



FINANCIAL STATEMENTS DISCUSSION and ANALYSIS

Year ended June 30, 2024

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**Pacific Rim School District
Financial Statements Discussion and Analysis**

For the Year Ended June 30, 2024

INTRODUCTION

The following is a discussion and analysis of the financial performance of Pacific Rim School District (the "District") for the fiscal year ended June 30, 2024. This report should be read in conjunction with the district's consolidated financial statements for the same period and is meant to assist the reader.

The purpose of the Financial Statement Discussion and Analysis is to highlight information and provide explanations which enhance the reader's understanding of the school district's financial statements as well as the factors that influence the financial results presented in these statements. 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.

OVERVIEW OF THE SCHOOL DISTRICT

The Pacific Rim School District is situated on the *ḥaḥuul̄i* of the *čišaa?ath̄*, *huupačas?ath̄*, *ɬaʔuukʷiʔath̄*, *huufii?ath̄* First Nations and *yuułuʔiɬath̄* Government, and acknowledges that we work alongside these Nuu-chah-nulth nations as well as the Ditidaht, Uchucklesaht, Toquaht, Ahousaht, and Hesquiaht First Nations, the Métis Nation of British Columbia and the Alberni-Clayoquot Métis Society to serve the children and youth of the Alberni-Clayoquot region.

The Pacific Rim School District (the district) covers much of Central Vancouver Island's rugged, picturesque West Coast and serves a regional population of approximately 31,000 residing in the communities of Port Alberni, Tofino, Ucluelet, Bamfield and other remote communities.

The district is home to 4,000 students, 36% of whom are of Indigenous Ancestry, in two neighbourhood secondary schools, eight elementary schools, and one K-12 school. The district has a successful alternate learning centre, a strong French Immersion program, a thriving international student program, and a busy continuing education program.

The district is committed to all student successes and has strong connections to early learning and community wellness and mental health support, as well as the region's two major post-secondary institutions. The school district employs close to 500 employees.

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. The day-to-day matters are managed by the administrative staff of the district, headed by the Superintendent of Schools.

Our Strategic Plan

Our Strategic Plan, as derived through extensive online and face-to-face consultation, places a strong emphasis on achievement for all. Our focus areas are:

- Indigenous Learner Success and Relationships with First Nations
- Student Achievement
- Mental Health and Social-Emotional Well-being
- Safe, Welcoming and Modern Learning Environments
- Environmental Stewardship and Global Citizenship

Within each of these focus areas, we have developed goals that have been integrated into a working Operational Plan that sets the direction that will allow our district to successfully carry out our mission and move us closer to reaching our vision.

Our Values, Mission, and Vision

The mandate of the Board of Education is to maintain a focus on student achievement and well-being, and to participate in decision making that benefits the entire district while representing the interests of the entire electorate.

The Board is responsible for setting the overall strategic direction for the school district. Trustees work together to establish the Board's Strategic Plan which sets the goals for the district and its budget priorities. The Board is committed to the Calls to Action of the Truth and Reconciliation Commission, BC's Declaration on the Rights of Indigenous Peoples Act, and ongoing support for Indigenous ways of knowing and being, as a framework for reconciliation and learning.

As co-governors with the Ministry of Education and Child Care, the Board shares the belief of seamless inclusive universal child care and before-and-after school care options for those families that require it within environments that incorporate the Early Learning Framework, thus fostering connections between the education and child care sectors.

Our vision is to be a safe, welcoming, and engaging learning community that is diverse, equitable, inclusive, accessible, and collaborative, and creates belonging and opportunities for all.

Our overall intent is to educate students in safe, inclusive, and engaging learning environments where every student develops the knowledge, skills, and abilities to be lifelong learners and responsible members of our global society.

Our Core Values

- Integrity
- Respect
- Responsibility
- Equity
- Compassion
- Honesty

Our Schools

Elementary Schools

École Alberni Elementary School
E J Dunn Elementary School
John Howitt Elementary School
Maquinna Elementary School
Tsuma-as Elementary School
Ucluelet Elementary School
Wood Elementary School

Secondary Schools

Alberni District Secondary School
Ucluelet Secondary School

Community Schools

Bamfield Community School
Wickaninnish Community School

Alternate Programs

Eight Avenue Learning Centre
Pacific Rim International Student Program

COMPOSITION OF THE FINANCIAL STATEMENTS

School district financial statements are prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. This Section requires that the financial statements be prepared in accordance with Canadian public sector accounting standards, except in regard to the accounting for government transfers.

