

For the Year Ended June 30, 2021

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# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

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School District 6 Rocky Mountain is located on the traditional unceded shared territory of the Ktunaxa and Secwépemc peoples and the chosen home of the Métis.



**Rocky Mountain**  
School District #6



# CONTENTS

The following Financial Statement Discussion and Analysis should be read in conjunction with the audited financial statements and accompanying notes for School District No. 6 (Rocky Mountain) for the year ended June 30, 2021. 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.



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# OVERVIEW OF SCHOOL DISTRICT NO. 6

School District 6 Rocky Mountain serves all communities from Golden to Kimberley. There are 14 schools and three alternate schools in three zones: Golden, including the community of Nicholson; Windermere, including Edgewater, Invermere, and Canal Flats; and Kimberley, including Marysville. The District serves approximately 3,500 students and employs approximately 550 staff. Nine Trustees make up the Board of Education; three from each zone. The Board of Education engaged in the development of a strategic plan, building the vision, mission, values and priorities which will set the stage for the next three years. The three priorities of the Board of Education, Equity and Inclusion, Success for Each Learner and Excellence in Teaching and Leadership create a solid foundation for continuous improvement.

School District 6 is committed to true and lasting reconciliation with Indigenous peoples. Our Indigenous partnerships are essential to the success of this plan and together we will journey toward a better future that acknowledges the past and paves the way for better future.

**The mission, vision and values guide all decisions, made by the Board of Education.**



## MISSION

We collaborate in the pursuit of each student's success to become knowledgeable caring, contributing, resilient members of a global community.

## VALUES -

**RESPECT** - We foster respectful relationships that build trust, safety and well-being.

**EQUITY** - We strive to build learning environments that are equitable, honour diversity and inclusion, are safe, caring and healthy places to work and learn.

**INTEGRITY** - We nurture a sense of self-awareness, responsibility and honesty as we become environmental stewards and morally upright global citizens

**ACCOUNTABILITY** - We are accountable for ourselves, our students and our communities for professionalism, transparency and quality results.

**INNOVATION** - We create learning opportunities that are high quality, place-based, creative, and that encourage students to reach their full potential.



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# UNDERSTANDING THE FINANCIAL STATEMENTS

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The District uses fund accounting and deferral accounting and each of its funds has specific 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 resources are allocated in the most efficient way possible to achieve the goals for students.

## **The two key audited statements are:**

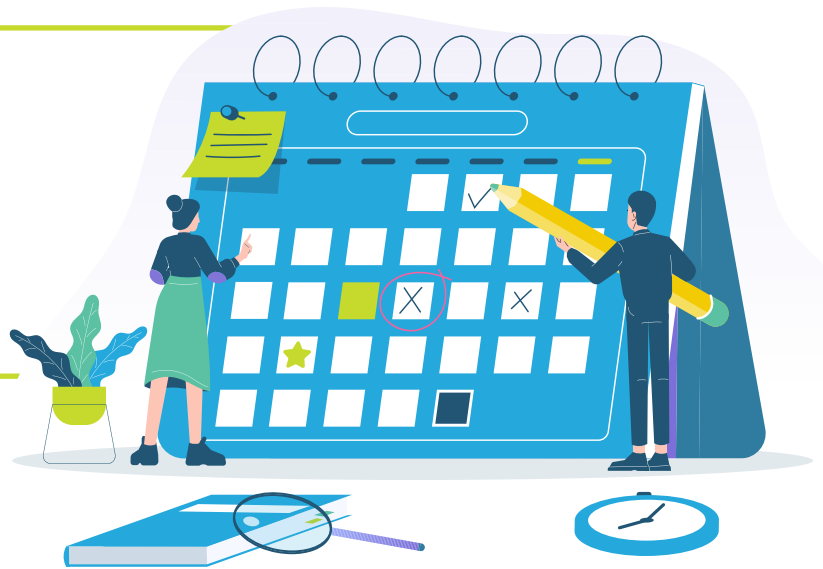
- **Statement of Financial Position** - summarizes the combined assets and liabilities at June 30th. This statement provides an indication of the financial health of the District;
- **Statement of Operations**- summarizes the combined revenues received and expenses incurred during the twelve months between July 1 and June 30. This statement provides an indication of the funding received by the District and how that funding was spent;

**A Statement of Changes in Net Debt, Statement of Cash Flows and the Notes to the Financial Statements are also audited and provide further analysis of District finances.**

**The schedules at the end of the notes to the financial statements are in a format prescribed by the Ministry of Education. These schedules provide more detail specific to each of the three funds (Operating, Special Purpose and Capital funds). The balances in these schedules are consistent, when combined together, with the financial statements. These schedules are comprised of:**

