

## ***Haida Gwaii***

### **ADDITIONS & ATTACHMENTS of the REGULAR MEETING of the Board of Education School District No. 50 (Haida Gwaii)**

<b>Location:</b>	<b>District Administrative Office - Daajing Giids</b>
<b>Date:</b>	September 17, 2024
<b>Time:</b>	6:00 PM
<b>Use TEAMS link:</b>	Link in email – Also available on the SD50 website

#### **ADDITIONS & ATTACHMENTS:**

12.1.1 – Financial Statement Discussion and Analysis (Attachment)



**BOARD OF EDUCATION  
SCHOOL DISTRICT NO. 50 HAIDA GWAI**

<b><u>MEETING AGENDA ITEM # 12.1</u></b>			
<b>Action:</b>		<b>Information:</b>	X
<b>Meeting:</b>	Regular	<b>Meeting Date:</b>	September 17, 2024
<b>Topic:</b>	Finance Statement Discussion & Analysis		
<b>Background/Discussion:</b>			
Discussion & Analysis of Audited Finance Statements as presented.			
<b>Recommended Action:</b>			
Information			
Presented by: Acting Secretary-Treasurer			



# Financial Statement Discussion and Analysis

## For the Year Ended June 30, 2024



School District No. 50  
**Haida Gwaii**

### Haida Gwaii School District No. 50 Financial Statement Discussion & Analysis For the Year Ended June 30, 2024

The following is a discussion and analysis of the Haida Gwaii School District's financial performance for the fiscal year ended June 30, 2024. 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 the 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

Haida Gwaii School District is one of the smallest districts in BC, with fewer than 500 students in BC's most westerly schools. Our Haida Gwaii School District provided educational programs and services to more than 475 students in five communities, Masset, Port Clements, Skidegate, Daajing Giids and Sandspit. The district is now made up of five neighborhood schools, three elementary schools and one secondary school and one K-12 school.

Four Elementary Schools	One Secondary School
Port Clements Elementary School	GidGalang Kuuyas Naay Secondary School
Sk'aagaa Naay Elementary School	One K-12 School
Agnes L. Mathers Elementary School	Daaxiigan Sk'adaa Née



## BOARD OF EDUCATION

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#### VISION:

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

The District's Strategic Plan is organized around three priorities:

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

Guiding Haida laws	
Responsibility	K'ulaagang Laa guu ga kanhlins
Balance	Giid tll'juus Giid tll'juus
Respect for all beings	Yahguudang Yahguudang
Seeking wise counsel	Gin k'adangaa gii uu tl'a kyáanangaa Gina k'aadang.nga gii uu tll k'anguudang
Giving and receiving	Isda 'isgyaan díi ga 'isdii Isda ad díigii isda
Making things right	Tll yahda Tll yahda
Interconnectedness	gin 'wáadluwaan gud áhl kwáagiidang Gina 'waadluxan gud ad kwaagid
Our food is our medicine	litl' táawee úu itl' xiilaang ID l'aa ga taagaay id gan xila ga

Haida language: Xaad Kil, spoken in Gaw Tlagée Old Massett (White Font) and Xaayda Kil spoken in HlGaagilda Skidegate (Gold Font).

## 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.



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<b>Operating Fund</b> 2024 Revenues:  \$13.03 million	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.
<b>Special Purpose Fund</b>  2024 Revenues: \$2.54 million	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.
<b>Capital Fund</b>  Capital Funding Received or Receivable: \$8.737 million Capital Assets Purchased: \$9.238 million	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 \$4 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.  <i><b>To note:</b> Capital fund revenues, expenses, and annual surplus (deficit) are not a meaningful indicator of annual financial performance.</i>

## FINANCIAL HIGHLIGHTS

As reported in the Statement of Operations, for the year ended June 30, 2024 the district's revenues exceeded its expenses resulting in an annual surplus of \$367,851 (2023 surplus was \$579,061). This was comprised of the combined financial results of the Operating fund and the Capital fund as follows:

Annual Surplus (Deficit)	June 30, 2024	June 30, 2023
Operating Fund	3,300	645,282
Capital Fund	364,551	(66,221)
<b>Combined Surplus (Deficit)</b>	<b>367,851</b>	<b>579,061</b>

In the Operating fund, the annual surplus of \$3,300 resulted in an increase to accumulated operating fund surplus from \$1,658,765 as at June 30, 2023 to \$1,662,065 as at June 30, 2024.



