



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

For the Year Ended June 30,2024

School District No.87 (Stikine)

School District No. 87 (Stikine) Financial Statement Discussion & Analysis

Year ended June 30, 2024

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Introduction

The following is a discussion and analysis of the financial performance of School District No. 87 (Stikine) for the fiscal year ended June 30, 2024. The report is a summary of our 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, with an emphasis placed on the current year. The financial statements illustrate, in financial terms, how resources have been allocated and consumed during the District’s fiscal year ended June 30. This report should be read in conjunction with the District’s financial statements for the same period.

District Overview

School District No. 87 (Stikine) operates on the unceded traditional territories of the Tāltān, Kaska and Tlingit First Nations and we honour these relationships. We also respect and value the relationships with all other First Nations, Métis, and Inuit peoples who reside in these territories. This land has always been a place of learning and we are thankful to live, work, and learn here. It is with respectful consideration that the programs and services provided to students and staff acknowledge their histories, cultural contributions, and contemporary concerns.

Encompassing 188,034 square kilometres, School District No. 87 (Stikine) is geographically, one of the largest school districts in British Columbia. In 2023-2024, we served just over 170 students from kindergarten to grade 12 in 4 schools located in the communities of Atlin, Telegraph Creek, Lower Post and Dease Lake.

The District enacted a tuition agreement with the Government of Yukon to allow seventeen (17) school-aged children living in Lower Post and Atlin to be bused daily to attend schools in Watson Lake and in Whitehorse, Yukon.

During the 2023-2024 fiscal year, the District employed just over 65 staff, including casual employees, and had an annual operating, special purpose, and capital budget of just over \$9.6 million.

The Board of Education of School District No. 87 (Stikine) is comprised of 5 elected trustees who were elected in November 2022 for a four-year term.

The Board is committed to providing the best possible educational opportunities for all students in the District. All employees are dedicated to creating the best environment possible for education. Our school staff have strong, positive, cooperative relationships with parents and their communities, and we believe that a positive and safe environment will continue to make a difference and support the learning of all students.

About BC School District Financial Statements

BC School District financial statements are prepared in accordance with section 23.1 of the *Budget Transparency and Accountability Act* of the Province of BC which requires that financial statements are prepared in accordance with Canadian public sector accounting standards with some exceptions as explained in Note 2(a) to the financial statements. Public sector accounting emphasizes accountability, not profitability. **School District Financial Statements have a prescribed common format** and they are consolidated into the BC Provincial Financial Statements.

Further, **Financial Statements of BC School Districts are reported as a consolidation of three separate funds; Operating, Special Purpose and Capital.** In the financial statements, these three separated funds are reported collectively in Statements 1 through 5 and separately in Schedules 2 (Operating Fund), 3 (Special Purpose Funds) and 4 (Capital Fund). To gain a full understanding of Statements 1 through 5, it is important to also review each of the funds separately.

Composition of the Financial Statements

The two key statements are:

- A **Statement of Financial Position** (page 5), which summarises the assets and liabilities at June 30th. This provides an indication of the financial health of the District.
- A **Statement of Operations** (page 6), which summarises the 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.

The Statement of Changes in Net Financial Assets (Debt) (page 7), the Statement of Cash Flows (page 8) and the Notes to the Financial Statements (pages 9-23) provide further analysis of the District's finances.

The District manages its financial activities in three distinct areas, being the

- Operating Fund;
- Special Purpose Funds; and the
- Capital Fund.

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 these funds. The balances in these schedules are consistent, when combined together, with the financial statements.

Schedule 1 (page 24) illustrates the sum of the funds.

Schedule 2 (page 25) provides detail on the **Operating Fund**.

The Operating Fund accounts for the District's operating grants and other operating revenues. Legislation requires that the District present a balanced budget for the Operating Fund, whereby budgeted expenditure does not exceed the total of budgeted revenue and any surplus in the operating fund carried forward from previous years.

