



FINANCIAL STATEMENTS

Discussion and Analysis

for the year ended June 30, 2023

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The following is a discussion and analysis of the Vancouver School District's financial results for the fiscal year ended June 30, 2023. This report is a summary of the school district's financial activities based on currently known facts, decisions, or conditions. The financial results for the current year are discussed in comparison with the financial results for the fiscal year ended June 30, 2022, and the amended annual budget for the 2022-2023 fiscal year. This report should be read in conjunction with the school district's audited financial statements for the year ended June 30, 2023.

Who We Are

At VSB, we are proud to provide exceptional learning experiences for students. As a large, urban school district, VSB is one of Canada's most diverse school systems.

With deep gratitude and respect, we are honoured to be learning and unlearning on the ancestral and unceded lands of the xʷməθkʷəy̓əm (Musqueam), Skwxwú7mesh Úxwumixw (Squamish Nation) & səliwətał (Tsleil-Waututh Nation). We embrace Indigenous ways of knowing and learning and work to expand Indigenous perspectives across the curriculum and within our 107 schools and programs, where more than 50,000 students learn and grow.

Equity and inclusivity are at the forefront of our approach to education. More than 7,700 staff work to create learning environments where every student thrives by prioritizing students' needs, applying evidence-informed practices and building relationships. VSB's culture reflects the diversity of our city. Students enrolled in VSB come from varied backgrounds and lived experiences and are encouraged to explore and share their unique selves and gifts. Within our school district, 2,275 students self-identify as Indigenous community members from First Nations, Métis, and Inuit communities. Nearly 45 per cent of students at VSB speak languages other than English at home, with about 150 mother-tongue languages spoken overall. Approximately 13 per cent of students are diverse learners with Individualized Education Plans. Our educational programs also support adult learners pursuing secondary school completion, post-secondary prerequisites or upgrading their skills, and more than 1,400 international students from around the globe who choose to pursue their education here in Vancouver.

Our commitment to students goes beyond academics. Students' overall well-being and sense of belonging are equally important. We strive to build a school system where every student can be their authentic self and succeed throughout their learning journey. In doing this work, we champion equity and accountability by making evidence-based decisions. As a learning organization, humility is our guidepost as we seek to continually improve student outcomes in service to them, their families, and the broader community.

Key School District Highlights for 2022-2023

In 2022, a new board of education was elected, including six new trustees and three returning trustees. Throughout the school year, trustees were active participants in various learning activities, school-based and school district events, celebrations, and ceremonies, strengthening their connection with the school community.

Several strategic initiatives were advanced by the Board:

- The development of the Child Care Policy underscores our commitment to provide accessible and high-quality child care services for families within our educational framework.
- A significant decision was made regarding Queen Elizabeth Annex, resulting in a one-year lease of the site to School District No. 93 (Conseil scolaire francophone de la Colombie-Britannique). This move aligns with our collaborative approach to education.
- Approval was granted for the Filipino Languages Board/Authority Authorized Course, reflecting our dedication to fostering linguistic diversity and cultural understanding.
- The Board's endorsement of the five-year Capital Plan demonstrates our proactive approach to maintaining and improving our educational facilities, with the plan submitted to the Ministry of Education and Child Care (MECC).
- To accommodate changing demographics and enhance educational experiences, adjustments to the Sir Guy Carleton Elementary catchment boundary were reviewed and approved.
- The approval of a seismic upgrade project for Grenfell Elementary underscores our commitment to student safety and modernized infrastructure.
- In partnership with xʷməθkʷəyəm (Musqueam), the unveiling of the seismically safe school, wəkʷaḥəs tə syaqʷəm, formerly known as Sir Mathew Begbie Elementary, marks a significant achievement in collaboration as well as infrastructure development.
- The expansion of Hudson Elementary, including the repurposing and relocation of the Little Yellow Building to Sk̓wx̓wú7mesh Úxwumixw (Squamish Nation), is advancing with government approval, reflecting our commitment to educational growth.
- A balanced budget for 2023-2024 was adopted without utilizing surplus funds, while also channeling resources toward student leadership initiatives and sustainability projects led by students themselves.

These collective efforts underscore the Board's commitment to fostering an inclusive, innovative, and safe learning environment for all students, guided by a strong sense of collaboration and community engagement.

