



School District No .27 (Cariboo-Chilcotin)



Financial Statement Discussion and Analysis For the Year Ended June 30, 2023

Financial Statement Discussion & Analysis



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Financial Statement Discussion & Analysis



INTRODUCTION

The following Financial Statement and Discussion and Analysis should be read in conjunction with the Audited Financial Statements for the year ended June 30, 2023.

The purpose of this report is to provide readers with a better understanding of the school district's financial statements and to access the overall financial condition of the district.



DISTRICT OVERVIEW

School District No. 27 (Cariboo-Chilcotin) is proud to care for approximately 4600 students from kindergarten to Grade 12 in 24 schools. We are a large geographic area roughly the size of New Brunswick in the beautiful interior of BC. The school district supports approximately 1400 Indigenous learners, as off-reserve, Métis, Inuit and community-based learners from 12 communities, which include Tsideldel First Nation (Alexis Creek Band), Tl'etinqox Government (Anaham Band), Yunesit'in Government (Stone Band), Tl'esqox (Toosey Band), Xeni Gwet'in First Nation (Nemiah Valley), ?Esdilagh (Alexandria Band), Tsq'escen' (Canim Lake Band), Stswecem'c/Xget'tem (Canoe Cree/Dog Creek Band), Esk'etemc First Nation (Alkali Lake), Xats'ull (Soda Creek First Nation), T'exelc (Williams Lake First Nation) and Ulkatchot'en (Ulkatcho First Nation).

School District No.27 continues to engage with the communities we serve and strives to increase collaboration, communication, and capacity through ongoing efforts of the Board of Education, Senior Team, School Leadership, teachers, support staff and other community partners/agencies.

School District No. 27 has been engaged in a comprehensive review and rebuilding of all systems, structures, and practices following the appointment by the Ministry of Education of a Special Advisor in 2018. We have a largely new Board of Education and an entirely new senior leadership team with a wealth of experience from other districts. All efforts are laser focused on enhancing student learning and outcomes. The district is undertaking massive and rapid change toward achieving our goals.





STRATEGIC FRAMEWORK

Mission Statement

Ensuring all students have meaningful learning experiences, empowering them to succeed in an ever-changing world.

School District Vision

We envision an encouraging and understanding learning environment where everyone demonstrates a sense of belonging, mastery, independence, and generosity.

Core Operating Values

The Pillars of Support for the School District No. 27 Mission and Vision are characterized by the following four core operating values:

RESPECT

RESPONSIBILITY

KINDNESS AND CARING

ACCEPTANCE

Key Focus Areas for Growth



Seven key focus areas for growth in our district emerged from review of student achievement and school experience data, reflections on the findings and recommendations of the Equity Scan, stakeholder and community input, and examination of our internal processes and practices. These are collective responsibility, instructional capacity, leadership capacity, systems thinking, indigenous learning and culture, inclusive learning communities, and place-based learning. These are high leverage improvement areas that will make a difference across our district and remain priorities in this second year of our plan.

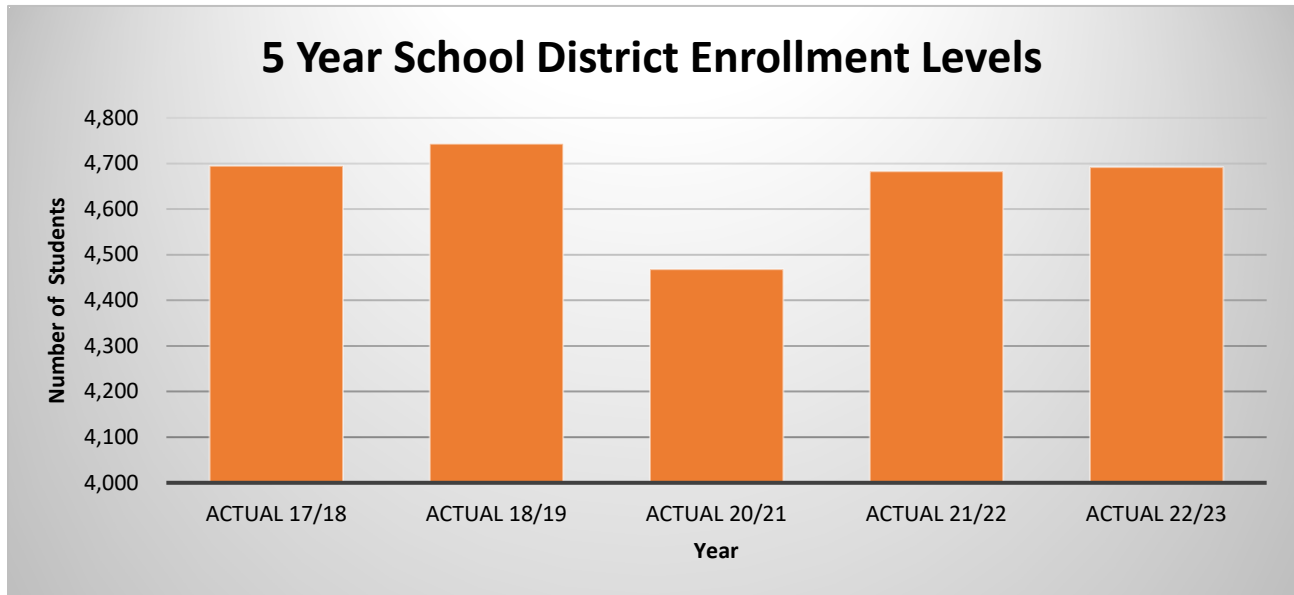
Our approach is to build capacity in our staff, systems, and infrastructure so we can engage in more effective practices and, as a result of those better ways of doing things, students will have enhanced experiences and services and their outcomes will improve. We have specific action planned around each focus and are regularly reviewing progress.