Schedule 3 (page 30) provides detail on the **Special Purpose Funds**.

The Special Purpose Funds account for grants and contributions that are directed by agreement with a third party towards specific activities. As these are targeted grants, any unspent funding is typically accounted for as deferred revenue, not as accumulated surplus.

Schedule 4 (page 33) provides detail on the **Capital Fund**.

The capital fund accounts for:

- The capital assets of the District, including sites, buildings, furniture & equipment, vehicles, and computer hardware.
- Grants directed by agreement with a third party for the purchase of capital assets.
- Funds restricted by the Board for future capital asset purchases (local capital).

Statement of Financial Position (All funds)

Cash and cash equivalents

At June 30, 2023, the District held just under \$10.6 million in cash, deposited in financial institutions and the province's central deposit system. This cash balance offsets the liabilities of the District and unspent funds.

Accounts payable and accrued liabilities

The District's accounts payable and accrued liabilities represent expenses which have been incurred but not yet paid. They comprise the following amounts:

	June 30, 2024	June 30, 2023
Trade and other amounts payable	\$ 334,093	\$ 1,506,105
Salaries and benefits payable	822,711	275,676
Accrued vacation pay	100,488	152,408
Total accounts payable and accrued liabilities	\$ 1,257,292	\$ 1,934,189

Unearned revenue

Unearned revenue of \$1,500 reported at June 30, 2024 represents rent that was received for months in the future fiscal year.

Deferred revenue

Deferred revenue represents the unspent portion of grants which are targeted for a specific purpose.

	June 30, 2024	June 30, 2023	Commentary
School Generated Funds	\$ 138,686	\$ 133,874	Amounts raised by schools
Other unspent targeted Funds	1,908,186	1,591,966	Various targeted funds
Total Deferred Revenue	\$ 2,046,872	\$ 1,725,840	

Deferred capital revenue and tangible capital assets

The deferred capital revenue balance is closely linked to the tangible capital asset balance. Tangible capital assets are items which have a lifespan of more than one year.

The majority of the District's capital expenditure is funded through specific grants provided by the Ministry of Education. Once an asset is constructed or acquired and is in use, the cost of that asset is amortized over the expected life of that asset. Any grants associated with tangible capital assets are also amortized over the expected life.

After allowing for amortization and deemed disposals, the District has \$13,545,643 of tangible capital assets. Of this, \$9,631,023 (being the deferred capital revenue balance) of assets were purchased with targeted grants. The remainder was funded through operating revenues and other non-targeted funding.

This inclusion of deferred capital revenue is not consistent with generally accepted accounting principles. The inclusion of this balance is a requirement of the provincial government. This is explained in more detail in Note 2(a) to the financial statements.

The capital fund section, included later in this document, provides a more detailed explanation of the accounting for capital assets and associated grants.

Employee future benefits

The employee future benefits liability of \$19,650 accounts for amounts or benefits owed to current employees as a result of past service. The employee future benefits liability is associated with teachers' sick leave and death benefits earned but not yet paid.

Net financial assets (debt)

This is the total of the District's financial assets and liabilities. It implies that the District has a net debt of \$1,640,208. This is heavily skewed by the deferred capital revenue liability of \$9,631,023. As there is no future cash flow associated with the deferred capital revenue balance, a more meaningful measure of net financial assets or debt excludes that balance, giving a revised figure of net financial assets of \$9,443,534.

This revised net financial assets balance is primarily comprised of the accumulated operating fund surplus and the local capital fund balance, as outlined below.

	June 30, 2024	June 30, 2023
Operating fund	\$ 3,519,022	\$ 4,502,958
Special purpose funds	2,046,872	1,725,840
Capital fund – local capital (amounts available to spend on future capital asset purchases)	3,877,640	3,675,679
Net financial assets (debt)	\$9,443,534	\$ 9,904,477

Statement of Operations (All funds)

The surplus (deficit) for the year is the net total of the revenues and expenses of the District's various funds.

