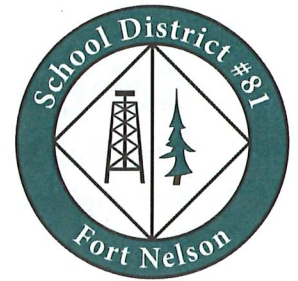


School District #81 (Fort Nelson)

Financial Statement Discussion and Analysis

For the Year Ended June 30, 2021



AS A BOARD OF EDUCATION

OUR PURPOSE

IS TO HELP OUR STUDENTS LEARN

WE VALUE

RESPECT, INTEGRITY, INNOVATION, AND BUILDING SELF-WORTH

OUR MISSION

IS TO PREPARE AND INSPIRE OUR STUDENTS

OUR VISION

IS TO BUILD SUCCESSFUL FUTURES

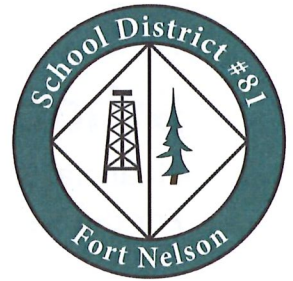
Pursuant to Section 157 of the B.C. School Act, “the board must cause to be prepared each fiscal year by the secretary-treasurer or other person authorized by it, financial statements of the school district respecting the preceding fiscal year”.

This discussion and analysis document is intended to provide a more comprehensive understanding of the School District’s financial activities and financial health and should be read in conjunction with the School District’s financial statements published on the school district website.

School District 81 is located in the north east corner of British Columbia, on the traditional territory of Fort Nelson First Nation. The District is governed by a Board of Education comprised of five elected trustees. The District operates four schools in the municipality of Fort Nelson – two primary K-4, one Grades 5-7, and one Grades 8-12 - and one rural K-12 in Toad River. The student population in the school year 2020/21 was 635 students, approximately 40 students fewer than 2019/20.

School District #81 (Fort Nelson)

Financial Statement Discussion and Analysis
For the Year Ended June 30, 2021



Financial Highlights – Operating, Special Purpose, and Capital Funds

Statement 1 – Statement of Financial Position

	2019/20	2020/21	Variance Analysis
Cash	\$2,070,638	\$2,049,205	Decreased balances in school accounts; enrolment was down; less revenue received.
Accounts Receivable	\$489,649	\$211,420	Fewer accounts receivable.
Current Liabilities	\$1,220,948	\$1,012,810	Accounts payable decreased. Vacation liability decreased.
Prepaid Expenses	\$5,210	\$81,429	We prepaid some expenses associated with our capital projects.

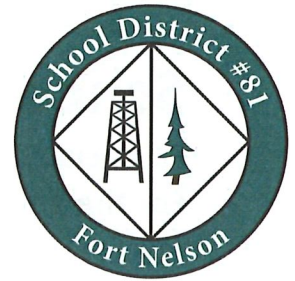
Statement 2 – Statement of Operations

	2019/20	2020/21	Variance Analysis
Total Revenue	\$11,653,487	\$12,278,444	Funding received to address covid 19 needs. Per pupil allocation increased from \$7468 to \$7560.
Total Expenses	\$11,521,839	\$12,277,634	Covid 19 savings on regular student transportation; decreased spending on general supplies and maintenance.

School District #81 (Fort Nelson)