Financial Statement Discussion & Analysis



ENROLLMENT

Student enrollment represents the key component for determining both the operating revenue and staffing costs for the district. Over the last 5 years enrollment has been relatively stable with a slight dip in the 20/21 year mainly because of the COVID-19 pandemic. We saw a slight increase in student enrollment over last year.



A large portion of school funding comes from the Ministry of Education and Child Care (MECC), the funding levels are determined based on student enrollment on a Full Time Equivalent (FTE) basis and has subtle increases and decreases based on various factors surrounding student funding categories.

Financial Statement Discussion & Analysis



FINANCIAL HIGHLIGHTS

School District No. 27 (Cariboo-Chilcotin) had a very busy year recruiting in order to staff the district and continue focus on improving our infrastructure and capacity within the district to serve the needs of the district.

Some of the main financial highlights of the year were as follows:

The district continued its focus advancing our Systems Thinking goals by investing in new technology from both a computer hardware and network security perspective.

The district entered into computer lease agreements for over \$1.0 million dollars in the year.

The Technology Department also has been improving our network infrastructure to enhance the overall district security footprint.

These changes help to improve efficiencies, reduce redundancies, and improve performance.



The Transportation and Maintenance Departments were also busy this year, we ordered five buses to replace some of the older ones. This continuous replenishment of the fleet keeps our buses reliable and in good safe working order. They were also able to replace some older fleet vehicles in the year to keep the district fleet vehicles current.



The district got started on renovating the dorms next to Columneetza school to create some more daycare spaces within town. The project got started this year and is expected to be complete in the next year.

Overall, the district spent over \$6.0 million dollars on capital projects to continue to reinvigorate and refresh the district assets.

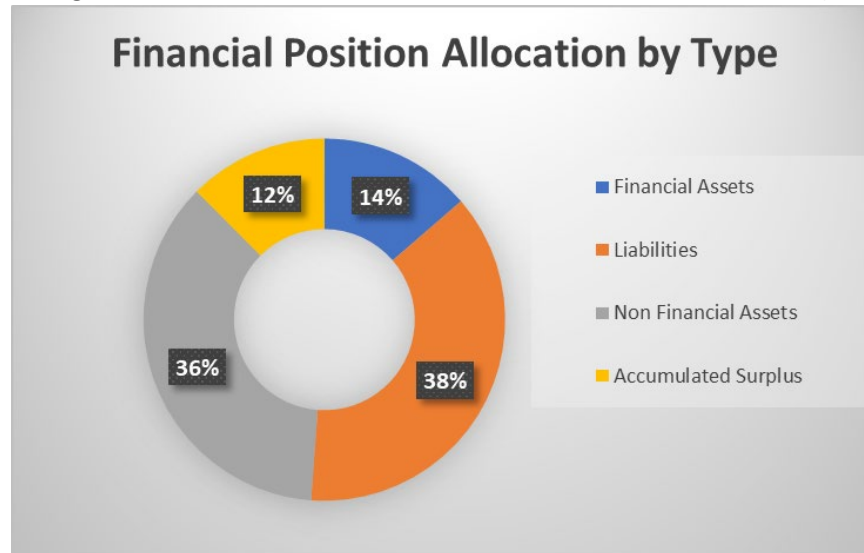
Financial Statement Discussion & Analysis



STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position represents a snapshot of the overall assets and liabilities of the district at the end of the fiscal year. It outlines the year over year comparison of the net financial position for the fiscal years ending June 30, 2023, and June 30, 2022.

A large item on the Balance Sheet are the Non-Financial Assets (36%) which includes items such as



Tangible Capital Assets, Prepaids and Supply Inventories.

Liabilities make up the biggest component of the Balance Sheet (38%) they represent payments owing such as Accounts Payable, Asset Retirement Obligations (ARO) and Deferred Revenues.

Assets account for a small percent of the graph (14%) and are usually made up of cash and cash equivalents.



The final item is the Accumulated Surplus amount which represents the Overall Surplus or Deficit of the district (12%). At the end of June 30, 2023, the district had an Accumulated Surplus of \$23.4 million dollars.

Financial Statement Discussion & Analysis



STATEMENT OF FINANCIAL POSITION

The Financial Assets increased by just under \$5.0 million dollars over last year due to some timing around our capital spending mainly representing an increase in our bank cash balances.

Liabilities increased by \$5.1 million dollars this year as we were required to account for our district Asset Retirement Obligations (New Item) as part of a new reporting requirement under the provincial reporting guidelines. The new Asset Retirement Obligation (ARO) increased our Liabilities by \$5.3 million dollars.

