



For the Year Ended **JUNE 30, 2022**

---

# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

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.





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) (the “District”) for the year ended June 30, 2022. The purpose of the Financial Statement Discussion and Analysis (“FS D&A”) 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.

This FS D&A contains forward-looking information such as the planned use of local capital funds and accumulated surplus. The purpose of the forward-looking information is to provide management’s expectations regarding results of operations and performance, and it may not be appropriate for other purposes.

The FS D&A information has not been audited.





# Contents

---

<b>Overview of School District No. 6</b> .....	3
<b>Understanding the Financial Statements</b> .....	4
<b>Summary of Significant Events</b> .....	5
<b>Enrollment and Staffing</b> .....	6
<b>Statement of Financial Position</b> .....	8
<b>Capital Operations</b> .....	11
<b>Operating Operations</b> .....	14



# Overview of SD6

---

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 that 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 lay 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 as caring, resilient members of a global community.

## VISION

---

Opportunity, equity, and success for ALL learners.

## 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 truthfulness in ALL students so that they will 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.



# Understanding the Financial Statements

---

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 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 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 the 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 and annual maintenance including:**

- **David Thompson Secondary**
  - o Construct new Universal Washroom
  - o Upgrade Exterior Sidewalks
  - o HVAC Controls Upgrade
- **Selkirk Secondary, Upgrade Hallway and install 120 Lockers**
  - o Band & Drama HVAC Upgrade and Water Service Upgrade
  - o Replace Garaventa Stair Lift
  - o Upgrade CCTV System (video surveillance), PA wiring project and Intrusion Alarm System Upgrade
- **Golden Secondary School, Upgrade CCTV System (video surveillance)**
- **J. Alfred Laird Elementary**
  - o Parking Lot Accessibility Upgrade
  - o HVAC Controls Upgrade
- **Eileen Madson Primary**
  - o Upgrade Interior and Exterior Doors and Hardware
  - o Lighting Upgrade to LED Fixtures
- **Nicholson Elementary**
  - o Construct Universal Washroom and Renovate First Aid Room
  - o Accessibility Upgrade to building
- **Edgewater Elementary**
  - o HVAC Controls Upgrade
  - o Hazardous Tree Removal
- **Lindsay Park Elementary, Renovate Library, Office and Staff Room**
- **Alexander Park Elementary, Hazardous Tree Removal**
- **Marysville Elementary, Hazardous Tree removal**
- **Invermere Open Doors, Construct Accessible sidewalk**
- **Blarchmont Elementary, Installation of Kitchen Hood - Strong Start Program**
- **Windermere Operations Building, Installation of Electrical Charging Station - e-bus**
- **Multiple building component renewal upgrades throughout the District**
- **Continuous investment in technology**