The two key audited statements are:

- The **Statement of Financial Position** summarizes the districts assets and liabilities at June 30, 2024. This provides an indication of the financial health of the school district.
- **The Statement of Operations** summarizes the revenues received and expenses incurred between July 1, 2023 and June 30, 2024. This statement provides an indication of the funding received by the school district and how that funding was spent.
- The **Statement of Changes in Net Financial Assets (Debt)**, the **Statement of Cash Flows** and the **Notes to the Financial Statements** are also audited and provide further analysis of the District's finances.

Financial performance is difficult to ascertain in the audited Financial Statements, as they are a consolidation of three distinct areas:

- The Operating Fund (Schedule 2);
- Special Purpose Funds (Schedule 3); and the
- Capital Fund (Schedule 4).

The schedules are included at the end of the financial statements, following the Notes to the Financial Statements, in a format prescribed by the Ministry. The schedules include more details specific to each of the three areas, providing increased transparency and accountability. The balances reported in the schedules, when consolidated, are consistent with the balances reported in the statements.

- **Schedule 1** illustrates a breakdown of the accumulated surplus (deficit) on Statement 1 into the three reporting areas.
- **Schedule 2** provides detail on the Operating Fund, which accounts for the 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 budgeted revenue, and any surplus used to balance the budget is appropriated from surpluses carried forward in previous years.
- **Schedule 3** provides detail on the Special Purpose Funds, which are grants and contributions that are directed towards specific activities. As these are targeted grants, any unspent funding is accounted for as deferred revenue, not as accumulated surplus.

- **Schedule 4** provides detail on the Capital Fund, which accounts for the capital assets and capital revenues.

STATEMENT OF FINANCIAL POSITION

Financial Assets are assets available to discharge existing liabilities or finance future operations.

In Thousands	2024	2023	Change
Cash and Cash Equivalents	\$ 4,740	\$ 7,338	\$ (2,598)
Accounts Receivable - Due from Ministry of Education and Child Care	-	31	(31)
Accounts Receivable - Due from Province - Other	-	87	(87)
Accounts Receivable - Due from First Nations	3,917	3,550	367
Accounts Receivable - Due from Other	1,080	1,166	(86)
Total	\$ 9,737	\$ 12,172	\$ (2,435)

Cash and cash equivalents decreased by \$2.6 million during the year. There are no Accounts Receivable due from the Ministry of Education and Child Care or from Province – Other. Accounts Receivable from First Nations increased by \$0.367 million. Accounts Receivable – Other, increased by \$0.86 million.

Liabilities represent obligations that have been incurred by the District. Total liabilities increased from the prior year by \$2.3 million.

In Thousands	2024	2023	Change
Accounts Payable and Accrued Liabilities	\$ 4,896	\$ 5,007	\$ (111)
Unearned Revenue	459	464	(5)
Deferred Revenue	2,766	2,690	76
Deferred Capital Revenue	112,356	110,285	2,071
Employee Future Benefits	464	451	13
Asset Retirement Obligations	3,796	3,796	-
Debt	187	248	(61)
Capital Lease Obligations	628	268	360
Other Liabilities	-	-	-
Total	\$ 125,552	\$ 123,209	\$ 2,343

Accounts Payable and Accrued Liabilities is mainly comprised of employee remittances for payroll deductions, accumulated employee vacation, accrued wages and trades payable, which includes a significant amount for capital projects.

Unearned Revenue represents revenues received for future periods in the areas of rental revenue and international student tuition.

Deferred Revenue is externally restricted revenue for specific programs such as Community Link,

StrongStart, Ready Set Learn, After School Sport and Arts and includes School Generated Funds. Deferred revenue is not recognized until related expenses are incurred.

Deferred Capital Revenue is revenue to be amortized over the life of the related capital assets.

Non-Financial Assets have increased by \$3.5 million.

In Thousands	2024	2023	Change
Tangible Capital Assets	\$ 124,376	\$ 120,722	\$ 3,654
Restricted Assets (Endowments)	30	30	-
Prepaid Expenses	312	422	(110)
Total	\$ 124,718	\$ 121,174	\$ 3,544

Capital Assets include land, buildings, construction projects in progress, furniture, equipment, vehicles and computers. The increase of \$3.5 million is a result of new additions, less amortization expense and deemed disposals, plus Work in Progress. Works in progress will not be amortized until substantial completion.

Restricted Assets represent the principal portion of the endowment fund received for scholarships. They are considered non-financial assets because they cannot be used to meet the liabilities of the District as they become due.