Year to	June 30, 2024	June 30, 2023	Increase (Decrease)
Total revenue	\$ 9,606,450	\$ 8,537,930	\$ 1,068,520
Total expense	10,423,959	8,696,587	1,727,372
Surplus (deficit) for the year	\$ (817,509)	\$ (158,657)	\$ (658,852)

Total per student allotments from the Ministry of Education increased in 2023-2024 to fund the increased costs for provincially bargained salary and benefit improvements. Interest revenues also increased significantly.

Expenses increased due to the district's additional commitments to fully staff schools, provide ample administrative supports, and to increase professional learning and development.

Overall, the District's expenses exceeded its revenues by \$817,509. Broken down by fund, this variance arises as follows (after transfers between funds):

Fund	Surplus (deficit) for the year	Commentary
Operating fund	\$ (983,936)	See discussion and analysis in the Operating Fund section of this document.
Special purpose funds	\$ -	Revenues match expenses for all the special purpose funds.
Capital fund	\$ 166,427	The capital fund balance increased by this amount during the year, indicating more of the assets purchased were funded by deferred capital revenue, and less was consumed by the aging of the District's capital assets.
Total	\$ (817,509)	

Revenues, expenses and surpluses of the individual funds are discussed in more detail below.

Operating Fund

Overview

Operating fund transactions are reported in the following schedules in the financial statements.

Schedule	Page	Overview
2	24	Summarizes the revenues and expenses of the operating fund. Also indicates the amounts spent on capital assets and transferred to the Local Capital fund.
2A	25	Outlines in more detail the operating revenues earned by the District.
2B	26	Summarizes salaries by employee group and other operating costs.
2C	27-28	Provides the same information as in 2B, broken down in more detail to show each program the funds were spent on.

Revenue

Schedule 2A breaks down operating revenue by source.

92% of the District's operating funding is from Provincial Ministry of Education ('MoE') and direct funding from two First Nation Bands through Local Education Agreements ('LEAs'). The majority of this funding is based on student enrolment and certain identified special needs of those students.

Operating expenditure

Schedule 2B outlines operating expenses in relation to salaries and benefits, as well as services and supplies. Schedule 2C outlines operating expense in detail, including allocating expense by category.

The table below summarizes total expense by category for the year to June 30, 2024 as compared to prior year.

Function	June 30, 2024 % of total	June 30, 2023 % of total	Comments
Instruction	52.22%	49.78%	Increase due to additional non-enrolling teaching staff
District Administration	20.95%	18.27%	Temporary increase due to contractual obligations
Operations & Maintenance	16.50%	19.60%	Temporary decrease due only to higher one-time expenses in other functions
Transportation & Housing	10.33%	12.35%	Temporary decrease due only to higher one-time expenses in other functions
Total	100.00%	100.00%	

Staff

66% of the District’s operating expenditure is spent on salaries and benefits. As would be expected for a school district, the majority of this staff cost is spent on teacher salaries and benefits.

The average cost for a full-time teacher in the District in the 2023/24 school year was just under \$119,000, including benefits. This average dropped from prior year, despite the wage increase over prior year, due to the fact that several teachers who were higher on the grid left the District and were replaced with less experienced teachers who were lower on the pay grid.

Transfers to other funds

The District spent \$104,361 of its operating funds on computer hardware and \$117,135 on furniture and equipment during the year. These funds were transferred to the capital asset fund.

Operating surplus

The operating deficit for the year to June 30, 2024 was \$983,936 This is calculated on Schedule 2 of the financial statements. This deficit decreased the operating fund balance from \$4,502,958 at the beginning of the year to \$3,519,022 at June 30, 2024.

Note 16 of the financial statements outlines the restrictions on the use of the accumulated surplus. The funds are restricted at the Board’s discretion. The Board’s approval of these restrictions is through approval of the financial statements.

Special Purpose Funds

Overview

Transactions within the special purpose funds are reported in the following schedules in the financial statements.

