



School District No. 84 (Vancouver Island West)
MANAGEMENT DISCUSSION AND ANALYSIS

Year ended June 30, 2022

Contents

Introduction	Page. 1
Composition of the Financial statements	Page. 2
Statement of Financial Position	Page. 3
Statement of Operations	Page. 6
Summary and other Significant Matters	Page. 10
Contacting Management.....	Page. 11

Introduction

This is a discussion and analysis of the financial performance of School District 84 (Vancouver Island West) (the 'District') 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 preparation of this financial statement discussion and analysis is management's responsibility. All dollar amounts are reported to the nearest thousand.

Located in the Western part of Vancouver Island – directly west of Campbell River, the District serves the communities of Gold River, Zeballos, Tahsis, and Kyuquot. The District provides educational services to approximately 300 students. These services include: a robust international program, outdoor education, and continuing education programming.

The statements illustrate in financial terms, how resources have been allocated and consumed during the fiscal year.

Composition of the Financial Statements

The two key audited statements are:

- The **statement of financial position**, 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**, which summarizes the revenues received and expenses incurred between July 1, 2021 and June 30, 2022. This statement provides a breakdown of the funding received by the school district and how that funding was expended.

The **Statement of Changes in Net Financial Assets** (Debt), the **Statement of Cash Flows** 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 – not restricted by the Ministry of Education (Schedule 2);
- Special Purpose Funds- certain parameters placed on spending (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 and Child Care. These schedules provide additional details specific to each of these areas. The balances reported in the schedules, are combined with the operating information to provide a complete financial statement picture.

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 expenditures do not exceed the total of budgeted revenue and any surplus in the operating fund is carried forward from previous years. Legislation does not permit school districts to budget for a deficit.

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

The Special Purpose Funds account for grants and contributions that are directed towards specific activities. As these are targeted grants, any unspent funding is accounted for as deferred revenue, not as accumulated surplus.

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

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

Statement of Financial Position

Financial Assets

Financial assets are assets available to discharge existing liabilities or finance future operations. Overall, there was an increase in cash due to an operating surplus of \$1.8 M a portion of which (\$1.5M) was then transferred to local capital for a specific purpose. The surplus will be discussed later in the report.

In Thousands	2022	2021	Change
Cash	\$ 5,571	\$ 4,602	\$969
Accounts Receivable -LEA	\$ 0	\$ 0	\$0
Due from Others	\$ 160	\$ 117	\$43
Total	\$5,732	\$4,719	\$ 1,012

The accounts receivable main difference was the accrual for the ventilation funding coming from the MOECC to support better air quality in classrooms.

Portfolio investments which are held by the Ministry as the rates of return are equal to or better than the bank is able to offer. The rates in June were 2.2% and 761,955.00 was deposited with the Ministry. The District plans to increase this amount as the cash on hand is not required at the current levels.

Liabilities

Liabilities represent obligations that have been incurred by the district. Total liabilities increased from the prior year by \$68,000. The change in the District liabilities is not significant, however, the makeup of the liability has changed. The current liabilities decreased by \$513,000, while the capital deferred revenue increased by \$633,000. The increase in deferred capital revenue is due to the number of capital projects undertaken, particularly in the last year in Kyuquot Elementary Secondary School with the completion of the modular units.

In Thousands	2022	2021	Change
AP and Accrued Liabilities	\$710	\$ 1,221	\$(511)
Employee Future Benefits	\$44	\$ 40	\$4
Unearned Tuition Benefits	\$ 72	\$ 129	\$(57)
Deferred Revenue	\$ 461	\$ 461	\$0
Deferred Capital Revenue	\$15,912	\$15,279	\$633
Total	\$17,200	\$17,131	\$69

Accounts Payable and Accrued Liabilities is comprised of trade payables, payroll deductions outstanding, and accumulated employee vacation and accrued wages payable. The major change to this figure is simply due to timing differences and where capital projects happen to be at the year end. There was not as much work underway at this time this year as was happening last year accounting for greater payables in the prior year.

Employee future benefits is a provision made for liabilities that continue to accrue for employee retirement benefits including vested sick leave; also sets up for accumulating non-vested sick leave, early retirement, severance, vacation, overtime and death benefits.

