



Nicola  
Similkameen  
School District

# Financial Statement 2024 Discussion & Analysis

Year Ended June 30, 2024

*September 6, 2024*



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## Introduction

This is a discussion and analysis of the financial statements for Nicola-Similkameen Public Schools (SD No. 58, the 'District') for the fiscal year ended June 30, 2024. This report should be read in combination with the District's consolidated financial statements of the same period.

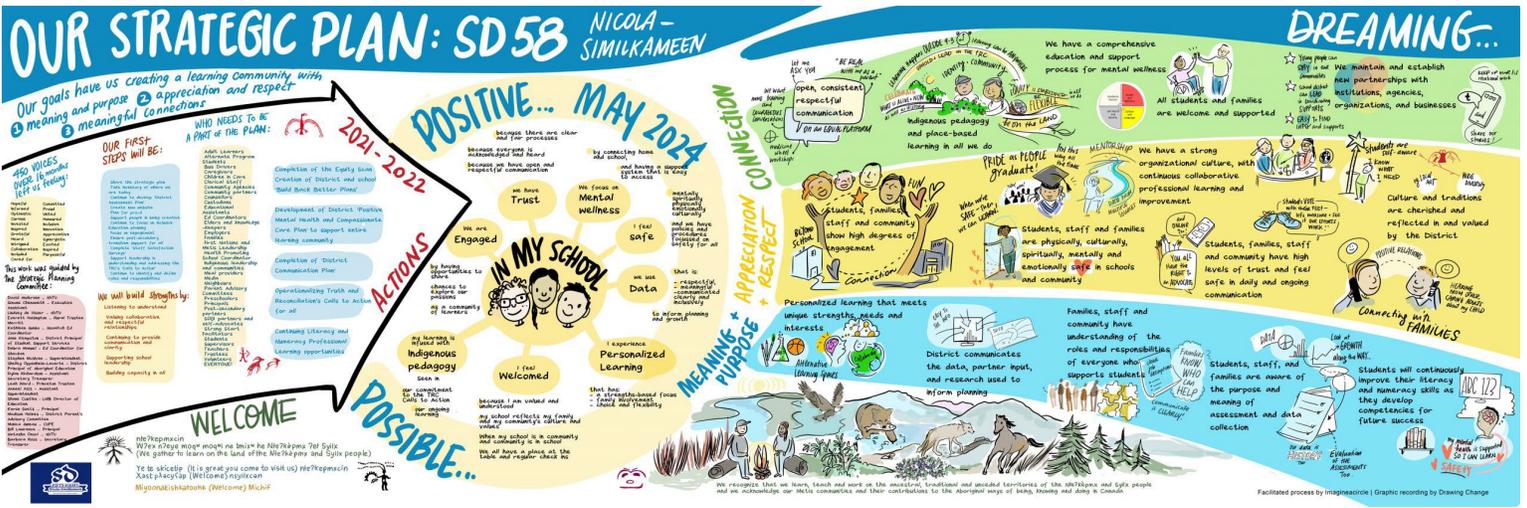
The purpose of the Financial Statement Discussion & Analysis (FSDA) is to highlight information and provide explanations which enhance the reader's understanding of the School District's financial statements as well as factors that influenced the financial results. This report is a summary of the District's financial activities, based on currently known facts, decisions, and conditions. The statements illustrate, in financial terms, how resources have been allocated and consumed during the fiscal year.

The preparation of this financial statement discussion and analysis is management's responsibility. All dollar amounts are reported to the nearest thousand.

## School District Overview

Located in the Similkameen and Nicola valleys, the School District serves six First Nations, the Metis peoples, the Town of Princeton, Regional District of Okanagan Similkameen (RDOS), the City of Merritt, and the Thompson Nicola Regional District (TNRD) spread throughout the Similkameen and Nicola valleys. The District provides educational services to approximately 2,400 students, which includes the School District's online learning program for students all across the Province of BC. Services include: Indigenous Education Program, French Immersion, Youth Work in Trades and secondary apprenticeships, sports, Distributed Online Learning, and Alternative Programming. The District operates within the traditional and unceded territories of the Nłeʔkémx and Syilx people and it values the knowledge of, and contributions by, our Métis Communities in both Princeton and Merritt. The District is working to increase awareness, understanding and integration of Indigenous culture, history and language in all of our schools; it is part of the School District's ongoing commitment to Truth and Reconciliation.

The governing body of the School District is a Board of Education made up of seven trustees who are each elected for a four-year term. Two trustees are elected in the Town of Princeton, one trustee elected in the Regional District of Okanagan Similkameen, three elected in the City of Merritt, and one trustee elected in the Thompson Nicola Regional District. The District's day-to-day operations are carried out by the administrative staff of the School District under the leadership of the Superintendent of Schools (the District's Chief Executive Officer) and, the Secretary Treasurer (the District's Chief Financial Officer).



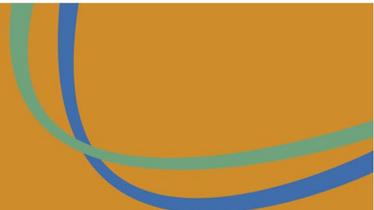
## Strategic Plan

In June 2021, the School District completed its Strategic Plan, in consultation with our partner groups—a group represented by more than 450 voices. While the full Strategic Plan is available on the School District’s website, [www.SD58.bc.ca](http://www.SD58.bc.ca), it’s three priorities include:

1. **Meaning & Purpose:** Engage our learning community through a common understanding and commitment to the purpose and pursuit of student success.
2. **Appreciation & Respect:** Create a culture of care built on respect and appreciation
3. **Connection:** Build capacity by connecting students, families, staff and the greater community to learning.

The Board of Education has extended the Strategic Plan to 2026 in light of the operational setbacks resulting from the pandemic, wildfires, and the overland flooding events through the past few years. The guiding principles behind the Strategic Plan include:

1. Innovation & promising educational practices
2. Inclusion, equity, dignity and diversity
3. Relationships built on trust & mutual respect
4. The well-being of students, families, staff, and the community
5. The pursuit of excellence, personal best, and citizenship
6. The heritage and culture of Indigenous people and the recognition of the traditional territories of the Nt̓e?k̓épmx and Syilx peoples
7. The important role families have in their children’s education



## Vision

***Success for all learners, today and tomorrow.***

## Mission

- Supporting excellence in teaching and learning.
- Challenging and supporting staff and our students to pursue their personal best.
- Recognizing and celebrating cultural diversity and the heritage of our communities.
- Encouraging parental involvement with students at home and school through meaningful relationships with families and communities.
- Fostering resilience, resourcefulness, respect and independence.
- Inspiring curiosity, creativity and critical thinking in all students and staff to achieve their full potential.
- Recruiting the best qualified personnel, providing ongoing, systematic professional development, and retaining outstanding staff.
- Providing timely, relevant, and useful information and data to students, staff, parents, and partner groups.

## Values

- **Inclusive** education and partnerships.
- The **diversity** of our communities.
- **Fairness** and **due process** in decision making.
- The **heritage** and **culture** of Indigenous (Inuit, Indian and Metis) and First Nations people, with **recognition** of the traditional territory of the local Nte?képmx and Syilx people.
- The **dignity** of all individuals.
- The important role of parents and caregivers in **support** of their child's education.
- The pursuit of **excellence** and **personal best**.
- The **well-being** of students and staff.
- Parental and student **choice with respect to how, when, and where learning takes place**.
- Responsible **Citizenship**.
- Regular, effective, and relevant **communications**.
- Positive relationships based on **trust** and **mutual respect**.
- **Innovation** and promising educational practices.

## Schools

### Elementary Schools

- Diamond Vale Elementary School
- École Élémentaire Colletville School
- John Allison Elementary School
- Merritt Bench Elementary School
- Merritt Central Elementary School
- Nicola Canford Elementary School
- Vermillion Forks Elementary School

### Secondary Schools

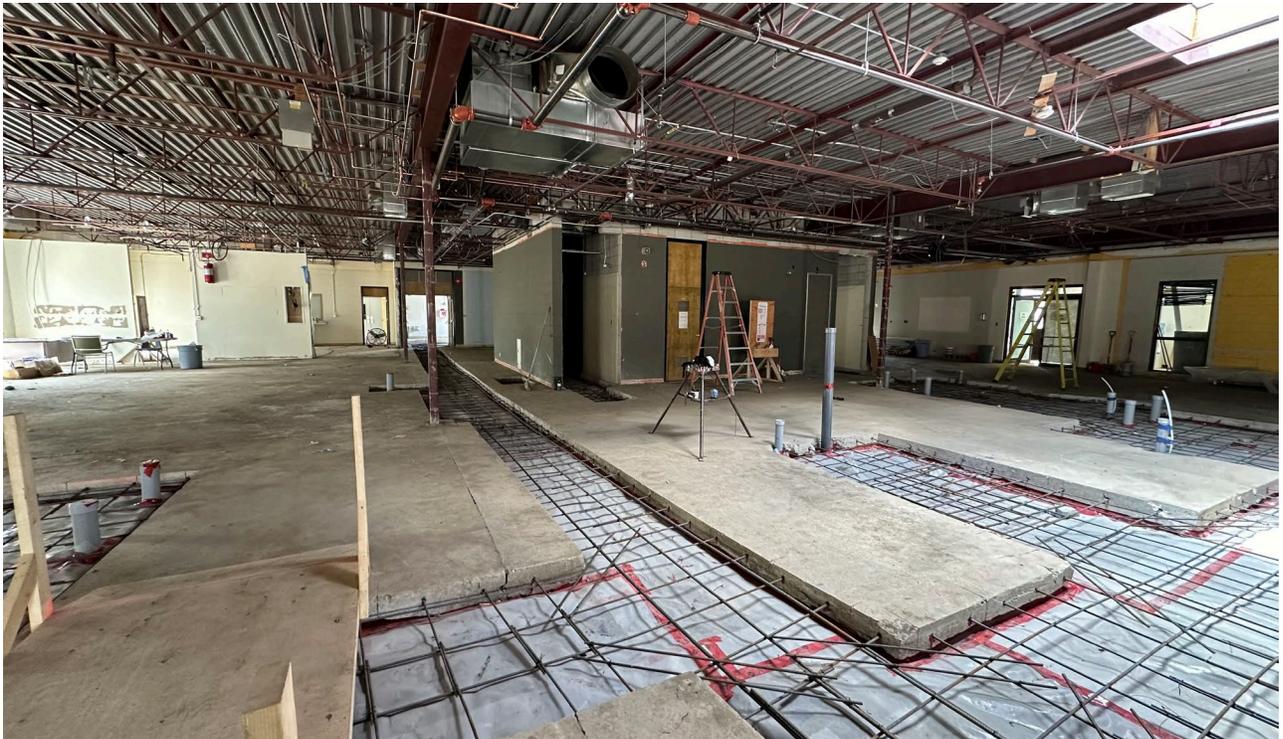
- Merritt Secondary School
- Princeton Secondary School

### Alternate Programs

- Community Learning Centre (Merritt Alternate)
- The Bridge (Princeton Alternate)

### Distributed Learning (Online)

- South Central Interior Distance Education School (SCIDES)



*Construction of the new childcare centre being built in Princeton at the former Riverside school campus*



## Composition of the Financial Statements

School District financial statements are prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board. This Section requires that the financial statements be prepared in accordance with Canadian public sector accounting standards, except regarding the accounting for government transfers.

