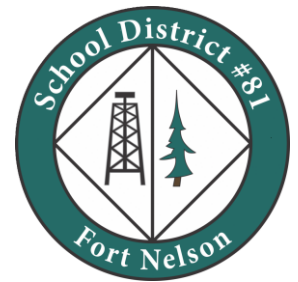


School District #81 (Fort Nelson)

Financial Statement Discussion and Analysis
For the Year Ended June 30, 2020



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 2019/20 was 675 students.

School District #81 (Fort Nelson)

Financial Statement Discussion and Analysis

For the Year Ended June 30, 2020



Financial Highlights – Operating, Special Purpose, and Capital Funds

Statement 1 – Statement of Financial Position

	2018/19	2019/20	Variance Analysis
Cash	\$2,008,473	\$2,070,638	Increased balances in school accounts; additional interest earned on increased savings.
Accounts Receivable	\$220,656	\$489,649	Funds from the school enhancement program were requested in the 2019/20 year but were not received till July 2020 in the 2020/21 year.
Current Liabilities	\$1,205,326	\$1,220,948	Accounts payable increased. Vacation liability increased.
Prepaid Expenses	\$5,014	\$5,210	This represents the cost of the prepaid flight packages we purchase from CMA.

Statement 2 – Statement of Operations

	2018/19	2019/20	Variance Analysis
Total Revenue	\$11,654,020	\$11,653,487	K-12 Regular enrolment compliance audit recovery; special grant for teachers' labour settlement funding; operating grant per student increase; First Nation student transportation grant.
Total Expenses	\$11,642,690	\$11,521,839	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, 2020

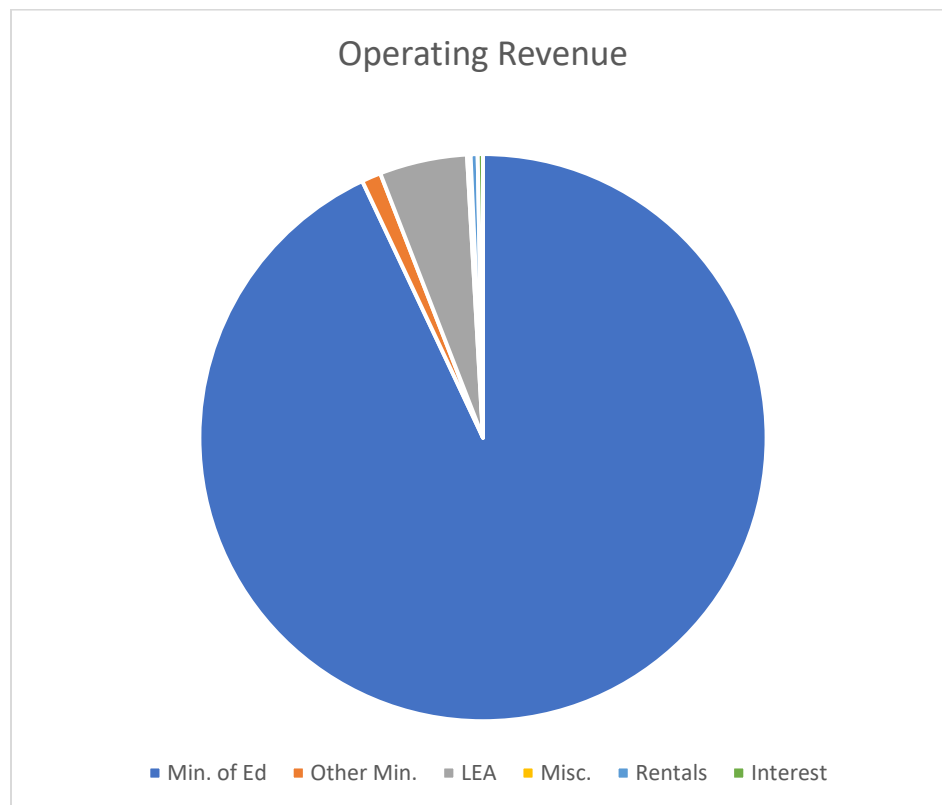


Financial Highlights

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 \$9,696,650.



School District #81 (Fort Nelson)

Financial Statement Discussion and Analysis

For the Year Ended June 30, 2020



Revenue	2018/19	2019/20	Variance	% increase/ (decrease)
Ministry of Education	\$8,872,609	\$8,995,444	\$122,835	1.38
Other Ministries	\$148,750	\$126,350	-\$22,400	-15
LEA	\$490,934	\$484,610	-\$6,324	-1.3
Miscellaneous	\$66,454	\$21,831	-\$44,623	-67
Rentals and Leases	\$33,805	\$38,481	\$4,676	13.8
Interest Income	\$28,329	\$29,934	\$1,605	5.7

A K-12 Regular Enrolment Compliance Audit was conducted in the School District with a funding recovery of \$84,949. 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 slight change to LEA revenue as one student moved off reserve. There was a decrease in miscellaneous revenue as there was less money generated from asset sales and fewer miscellaneous grants. Rentals and leases increased due to a new rental opportunity. Interest income increased as we assigned more funds to the interest bearing Ministry account.