Statement of Financial Position As at June 30, 2023

	2023 Actual	2022 Actual (Restated - Note 25)
	\$	\$
Financial Assets		
Cash and Cash Equivalents	24,486,035	19,115,831
Accounts Receivable		
Due from Province - Ministry of Education and Child Care	113,899	532,856
Due from First Nations	723,347	490,736
Other (Note 3)	227,936	681,910
Portfolio Investments	-	467
Total Financial Assets	25,551,217	20,821,800
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 4)	4,703,049	4,045,880
Unearned Revenue (Note 5)	6,858	2,800
Deferred Revenue (Note 6)	1,688,190	2,334,586
Deferred Capital Revenue (Note 7)	53,980,645	49,948,151
Employee Future Benefits (Note 8)	2,428,456	2,538,674
Asset Retirement Obligation (Note 9)	5,281,239	5,281,239
Capital Lease Obligations (Note 10)	1,483,272	581,990
Other Liabilities	651,912	386,365
Total Liabilities	70,223,621	65,119,685
Net Debt	(44,672,404)	(44,297,885)
Non-Financial Assets		
Tangible Capital Assets (Note 11)	67,672,182	65,964,355
Restricted Assets (Endowments) (Note 14)	15,000	15,000
Prepaid Expenses (Note 10)	320,608	96,205
Supplies Inventory	26,425	7,172
Total Non-Financial Assets	68,034,215	66,082,732
Accumulated Surplus (Deficit) (Note 21)	23,361,811	21,784,847
Accumulated Surplus (Deficit) is comprised of:		
Accumulated Surplus (Deficit) from Operations	23,361,811	21,784,847
Accumulated Remeasurement Gains (Losses)		
	23,361,811	21,784,847

Non-Financial Assets increased by just under \$2.0 million dollars which is a sign of increased capital investment. The Accumulated Surplus Increased by \$1.6 million dollars in the year which is a positive indicator that the district is operating at a fiscally responsible level by generating a surplus annually.

Financial Statement Discussion & Analysis



STATEMENT OF FINANCIAL POSITION

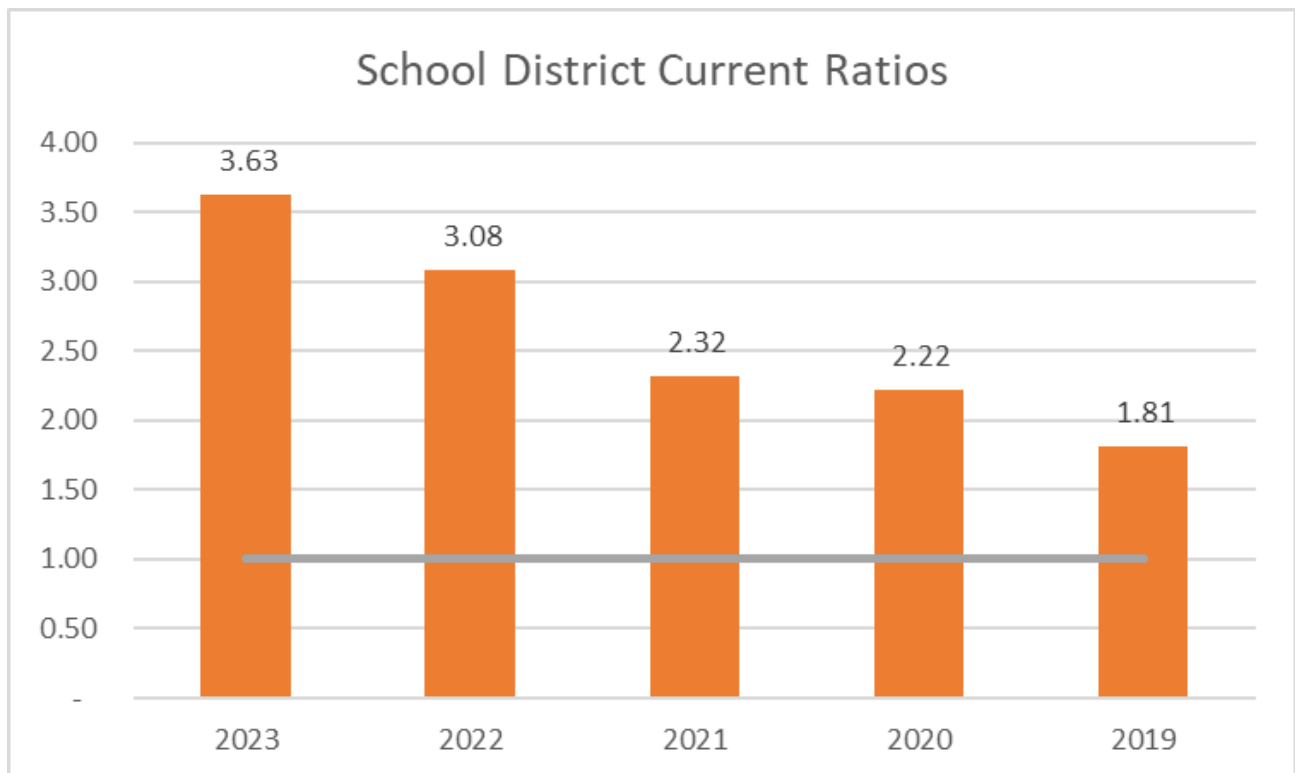
One measure of financial health of an entity is to calculate and evaluate the current ratio of the district.