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*The financial discussion and analysis should not be viewed as a stand-alone document and should be read with a copy of the School District's audited financial statements for the same fiscal year...*

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To understand financial performance it is important to understand that the Financial Statements are broken up into three distinct areas: 1) Operating Fund, 2) Special Purpose Funds, 3) Capital Funds.

The presentation of the School District's financial statements begins with Statements 1 through 5. After the presentation of Statements 1-5 are the Notes to the Financial Statements, which are followed by Schedules 1 through 4. While Statements 1-5 are comprised of consolidated financial information, the Schedules include more details specific to each of the three areas, providing increased transparency and accountability. The balances reported in the Schedules, when consolidated, are consistent with the balances reported in Statements 1-5. Please refer to 'Appendix A - Financial Statement Definitions', for explanations on the Statements and Schedules contained within the Financial Statements.

## Financial Analysis

The financial discussion and analysis should not be viewed as a stand-alone document and should be read with a copy of the School District's audited financial statements for the same fiscal year. A copy of the financial statements can be downloaded at [Budget & Financial Statements - SD58 Nicola-Similkameen](#).

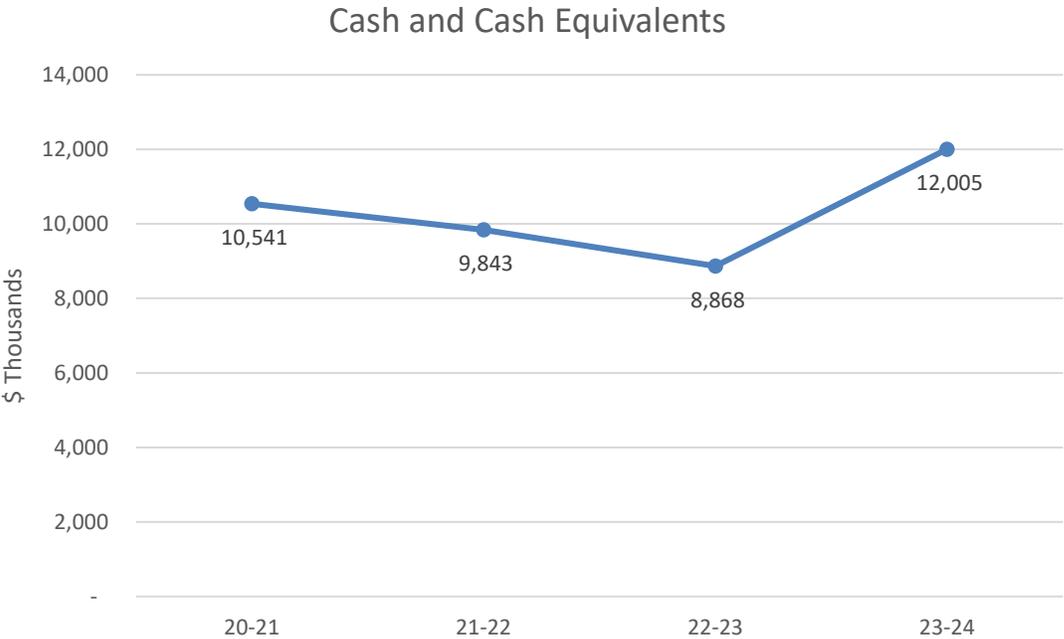
# Statement of Financial Position (Statement 1)

The statement of financial position must report net debt and the accumulated surplus (deficit). Together these two indicators explain the District’s financial position at the end of the reporting period. The difference between financial assets and liabilities is reported as the measure of the District’s net debt. The statement of financial position must report non-financial assets below the net debt indicator. The sum of the government’s net debt and its non-financial assets is accounted for and reported as the accumulated surplus (deficit) of the District at the end of the accounting period. This represents the government’s net assets.

*The District’s net assets are down \$458,687 from last year... attributed to increased spending that occurred during the pandemic and overland flooding events, and more recently, the new childcare centre...*

## Assets

The District’s net assets are down \$458,687 from last year. Cash and cash equivalents (charted below), while trending downward for three years has seen a significant increase for the current fiscal year. This is attributed to increased spending that occurred during the pandemic and overland flooding events, and more recently, the new childcare centre that is currently being built in Princeton at the former Riverside school campus. This is a temporary increase in Cash and Cash Equivalents, that is directly related to the construction for the Child Care facility that is scheduled for completion January 2025.



## Liabilities

Liabilities realized a \$5.7 million uplift over last year due mainly in part to increased payables at year end, and deferred capital revenue. **The increase in cash received for the new childcare centre also creates an offsetting liability as this money was unspent at year end.** The increase in accounts payable is represented by payables accrued to the current year but are not payable until next fiscal year as well as childcare construction payables. The School District increased its non-financial assets by \$2.6 million over last year due primarily to the School District’s purchase of tangible capital assets (TCA) throughout the year.

Deferred Revenue is externally restricted, unspent revenue for specific programs such as Community Link, Strong Start, Ready Set Learn, After School Sport and Arts, and includes School Generated Funds. Deferred revenue has increased \$324,278 since last year.

Deferred Capital Revenue is closely linked to the tangible capital asset balance. Revenue used in the acquisition of the School District’s assets is amortized over the expected life of respective capital assets. Of the District’s \$36.5 million in tangible capital assets (Statement 1), \$29.7 million represents deferred capital revenue that is yet to be recognized, or amortized, over the remaining expected life of the District’s assets.

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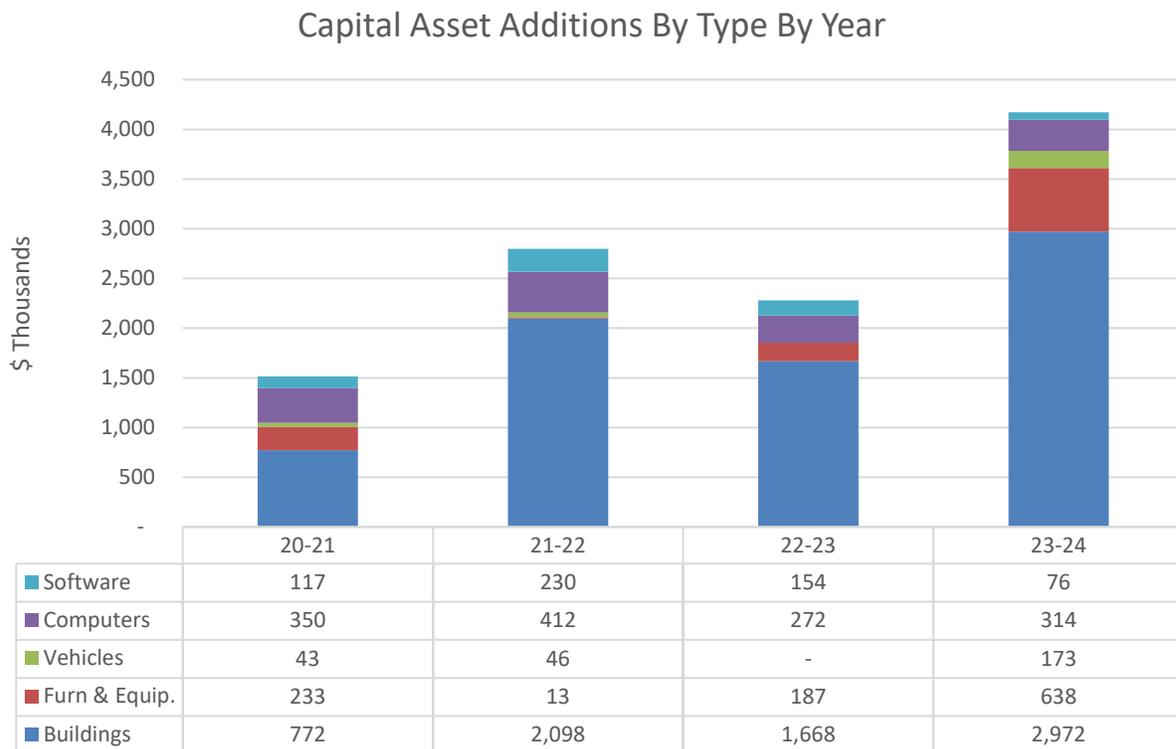
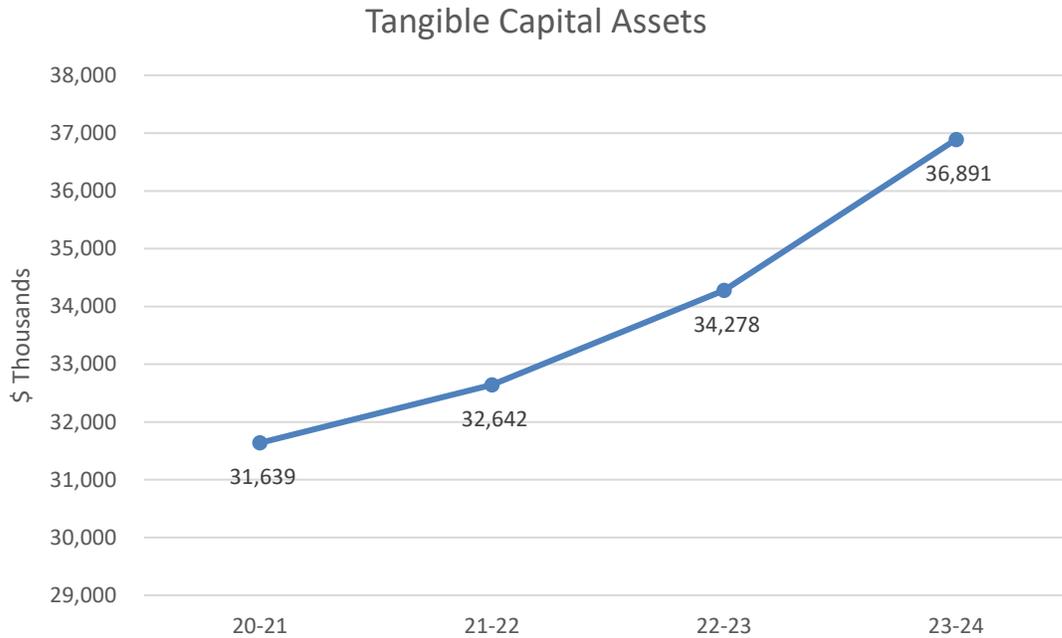
The Employee Future Benefits Liability of \$1.3 million is represented by the total benefits (Ex: retirement, vacation etc.) owed to current employees, recognizing past work completed as well as an estimation for future expected payments. As employees leave the employment of the School District, this liability is reduced. An actuarial tool, that is updated every three years, is used to calculate this liability, factoring in assumptions such as total employees, age, length of service, amongst other established actuarial assumptions.

