

Nicola-Similkameen Public Schools Financial Statement Discussion & Analysis

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This is a discussion and analysis of the financial statements for Nicola-Similkameen Public Schools (SD No. 58, the 'District') for the fiscal year ended June 30, 2023. This report should be read in conjunction with the District's consolidated financial statements of the same period.

The purpose of the Financial Statement Discussion & Analysis is to highlight information and provide explanations which enhance the reader's understanding of the school district's financial statements as well as factors that influenced the financial results. This report is a summary of the district's financial activities, based on currently known facts, decisions, and conditions. The statements illustrate, in financial terms, how resources have been allocated and consumed during the fiscal year.

The preparation of this financial statement discussion and analysis is management's responsibility. All dollar amounts are reported to the nearest thousand.

Located in the Similkameen and Nicola valleys, the District serves six First Nations, the Metis peoples, amongst various communities throughout the Similkameen and Nicola valleys. The district provides educational services to approximately 2,400 students. These services include an Indigenous Education Program, late French Immersion, opportunities for youth work in trades and secondary apprenticeships, numerous sports, Distributed Learning and Alternative Programming. The district is situated on the traditional and unceded territories of the Nt̓e kepmx and Syilx people and it values the knowledge and contributions that our Métis Communities provide. The District strives to increase awareness, understanding and integration of Indigenous culture, history and language in all SD58 schools. It is part of the School District's ongoing commitment to Truth and Reconciliation.

The governing body of the School District is a Board of Education made up of seven trustees who are each elected for a four-year term, with three trustees elected in the Town of Princeton, three elected in the City of Merritt, and one trustee elected in the Thomson Nicola Regional District. The District's day-to-day operations are carried out by the administrative staff of cte TJET60.0000091992 rq0.00000912 0 612

At June 30, 2023, the District held \$8.8 million Cash and Cash equivalents, deposited in financial institutions and the Province's central deposit system. The District's cash balance offsets the liabilities of the School District and unspent funds restricted for use on specific projects. The decrease in the District's liabilities is the primary reason that the District's cash position decreased by \$1.2 million over the past year.

Accounts Receivable from the Ministry of Education and Child Care decreased by \$1.0 million, reflecting the flood-

District unrestricted dollars from its Local Capital Fund and transferred this amount to its operating fund. As a result, the local capital fund was reduced by \$182 thousand to offset these expenses. The remaining change in the Local Capital Fund is represented by planned capital asset purchases during

Operating Fund expenditures

deferred to subsequent years for the intended purpose. Some funds require Ministry approval to carry forward and other funds that carry a surplus at the end of the year reduce the funding received in the next fiscal year. Special purpose funds are typically connected to an agreement with a third party, with guidelines for how respective funds are to be disbursed.

In Thousands	2023	2022	Amended Annual Budget	Variance from Prior Year	Variance from Budget
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The District expended \$6.8 million in Special Purpose Funds in the year. Examples of the District's special purpose funds include: classroom enhancement fund, learning improvement fund, Community LINK, Student Family & Affordability, Strong Start, Early Learning, Seamless Day Kindergarten, Just B4, Strengthening Early Years to Kindergarten Transitions, scholarships & bursaries, school generated funds.

In Thousands	2023	2022	Amended Annual Budget	Variance from Prior Year	Variance from Budget
Total	\$ 6,684	\$ 5,648	\$ 6,370	\$ 1,036	\$ 314

Capital Fund

Capital revenues are represented in part by the amortization of deferred capital revenue – this is the current year's recognition of Deferred Capital Revenue for the district's assets. Deferred Capital Revenue is amortized (taken into revenue) over the useful life of the district's capital assets, and not necessarily when the money is received. \$8.2 million recognizes the ongoing insurance claims for the overland flooding events of November 2021, while \$1 million recognizing the amortization of deferred capital revenue for respective capital projects completed throughout the school year.

In Thousands	2023	2022	Amended Annual Budget	Variance from Prior Year	Variance from Budget
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The recognition of capital revenue has a close nexus with the capital expenditures carried out by the School District. Below are capital expenditures include the amortization of tangible capital assets and flood restoration costs.

The School District received \$2.2 million in capital grants in 2022/23, as well as \$8.3 million for flood restoration.

The School District invested \$1.67 million in capital building additions, and \$0.674 million for work in progress. Building capital additions including roofing and window roll shutters projects under the SEP capital program, and building maintenance projects under the AFG program. Work in progress includes the start of various AFG projects for the 23/24 school year, and HVAC and major electrical projects under the SEP and CNCP capital programs.

Furniture and equipment assets of \$187k, computer software of \$154k and computer hardware of \$272k were also purchased with Special Purpose Funds Local Capital.

The School District submitted a balanced budget to the Ministry of Education for the 2022/23 Fiscal Year that will continue to deliver the mix of programs and services currently offered to students in our schools. Moving into 2023/24 and beyond, there are several factors that may impact the School District's operations and financial position.

[Replacement Costs / Availability / Employee Wellness](#)

While the impact of the COVID-19 pandemic and the subsequent overland flooding events on replacement costs has decreased, it is still too early to assess the long-term effect on employee wellness. In addition, the unavailability of relief staff, due mainly to labour shortages, made it challenging for employees to take time off to be away from work.

[Inflation & the cost of doing business](#)

Inflation continues to play a significant factor in the day-to-day operations of the School District. With Canada's inflation rate at 6.8%, 3.4% for 2022 and 2021 respectively, combined with a steady increases in the Bank of Canada's key lending rate, signs of inflationary easing remain to be seen. Add onto this supply-chain and labour-shortage constraints, it is likely that the District will be faced with these challenges heading into the new school year.

This financial report is designed to provide a general overview of the School District's finances and to demonstrate accountability for the public fund received by the school district.

You can also find additional information on the district, and its strategic vision, on our website: www.SD58.bc.ca.