This measure is calculated by dividing the current assets by the current liabilities on the Statement of Financial Position. This ratio is a good measure of the liquidity of the district. The ratio identifies if there are enough current assets on hand to cover the current liabilities in the short term. A current ratio greater than 1 represents that there is adequate coverage of assets to meet these liabilities.



$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

The district is in good shape with regards to our liquidity with a high current ratio of over 3.5. Generally, a ratio number under 1 might be cause for concern if it persists over a series of years. A ratio under 1 would indicate the district might have difficulty covering its immediate liabilities and may need to look to utilizing debt to cover future expenditures.



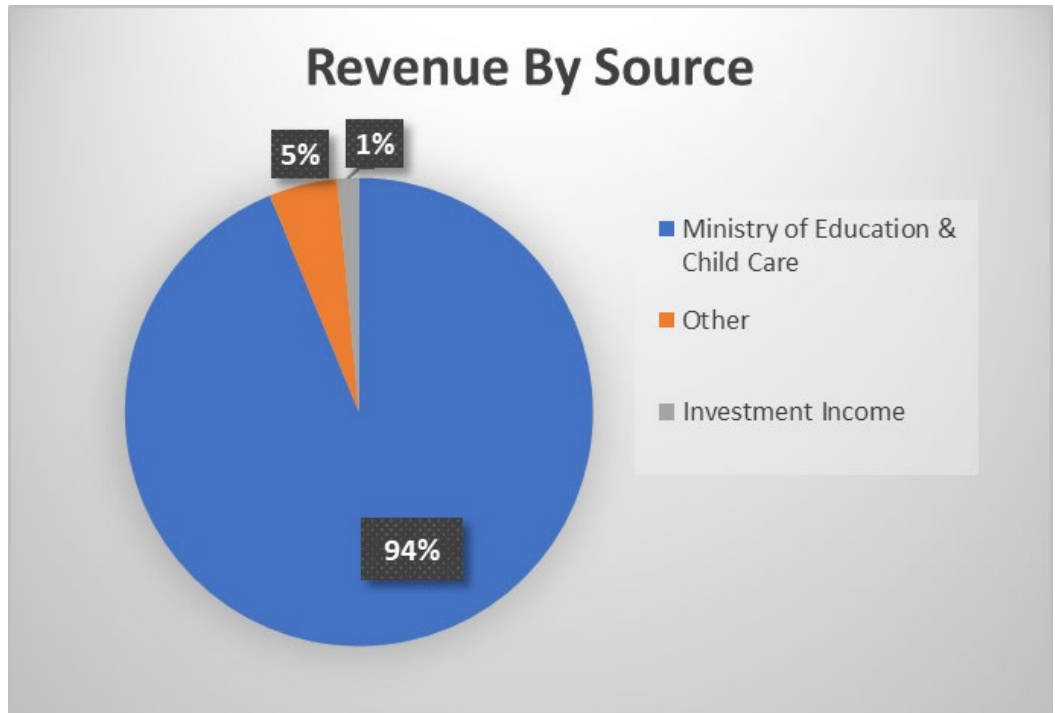
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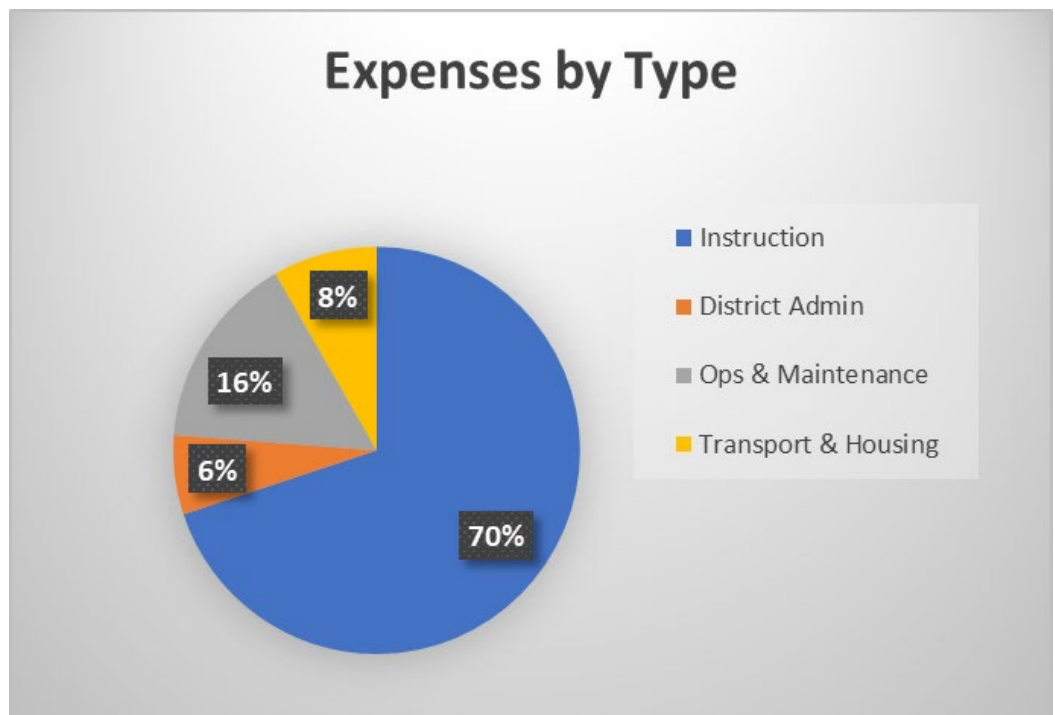
STATEMENT OF OPERATIONS - OPERATING FUND