# Enrollment and Staffing

---

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

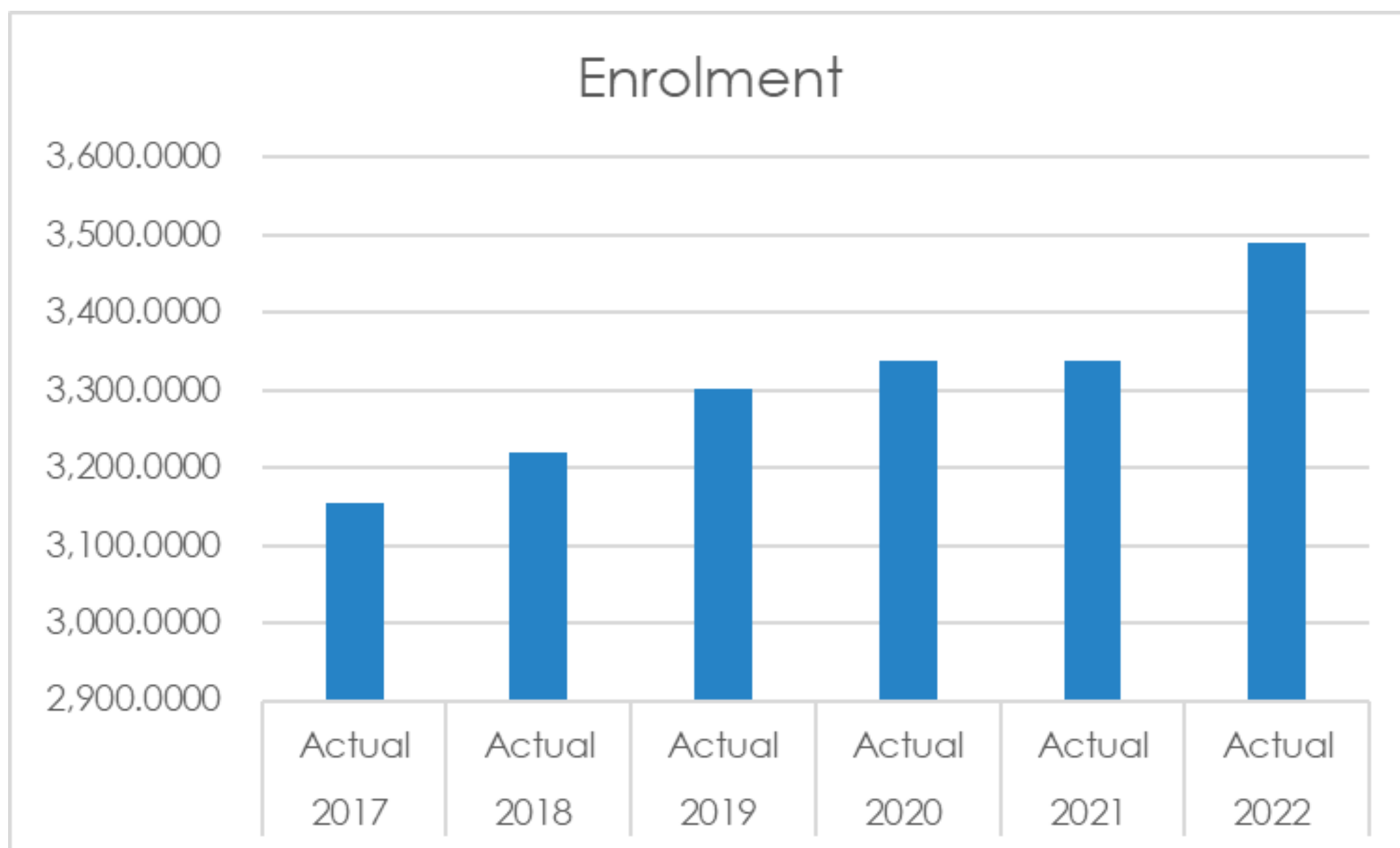
## Enrolment

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

## Forecasting Enrolment

The District uses local knowledge to forecast enrolment based on the information available. Up until 2021, the District encountered minimal growth. In 2022, the District realized a large growth in enrolment largely due to net migration to the area. This was a result of a combination of factors which included: a large, multiyear capital project near Golden along Highway 1 where hundreds of workers (and families) moved to the area; and a trend caused mainly from COVID-19 where smaller communities realized movement of people from larger cities such as Kelowna and Calgary. As a result, the District is assessing the long term impact to the capacity of the facilities. For 2023, a portable will be added to Lindsay Park Elementary (Kimberley) and the District continues to advocate for the replacement of Eileen Madson Primary (Invermere). Refer to the District website (Capital Planning) for more information on the current capital plans approved by the Board of Education.

<https://www.sd6.bc.ca/departments/operations>



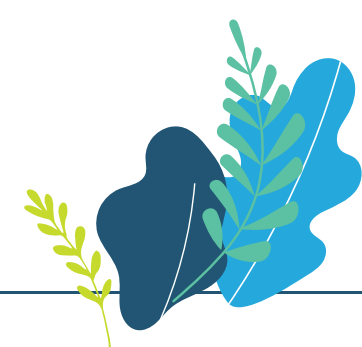
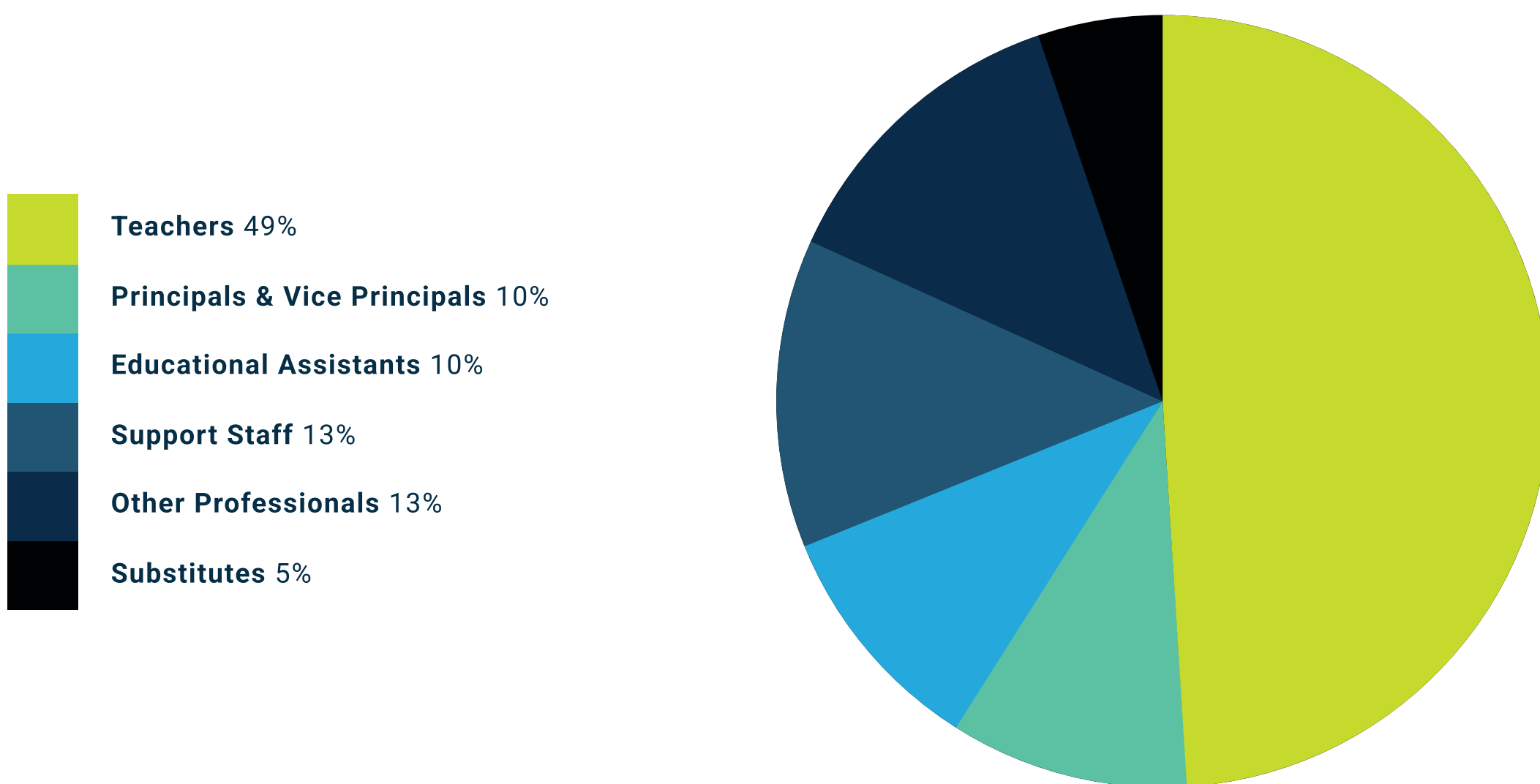
## Staffing