Asset Retirement Obligation (ARO) is a liability that is associated with the eventual retirement of a fixed asset. The liability for ARO is commonly a legal requirement to return a site to its previous condition. Some examples of these costs include the remediation of hazardous materials such as asbestos, vermiculite, and oil containers. The \$1.0 million reduction in ARO is represented by a change in the calculated estimate as well as remediation that took place throughout the year.



## Tangible Capital Assets

In addition to current assets and current liabilities, the Statement of Financial Position reports the Tangible Capital Assets (TCA) of the District. The following two charts provide trends as well as the types of TCA purchased by the School District over the past four years with buildings additions being the most significant TCA addition.

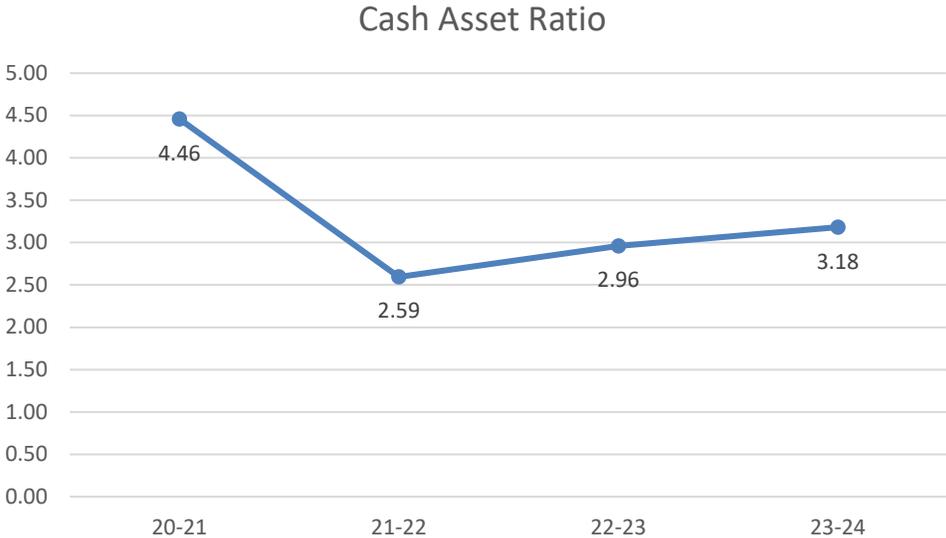


Capital asset additions fluctuate from year to year based on the capital funding provided by the Ministry of Education and Child Care as well as Board approval of local capital projects. The following table lists the capital projects in progress at year end:

Capital Project	Location	Value
Electrical Upgrade	Merritt Bench	\$204,474
HVAC	Diamond Vale, Nicola-Canford	\$143,802
HVAC	Merritt Bench	\$440,958
HVAC	MSS	\$876,590
Food Infrastructure	Central, Vermilion Forks, John Allison, Bench, PSS	\$303,188
Playground	Diamond Vale	\$195,000
Annual Facilities Grant	All Facilities	\$861,469
Princeton Childcare	Riverside	\$10,200,000
Flood Insurance	Central	\$546,474

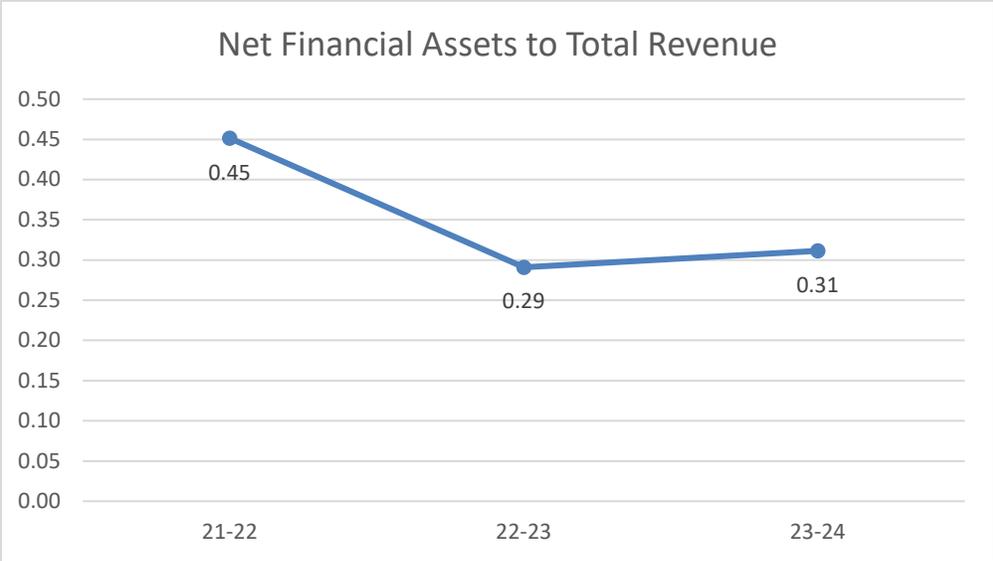
### Financial Ratios

Financial ratios measure the relationship between two or more components of the financial statements that can indicate the District’s results, financial risks, working efficiency, and stability. Below are financial ratios pertaining to the statement of financial position. Formulas for the financial ratios disclosed in this report can be found under definitions in Appendix A.

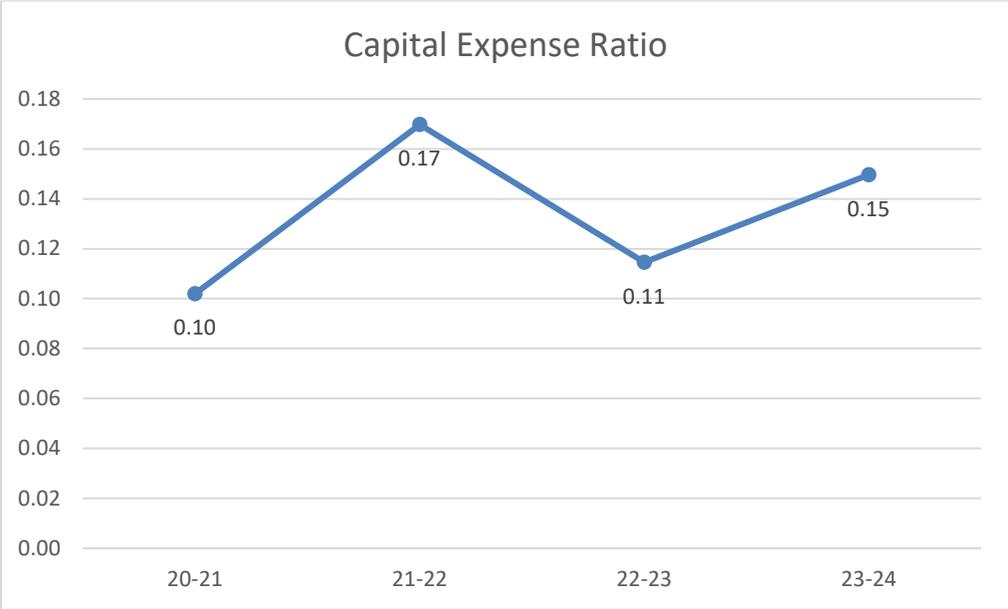


The cash asset ratio is a tool to assess the ability of the District to meet its current obligations. A ratio equal to or greater than 1.0 generally indicates that enough cash and cash equivalents are on hand to pay off all short-term debts. A ratio under 0.5 is considered risky as this is an indication that there is twice as much short-term debt compared to cash. The School District’s cash asset ratio is trending well above 1.0, demonstrating its ability to pay for all short-term obligations.

Below is the net financial assets to total revenue ratio, which assesses long-term financial health and sustainability, providing insights into the District’s ability to meet its financial obligations and invest in future needs without relying excessively on external borrowing or depleting reserves. The below ratio suggests that net financial assets are 31% of the District’s annual revenue, indicating a relatively strong financial position.



The capital expense ratio charted below indicates the proportion of capital expense relative to total expenses. The four-year period charted below indicates that between 10% - 17% of the School District’s expenses are represented by capital spending.



## Schedule of Changes in Accumulated Surplus

Schedule 1 provides the schedule of changes in accumulated surplus. The \$11,942,082 accumulated surplus on Statement 1 is allocated as follows:

### Schedule 1 - Changes in Accumulated Surplus

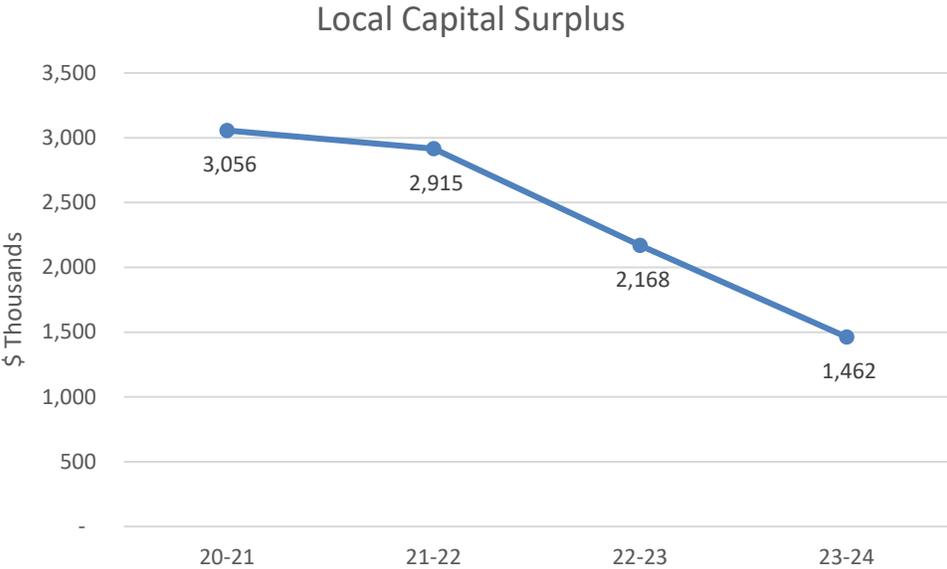
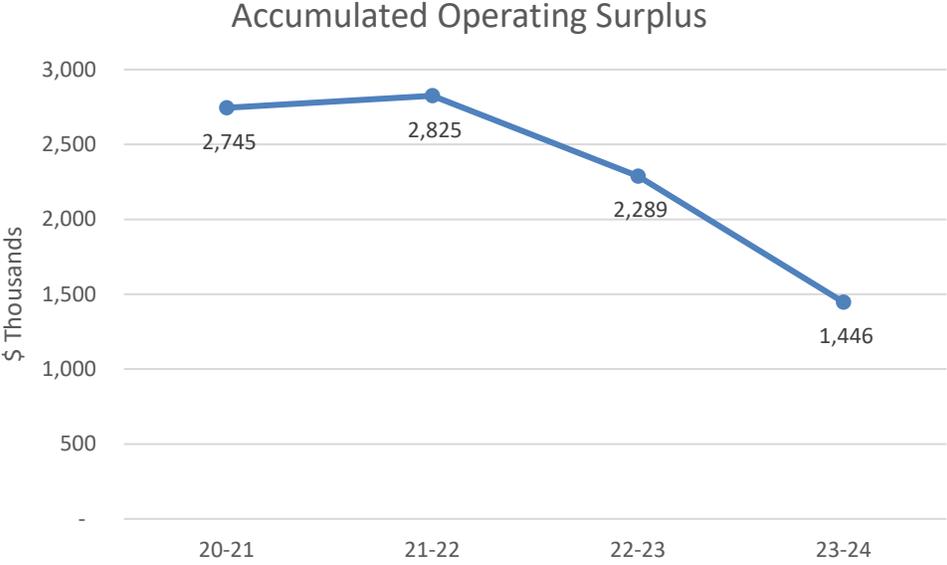
\$ Thousands	2024	2023	Change
Operating Fund	1,446	2,289	(843)
Local Capital Fund	1,462	2,168	(706)
Capital Fund	9,035	7,944	1,091
Total Accumulated Surplus (Deficit)	11,943	12,401	(458)