Financial Statement Discussion and Analysis

For the Year Ended June 30, 2021

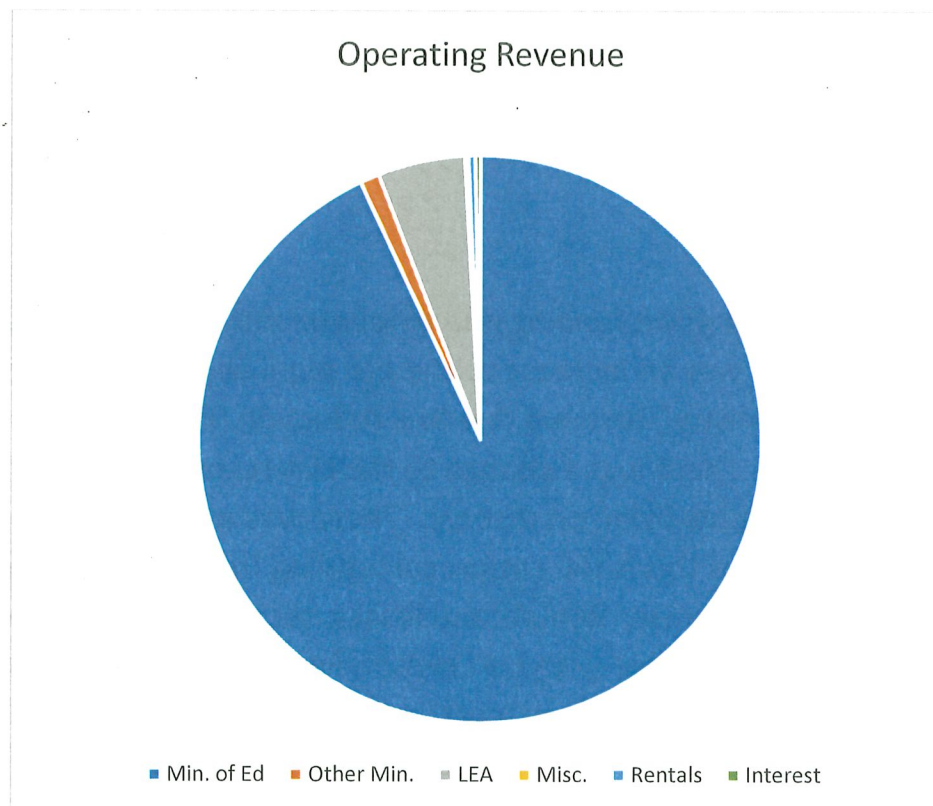


Financial Highlights

Operating Fund – Schedule 2

Operating Revenue

The Ministry of Education operating grant is the main source of operating revenue for the school district. Additional revenue is received from other Ministries to support our trades programs and maintenance service contract with Northern Lights College. Other sources of revenue include our Local Education Agreement/Direct funding from First Nation bands; miscellaneous revenue, rentals and leases, and investment income for a total of \$9,983,700.



School District #81 (Fort Nelson)

Financial Statement Discussion and Analysis For the Year Ended June 30, 2021



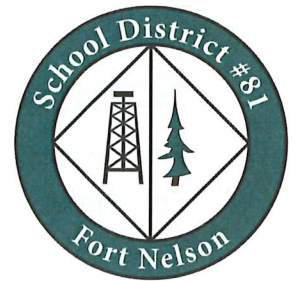
Revenue	2019/20	2020/21	Variance	% increase/ (decrease)
Ministry of Education	\$8,995,444	\$9,435,458	\$440,014	4.89
Other Ministries	\$126,350	\$111,871	-\$14,479	-11.5
LEA	\$484,610	\$366,681	-\$117,929	-24.33
Miscellaneous	\$21,381	\$20,925	-\$456	-2.13
Rentals and Leases	\$38,481	\$27,456	-\$11,025	-28.65
Interest Income	\$29,934	\$21,309	-\$8,625	-28.81

There was an increase in grant funding due to labour settlements that resulted in wage increases. There was an increase to the per pupil allocation. There was a reduction in “other ministry” revenue due to a reduction of Northern Opportunities funding. There was a change to the LEA recovery as there were fewer First Nation students living on reserve. There was a decrease in miscellaneous revenue as this is the reciprocal funding from the First Nation Bands which was less this year. Rentals and leases decreased due to a withdrawal of a tenant and to a partnership with Fort Nelson Family Development Society that provides early learning rentals at “cost” only. Interest income decreased as we assigned less funding to the interest bearing Ministry account.

School District #81 (Fort Nelson)