Education Plan 2026

Education Plan 2026, created through consultation with students, families, staff, and the public, will guide the school district's work throughout the next five years. The Board approved the following statements, goals and objectives, which are included in [Policy 1 – Foundational Statements](#).

VALUES

The Vancouver School Board believes an effective public education system will prepare students to be active, productive, and socially responsible citizens

Students who complete their education with the Vancouver School Board should possess a strong educational foundation; be disposed to treat others with respect and work cooperatively with them; act upon the values and principles that make us human; care for themselves, for others, and for the planet; and exercise a critical intelligence adaptable to new situations.

The VSB will foster school communities where students can learn, see themselves, feel supported and connected so that they develop a love of learning and become lifelong learners.

EQUITY STATEMENT


The Vancouver School Board – a large, urban school district located on the unceded, traditional lands of the x̱m̱əθḵəy̱əm (Musqueam), Skwxwú7mesh (Squamish), and səliłwətaɫ (Tsleil-Waututh) Nations – respects and supports Indigenous ways of knowing and learning.


The VSB will create an equitable learning environment where every child can experience a deep sense of belonging and is free to pursue pathways of learning in ways that are authentic to themselves. The VSB will achieve this by:


- having students see themselves and their communities in the curriculum and in the staff throughout the District;
- prioritizing student needs by making informed decisions and engaging in open communication with rightsholders and stakeholders; and
- actively fighting systems of oppression through relationship building, ongoing communication and transparency.


GOAL 1


The Vancouver School Board will improve student achievement, physical and mental well-being, and belonging by ...


 Encouraging students to reach beyond previous boundaries in knowledge and experience.

 Increasing literacy, numeracy, and deep, critical, and creative thinking.

 Ensuring the alignment among school, district, and provincial education plans.


 Improving school environments to ensure they are safe, caring, welcoming, and inclusive places for students and families.


 Ensuring that students develop and can implement a plan for a successful transition upon completion of secondary school.


 Reporting student results about performance, well-being, and outcomes to the community and using the results to improve the quality and effectiveness of the education and supports provided to students.


GOAL 2

The Vancouver School Board will increase equity by ...

 Eliminating gaps in achievement and outcomes among students.


 Eliminating racism and discrimination in all forms.


 Evaluating and renewing plans for the improvement of Indigenous learners' education.


 Improving stewardship of the district's resources by focusing on effectiveness, efficiency, and sustainability.

GOAL 3

The Vancouver School Board will continue its Reconciliation journey with First Nations, Métis, and Inuit by ...

 Increasing knowledge, awareness, appreciation of, and respect for Indigenous histories, traditions, cultures, and contributions.

 Aligning its policies and practices in a manner consistent with the United Nations Declaration on the Rights of Indigenous Peoples and the calls to action of the Truth and Reconciliation Commission.

 Engaging and gathering with the x^wməθk^wəyəm (Musqueam), Sk̓wxwú7mesh (Squamish) & səliłwətał (Tsleil-Waututh) nations.



Financial Statements: Discussion and Analysis

The following Financial Statements Discussion and Analysis should be read in conjunction with the audited financial statements and accompanying notes for School District No. 39 (Vancouver) for the year ended June 30, 2023.

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

While the preparation and presentation of the Financial Statements Discussion and Analysis is not a legislative requirement, they are recommended by the Ministry of Education and Child Care.

The preparation of the Financial Statements Discussion and Analysis is the responsibility of school district management.

Accounting Policies

The financial statements of School District No. 39 (Vancouver) have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

Significant accounting and reporting practices are summarized in Note 2 of the financial statements. These include the following:

- operating expenses are recorded in the year the good or service is received;
- operating grants are not restricted in use and are recorded as revenue when received or receivable;
- restricted contributions are recorded as deferred contributions until the funds are expended;
- contributions for capital projects are recorded as deferred capital contributions once they are invested in capital assets;
- capital assets and deferred capital contributions are amortized over the estimated useful life of the assets.