Accumulated surplus represents the Board’s residual interest in its assets after deducting liabilities. Most of this balance is unavailable to fund operations as it is either internally restricted, or has already been used to invest in buildings, equipment, and other capital assets. The Accumulated Operating surplus was reduced by \$0.843 million.

The accumulated surplus for the capital fund was increased by \$0.385 million. The remaining Accumulated Operating Surplus at year end is, \$1,446,239, which represents 4.8% of the total operating expenses, \$29,726,073 (Schedule 2), which is aligned with the Board’s Policy 611, Accumulated Operating Surplus.



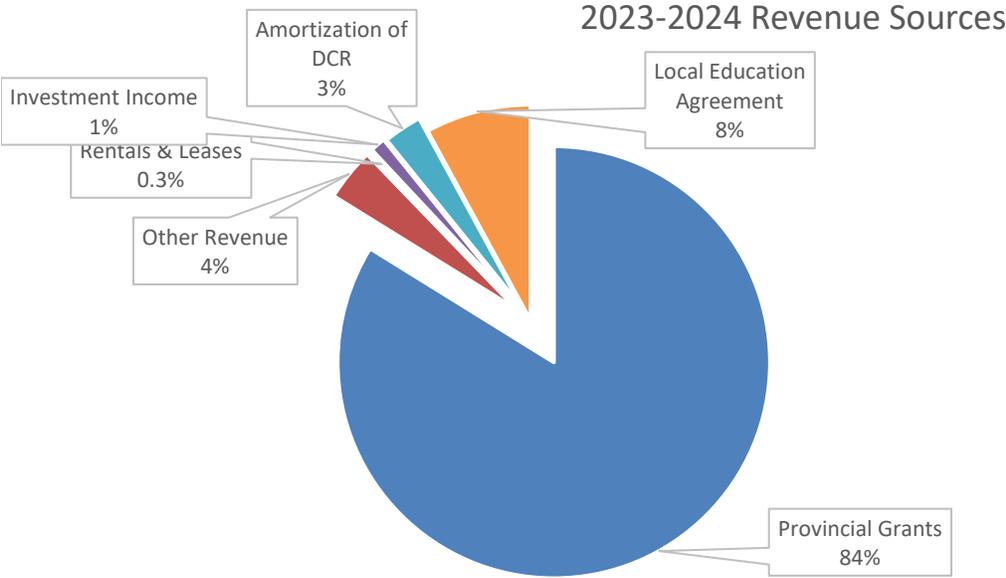
Below are two charts that provide four-year trending on the accumulated operating surplus and the local capital surplus. The Board of Education has been intentionally spending down its accumulated surpluses by investing in educational programs and services.



# STATEMENT OF OPERATIONS (Statement 2)

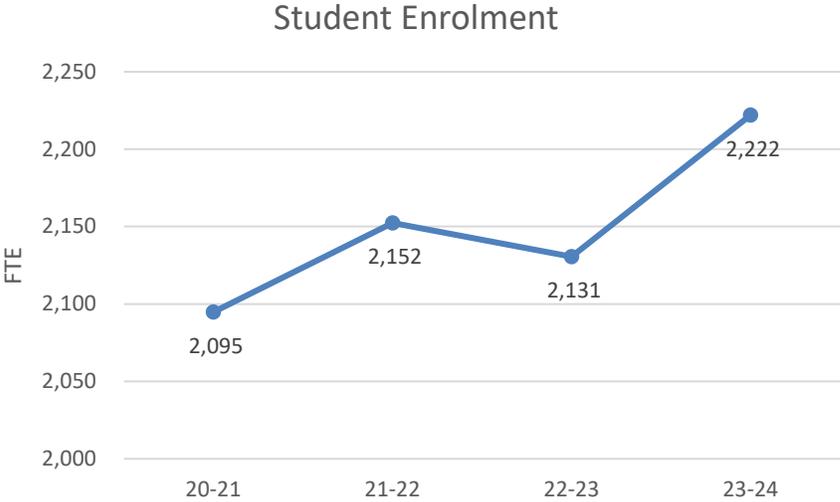
The Statement of Operations is a consolidation of revenues and expenditures in the operating (Schedule 2), special purpose (Schedule 3), and capital funds (Schedule 4).

While the School District received revenues from many sources, the majority of revenue reported on the Statement of Operations comes from the Ministry of Education and Child Care. In the chart below, 84% of the District’s revenue was received by way of provincial grants.



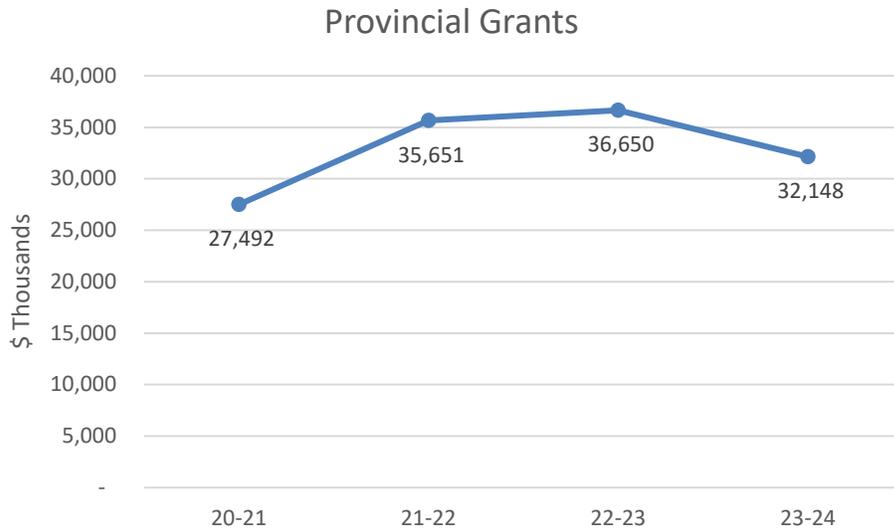
Amortization of deferred capital revenue (DCR) is the accounting recognition of funding received from the Provincial Government for capital projects. The most significant source of revenue for the School District is grants from the Ministry of Education and Child Care, which is driven by student enrolment.

Student enrolment has been trending upward over the past four years, as expressed in the chart below:

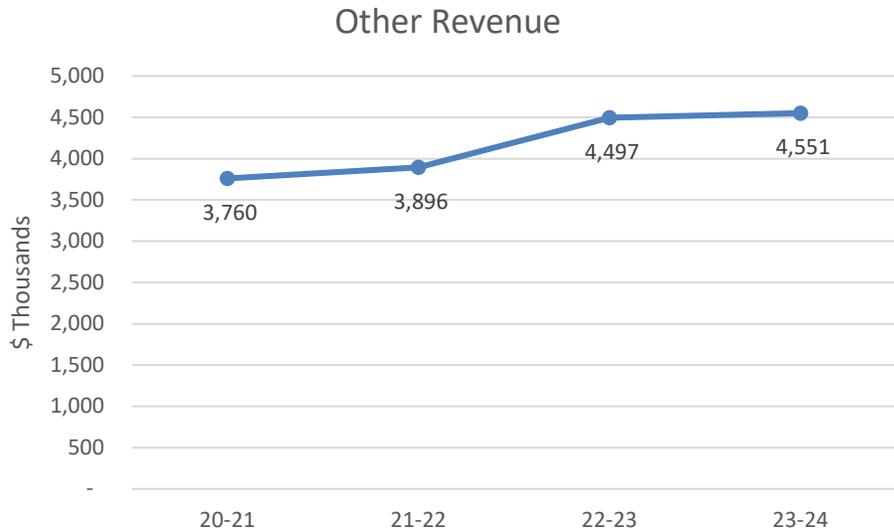


## Revenue Sources

The five charts below provide four-year trending on the revenue types as taken from Statement 2.

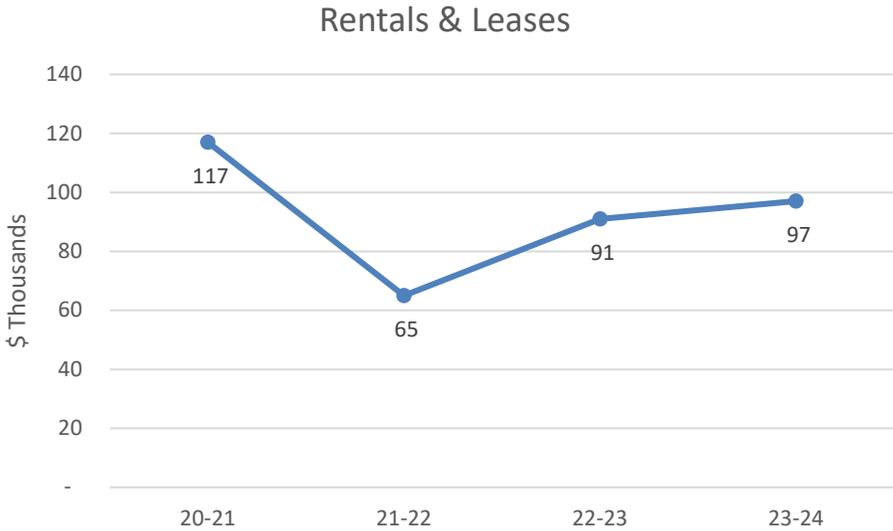


Provincial grants are down from the prior year as a result of the flood insurance claim. While the flood restoration insurance claim remains open, the majority of these costs, and funding, was processed through 2021-2022 and 2022-2023.