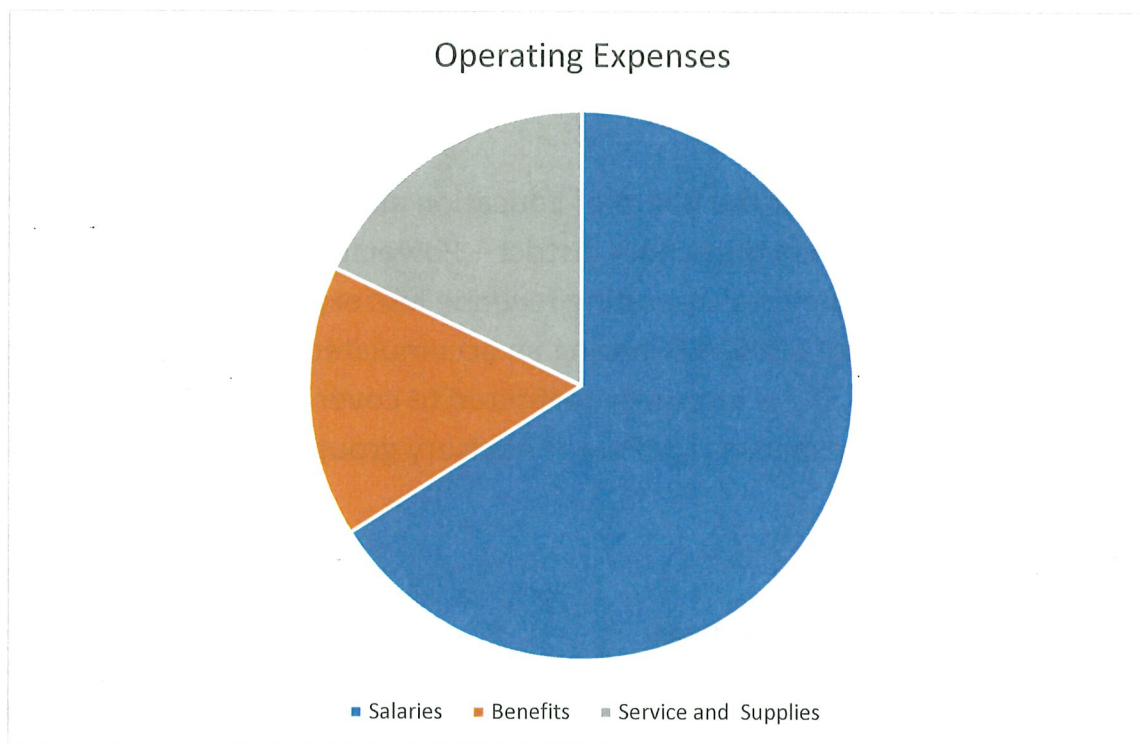
Financial Statement Discussion and Analysis

For the Year Ended June 30, 2021



Operating Expenses

Operating Expenses include salaries, benefits, and service and supplies totaling \$9,958,001.



Expenses	2019/20	2020/21	Variance	% Increase/ (Decrease)
Salaries	\$6,150,193	\$6,561,167	\$410,974	6.68
Benefits	\$1,512,868	\$1,712,302	\$199,434	13.18
Services and Supplies	\$1,685,079	\$1,684,532	-\$547	-.03

School District #81 (Fort Nelson)

Financial Statement Discussion and Analysis
For the Year Ended June 30, 2021



Salaries increased in 2020/21 due to labour settlements that provided salary increases for all employee groups. We had a number of long term staff absences due to illness that impacted our substitute salary account. Benefits increased as a result of increased usage and enhanced benefit plans negotiated as part of collective agreement settlements. Services and supply expenses decreased due to funds available from both the provincial and federal governments for covid related expenses.

For the 2020/21 school year the Board of Education authorized an update to the financial software system in the school district – Powerschool – at a cost of \$178,824. Therefore, the total operating revenue less expenses generated a need to access surplus of \$306,769 leaving an accumulated operating surplus of \$239,766 of which \$41,342 is internally restricted to cover grants not yet assigned to expenses and travel expenses for Parent Advisory groups. See Note 12 in the Financial Statements.

Special Purpose Funds- Schedule 3

“Pursuant to Sections 156 (4) and (5) of the School Act, each special purpose fund must be accounted for in accordance with the terms of that special purpose fund. Treasury Board Restricted Contribution Regulation 198/2011 defines a restricted contribution as a contribution that is subject to a legislative or contractual stipulation or restriction as to its use other than a contribution or part of a contribution that is of, or for the purpose of acquiring land.”

The following grants meet the definition of a restricted contribution and are reported on Schedule 3A (consolidated on Schedule 3):

Annual Facility Grant

Learning Improvement Fund

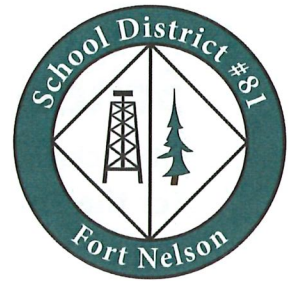
Special Ed Equipment Grants

Aboriginal Education Technology Grants

School District #81 (Fort Nelson)

Financial Statement Discussion and Analysis

For the Year Ended June 30, 2021



Community Links Official Languages in Education French Programs

Strong Start Ready, Set Learn

First Nation Transportation Mental Health in Schools

Classroom Enhancement Fund - Overhead, Staffing, Remedies

Speech and Language Scholarships and Bursaries

Safe Return to School Grant Federal Safe Return to Class Fund

School Generated Funds

Any unspent funds are considered to be Deferred Revenue and are carried forward to be used for the intended purpose in future years.