Prepaid Expenses represent costs that have been paid in advance of the next fiscal year and will become expenses in a future period.

Accumulated Surplus has decreased by \$ 1.2 million.

In Thousands	2024	2023	Change
Operating Fund	\$ 892	\$ 2,180	\$ (1,288)
Special Purpose Funds	30	30	-
Capital Fund	7,981	7,927	54
Total	\$ 8,903	\$ 10,137	\$ (1,234)

Accumulated surplus represents the Board's residual interest in its assets after deducting liabilities. Most of this balance is unavailable to fund operations as it is either restricted or has already been used to invest in buildings, equipment and other capital assets.

STATEMENT OF OPERATIONS

The Statement of Operations is a consolidation of revenues and expenditures in the operating, special purpose and capital funds. Each of these funds is discussed separately below.

Consolidated revenues from all sources increased from \$57.6 million in 2023 to \$63.6 million in 2024. 83% of total revenue is from the Ministry of Education and Child Care and the other 17% comes from several different sources, such as tuition from international students, rentals and leases of school district property, investment income and amortization of deferred revenue.

In Thousands	2024		2023		Change
Ministry Grants	\$ 51,895	90%	\$ 47,904	83%	\$ 3,991
Grants from Other Ministries	376	1%	269	0%	107
Federal Grants	4	0%	12	0%	(8)
Tuition	685	1%	491	1%	194
Other Revenue	6,338	11%	5,385	9%	953
Rentals and Leases	184	0%	107	0%	77
Investment Income	302	1%	179	0%	123
Gain (Loss) on Disposal of Tangible Capital Assets	-	0%	-	0%	-
Amortization of Deferred Capital Revenue	3,796	7%	3,231	6%	565
Total	\$ 63,580	110%	\$ 57,578	100%	\$ 6,002

Operating Fund revenue

This District received \$44.0 million from the Ministry of Education and Child Care in the form of the operating grant, which is based on student enrolment and other student, staffing and geographical factors. The remaining funding totaled \$6.1 million.

In Thousands	2024	2023	Amended Annual Variance		Variance from Prior Year	Variance from Budget
			Budget	Prior Year		
Ministry Grants	\$ 44,034	\$ 41,318	\$ 44,743	\$ 2,716	\$ (709)	
Grants from Other Ministries	131	42	53	89	78	
Tuition	685	491	676	194	9	
Other Revenue	4,825	3,575	3,778	1,250	1,047	
Rentals and Leases	184	107	75	77	109	
Investment Income	302	179	339	123	(37)	
Total	\$ 50,161	\$ 45,712	\$ 49,664	\$ 4,449	\$ 497	

Revenues increased by \$4.4 million from the prior year and \$0.5 million from the budget.

Operating Fund expenditures

Expenditures in the Operating Fund totaled \$50.6 million.

In Thousands	2024	2023	Amended Annual Variance		Variance from Prior Year	Variance from Budget
			Budget	Prior Year		
Teachers	\$ 19,492	\$ 18,012	\$ 19,515	\$ 1,480	\$ (23)	
Principals and Vice-Principals	4,079	3,407	4,060	672	19	
Educational Assistants	3,865	3,194	3,665	671	200	
Support Staff	5,072	4,249	5,076	823	(4)	
Other Professionals	1,488	1,659	1,483	(171)	5	
Substitutes	2,046	2,035	1,613	11	433	
	36,042	32,556	35,412	3,486	630	
Employee Benefits	8,460	7,539	8,113	921	347	
Services and Supplies	6,086	5,680	5,884	406	202	
Total	\$ 50,588	\$ 45,775	\$ 49,409	\$ 4,813	\$ 1,179	

Operating Surplus

The District ended the fiscal year with a total operating surplus of \$892,344. The 2023-24 Amended Annual Budget planned to draw down the Operating Surplus by \$710,945. The actual appropriation was \$1,287,623. As the appropriation was in excess of what was planned, the District will review the 2045-25 Amended Annual Budget to ensure that the planned appropriation for that budget is not excessive and that the District remains in compliance with Policy 340: Accumulated Operating Surplus, which provides for a Contingency Reserve of 1% to 3% of operating expenditures. When the surplus exceeds that threshold, the District strategically plans to draw down the surplus in future years until the surplus is in that range.