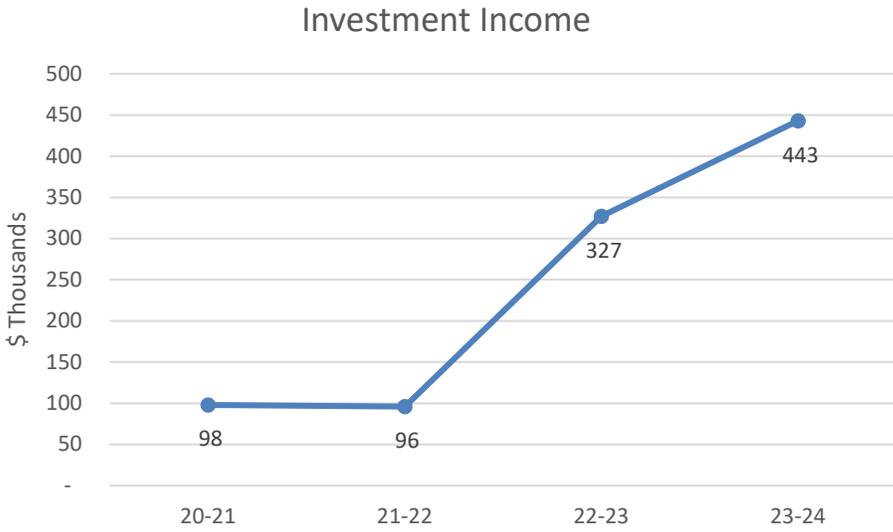


\$4,551,000 was received to Other Revenue for the school year. This amount is represented by various revenue sources, including our Local Education Agreement (LEA) and School Generated Funds. The LEA represents funding for educational programs and services that are received from the School District's rights holders. The LEA for the school year is represented by: Coldwater Indian Band, Nooaitch Indian Band, Lower Nicola Indian Band, Shackan Indian Band, and Upper Nicola Indian Band. School Generated Funds (SGF) are the aggregate of each school's bank account. SGF are the monies collected by schools from students/families for various school-based programs specific to each school (Ex. Hot Lunch, Athletics).

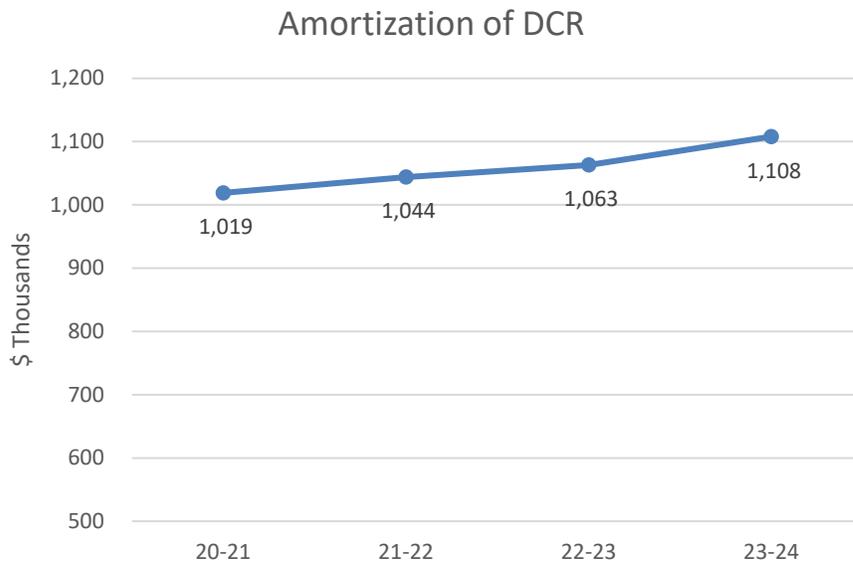
Other Revenue Source	Amount (\$ Thousands)
Local Education Agreement (Rightsholders)	\$ 3,037
Miscellaneous	\$ 164
School Generated Funds	\$ 1,271
Charitable Society (Scholarships, Bursaries)	\$ 55
Multicultural Program	\$ 23



The School District reclaimed the former Coquihalla Middle School (CMS) when overland flooding damaged three of the Board’s schools, displacing the tenants of CMS resulting in reduced rental income throughout 2021-2024. Rental income is now trending upwards as the school district has recovered from the 2021 flood events and is starting to rent out its surplus property.



Interest rates were not favorable throughout 2020-2022 largely due to the global economic impact of the pandemic. Interest rates have recovered as has interest income.



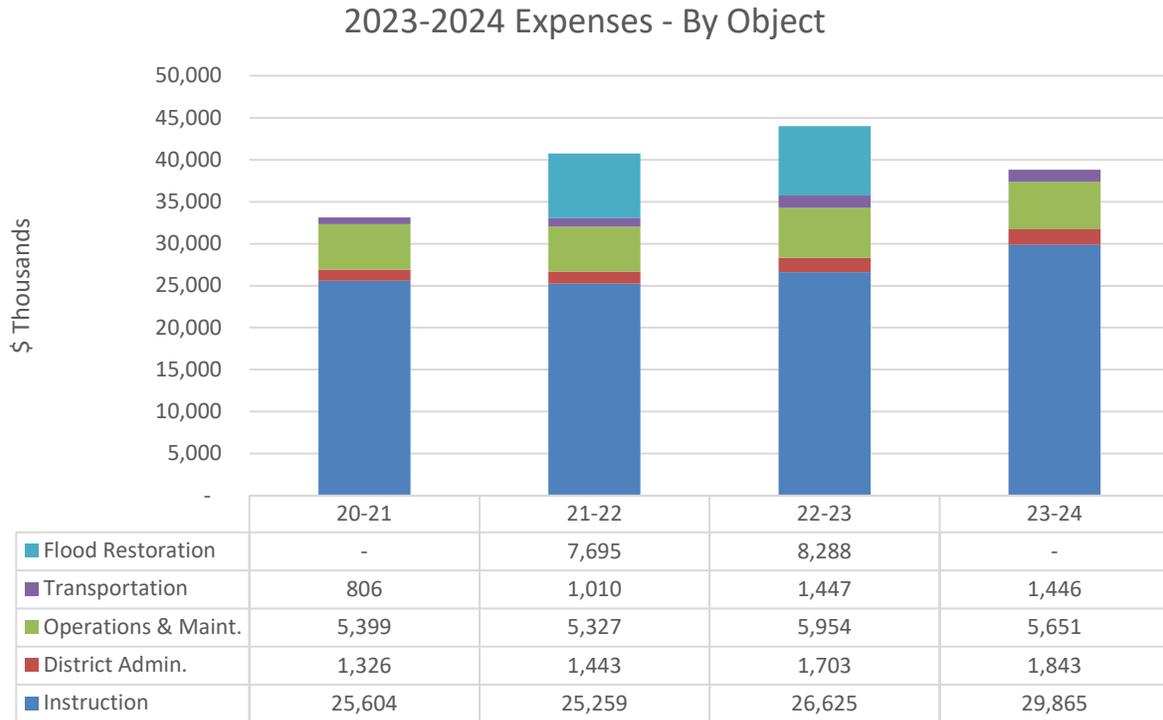
The Amortization of Deferred Capital Revenue is trending upwards over the past four years.

Amortization of Deferred Capital Revenue is the recognition of revenues closely aligned with the recognition of the depreciation (Amortization) of Tangible Capital Asset. Depreciation represents the portion of capital assets that is consumed in the delivery of educational services during the year.



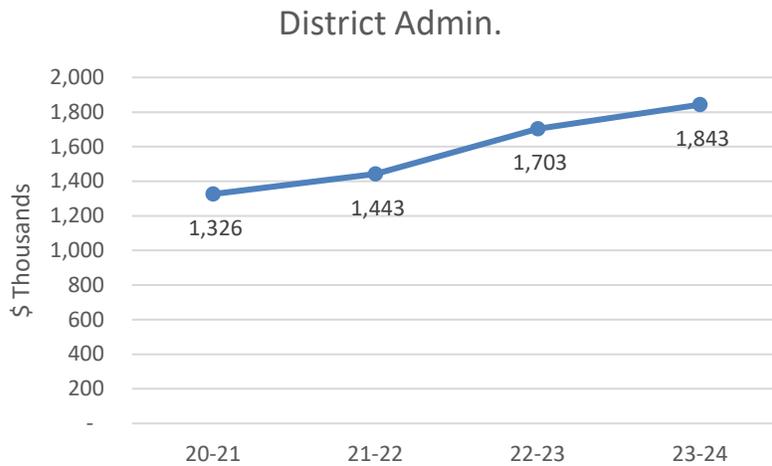
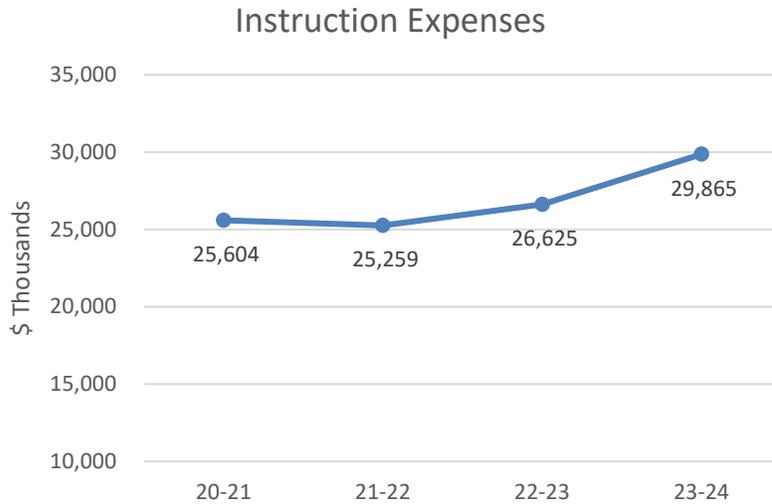
## Expenses

Moving away from revenue towards expenses, as taken from Statement 2, expenses are reported in two formats: by object and by function. The chart below demonstrates all spending by object, with instructional costs representing the majority of expenses to the District, followed by operations and maintenance.

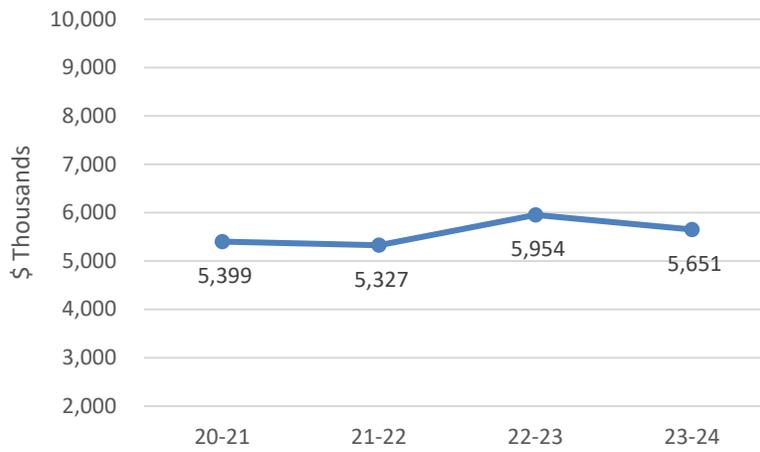


The following five charts provide four-year trending for each of the identified objects.