To meet reporting requirements, the following funds are utilized:

| OPERATING FUND | SPECIAL PURPOSE FUNDS | CAPITAL FUND |
|---|---|---|
| <p>The operating fund includes operating grants and other revenues used to fund instructional programs, school and district administration, facilities operations, maintenance, and transportation.</p> | <p>Special purpose funds consist of targeted funding provided to the school district for a specific purpose. 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, issued in November 2011, defines a restricted contribution as “a contribution that is subject to a legislative or contractual stipulation or restriction as to its use.”</p> | <p>Capital funds include capital expenditures related to equipment and facility purchases as well as equipment and facility enhancements. The funding source of these purchases and enhancements determines which capital fund the expenditures will be charged. Funding sources include Ministry of Education and Child Care Bylaw Capital, Ministry of Education and Child Care Restricted Capital, Other Provincially Restricted Capital, Land Capital as well as Local Capital.</p> |

Statement of Financial Position

The following table provides a comparative analysis of the school district's net financial position for fiscal years ending June 30, 2023 and June 30, 2022, along with the year-over-year dollar and percentage changes. The variances are explained below.

| | 2023 | 2022 | Variance | % Change |
|--|----------------------|----------------------|---------------------|----------------|
| Financial Assets | | | | |
| Cash and Cash Equivalents | 260,849,132 | 246,302,561 | 14,546,571 | 5.9% |
| Accounts Receivable | | | | |
| Due from Province - MECC | 5,702,015 | 10,260,655 | (4,558,640) | (44.4)% |
| Due from Province - Other | 94,000 | - | 94,000 | |
| Other | 18,806,469 | 8,507,795 | 10,298,674 | 121.0% |
| Portfolio Investments | 419,516 | 412,517 | 6,999 | 1.7% |
| Total Financial Assets | 285,871,132 | 265,483,528 | 20,387,604 | 7.7% |
| Liabilities | | | | |
| Accounts Payable & Accrued Liabilities | | | | |
| Due to Province - Other | 641,332 | 613,513 | 27,819 | 4.5% |
| Other | 87,392,634 | 83,901,719 | 3,490,915 | 4.2% |
| Unearned Revenue | 56,318,061 | 52,614,786 | 3,703,275 | 7.0% |
| Deferred Revenue | 42,294,538 | 25,387,704 | 16,906,834 | 66.6% |
| Deferred Capital Revenue | 917,555,273 | 860,965,554 | 56,589,719 | 6.6% |
| Employee Future Benefits | 33,236,114 | 32,387,116 | 848,998 | 2.6% |
| Asset Retirement Obligation | 67,117,711 | 67,117,711 | - | 0.0% |
| Capital Lease Obligations | 3,680,067 | 5,524,778 | (1,844,711) | (33.4)% |
| Other Liabilities | - | 99,369 | (99,369) | (100.0)% |
| Total Liabilities | 1,208,235,730 | 1,128,612,250 | 79,623,480 | 7.1% |
| Net Financial Assets (Debt) | (922,364,598) | (863,128,722) | (59,235,876) | 6.9% |
| Non-Financial Assets | | | | |
| Tangible Capital Assets | 991,045,169 | 940,474,668 | 50,570,501 | 5.4% |
| Prepaid Expenses | 1,686,027 | 1,431,188 | 254,839 | 17.8% |
| Supplies Inventory | 1,112,118 | 988,979 | 123,139 | 12.5% |
| Total Non-Financial Assets | 993,843,314 | 942,894,835 | 50,948,479 | 5.4% |
| Accumulated Surplus (Deficit) | 71,478,716 | 79,766,113 | (8,287,397) | (10.4)% |

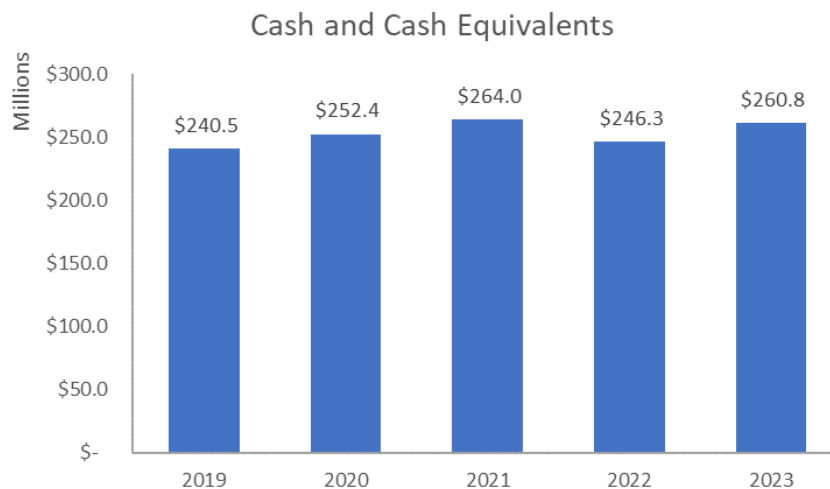
Cash and Cash Equivalents

As illustrated in the following table, cash and cash equivalents consist of deposits with the Bank of Montreal and the Provincial Central Deposit Program. Funds deposited in this latter program are held by the Ministry of Finance and earn interest at the CIBC Prime Rate less 1.5 per cent. Funds in this program are available to the school district within forty-eight hours of a withdrawal request.