Capital Fund – Schedule 4

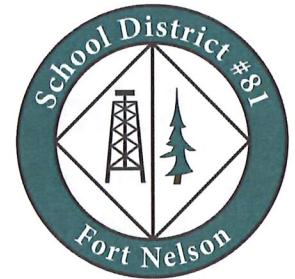
Annual Facilities Grant

The District receives an Annual Facilities Grant, part of which is special purpose funding (\$64,611) and the balance (\$252,995) is bylaw. The grant is to support the infrastructure of our district buildings. The Ministry identifies the eligible areas where these funds are to be used.

A number of years ago the Ministry of Education authorized the school district to proceed with a 2.5 million dollar upgrade to the ventilation system in the shop area of our highschool. Payments for this upgrade are taken from the Annual Facilities Grant funding. This year \$158,875 was spent on this loan payment. The balance was spent on concrete repairs at JS Clark School; lino repairs at GW Carlson School; heating-boiler installation at the school board office; shutters at JS Clark School; heating/HVAC controls at RL Angus School; and touchless taps were installed district wide.

School District #81 (Fort Nelson)

Financial Statement Discussion and Analysis For the Year Ended June 30, 2021



Bylaw Capital Funds

In 2019/20 the School District was approved \$1,226,691 in Bylaw Capital Funds - \$726,691 was for the renovation of the washroom/change area adjacent to the gymnasium at Fort Nelson Secondary School, and \$500,000 was towards a cladding project at Fort Nelson Secondary School. In 2019/20 \$157,652 was spent on these projects. In 2020/21 the balance of \$1,069,039 was spent towards completion of these two projects.

For the 2020/21 year the School District was approved \$1,086,000 in Bylaw Capital Funds for the cladding project at Fort Nelson Secondary School. In 2019/20 \$5,032 was spent towards this project in order to prepare for construction during the summer. In 2020/21 the balance of \$1,080,968 was spent on completion of the cladding project at FNSS.

Capital Purchases from Operating Funds and Special Purpose Funds

Prior to annual budget preparation in the spring, staff and parents are invited to identify capital needs in their buildings. Some minor capital items are purchased from operating funds and special purpose funds. In 2020/21 \$266,868 was spent on furniture and equipment, computer software and computer hardware.

Our ventilation systems are regulated in all of our school buildings through direct digital controls (DDC), providing maximum allowable air exchanges, depending on the outside air temperature. The system is active from 7 a.m. to 5 p.m. daily. Our classrooms in our school buildings have independent climate control, therefore, if one furnace goes out only a minimal number of classrooms are affected, not the entire building.

With the Federal Covid funds provided this year to our district we researched and purchased the latest technology called Global Plasma Solutions (GPS) for all school district buildings at a cost of \$132,823. The GPS NBMI (Needlepoint Bipolar Ionization) technology reduces airborne particles through agglomeration. The ions attach to the airborne particles. The particles are subsequently attracted

School District #81 (Fort Nelson)

Financial Statement Discussion and Analysis
For the Year Ended June 30, 2021



to one another, effectively increasing mass and size that is easily captured by the air filtration system. During the GPS cleaning process the NPBI technology attacks and kills viruses, mold spores, and bacteria, leaving clean indoor air. In consultation with our HVAC service providers it was recommended that we maintain the use of 2 inch MERV 8 furnace filters as the MERV 13 would decrease the air flow preventing the effectiveness of the GPS NBMI system. Our furnace filters are changed quarterly.

As well, this summer we upgraded windows in GW Carlson School in conjunction with the new cladding.

Loans for Capital Items

The School District finances their capital purchases through the Municipal Finance Authority. This year we had one ventilation loan; an ongoing computer loan; one last payment on a mower loan; and we opened a new computer loan and a new vehicle loan. All loans are at an interest rate of .94 per cent.

In 2020/21 the School District paid \$237,158 in principal payments on these loans.