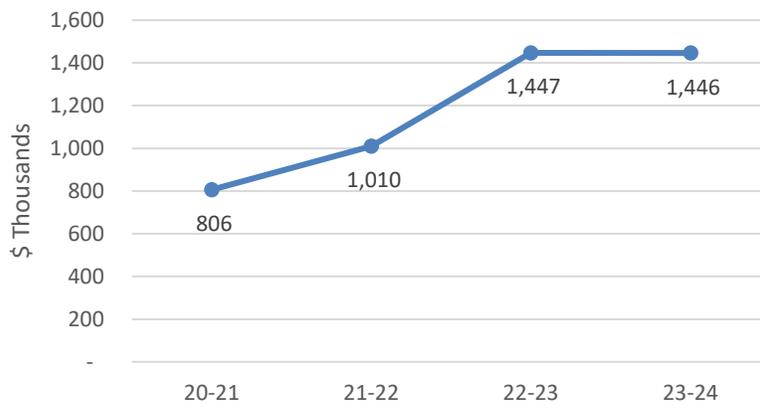
Inflation has had a drastic effect on the cost of goods and services. Total inflation between March 2021 and February 2024 was 13.6%. Salaries were increased 6.75% in 2023-2024 in accordance with teacher and support staff collective agreements. Additional staffing FTE in teaching, support staff, and vice principals has increased both salaries and benefits costs over last year. Finally, increased funding to Special Purpose Funds has also increased spending: Feeding Futures, increased Classroom Enhancement Fund, Mental Health, and Seamless Day Kindergarten.



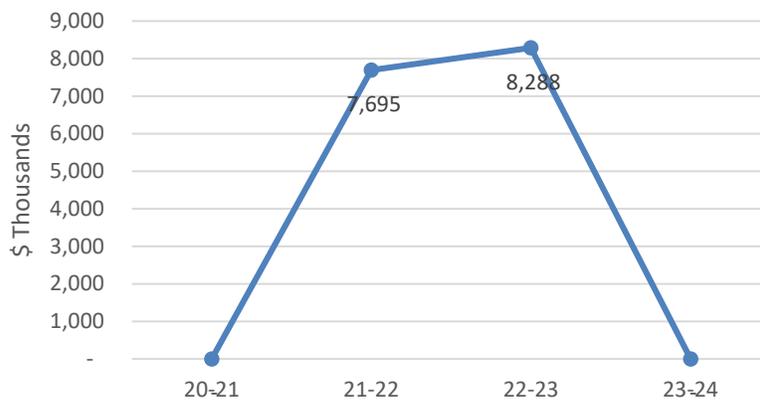
### Operations & Maint.



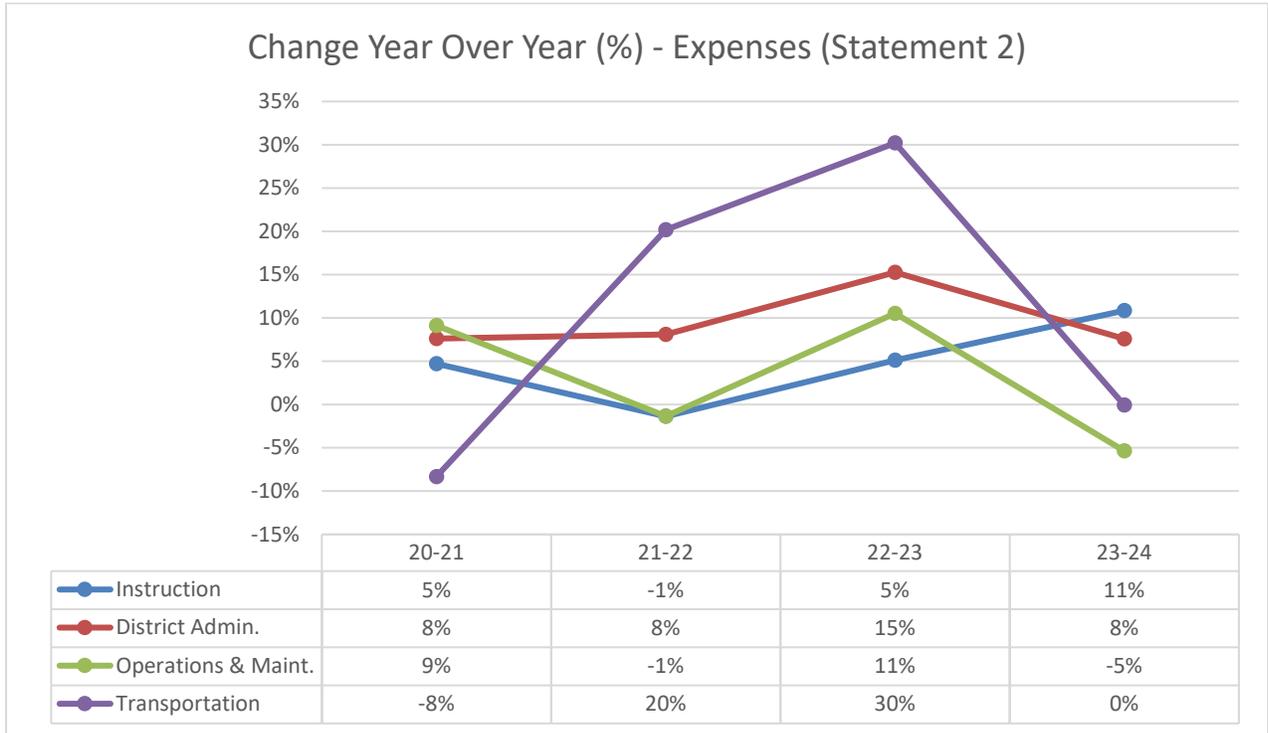
### Transportation



### Flood Restoration

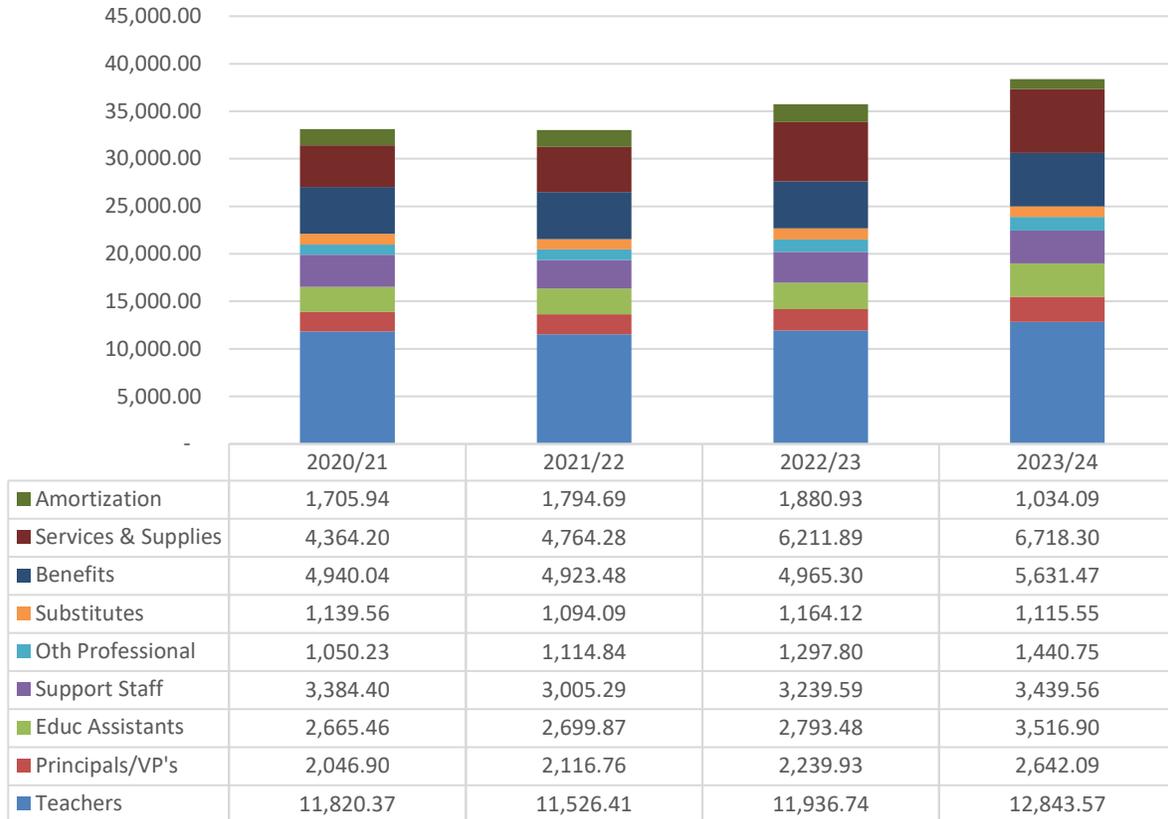


The flood restoration work took place during the 21-22 and 22-23 years. The insurance claim remains open and the School District does expect final costs to flow through into the 24-25 year. The chart below summarizes the percent change in spending, by spending category, year-over-year, as taken from Statement 2 of the financial statements. Spending towards Instruction increased by 11% over the past year while all other areas of spending decreased over the previous year.



As demonstrated in the following chart, the most significant expense reported on the Statement of Operations is teacher staffing, followed by employee benefits, and supplies & services:

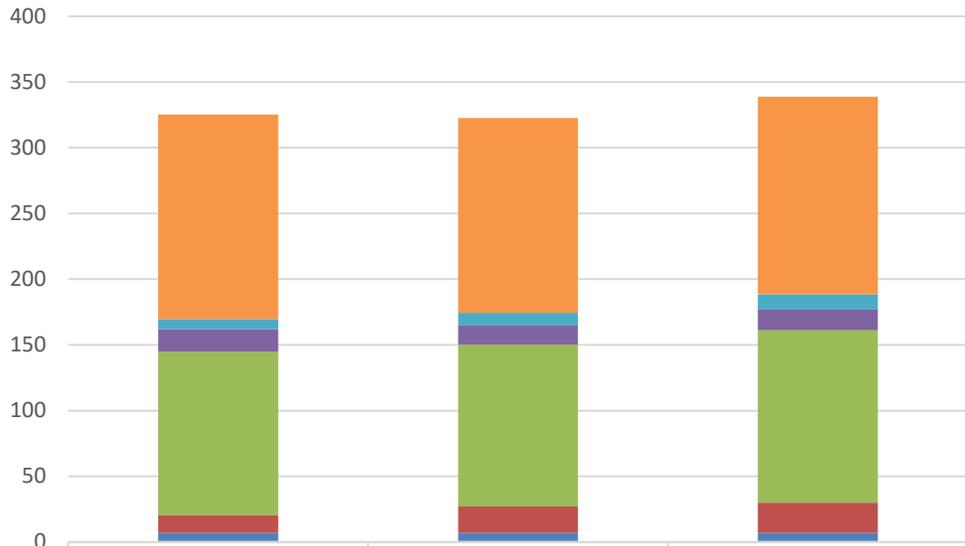
Year-Over-Year Expenses By Type



Salary and benefits expenses are based on the number and type of employees hired by the District along with the provisions set forth in the collective agreements. Teacher & Support Staff salaries have increased as contractually negotiated salary increases take effect. Non-union positions have also realized salary increases for the same period. The following chart demonstrates the changes in full-time equivalent staffing (FTE staffing). Since 2021-2022, total operating funded staffing in the School District has increased by 13.4 FTE.