Staffing is the most significant operational expenditure of school districts. During the Spring, the Administrators work with Finance and Human Resources to configure the schools for the following September. This process derives the number of classroom Teachers required. In addition, the student needs of each classroom are reviewed and additional supports are allocated (Learning Services Teachers, Educational Assistants, Youth Care Workers and Indigenous Education Workers). This process determines a large part of the staffing compliment and is finalized once enrolment numbers are confirmed in September.

The Staffing budget (exclusive of benefits) is summarized below:

	Fiscal 2021/22		Fiscal 2020/21	Variance from Budget		Variance from Prior Year	
	Budget	Actual	Actual	\$	%	\$	%
Teachers	15,108,084	15,068,828	14,002,401	-39,256	-0.26%	1,066,427	7.08%
Principals and Vice Principals	3,169,240	2,984,514	2,721,430	-184,726	-5.83%	263,084	8.81%
Educational Assistants	3,017,843	3,039,392	3,435,507	21,549	0.71%	-396,115	-13.03%
Support Staff	4,109,528	4,174,652	4,029,488	65,124	1.58%	145,164	3.48%
Other Professionals	3,968,194	4,025,138	3,726,678	56,944	1.44%	298,460	7.41%
Substitutes	1,250,565	1,643,268	1,348,979	392,703	31.40%	294,289	17.91%
<b>Total Salaries</b>	<b>30,623,454</b>	<b>30,935,792</b>	<b>29,264,484</b>	<b>312,338</b>	<b>1.02%</b>	<b>1,671,308</b>	<b>5.40%</b>