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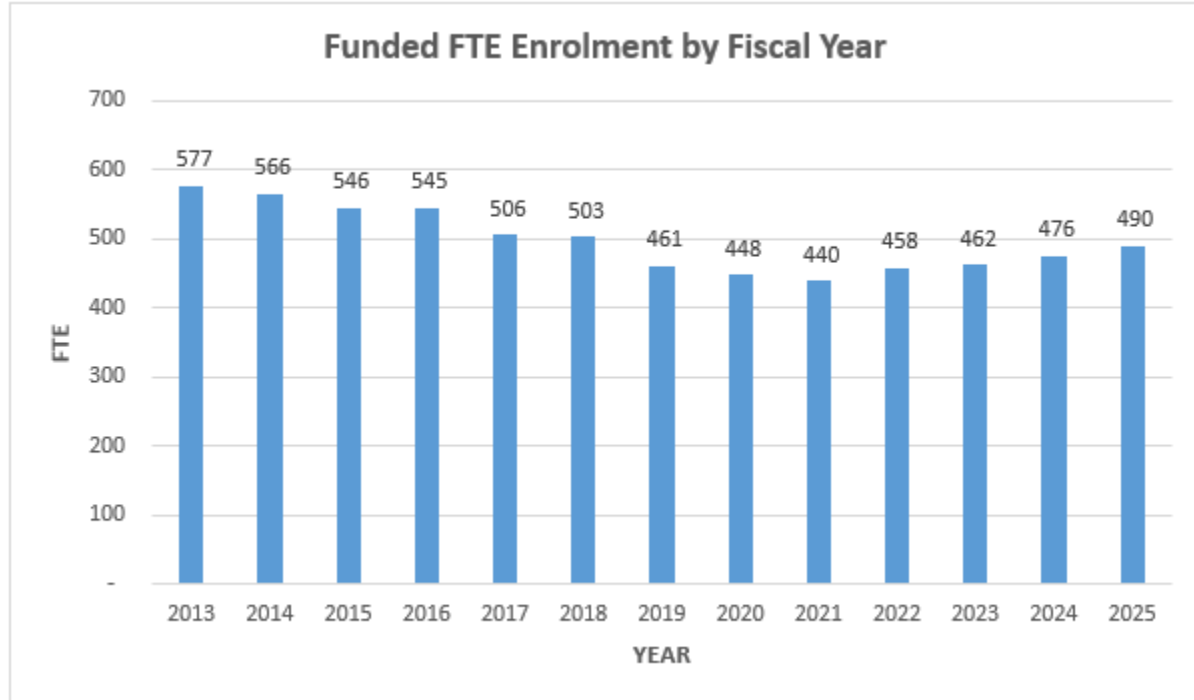
Historical accumulated Operating Surplus from 2016 to present.