The Statement of Operating Operations represents the day-to-day operating costs of the district for the year.

Most of the revenue is derived from the Ministry of Education and Child Care (MECC) representing 94% of the total operating revenue for the year. Other revenues make up 5% and 1% represents Investment Income.



Most of the expenses were related to Instruction at 70%. Operations and Maintenance account for 16% of the total costs with Transportation and Housing representing 8%. Finally, District Administration makes up the remaining 6%.



Financial Statement Discussion & Analysis



STATEMENT OF OPERATIONS - OPERATING FUND

Overall revenues increased \$2.5 million dollars in the 22/23 year vs last year. This is a positive indicator and reflects continuous commitment in funding levels from government bodies.

Overall expenses were higher by \$2.1 million dollars as well in 22/23 resulting in an Operating Surplus of \$2.6 million dollars. Most of the increases were a result of inflationary cost pressures across the board in all areas.

The district finished the year with a surplus of \$4.4 million dollars which is a comfortable position to be in with \$3.0 million dollars in internally restricted funds. Additionally, the district was able to transfer \$4.2 million dollars over to Local Capital which allows them to continue to future capital improvements within the district. This surplus position in the Operating Fund is a positive position for the district to be in.

Schedule of Operating Operations Year Ended June 30, 2023

	2023 Budget (Note 20)	2023 Actual	2022 Actual (Restated - Note 25)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	55,786,859	56,031,465	53,810,083
Other	20,000	58,160	95,910
Tuition	14,000	4,650	33,183
Other Revenue	3,161,534	2,670,739	3,010,729
Rentals and Leases	99,000	88,360	116,352
Investment Income	525,000	885,511	156,541
Total Revenue	59,606,393	59,738,885	57,222,798
Expenses			
Instruction	42,152,294	39,914,585	38,805,833
District Administration	2,696,850	3,587,621	3,145,983
Operations and Maintenance	8,802,145	8,855,579	8,450,857
Transportation and Housing	4,963,310	4,729,271	4,637,327
Total Expense	58,614,599	57,097,056	55,040,000
Operating Surplus (Deficit) for the year	991,794	2,641,829	2,182,798
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(576,794)	(553,430)	
Local Capital		(4,200,000)	
Other	(415,000)	(302,671)	(322,082)
Total Net Transfers	(991,794)	(5,056,101)	(322,082)
Total Operating Surplus (Deficit), for the year	-	(2,414,272)	1,860,716
Operating Surplus (Deficit), beginning of year		6,782,513	4,921,797
Operating Surplus (Deficit), end of year		4,368,241	6,782,513
Operating Surplus (Deficit), end of year			
Internally Restricted (Note 22)		3,037,467	2,273,004
Unrestricted		1,330,774	4,509,509
Total Operating Surplus (Deficit), end of year		4,368,241	6,782,513