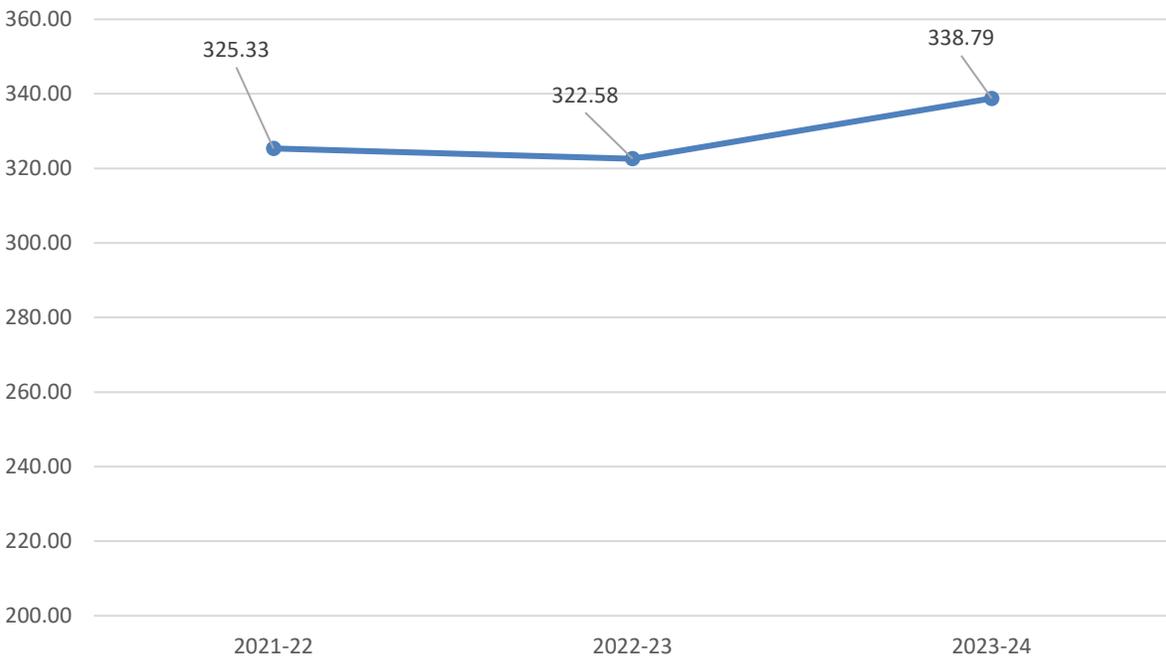
These changes are represented by new positions that have been created (Ex. Indigenous Student Engagement Facilitator, Education Assistants). As well, there were a large number of vacant positions both during and after the pandemic that were filled in the 2023-2024 school year. Finally, short and long term leaves have an impact on staffing FTE from year-to-year. On average, costs associated with employee benefits (Ex. Pension, dental, extended health) represent an additional 23% of employees' salaries.

### Staffing Full Time Equivalent (FTE)



	2021-22	2022-23	2023-24
Teachers	155.81	148.14	150.25
Other Professionals	7.79	9.77	11.74
Principal / Vice Principal	16.90	14.54	15.70
Support Union	124.49	123.10	131.28
Support Non-Union	13.35	20.04	22.81
Trustees	7	7	7

### Total Staffing Full Time Equivalent (FTE)



## Operating Fund (Schedule 2 – Schedule 2c)

Moving from the Statement 2, the Statement of Operations, the following three tables provide an overview of the District’s Operating Fund, which is represented by Schedule 2 through to Schedule 2c.

<b>Operating Fund Revenue (In Thousands)</b>	<b>2024</b>	<b>2023</b>	<b>Amended Annual Budget</b>	<b>Variance from Prior Year</b>	<b>Variance from Budget</b>
Ministry Grants	\$ 25,294	\$ 22,804	\$ 24,688	\$ 2,490	\$ 606
Grants from Other Ministries	79	56	80	23	(1)
Federal Grants	-	-	-	-	-
Other Revenue	3,202	3,217	3,529	(15)	(327)
Rentals and Leases	97	91	66	6	31
Investment Income	365	278	344	87	21
<b>Total</b>	<b>\$ 29,037</b>	<b>\$ 26,446</b>	<b>\$ 28,707</b>	<b>\$ 2,591</b>	<b>\$ 330</b>

*Schedule 2 (Schedule of Operations) - Operating*

Operating revenue is up \$330,000 compared to the amended budget, due mainly in part to increased Ministry grants resulting from increased student enrolment and labour settlement funding associated with the provisions of both Teacher and Support Staff collective agreements. Other revenue was down compared to the previous year due to a change in the Local Education Agreement and the Nominal Roll.

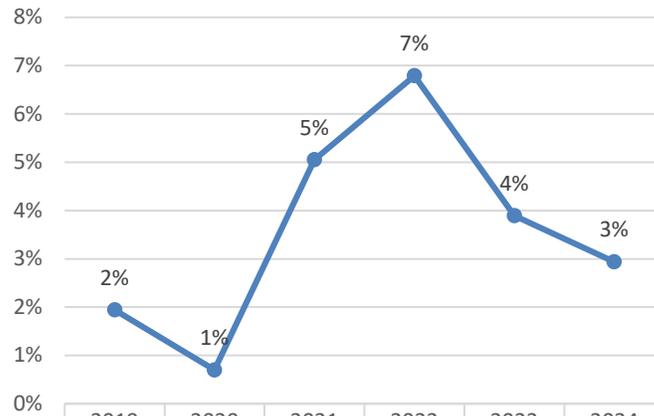
<b>Operating Fund Expenses (In Thousands)</b>	<b>2024</b>	<b>2023</b>	<b>Amended Annual Budget</b>	<b>Variance from Prior Year</b>	<b>Variance from Budget</b>
Instruction	\$ 22,437	\$ 20,060	\$ 22,127	\$ 2,377	\$ 310
District Administration	1,843	1,702	1,763	141	80
Operations and Maintenance	4,288	4,237	4,199	51	89
Transportation	1,158	1,165	1,332	(7)	(174)
<b>Total</b>	<b>\$ 29,726</b>	<b>\$ 27,164</b>	<b>\$ 29,421</b>	<b>\$ 2,562</b>	<b>\$ 305</b>

*Schedule 2 (Schedule of Operations) - Operating*

The above chart displays operating expense by object. Operating expenses were \$305,000 over budgeted expectation mainly in part to increased instructional costs resulting from salary increases and the effects of inflation. While the district has received increased funding, the amount of increase has struggled to keep pace with inflationary pressures, resulting in an increased usage of accumulated operating reserves.

The chart below, taking the Consumer Price Index from the Bank of Canada, shows that total inflation between January 1, 2019 – July 31, 2024, is 21.31%.

### Consumer Price Index (BoC)



	2019	2020	2021	2022	2023	2024
Consumer Price Index (BoC)	2%	1%	5%	7%	4%	3%

<b>Operating Fund Expenses (In Thousands)</b>	<b>2024</b>	<b>2023</b>	<b>Amended Annual Budget</b>	<b>Variance from Prior Year</b>	<b>Variance from Budget</b>
Teachers	\$ 9,216	\$ 8,685	\$ 8,942	\$ 531	\$ 274
Principals and Vice-Principals	2,433	2,089	2,450	344	(17)
Educational Assistants	3,156	2,612	3,366	544	(210)
Support Staff	3,355	3,193	3,393	162	(38)
Other Professionals	1,369	1,253	1,380	116	(11)
Substitutes	1,059	1,050	970	9	89
	<b>20,588</b>	<b>18,882</b>	<b>20,501</b>	<b>1,706</b>	<b>87</b>
Employee Benefits	4,626	4,107	4,285	519	341
Services and Supplies	4,512	4,175	4,633	337	(121)
<b>Total</b>	<b>\$ 29,726</b>	<b>\$ 27,164</b>	<b>\$ 29,419</b>	<b>\$ 2,562</b>	<b>\$ 307</b>

*Schedule 2 (Schedule of Operations) - Operating*

A slightly different view of operating expenses, the above chart displays operating expenses by type.

Teaching costs were over budget by \$274,000 due to increased staffing and leaves.

Education Assistants and Indigenous Student Advocates (ISA) were under budget by \$210,000 as a result of the ISAs joining the CUPE Union this past year; the collective agreement establishes the ISA working day between 7-8 hours per day. On average, ISAs worked 7 hours per day, bringing this category of spending under budget.

Benefits costs increased due to increased staffing as well as increased rates to corresponding benefits plans.

The School District's Operating Fund finished the year with a draw on accumulated operating surplus, \$842,663, leaving the District with an adjusted accumulated operating surplus of \$1.4 million.

## Special Purpose Funds (Schedule 3 – Schedule 3a)

Special Purpose Fund’s revenues are restricted grants designated for specific purposes or programs. Revenue is recognized only when it is expended, not when it is received. Balances can often be deferred to subsequent years for the intended purpose. Some funds require Ministry approval to carry forward and other funds that carry a surplus at the end of the year reduce the funding received in the next fiscal year. Special Purpose Funds are typically connected to an agreement with a third party, with guidelines for how respective funds are to be disbursed.