| Investment Type | 2023 | 2022 | Change |
|---|--------------------|--------------------|-------------------|
| BMO Bank of Montreal - Operating Accounts | 44,924,639 | 38,674,702 | 6,249,937 |
| Provincial Central Deposit Program | 142,963,133 | 137,697,320 | 5,265,813 |
| Provincial Central Deposit Program - restricted capital | 72,961,360 | 69,930,539 | 3,030,821 |
| Total | 260,849,132 | 246,302,561 | 14,546,571 |

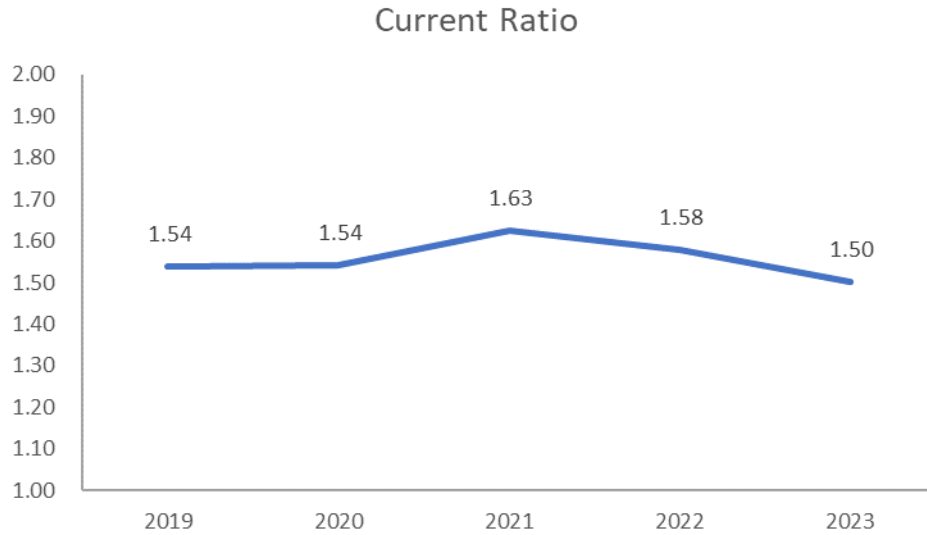
The cash and cash equivalents balances were higher by \$14.5 million year-over-year, primarily due to cash generated from financing activities of \$79.0 million, and cash generated from operating and investing activities of \$28.4 million, offset by the deficit for the year of \$8.3 million, and purchases of tangible capital assets of \$84.6 million (see Statement 5).

The restricted capital amount of \$73.0 million included in the cash balance is the amount related to the proceeds from the sale of an underground airspace parcel to BC Hydro in 2018 and interest earned since then. Interest earned on the deposit in the current year was \$3.0 million.