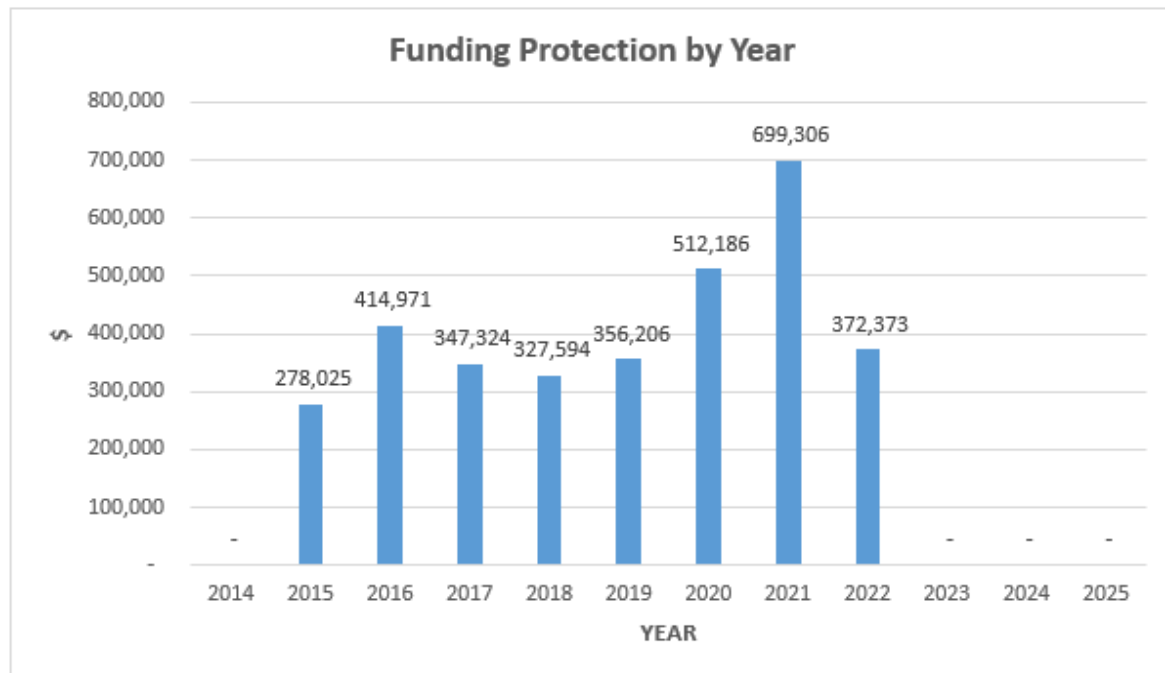
Provincial operating grants including funding from Indigenous Education make up over 95% of total operating fund revenues. This is largely determined by student enrolment. In BC, funding can increase or decrease with enrolment subject to where a district sits with respect to funding protection. In general as enrolment grows increased financial flexibility can occur conversely as enrolment declines financial pressures can occur. The Board has increased accumulated operating surplus by building appropriate contingency reserves (per Board policy B.13) to reduce financial risk and to protect future program stability. For the year ended June 30, 2024 many factors led to an increase in Operating surplus including the ability to replace staff, the ability to hire staff, the district did charge a portion of the Operations Manager salary to capital projects.



## 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 2023/24 the district did not receive funding protection for the second straight year.

Please note that for the 2024/25 school year the district is expected to be out of funding protection once again. 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. Conversely should less students arrive the district will receive reduced funding.

## **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>2024</b>	<b>2023</b>	<b>Variance Analysis</b>
Cash	4,984,178	6,037,387	Decreased by \$1,053,209 due to increase in Due from First Nations.
Due from Province	957,054	0	Balance made up of Ministry of Education and Child Care draws made at year end not received.
Due from LEA	1,040,329	21,537	Balance of Skidegate and Old Massett Band Council balances as at June 30, 2024.
Other	528,766	463,969	Gwaii Trust approximately \$64,413 of increase.
Accounts Payable Other	1,876,134	1,234,535	Increase of \$641,599 due to trade payables increase.
Deferred Capital Revenue	41,888,721	34,479,015	Increase of \$7,409,706 due to \$8,737,756 of capital funding received and \$1,328,050 of amortization of capital funding revenue.
Tangible Capital Assets (TCA)	46,991,957	39,246,471	Increase of \$7,745,487 due to \$9,238,911 of capital investments and reduced by \$1,493,487 from amortization of capital assets.



**BOARD OF EDUCATION****School District No. 50 (Haida Gwaii)**

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**Schedule of Operating Operations**

	<b>Amended Budget 23/24</b>	<b>Actual 23/24</b>	<b>Actual 22/23</b>	<b>Actual 21/22 (Restated)</b>
Revenues	12,470,730	13,031,656	11,974,601	11,358,741
Expenses & Fund Transfers	13,044,317	12,498,431	11,329,319	11,099,390
Annual Surplus/(Deficit)	(573,587)	3,300	645,282	116,266
Opening Acc. Surplus	1,658,765	1,658,765	1,013,483	637,866
Closing Acc. Surplus	1,085,178	1,662,065	1,658,765	754,132

For the 2023/24 Amended Budget the district prepared a balanced budget. The actual results for 2023/24 had a surplus of \$3,300 which added to the opening surplus of \$1,658,765 for new closing surplus of \$1,662,065.

