



BOARD OF EDUCATION

School District No. 50 (Haida Gwaii)

"Everything is connected"

VISION:

*A compassionate, inclusive education community that fosters Haida culture, dignity, respect, reciprocity, resilience, and personal success for all students.*

# Financial Statement Discussion and Analysis

For the Year Ended June 30, 2022



School District No. 50

**Haida Gwaii**

**School District No. 50 (Haida Gwaii)  
Financial Statement Discussion & Analysis  
For the Year Ended June 30, 2022**

The following is a discussion and analysis of the Haida Gwaii School District's financial performance for the fiscal year ended June 30, 2022. This report is a summary of the district's financial activities based on currently known facts, decisions, or conditions. The results of the current year are discussed in comparison with the prior year and budget. This report should be read in conjunction with the School District's financial statements and is meant to assist the reader.



## OVERVIEW OF THE SCHOOL DISTRICT

School District No. 50 (Haida Gwaii) is one of the smallest districts in BC, with fewer than 500 students in BC’s most westerly schools. Our Haida Gwaii School District provides educational programs and services to more than 458 students in five communities, Masset, Port Clements, Skidegate, Queen Charlotte and Sandspit. The district is made up of six neighborhood schools, four elementary schools and two secondary schools.

Four Elementary Schools	Two Secondary Schools
Tahayghen Elementary School	Gudangaay Tlaats’gaa Naay Secondary School
Port Clements Elementary School	GidGalang Kuuyas Naay Secondary School
Sk’aadgaa Naay Elementary School	
Agnes L. Mathers Elementary School	

The District’s Draft Strategic Plan is organized around:

The District’s Draft Strategic Plan is organized around three priorities:

- i. Working Together
- ii. Student Well Being
- iii. Embracing Unique Culture and Territory.

These three strategic priorities are intertwined with eight Haida Laws which are mentioned by name below but can be found in greater detail within our draft Strategic Plan.

- |                           |  |
|---------------------------|--|
| 1. Giving & Receiving     | Isda Ad Dii Gii Isda                     |
| 2. Balance                | Giid Tll’juus                            |
| 3. Interconnectedness     | Gin ‘Waadluwaan Gud Áhl Kwáagiidang      |
| 4. Responsibility         | Laa Guu Ga Ñanhllns                      |
| 5. Respect for all Beings | Yahgudang                                |
| 6. Making Things Right    | Tll Yahda                                |
| 7. Food is our Medicine   | Ga taa idGan xiila                       |
| 8. Seeking Wise Council   | Gina K’aadang.nga Gii uu Tll K’anguudang |

The Draft Strategic Plan was approved for circulation at the September 13, 2022 Board meeting. The district is looking to finalize and update the draft strategic plan by March 2023.



## UNDERSTANDING SCHOOL DISTRICT FINANCIAL PERFORMANCE

Annual surplus and accumulated surplus are key financial statement performance indicators; however, interpreting the meaning of these figures in BC school districts is complicated by the use of fund accounting and deferral accounting. The use of fund accounting means the financial statements of school districts are a consolidation of three separate funds (Operating, Special Purpose and Capital), and each of these funds differs with respect to the methods of accounting used and the legislative and other constraints on budgeting and financial results. This means financial performance can only be fully understood by reviewing each fund separately. Financial performance for each fund is reported in the supplementary schedules that follow the notes to the financial statements.

