



Powell River School District

Financial Statement Discussion and Analysis

2021/2022

Introduction

The following Financial Statement Discussion and Analysis should be read in conjunction with the audited financial statements and accompanying notes for School District No. 47 (Powell River) 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

Overview of School District 47

School District No. 47 is situated in a beautiful coastal community on the Upper Sunshine Coast in the qathet Regional District and on the traditional territory of the Tla'amin Nation. Just over 130 km from Vancouver, BC, Powell River is surrounded by forest, mountains, and many freshwater bodies of water and is part of the coastal mountain range. With the Pacific Ocean to its west, the region enjoys a temperate climate. The qathet Regional District currently has a population of 20,070 (Statistics Canada: 2016 Census).

The District serves approximately 3,000 students in four K-7 elementary schools, one dual track K-7 elementary school, one remote island K-7 elementary school, one K-12 online learning school, two alternate schools, and one 8-12 secondary school.

A number of additional program opportunities are provided including Before and After School Care, Early Learning and Strong Start Programs, French Immersion, ƳaƳuθəm Language, Dual Credit Academics and Trades, an International Student Program as well oversees an Auditory Outreach Program on behalf of the Province.

All decisions made by the Powell River School District are guided by its vision and core values and based on research and consultation. Similarly, the district's initiatives and resources are aligned to support its commitment to fostering a culture of care and belonging where the well-being and success of all learners is supported; providing intentional support for a growth mindset, collaboration, interdependence, and staff development; and being a forward-thinking, research-based, ethical, effective, efficient, sustainable, and connected organization.

Our Vision

To enable all learners to develop their individual potential and to acquire the knowledge, skills and attitudes needed to contribute to a healthy, democratic, and pluralistic society.

Our Mission

To prepare students, within a safe, inclusive, and dynamic environment to face a changing world as lifelong learners and informed, responsible citizens.

Our Values



Strategic Priorities and Goals

The strategic priorities and goals for the Powell River School District are established on a rolling four-year planning cycle and are summarized in departmental operational plans and school growth plans. The board-approved plan supports the specific strategic goals identified in operational plans and school growth plans.

For 2021/2022 specifically, the Board supported the allocation of resources in support of:

Literacy and Numeracy

Counselling and Mental Health

Family Supports

Indigenous History, Culture and Language

Libraries

Applied Design, Skills and Technologies

Technology

Health and Safety of Students and Staff

Enrolment

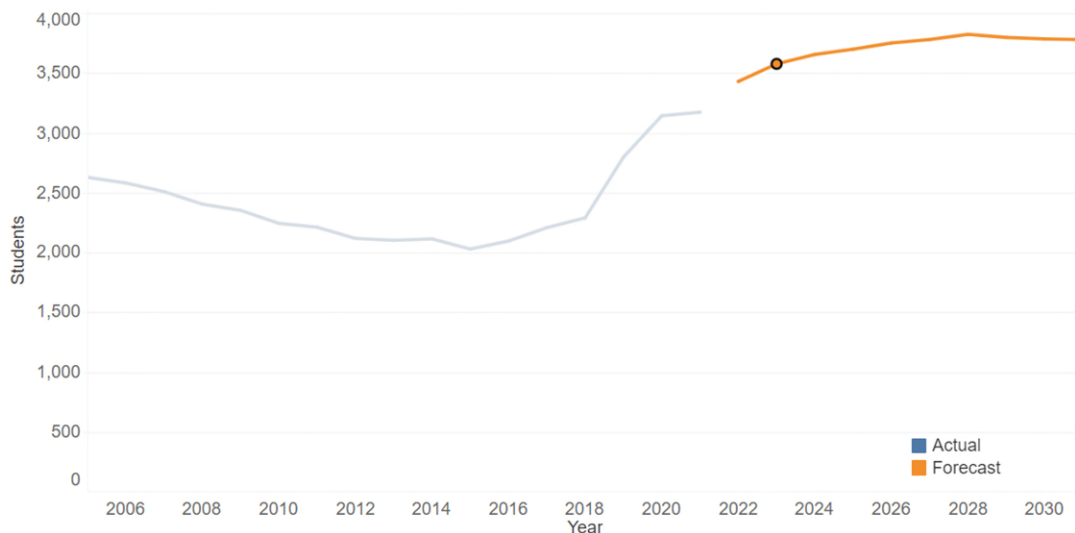
The Powell River School District is funded primarily through an operating grant received from the Ministry of Education. The operating grant is based on student enrolment which is compiled through a data collection process in September, February, May and July. The District receives a fixed amount per full-time equivalent student (FTE). The School District also receives supplementary grants for students who are identified as having unique needs and for other demographic and unique geographical factors. District staffing levels are driven directly by student enrolment. Since salaries and benefits make up almost 80 percent of District expenses, reliable enrolment data is essential for financial planning.