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 2023/24</b>	<b>Actual 2023/24</b>	<b>Actual 2022/23</b>
MECC Grants	7,729,540	8,023,878	7,661,571
Other Prov Grants	130,964	115,132	321,686
Other Revenues	4,522,126	4,776,062	3,903,676
Rentals and Leases	40,000	47,058	50,558
Investment Income	48,100	69,526	37,110
<b>Total Revenues</b>	<b>12,470,730</b>	<b>13,031,656</b>	<b>11,974,601</b>

**MECC Grants:**

**MECC Grants** revenues in the 2023/24 were greater than 2023/24 budgeted revenues by \$294,338 primarily due to LEA recovery being budgeted at a \$4,328,453 recovery and the actual was \$4,041,563.



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#### **Provincial Grants -Other:**

**Provincial Grants - Other** were slightly lower than budget primarily due to the funding from After School Sports and Arts Initiative being less than the prior year.

#### **Other Revenues:**

**Other Revenues** were greater than the budget, this is mainly due to miscellaneous revenue increasing by \$198,005.

#### **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*

Operating Fund Expenditure by Object	Amended Budget 2023/24	Actual 2023/24	Actual 2022/23
<b>Salaries</b>			
Teachers	3,518,668	3,345,239	3,107,874
Principals & VPs	1,197,601	1,167,440	939,682
Education Assistants	739,586	653,333	563,367
Support Staff	1,708,312	1,590,254	1,555,777
Other Professionals	788,748	768,499	639,296
Substitutes	476,762	487,917	467,446
<b>Total Salaries</b>	<b>8,429,677</b>	<b>8,012,682</b>	<b>7,273,442</b>
Employee Benefits	1,893,455	1,857,930	1,605,722
<b>Total Salaries &amp; Benefits</b>	<b>10,323,132</b>	<b>9,870,612</b>	<b>8,879,164</b>
Service & Supplies	2,721,185	2,627,819	2,358,143
Fund Transfers	140,000	529,925	92,012
<b>Total Service &amp; Supplies and fund transfers</b>	<b>2,861,185</b>	<b>3,157,744</b>	<b>2,450,155</b>
<b>Total Operating Expenditure</b>	<b>13,184,317</b>	<b>13,028,356</b>	<b>11,329,319</b>

#### **Salaries – Teachers**

Teacher salary expense for the 2023/24 actual was less than amended budget by \$173,429 this was due to other funds paying for teacher as well as the inability to hire and in some cases teachers on leave and replacements costing less than the regular teacher.



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

Budgeted PVP salary expense in the 2023/24 amended budget varied by \$30,161 from the 2023/24 actual expense.

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

Budgeted Education Assistant wage expense in the 2023/24 amended budget was higher than the 2023/24 actual expense. This is due to other funds, namely special purpose funds covering some of these costs.

### **Salaries – Support Staff**

Budgeted Support Staff salary expense in the 2023/24 amended budget varied significantly from the 2023/24 actual expense, due to many factors including ability to hire and replace and other funds able to cover wages in certain cases.

### **Salaries – Other Professionals**

Budgeted Other Professionals salary expense in the 2023/24 amended budget did not vary significantly from the 2023/24 actual expense.

### **Salaries –Substitutes**

Budgeted Substitutes salary expense in the 2023/24 amended budget did not vary significantly from the 2023/24 actual expense.

### **Employee Benefits**

Budgeted Employee benefits expenses in the 2023/24 amended budget did not vary significantly from the 2023/24 actual expense.

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

For 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 2023/24 are an estimate of what portion of expenditures will be needed for future capital project work. For Service and Supplies the budgeted 2023/24 was greater than actual by 3.4%. These budget line items will be reviewed in greater detail.