## Salaries



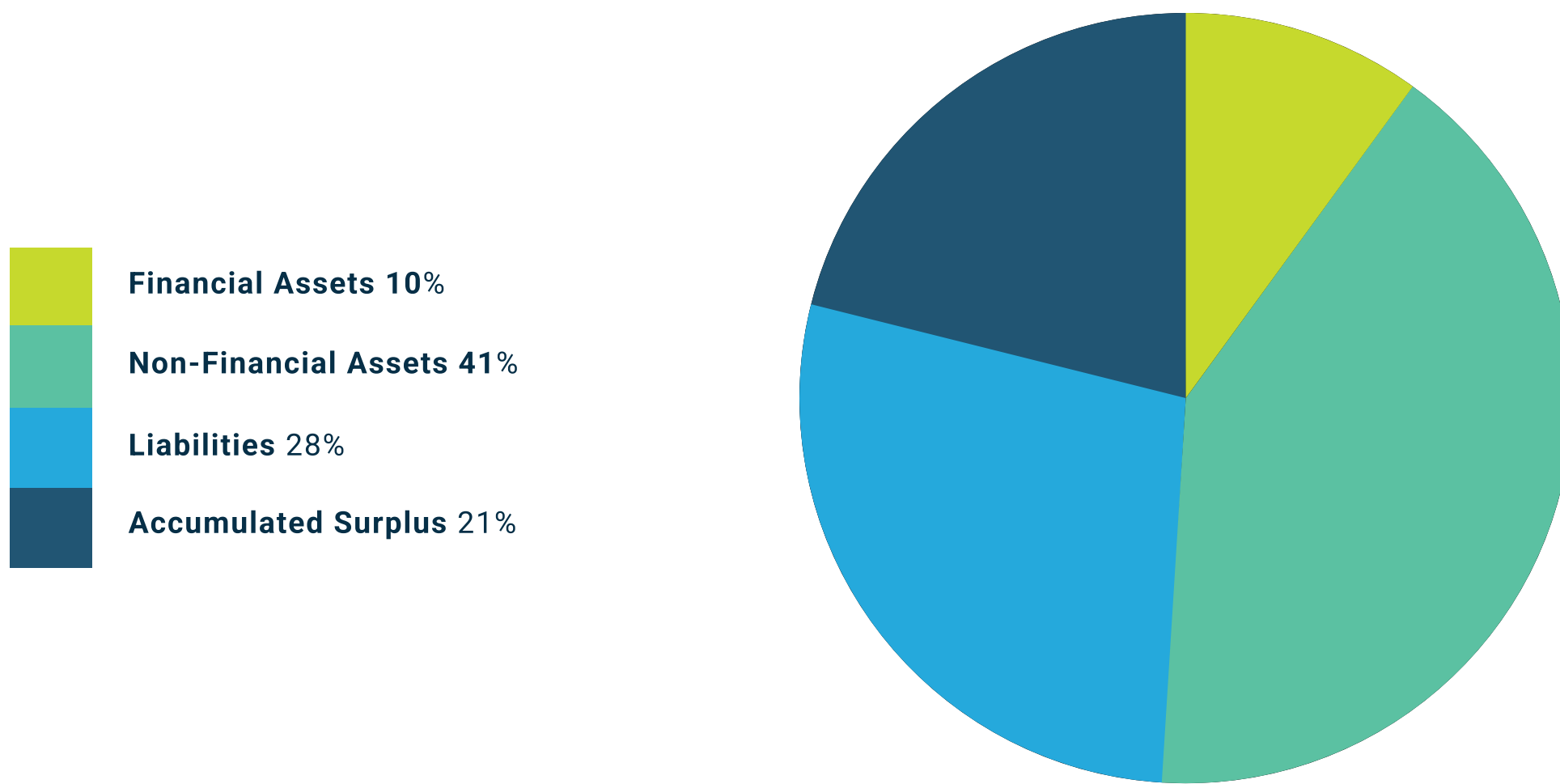


# Statement of Financial Position

The following table provides a comparative analysis of the School District's Net Financial Position for the fiscal years ended June 30, 2022 and 2021 with a review of the more significant year over year changes discussed below.

	2022	2021	Variance	
			\$	%
<b>Financial Assets</b>				
Cash and Cash Equivalents	10,670,302	9,749,908	920,394	9%
Accounts Receivable				
Due from Ministry of Education	252,431	606,241	-353,810	-58%
Due from LEA/Direct Funding	21,787	12,470	9,317	100%
Other	246,254	207,078	39,176	19%
Portfolio Investments	2,505,772	3,268,745	-762,973	-23%
<b>Total Financial Assets</b>	<b>13,696,546</b>	<b>13,844,442</b>	<b>-147,896</b>	<b>-1%</b>
<b>Liabilities</b>				
Trade Accounts and Other Payables	3,572,669	4,020,071	-447,402	-11%
Unearned Revenue	3,116,362	3,079,557	36,805	1%
Deferred Revenue	1,393,415	1,560,394	-166,979	-11%
Deferred Capital Revenue	32,012,046	31,854,828	158,218	0%
Employee Future Benefits	671,000	647,199	23,801	4%
Capital Lease Obligations	556,092	532,765	23,327	4%
<b>Total Liabilities</b>	<b>41,321,584</b>	<b>41,694,814</b>	<b>-372,230</b>	<b>-1%</b>
<b>Net Debt</b>	<b>(27,625,038)</b>	<b>(27,850,372)</b>	<b>224,334</b>	<b>-1%</b>
<b>Non-Financial Assets</b>				
Tangible Capital Assets	58,377,570	57,989,335	388,235	1%
Restricted Assets	54,031	54,030	1	0%
Prepaid Expenses	88,504	85,715	2,789	3%
<b>Total Non-Financial Assets</b>	<b>58,520,105</b>	<b>58,129,080</b>	<b>1,704,576</b>	<b>3%</b>
<b>Accumulated Surplus</b>	<b>30,895,067</b>	<b>30,278,708</b>	<b>616,359</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 decrease is primarily related to fewer capital amounts receivable from the Ministry due to timing of capital projects.

**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 2020/21 resulted from changes in the following accounts:

- Decrease to accounts payable and accrued liabilities due to the timing of year end payroll cutoff.
- Decrease in deferred capital revenue related to receipt of special purpose funds.
- Increase in deferred capital revenue related to funding received for capital asset acquisitions from the Ministry.

**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 1:1.



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. The increase in TCA is comprised of new assets purchased totaling \$4.3M less amortization of \$3.4M and a prior period adjustment of \$1.7M (see below).

On May 28, 2021 the Office of the Comptroller General issued a directive ordering school districts to retroactively apply the half-year rule of amortization for the fiscal year ended June 30, 2021. For government year end March 31, 2021, the Ministry estimated the effect of this change for inclusion in the Public Accounts. Due to the timing of the receipt of this directive, the Ministry delayed the application to school districts to June 30, 2022 at which time all school districts must use the half-year rule to amortize assets and related deferred capital contributions.