Schedule	Page	Overview
3	30	Summarizes the total revenues and expenses of all the special purpose funds. Also indicates the amounts spent on capital assets.
3A	31-32	Outlines, by each group of funds, the grants received and expenses for the year to June 30, 2024. Surplus at the end of the year for each fund is identified as Deferred Revenue, end of year.

Special Purpose Funds (Sch. 3A)	Opening Balance July 1, 2023	Receipts	Spent	Ending Balance June 30, 2024	Increase (decrease)
Annual Facility Grant	\$ 76,013	\$ 60,762	\$ 93,625	\$ 43,150	\$ (32,863)
Learning Improvement Fund	5,308	24,109	25,914	3,503	(1,805)
School Generated Funds	133,874	53,748	48,936	138,686	4,812
Ready, Set, Learn	38,398	7,350	2,281	43,467	5,069
Community LINK	1,084,449	598,083	320,038	1,362,494	278,045
Classroom Enhancement Fund - Overhead	-	6,879	6,879	-	-
Classroom Enhancement Fund - Staffing	-	456,946	456,946	-	-
First Nation Student Transportation	17,098	10,198	27,296	0	(17,098)
Mental Health in Schools	242,233	57,000	93,703	205,530	(36,703)
Federal Safe Return to Class Fund	2,865	-	2,865	-	(2,865)
Student and Family Affordability Fund	125,602	100,000	125,560	100,042	(25,560)
Feeding Futures Fund	-	350,000	200,000	150,000	150,000
Total	\$ 1,725,840	\$ 1,725,075	\$ 1,404,043	\$ 2,046,872	\$ 321,032

Annual Facility Grant

The Annual Facility Grant is intended for annual facility projects required to maintain facility assets through their anticipated economic life and to prevent premature deterioration of these assets.

School Generated Funds

School Generated Funds account for fees and contributions raised at the school level. Examples of such fees and contributions include: local donations to the school and fundraisers. These amounts are targeted and used for the purpose that they were provided to the school.

CommunityLINK

The CommunityLINK grant from the Provincial Government is to support programs and services to improve the educational performance of vulnerable students, including both academic achievement and social functioning. This includes promoting partnerships with families, communities and service providers as an integrated approach to supporting vulnerable students.

Classroom Enhancement Funds

The grants from the Classroom Enhancement Funds are intended to offset the additional costs associated with the restoration of historical collective agreement language regarding class size and composition.

Direct costs associated with required staffing levels that address class size and composition are accounted for within the 'Classroom Enhancement Fund – Staffing'.

Indirect costs, or overheads, associated with these required changes are accounted for within the 'Classroom Enhancement Fund – Overhead'.

To receive the grants, the District must be able to demonstrate to the Provincial Government that the associated direct or indirect costs are a result of the restoration of the collective agreement language.

The classroom enhancement funds, although new in the 2017/18 year, are a core part of the District's funding. This funding is tied to the application of historical language restored to the collective agreement.

Mental Health in Schools

Introduced in 2021/22, the Mental Health in Schools Grant is intended to help make mental health and wellness front and centre for students, parents and educators. B.C. schools will now have access to enhanced wellness supports and programs with \$8.87 million being invested over three years.

Student and Family Affordability Fund

The Student and Family Affordability funding support was introduced in 2022/23 to help offset increased cost of living expenses for families with school-aged children across BC.

Feeding Futures Fund

The newly introduced Feeding Futures program addresses the immediate need of feeding students and builds on the progress made with the Student and Family Affordability Fund to help reduce the challenges of rising food costs for families who need it most.

Capital Fund

Overview

The capital fund, including the local capital fund, accounts for assets owned by the District and the funds used to acquire them.

Provincial grants targeted for the purchase of assets – for example, a grant to renovate a school – are recorded in the capital fund. If an asset is purchased using operating funds, then the cost of the asset is treated as a transfer from the operating fund to the capital fund.

