
School District 57
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2022

The purpose of the Financial Statement Discussion and Analysis is to highlight the financial performance of the school district and provide explanations that enhance the readers' understanding of the school district's financial statements.

The 2021/22 operating results are discussed in comparison with both the 2021/22 amended annual budget and the operating results of the 2020/21 and prior school years.

The following report should be read in conjunction with the audited financial statements and accompanying notes for School District 57 for the year ended June 30, 2022.

The financial statements represent the consolidation of three separate funds (operating, special purpose and capital). Additional details related to the financial performance of each fund can be found in the supplementary schedules that accompany the financial statements.

Overview -

Established in 1946, the District is on the unceded ancestral lands of the Lheidli T'enneh First Nation, McLeod Lake Indian Band and the Simpcw First Nation. ***It is our honor to walk alongside our Indigenous communities in educating our students.***

The District is located in the center of the province, extending north to Mackenzie, south to Hixon, and east to McBride and Valemount. The District encompasses 52,000 square kilometers and is the second largest school district in the province in geographic size. The student population of approximately 13,000 school-age and adult students are enrolled in 32 elementary schools, and 8 secondary schools. Additionally, the District Learner Support Program provides alternate education programs, continuing and distance education programs and Provincial Resource Programs.

The District's work is governed by the Board of Education, which consists of seven Trustees elected from three Trustee Electoral Areas as follows: five from the Prince George Trustee Electoral Area, one from the Mackenzie Trustee Electoral Area and one from the Robson Valley Trustee Electoral Area. The current Trustees' four-year term began in 2018. 2 of the 7 current Trustees were elected during a by-election in January 2022 triggered by the resignation of 2 Trustees in September 2021.

*“The Pathway to a Diverse Learning Community
with Purpose, Options and Choices for all”
Skeh Hunoont’l hodul’eh ti.*

Our Vision – All students are prepared for each step of their life’s journey with the skills, knowledge, options and choices to be successful.

Our Mission – Through innovation, high standards and culturally responsive care, we nurture and empower all students where they are to be proud, confident and engaged lifelong learners.

Our Values – Together these ways of thinking and acting help form the culture of our schools and workplaces. By upholding these values, we can build an environment that will lead to the fulfilment of our mission and vision.

Transparency

We are open, honest and accountable for the decisions we make.

Integrity

We are ethical, fair and follow through on our commitments.

Equity

We create systems where every student has opportunities and supports to be successful.

Community

We engage all members of our learning community through open and respectful relationships.

Respect

We demonstrate kindness and care for ourselves, others and the environment.

Inclusion

We ensure all students contribute and participate in all aspects of school life

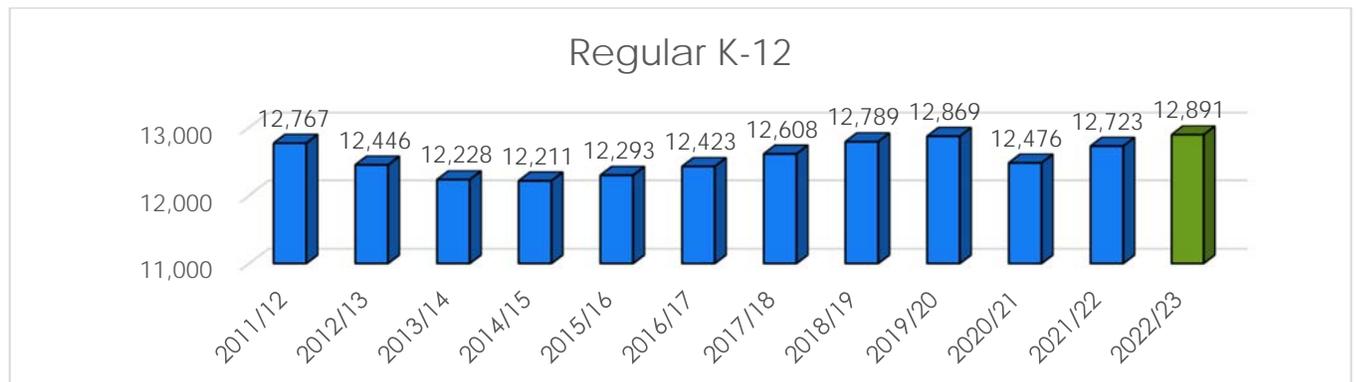
For additional information see the [School District No.57 Strategic Plan 2021-2026](#) on the website: [2021.07.18 Strategic Plan 2021-2026 Revised.pdf \(sd57.bc.ca\)](#)

Enrolment Highlights –

The District is funded primarily through an operating grant received from the Ministry of Education (MOE). The grant is based on student enrolment which is compiled through a data collection process called 1701 in September, February, May and July. The District receives a fixed amount per full-time equivalent (FTE) student. The District also receives supplementary grants for students who are identified as having unique needs and for other demographic and geographical factors.

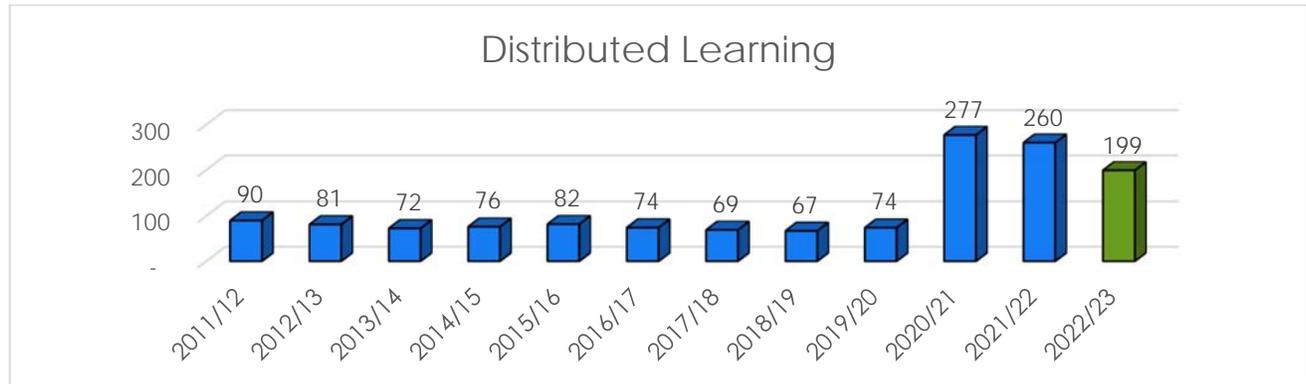
District staffing levels are driven directly by student enrolment. Since salaries and benefits make up approximately 87 percent of District operating expenses, reliable enrolment data is essential for financial planning. Each year the District completes an analysis of historical enrolment and student retention trends, reviews population data and new municipal development approvals to develop an estimate of elementary and secondary student FTE for the ensuing five budget years.

Regular K-12 enrolment was showing steady increases year over year leading up to the COVID-19 Pandemic and is predicted to returned to pre-pandemic levels in the 2022/23 school year. The 2021/22 school year showed a significant rebound from the levels experienced during the first year of the pandemic. The majority of the significant increases by grade level are being experienced in the secondary level with secondary comprising over 40% of the districts total regular K-12 students.



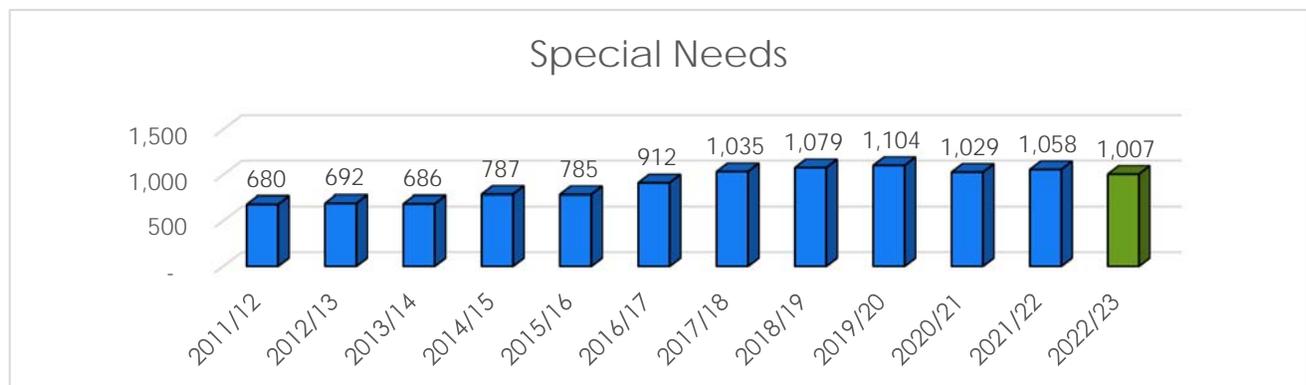
Distributed Learning (DL) enrolment in the district saw a marked increase as a result of the COVID-19 Pandemic resulting in a change in the DL model in the district. The enrolment in the DL program for the 2021/22 school year was slightly below the 2020/21 school year. The projection for the 2022/23 school year is for a further decline in distributed learning as students return to bricks and mortar classrooms.

Enrolment Highlights (continued) –



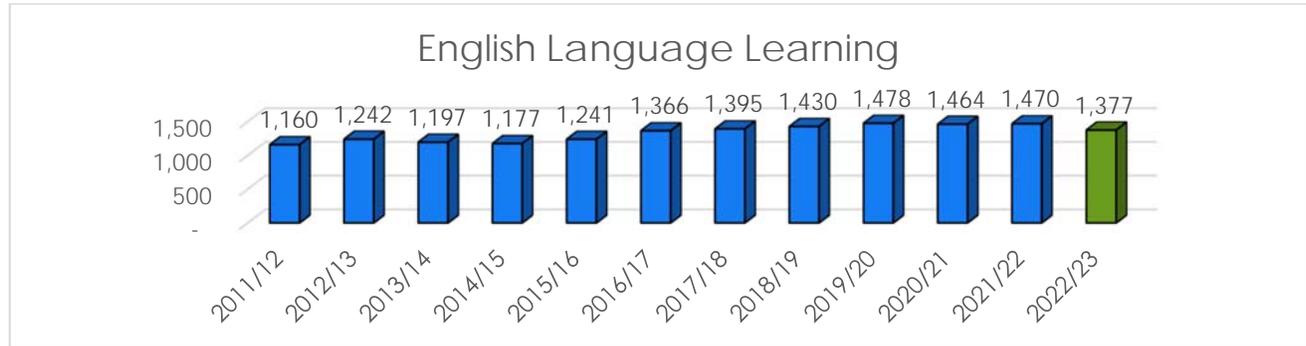
Over the four years leading up to the COVID-19 Pandemic, the District experienced consistent growth in the number of students with **Special Needs**. In the 2021/22 school year and continuing into the 2022/23 school year there are a significant number of learners who have been identified with special needs. Unfortunately, not all students with identified needs currently meet the Ministry of Education and Child Care criteria for the District to claim the students for funding. Although the majority of processes and paperwork have been completed the District is unable to submit these students as there continues to be substantial wait times to have outside agency evaluation performed, most especially for students on the Autism spectrum.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Funding:							
Level 1	\$ 980,200	\$ 1,017,900	\$ 762,800	\$ 698,400	\$ 763,200	\$ 774,000	\$ 897,000
Level 2	9,688,900	10,056,475	10,164,310	10,747,600	11,766,500	12,260,400	14,087,360
Level 3	2,327,500	3,339,250	4,632,020	4,968,600	5,155,750	4,223,000	4,042,000
	<u>\$12,996,600</u>	<u>\$14,413,625</u>	<u>\$15,559,130</u>	<u>\$16,414,600</u>	<u>\$17,685,450</u>	<u>\$17,257,400</u>	<u>\$19,026,360</u>
Actual expense							
	\$19,144,112	\$19,003,299	\$20,242,752	\$23,435,972	\$25,479,099	\$22,766,448	\$25,015,969