As a result of the retroactive adjustment to the half year rule to amortization the opening accumulated amortization increased \$1,704,576 and the prior year amortization increased by \$57,495. The impact to deferred capital revenue resulted in an increase to the opening deferred capital revenue of \$957,495 and an increase to the prior year amortization of deferred capital revenue of \$6,502.

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 had a surplus for the 2021/22 fiscal year and continues to be in an accumulated surplus position.

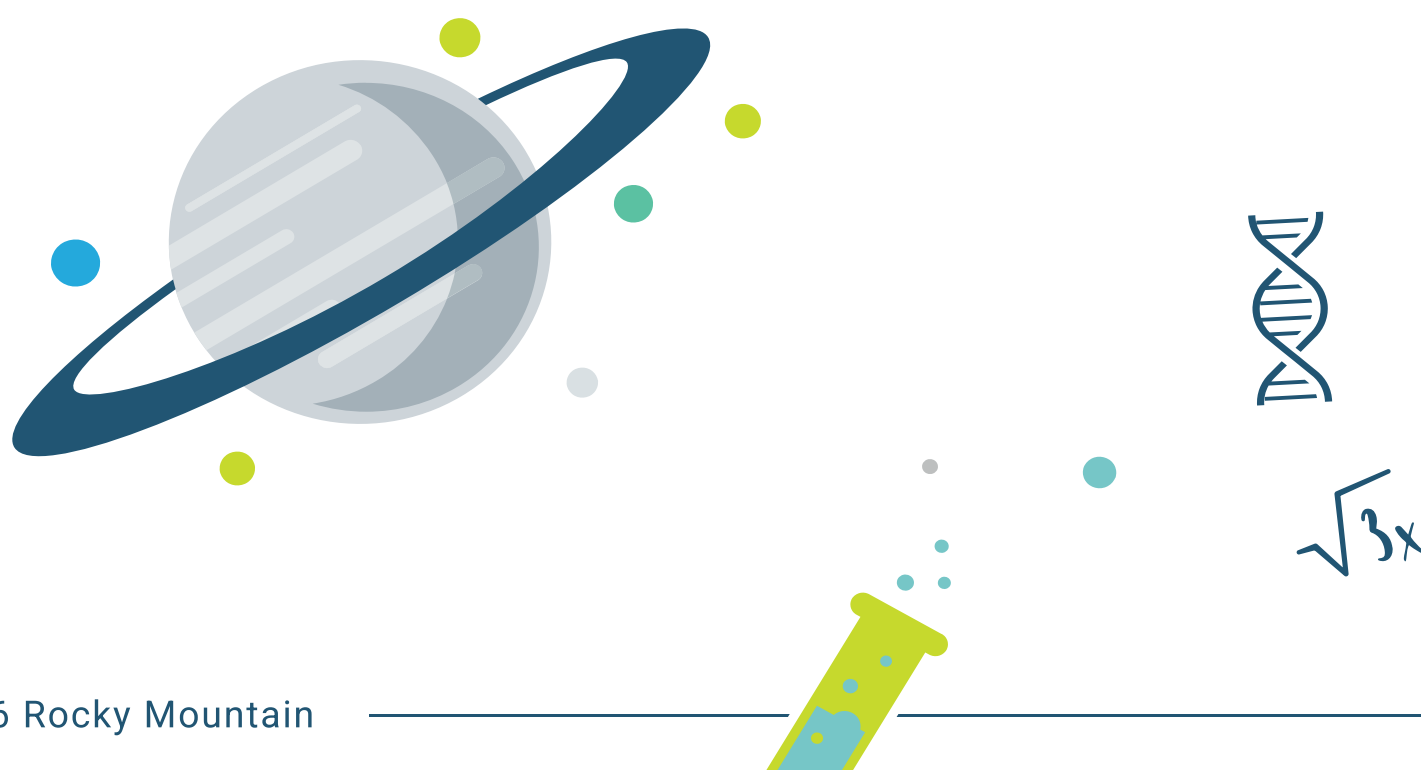
	<b>2022</b>	<b>2021</b>
Accumulated Surplus, beginning of the year	30,278,708	30,712,467
Net Changes for the year	616,359	(433,759)
Accumulated Surplus, end of the year	<u>30,895,607</u>	<u>30,278,708</u>
Comprised of:		
Capital fund	29,384,075	28,536,947
Special Purpose fund	54,031	54,031
Operating fund	<u>1,456,961</u>	<u>1,687,730</u>
Total	<u>30,895,067</u>	<u>30,278,708</u>

The Capital fund surplus is comprised of \$26.3M invested in capital assets and \$3.1M of local capital. Invested in capital assets in the net book value of the tangible capital assets less the balance of the deferred capital revenue. Local capital is money that is set aside for future capital purchases. A number of projects were delayed or postponed during the year due to availability of labour, materials or inflationary pressures on the cost of projects. There were also delays in receiving permits where environmental approval was required from the Ministry of Environment and Climate Change Strategy. The District plans to complete these projects in 2022/23, subject to similar conditions as noted above.