- **Schedule 1: Accumulated Surplus** – summarizes the surplus for the year and accumulated surplus amounts from each of the three funds.
- **Schedule 2: Operating** – accounts for District grants and other operating revenues as well as the District operating expenses.  
As the District must present a balanced Operating Fund budget, any surplus is carried forward to future years.
- **Schedule 3: Special Purpose** – accounts for grant and other contributions whereby spending is for specific activities. As these are targeted funding, any unspent funds are accounted as deferred revenue, not accumulated surplus.
- **Schedule 4: Capital** – accounts for District investment in capital assets, local capital as well as bylaw capital and Ministry of Education restricted capital.

# SUMMARY OF SIGNIFICANT EVENTS



During the year, the District managed several large capital projects including:

- Accessible playground at Martin Morigeau Elementary
- Upgraded lights to LED fixtures at Lady Grey Elementary
- Upgraded the main electrical transformer and switch at David Thompson Secondary
- Installed new high efficient boilers and upgraded DDC HVAC controls at Marysville Elementary
- Building envelope upgrade at Nicholson Elementary
- Replaced a section of roofing at the Kimberley Operations Building
- Upgraded CCTV at David Thompson Secondary
- Upgraded front sidewalks at McKim Middle School
- Upgraded DDC HVAC controls at Windermere Elementary
- Upgraded the fire alarm panel at Golden Secondary
- Replaced HVAC systems at Kimberley Operations Buildings
- Washroom Upgrades at Windermere Elementary
- Multiple building component renewal upgrades throughout the District
- Continuous investment in technology

The COVID19 outbreak was declared a pandemic by the World Health Organization in March 2020 and has had a significant financial, market and social dislocating impact worldwide. The ongoing impact of the pandemic presents uncertainty over future cash flows and may have a significant impact on future operations including decreases in revenue, impairment of receivables, reduction in investment income and delays in completing capital project work. As the situation is dynamic and the ultimate duration and magnitude of the impact are not known, an estimate of the future financial effect on the District is not practicable at this time.

Overall as of June 30, 2021, the District has strong financial health. This strong financial health can be contributed to sound financial management, planning and governance and is illustrated throughout this report.

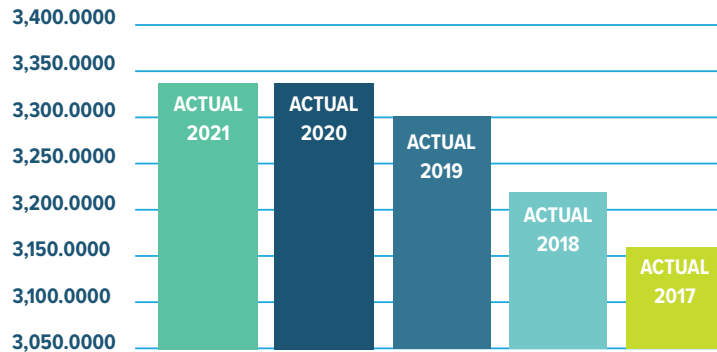
# ENROLLMENT & STAFFING

The operations of the School District are dependent on continued grant funding from the Ministry of Education primarily based on student enrollment, students identified with special needs and other demographic and geographical factors. Expenditures are primarily associated with staffing and related compensation and benefits. Student enrollment and staffing levels are reflected below.



## ENROLLMENT

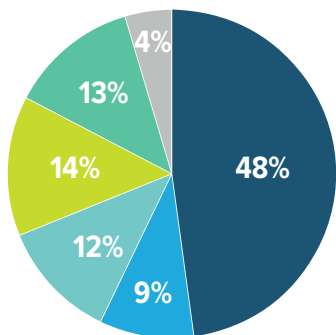
Provincial grant funding is primarily based on student enrollment, unique student needs, and unique geographical requirements, with additional funding for adult and summer school education. The District continues to see a growth in enrollment, as illustrated on the right.



