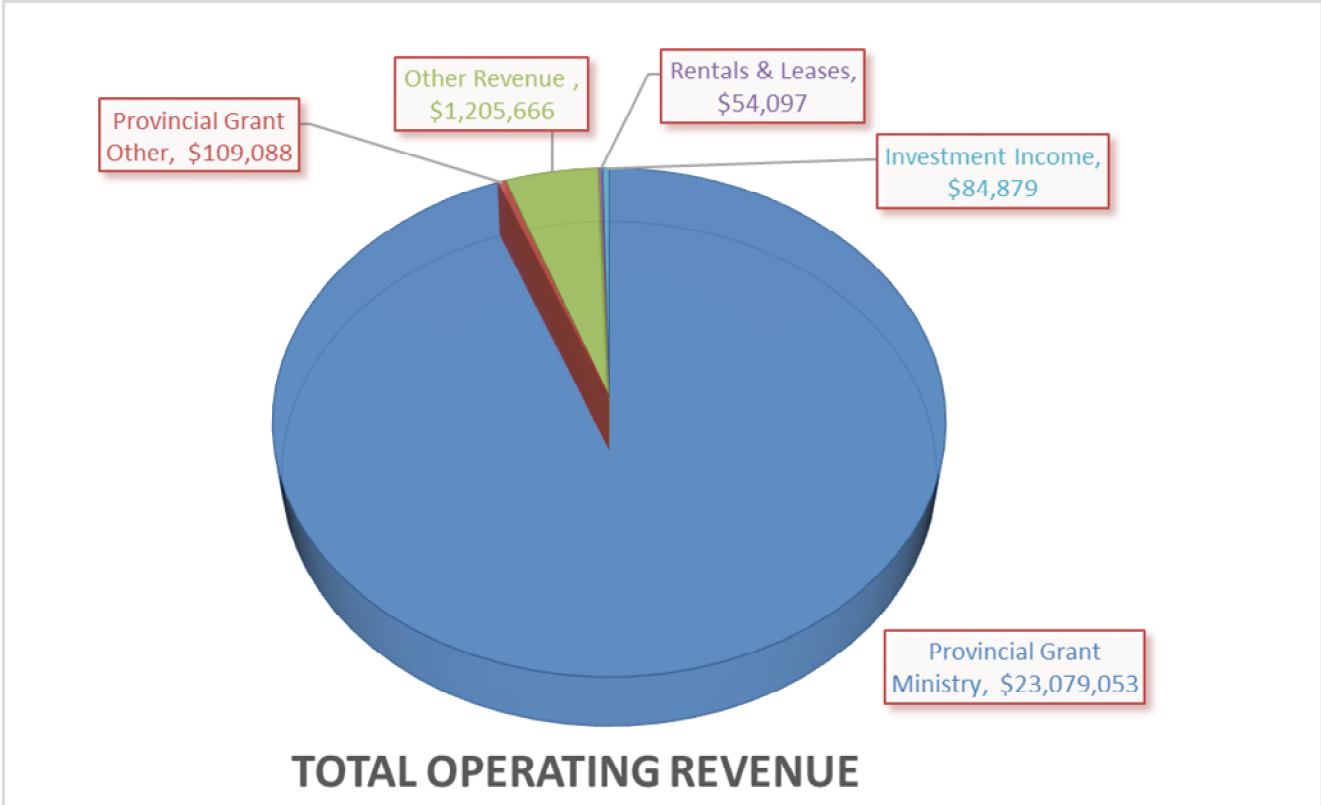
Consolidated revenues from all sources decreased from \$26.0 million to \$25.2 million in 2022. 88.7% of total revenue comes from the Ministry of Education, 11.3% comes from several different sources such as the Indigenous, rentals, leases of property, investment returns and amortization of deferred capital revenue.

	2021-2022	2021-2022		2020-2021	
2021-2022 Total Revenues	Budgeted	Actual	Proportion	Actual	Proportion
Provincial Grant Ministry	\$ 25,255,774	\$ 25,167,815	88.3%	\$ 26,016,441	90.9%
Provincial Grant Other *		\$ 120,263	0.4%	\$ 91,600	0.3%
Other Revenue **	\$ 998,100	\$ 1,759,283	6.2%	\$ 1,241,256	4.3%
Rentals & Leases	\$ 50,000	\$ 54,097	0.2%	\$ 21,692	0.1%
Investment Income	\$ 85,000	\$ 92,519	0.3%	\$ 100,755	0.4%
Gain (loss) on Disposable Capital Assets				\$ 241,517	0.8%
Amortization of Deferred Capital	\$ 1,295,719	\$ 1,292,651	4.5%	\$ 919,708	3.2%
Total	\$ 27,684,593	\$ 28,486,628	100%	\$ 28,632,969	100%