**The balance of the local capital is as follows and was approved by the Board of Education at the September 13, 2022 regular board meeting:**

**MULTI-YEAR LOCAL CAPITAL SURPLUS PLANNING AND REPORTING (in 000's)**

Local Capital	June 30, 2022	Budgeted for 2023	Planned for 2024	Planned for 2025	Planned for 2026
<b>Opening Balance</b>	\$ 2,411	\$ 3,106	\$ 1,208	\$ 890	\$ 772
<b>Total Sale of Property</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Transfer from Operating</b>	\$ 1,440	\$ 398	\$ 850	\$ 850	\$ 850
<b>Investment Income</b>	\$ 44	\$ 50	\$ 2	\$ 2	\$ 2
<b>Uses of Local Capital</b>					
Operations Capital Projects	\$ -	\$ 741	\$ 320	\$ 120	\$ 120
School Use	\$ 158	\$ 150	\$ 150	\$ 150	\$ 150
Capital lease payment	\$ 318	\$ 381	\$ 380	\$ 380	\$ 380
Capital lease interest	\$ 16	\$ 17	\$ 20	\$ 20	\$ 20
ERP System	\$ 130	\$ 370	\$ -	\$ -	\$ -
IT	\$ 167	\$ 687	\$ 300	\$ 300	\$ 300
Detail					
<b>Total Assets Purchased</b>	\$ 789	\$ 2,346	\$ 1,170	\$ 970	\$ 970
<b>Closing Balance</b>	\$ 3,106	\$ 1,208	\$ 890	\$ 772	\$ 654





The planned used for local capital is as follows:

<b>Schools</b>	\$	254	\$	230
<b>IT</b>			\$	110
Capital leases	\$	398	\$	400
Wireless	\$	250	\$	-
Switches	\$	250	\$	-
Phone system	\$	100	\$	-
Data Centre/Site servers	\$	100	\$	200
Hardware	\$	106	\$	100
<b>Kimberley Bus Barn</b>	\$	450	\$	-
<b>Vehicles/Machinery</b>	\$	440	\$	-
<b>ERP/District</b>	\$	370	\$	-
<b>Portables</b>	\$	175	\$	-
<b>Sites</b>	\$	117	\$	60
<b>Equipment and other</b>	\$	96	\$	108
	\$	<b>3,106</b>	\$	<b>1,208</b>



The operating surplus and planned use for the next three years is as follows and was approved by the Board of Education at the September 13, 2022 regular board meeting:

MULTI-YEAR OPERATING SURPLUS PLANNING AND REPORTING (in 000's)

Schedule of Accumulated Operating Surplus	Opening Balance	Planned Use	Actual Use	Additions	Closing Balance	Planned	Planned	Planned	Expected Balance
	July 1, 2022	Current Year	Current Year		June 30, 2023	2024	2025	2026	
<b>Internally Restricted Due to the Nature of Constraints on the Funds</b>					\$ -				\$ -
School surpluses	\$ 622	\$ (60)		\$ 21	\$ 583	\$ (60)	\$ (60)	\$ (60)	\$ 403
International Program	\$ 150	\$ -		\$ -	\$ 150	\$ -	\$ -	\$ -	\$ 150
Projects	\$ 63	\$ (63)			\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 835	\$ (123)	\$ -	\$ 21	\$ 733	\$ (60)	\$ (60)	\$ (60)	\$ 553
<b>% of Operating Budget</b>	\$ 47,600	1.8%			1.5%				1.2%
<b>Internally Restricted for Operations Spanning Multiple School Years</b>					\$ -				\$ -
<b>Internally Restricted Operating Fund</b>	\$ 835	\$ (123)	\$ -	\$ 21	\$ 733	\$ (60)	\$ (60)	\$ (60)	\$ 553
<b>Unrestricted Operating Surplus</b>	\$ 622	\$ -	\$ -	\$ -	\$ 622	\$ -	\$ -	\$ -	\$ 622
<b>% of Operating Budget</b>	\$ 47,600	1.3%			1.3%				1.3%
<b>Total Operating Fund Surplus</b>	\$ 1,457	\$ (123)	\$ -	\$ 21	\$ 1,355	\$ (60)	\$ (60)	\$ (60)	\$ 1,175
<b>% of Operating Budget</b>	\$ 47,600	3.1%			2.8%				2.5%



Per District Practice 3200, the unrestricted operating surplus should be no less than 1% and no more than 3%. The District is within the Board approved parameters of the surplus guidelines.