## STAFFING

Staffing is the most significant operational expenditure of school districts. The Staffing budget is summarized below:

	Fiscal 2020/21		Fiscal 2019/20	Variance from Budget		Variance from Prior Year	
	Budget	Actual	Actual	\$	%	\$	%
Teachers	14,213,108	14,002,402	13,746,522	210,706	-1.48%	-255,880	1.83%
Principals & Vice Principals	2,791,115	2,721,430	2,814,030	69,685	-2.50%	-92,600	-3.40%
Educational Assistants	3,273,662	3,435,507	2,801,391	161,845	4.94%	634,116	18.46%
Support Staff	4,108,844	4,029,488	4,040,614	79,356	-1.93%	-11,126	-0.28%
Other Professionals	3,646,170	3,726,678	3,282,659	80,508	2.21%	444,019	11.91%
Substitutes	1,289,530	1,348,979	1,310,387	59,449	4.61%	38,592	2.86%
<b>Total Salaries</b>	<b>29,322,429</b>	<b>29,264,484</b>	<b>27,995,603</b>	<b>-57,945</b>	<b>0.20</b>	<b>1,268,881</b>	<b>4.34%</b>



### SALARIES

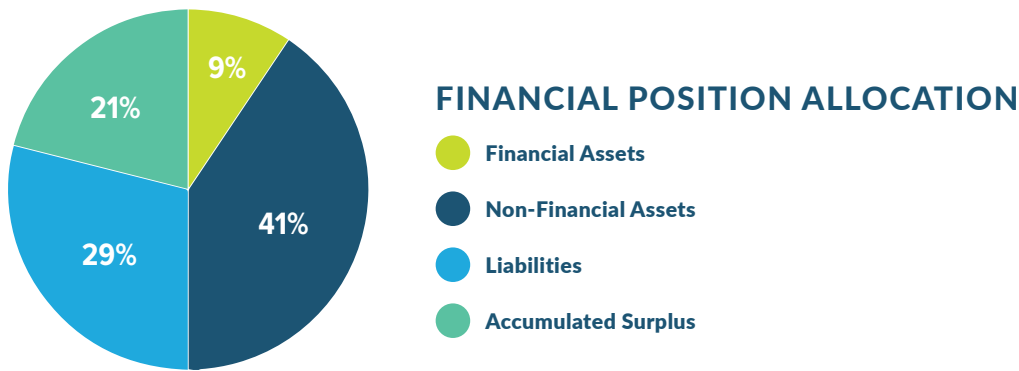
- Teachers
- Principals and Vice Principals
- Educational Assistants
- Support Staff
- Other Professionals
- Substitutes

# STATEMENT OF FINANCIAL POSITION



The following table provides a comparative analysis of the School District's Net Financial Position for the fiscal years ended June 30, 2021 and 2020 with a review of the more significant year over year changes discussed below.

	2021	2020	Variance \$	Variance %
<b>Financial Assets</b>				
Cash and Cash Equivalents	9,749,908	8,624,666	1,125,241	13%
Accounts Receivable				
Due from Ministry of Education	606,241	156,426	449,815	288%
Due from LEA/Direct Funding	12,470	27,597	-15,127	100%
Other	207,078	198,874	8,204	4%
Portfolio Investments	3,268,745	3,252,021	16,724	1%
<b>Total Financial Assets</b>	<b>13,844,442</b>	<b>12,259,584</b>	<b>1,584,857</b>	<b>13%</b>
<b>Liabilities</b>				
Trade Accounts and Other Payables	4,020,071	3,594,688	425,383	12%
Unearned Revenue	3,079,557	383,397	2,696,160	703%
Deferred Revenue	1,560,394	1,484,226	76,168	5%
Deferred Capital Revenue	32,818,825	32,334,762	484,063	1%
Employee Future Benefits	647,199	642,500	4,699	1%
Capital Lease Obligations	532,765	854,121	-321,356	-38%
<b>Total Liabilities</b>	<b>42,658,811</b>	<b>39,293,694</b>	<b>3,365,117</b>	<b>9%</b>
<b>Net Debt</b>	<b>-28,814,369</b>	<b>-27,034,110</b>	<b>-1,780,259</b>	<b>7%</b>
<b>Non-Financial Assets</b>				
Tangible Capital Assets	59,693,911	58,374,427	1,319,484	2%
Restricted Assets	54,030	76,295	-22,265	-29%
Prepaid Expenses	85,715	100,431	-14,716	-15%
<b>Total Non-Financial Assets</b>	<b>59,833,656</b>	<b>58,551,153</b>	<b>1,282,503</b>	<b>2%</b>
<b>Accumulated Surplus</b>	<b>31,019,287</b>	<b>31,517,043</b>	<b>-497,756</b>	<b>-2%</b>



Financial Assets are assets that can be used to discharge liabilities and provide working capital funds in the normal course of operations. The increase in financial assets from prior year resulted mainly from the cash increase due to the International Program student fees collected in the 2020/21 year for students enrolled in the 2021/22 school year.

