



School District 47

Financial Statement Discussion and Analysis

2022/2023

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 for the year ended June 30, 2023. 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 3,200 students in four K-7 elementary schools, one dual track K-7 elementary school, one remote island K-7 elementary school, a K-12 online learning school, an alternate school, 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, ʔaʔuθəm 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 School District 47 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, with this being the final year, 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 2022/2023 specifically, the Board supported the allocation of resources in support of:

Literacy and Numeracy

Counselling and Mental Health

Food & Family Supports

Indigenous History, Culture and Language

Libraries

Applied Design, Skills and Technologies

Technology

Before & After School Care

Enrolment

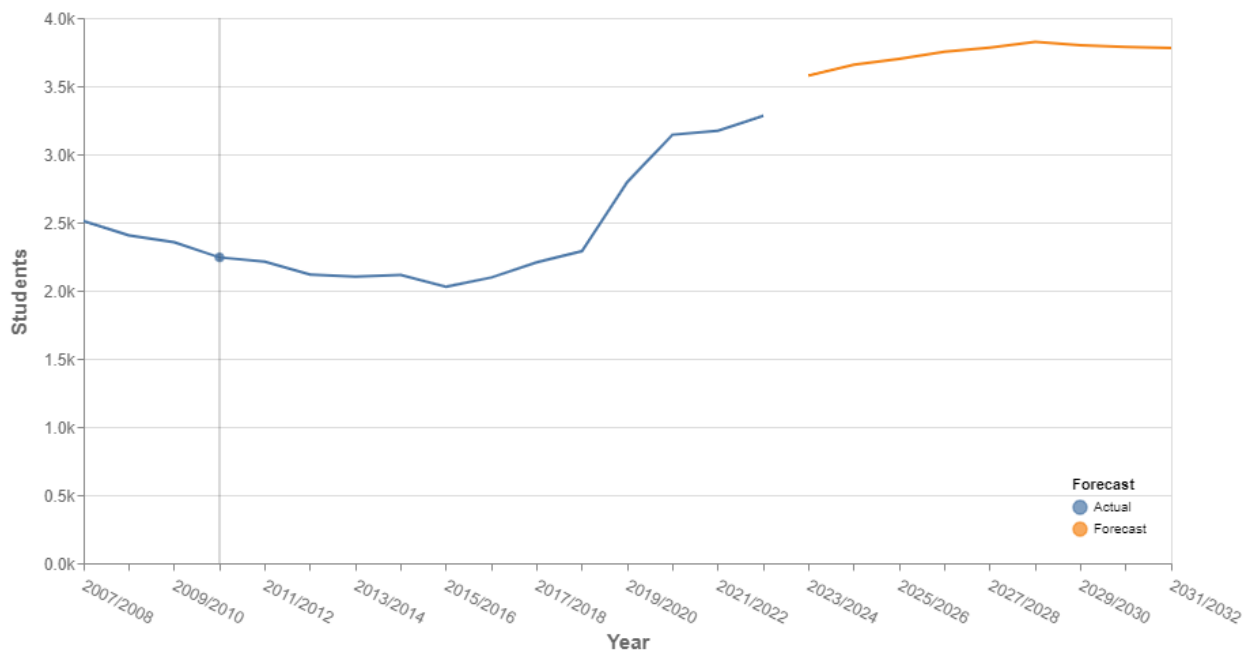
The Powell River School District is funded primarily through an operating grant received from the Ministry of Education. The operating grant is based on student enrolment which is compiled through a data collection process in September, February, May and July. The District receives a fixed amount per 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 75 percent of District expenses, reliable enrolment data is essential for financial planning.

Number of Students Across All Grades

Student Group	Total	Grades													
		01	02	03	04	05	06	07	08	09	10	11	12	K	Others
All Students	3,282	257	242	275	289	248	251	267	230	236	202	249	278	246	12
Diverse Needs	620	11	19	41	49	59	56	62	56	66	59	64	67	11	
Indigenous	474	29	32	45	33	37	39	40	50	35	34	36	33	27	

*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

93% 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 Tla'amin Education agreement, 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 3,200 students includes enrolment of over 35% in a blended online learning program.
- 25% of the operating grant from the Ministry of Education and Childcare was derived from the supplement for Unique Student Needs.

Service Delivery and Spending

- Before and After School Programming continued at elementary schools.
- Significant resources added to ensure a robust offering of healthy food choices for students in need.
- Education coordinator positions added the previous year were extended.
- A second Family Liaison position was added to assist with existing caseloads.
- Engaged a consultant to assist with the development of the Boards next strategic plan.

Capital Works and Equipment Replacement

- Significant resources allocated for the renewal of equipment in the commercial kitchen at Brooks Secondary School.
- Multiple service vehicles were acquired for the ongoing renewal of the existing fleet.
- Replaced roofing systems at Henderson and James Thomson Elementary.
- A solar system was added to each of Westview and Henderson Elementary Schools.
- LED lighting upgrade completed on Texada.
- Second and final phase of the playfield improvement project at Brooks secondary were completed.
- Work continued at each of the Edgehill and Kelly Creek school sites in support of future daycares.