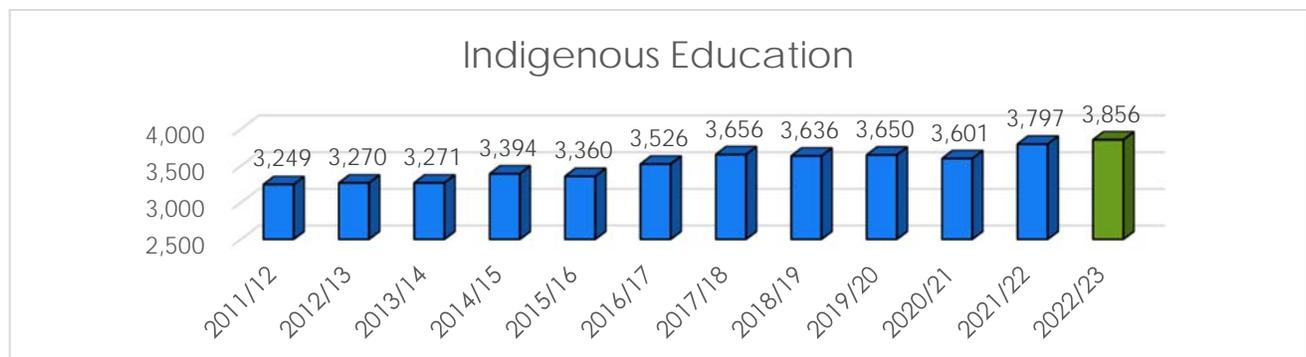
Enrolment Highlights (continued) –

English Language Learners (ELL) identification was also experiencing consistent growth leading up to the COVID-19 Pandemic. During the 2021/22 school year, an audit of the program identified that learners who did not strictly meet criteria for ELL were being included by the District. Measures were put in place in the year to address this matter resulting in a significant anticipated reduction in the 2022/23 school year.



In the 2021/22 school year, as in prior years, SD57 had the highest number of self-declared **Indigenous Education** learner enrolments in the Province. Preliminary results indicate that Indigenous learner enrolment numbers for the 2022/23 school year will increase.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Funding:	\$ 4,015,200	\$ 4,213,570	\$ 4,423,760	\$ 4,472,280	\$ 5,292,500	\$ 5,401,500	\$ 5,941,305
Actual expense	\$ 4,469,896	\$ 4,176,807	\$ 4,559,098	\$ 4,742,433	\$ 5,106,375	\$ 5,221,384	\$ 6,981,069

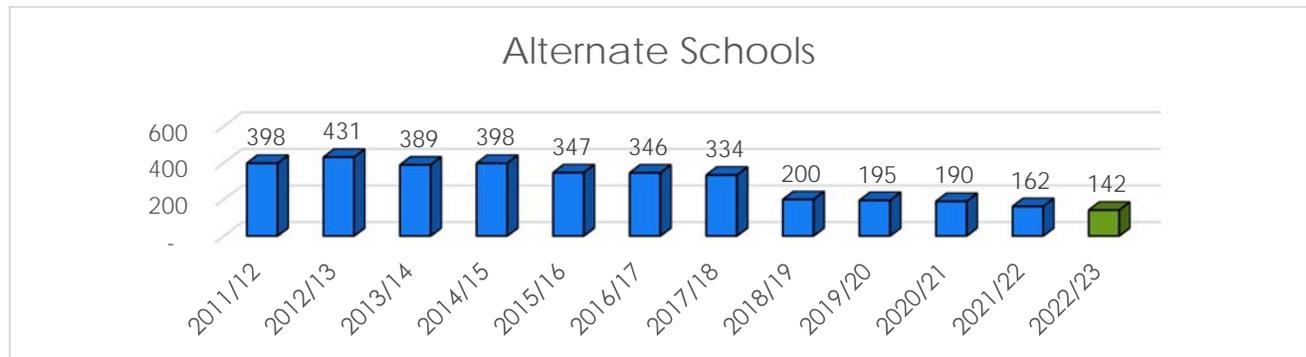


Enrolment Highlights (continued) –

Preceding the start of the 2021/22 school year the Ministry of Education released the SD57 Special Advisors Report which highlighted a number of significant challenges faced by Indigenous learners in the district. During the year substantial focus was placed on assessing and addressing the recommendations in the report to ensure that all SD57 learners are provided the skills, knowledge, options and choices to be successful in their life’s journey. Together with the Board, the Superintendent created a work plan to specifically address the work being done in the District with respect to each recommendation in the report.

The 2021/22 school year saw a number of significant changes tied directly to the recommendations in the report. The Lheidli T’enneh First Nation and McLeod Lake Indian Band cooperatively formed the Indigenous Education Leadership Table (IELT) to work with the District to improve graduation rates for Indigenous students. The Board appointed Pam Spooner to the position of Indigenous Assistant Superintendent. And, many adjustments were made to District processes and practices to ensure that the district responded to the recommendations.

The 2021/22 School year showed reductions in Districts **Alternate Schools** learner enrolments, which is consistent with District direction related to student engagement in schools. Preliminary 2022/23 school year enrolments continue to show an anticipated reduction.



Financial Highlights – Revenues

Total Operations –

Total Operations - Revenue	2021/22 Actual	2021/22 Budget	\$ Variance	% Variance
<u>Revenues</u>				
Ministry of Education and Child Care	\$168,048,718	\$165,876,079	\$ 2,172,639	1.31%
Other Provincial Grants	560,320	404,097	156,223	38.66%
Tuition	59,210	12,000	47,210	0.00%
Other Revenues	4,513,944	3,542,188	971,756	27.43%
Rentals and Leases	507,176	500,000	7,176	1.44%
Investment Income	251,689	250,000	1,689	0.68%
Amortization of Deferred Capital Revenue	4,254,807	4,246,987	7,820	0.18%
Total Revenue	\$178,195,864	\$174,831,351	\$ 3,364,513	1.92%

While the overview of revenue from total operations provides a snapshot of the total district, it is easier to understand when broken into the funds that comprise the financial statements:

Operating Fund – total revenue **\$149,980,775**

Special Purpose Fund - total revenue **\$18,789,975**

Capital Fund – total revenue **\$9,425,114**

Operating fund –

The operating fund includes operating grants and other revenues used to fund instructional programs, school and district administration, facilities operations, maintenance and transportation.

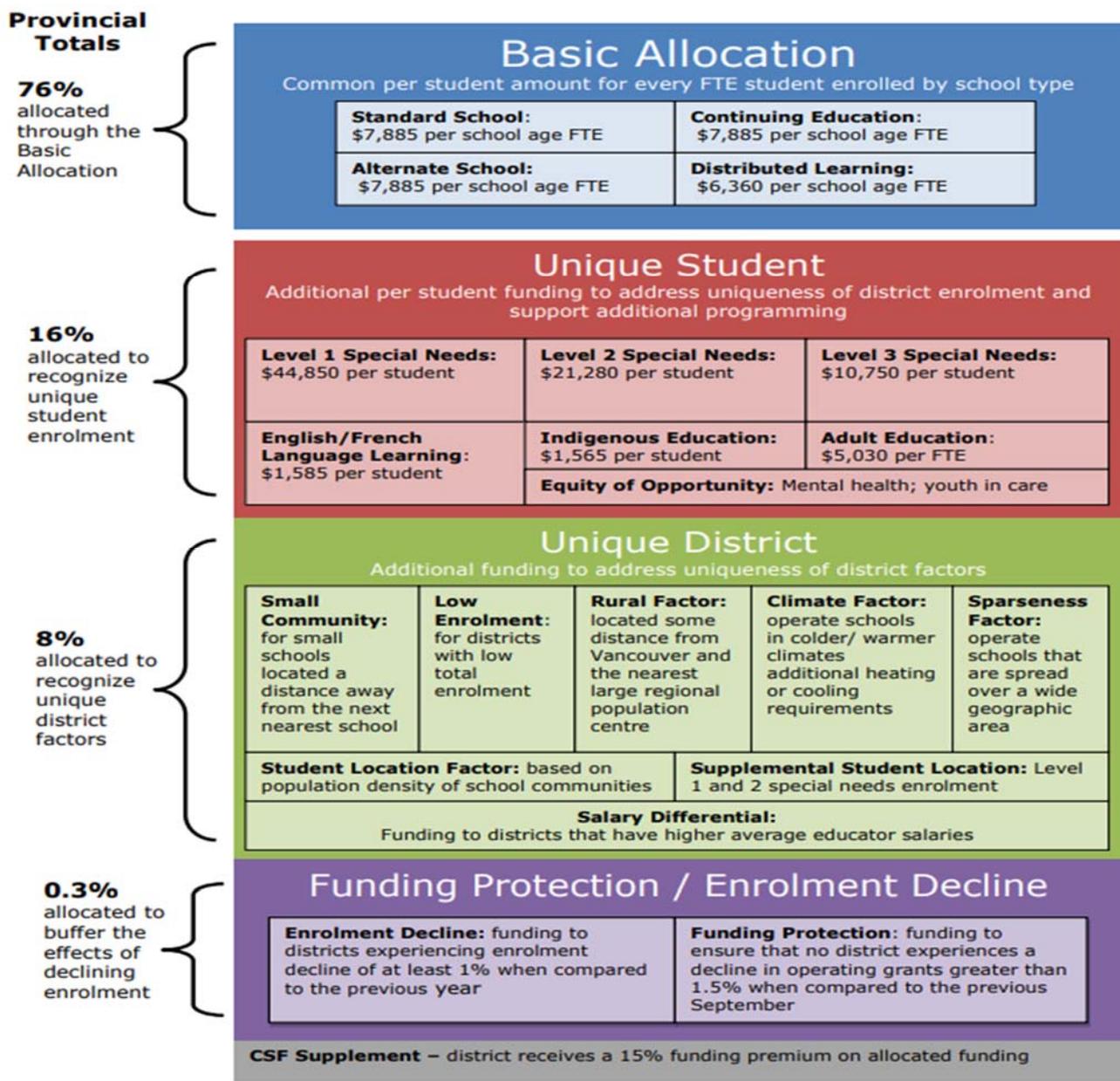
Operating Fund Revenue	2021/22 Actual	2021/22 Budget	\$ Variance	% Variance
<u>Revenues</u>				
Ministry of Education and Child Care	\$146,667,242	\$146,330,655	\$ 336,587	0.23%
Other Provincial Grants	560,320	404,097	156,223	38.66%
Tuition	59,210	12,000	47,210	0.00%
Other Revenues	1,959,380	1,458,816	500,564	34.31%
Rentals and Leases	507,176	500,000	7,176	1.44%
Investment Income	227,447	250,000	(22,553)	-9.02%
Total Operating Revenue	\$149,980,775	\$148,955,568	\$ 1,025,207	0.69%