Number of Students Across All Grades 2021/22

Student Group	K	1	2	3	4	5	6	7	8	9	10	11	12	Others	Total
All Students	224	230	265	262	241	265	259	230	229	198	253	211	292	15	3,174
Indigenous	18	18	41	32	29	35	30	43	37	31	39	28	39	msk	422
Students With Special Needs	msk	msk	34	39	37	56	47	56	63	57	65	54	79	msk	604

*Other includes elementary ungraded, secondary ungraded, and graduated adults in the school system

Student Enrolment Over Time



Understanding School District 47 Financial Statements

The District uses fund accounting and deferral accounting and each of its funds has certain restrictions in accounting for funds received and expended. These methods are primarily used in the public sector where the goal is to avoid budget deficits while providing the greatest benefit to the public by strategically allocating the resources that are available. In this respect, school districts are expected to ensure that available funds are being used in the most efficient way possible to maximize the potential benefit of each dollar and in the specific manner for which they were intended.

The District's financial statements include the following audited statements:

- **Statement of Financial Position (Statement 1)**
- **Statement of Operations (Statement 2)**
- **Statement of Changes in Net Financial Assets (Debt) (Statement 4)**
- **Statement of Cash Flows (Statement 5)**

The notes to the financial statements provide information regarding the District's accounting policies and details what is included in the account balances in the financial statements. Following the notes to the financial statements are supplementary unaudited schedules that provide information about the individual funds.

Changes in Accumulated Surplus (Deficit) (Schedule 1)

Summarizes the surplus (deficit for the year and accumulated surplus amounts for each of the three funds (Operating, Special Purpose, and Capital Funds).

Operating Fund (Schedule 2)

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

Special Purpose Fund (Schedule 3)

The special purpose fund is comprised of separate funds established to track revenue and expenditures received from the Ministry of Education and other sources that have restrictions on how they may be spent (e.g. Classroom Enhancement Fund, Annual Facilities Grant, Community LINK, Ready Set Learn and School Generated Funds).

Capital Fund (schedule 4)

The capital fund includes capital expenditures related to facilities and equipment that are funded by Ministry of Education capital grants, operating funds, and special purpose funds. An annual deficit in the capital fund that is a result of amortization expense and budgeted capital assets purchased from operating and special purpose funds exceeding the amortization of deferred capital revenue plus budgeted local capital revenue is permitted under the Accounting Practices Order of the Ministry of Education.

Financial Highlights

92% of the School District's operating revenue comes from the Ministry of Education. The amount of funding is determined through an allocation formula that considers student enrollment and various other supplements including recognition of the unique geographic needs of our region. The balance of operating revenue consists of International Student fees, funding through our local education agreement with the Tla'amin Nation, a funding agreement with School District 93, support from the Industry Training Authority as well as some building leases, investment income and other miscellaneous revenues.

Salary and benefit costs continue to account for almost three quarters of the organizations operating costs with the remainder spent on various services, supplies and utilities.

Below is a summary list of considerations that influenced the organizations financial outlook for the school year including significant planned and unplanned expenditures of note.

Summary of Significant Events

Enrolment and Revenue

- Total annualized enrolment of approximately 3,100 students includes enrolment of over 30% in a blended online learning program
- 22% of the operating grant from the Ministry of Education and Childcare was derived from the supplement for Unique Student Needs
- International Student enrolment returned to pre pandemic levels

Service Delivery and Spending

- Before and After School Programming introduced at elementary schools
- Significant resources added to ensure a robust offering of healthy food choices for students in need
- The position of District Principal of Indigenous Education was created along with other Indigenous focused supports
- Elementary Vice-Principal position was added to Edgehill Elementary
- Creation of a Director of Communications position
- Engaged a consultant to assist with the overhaul of the district policy and procedure manuals