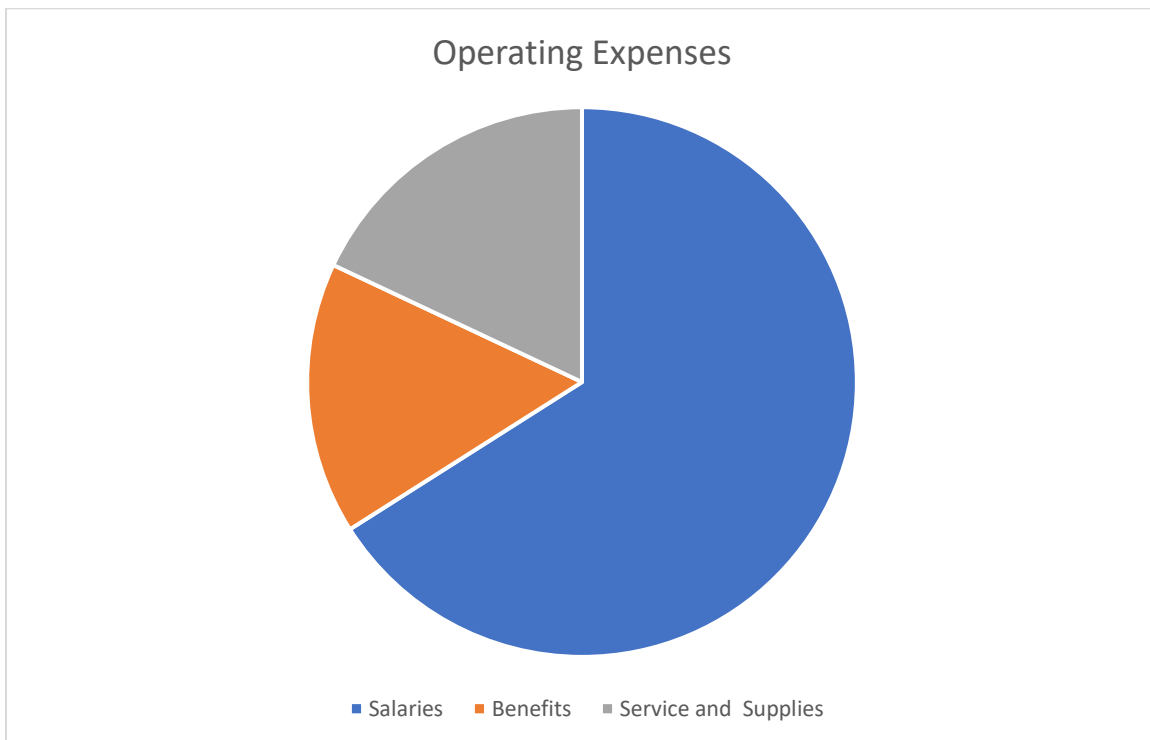
School District #81 (Fort Nelson)

Financial Statement Discussion and Analysis
For the Year Ended June 30, 2020



Operating Expenses

Operating Expenses include salaries, benefits, and service and supplies totaling \$9,348,140.



Expenses	2018/19	2019/20	Variance	% Increase/ (Decrease)
Salaries	\$6,016,804	\$6,150,193	\$133,389	2.22
Benefits	\$1,587,757	\$1,512,868	-\$74,889	-4.72
Services and Supplies	\$1,802,277	\$1,685,079	-\$117,198	-6.5

School District #81 (Fort Nelson)

Financial Statement Discussion and Analysis
For the Year Ended June 30, 2020



Salaries increased in 2019/20 due to labour settlements that provided salary increases for all employee groups. Benefits decreased as a result of fewer employees accessing benefits. Services and supply expenses decreased due to the impact of Covid-19, particularly with respect to transportation related savings.

For the 2019/20 school year the total operating revenue less expenses generated a surplus of \$210,410 leaving an accumulated operating surplus of \$546,535 of which \$47,860 is internally restricted to cover grants not yet assigned to expenses; the cost of replacement janitorial equipment; and travel expenses for Parent Advisory groups. See Note 12 in the Financial Statements.

Special Purpose Funds- Schedule 3

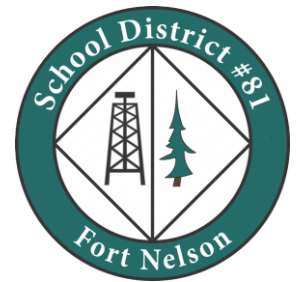
“Pursuant to Sections 156 (4) and (5) of the School Act, each special purpose fund must be accounted for in accordance with the terms of that special purpose fund. Treasury Board Restricted Contribution Regulation 198/2011 defines a restricted contribution as a contribution that is subject to a legislative 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
Community Links	Official Languages in Education French Programs
Strong Start	Ready, Set Learn
First Nation Transportation	Mental Health in Schools

School District #81 (Fort Nelson)

Financial Statement Discussion and Analysis
For the Year Ended June 30, 2020



Classroom Enhancement Fund School Generated Funds

Speech and Language Scholarships and Bursaries

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. In 2019/20 School District 81 received \$317,606 of grant monies.

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 paving repairs at all of our schools and the Board Office; curb installation and sidewalk repair at FNSS; counter top replacements at both JS Clark and GW Carlson Schools; lino replacement at GW Carlson; and mechanical control upgrades at RL Angus.

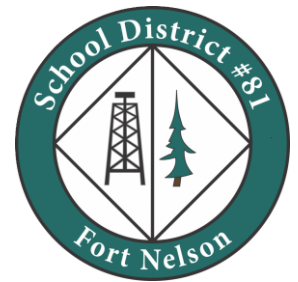
Bylaw Capital Funds

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.

School District #81 (Fort Nelson)

Financial Statement Discussion and Analysis

For the Year Ended June 30, 2020



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 \$158,950 was spent on this project in order to prepare for construction during the summer.

Capital Purchases from Operating 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. In 2019/20 \$45,013 was spent on furniture and equipment, computer software and computer hardware.

Loans for Capital Items

The School District finances their capital purchases through the Municipal Finance Authority. At the present time the district has one ventilation loan and two computers loans, at an interest rate of 1.4825 per cent.

In 2019/20 the School District paid \$227,525 in principal payments on these loans.