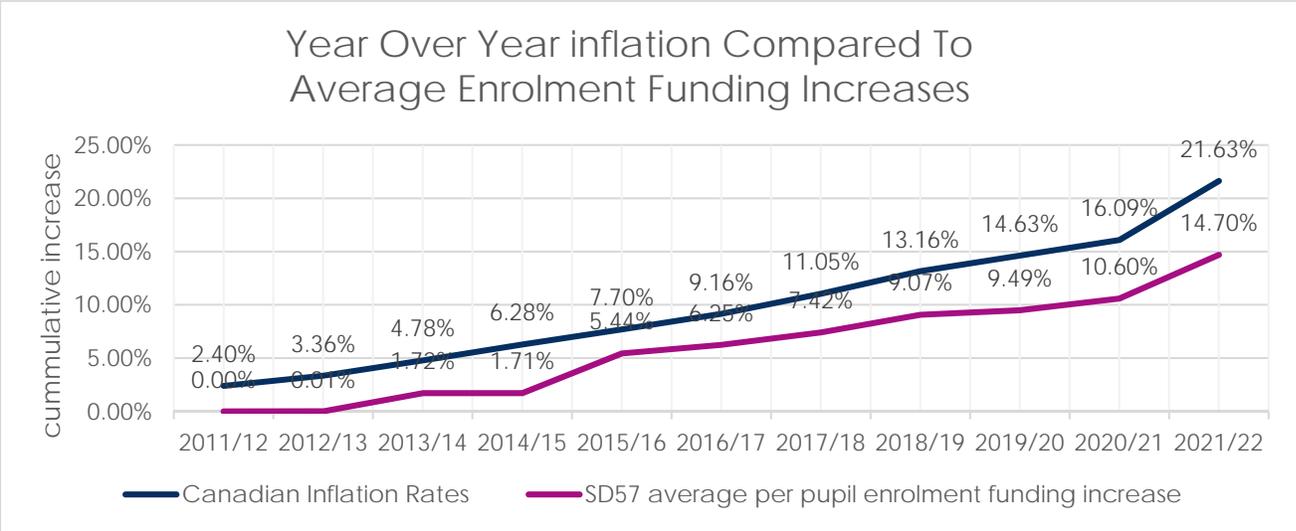
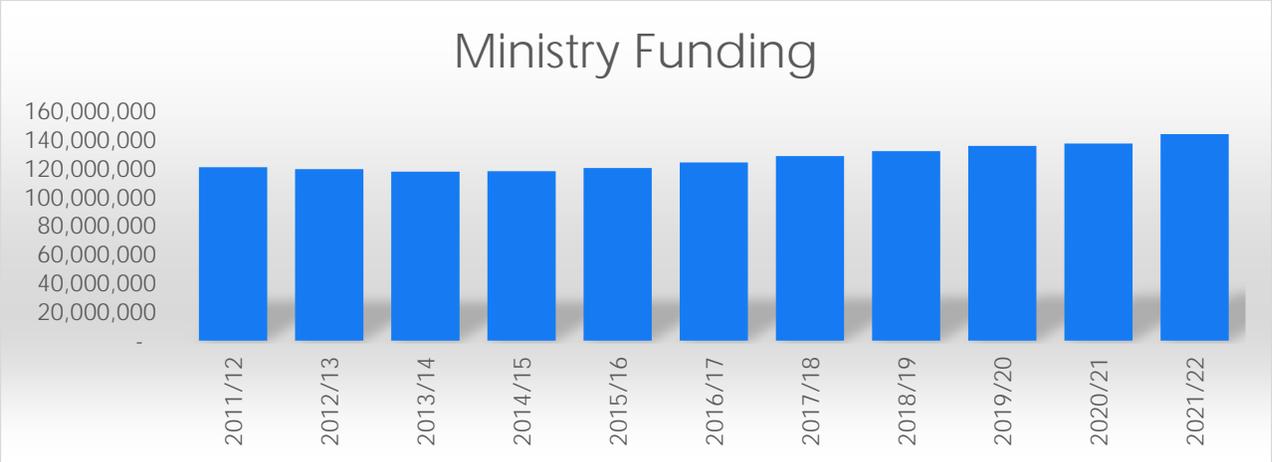
97.79% of operating fund revenue comes from the Ministry of Education and Child Care grants which are, for the most part, calculated on reported student enrolment.

District operating revenues for 2021/22 were \$1,025,207 greater than budgeted as shown in the above table. The budget was already \$1,288,723 higher than actual results for 2020/21.

Ministry of Education and Child Care Grants

The following is an excerpt from a Ministry of Education and Child Care table detailing the 2021/22 per-student funding rates, supplemental funding for unique students, supplemental funding for unique factors affecting some districts and funding protection for enrolment decline.





Other Provincial Grants - Other provincial grants are provided to the District for career and trades programs such as automotive, electrical, heavy mechanical group trades and culinary arts and for After School Sports Initiative funding. The province bases the grants on student enrolment in these programs and in the current year the district received **\$560,320**.

Tuition - Tuition revenue consists of fees for International Education. The District does not typically budget for International Education fee paying student revenues as they are not a predictable sources of revenue.

Other Revenues - Other revenues consist of items such as fees charged to SD93 Conseil Scolaire Francophone de la Colombie-Britannique **\$301,246**, fees collected with respect to Local Education Agreements with First Nations **\$686,293**, administrative fees charged to Provincial Resource Programs **\$97,771**, cafeteria recoveries **\$140,743**, the group rebate related to the purchasing program **\$34,328**, one-time specific purpose grants received by schools and donations **\$698,999**.

Rentals and Leases - District rental revenue **\$507,176** is generated from short-term rentals of sites and facilities to individuals and community groups. Actual results year over year since 2018/19 show reduced revenue from rentals and leases consistent with limitations on access to SD57 facilities.



Investment Income - Interest income \$227,447 consists of interest accrued on our bank account balances and short-term investments in the Central Deposit Program. The Central Deposit Program allows the District to invest funds with the provincial government thereby accessing a favorable rate without any restrictions on withdrawals. Results are slightly lower than budget due to reductions in the funds deposited in the Central Deposit Program as the District offsets some of the impact felt by inflation.

Special Purpose funds –

Special purpose funds consist of targeted funding provided to the school district for a specific purpose. Pursuant to Sections 156(4) and (5) of the School Act, each special purpose fund must be accounted for in accordance with the terms of that special purpose fund. Treasury Board Restricted Contribution Regulation 198/2011, issued in November 2011, defines a restricted contribution as ‘a contribution that is subject to a legislative or contractual stipulation or restriction as to its use’. These revenues are deferred until the relevant expenditures are incurred.

Special Purpose Fund Revenue	2021/22 Actual	2021/22 Budget	\$ Variance	% Variance
<u>Revenues</u>				
Ministry of Education and Child Care	\$ 16,256,169	\$ 16,776,662	\$ (520,493)	-3.10%
Other Revenues	2,509,564	2,083,372	426,192	20.46%
Investment Income	24,242	22,000	2,242	10.19%
Total Special Purpose Revenue	\$18,789,975	\$18,882,034	\$ (92,059)	-0.49%

86.5% of special purpose fund revenue comes from the Ministry of Education and Child Care while the majority of the remaining revenue is attributable to school generated funds.

The District has a variety of special purpose funds:

Annual Facility Grant – This is a Ministry funded grant that is used throughout District schools to address ongoing maintenance and improvement needs. AFG funding is received and approved on a March 31 fiscal year end. For the 2021/22 fiscal year end, the District was approved for \$ 3,279,793 in funding. **\$653,144** is received through special purpose grants while the remaining \$2,626,649 is received through draws in the capital fund.

2021/22 AFG Funds - Eligible Uses:

- Roof Replacements and Major Repairs
- Mechanical System Upgrade and Repair
- Electrical System Upgrade and Repair
- Facility Upgrades
- Loss Prevention-Fire and Security Alarms
- Technology Infrastructure Upgrades
- Site Upgrades
- Disability Access
- Asbestos Abatement
- Health and Safety Upgrades
- Site Servicing

Learning Improvement Funds – This is a Ministry funded grant used specifically to augment Educational Assistant hours providing additional supports to complex learners. This year **\$586,350** was spent on providing these enhanced supports.



Strong Start Funding – This is a Ministry funded grant used to fund Strong Start Early Learning Centers which provide school-based, drop-in programs for children from birth to age five along with their parents and caregivers. This year the District spent **\$311,335** providing these opportunities.

Ready, Set, Learn Funding – This is a Ministry funded grant used to fund events for children aged three to five and their parents/caregivers which are hosted to support early learning and facilitate a smooth transition to kindergarten. This year the District spent **\$70,548** providing these opportunities.

Official Languages in Education French Programs (OLEP) Funding – This is a Ministry funded grant which supports core French language programs and curriculum resources. This year the District spent **\$286,358** providing these programs and resources.

Community LINK Funding – LINK stands for **L**earning **I**ncludes **N**utrition and **K**nowledge. This is a primarily Ministry funded grant which supports programs and initiatives to improve the educational performance of vulnerable students, including both academic achievement and social functioning. This year the District spent **\$2,417,829** providing these programs and initiatives.

Classroom Enhancement Funding – This fund is a Ministry funded grant which has three distinct funding areas: **Overhead, Staffing and Remedies**. This funding supports the teacher staffing costs, overhead staffing and equipment costs, and remedies resulting from the restoration of class size and composition language. The District does not receive funding for remedies, but recognized **\$395,411** in overhead funding and **\$9,417,824** in staffing funding.

First Nations Student Transportation Funding – This is a BC Tripartite Education Agreement funded grant which supports approved jointly constructed transportation plans for First Nations students living (or ordinarily living) on reserve and is developed in consultation with the First Nations communities that the District has Local Education Agreements with. This year the District spent **\$95,234** providing these transportation supports.

Mental Health in Schools Funding – This is a Ministry funded grant which has been designed to provide additional supports for the District related to mental health. This year the District spent **\$171,482** providing these mental health supports in addition to funds spent in the operating fund.

Provincial and Federal Safe Return Grants – These were Federal and Ministry funded grants related to the safe return to school during the COVID19 pandemic and to address the incremental costs of compliance with Ministry guidelines including ventilation specifications. This year the District recorded costs of **\$288,079** related to continues work in these areas.

Provincial Resources Programs – The District hosts three provincial resource programs which are funded through Provincial Resource Program funding. These three programs provide educational services at Two Wolves Centre, University Hospital of Northern BC and provincially through the Fetal Alcohol Syndrome Disorder (FASD) Outreach Program. This year the District recorded costs of **\$1,226,318** related to these three programs.