<p><b>Operating Fund</b> 2022 Revenues:  \$11.36 million</p>	<p>Annual program revenues and expenditures are reported within the Operating fund and Special Purpose fund (see below). Annual and accumulated surplus within the operating fund are important indicators of financial performance and financial health for school districts. This is because school districts are not permitted to budget for or incur an accumulated deficit position. This means when the school district has operating surplus available it can be used to budget for future expenditures and to reduce financial risk associated with unforeseen circumstances.</p>
<p><b>Special Purpose Fund</b>  2022 Revenues: \$1.8 million</p>	<p>The Special Purpose fund includes grants and school generated funds that are restricted for a specific purpose. Annual and accumulated surplus should always be zero because revenues are recognized only as related expenditures occur. If expenditures for a program within the Special Purpose fund exceed available revenues, the resulting deficit is transferred to the Operating fund, reducing accumulated operating surplus.</p>
<p><b>Capital Fund</b>  Capital Funding Received or Receivable: \$2.788 million Capital Assets Purchased: \$3.038 million</p>	<p>The Capital fund reports investment in and financing activities related to capital assets. Capital contributions (grants) from the Province are accounted for using the deferral method of accounting, whereby recognition of capital funding revenue is spread out over the life of the related capital assets to match with the amortization expense which reflects the use of the asset over its life. This means capital fund revenues are not a reflection of funding actually received in a given year. For example, if the district received \$2 million for a building, the district would then amortize the funds received into revenue over the useful life of the asset, similarly the asset would be depreciated as an expense over its useful life.</p> <p>To note: Capital fund revenues, expenses, and annual surplus (deficit) are not a meaningful indicator of annual financial performance.</p>



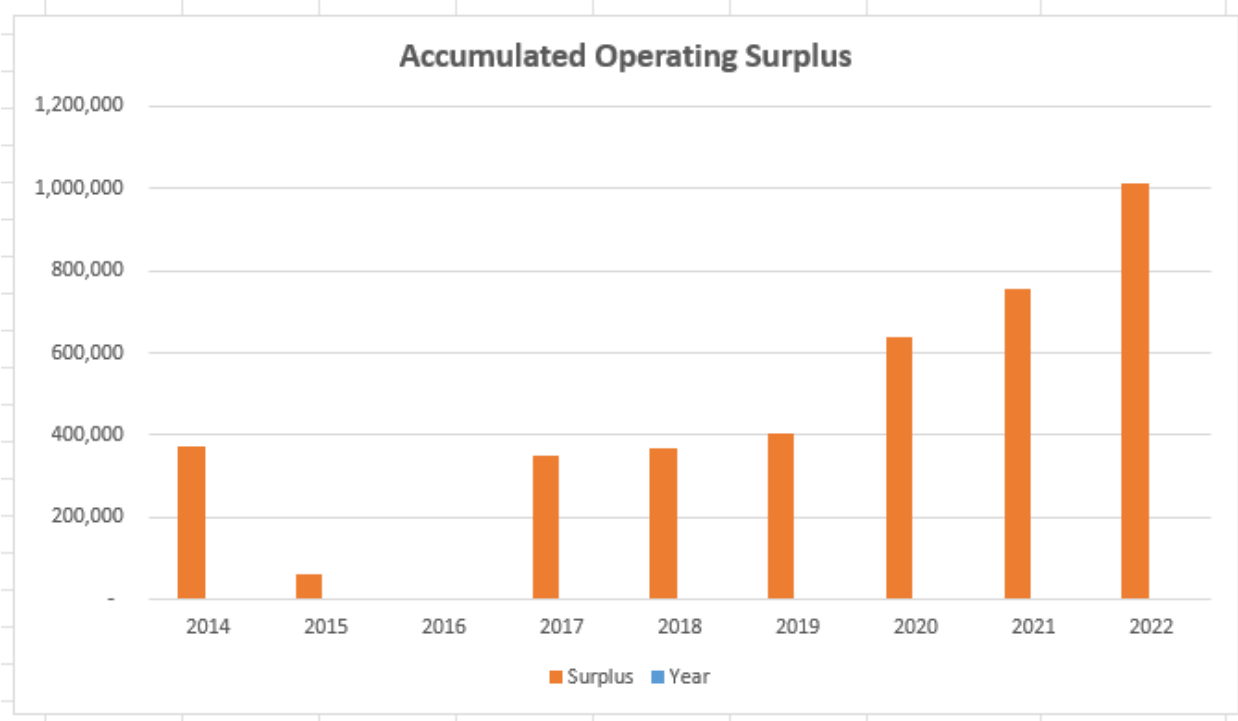
## FINANCIAL HIGHLIGHTS

As reported in the Statement of Operations, for the year ended June 30, 2022 the district's revenues exceeded its expenses resulting in an annual surplus of \$200,292 (2021 surplus was \$569,178). This was comprised of the combined financial results of the Operating fund and the Capital fund as follows:

Annual Surplus (Deficit)	June 30, 2022	June 30, 2021
Operating Fund	259,351	116,266
Capital Fund	(59,059)	452,912
<b>Combined Surplus (Deficit)</b>	<b>200,292</b>	<b>569,178</b>

In the Operating fund, the annual surplus of \$259,351 resulted in an increase to accumulated operating fund surplus from \$754,132 as at June 30, 2021 to \$1,013,483 as at June 30, 2022.