Capital Works and Equipment Replacement

- Completion of an LED lighting upgrade and installation of a solar system at Brooks Secondary
- Replacement of the all-weather artificial field at Brooks Secondary
- Completed renovations on Texada to accommodate future early learning or daycare programming
- Expanded playgrounds at each of Henderson, Westview and Texada Elementary Schools
- Installation of car charging stations at Kelly Creek Community School, Oceanview Education Centre and at Edgehill, and James Thomson Elementary Schools
- Replaced the roofing systems at Edgehill and James Thomson Elementary

- Replaced the bleachers and divider curtain at Brooks Secondary
- Completed the outdoor classroom at Henderson Elementary and started construction of another at Edgehill Elementary
- Expanded the inventory of outdoor furniture at multiple school sites

COVID-19 Related

- Staffing included daytime custodial services in every school building
- PPE made available to students and staff
- Continued utilization of Merv 13 filters
- Installation of auto flush valves in washrooms throughout the district
- Utility costs reflective of pandemic related measures to improve indoor air quality

Financial Analysis of the School District

Statement of Financial Position

	2022	2021	Variance \$	Variance %
Financial Assets				
Cash and Cash Equivalents	9,247,733	7,418,399	1,829,334	25 %
Accounts Receivable - MOECC	50,000	142,338	(92,338)	(65 %)
Accounts Receivable - Other	200,505	186,313	14,192	8 %
Total Financial Assets	9,498,238	7,747,050	1,751,188	23 %
Liabilities				
Accounts Payable	2,468,363	2,196,740	271,893	12 %
Unearned Revenue	472,429	515,518	(43,089)	(8 %)
Deferred Revenue	832,548	568,191	264,357	47 %
Deferred Capital Revenue	38,025,548	36,580,467	1,448,081	4 %
Employee Future Benefits	817,819	788,119	29,700	4 %
Total Liabilities	42,616,863	40,649,035	1,967,828	5 %
Net Debt	(33,118,625)	(32,901,985)	(216,640)	1 %
Non-Financial Assets				
Tangible Capital Assets	46,874,255	46,035,013	839,242	2 %
Prepaid Expenses	113,505	90,289	23,216	26 %
Total Non-Financial Assets	46,987,760	46,125,302	862,458	2 %
Accumulated Surplus	\$ 13,869,135	\$ 13,223,317	\$ 645,818	5 %

- Increased cash balances due in part to increased accumulated surplus as well as unspent funds associated with prospective daycare buildings, construction of which has been delayed

Income Statement

Revenues

The tables below summarize actual operating revenues and expenditures as compared to budgeted:

	Actual	Budgeted	Variance
Operating Grant, Ministry of Education	\$ 33,510,757	\$ 33,011,404	\$ 499,353
Other MOE Grants	437,309	419,130	18,179
Provincial Grants - Other	145,872	100,000	45,872
International Tuition	1,192,761	975,000	217,761
Other Education Authorities	129,477	118,275	11,202
First Nations (LEA)	974,724	877,909	96,815
Miscellaneous Revenues	317,593	82,000	235,593
Rentals	143,648	97,400	46,248
Interest	49,191	32,500	16,691
Total Operating Revenue	\$ 36,901,332	\$ 35,713,618	\$ 1,187,714

- Higher than forecasted DL and students with unique needs account for much of the additional government grant revenue

Expenses

	Actual	Budgeted	Variance
Salaries			
Teachers	\$ 12,122,027	\$ 12,095,475	\$ 26,552
Principals & Vice-Principals	2,019,687	2,008,125	11,562
Education Assistants	2,065,719	2,203,931	(138,212)
Support Staff	2,738,334	2,748,477	(10,143)
Other Professionals	1,576,031	1,824,628	(248,597)
Substitutes	1,226,938	1,238,571	(11,633)
Total Salaries	21,748,736	22,119,207	(370,471)
Employees Benefits	4,833,000	4,962,237	(129,237)
Total Salary and Benefits	26,581,736	27,081,444	(499,708)
Services and Supplies	8,549,235	8,604,336	(55,101)
Utilities	815,444	660,000	155,444
Total Services and Supplies	9,364,649	9,264,336	100,313
Total Operating Expense	\$ 35,946,415	\$ 36,345,780	\$ (399,365)