Capital fund –

Capital funds include capital expenditures related to equipment and facilities purchases as well as equipment and facilities enhancements. The funding source of these purchases and enhancements determines which capital fund the expenditures will be charged to. Funding sources include Ministry of Education Bylaw Capital, Ministry of Education Restricted Capital, Other Provincially Restricted Capital, Land Capital as well as Local Capital.

Capital Fund Revenue	2021/22 Actual	2021/22 Budget	\$ Variance	% Variance
Revenues				
Ministry of Education and Child Care	\$ 5,125,307	\$ 2,768,762	\$ 2,366,545	85.47%
Other Revenues	45,000	-	45,000	
Amortization of Deferred Capital Revenue	4,254,807	4,246,987	7,820	0.18%
Total Capital Revenue	\$ 9,425,114	\$ 7,015,749	\$ 2,419,365	34.48%

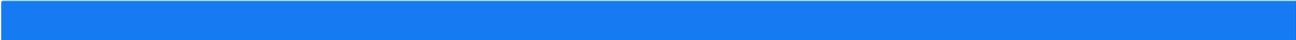
Major Capital Projects - The District had no major capital projects in progress during the 2021/22 school year. The Shaḡ Ti Kelly Road Secondary replacement project was considered completed prior to June 30, 2021 and has been fully capitalized. Work continued throughout the 2021/22 school year on the site completion work. The Major Capital expenditures are primarily funded by the Province of British Columbia with additional funding provided through locally-generated District capital funds and third-party contributors.

Capital Fund - The Capital Fund is comprised of local capital reserves (Schedule 4) and Unused Deferred Capital Revenue (Schedule 4C). The funds are to be used by the school District for capital expenditures.

Local Capital – These are funds generated by the District and transferred to be utilized for capital expenditures as determined by the District. This year the District transferred capital reserves of **\$921,978** from the operating fund to the local capital fund for future capital expenditures.

Ministry of Education Bylaw Capital – These represent funds drawn on Certificates of Approval (COA) for capital projects including the capital portion of the Annual Facility Grant (AFG). In addition to the AFG funding noted above, the District submits an annual proposal to the Ministry for additional funding for both major and minor capital projects as described below.

Major Capital – projects can provide funding for a **New School, Replacement, Addition and Site Acquisition**. The District submitted a Major Capital submission in June which included an expansion renovation for DP Todd Secondary School, the demolition of Mackenzie Elementary School, and Additions to several Elementary Schools.



Minor Capital – projects include [School Enhancement Program \(SEP\)](#) projects which are investments that contribute to the safety and function of the school while extending the life of the asset, [Carbon Neutral Capital Program \(CNCP\)](#) projects which are investments that contribute to measurable emission reductions and operational costs savings expected as a result of completed projects and [Various School Playground Equipment Projects \(PEP\)](#) which are investments in various playground equipment. The District will be submitting a Minor Capital submission after the Public Board meeting in September that will include all three programs.

Financial Highlights – Expenses

Total Operations –

Total Operations - Expenses	2021/22 Actual	2021/22 Budget	\$ Variance	% Variance
<u>Salaries</u>				
Teachers	\$ 66,150,310	\$ 66,030,851	\$ 119,459	0.18%
Principal & Vice Principals	9,926,878	9,983,727	(56,849)	-0.57%
Educational Assistants	16,119,791	16,403,146	(283,355)	-1.73%
Support Staff	12,697,355	12,619,718	77,637	0.62%
Other Professionals	8,876,199	8,917,529	(41,330)	-0.46%
Substitutes	4,473,855	4,242,208	231,647	5.46%
Total Salaries	\$118,244,388	\$118,197,179	\$ 47,209	0.04%
Benefits	27,354,493	26,622,683	731,810	2.75%
Total Salaries & Benefits	\$ 45,598,881	\$ 44,819,862	\$ 79,019	0.54%
Services & Supplies	25,357,169	29,378,974	(4,021,805)	-13.69%
Amortization of Tangible Capital Assets	6,569,748	6,513,331	56,417	0.87%
Total Expenses	\$177,525,798	\$180,712,167	\$(3,186,369)	-1.76%

Much like revenues, the overview of expenses from total operations provides a snapshot of the total district, and it is easier to understand when broken into the funds that comprise the financial statements:

Operating Fund – total expenses **\$150,592,929** tangible capital assets purchased **\$1,780,693** and transfers to capital **\$921,978**.

Special Purpose Fund - total expenses **\$18,453,692** tangible capital assets purchased **\$336,283**

Capital Fund – total expenses **\$8,479,177**

Operating fund –

For the 2021/22 school year the District followed a decentralized budgeting process where allocations were made to schools based on the enrolment in each school. Specific allocations were made to schools to cover the costs of meeting the restored collective agreement language for teachers in terms of maximum class size, preparation time and non-enrolling ratios. There were allocations for students with unique needs, the costs of administrative support, additional supports based on unique school needs and a general per student allocation. Each year the schools make school based budgeting decisions utilizing the funds allocated to purchase staffing time or services and supplies. These allocations are spent at their discretion within certain parameters set by the District. Overall District operating expenses were \$1,955,111 less than budgeted for 2021/22.

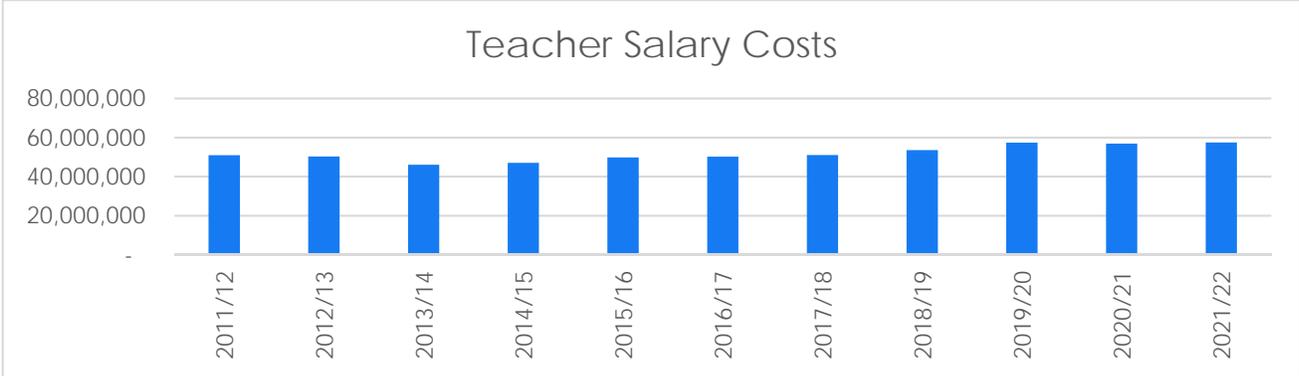
During the 2021/22 school year the District was subject to a fact finding review by the Ministry. As part of this process the Ministry provided the District with a number of recommendations. One of recommendations was to review decentralization in the District to ensure that it provides the best supports for students. The District is currently in the process of performing this review while we make adjustments to the 2022/23 amended annual budget and moving forward.

The following table and explanations that follow provide additional information regarding the variances.

Operating Fund Expenses	2021/22 Actual	2021/22 Budget	\$ Variance	% Variance
<u>Salaries</u>			\$	
Teachers	\$ 57,499,960	\$ 57,302,455	197,505	0.34%
Principal & Vice Principals	9,926,878	9,983,727	(56,849)	-0.57%
Educational Assistants	15,073,283	15,141,906	(68,623)	-0.45%
Support Staff	12,114,067	12,165,145	(51,078)	-0.42%
Other Professionals	7,740,779	7,782,403	(41,624)	-0.53%
Substitutes	4,247,322	4,000,478	246,844	6.17%
Total Salaries	\$106,602,289	\$106,376,114	226,175	0.21%
Benefits	24,687,651	23,982,798	704,853	2.94%
Total Salaries & Benefits	\$131,289,940	\$130,358,912	931,028	0.71%
Services & Supplies	\$ 19,302,989	\$ 22,189,128	\$(2,886,139)	-13.01%
Total Expenses	\$150,592,929	\$152,548,040	\$(1,955,111)	-1.28%

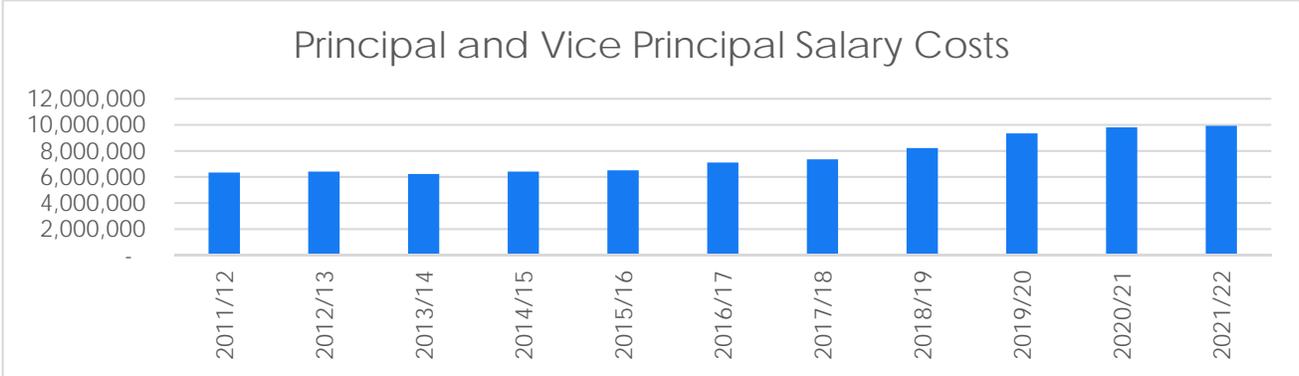


Teachers - This line item consists of salaries paid to the District’s teachers. The overall variance between budget and actual was less than 1.0% at 0.34%. The District prepares both the Annual and Amended Annual budget utilizing a District average cost of teachers. The actual results for 2021/22 reflect that although the total average cost was representative of the teachers in the District there was a slight misallocation between salary and benefits which resulted in lower than anticipated salary costs and higher than anticipated benefits costs.

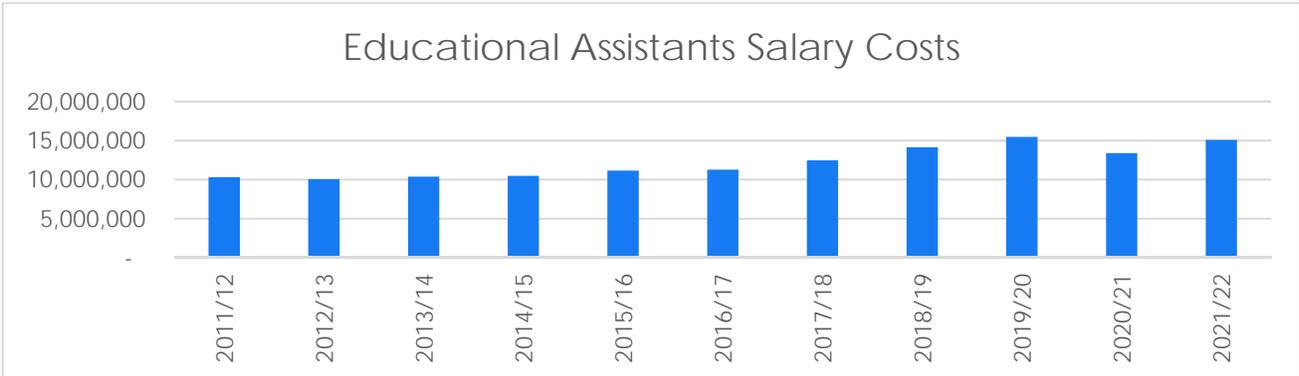


In addition to the teacher salary costs included in the operating fund an additional \$7,691,159 of teacher salary costs are recorded and paid through special purpose funds.