Unearned tuition fee revenue are payments received from international students in advance of attendance in the following year. Depending on when students register reflects the timing of payments received by year end; it represents fewer early enrolments of international students for next year. This last year the District had six full year students and a larger number of three month stays (which totaled approximately nine FTE). The program could be quite a bit larger, but finding appropriate home stay situations is challenging in small communities.

Deferred revenue are the monies left unspent in the Special Purpose funds. The restricted revenue for specific programs includes such programs as Community Link, Strong Start, Ready Set Learn, Learning Improvement funds, BC Transportation funds, Mental Health Grant, Capacity Building, annual facility grants and the largest restricted fund Classroom Enhancement funds. Also included are restricted funds not from the Ministry of Education and Child Care including School Fund revenue, the housing (teacherage) program and donations when we have

them. Deferred revenue is not recognized until related expenses are incurred.

Deferred capital revenue is revenue to be amortized over the life of the related capital assets. During the year, deferred capital contributions increased by \$ 633,000 (1.3 Million last year). The increase would have been greater – closer to \$1 Million, but due to a change in accounting policy – moving to the generally accepted accounting principal of the half year rule, the District reported an additional amortization of the deferred revenue of \$333,000.

Non-financial Assets

Non-financial assets increased by \$748,000 due to the robust capital program including CNCP, SEP projects at RWES, KESS and CMES and GRSS.

In Thousands	2022	2021	Change
Tangible Capital Assets	\$20,778	\$20,015	\$763
Prepays	\$ 12	\$ 27	\$ (15)
Total	\$20,790	\$20,042	\$ 748

Capital assets include land, buildings, construction projects in progress, furniture, vehicles and computer hardware and software. The assets purchased totaled \$1.7 Million mostly spent on modular units, day care and school enhancement work at various schools to upgrade the mechanical and electrical systems as well provide other renovations.

Again, with the change in accounting policy to the half year rule, the prior period adjustment was \$460,000 which if not effected, would mean that the overall tangible asset increase would have been \$1.2 M, which is likely more in line with what would be anticipated based on the work performed.

Accumulated surplus

Operating surplus totalled \$1,479,000 of which the District moved \$1.5 M to local capital for a new gymnasium at Kyuquot. Accumulated surplus therefore decreased by \$22,000.

Last year, the District had an operating surplus of \$793,000, after a transfer of \$200,000 to local capital. The transfer was spent on a mini bus and a truck.

In Thousands	2022	2021 Recast	Change
Operating	\$2,100	\$2,122	\$(22)
Capital	\$7,221	\$5,508	\$1,713
Total	\$9,321	\$7,751	\$1,691

Accumulated surplus represents the Board's residual interest in its assets after deducting liabilities. The operating balance is available to fund operations as it is carried over for future use. Some of these funds are restricted for professional development and school surpluses, but the majority is there to assist with new initiatives or provide a cushion for emergent needs. Local capital now totals \$1,819,256 (last year-\$341,659) which will be used for photocopier rejuvenation, new computer equipment, vehicles, capital projects required but not funded by the Ministry as well as other on-going expenses that need to be planned for.

This year, the District had another significant surplus. This surplus was due to a number of factors. The District received a significant amount of funds through special purpose grants which negated the need for spending out of operations. There was a notable reduction in spending on substitutes mainly due to hiring First call TTOC's on a full-time basis. We had still budgeted for this cost though. The District saw a return to travel and professional development to pre-Covid levels, but significant amounts were not spent from supplies. (\$750,000 left in supplies budget). Revenues were also up over budget by \$356,00 due to a few unforeseen grants and recovery of staffing costs for seconding staff to VIU and the Nation paying for some staff in Kyuquot.

The district was also provided with substantial COVID grants which assisted heavily in providing additional supports to the system that otherwise would have had to have been paid out of the regular operating fund.

Statement of Operations

The statement of operations is a consolidation of revenues and expenditures of the operating, capital, and special purpose funds. Each of these funds is discussed separately below.

Consolidated revenues from all sources decreased to \$13.181 Million from \$13.198 Million in 2021. 56% of total revenue is generated from the Ministry of Education and Child Care, 36% is from our First Nations LEA (up from 30% which shows a growing Indigenous population) and the balance 8% comes from several different sources such as from international students fees, investment revenues and amortization of deferred capital revenue.