The province does not normally provide capital grants for asset acquisitions such as computer equipment, school furniture and equipment, vehicles, maintenance equipment, photocopiers, classroom renovations or district administration buildings. The only source of funding available for these assets is typically operating funds. To set aside funds to allow the future purchase of major assets, the Board may transfer funds from the operating fund to the local capital fund.

Schedule	Page	Overview
4	33	Summarizes amortization, invested in tangible capital asset balances, local capital balances, and transfers to the capital fund from other funds.
4A	34	Outlines: <ul style="list-style-type: none">• The cost of assets acquired during the year.• The amortization of assets by asset class.• The original cost of assets owned by the District, by asset class• The total amortization of each asset class. This is an estimate of the value of the wear-and-tear of assets over their lifetime.• The net book value of assets, being the cost less amortization.
4C	35	Accounts for targeted funding spent on the acquisition of capital assets.
4D	36	Accounts for funding received which is targeted towards capital asset purchases and which has yet to be spent.

Capital Assets

Schedule 4A summarizes the capital assets owned by the District.

Net book value (being cost less amortization) of tangible capital assets

The District has \$13.5m invested in its capital infrastructure. The vast majority of the District's capital assets are the school buildings.

The cost of the land that the District's schools and buildings are located on is \$1.8m.

The District also has significant investment in vehicles, furniture and equipment (office and school furniture, maintenance and shop equipment etc.) and computer hardware, including servers and staff computers.

Asset additions compared to asset amortization

The amortization expense recognizes the depreciation of an asset over its useful life. The proportion of amortization to asset additions is an indication of the sufficiency of the level of capital investment. For example, if assets are amortizing faster than they are being replaced, this may indicate an infrastructure deficit.

Deferred Capital Revenue

Schedule 4C accounts for grants received for capital asset purchases that have been spent. Schedule 4D accounts for grants received for capital asset purchases that have yet to be spent.

Schedule 4D illustrates that \$816,000 of grants were received in the year to June 30 from the Ministry of Education in the form of 'Bylaw Capital. This includes the capital portion of the annual facilities grant. \$511,865 remains unspent at June 30.

Schedule 4D also shows that \$232,905 remains available at June 30 in the form of 'Restricted Capital,' which represents the reserves from unspent bylaw capital allocations provided by the Ministry in prior years.

The 'Other Provincial Capital' balance of \$26,392 on schedule 4D relates to unspent grants received for investment in capital equipment for trades programs.

The \$385,242 of 'Bylaw Capital' that was spent on completed projects is then accounted for as deferred capital revenue on schedule 4C. Deferred capital revenue balances are accumulated over the years and amortized over the estimated lifespan of the assets acquired with the grant money. The deferred capital revenue balance was reduced by \$485,027 in the year to June 30 to reflect this amortization.

Historically, the province has provided targeted funding for major school renovations or improvements. The province does not typically provide targeted funding for any other capital assets, including the purchase or construction of technology, classroom furniture and equipment, administrative buildings, and maintenance equipment.

The deferred capital revenue balance at June 30, 2024 is \$8,859,861, indicating 66% of the District's assets were purchased with targeted grant funding.

Local Capital

Schedule 4 includes a column showing the transfers to and from the local capital fund, and the balance in local capital at the end of the year.

The Board approves transfers of funds from the operating fund to the capital fund in anticipation of necessary future capital expenditure which will not be funded by additional targeted grants from the province. In doing so, a balance must be struck between ensuring the District has the necessary assets to effectively function, and using operational funds within the year they are granted to directly provide education for students.

During the year to June 30, 2024, no capital assets purchased using local capital funds.

To facilitate year-to-year capital planning, local capital budgets which are not spent at the year-end are carried forward to the following year. Local capital had a surplus remaining at June 30, 2024 of \$3,877,640, as shown on Schedule 4.

Contacting 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 information, please contact the Secretary Treasurer's office.