Principals & Vice Principals - This line includes actual salaries paid to district principals, school principals, vice-principals and directors of instruction. The overall Principal & Vice Principal variance was below 1%.



Educational Assistants - Education Assistants (EAs) provide support for students with special needs in the District. The overall EA variance was below 1%.





Support Staff - This item is made up of the salaries paid to administrative staff (other than principals and vice-principals), secretaries, clerks and other non-unionized staff such as accountants, facilities staff, trades people, custodians, noon hour supervisors and crossing guards. The overall Support Staff variance was below 1%.



Other Professionals - Other professionals are District staff who are excluded from any union agreement including positions such as the superintendent, deputy superintendent, assistant superintendents, the secretary-treasurer, managers, other exempt positions and information technology analysts. The overall Other Professionals variance was below 1%.

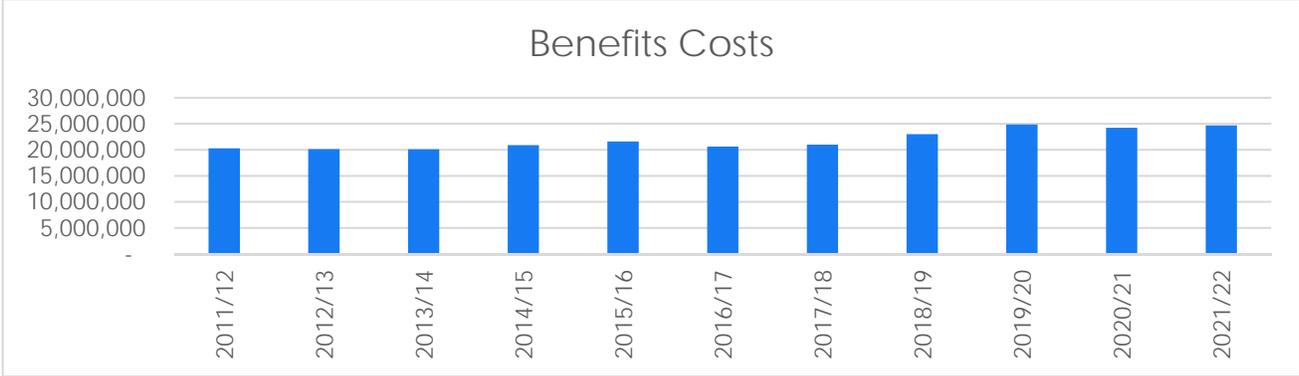


Substitutes - This item is made up of the salaries paid to Teachers Teaching on Call, CUPE casual staff including EA's and support staff, and casual or temporary exempt staff. The results are 6% lower than plan due to a variety of factors, the primary factor was the unavailability of replacement staff at all levels of the organization.

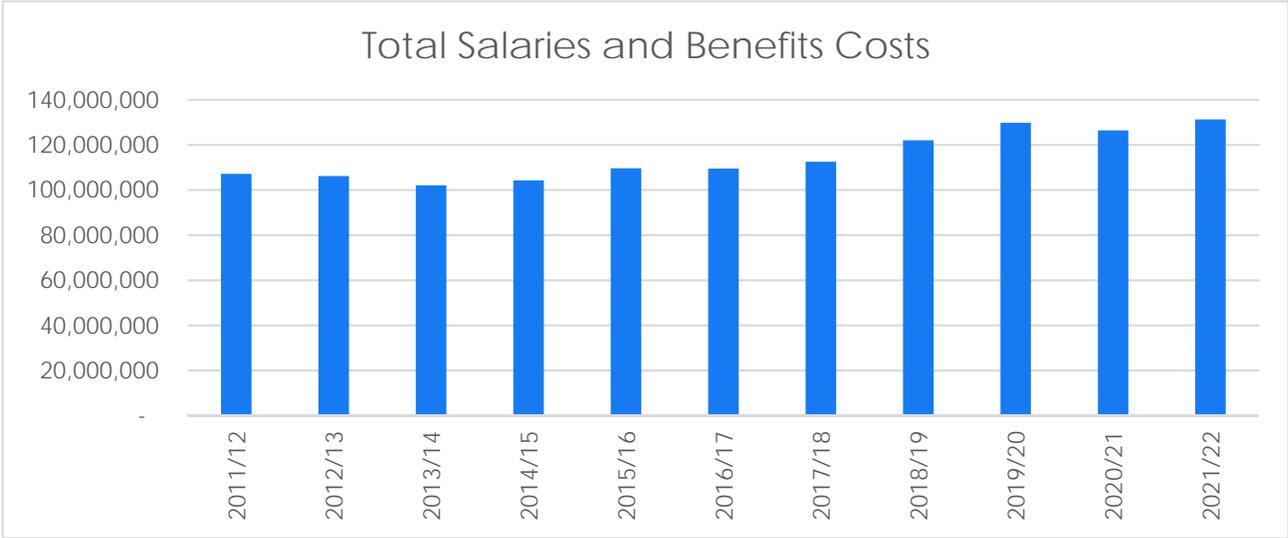




Benefits - Benefits includes the amounts paid by the District on behalf of or to its employees for benefits such as Employment Insurance, Canada Pension Plan, municipal or teacher pensions, and employee health and dental benefits. In 2021/22 as in the prior year, additional amounts were paid for the Districts Employee and Family Assistance Plan (EFAP) in order to address increasing concerns regarding mental health and wellness. Currently the District is reviewing the benefits percentages in order to align the Districts overall estimate for benefits with actual results.



Total Salaries and Benefits – In the operating fund Salaries and Benefits represent over 87% of the total costs of the District.

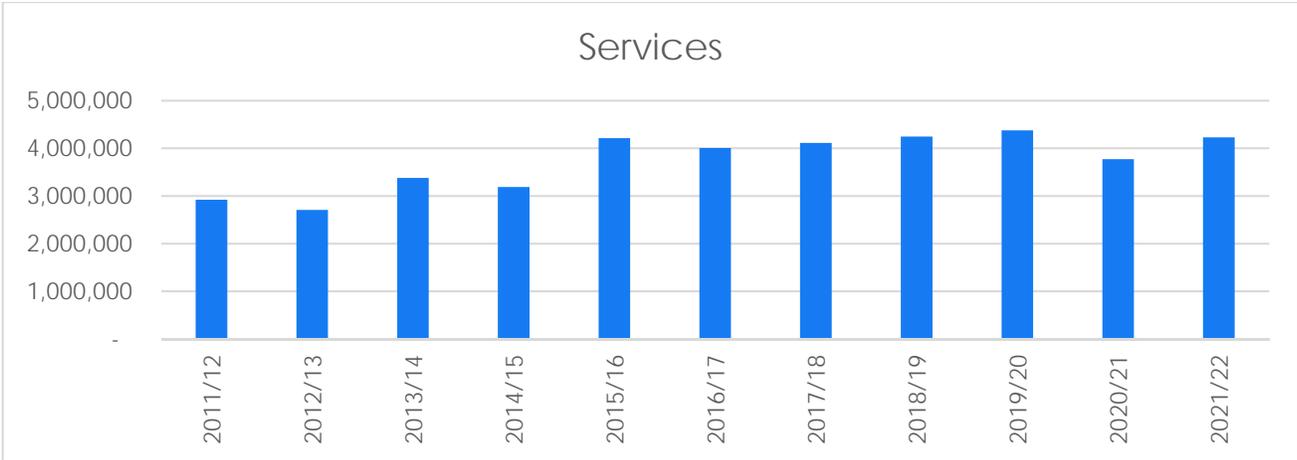




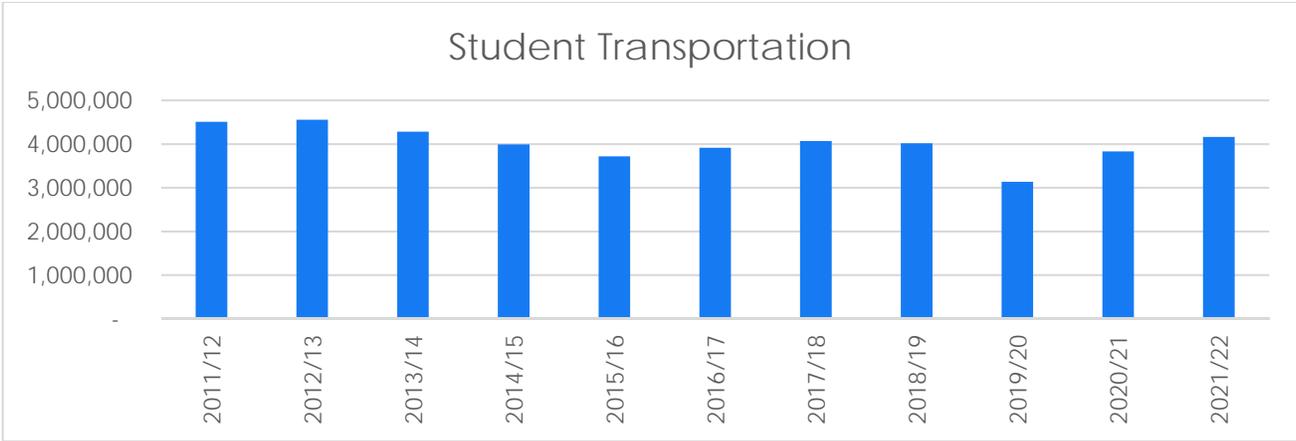
Services & Supplies - District services and supplies expenses were \$2,886,139 more than budgeted for 2021/22. The table and explanations below show the details and explain the variances.