In Thousands	2022		2021 Recast	
Ministry Grants	\$7,383	56%	\$8,510	64%
Gain on Sale	\$ 140	1%	\$ 0	0%
Tuition	\$216	2%	\$ 119	0%
Local Education Agreement Revenue	\$4,715	36%	\$3,888	30%
Investment Income	\$ 36	0%	\$ 29	0%
Amortization of Deferred Capital Revenue	\$691	5%	\$653	6%
Total	\$13,181	100%	\$13,199	100%

Operating Fund Revenue

The District received \$5.8 Million (l/y-\$6.5 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. Tuition was almost \$217,000 which is almost double the previous year which was down last year due to the COVID 19 pandemic. Overall operating revenue increased \$50,000 over the previous year.

As can be seen, in terms of how funding is generated, the major change from the prior year were the funds received for special purposes. Overall the District received \$194,000 less in targeted funds than the prior year- \$330,000 of Federal COVID funds were only provided last year.

June 20, 2021 represented the District's last year with the Nanaimo programs, which means that the District experienced a significant enrolment decline with the loss of the programs and a resulting decline in funding- from 443 students to 270 funded students. This has put the District into funding protection which has assisted in maintaining appropriate funding for the remaining schools.

Overall revenues decreased by \$17,000 from the prior year and increased by \$541,000 from budget (Sale of teacherage of 140,000+ tuition fee diff of 100,000+additional MOECC grants including equity of \$88,000 and additional federal funding for a greater enrollment of Indigenous students).

The decrease is due to the overall enrollment decline but which was supplemented by additional grants from various sources.

Operating Fund Expenditure

Expenditure in the operating fund decreased by \$414,000.

In Thousands	2022	2021	Amended Budget	Variance from Prior Year	Variance from Budget
Teachers	\$2,170	\$2,351	\$2,265	\$(181)	\$ (95)
Principals/Vice Principals	\$ 1,518	\$ 1,555	\$ 1,361	\$ (37)	\$157
Education Assistants	\$298	\$ 317	\$ 266	\$ (19)	\$ 32
Support Staff	\$ 658	\$ 673	\$ 906	\$ (15)	\$(248)
Excluded Staff	\$ 495	\$ 396	\$ 491	\$ 99	\$ 4
Substitutes	\$ 109	\$ 171	\$ 487	\$ (62)	\$ (378)**
	\$5,248	\$5,463	\$5,778	\$(215)	\$(528)
Employee Benefits	\$1,169	\$1,258	\$ 1,420	\$(89)	\$(251)
Service and Supplies	\$2,292	\$2,402	\$ 2,957	\$(110)	\$ (665)
Total Expenditures	\$3,461	\$3,660	\$4,377	\$(199)	\$(916)

- Substitute salaries are underspent significantly. This was mainly due to hiring first call TTOC's which are charged to regular teaching staff as they are full time. These staff members were available at each site and filled in when staff were away on short and long term leaves of absence. The system has been effective as it has meant staff have been available to cover when required. The plan is to continue with this model.
- The large change in supplies and services is not having the rental cost associated with the Nanaimo programs. This amounted to approximately \$400,000 less in expenses. With the opening up of the world after COVID shut downs, we saw increases in spending in travel and professional development. There was less spent on supplies and services likely mainly due to the reduction in the Nanaimo programs.

Teacher salaries decreased by \$181,000 from prior year again due to the removal of the Nanaimo programs from the District. Principal and vice principal salaries remained stable as the two principals from the Nanaimo programs remained on staff to provide additional supports for the students in the rest of the District. In fact one of the principals was partially seconded to VIU to provide supports to them along with one teacher. These two staff members were budgeted but their costs were offset by a grant from VIU.

Benefits decreased by \$89,000 from the prior year due to less staff being hired and coded to operating. The amount is in line percent wise with the previous year.

Services and supplies represent 26% of operating expenditure which is comparable to the prior year. Compared to prior year, there is a decrease of \$110,000 in spending. The budget is generally higher as the school surpluses are added back and are generally not all spent.

Special Purpose Fund

Special purpose revenues are restricted grants designated for specific purposes or programs.