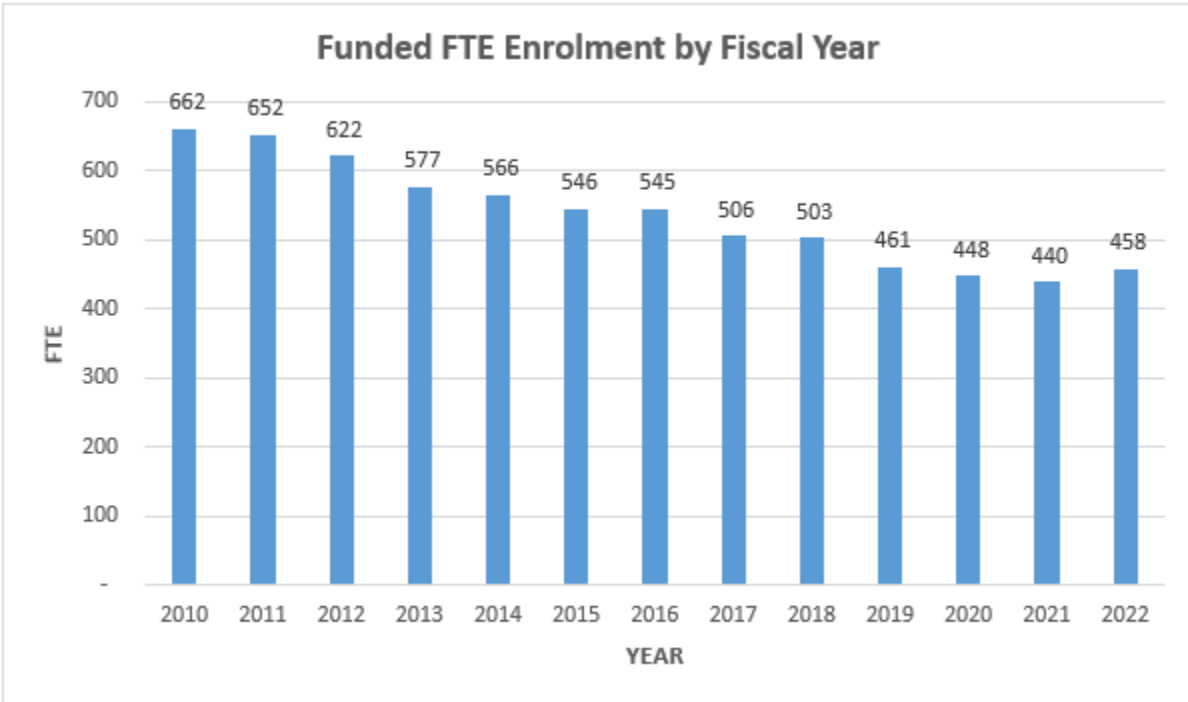
Historical accumulated Operating Surplus from 2014 to present.