For information, the Contingency Reserve covers:

Contingency Reserve

- elimination of any deficit arising at the end of a fiscal year of operation
- funding for new cost pressures not known at the time of budget development
- severance costs upon termination of employment
- legal action not covered by insurance
- coverage for unfunded disaster recovery costs
- extraordinary utilities cost pressures
- replacement of equipment essential to the continuation of educational programming
- assistance in balancing future years budgets
- unfunded increased that are not covered by additional grants

Special Purpose Funds

Special Purpose Funds revenues are restricted grants designated for specific purposes or programs. Revenue is recognized only when it is expended, not when it is received. Balances can often be 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.

In Thousands	2024	2023	Amended		Variance from Prior Year	Variance from Budget
			Annual Budget	Prior Year		
Ministry of Education and Child Care	\$ 7,861	\$ 6,586	\$ 8,182	\$ 1,275	\$ (321)	
Grants from Other Ministries	245	228	415	17	(170)	
Federal Grants	4	12	14			
Other Revenue	1,514	1,809	1,288	(295)	226	
Total	\$ 9,624	\$ 8,635	\$ 9,899	\$ 997	\$ (265)	

The District expended \$9.6 million in Special Purpose Funds in the year. An additional \$76 k of Special Purpose Funds was spent on the purchase of Tangible Capital Assets.

In Thousands	2024	2023	Amended		Variance from Prior Year	Variance from Budget
			Annual Budget	Prior Year		
Instruction	\$ 8,899	\$ 8,200	\$ 9,325	\$ 699	\$ (426)	
District Administration	254	-	131	254	123	
Operations and Maintenance	212	291	212	(79)	-	
Transportation and Housing	183	143	183	40	-	
Total	\$ 9,548	\$ 8,634	\$ 9,851	\$ 914	\$ (303)	

Capital Fund

Revenues are represented through the amortization of deferred capital revenue.

In Thousands	2024	2023	Amended Annual Variance		Variance from Prior Year from Budget	
			Budget	Prior Year	Budget	
Other Revenue	\$ -	\$ 1	\$ -	\$ (1)	\$ -	
Gain (Loss) on Disposal of Tangible Capital Asset	-	-				
Amortization of Deferred Capital Revenue	3,796	3,231	3,734	565	62	
Total	\$ 3,796	\$ 3,232	\$ 3,734	\$ 564	\$ 62	

Expenditures include the amortization of tangible capital assets and interest payments on capital loans and leases.

In Thousands	2024	2023	Amended Annual Variance		Variance from Prior Year from Budget	
			Budget	Prior Year	Budget	
Amortization of Tangible Capital Assets						
- Operations and Maintenance	\$ 3,475	\$ 3,004	\$ 3,487	\$ 471	\$ (12)	
- Transportation and Housing	1,172	1,013	1,176	159	(4)	
Debt Services						
- Capital Lease Interest	21	11	11	10	10	
- Capital Loan Interest	10	9	10	1	-	
Total	\$ 4,678	\$ 4,037	\$ 4,684	\$ 641	\$ (6)	

The District received \$5.8 million in capital grants in 2023/24. Of this amount, \$0.5 million remains in unspent deferred revenue

The District invested \$6.6 million in capital additions And \$0.45 million in work in progress

Furniture and equipment assets of \$650 k, vehicles of 219 k and computers of 330 k were also purchased with Operating Funds, Special Purpose Funds and a small capital lease, in addition to a one-time rebate recognized as revenue in the operating fund.

SUMMARY OF OTHER SIGNIFICANT MATTERS

The District submitted a balanced Annual Budget to the Ministry of Education for the 2024/25 Fiscal Year that will continue to deliver the mix of programs and services currently offered to students in our schools. In preparation of the Amended Annual Budget, significant work will be required to ensure that our modest surplus remains intact.

Moving into 2025/26 and beyond, there are several factors that may impact the District's operations and financial position.

Exempt / Excluded Increases

While labour settlement funding is provided by the Ministry for unionized employees, there is no guarantee of additional funding for exempt / excluded staff. In the past two years, the Ministry has provided funding for increases that match those of the unionized employees. Increases beyond that amount are absorbed by the district, including natural movement within the grid.

Replacement Costs / Availability / Employee Wellness

Amendments to the Employment Standards Act, that originally came into force in April 2022, and more recently adjusted, continue to place an additional load on the District's finances and its capacity to provide adequate staffing levels in an already strained area. No additional funding has been provided for this cost.

CONTACTING MANAGEMENT

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.

If you have questions about the financial report, please contact the Office of the Secretary Treasurer at 250-723-3565.

You can also find additional information on the district, and its strategic vision, on our website: www.SD70.bc.ca.