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#### *Analysis of Variance by Function*

Operating Fund Expenditure by Function	Amended Budget 2023/24	Actual 2023/24	Actual 2022/23
Instruction	9,273,079	8,879,345	7,826,932
District Administration	1,115,100	1,059,296	967,226
Operations & Maintenance	2,204,363	2,103,705	2,075,950
Transportation	451,775	456,085	367,199
Fund Transfer	140,000	529,925	92,012
<b>Total</b>	<b>13,184,317</b>	<b>13,028,356</b>	<b>11,329,319</b>

**Instruction** – Actual instruction expenses were approximately 4.2% under budget. This is due to some salaries and service and supplies budgets not being fully utilized.

**District Administration** – Actual district administration actual expenses were slightly under budget.

**Operations & Maintenance and Fund Transfer** – Actual operations and maintenance expenditures were approximately 4.5% under budget. This is due to some salaries and supplies and services not being fully utilized.

**Transportation:** Actual transportation expenditures were slightly over budget.

**Fund Transfers** - fund transfers are not allocated to a function within the budget and financial statements, but largely represent the 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 carryforwards) 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, 2024</b>	<b>June 30, 2023</b>
After School Sports & Arts Initiative		86,985
Targeted Funds	119,753	97,578
School budgets, Farm to school	63,374	45,594
CF-Youth Wellness Worker	81,360	59,941
Early Career Mentorship	3,115	4,807
Gwaii Trust		12,620
Seamless Day	18,365	
<b>Internally Restricted</b>	<b>285,967</b>	<b>311,525</b>
Unrestricted	1,376,098	1,347,240
<b>Total Accumulated Surplus</b>	<b>1,662,065</b>	<b>1,658,765</b>

The district's accumulated surplus has been slowly increasing. Some of this growth can be accounted for over the last few years due to both the pandemic as well as travel savings. The district does have unrestricted funds which could be used for unforeseen budget pressures. 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 both in building, vehicles and technology. The district with the projected move into an amalgamated school in Masset and may have some additional staffing costs and capital expenditures in relation to furniture to ensure the building is fully suited as these costs are not part of the amalgamation project.

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

	<b>Amended Budget 2023/24</b>	<b>Actual 2023/24</b>	<b>Actual 2022/23</b>
Provincial Grants	2,316,062	2,012,533	1,753,764
Other Revenues	400,000	528,729	593,564
Expenditures	2,716,062	2,541,262	2,347,328
Annual Surplus (Deficit)	Nil	Nil	Nil

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



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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 2023/24</b>	<b>Actual 2023/24</b>	<b>Actual 2022/23</b>
Revenues	1,389,276	1,328,050	1,119,925
Expenses	1,547,470	1,493,424	1,278,158
Local Capital Fund Transfers		529,925	92,012
Change in Accumulated Surplus	(158,194)	364,551	(66,221)
Opening Accumulated Surplus	6,568,626	6,502,405	6,568,626
Closing Accumulated Surplus	6,410,432	6,866,956	6,502,405

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, 2024, the district invested \$9,238,911 in capital additions that were funded by.

#### **Building additions**

Annual Facility Grant (AFG) \$580,715, School Enhancement Program (SEP), GidGalang Kuuyas Naay PA system \$200,000, Daaxiigan Sk'adāa Née \$6,963,023, Daaxiigan Sk'adāa Née Child Care \$717,300, Daaxiigan Sk'adāa Née HVAC \$71,500, Daaxiigan Sk'adāa Née Interior \$127,031, GidGalang Kuuyas Naay Boiler \$23,876, Port Clements Interior \$5,327, Carbon Neutral Capital Program \$472,500.

**Furniture and Equipment (F&E)** \$52,118

**Fleet Vehicle** \$25,521

Building additions \$9,161,272 + F&E \$52,118 + Vehicle \$25,521 = **\$9,238,911**



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**

- MECC 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 2023/24 closing balances in Local Capital and MECC Restricted Capital and what portion of the balances are already committed to future capital investment.

	<b>Local Capital</b>	<b>MECC Restricted Capital</b>
Balance as at June 30, 2024	1,814,371	7,405
Committed for future investment	1,000,000	Nil
Technology One to One program	250,000	Nil
Total Remaining	564,371	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 every six years. The district will add funds to the Local Capital account, when possible, in the event the district needs to replace an HVAC unit or a gym floor or roofing that is not supported from a capital grant this account will be utilized when possible.

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



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## 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).