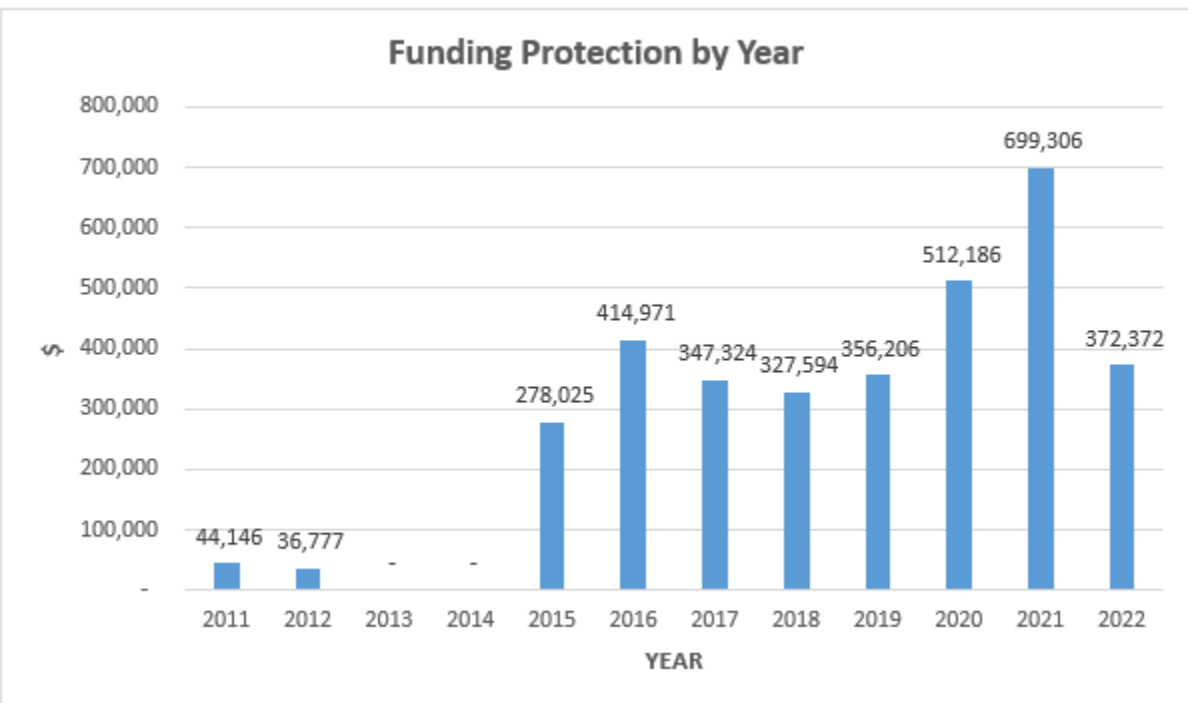
Provincial operating grants including funding from Indigenous Education make up over 95% of total operating fund revenues. This is largely determined by student enrolment. In BC, funding can increase or decrease with enrolment subject to where a district sits with respect to funding protection. In general as enrolment grows increased financial flexibility can occur conversely as enrolment declines financial pressures can occur. The Board has slowly increased accumulated operating surplus by building appropriate contingency reserves (per Board policy B.13) to reduce financial risk and to protect future program stability.



**Funded FTE Enrolment by Fiscal Year**



**Funding Protection by Fiscal Year**





**Funding Protection by Fiscal Year Cont’d**

Funding protection began in 2006/07, when districts were protected from year-to-year declines greater than 1%. As of 2007/08, districts were protected from any year-to-year declines, which was changed to protected from declines of up to 1.5% beginning in 2012/13. For 2021/22 the district received funding protection in the amount of \$372,372.

Please note that for the 2022-2023 school year the district is expected to be out of funding protection. This means that if more students arrive the district will receive additional funding and will not have to worry about funding protection funding being reduced.

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT**

In this section, actual results are compared to the prior year and budget (where applicable). For the Statement of Operations, the analysis is performed for each of the three funds.

**Statement of Financial Position (All Funds)**

The table below includes explanations for significant variances in the statement of financial position relative to the prior year.

	<b>2022</b>	<b>2021</b>	<b>Variance Analysis</b>
Cash	3,385,089	4,201,266	Decreased by \$816,177 due to an increase accounts receivable.
Due from Province	182,000	99,291	Balance is made up of Ministry of Education and Child Care grant for ventilation and draw on a certificate of approval late in June.
Due from LEA	570,510	28,777	Balance of Skidegate and Old Massett Band Council balances as at June 30, 2022.
Other	305,840	313,184	Minor fluctuation
Accounts Payable Other	1,055,739	1,456,142	Decrease of \$400,403 due to timing of disbursements.
Deferred Capital Revenue	27,166,961	25,466,174	Increase of \$1,700,787 due to \$2,788,089 of capital funding received and \$1,087,302 of amortization of capital funding revenue.
Tangible Capital Assets (TCA)	33,191,778	31,400,626	Increase of \$1,791,152 due to \$3,038,089 of capital investments and reduced by \$1,246,937 from amortization of capital assets.