	2021/22 Actual	2021/22 Budget	\$ Variance	% Variance
Services & Supplies				
Services	\$ 4,228,661	\$ 5,864,437	\$(1,635,776)	-27.89%
Student Transportation	4,164,554	4,521,359	(356,805)	-7.89%
Professional Development & Travel	1,252,607	1,636,162	(383,555)	-23.44%
Rentals and Leases	478,446	488,077	(9,631)	-1.97%
Dues and Fees	90,916	86,098	4,818	5.60%
Insurance	325,657	335,705	(10,048)	-2.99%
Supplies	5,295,138	6,247,080	(951,942)	-15.24%
Utilities	3,467,010	3,010,210	456,800	15.18%
Services and Supplies	\$ 19,302,989	\$ 22,189,128	\$ (2,886,139)	-13.01%

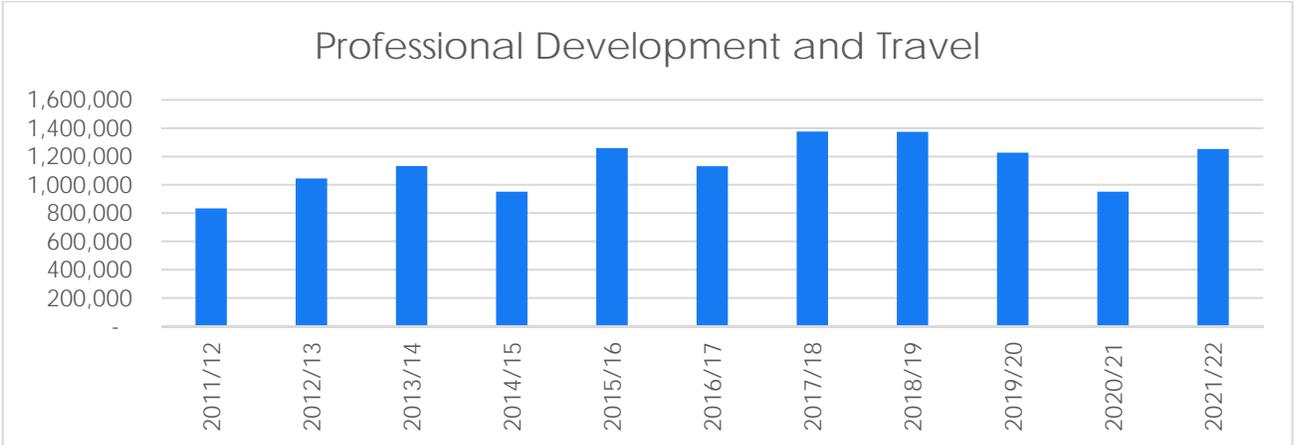
Services - This includes computer maintenance, costs for contracted professional and technical services, repair and maintenance, grounds upkeep, snow removal, security services, bank service charges, telephones, and printing services. Due to restrictions, both physical and supply chain related, in the current year there were costs savings related to a number of initiatives as well as departments and schools being unable to spend as planned. Although spending in the current year was below budget it is interesting to note that it was 12.12% higher than the prior year (\$457,135).



Student Transportation -This includes payments to Diversified Transportation, other contractors, public carriers and others individuals who provide transportation for school District students to and from school and for curricular and extracurricular activities. The 2021/2022 variance resulted from contract services primarily with regard to route changes or under delivered contract performance.



Professional Development and Travel - This includes costs incurred for training and travel. Costs included are registration fees, transportation, mileage allowances, meals, accommodation, per diem payments and other expenses. Although Professional Development & Travel expenses in the 2021/22 school year were budgeted \$352,416 higher than the prior year however the District was not able to achieve that incremental spend – impacted in part by the unavailability of coverage.

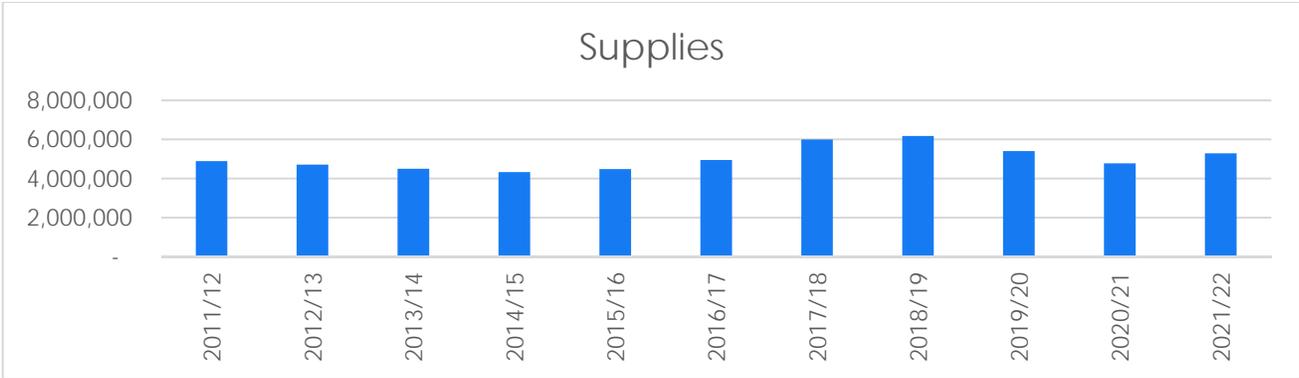


Rentals and Leases - Included here are the operating expenditures for the rental or lease of land, buildings, vehicles and equipment for temporary or long-term use by the Districts. A small adjustment was made during the year to cancel underutilized leased space.

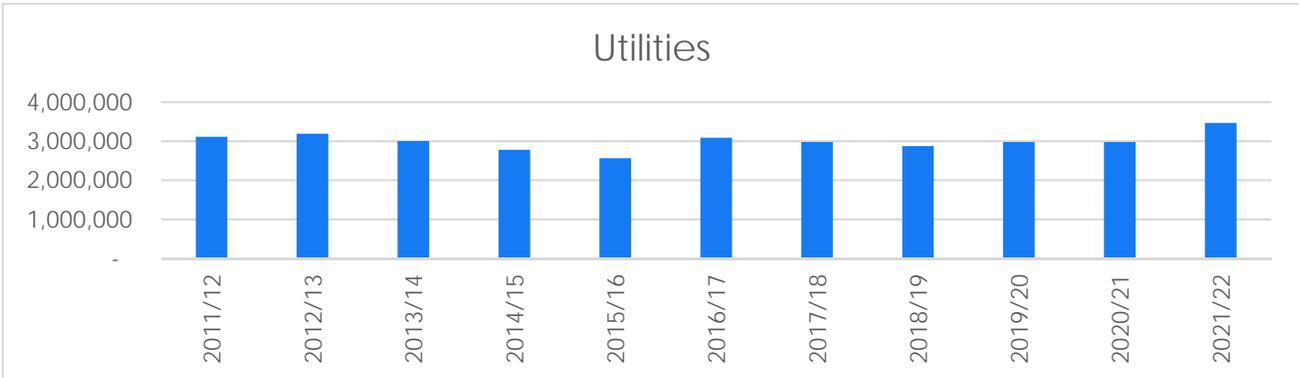
Dues and Fees - This includes membership fees and/or dues in professional organizations as determined by the policies, regulations and needs of the District.

Insurance - This includes the expenditures for all forms and types of insurance coverage, premiums, and deductibles. The District experienced a slight cost variance primarily attributable to vehicle insurance premiums less than budgeted.

Supplies - This item consists of expenditures for supplies and materials of a consumable and/or non-capital nature. This includes consumable supplies, learning resources, non-capitalized furniture and equipment and computer equipment. Budget for supplies in 2021/22 was slightly higher than in the prior year and although spending in the current year was below budget it is interesting to note that it was 10.75% higher than the prior year (\$513,881).



Utilities - Included here are the expenditures for utility costs such as electricity, heating, water and sewage, garbage and recycling. Actual costs in 2021/22 were 15.18% higher than budgeted (\$456,800). Adjustments have been made to the 2022/23 annual budget to reflect these increased costs moving forward.

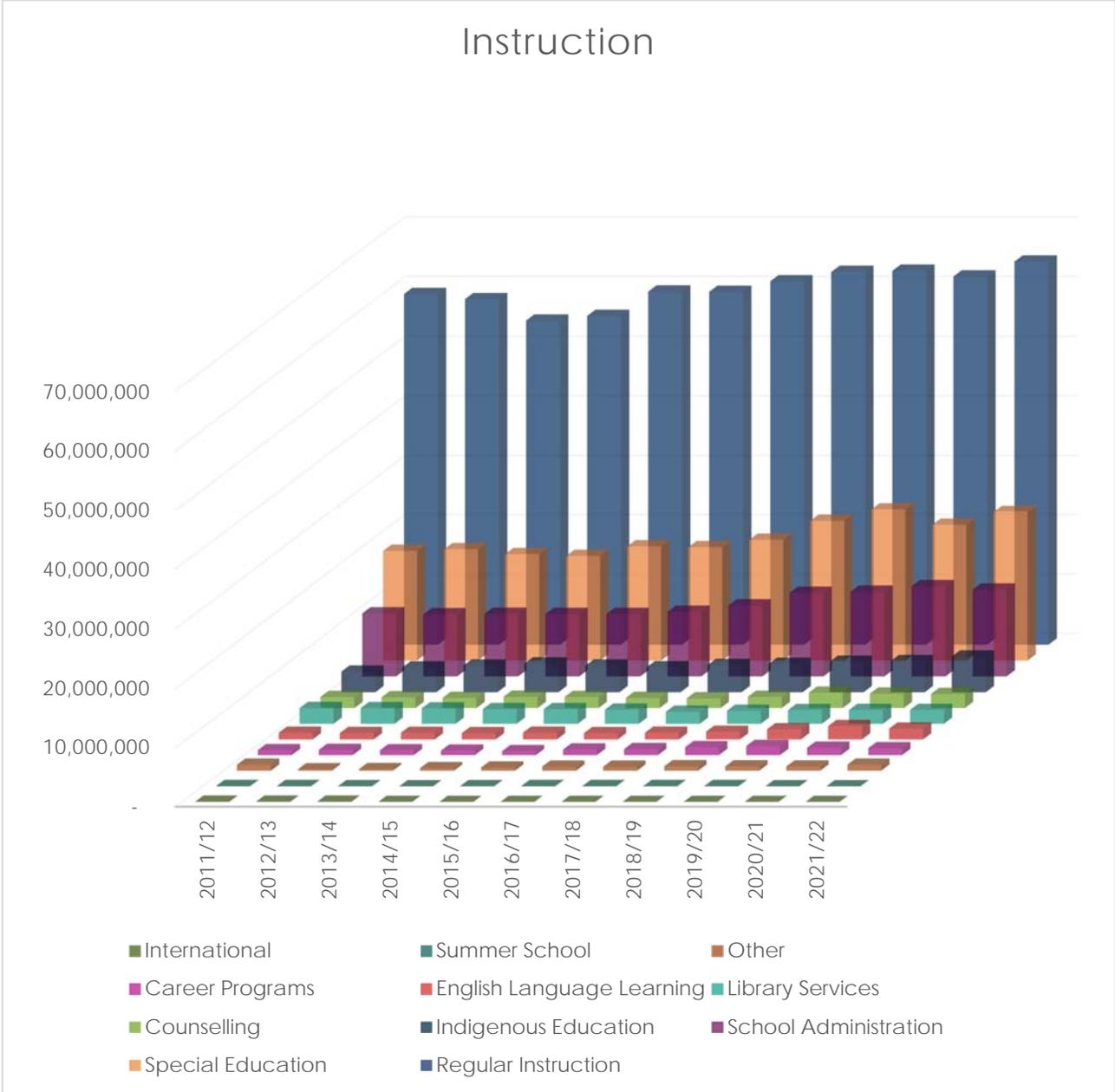




The Financial Statements also present the Districts expenses by Function and Program.