**Liabilities are obligations of the District to others arising from prior transactions, the settlement of which will require the use of current and future financial assets. The increase in liabilities from 2019/20 resulted from changes in the following accounts:**

- Decrease in capital lease obligations due to the decision to purchase some devices that came up for lease renewal this year.
- Increase in unearned revenue due to the International Student Program enrollment for the 2021/222 school year. As a result of the COVID-19 pandemic unearned revenue was significantly reduced in the 2019/20 year.

Tangible capital assets (TCA) are non-financial assets used in providing the services of the District and include buildings, equipment, furniture, technology and vehicles purchased, constructed or contributed to the District. The balance in the financial statements is the historical cost of the assets less accumulated amortization to June 30, 2021. The increase in TCA is comprised of new assets purchased totaling \$4.8M less amortization of \$3.5M.



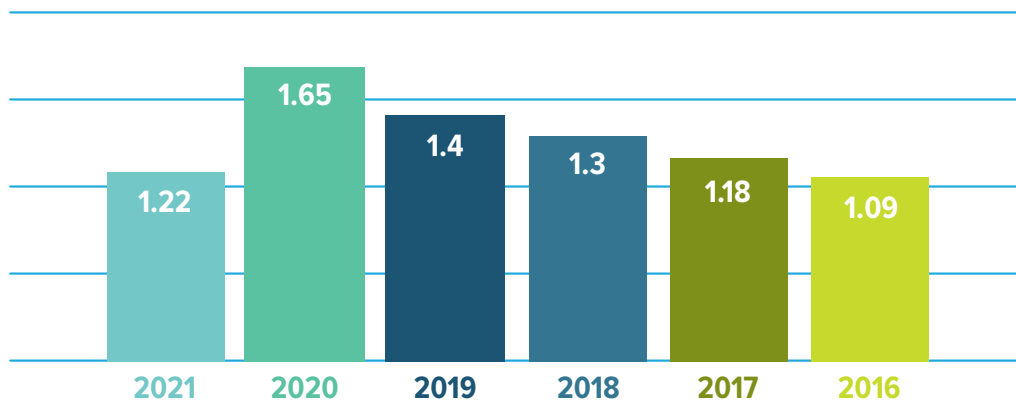
Prepaid expenses result from the District making advanced payments for goods or services to be received in the future. The amount is initially recorded as an asset, but their value is expensed over time onto the income statement.

Accumulated surplus or deficit represents the net assets or debt of the District. The District incurred a deficit for the 2020/21 fiscal year and continues to be in an accumulated surplus position.

	2021	2020	2019
Accumulated Surplus, beginning of the year	31,517,043	30,584,343	30,310,104
Net Changes for the year	-497,756	932,700	274,239
Accumulated Surplus, end of the year	31,019,287	31,517,043	30,584,343

Current ratio is a liquidity ratio that measures the District’s ability to pay off its current liabilities with current assets. A ratio greater than one is desirable as it means the District has the ability to pay current liabilities as they are due. A ratio of less than one indicates that the District would have to borrow to meet short term obligations. The current ratio is calculated as current assets divided by current liabilities. The District’s current ratio is healthy and well above one (1).

### LIQUIDITY



The decrease in the 2021 liquidity ratio from the prior year is mainly due to the increase in unearned revenue and other payables. The 2020 liquidity ratio was greater due to a lower balance of unearned revenue as a result of COVID-19 impacts on the International Student Program. This year’s ratio is consistent with the historical average of 1.3.

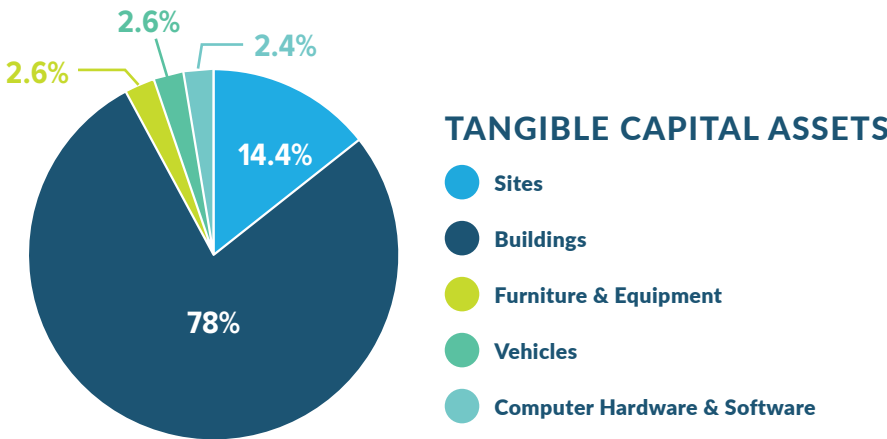
# CAPITAL OPERATIONS



Capital Funds	June 30, 2021	June 30, 2020	Variance
Restricted Capital Balance	460,363	452,160	8,203
Tangible Capital Assets	59,693,911	58,374,427	1,319,484
Other Provincial Capital	1,351,258	1,406,062	(54,804)
Local Capital Balance	2,410,960	2,424,032	(13,072)