Operating Fund Revenue

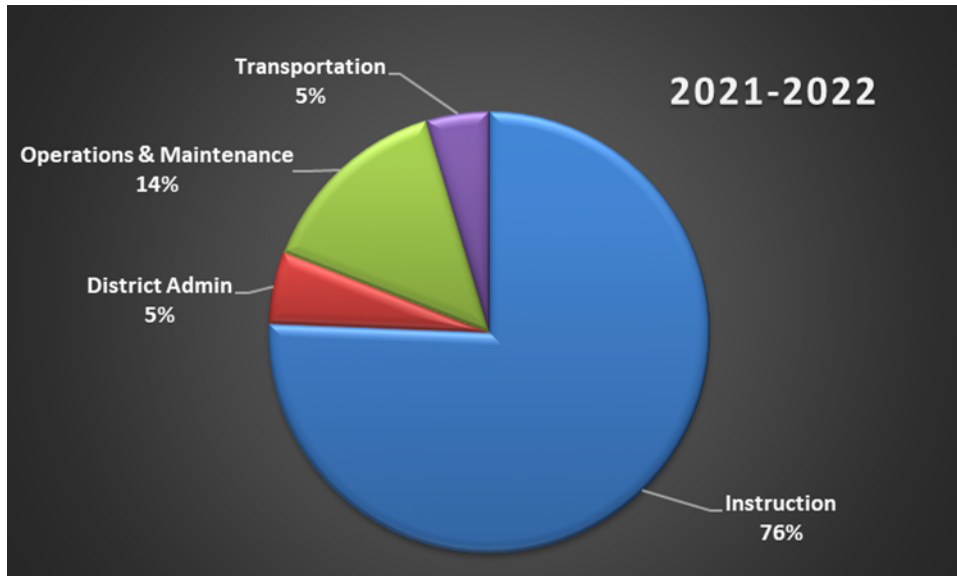
The District received \$23.1 million from the Ministry of Education in the form of the operating grant which is based on student enrollment and other student and geographical factors.

Another Provincial grant of \$0.1 million was from ITA funding. Other revenue was composed of Indigenous funding was \$0.844 million and other provincial grants. The remaining revenue amount is largely comprised of rentals, and investment income.



Expenses

District expenses (categorized by Instructional, District Administration, Operations & Maintenance and Transportation) remain proportionately similar from previous years.



Generally, costs increased, as compared to budgeted, in terms of salaries, benefits and services & supplies. This was mainly due an increase to salary increases, cost of benefits rising and increases in the cost supplies due to inflation. There was an increase in replacement costs for employees given the increase in sick time.

(In thousands)	2022 Budget	2022 Actual	Variance from Budget	2021 Actual	Variance from Prior Year
Salaries					
Teachers	\$ 8,481	\$ 8,550	\$ 69	\$ 8,363	\$ 187
Principals	\$ 1,660	\$ 1,640	-\$ 20	\$ 1,674	-\$ 34
Educational Assistants	\$ 1,907	\$ 2,091	\$ 184	\$ 1,915	\$ 176
Support Staff	\$ 2,565	\$ 2,542	-\$ 23	\$ 2,404	\$ 138
Other Professionals	\$ 1,387	\$ 1,493	\$ 106	\$ 1,369	\$ 124
Substitutes	\$ 1,131	\$ 1,053	-\$ 78	\$ 803	\$ 250
Total Salaries	\$ 17,131	\$ 17,369	\$ 238	\$ 16,528	\$ 841
Employee Benefits	\$ 3,886	\$ 4,092	\$ 206	\$ 4,041	\$ 51
Total Salaries and Benefits	\$ 21,017	\$ 21,461	\$ 444	\$ 20,569	\$ 892
Total Services and Supplies	\$ 2,980	\$ 3,238	\$ 258	\$ 2,526	\$ 712
Total Operating Expenses	\$ 23,997	\$ 24,699	\$ 702	\$ 23,095	\$ 1,604

Capital

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

At this time there is no significant change in enrollment, building capacity or demographics that would warrant adjustment of capital plans.

Capital Assets Net Book Value at year end are as follows:

	Net Book Value June 30, 2022	Net Book Value June 30, 2021	% Change
Sites	\$ 1,274,661	\$ 1,274,661	0%
Building	\$ 52,122,663	\$ 48,880,355	7%
Furniture & Equipment	\$ 2,153,414	\$ 1,137,429	89%
Vehicles	\$ 1,149,120	\$ 1,375,735	-16%
Computer Software	\$ 117,423	\$ 164,393	-29%
Computer Hardware	\$ 1,726	\$ 5,177	-67%
Total	\$ 56,819,007	\$ 52,837,750	8%

Major Capital

The District has completed the \$34,021,231 Walnut School rebuild project with the exception of some landscaping of the larger field and a few deficiencies. The school district still retains \$705,987 in general contractor holdbacks.