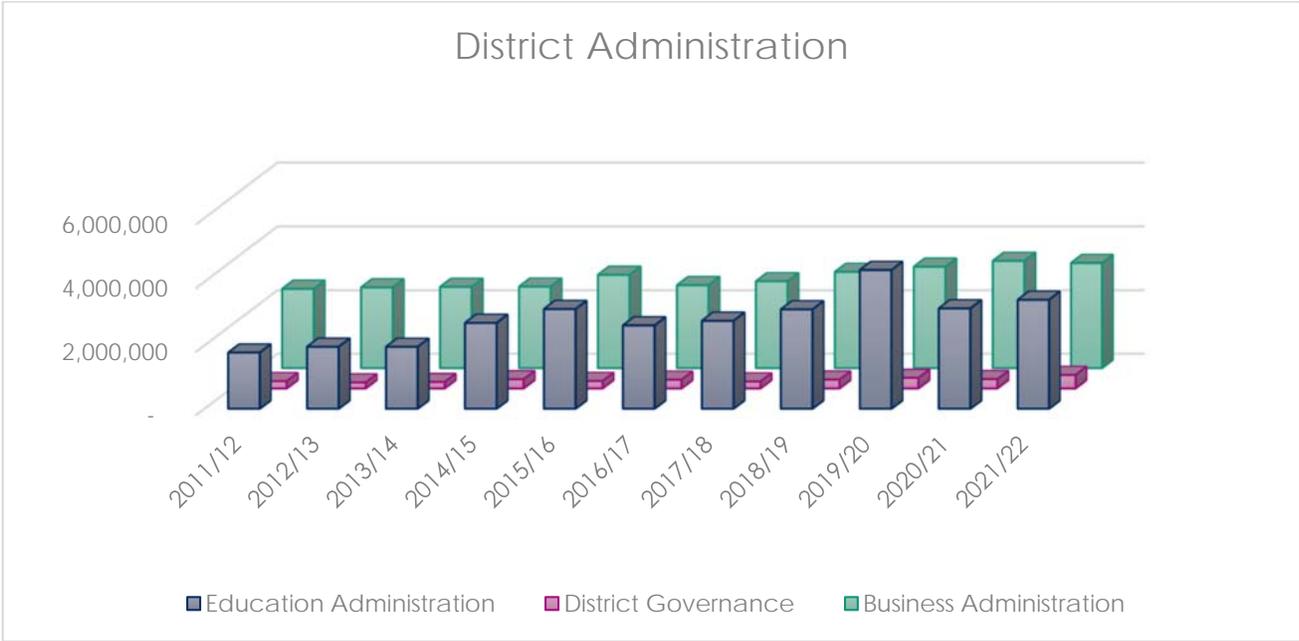
The function **Instruction**, includes a variety of programs and has total expenditures in the current year of **\$118,646,428**. Overall, Instruction represents 78.79% of the total expenses incurred by the District. Salaries and Benefits represent 95.73% of the total cost of Instruction.

Regular Instruction represents 54.23% of the total cost of instruction, Special Education represents 21.08% of the total cost of instruction, School Administration represents 12.26% of the total cost of instruction, Indigenous Education represents 5.04% of the total cost of Instruction, all of the other programs combined represent 7.38% of total instruction.



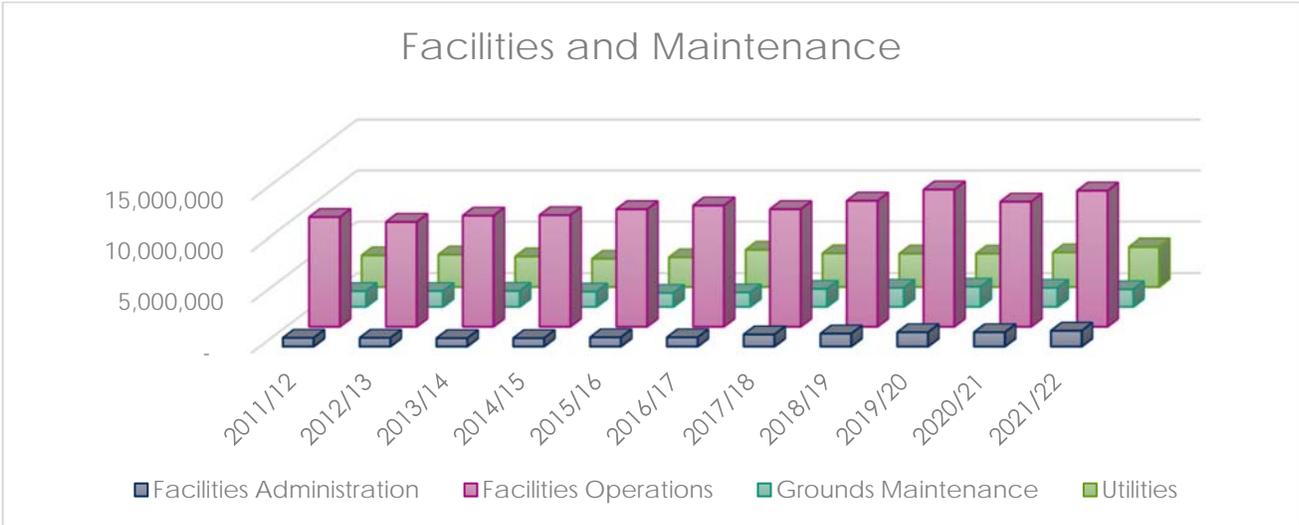


The function **District Administration**, includes three programs and has total expenditures in the current year of **\$7,165,057**. Overall District Administration represents 4.75% of the total costs of the District. Salaries and Benefits represent 83.92% of the cost of district administration.



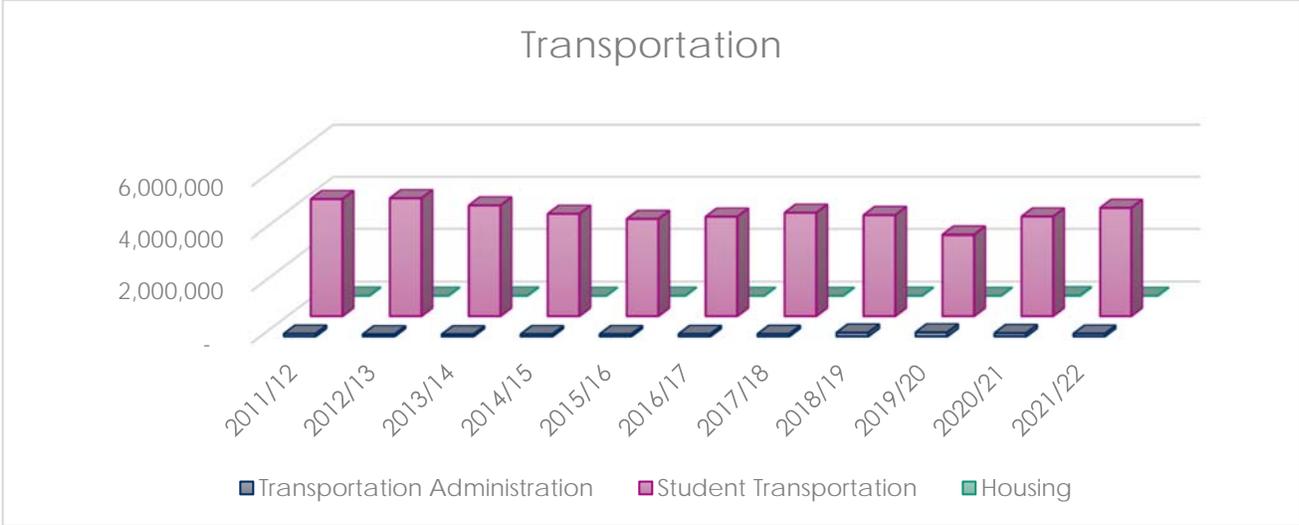
Education administration represents 47.95% of the total district administration costs, district governance represents 5.93% of the total district administration costs and business administration represents 46.12% of the total district administration costs.

The function **Facilities and Maintenance**, includes four programs and has total expenditures in the current year of **\$20,535,274**. Overall facilities and operations represents 13.64% of the total costs of the District. Salaries and Benefits represent 56.36% of the cost of facilities and maintenance.





The function **Transportation and Housing**, includes three programs and has total expenditures in the current year of **\$4,246,170**. Overall transportation represents 2.82% of the total costs of the District. Salaries and Benefits represent 7.31% of the cost of transportation.



Special Purpose fund –

For the 2021/22 school year the Special Purpose fund expenses were close to plan with an overall variance of -2.27% (\$428,342). The largest impacts on the variance was the availability of Educational Assistants and Teachers to fill the Special Purpose program positions as well as the availability of resources.

The following table provides additional details:

Special Purpose Fund Expenses	2021/22 Actual	2021/22 Budget	\$ Variance	% Variance
<u>Salaries</u>				
Teachers	\$ 8,650,350	\$ 8,728,396	\$ (78,046)	-0.89%
Educational Assistants	1,046,508	1,261,240	(214,732)	-17.03%
Support Staff	583,288	454,573	128,715	28.32%
Other Professionals	1,135,420	1,135,126	294	0.03%
Substitutes	226,533	241,730	(15,197)	-6.29%
Total Salaries	\$ 11,642,099	\$ 11,821,065	\$ (178,966)	-1.51%
Benefits	2,666,842	2,639,885	26,957	1.02%
Total Salaries & Benefits	\$ 14,308,941	\$ 14,460,950	\$ (152,009)	-1.05%
Services & Supplies	\$ 4,144,751	\$ 4,421,084	\$ (276,333)	-6.25%
Total Expenses	\$ 18,453,692	\$ 18,882,034	\$ (428,342)	-2.27%

Please refer to comments in the revenue section for detailed descriptions of the special purpose funds offered by the district.

Capital fund –

A number of annual facility grant projects during the 2021/22 school year were capital in nature rather than in the form of maintenance and a determination was made to capitalize them which resulted in the variance of \$859,333. Amortization of tangible capital assets was close to estimated, with a variance of less than 1 %.

Capital funds include capital expenditures related to equipment and facilities purchases as well as equipment and facilities enhancements. The funding source of these purchases and enhancements determines which capital fund the expenditures will be charged to. Funding sources include Ministry of Education Bylaw Capital, Ministry of Education Restricted Capital, Other Provincially Restricted Capital, Land Capital as well as Local Capital.

Capital Fund Expenses	2021/22 Actual	2021/22 Budget	\$ Variance	% Variance
Services & Supplies	\$ 1,909,429	\$ 2,768,762	\$ (859,333)	-31.04%
Amortization of Tangible Capital Assets	6,569,748	6,513,331	56,417	0.87%
Total Expenses	\$ 8,479,177	\$ 9,282,093	\$ (802,916)	-8.65%

Please refer to comments in the revenue section for detailed descriptions of the capital programs offered by the district.

TOTAL OPERATIONS - Surplus Analysis

Total Operations	2021/22 Actual	2020/21 Actual	\$ Variance	% Variance
Revenue	\$178,195,864	\$179,339,353	\$(1,143,489)	-0.64%
Expenses	177,525,798	173,456,397	4,069,401	2.35%
Surplus (deficit) for the year	\$ 670,066	\$ 5,882,956	\$(5,212,890)	-88.61%
Transfers (to) from other funds	-	-	-	
Total surplus (deficit) for the year	\$ 670,066	\$ 5,882,956	\$(5,212,890)	-88.61%
Surplus, beginning of year	45,347,440	39,464,484	5,882,956	14.91%
Surplus, end of year	\$ 46,017,506	\$ 45,347,440	\$ 670,066	

Much like expenses and revenues, the overview of surpluses from total operations provides a snapshot of the total district, and it is easier to understand and more meaningful when broken into the funds that comprise the financial statements: Operating, Special Purpose, Capital

Operating Surplus Analysis

The District closed out the year with a \$5,160,902 operating surplus all of which was internally restricted for specific purposes. This operating surplus represents a \$3,314,825 decrease over 2020/21.