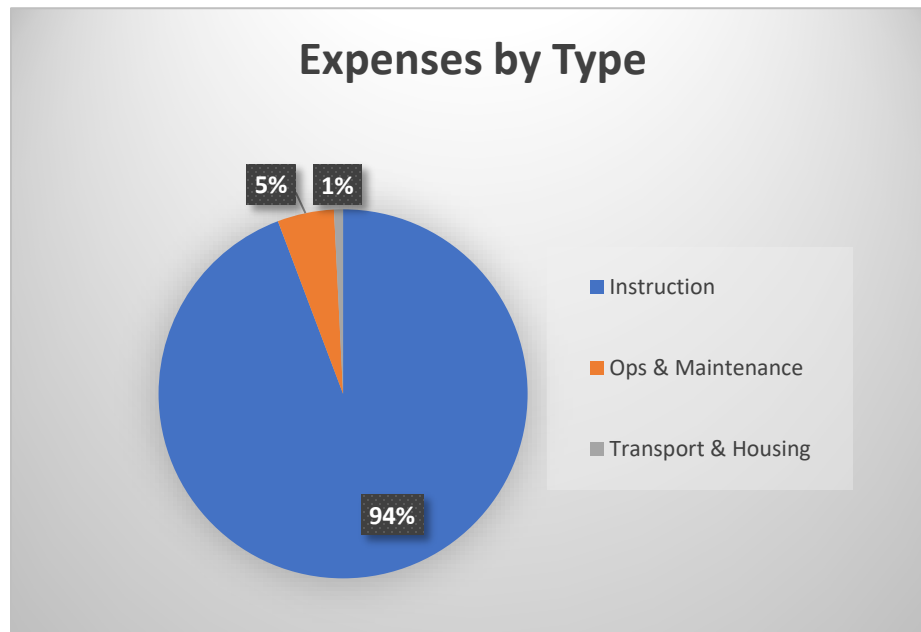
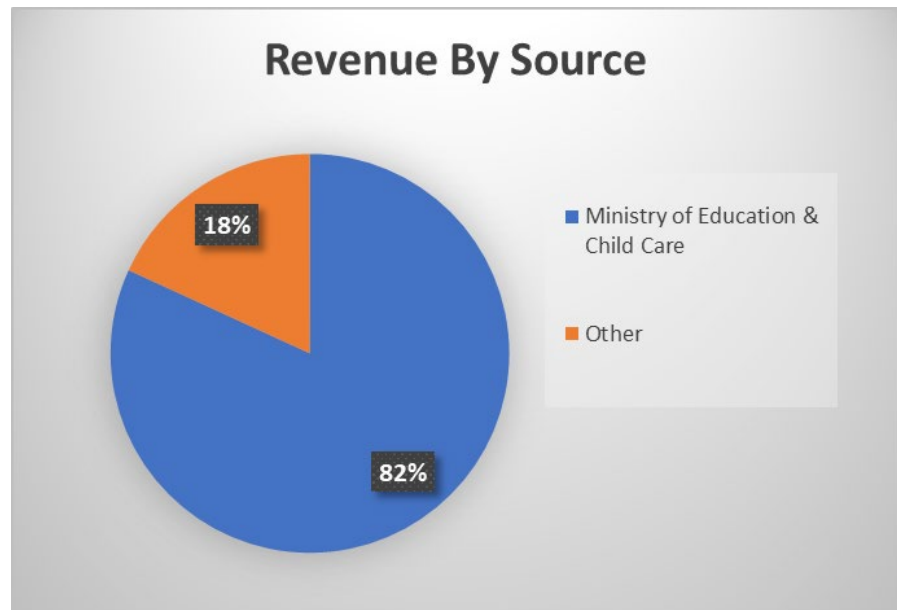
Financial Statement Discussion & Analysis



STATEMENT OF OPERATIONS - SPECIAL PURPOSE FUNDS

Special Purpose Funds are funds received by the district and are designated for a specific use. The district gets the funds from both provincial and federal governments and from other sources. School funds are included in other sources, they include fundraising for school purposes as well as funds collected and paid out through school accounts in support of school-based programs.

The Ministry of Education and Child Care (MECC) make up 82% of the Special Purpose Funds revenues.



Within the Special Purpose Funds expenses, Instructional costs continue to make up the majority of the costs at 94% followed by Operations and Maintenance with 5%. Lastly Transportation and housing is 1%.

Special Purpose Funds do not run surpluses or deficits as they operate on a set amount of funding for each project. These revenues get used up as the expenditures

are spent on that specific program. The deferred revenues sit on the Statement of Financial Position until the expenses are spent, at this time they are recognized.

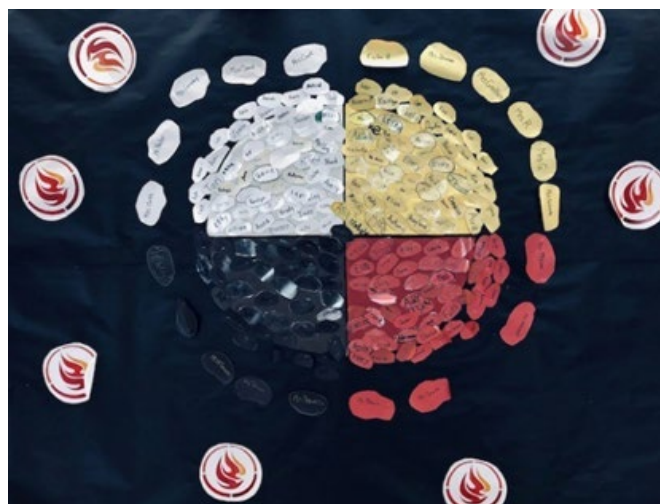
Financial Statement Discussion & Analysis



STATEMENT OF OPERATIONS - SPECIAL PURPOSE FUNDS

Schedule of Special Purpose Operations
Year Ended June 30, 2023

	2023 Budget (Note 20)	2023 Actual	2022 Actual (Restated - Note 25)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	6,923,672	6,956,997	6,021,800
Other	152,853	100,840	198,302
Other Revenue	900,000	1,442,234	1,232,420
Investment Income	300	250	600
Total Revenue	7,976,825	8,500,321	7,453,122
Expenses			
Instruction	7,485,108	8,011,981	6,888,860
Operations and Maintenance	421,069	421,069	480,673
Transportation and Housing	70,648	67,271	55,733
Total Expense	7,976,825	8,500,321	7,425,266
Special Purpose Surplus (Deficit) for the year	-	-	27,856
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased			(27,856)
Total Net Transfers	-	-	(27,856)
Total Special Purpose Surplus (Deficit) for the year	-	-	-
Special Purpose Surplus (Deficit), beginning of year		15,000	15,000
Special Purpose Surplus (Deficit), end of year		15,000	15,000
Special Purpose Surplus (Deficit), end of year		15,000	15,000
Endowment Contributions		15,000	15,000
Total Special Purpose Surplus (Deficit), end of year		15,000	15,000



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STATEMENT OF OPERATIONS – CAPITAL FUNDS

Each year the district spends capital on various projects to renew or replace various assets across the district, they can range from school renovations (plumbing, paving, HVAC upgrades, landscaping, accessibility improvements, painting) and playgrounds to bus replacements and new computers. The district spent just over \$6.0 million dollars on capital projects in the year.