**Schedule of Operating Operations**

	<b>Amended Budget 21/22</b>	<b>Actual 21/22</b>	<b>Actual 20/21</b>	<b>Actual 19/20</b>
Revenues	11,328,930	11,358,741	11,511,768	10,825,523
Expenses & Fund Transfers	11,595,030	11,099,390	11,395,502	10,592,966
Annual Surplus/(Deficit)	(266,100)	259,351	116,266	232,557
Opening Acc. Surplus	754,132	754,132	637,866	405,309
Closing Acc. Surplus	488,032	1,013,483	754,132	637,866

For the 2021/22 Amended Budget the district prepared a balanced budget. The actual results for 2021/22 had a surplus of \$259,351 which added to the opening surplus of \$754,132 for new closing surplus of \$1,013,483.

Detailed information on the Operating fund is presented in schedules 2 to 2C following the notes to the financial statements. Revenues, expenditures and accumulated operating surplus are analyzed in greater detail below.

**Operating Fund Revenues**

A high-level summary of operating fund revenues is presented below, and explanations of significant variances follows. A more detailed presentation of operating revenues is presented in schedule 2A following the notes to the financial statements.

	<b>Amended Budget 2021/22</b>	<b>Actual 2021/22</b>	<b>Actual 2020/21</b>
MoE Grants	7,131,841	7,096,974	7,017,970
Other Prov Grants	223,347	218,815	223,733
Other Revenue	3,905,742	3,976,251	4,201,730
Rentals and Leases	54,000	56,554	55,931
Investment Income	14,000	10,147	12,404
<b>Total Revenues</b>	<b>11,328,930</b>	<b>11,358,741</b>	<b>11,511,768</b>

**MoE Grants:**

**MoE Grants** revenues in the 2021/22 were less than 2021/22 budgeted revenues by \$34,867 primarily due to LEA recovery being budgeted at a \$3,795,742 recovery and the actual was \$3,844,097.



**Other Revenues:**

**Other Revenues** were slightly higher than budget primarily due to the funding from miscellaneous revenue being greater than budget.

**Operating Fund Expenses**

Expenses in the financial statements are presented both by object (category of expense) and by function (program). Operating fund expenses are presented below using each method with explanations of significant variances following. A more detailed presentation of operating expenses is presented in schedules 2B and 2C following the notes to the financial statements.

*Analysis of variances by object*

<b>Operating Fund Expenditure by Object</b>	<b>Amended Budget 2021/22</b>	<b>Actual 2021/22</b>	<b>Actual 2020/21</b>
<b>Salaries</b>			
Teachers	3,076,542	3,255,785	3,025,400
Principals & VPs	940,548	928,605	1,004,238
Education Assistants	650,704	536,079	487,523
Support Staff	1,485,628	1,466,788	1,536,215
Other Professionals	725,892	761,943	639,967
Substitutes	414,414	443,168	429,645
<b>Total Salaries</b>	<b>7,293,728</b>	<b>7,392,368</b>	<b>7,122,988</b>
Employee Benefits	1,714,531	1,592,468	1,609,717
<b>Total Salaries &amp; Benefits</b>	<b>9,008,259</b>	<b>8,984,836</b>	<b>8,732,705</b>
Service & Supplies	2,586,771	2,013,978	2,062,797
Fund Transfers	0	100,576	600,000
<b>Total Service &amp; Supplies and fund transfers</b>	<b>2,586,771</b>	<b>2,114,554</b>	<b>2,662,797</b>
<b>Total Operating Expenditure</b>	<b>11,595,030</b>	<b>11,099,390</b>	<b>11,395,502</b>

**Salaries – Teachers**

Teacher salary expense for the 2021/22 actual was higher than amended budget by \$179,243 this was due to additional teachers being placed in schools.