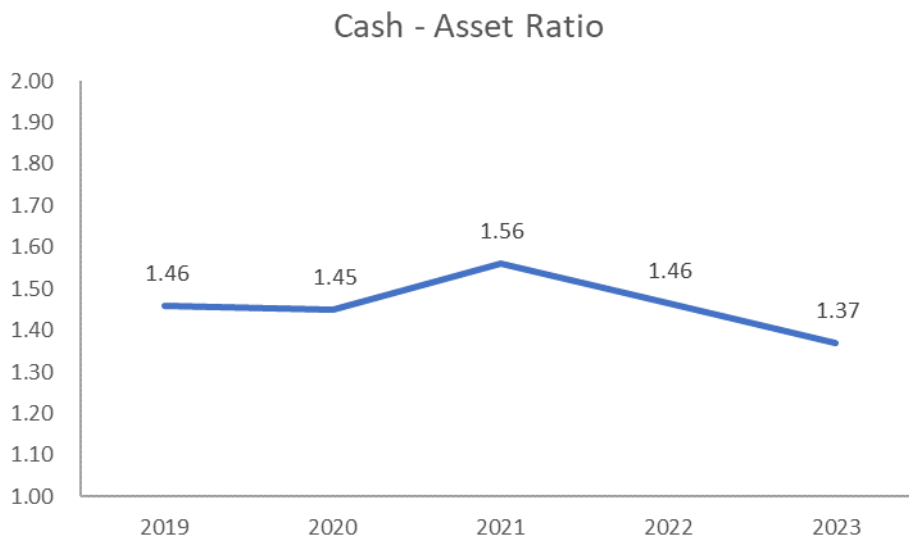
Current Ratio

The current ratio is calculated as current assets divided by current liabilities and measures the school district's ability to pay current, or short-term, liabilities with its current, or short-term, assets. If the current ratio is greater than or equal to 1, then sufficient current assets are on hand to meet current liabilities. On June 30, 2023, the school district reported a current ratio of 1.50.



Cash Asset Ratio

The cash asset ratio is another tool to assess the ability of the school district to meet its current obligations and is calculated as cash and cash equivalents divided by current liabilities. This ratio measures the school district's ability to pay off its current, short-term, obligations with cash and cash-equivalents. On June 30, 2023, the school district had 137 per cent of the cash and cash equivalents required to meet current obligations.



Accounts Receivable is comprised of three categories of receivables – Due from the Ministry of Education and Child Care, Due from Province, and Other.

| Description | 2023 | 2022 | Variance |
|---|-------------------|-------------------|------------------|
| Due from Ministry of Education and Child Care | 5,702,015 | 10,260,655 | (4,558,641) |
| Due from Province - Other | 94,000 | - | 94,000 |
| Other | 18,806,469 | 8,507,795 | 10,298,674 |
| Total | 24,602,484 | 18,768,450 | 5,834,032 |

The receivable from the Ministry of Education and Child Care is funding for work in progress for capital projects that the school district requested but was not received prior to June 30, 2023. The \$4.6 million decrease year-over-year is due to the timing of when payments are received.

The amount that is Due from the Province of \$0.09 million is for Assistive Technology BC's services rendered to the Ministry of Post-Secondary Education and Future Skills.

The Other category of receivables is shown in the following table:

| Description | 2023 | 2022 | Variance |
|---------------------------------|-------------------|------------------|-------------------|
| Due from Federal Government | 520,359 | 402,659 | 117,700 |
| Due from Municipalities | 10,651,904 | 3,628,481 | 7,023,425 |
| Due from Other School Districts | 206,138 | 3,019 | 203,119 |
| Rentals and Leases | 48,460,646 | 40,899,306 | 7,561,340 |
| Other Receivables | 7,365,882 | 3,964,589 | 3,401,293 |
| Allowance for Doubtful Accounts | (48,398,460) | (40,390,259) | (8,008,201) |
| Total | 18,806,469 | 8,507,795 | 10,298,674 |

The \$7.0 million year-over-year increase in amounts Due from Municipalities is for amounts due from the City of Vancouver for child care spaces in replacement schools being built under the Seismic Mitigation Program and other receivables. The \$7.6 million year-over-year increase in Rentals and Leases is primarily due to an invoiced amount for unpaid ground lease revenue and related interest that is the subject of an arbitration award which is being appealed. Due to uncertainty surrounding the collectability of this amount, it is included in the Allowance for Doubtful Accounts. The balance in the Allowance for Doubtful Accounts related to this is \$48,033,442.

Accounts Payable and Accrued Liabilities is comprised of two categories – Due to the Province and Other.

| Description | 2023 | 2022 | Variance |
|-------------------------|-------------------|-------------------|------------------|
| Due to Province - Other | 641,332 | 613,513 | 27,819 |
| Other | 87,392,634 | 83,901,719 | 3,490,915 |
| Total | 88,033,966 | 84,515,232 | 3,518,733 |

The Other Accounts Payable category is shown in the following table.

| Description | 2023 | 2022 | Variance |
|-------------------------------|-------------------|-------------------|------------------|
| Accrued vacation payable | 11,273,531 | 11,197,304 | 76,227 |
| Other payable | 20,371,913 | 19,671,170 | 700,743 |
| Salaries and benefits payable | 40,359,078 | 36,520,793 | 3,838,285 |
| Trades payable | 15,388,112 | 16,512,452 | (1,124,340) |
| Total | 87,392,634 | 83,901,719 | 3,490,915 |

The year-over-year increase of \$3.5 million in Other Payable is primarily due to an increase in contractor holdbacks for capital projects. The year-over-year increase of \$3.8 million in Salaries and Benefits payable is partly due to one additional day of wages accrued this year compared to last year as well as salary increases resulting from negotiated collective agreements. The decrease in trades payable is due to a lower value of construction invoices recorded and not yet paid to suppliers as of June 30, 2023, compared to June 30, 2022.