Operating Surplus for the year	\$ 954,917	(\$ 632,162)	\$ 1,587,079
---------------------------------------	-------------------	---------------------	---------------------

- Education Assistant hours went unfilled because of a limited number of qualified staff
- Communication and Technology Director positions weren't filled until late in the year
- Director of Operations position was vacated and unfilled in the latter part of the year

Special Purpose Fund Contribution Summary

The special purpose fund is comprised of separate funds established to track revenue and expenditures received from the Ministry of Education and other sources that have restrictions on how the funds are spent. The following special purpose funds have been included in the 2021/22 audited statements:

Annual Facility Grant (AFG)	\$120,337	These funds are used throughout District schools to address ongoing maintenance and improvement needs.
Learning Improvement Fund (LIF)	\$113,245	Funding used specifically to augment Educational Assistants' hours providing additional support to complex learners.
School Generated Funds & Bursaries	\$1,122,015 <i>\$543,953 Deferred</i>	Funds that are generated locally at the school level and used for school operations and in support of students.
Strong Start	\$128,000 <i>\$11,376 Deferred</i>	Strong Start early learning centres provide school-based, drop-in programs for children aged birth to five and their parents or caregivers.
Ready, Set, Learn	\$14,700	Eligible RSL events for 3 to 5 year old's and their parents are hosted to support early learning.
Official Languages in Education French Programs (OLEP)	\$57,934	Funding for core French-language and Immersion programs and curriculum resources.
Community Link	\$209,303 <i>\$10,782 Deferred</i>	Funding for programs and initiatives to improve the education performance of vulnerable students, including both academic achievement and social functioning.
Classroom Enhancement Fund (CEF)	\$2,228,558	Eligible expenses includes teacher staffing, overhead staffing and equipment costs resulting from restoration of class size and composition language.
Ventilation Fund	\$50,000 <i>\$50,000 Deferred</i>	To improve ventilation in schools.
Auditory Outreach Program	\$1,470,761 <i>\$216,593 Deferred</i>	Auditory Outreach assists schools throughout the province address the needs of school-aged students through loans of assistive listening devices for individual students with hearing loss identified as needing this technology for school use.

Capital Funds

The Strategic Facilities Plan adopted by the Board in January 2021 identifies long term capital needs and acts as a guide when making applications to government in support of capital planning.

The District is required to submit a five-year capital plan to the Ministry of Education for additional funding for capital projects as described below.

Annual Facilities Grant (AFG) funds are used throughout District schools to address ongoing maintenance and improvement needs.

School Enhancement Program (SEP) projects 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 are investments that contribute to measurable emission reductions and operational costs savings expected as a result of completed projects.

Playground Equipment Program (PEP) projects are investments in new or replacement equipment that is universal in design.

Local Capital is a fund consisting of resources set aside by the Board targeted in support of capital needs not otherwise funded by the province. Examples of such investments include portable classrooms and equipment such as maintenance vehicles.

	2021/2022 Capital Spending
AFG (Capital Portion)	\$ 510,124
SEP	\$ 1,105,000
CNCP	\$ 220,000
PEP	\$165,000
Local Capital	\$595,460
Other – City of Powell River / Community Forest	\$269,150

- The section titled *Summary of Significant Events* includes information describing some of the projects undertaken as part of the capital plan

Future Considerations – Risks and Opportunities

COVID-19 – the ongoing impact on school operations and finances stemming from the COVID-19 pandemic, although diminishing, are ongoing.

Powell River schools are near, and in some instances, at capacity. With the active real estate market over the last few years there has been a slow but incremental increase in the local student population. The district may have to consider strategies such as changes to the current grade configuration or additional investments into portable classrooms in the not-too-distant future.

School Districts across the Province are continuing to face significant challenges in the recruitment and retention of qualified staff and School District 47 has been no different with several strategic positions taking longer than anticipated to fill, or in some cases remain vacant.

School District 47 was recently confirmed to be one of the select few Provincial Service Providers for Online Learning, this opportunity will keep the school District in growth mode for the foreseeable future.

Contacting Management

This financial report is designed to provide the School District's stakeholders with a more general but more detailed overview off the school district's finances and to demonstrate increased accountability for the public funds received by the school district. If you have questions about this financial report, please contact the Office of the Secretary-Treasurer at (604) 414 2604.