Below is a summary of some of the larger projects completed in the district in the 22/23 Year.

Capital Project Summary 22/23	
Description	Schools
Plumbing/ HVAC upgrades	Multiple Schools
Water Well	Horsefly
DDC Upgrades	Multiple Schools
Geo Exchange	108 Mile
Frequency Drives	Peter Skene Ogden
Painting	Multiple Schools
Siding/Roofing	Board Office
Concrete Ramp	100 Mile
Concrete Stairs	Marie Sharpe
Sidewalk	Big Lake
UPS Units	Multiple Schools
Fire Alarm Upgrade	Multiple Schools
Paving	Nesika
Flooring	Multiple Schools
Shed and Fuel Tank Removal	Naghtaneqed
Portable Demo	Peter Skene Ogden
Daycare Facility	Columnneetza
5 Replacement Buses	Transportation Fleet
Playground	Cataline
Computer Upgrades (Lease)	Multiple Schools

Financial Statement Discussion & Analysis



STATEMENT OF OPERATIONS - CAPITAL FUNDS

The district executed their capital plan well in the 22/23 year completing many projects. Updating and upgrading various aging district assets has become a priority and we see this trend continuing as some of the schools are starting to become older.

In looking at our Tangible Capital Assets we notice that in 22/23 we were able to increase the Net Book Value of our assets to \$67.7 million dollars. This is an increase of \$1.7 million dollars. This is a good sign which indicates we are continuously updating our assets at a faster rate than they are depreciating, in order to keep them in good operating condition.

In 22/23 the district had to apply a one-time Prior Period Adjustment (PPA) to recognize a combined Asset Retirement Obligation (ARO) for all the applicable assets in the district. The adjustment to the assets was made to increase to our building assets of \$5.28 million dollars, but we also recognized an accumulated amortization of \$5.24 million dollars to recognize the asset depreciation over the same period.

Tangible Capital Assets
Year Ended June 30, 2023

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	7,076,345	117,962,778	1,442,313	8,521,991	122,085	1,785,881	136,911,393
Prior Period Adjustments							
To Recognize Asset Retirement Obligation		5,281,239					5,281,239
Cost, beginning of year, as restated	7,076,345	123,244,017	1,442,313	8,521,991	122,085	1,785,881	142,192,632
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		1,326,972	330,000	560,749			2,217,721
Operating Fund		115,482	71	218,171	664	219,042	553,430
Acquisitions via Capital Lease						1,201,761	1,201,761
	-	1,442,454	330,071	778,920	664	1,420,803	3,972,912
Decrease:							
Disposed of	238,040						238,040
Deemed Disposals			136,939	697,569	22,993	187,705	1,045,206
	238,040	-	136,939	697,569	22,993	187,705	1,283,246
Cost, end of year	6,838,305	124,686,471	1,635,445	8,603,342	99,756	3,018,979	144,882,298
Work in Progress, end of year		1,912,339					1,912,339
Cost and Work in Progress, end of year	6,838,305	126,598,810	1,635,445	8,603,342	99,756	3,018,979	146,794,637
Accumulated Amortization, beginning of year		64,720,945	844,428	4,667,412	70,640	681,701	70,985,126
Prior Period Adjustments							
To Recognize Asset Retirement Obligation		5,243,151					5,243,151
Accumulated Amortization, beginning of year, as restated		69,964,096	844,428	4,667,412	70,640	681,701	76,228,277
Changes for the Year							
Increase: Amortization for the Year		2,426,560	153,888	856,266	22,184	480,486	3,939,384
Decrease:							
Deemed Disposals			136,939	697,569	22,993	187,705	1,045,206
		-	136,939	697,569	22,993	187,705	1,045,206
Accumulated Amortization, end of year		72,390,656	861,377	4,826,109	69,831	974,482	79,122,455
Tangible Capital Assets - Net	6,838,305	54,208,154	774,068	3,777,233	29,925	2,044,497	67,672,182