Unearned Revenue represents amounts that have been collected by the school district in advance of providing the related programming or service. These unearned revenues are comprised of international student tuition fees, prepaid program of choice fees, and facilities rentals. The year-over-year increase of \$3.7 million is due to a \$2.9 million increase in international student tuition revenue, reflecting higher enrolment and increased tuition fees, an increase of \$0.8 million in interest revenue related to funds received from the 2018 sale of an underground air parcel at Lord Roberts Annex, offset by a \$0.03 million decrease for facilities rental deposits.

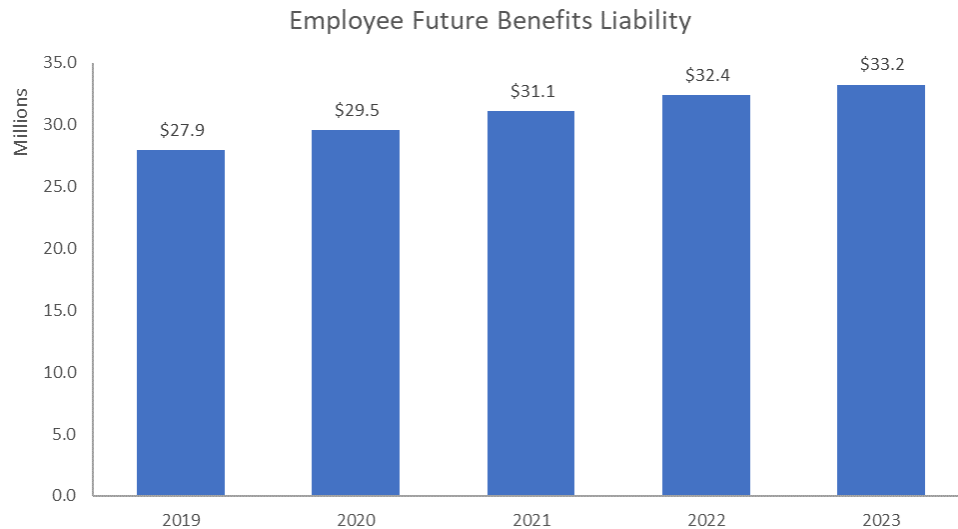
Deferred Revenue consists of non-capital amounts that are subject to a legislative or contractual stipulation or restriction as to their use. The amounts will be recognized as revenue when eligible expenses are incurred. The table below details the components of the \$42.3 million balance on June 30, 2023, and the \$25.4 million balance on June 30, 2022.

| Deferred Revenue | | | |
|--|-------------------|-------------------|-------------------|
| Description | 2023 | 2022 | Change |
| Assistive Technology BC (AT-BC) | 12,228,500 | 10,643,553 | 1,584,947 |
| Changing Results for Young Children | 7,607 | 1,739 | 5,868 |
| Classroom Enhancement Fund (CEF) | 1,317,389 | 898,207 | 419,182 |
| Communication Assistance for Youth & Adults (CAYA) | 18,925,391 | 3,653,598 | 15,271,793 |
| CommunityLINK | 377,234 | 377,587 | (353) |
| CommunityLINK - Other | 472,069 | 782,977 | (310,908) |
| Early Care and Learning | 164,946 | 35,450 | 129,496 |
| Learning Improvement Fund | 589,531 | 475,048 | 114,483 |
| Mental Health in Schools | 38,890 | 49,136 | (10,246) |
| OLEP | 184,732 | 196,775 | (12,043) |
| Provincial Resource Centre for the Visually Impaired (PRCVI) | 864,196 | 633,516 | 230,680 |
| Provincial Resource Programs | 277,706 | 308,493 | (30,787) |
| Ready, Set, Learn | 18,056 | 23,692 | (5,636) |
| Safe Return to School Grant | - | 1,081,444 | (1,081,444) |
| Scholarships and Bursaries | 556,273 | 531,979 | 24,294 |
| School Generated Funds | 3,847,427 | 4,023,290 | (175,863) |
| Settlement Workers in Schools | 303,583 | 390,422 | (86,839) |
| Special Education Technology (SET-BC) | 459,047 | 666,054 | (207,007) |
| Student & Family Affordability Fund | 1,043,896 | - | 1,043,896 |
| Miscellaneous | 618,065 | 614,744 | 3,321 |
| Total Deferred Revenue | 42,294,538 | 25,387,704 | 16,906,834 |