**Salaries – Principals and Vice Principals (PVP)**

Budgeted PVP salary expense in the 2021/22 amended budget did not vary significantly from the 2021/22 actual expense.





### **Salaries – Education Assistants (EA)**

Budgeted Education Assistant wage expense in the 2021/22 amended budget was higher than the 2021/22 actual expense. This budget line item will be reviewed in detail.

### **Salaries – Support Staff**

Budgeted Support Staff salary expense in the 2021/22 amended budget did not vary significantly from the 2021/22 actual expense.

### **Salaries – Other Professionals**

Budgeted Other Professionals salary expense in the 2021/22 amended budget did not vary significantly from the 2021/22 actual expense.

### **Salaries –Substitutes**

Budgeted Substitutes salary expense in the 2021/22 amended budget did not vary significantly from the 2021/22 actual expense.

### **Employee Benefits**

Budgeted Employee benefits expenses in the 2021/22 amended budget was greater than 2021/22 actual expense by approximately 7% due to conservative estimates on our budgeting for expenses. This is similar to the prior year variance of 5%, this budget line will be review in greater detail.

### **Total Service and Supplies and Fund Transfers**

For the purpose of this analysis fund transfers are combined with service and supply expense because fund transfers relate primarily to the purchase of capital assets using service and supply budgets. Budgeted fund transfers for 2021/22 are an estimate of what portion of expenditures will be needed for future capital project work. For Service and Supplies the budgeted 2021/22 was greater than actual by 22%. This large difference is due to the pandemic, most notably the inability to travel, in addition both individual service budget and supplies budgets came in lower than estimated. These budget line items will be reviewed in greater detail.



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*Analysis of Variance by Function*

<b>Operating Fund Expenditure by Function</b>	<b>Amended Budget 2021/22</b>	<b>Actual 2021/22</b>	<b>Actual 2020/21</b>
Instruction	8,221,763	7,710,588	7,734,005
District Administration	1,012,348	1,012,944	887,256
Operations & Maintenance	1,891,149	1,942,668	1,855,277
Transportation	469,770	332,614	318,964
Fund Transfer		100,576	600,000
<b>Total</b>	<b>11,595,030</b>	<b>11,099,390</b>	<b>11,395,502</b>

**Instruction** – instruction expense is lower than budget mainly due to service and supplies budgets not being fully utilized. In particular the benefits budgets, targeted underspends and travel and professional development budgets not being fully utilized.

**District Administration** – district administration actual expense was very close to budget.

**Operations & Maintenance and Fund Transfer** –Actual operations and maintenance expenditures were close to budget.

**Transportation:** Transportation actual expense is lower than budget due to transportation assistance not being fully utilized, COVID, prior purchasing of bus repair parts and extracurricular trips just getting back after COVID.

**Fund Transfers** - fund transfers are not allocated to a function within the budget and financial statements, but largely represent budget for the purchase of capital assets within operations & maintenance.



**Accumulated Operating Surplus**

Understanding the components of accumulated operating surplus is necessary for knowing how much of the balance relates to multi-year funding of programs (surplus carry-forwards) and how much of the balance is available to reduce financial risk associated with unforeseen expenditures or to fund additional expenditures in the future. The components of closing accumulated surplus are presented in the table below:

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Operating grant holdback		34,317
Targeted Funds	122,467	102,625
NDIT, School budgets, Farm to school	57,653	36,559
CF-Youth Wellness Worker	38,985	27,219
Early Career Mentorship	5,943	15,000
<b>Internally Restricted</b>	<b>225,048</b>	<b>215,720</b>
Unrestricted	788,435	538,412
<b>Total Accumulated Surplus</b>	<b>1,013,483</b>	<b>754,132</b>

The district’s accumulated surplus has been slowly increasing. Some of this growth can be accounted for over the last two years due to the pandemic as well as travel savings. The district does have unrestricted funds which could be used for unforeseen budget pressures. The district is currently operating in a very tight financial position. It is prudent to build some unrestricted reserves in the operating budget, and where possible move some funds to Local Capital to help with future capital purchases in technology.