**(Ministry) Restricted capital** are funds held on behalf of the Ministry of Education.

**Tangible capital assets** are non-financial assets used in providing the services of the District and include sites, buildings, equipment, furniture, vehicles and technology purchased or constructed by the District. The balance in the financial statements is the historical cost of the assets less accumulated amortization to June 30. The increase in TCA is comprised of new assets purchased totaling \$4.8M less amortization of \$3.4M.



**Other Provincial capital** rare funds provided by the Ministry of Jobs, Tourism and Skills Training to purchase trades training equipment in support of Industrial Training Authority Youth Trades programs.

**Local capital balance** decreased as local capital funds have been used to fund several capital projects.

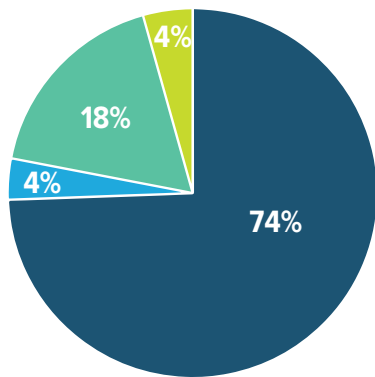
# OPERATING RESULTS



The District’s revenue is heavily reliant upon the Operating Grant from the Provincial government. 88% of District operating revenue comes in the form of an operating grant which is based on enrolment levels and other student and geographical factors. 7% of revenue is generated from International Education programs and the balance through other revenue programs such as special purpose funding, facility rental and lease income, investment income and donations.

84% of District expenditures are associated with salaries and benefits. The balance of expenditures are related to supplies and services including utilities, professional development, transportation and maintenance.

	Budget	2021	2020	Variance
<b>Revenue</b>	50,664,366	50,704,601	50,680,739	23,862
<b>Expenses</b>	51,105,274	51,180,093	49,748,039	1,432,054
<b>Endowment Transfer</b>		(22,264)		
<b>Surplus (Deficit) for the year</b>	(440,908)	(497,756)	932,700	(1,430,456)
Accumulated Surplus - Operations		31,517,043	30,584,343	932,700
Total Accumulated Surplus		31,019,287	31,517,043	-497,756



## EXPENSES BY FUNCTION

- Instruction
- District Administration
- Operations and Maintenance
- Transportation and Housing

	Fiscal 2020/21		Fiscal 2019/20	Variance from Budget		Variance from Prior Year	
	Budget	Actual	Actual	\$	%	\$	%
Instruction	38,400,668	38,078,579	36,904,558	-322,089	-0.85%	1,174,021	3.08%
District Administration	1,775,451	1,842,631	1,675,548	67,180	3.65%	167,083	9.07%
Operations and Maintenance	8,807,257	9,019,777	8,945,902	212,520	2.36%	73,875	0.82%
Transportation and Housing	2,106,756	2,224,797	1,982,644	118,041	5.31%	242,153	10.88%
Debt Services	15,142	14,309	15,687	-833	-5.82%	-1,378	-9.63%
Write-off/down of Buildings & Sites	0	0	223,700	0	0%	-223,700	-100%
<b>Total Expense</b>	<b>51,105,274</b>	<b>51,180,093</b>	<b>49,748,039</b>	<b>74,819</b>	<b>0.15%</b>	<b>1,432,054</b>	<b>2.80%</b>

Instruction expenses increased from 2019/20 mainly due to additional staff and supplies related to the COVID-19 health and safety measures. There were also wage increases throughout the year (teachers/CUPE staff – 2% July 1, 2020, remaining employee groups– varying rates and times). Staff illness and absence coverage was also higher than prior year.

District Administration costs increased from prior year due to wage increases across all employee groups, as well as additional district office staff.

**Operations and Maintenance costs increased from prior year due to a variety of factors including:**

- Wage increases across all employee groups
- Increased expenditures that were a result of the additional COVID-19 protocols. This increased support staff salaries as well as maintenance, operations and custodial supplies.

Transportation costs increased from prior year due to school closures, less in-class instruction and cancelation of all trips in the last quarter of the 2020/21 year. Vehicle maintenance and repair costs increased \$141K from prior year mainly due to a number of bus engines failing prematurely which required engine rebuilds at a significant cost.