Deferred Capital Revenue relates to capital contributions received for the acquisition of depreciable tangible capital assets. As a requirement of Treasury Board Regulation 198/2011, these contributions are recorded as Deferred Capital Revenue (DCR) and over time this liability is reduced and recognized as revenue over the expected life of the asset acquired. The Deferred Capital Revenue (DCR) balance consists of amounts related to completed capital projects, work in progress and contributions received that have not been spent. Capital grants received and related interest income are initially accounted for as unspent DCR. The balance in DCR related to completed projects is amortized to revenue throughout the expected life of the completed assets. The balance in DCR is explained in the following table:

| Deferred Capital Revenues | | | |
|--|--------------|--------------|---------------|
| Description | 2023 | 2022 | Change |
| Deferred Capital Revenue - Opening Balance | 860,965,554 | 783,059,363 | 77,906,191 |
| Additions - New Grant Funding received | 81,143,163 | 100,339,251 | (19,196,088) |
| Current Year Recognition of Deferred Grant Revenue | (24,553,444) | (22,433,060) | (2,120,384) |
| Closing Deferred Capital Revenue Balance | 917,555,273 | 860,965,554 | 56,589,719 |

Employee Future Benefits is a liability that measures the estimated future cost to the school district to provide employee benefits such as retirement allowances, vacation, and sick pay, as well as maternity and other leave benefits. The annual increase is linear and predictable, suggesting that the cost of benefits increases over time as wages increase and the workforce ages. The Ministry of Education and Child Care provides this amount annually to the school district based on actuarial valuations and the school district's benefit plans. Although no plan assets are uniquely identified, the school district provided for the payment of these benefits.



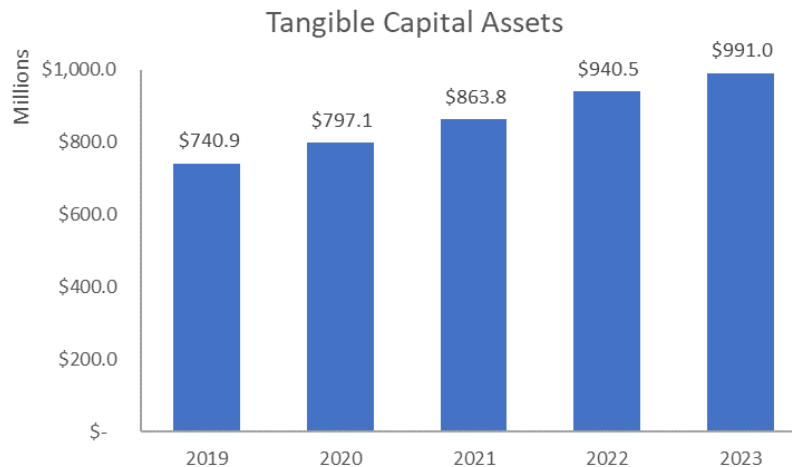
Asset Retirement Obligations – The school district adopted a new accounting standard in 2023 related to legal liabilities that exist for the removal and disposal of asbestos and other environmentally hazardous materials within some school district-owned buildings that will undergo major renovations or demolition in the future. A reasonable estimate of the fair value of the obligation has been recorded in the current year.

Capital Lease Obligations decreased by \$1.8 million during the year due to technology leases that matured.

Tangible Capital Assets – The school district undertakes capital work each year by upgrading and extending the life of existing buildings through the Seismic Mitigation Program, which may include the construction of new school buildings. The funds expended on these capital projects, as well as those spent on furniture and equipment, vehicles, and computer hardware and software, are reported as Tangible Capital Assets. The costs of these assets are amortized over their expected useful lives.