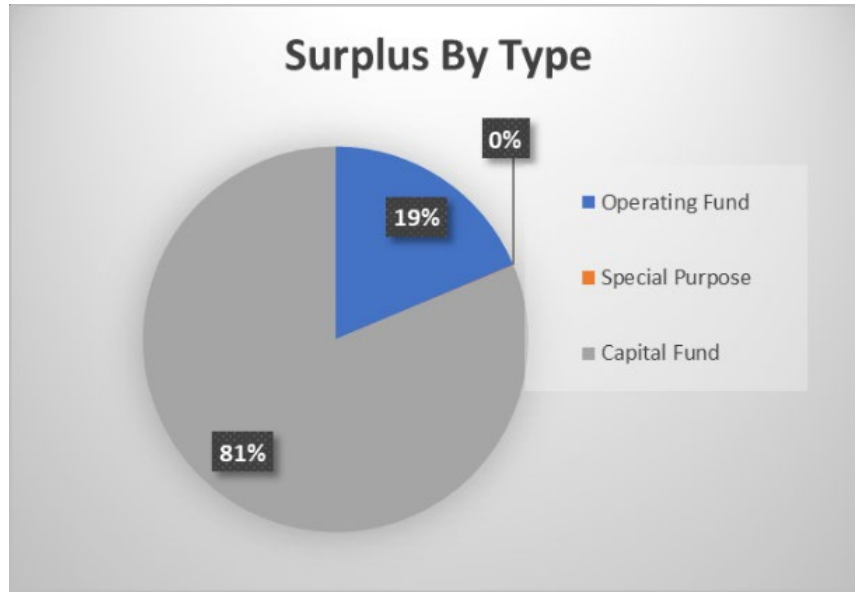
The overall age of the Tangible Capital Assets are a bit on the high side compared to most districts. There is going to be a concerted effort to within the district to prioritize deferred maintenance projects as our assets continue to age.

Financial Statement Discussion & Analysis



ACCUMULATED SURPLUS (DEFICIT)

The Accumulated Surplus is the combined year over year total surplus or deficit that the district maintains. The surplus is a measure of the cumulative financial state the district is in as a whole.



As you can see to the left the Operating Fund Surplus only makes up 19% of the Total Accumulated Surplus, and of that some of those funds are restricted. The Special Purpose Fund Surplus (<1%) also have conditions tied to their use so they are restricted as well. The Capital Fund Surplus (81%) have specific uses under the Capital Projects and Local Capital Projects which also have limitations on them.



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ACCUMULATED SURPLUS (DEFICIT)

This year the district reported a Net Operating Surplus of \$1.79 million dollars. This tops up the prior years \$6.78 million dollars to \$8.57 million dollars in the Operating Funds Surplus less a \$4.2 million dollar transfer to Local Capital in the year to end the year at \$4.37 million Operating Funds Surplus.

Of the \$4.37 million dollars in Operating Funds Surplus \$3.04 million dollars of these funds are earmarked for specific programs and can only be spent on those items. The remaining \$1.33 million dollars are classified as Unrestricted and are available for various uses.

	2023	2022 (Restated - Note 25)
Operating Fund		
Internally restricted:		
School budget balances	103,657	333,396
Security & PA Upgrades	550,000	-
School Roof Replacements	1,200,000	-
Pre-Engineering (Marie Sharpe School)	200,000	-
Accessibility Upgrade (Mile 108 School)	500,000	-
Indigenous commitments	483,810	439,608
Unrestricted	1,330,774	6,009,509
Operating Funds	4,368,241	6,782,513
Special Purpose Funds	15,000	15,000
Capital Fund		
Invested in tangible capital assets	11,524,210	12,001,722
Local Capital	7,454,360	2,985,612
	18,978,570	14,987,334
Total Accumulated Surplus	23,361,811	21,784,847

Overall, the district is maintaining an adequate surplus balance and is in a good position. They are not in a deficit position which means they are not required to use debt to fund any projects or programs. The district has been purposely moving Operating Surplus Funds to Local Capital to address the ongoing needs of the district.

Financial Statement Discussion & Analysis



ACCUMULATED SURPLUS (DEFICIT)

Within the Accumulated Surplus - Capital Fund there are funds that are restricted for Local Capital Projects. Below is a list of projects that align with our strategic goals within the district and the funds are earmarked to allow the district to successfully execute the longer-term district goals with minimal yearly funding changes. Identifying these projects up front increases transparency of where the district is looking to spend their funds.

	2023
Local Capital Project Breakdown	
Building Envelope	4,100,000
White Fleet Replacements	400,000
Mini Bus for Sport/Extra Curricular (x2)	300,000
Tech / Network Upgrade	700,000
Long Range Facility Plan	50,000
Facilities Reserve	1,904,360
Local Capital Total	7,454,360





FUTURE RISKS

Labour shortages probably represent one of the biggest near-term challenges that the district faces with regards to future risks. The district has found it challenging to hire and retain teachers, substitutes, education assistants, and all types of support services including bus drivers and custodial staff.

This problem appears to be more of a national issue within Canada, but the impact of a shortage of teachers, professionals and support staff is being felt across the district. We don't see this issue changing in the near future, but the district is taking steps to try to address the shortage.



Financial Statement Discussion & Analysis



CONTACTING MANAGEMENT

This financial report is designed to provide the School District No. 27 (Cariboo-Chilcotin) stakeholders with a general but more detailed overview of the district's finances and to demonstrate increased accountability for the public funds received by School District No. 27 (Cariboo-Chilcotin).

If you have any questions about this financial report, please contact the Secretary-Treasurer at the district office or you can visit the School District No.27 Website

<https://www.sd27.bc.ca/>