Operating Fund	2021/22 Actual	2020/21 Actual	\$ Variance	% Variance
Operating Revenue	\$149,980,775	\$147,666,845	\$ 2,313,930	1.57%
Operating Expenses	150,592,929	143,640,026	6,952,903	4.84%
Operating surplus (deficit) for the year	\$ (612,154)	\$ 4,026,819	\$(4,638,973)	
Transfers (to) from other funds	(2,702,671)	(1,629,092)	(1,073,579)	65.90%
Total operating surplus (deficit) for the year	\$(3,314,825)	\$ 2,397,727	\$(5,712,552)	
Surplus, beginning of year	8,475,727	6,078,000	2,397,727	
Surplus, end of year	\$ 5,160,902	\$ 8,475,727	\$(3,314,825)	



Details of the specific appropriations of internally restricted operating surplus are in the following table:

Operating fund - Internally restricted surplus		
	2021/22	2020/21
<u>Operations spanning the school year</u>		
School surpluses	\$ 1,350,446	\$ 2,732,534
School capital projects	454,373	854,009
Future years' operating budgets	308,345	269,623
Facility reserves	595,000	681,392
Technology, equipment and capital reserves	-	1,295,884
Department and program surpluses	539,970	346,367
<u>Nature of constraints on the funds</u>		
Ministry of Education -		
Indigenous Education	943,350	653,169
Special Advisory Committee	75,000	75,000
2020/21 Operating Holdback Carryover	224,120	396,173
Specific Purpose Grant Funding	496,596	675,600
Recreation trusts and other funds	173,702	145,976
<u>Anticipated unusual expenses identified</u>		
Building Stronger Schools	-	350,000
Total Available for Future Operations	\$ 5,160,902	\$ 8,475,727

Special Purpose Fund Surplus Analysis

It is important to note that the district does not classify the unspent funding in the special purpose funds as surpluses. Due to the third party restrictions on the use of the unspent funds and the potential for having to repay them, the district reports unspent funds in the Special Purpose funds as Deferred Contributions and reports them as a liability on the financial statements.

Capital Surplus Analysis

Capital Fund	2021/22 Actual	2020/21 Actual	\$ Variance	% Variance
Revenue	\$ 9,425,114	\$ 10,305,596	\$ (880,482)	-8.54%
Expenses	8,479,177	9,173,838	(694,661)	-7.57%
Surplus (deficit) for the year	\$ 945,937	\$ 1,131,758	\$ (185,821)	
Transfers (to) from other funds	3,038,954	2,353,471	685,483	29.13%
Total surplus (deficit) for the year	\$ 3,984,891	\$ 3,485,229	\$ 499,662	
Surplus, beginning of year	-	(1,110,411)	1,110,411	
Prior Period Adjustment	36,871,713	34,496,895	2,374,818	
Surplus, end of year	\$ 40,856,604	\$ 36,871,713	\$ 3,984,891	

Capital fund - surplus	2021/22	restated 2020/21
Investment in tangible capital assets	\$ 39,934,626	\$ 36,871,713
Capital assets		
Cost	\$266,254,615	\$259,531,564
Accumulated amortization	121,540,634	116,335,373
Net	\$144,713,981	\$143,196,191
Add:		
Accounts receivable	490,371	1,446,337
	\$145,204,352	\$144,642,528
Less:		
Deferred capital revenue	\$104,786,607	\$106,331,730
Deferred contributions	293,632	360,326
Accounts payable	104,112	361,397
Due to operating fund	85,375	717,362
	\$105,269,726	\$107,770,815
Net investment in capital assets	\$ 39,934,626	\$ 36,871,713
Local capital	\$ 921,978	\$ -
Equipment replacement reserve	200,000	-
Vehicle replacement reserve	53,000	-
Technology reserve	668,978	-
	\$ 921,978	\$ -
Total Capital Surplus	\$ 40,856,604	\$ 36,871,713

Financial Health

Liquidity

Liquidity is measured by taking financial assets over liabilities excluding deferred capital revenue. A liquidity ratio of greater than one is desirable as this means that the District can pay current liabilities as they are due. A liquidity ratio of less than one indicates that the District will potentially struggle to meet short term obligations. A higher liquidity ratio means that the District can meet its short-term obligations and can better respond to changing circumstances.

Liquidity	2017/18	2018/19	2019/20	2020/21	2021/22
Financial Assets	\$ 38,248,538	\$ 34,938,652	\$ 29,554,598	\$ 32,099,254	\$ 27,397,972
Financial Liabilities *	\$ 19,590,620	\$ 21,764,497	\$ 23,413,986	\$ 23,585,390	\$ 21,237,617
Liquidity	1.95	1.61	1.26	1.36	1.29

* adjusted for deferred capital contributions

Accumulated Surplus to Revenue

The chart below shows the District's operating revenues and accumulated net operating surplus over a five-year period. The five-year trend shows a decrease in the total surplus in dollars and as a percentage of revenue until the 2021/22 school year. The decrease over time is due primarily to a focus by the Board on using surplus funds for specific expenditures in order to meet the needs of the district.

Total Accumulated Operating Surplus to Revenue	2017/18	2018/19	2019/20	2020/21	2021/22
Operating Revenue	\$ 135,386,063	\$ 139,597,932	\$ 145,296,288	\$ 147,666,845	\$ 149,980,775
Accumulated Surplus	\$ 17,060,076	\$ 12,227,900	\$ 6,078,000	\$ 8,475,727	\$ 5,160,902
Percentage	12.60%	8.76%	4.18%	5.74%	3.44%

Accumulated Amortization of Assets

The accumulated amortization to assets ratio is a financial measurement tool that calculates the age, value and remaining useful life of a fixed asset. A low ratio may indicate that the assets have plenty of life left while a high ratio could indicate that asset will need replacement in the near future.

The ratios below suggest that significant investments have been made in buildings over the past five years, including the construction of a secondary school, which has had the effect of reducing the ratio over time. Investments in Furniture and Equipment over the past five years have also served to reduce the ratio over time. The ratios also indicate that the District made investments in computer hardware and software in beginning in 2017/18.

Accumulated Amortization to All Assets					
	2017/18	2018/19	2019/20	2020/21	2021/22
Gross Assets *	\$211,831,044	\$228,241,592	\$248,571,847	\$239,102,117	\$266,254,615
Accumulated amortization **	\$114,021,223	\$117,201,931	\$121,210,782	\$113,080,866	\$121,540,634
Ratio	0.54	0.51	0.49	0.47	0.46

* assets valued at \$8,087,538 were acquired during the current year

** current year amortization was \$6,569,748

*** during the year there were deemed disposals valued at \$1,364,487

Accumulated Amortization to Buildings					
	2017/18	2018/19	2019/20	2020/21	2021/22
Gross Assets *	\$201,192,039	\$217,577,880	\$236,701,730	\$226,239,284	\$229,194,846
Accumulated amortization **	\$109,186,120	\$113,039,700	\$116,878,198	\$108,496,152	\$115,456,341
Ratio	0.54	0.52	0.49	0.48	0.50

* there were no building additions in the current year

** current year building amortization was \$4,647,955

Accumulated Amortization to Furniture and Equipment					
	2017/18	2018/19	2019/20	2020/21	2021/22
Gross Assets *	\$ 6,223,525	\$ 5,835,557	\$ 5,985,145	\$ 6,880,171	\$ 7,032,272
Accumulated amortization **	\$ 3,297,106	\$ 2,484,273	\$ 2,249,720	\$ 2,349,994	\$ 3,010,126
Ratio	0.53	0.43	0.38	0.34	0.43

* furniture and fixtures valued at \$531,597 were acquired during the current year

** current year furniture and equipment amortization was \$695,622

*** during the year there were deemed disposals of furniture and fixtures valued at \$379,496

Accumulated Amortization to Computer Hardware and Software					
	2017/18	2018/19	2019/20	2020/21	2021/22
Gross Assets *	\$ 4,415,480	\$ 4,828,155	\$ 5,884,972	\$ 5,982,662	\$ 6,220,916
Accumulated amortization **	\$ 1,537,997	\$ 1,677,958	\$ 2,082,864	\$ 2,234,720	\$ 3,068,354
Ratio	0.35	0.35	0.35	0.37	0.49

* computer hardware valued at \$1,223,245 were acquired during the current year

** current year furniture and equipment amortization was \$695,622

*** during the year there were deemed disposals of computer hardware valued at \$984,991

RISKS AND UNCERTAINTIES

Strategic Plan

The changeability and unpredictability brought on by the pandemic has greatly impacted the education system for kindergarten to grade 12. In these uncertain times, the District looks to its vision, mission, and core values as defined in the District's strategic plan. More details on the strategic plan and highlights of accomplishments can be found on the website at:

[2021.07.18 Strategic Plan 2021-2026 Revised.pdf \(sd57.bc.ca\)](#)

Implementation of Restored Collective Agreement language

In the fall of 2016, the Supreme Court of Canada (SCC) issued its decision in the longstanding litigation between the BCTF and the BC government regarding the removal of certain collective agreement provisions. On January 11, 2017, the Ministry of Education (MOE), the BC Public Schools Employers Association (BCPSEA) and the BC Teachers Federation (BCTF) signed a Memorandum of Agreement re: Letter of Understanding (LoU) No. 17: Education Fund and Impact of the Court Cases – Priority Measures as the first step in responding to the decision of the SCC. On March 10, 2017, the MOE, the BCPSEA and the BCTF ratified a Memorandum of Agreement pursuant to Letter of Understanding (LoU) No. 17 (“the MoA”), to the 2013-2019 BCPSEA–BCTF Provincial Collective Agreement.

The Memorandum of Agreement fully and finally resolves all matters related to the implementation of the SCC decision from the fall of 2016. Since March 2017, steps have been taken by the District to ensure that the terms agreed to in the Memorandum of Agreement pursuant to Letter of Understanding (LoU) No. 17 (“the MoA”) are implemented for the 2017/18, 2018/19, 2019/20, 2021/22 and 2022/23 school year. This will result in additional teacher salaries and benefits and related overhead costs for the upcoming year. It is anticipated that this additional revenue may not cover all costs related to implementation which is a potential risk to the financial position of the school district. Stringent oversight and analysis will be implemented to understand, communicate and mitigate the financial risks associated with this continued implementation.

Aging infrastructure

Existing school district budget allocations are not sufficient to support the procurement, maintenance or timely replacement of school district assets. This means that IT hardware is not refreshed on a regular basis, the deferred maintenance for School District No. 57 facilities continues to grow and the facility condition index for school district facilities continues to deteriorate. Any major equipment failures during 2022/23 must be funded from the contingency reserve.