Minor Capital

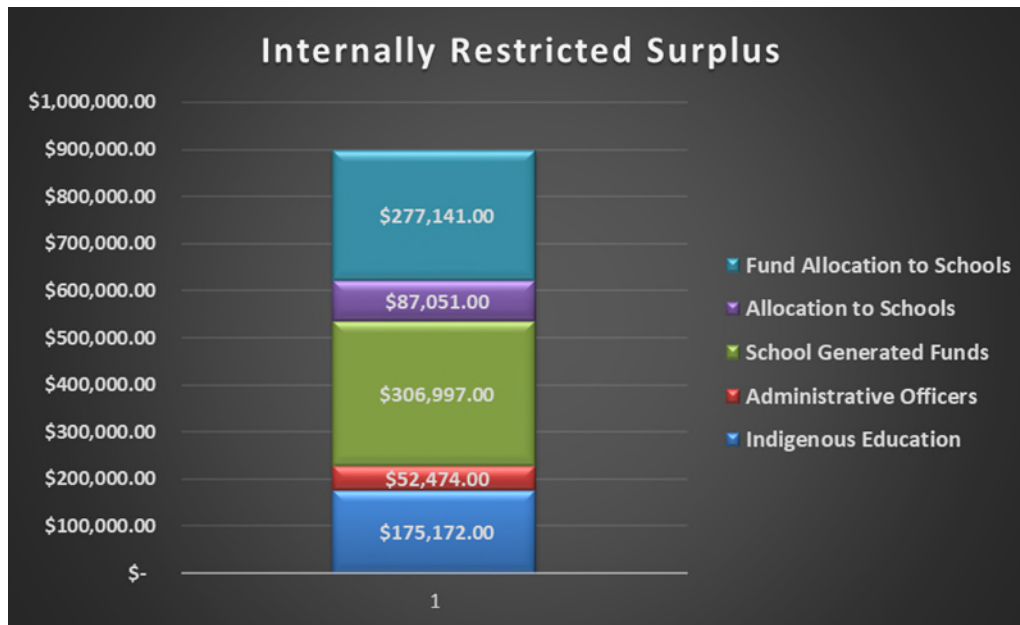
The School District completed the School Enhancement Program which entailed a \$1,362,488 first and second phase of the Boiler and HVAC rebuild at Silverthorne School. The third phase of \$850,000 is slotted to be completed in the 2022-2023 capital year. An \$165,000 accessible playground at Silverthorne was also completed over the past year. Two school buses were purchased with Ministry Bus funding. The District is planning for the third phase of the Silverthorne HVAC project in order to complete the project. In addition, the Smithers Secondary food program room and Houston Secondary building foyer envelope are receiving \$400 thousand each in SEP funding.

Land

The were no land dispositions or acquisitions.

Surplus

The School District has requirements to fund future obligations. These are the internally restricted Surplus – Operating



Internally Restricted	\$ 898,835
Unrestricted Operating Surplus (Deficit)	<u>\$3,384,005</u>
Total Available for Future Operations	\$4,282,840

Unrestricted operating surplus has been planned to support operations to fulfill the goals of the District Strategic Plan. This will include designing and implementing flexible learning spaces, indigenous education programs, and other educational programs such as outdoor programs.

Local capital reserve (LCR) are funds restricted by the Board for the purchase of capital assets. During the year, \$261 thousand was used to enhance the facilities by the maintenance department. The District will continue to utilize LCR to support classroom and learning commons revitalization and the improving the building envelopes to support energy efficiency.

The District maintains a restricted surplus account in order to work with the Ministry on future capital projects to upgrade schools.

Surplus Accounts

Internally Restricted	\$ 898,835
Unrestricted Operating	\$ 3,384,005
Local Capital Reserve	\$ 687,462
Restricted Ministry Surplus	\$ 1,792,829
Total	\$ 6,763,131

SIGNIFICANT FACTORS

The District submitted a balanced budget to the Ministry of Education for the 21/22 school year that will continue to deliver various programs and services currently offered to students in our schools. Moving into 2023 and beyond, there are several factors that may impact the District’s operations and financial position.

- **Union Negotiations:** The Provincial Government and school districts are currently negotiating with the teachers’ union BCTF and support staff union, CUPE. This will impact the collective agreements and several expenses over the future. Any salary increases should be adjusted for in regular block funding.
- **Supply of Labour:** As with most northern school districts, there is a shortage of qualified labour in most areas. It has generally been a challenge to find new teachers or support staff. A significant issue in staffing has been in the trades department and technologist. The District is currently operating with some trade’s positions unfilled.
- **Shortage of Contractors:** Labour supply market for contractors are also diminishing. Trades contractors have been reluctant to take on school district projects or provide services. This is making it very difficult to complete, or even engage, contractors in our annual facility grant and capital projects. Currently we have no contractor interested in the phase 3 HVAC project at Silverthorne, despite the funding.
- **Inflationary Pressures:** Increasing inflation rates have created increased district costs over the past year. This is especially noticeable in fuel, energy, maintenance and school supplies.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's stakeholders with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Secretary Treasurer's office at dmargerm@sd54.bc.ca .