**Statement of Operations by Fund – Special Purpose Fund**

	<b>Amended Budget 2021/22</b>	<b>Actual 2021/22</b>	<b>Actual 2020/21</b>
Provincial Grants	1,553,245	1,410,376	1,728,676
Other Revenues	300,000	397,880	177,264
Expenditures	1,853,248	1,808,256	1,905,940
Annual Surplus (Deficit)	Nil	Nil	Nil

The Special Purpose Fund includes grants and school generated funds that are restricted for a specific purpose. Annual and accumulated surplus is always zero because revenues are recognized only as related expenditures occur.

Detailed information on the special purpose fund is presented in schedules 3 to 3A following the notes to the financial statements.



**Statement of Operations by Fund – Capital Fund**

	<b>Amended Budget 2021/22</b>	<b>Actual 2021/22</b>	<b>Actual 2020/21 (Restated)</b>
Revenues	1,096,125	1,087,302	1,068,723
Expenses	1,255,761	1,246,937	1,215,811
Local Capital Fund Transfers	250,000	100,576	600,000
Change in Accumulated Surplus	144,636	(59,059)	452,912
Opening Accumulated Surplus	7,442,184	7,361,641	6,989,273
<i>Restated</i> -Half year amortization			(80,544)
Closing Accumulated Surplus	7,586,820	7,302,582	7,361,641

Revenues and expenses are consistent for the current and the prior year. This is expected because revenues and expenses in the capital fund are generally predictable and consistent, as they reflect the recognition of capital funding (as revenue) and the usage of capital assets over their life (as: amortization expense). Fund transfers from the operating fund were lower than budget and the prior year as fewer expenditures in the operating fund met the criteria for capitalization as an asset.

During the year ended June 30, 2022, the district invested \$3,038,089 in capital additions that were funded by: Annual Facility Grant (AFG) \$458,089, School Enhancement Program (SEP) GidGalang Kuuyas Naay Dust collectors \$13,257, Gudangaay Tlaats’gaa Naay Dust collectors \$16,764, Sk’aadgaa Naay Flooring \$120,452, GidGalang Kuuyas Naay Roofing \$200,727, Sk’aadgaa Naay Roofing \$454,396, Port Clements Gym Floor \$11,305, Gudangaay Tlaats’gaa Naay Seismic upgrade \$1,068,00 + \$250,000 from local capital, and GidGalang Kuuyas Naay Carbon Neutral \$30,000.

Within the capital fund the following two balances are important as they represent funds available for future capital investment:

- Local Capital Reserve – this balance forms part of accumulated surplus in the capital fund and represents funds available for investment in capital assets at the discretion of the Board of Education. These funds are generated primarily from proceeds of disposition of assets that are allocated to the School Board as well as Board initiated transfers from the Operating fund.



**Statement of Operations by Fund – Capital Fund Cont’d**

- MEd Restricted Capital – this balance forms part of the deferred capital revenue balance in the Capital fund and represents funds available for investment in capital assets at the discretion of the Ministry of Education. These funds are generated primarily from proceeds of disposition of assets that are allocated to the Minister of Education pursuant to the *School Act*.

The table below presents the 2021/22 closing balances in Local Capital and MEd Restricted Capital and what portion of the balances are already committed to future capital investment.

	<b>Local Capital</b>	<b>MEd Restricted Capital</b>
Balance as at June 30, 2022	1,270,359	7,405
Committed for future investment	1,000,000	Nil
Technology One to One program	270,359	Nil
Total Remaining	Nil	7,405

Commitment explained:

The committed for future investment is for the partial demolition of Tahayghen. In addition, the district operates a one-to-one technology program with a refresh goal of once each six years. The district will add funds to the Local Capital account when possible.

Detailed information on the capital fund is presented in schedules 4 to 4D following the notes to the financial statements.

**CONTACTING THE SCHOOL DISTRICT’S FINANCIAL MANAGEMENT**

This financial report is designed to provide the School District’s stakeholders with a general overview of the School District’s finances and to demonstrate the School District’s accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Office of the Secretary-Treasurer at (250)559-8471 or via email at [kblack@sd50.bc.ca](mailto:kblack@sd50.bc.ca).