<b>Special Purpose Funds Revenues (In Thousands)</b>	<b>2024</b>	<b>2023</b>	<b>Amended Annual Budget</b>	<b>Variance from Prior Year</b>	<b>Variance from Budget</b>
Ministry of Education and Child Care	\$ 6,338	\$ 5,520	\$ 6,595	\$ 818	\$ (257)
Grants from Other Ministries	15	(1)	15	16	-
Other Revenue	1,349	1,280	1,073		
Investment Income		1		(1)	-
<b>Total</b>	<b>\$ 7,702</b>	<b>\$ 6,800</b>	<b>\$ 7,683</b>	<b>\$ 833</b>	<b>\$ (257)</b>

*Schedule 3 (Schedule of Special Purpose Operations)*

<b>Special Purpose Funds Expenses (In Thousands)</b>	<b>2024</b>	<b>2023</b>	<b>Amended Annual Budget</b>	<b>Variance from Prior Year</b>	<b>Variance from Budget</b>
Instruction	\$ 7,427	\$ 6,565	\$ 7,314	\$ 862	\$ 113
District Administration	-	-	103	-	(103)
Operations and Maintenance	92	29	92	63	-
Transportation and Housing	103	90	100	13	3
<b>Total</b>	<b>\$ 7,622</b>	<b>\$ 6,684</b>	<b>\$ 7,609</b>	<b>\$ 938</b>	<b>\$ 13</b>

*Schedule 3 (Schedule of Special Purpose Operations)*

The District recognized/spent \$7.7 million in Special Purpose Funds, an increase over the previous year, due to increased funding and spending in the following areas: Classroom Enhancement Fund, School Generated Funds, and the Student Family and Affordability grant. Schedule 3a provides a detailed listing for all of the District’s special purpose funds.

## Capital Fund (Schedule 4 – Schedule 4d)

Capital revenues are represented in part by the Amortization of Deferred Capital Revenue – this is the current year’s recognition of Deferred Capital Revenue for the District’s assets. Deferred Capital Revenue is amortized (taken into revenue) over the useful life of the District’s capital assets, and not necessarily when the money is received. \$423,000 recognizes the ongoing insurance claims for the overland flooding events of November 2021, while \$1.108 million recognizes the amortization of Deferred Capital Revenue for respective capital projects completed throughout the school year.

<b>Capital Fund Revenues (In Thousands)</b>	<b>2024</b>	<b>2023</b>	<b>Amended Annual Budget</b>	<b>Variance from Prior Year</b>	<b>Variance from Budget</b>
Ministry of Education and Child Care	\$ 423	\$ 8,271	\$ 307	\$ (7,848)	\$ 116
Investment Income	79	49	79		
Amortization of Deferred Capital Revenue	1,108	1,063	1,114	45	(6)
<b>Total</b>	<b>\$ 1,610</b>	<b>\$ 9,383</b>	<b>\$ 1,500</b>	<b>\$ (7,803)</b>	<b>\$ 110</b>

*Schedule 4 (Schedule of Capital Operations)*

The recognition of capital revenue has a close nexus with the capital expenditures carried out by the School District. Below are capital expenditures which include the amortization of Tangible Capital Assets.

<b>Capital Fund Expenses (In Thousands)</b>	<b>2024</b>	<b>2023</b>	<b>Amended Annual Budget</b>	<b>Variance from Prior Year</b>	<b>Variance from Budget</b>
Operations and Maintenance	\$ 423		\$ 307	\$ 423	\$ 116
Amortization of Tangible Capital Assets					
- Operations and Maintenance	\$ 849	\$ 1,688	\$ 1,795	\$ (839)	\$ (946)
- Transportation	\$ 185	\$ 193	\$ 180	\$ (8)	\$ 5
Flood Restoration	-	8,288	-	(8,288)	-
<b>Total</b>	<b>\$ 1,457</b>	<b>\$ 10,169</b>	<b>\$ 2,282</b>	<b>\$ (8,712)</b>	<b>\$ (825)</b>

The School District invested \$423,000 towards flood remediation, \$849,000 in amortization (buildings, computers, software, and furniture), and \$185,000 in vehicle/bus amortization.

## Summary of Other Significant Matters

The School District submitted a balanced budget to the Ministry of Education for the 2024/25 Fiscal Year that will continue to deliver the mix of programs and services currently offered to students in our schools. Looking ahead, there are several factors that may impact the School District's operations and financial position.

### Replacement Costs / Availability / Employee Wellness

While the impact of the COVID-19 pandemic and the subsequent overland flooding events on replacement costs has decreased, it is still too early to assess the long-term effect on employee wellness. In addition, the unavailability of relief staff, due mainly to labour shortages, made it challenging for employees to take time off to be away from work. Over the past number of years, the District's relief staff have been very lean to non-existent (a systemic reality); this combined with staffing vacancies has resulted in increased overtime wages being paid to maintain adequate programs and services.

### Inflation & the Cost of Doing Business

Inflation continues to play a significant factor in the day-to-day operations of the School District, with Canada's inflation rate at 21.31% between January 1, 2019 and July 31, 2024. The Bank of Canada's key lending rate has been showing signs of easing, an indicator that inflation may be on the decline. The District is still adjusting to the drastic effects of inflation. This, combined with supply-chain and labour-shortage constraints, could mean that the District will continue to adjust to these challenges heading into the new school year.

### Collective Bargaining

Collective bargaining is scheduled to take place for both Teachers and CUPE during the 2024/25 fiscal year. The resulting impacts are unknown in terms of how they will impact the School District's operating and financial landscapes.

### Student Enrolment & Accumulated Operating Surplus

Fluctuations with student enrolment, which drive funding, along with the School District's accumulated operating surplus reaching policy thresholds within the next few years may have an impact on the District's economies of scale.

## For more information:

This financial discussion and analysis report is designed to provide a general overview of the School District's financial statements while demonstrating accountability for the public fund received by the School District. If you have questions resulting from this financial report, please contact the Office of the Secretary Treasurer/CFO at 250-378-5161. You can also find additional information on the District, and its strategic vision, on our website: [www.SD58.bc.ca](http://www.SD58.bc.ca).





## Appendix A

### Financial Statement Definitions

**Statement of Financial Position (Statement 1).** Summarizes the School District's assets and liabilities to derive Net Debt. The District's Non-Financial Assets are disclosed. The Accumulated Surplus (Deficit) on Statement 1 is comprised of the surplus/deficit resulting from Schedule 2 through Schedule 4 of the Financial Statements. Statement 1 informs the reader about the financial health of the School District.

**Statement of Operations (Statement 2).** A consolidation of revenues and expenses from Schedules 2 through Schedule 4. Statement 2 informs the reader of the total funding received by the School District, and, how that funding was spent.

**Statement of Changes in Net Debt (Statement 4).** Informs the reader with changes regarding the School District's tangible capital assets (Ex. land, building improvements, vehicles, equipment, and infrastructure). In addition, this statement updates the reader on prepaid expenses, supplies inventory and provides the (Increase) decrease in Net Debt. Net Debt is a liquidity metric that is used to determine how well the School District can pay all its debts if they come due immediately.

**Statement of Cash Flows (Statement 5).** Provides details on how cash was generated and spent by the School District in three areas: 1) Operating transactions, 2) Capital transactions, and 3) Financial transactions. The statement concludes by providing the Net Increase (Decrease), as well as what the cash and cash equivalents are comprised of.

**Notes to the Financial Statements** disclose the detailed assumptions made when preparing the School District's financial statements (Example: Accumulated Operating Surplus).

**Schedule of changes in Accumulated Surplus (Deficit) By Fund (Schedule 1)** provides an overview of the accumulated surplus for the District's Operating, Special Purpose, and Capital Funds.

**Schedule of Operating Operations (Schedule 2),** provides a summary of operating revenues and expenses and the resulting surplus (deficit) for the year. This surplus (deficit) is then adjusted for any net transfers (to) from other funds (Ex. Tangible Capital Assets Purchased, Local Capital).

**Schedule of Operating Revenue By Source (Schedule 2a)** provides an expanded view of the operating revenues from schedule 2 so that the reader has an informed view regarding the sources of revenue.

**Schedule of Operating Expenses by Object (Schedule 2b)** provides an expanded view of the operating expenses from schedule 2 so that the reader understands spending within each object.

**Schedule of Operating Expenses by Function, Program and Object (Schedule 2c).** In addition to object, Schedule 2c informs the reader how allocations were made within each of the District's operating fund programs.

**Schedule of Special Purpose Operations (Schedule 3)** provides a consolidation of revenues and expenses for all of the District's special purpose funds (SPF). SPF are monies received for a specified purpose, with specific reporting requirement, that are typically fully expended within the school year they were received. For these reasons, SPF are tracked separately from the District's operating fund. A summary of revenues and expenses are given that result in the Special Purpose surplus (deficit) for the year as well as any Net Transfers (to) from other funds.

**Changes in Special Purpose Funds and Expense by Object (Schedule 3a)** provides a detailed listing of revenues and expenses for each of the District's Special Purpose Funds. Revenue received towards a SPF is deferred (i.e. not recognized) until the respective dollars are spent. Schedule 3a informs the reader: how much of the SPF is deferred while providing details for how monies were spent. Revenue and Expenses for SPF always balance to zero.

**Schedule of Capital Operations (Schedule 4).** Capital operations are comprised of: Investments made to Tangible Capital Asset and Local Capital spending. The summary of revenues and expenses are used to generate the District's capital surplus (deficit) for the year. This surplus (deficit) is adjusted for Net Transfers (to) from other funds.

**Tangible Capital Assets (Schedule 4a).** At the top of this schedule the reader is provided with the *Cost, Beginning of year*, which is the cumulative, lifetime, total for all TCAs purchased by the School District. Each year the District may purchase and/or dispose of tangible capital assets. These TCA Increases (Ex. Purchases) and TCA Decreases (Ex. Deemed disposals), along with any Work In Progress is captured, arriving at the *Cost, End of Year*. Finally, amortization is applied to the cost of all TCAs purchased by the School District to arrive at the District's *Net Tangible Capital Assets*. Assets have a determined useful life, the cost of which, is recognized over that useful life. This process is called amortization. Essentially, the cost of the TCAs, less the amortization of the TCAs, produce the *Net Tangible Capital Assets*. The cost of a tangible asset must be capitalized at the time of acquisition or construction and amortized over its useful life.

**Tangible Capital Assets – Work in Progress (Schedule 4b).** Provides more detail on the Work-In-Progress captured in Schedule 4a. Work-In-Progress (or "Construction in Progress") represents the costs incurred to date on a project, which is not substantially complete (<97% complete) or for systems, the earlier of 97% complete or when the system is not in production at the end of the fiscal year.

**Deferred Capital Revenue (Schedule 4c).** Deferred Capital Revenue is the total of funds received and spent on capital projects and is being amortized annually at the same rate as the related capital assets. The first part of this schedule calculates the *Deferred Capital Revenue, end of year* by factoring in the increases/decreases to deferred capital revenue for the year. The second part of this schedule calculates the *Work in Progress, end of year* by factoring in the increases/decreases to work in progress for the year. At the close of this schedule, the *Deferred Capital Revenue, end of year* is combined with *Work in Progress, end of year* to arrive at *Total Deferred Capital Revenue, end of year*.

**Changes in Unspent Deferred Capital Revenue (Schedule 4d).** Unspent Deferred Capital Revenue refers to funds received by the District to purchase capital assets, that have not yet been spent. For example, the School District received funding for the construction of a child care centre, some of which has not yet been spent.