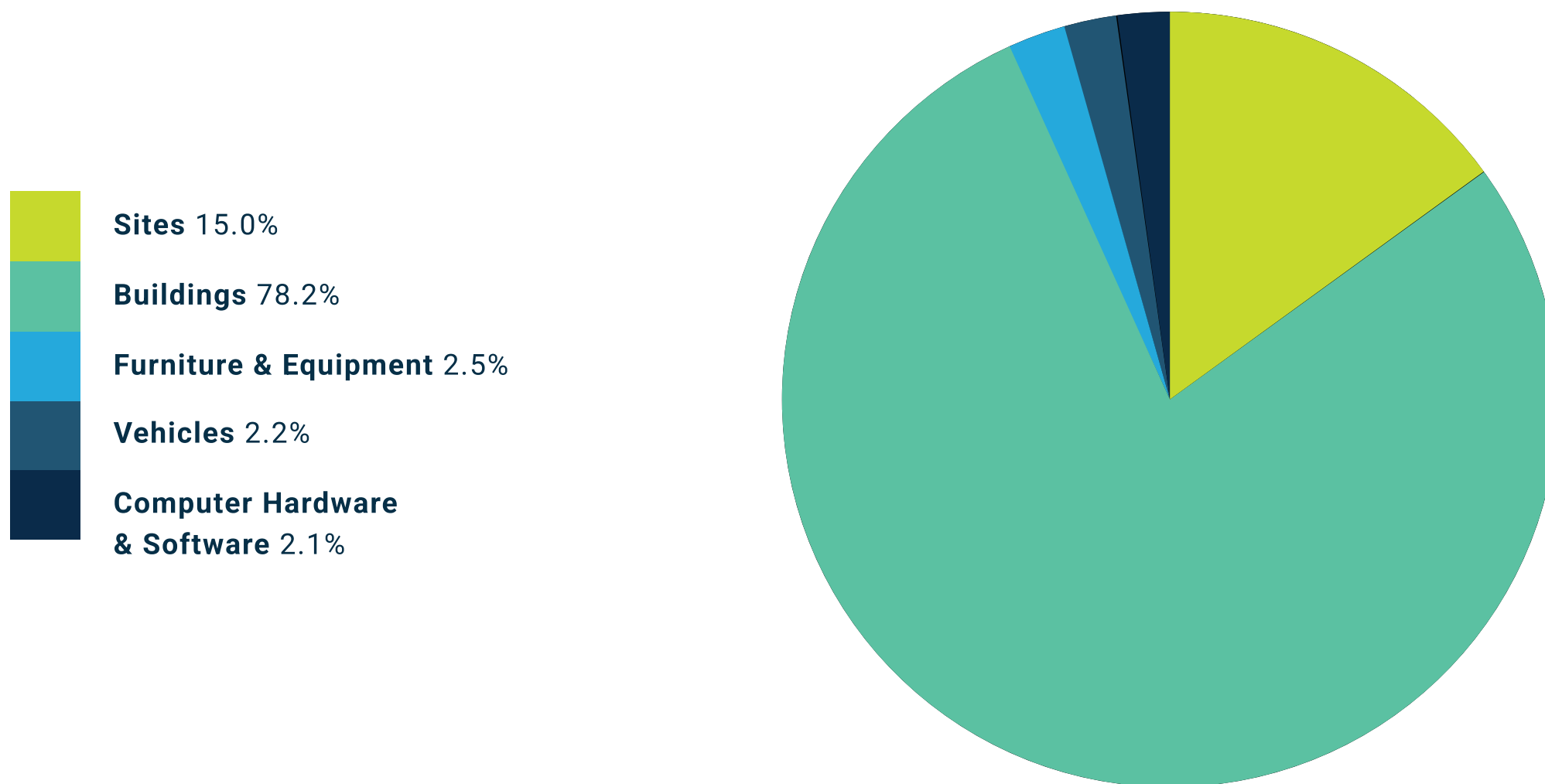
Capital Fund Balances are as Follows:

Capital Funds	June 30, 2022	June 30, 2021	Variance
Restricted Capital Balance	467,699	460,363	7,336
Tangible Capital Assets	58,377,570	57,989,335	388,235
Other Provincial Capital	1,267,781	1,351,258	-83,477
Local Capital Balance	3,105,881	2,410,960	694,921

(Ministry) Restricted capital are funds held on behalf of the Ministry of Education and require approval from the Ministry to be used. The balance at June 30, 2022 is \$468K and the District has been approved to utilize these funds to complete roof upgrades at Selkirk Secondary School.

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.