Overall revenues increased by \$50,000 over budget due to ventilation funding that the District was asked by the MOECC to accrue. The reduction in revenue over last year is mainly due to the decrease in Federal aid sent to the province to assist with one time COVID costs.

The other revenue increase was due to greater spending out of the Principal's trust account.

In Thousands	2022	2021	Amended Budget	Variance from Prior Year	Variance from Budget
Ministry of Education	\$1,630	\$1,956	1,618	\$(326)	\$ (26)
Other Revenue	\$208	\$126	\$170	\$82	\$ 76
Total Revenues	\$1,838	\$2,082	\$1,788	\$(244)	\$50

In Thousands	2022	2021	Amended Budget	Variance from Prior Year	Variance from Budget
Instruction	\$1,703	\$1,862	\$1,660	\$ (1 5 9)	\$ 4 3
Operations	\$ 135	\$ 219	\$ 128	\$ 84	\$ 7
Total Expenditures	\$1,838	\$2,082	\$1,788	\$ (75)	\$ 5 0

Virtually all expenditures in this fund are spent on instruction. As you can see, the revenue and expenses match as this is how targeted funds are accounted for. The largest contribution is from Classroom Enhancement funds received - \$850,000 for teacher staffing. This amount has to be spent otherwise it is clawed back by the Ministry. The District accounted for the total spending which was used to meet the class size and composition language

Capital Fund

During the year, the District spent \$1.7 Million to complete several capital projects, \$1.4M to upgrade the facilities – mainly the modular classrooms in Kyuquot, \$164,000 on vehicles (mainly a mini bus) and \$117,000 on furniture and equipment. The Ministry of Education funded \$1.2M of these projects.

Capital fund balances at year end are as follows:

In Thousands	2022	2021	Change
Restricted Capital Balance	\$ 107	\$ 107	\$ 0
Other Provincial Capital	\$ 3	\$ 3	\$ 0
Bylaw Capital	\$ 397	\$ 292	\$105
Local Capital	\$1,819	\$342	\$1,477
Total	\$2,326	\$744	\$1,582

Restricted capital represents the Ministry of Education's portion (75%) of the proceeds on disposal of land and buildings. Spending of this money must be approved by the Ministry and used for capital projects or site purchases.

Bylaw capital is funding approved and available for capital projects to the end of March 2022. The increase from prior year is a timing difference of when funds were transferred from the Ministry to the District and when the funds were spent.

Local capital is funds restricted by the Board for the purchase of capital assets. During the year, \$1,500,000 was transferred to meet the future capital needs of the board, including the building of a full size gym in Kyuquot Elementary Secondary School. The District purchased a truck and a minivan from the fund this year.

Summary and Other Significant Matters

The District submitted a balanced budget to the Ministry of Education for the 21/22 school year that will continue to deliver the mix of programs and services currently offered to students in our schools. Moving into 2022/23 and beyond, there are several factors that may impact the District's operations and financial position.

The Year Ahead:

- The Framework for Enhancing Student Learning was completed and money is set aside from surplus reserve to enhance programming to improve student results

- The International student program has rebounded as we hopefully see the end of the impacts of the pandemic.
- We are not anticipating any increases in enrolment in the Gold River catchment area in the near future so we anticipate being in funding protection for the foreseeable future.
- Staff recruitment is still one of our top priorities and is an on-going challenge to find qualified staff who are interested in working in remote locations particularly as TTOC's. In the past year we had full time TTOC's at each site which assisted in filling in teacher absences. It seems to be a successful initiative so will be continued.
- The First Nations Education Liaison Committee is committed to monthly meetings and a third EA through the Equity Scan process.
- The District is undertaking a novel approach to teacher staffing: the District is teaming with VIU to train local and First Nations individuals to become teachers and teach in the District. This will very likely support retention of staff and provide the diversity and equity the District needs considering the large numbers of Indigenous students in the District.

Contacting Management

This financial report is designed to provide a general overview of the School District's finances and to demonstrate accountability for the public funds received by the School District.

If you have questions about the financial report, please contact the Office of the Superintendent/Secretary Treasurer at 250-283-2241.

You can also find additional information on the District and its strategic vision on our web site: www.sd84.bc.ca