Financial Analysis of the School District

Statement of Financial Position

	2023	2022	Variance \$	Variance %
Financial Assets				
Cash and Cash Equivalents	7,715,098	9,247,733	(1,532,635)	(17) %
Accounts Receivable - MOECC	129,182	50,000	79,182	158 %
Accounts Receivable - Other	347,045	200,505	146,540	73 %
Total Financial Assets	8,191,325	9,498,238	(1,306,913)	(14) %
Liabilities				
Accounts Payable	3,361,089	2,468,363	892,726	36 %
Unearned Revenue	371,494	472,429	(100,935)	(21) %
Deferred Revenue	602,775	832,548	(229,773)	(28) %
Deferred Capital Revenue	37,962,163	38,025,548	(63,385)	(0) %
Employee Future Benefits	791,702	817,819	(26,117)	4 %
Asset Retirement Obligation	1,382,777	1,394,540	(11,763)	(3) %
Total Liabilities	44,472,000	44,011,403	460,597	1 %
Net Debt	(36,280,675)	(34,513,165)	(1,767,510)	.5 %
Non-Financial Assets				
Tangible Capital Assets	47,116,095	46,874,255	241,840	0 %
Prepaid Expenses	117,626	113,505	4,121	3 %
Total Non-Financial Assets	47,233,721	46,987,760	245,961	0 %
Accumulated Surplus	\$ 10,953,046	\$ 12,474,595	\$ (1,521,549)	(12) %

- Decreased cash balances attributed mostly to increased spending resulting in a decreased accumulated surplus.

Income Statement

Revenues

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

	Actual	Budgeted	Variance
Operating Grant, Ministry of Education	\$ 35,259,964	\$ 34,700,731	\$ 559,233
Other MOE Grants	2,005,273	1,373,817	631,456
Provincial Grants - Other	115,554	100,000	15,554
Tuition	887,702	874,182	13,520
Other Education Authorities	120,009	120,009	-
First Nations (LEA)	1,032,389	974,724	57,665

Miscellaneous Revenues	356,691	117,706	238,985
Rentals	176,367	125,900	50,467
Interest	207,361	100,000	107,361
Total Operating Revenue	\$ 40,161,310	\$ 38,487,069	\$ 1,674,241

- Higher than forecasted Online Learning students captured in the February and May enrolment counts account for the variance in budgeted to actual operating grants.
- Labour settlement grants account for the variance in Other Ministry grants as the full grant was not announced until after the amended budget was adopted.

Expenses

	Actual	Budgeted	Variance
Salaries			
Teachers	\$ 13,464,576	\$ 13,614,483	\$ 149,907
Principals & Vice-Principals	2,607,118	2,384,399	(222,719)
Education Assistants	2,537,629	2,712,723	175,094
Support Staff	3,181,765	2,911,252	(270,513)
Other Professionals	1,552,055	2,084,800	532,745
Substitutes	1,656,046	1,486,705	(169,341)
Total Salaries	24,999,189	25,194,362	195,173
Employees Benefits	5,762,871	5,653,627	(109,244)
Total Salary and Benefits	30,762,060	30,847,989	85,929
Services and Supplies	9,977,821	7,914,423	(2,063,398)
Utilities	672,141	704,500	32,359
Total Services and Supplies	10,649,962	8,618,923	(2,031,039)
Total Operating Expense	\$ 41,412,962	\$ 39,466,912	\$ (1,946,050)

Operating Deficit for the year	\$ (1,250,712)	\$ (979,843)	\$ (270,869)
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- Several administrative positions were incorrectly captured in the amended budget as Other Professional Salaries when they should have been categorized as Principal salaries which accounts for much of the variance in those two categories with unfilled positions accounting for most of the remaining balance.
- Resources added to both the maintenance and transportation departments resulting in higher than budgeted salary costs for support staff.
- Much of the variance in the service and supply accounts can be attributed to higher than forecasted spending in support of students with unique needs enrolled in the online program combined with the undertaking of additional maintenance related projects late in the school 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 2022/23 audited statements:

Annual Facility Grant (AFG)	\$122,953	These funds are used throughout District schools to address ongoing maintenance and improvement needs.
Learning Improvement Fund (LIF)	\$122,425	Funding used specifically to augment Educational Assistants' hours providing additional support to complex learners.
School Generated Funds & Bursaries	\$2,174,977 <i>\$541,431 Deferred</i>	Funds that are generated locally at the school level and used for school operations and in support of students.
Strong Start	\$139,376	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 children and their parents are hosted to support early learning.
Official Languages in Education French Programs (OLEP)	\$215,255 <i>\$798 Deferred</i>	Funding for core French-language and Immersion programs and curriculum resources.
Community Link	\$217,972 <i>\$7,735 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)	\$2,362,431	Eligible expenses include teacher staffing, overhead staffing and equipment costs resulting from restoration of class size and composition language.
Ventilation Fund	\$50,000	To improve ventilation in schools.
Mental Health in Schools	\$55,000	To support increased awareness of issues related to mental health.
Changing Results for Young Readers	\$6,000	Literacy initiative.
Early Learning Related Funds	\$274,400	Includes Seamless, Day, Just B4 & Others

Student & Family Affordability Fund	\$290,757 \$52,811 <i>Deferred</i>	One time funding in support of making life more affordable for families during this time of increased inflation.
Auditory Outreach Program	\$1,579,203	Auditory Outreach Program assists schools throughout the province 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.

New Spaces Fund is available by application to support the creation of childcare spaces.

	2022/2023 Capital Spending
AFG (Capital Portion)	\$ 507,508
SEP	\$ 794,182
CNCP	\$ 390,000
PEP	-
Local Capital	\$487,635
New Spaces Fund	\$157,547

- 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

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.

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 of 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.