## Tangible Capital Assets



**Other Provincial capital** are 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.

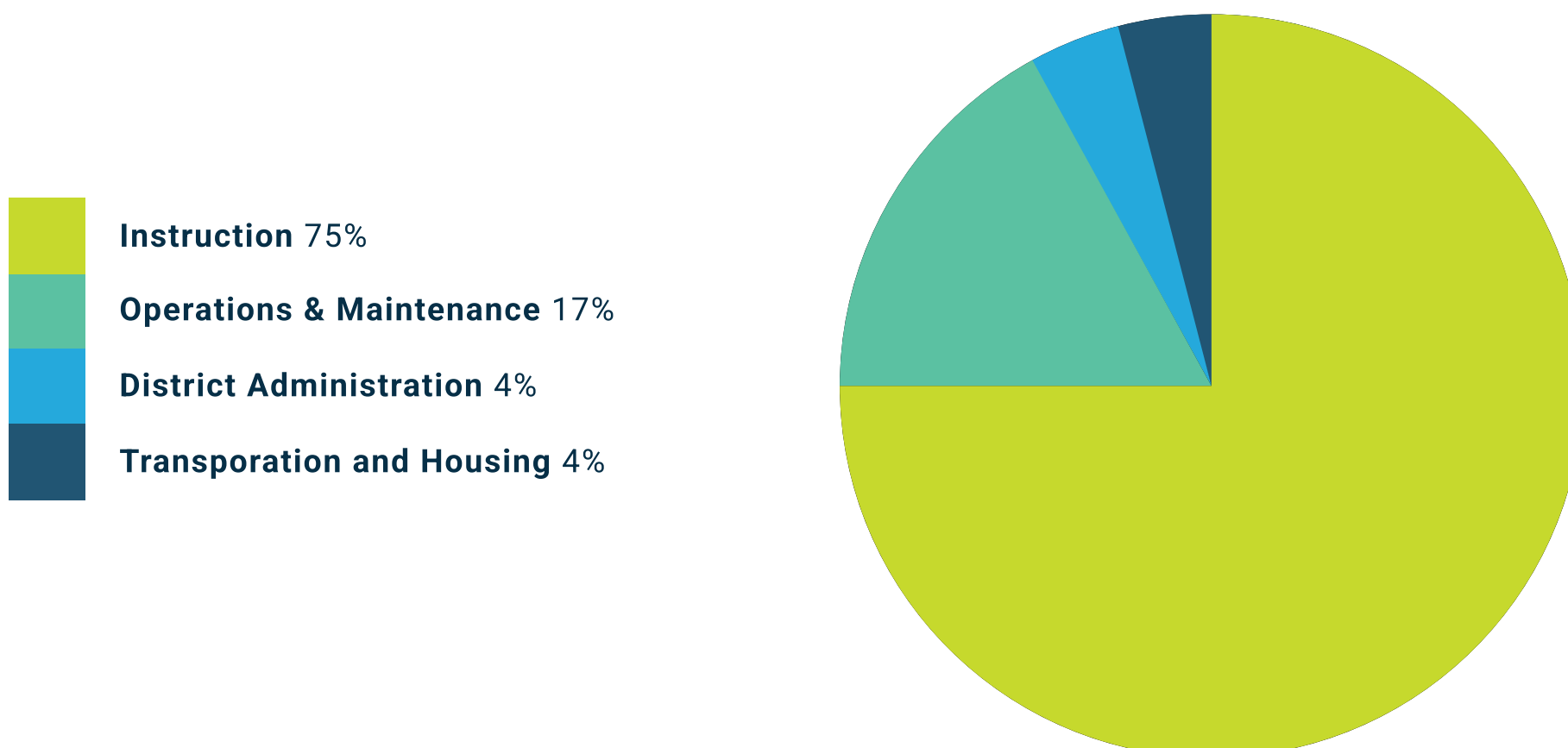
# Operating Operations

The COVID 19 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, 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, 2022, 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.

The District’s revenue is heavily reliant upon the Operating Grant from the Provincial government. 89% of District operating revenue comes in the form of an operating grant which is based on enrolment levels and other student and geographical factors. 9% 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. 82% 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	2022	2021	Variance
Revenue	53,204,613	55,556,756	50,711,103	4,845,653
Expenses	53,729,427	54,940,397	51,122,598	3,817,799
Endowment Transfer	-	-	(22,264)	22,264
Surplus (Deficit) for the year	(524,814)	616,359	(433,759)	1,050,118
Accumulated Surplus - Operations		30,278,708	30,712,467	
Total Accumulated Surplus		30,895,067	30,278,708	

# Expenses by Funtion



	Fiscal 2021/22		Fiscal 2020/21	Variance from Budget		Variance from Prior Year	
	Budget	Actual	Actual	\$	%	\$	%
Instruction	40,735,716	41,465,589	38,078,579	729,873	1.76%	3,387,010	8.17%
District Administration	1,885,550	1,955,085	1,842,632	69,535	3.56%	112,454	5.75%
Operations and Maintenance	8,985,525	9,277,947	8,962,282	292,422	3.15%	315,665	3.40%
Transportation and Housing	2,107,836	2,225,272	2,224,797	117,436	5.28%	475	0.02%
Debt Services	14,800	16,504	14,309	1,704	10.32%	2,195	13.30%
Total Expense	53,729,427	54,940,397	51,122,598	1,210,970	2.20%	3,817,799	6.95%

Instruction expenses increased from 2020/21 mainly due to additional staff and supplies related to the increase in enrolment. Also included in Instruction expenses are homestay fees which are related to the International students. This expense is funded solely by International tuition and was \$1.7M greater than the previous year due to the ability to host more International students with the easing of restrictions on travel.

District Administration costs increased from prior year due to professional services and travel required for Ministry and association meetings. Operations and Maintenance costs increased from prior year due to a variety of factors including:

- Wage increases across all employee groups
- Continued support of staff salaries as well as maintenance, operations and custodial supplies to maintain safe and clean facilities.
- Increase of supplies and materials due to inflationary pressures.

Transportation costs were consistent with the prior year. The costs were greater than budgeted due to significant increases in diesel from the original estimates budgeted.