These assets are deemed to be disposed of at the end of their useful life and the asset value and corresponding accumulated amortization are removed from the asset register. A summary of the school district’s Tangible Capital Asset is provided below:

| Tangible Capital Assets | | | | | | | | |
|--|------------|---------------|-------------------------|-----------|-------------------|-------------------|---------------|---------------|
| | Sites | Buildings | Furniture and Equipment | Vehicles | Computer Software | Computer Hardware | 2023 | 2022 |
| Cost, beginning of year | 20,781,543 | 1,233,403,733 | 18,985,751 | 2,125,351 | 679,878 | 23,760,497 | 1,299,736,753 | 1,163,963,321 |
| Additions | - | 109,084,914 | 1,950,016 | 36,731 | 15,240 | 1,130,942 | 112,217,843 | 141,036,197 |
| Disposals | - | - | 1,660,102 | 231,756 | 355,327 | 4,362,700 | 6,609,885 | 5,262,765 |
| Cost, end of year | 20,781,543 | 1,342,488,647 | 19,275,665 | 1,930,326 | 339,791 | 20,528,739 | 1,405,344,711 | 1,299,736,753 |
| Add: WIP Balance | - | 130,060,761 | 13,893 | - | - | - | 130,074,654 | 157,375,296 |
| Cost and WIP, end of year | 20,781,543 | 1,472,549,408 | 19,289,558 | 1,930,326 | 339,791 | 20,528,739 | 1,535,419,365 | 1,457,112,049 |
| Accumulated Amortization - Opening | - | 495,341,289 | 8,375,945 | 1,100,126 | 510,628 | 11,309,393 | 516,637,381 | 422,503,811 |
| Amortization Expense | - | 27,699,949 | 1,913,072 | 202,785 | 101,968 | 4,428,926 | 34,346,700 | 99,396,335 |
| Deemed Disposal Recapture | - | - | 1,660,102 | 231,756 | 355,327 | 4,362,700 | 6,609,885 | 5,262,765 |
| Accumulated Amortization - Closing | - | 523,041,238 | 8,628,915 | 1,071,155 | 257,269 | 11,375,619 | 544,374,196 | 516,637,381 |
| Tangible Capital Assets - Net Book Value | 20,781,543 | 949,508,170 | 10,660,643 | 859,171 | 82,522 | 9,153,120 | 991,045,169 | 940,474,668 |



Statement of Operations – Consolidated

Statement 2 includes the revenues and expenses for all three funds, with expenses shown by function. The following schedule shows the consolidated results of operations of the school district.

| | Budget 2023 | Actual 2023 | Variance to Budget | Actual 2022 | Variance to 2022 |
|--|---------------------|--------------------|--------------------|---------------------|-------------------|
| Revenues | | | | | |
| Provincial Grants | 591,858,469 | 597,942,892 | 6,084,423 | 554,925,757 | 43,017,135 |
| Federal Grants | 2,720,926 | 2,686,892 | (34,034) | 2,381,164 | 305,728 |
| Tuition | 22,527,764 | 23,467,077 | 939,313 | 22,276,057 | 1,191,020 |
| Other Revenue | 22,235,501 | 27,837,780 | 5,602,279 | 25,412,788 | 2,424,992 |
| Rentals and Leases | 7,243,713 | 7,727,957 | 484,244 | 9,446,489 | (1,718,532) |
| Investment Income | 5,902,306 | 7,232,917 | 1,330,611 | 2,015,598 | 5,217,319 |
| Amortization of Deferred Capital Revenue | 24,706,427 | 24,553,444 | (152,983) | 22,432,349 | 2,121,095 |
| Total Revenue | 677,195,106 | 691,448,959 | 14,253,853 | 638,890,202 | 52,558,757 |
| Expenses | | | | | |
| Instruction | 552,425,182 | 556,351,264 | 3,926,082 | 517,042,506 | 39,308,758 |
| District Administration | 24,343,293 | 26,288,842 | 1,945,549 | 23,347,664 | 2,941,178 |
| Operations and Maintenance | 111,385,885 | 113,433,643 | 2,047,758 | 106,483,763 | 6,949,880 |
| Transportation and Housing | 3,504,294 | 3,477,279 | (27,015) | 3,487,561 | (10,282) |
| Debt Services | 187,527 | 185,328 | (2,199) | 110,798 | 74,530 |
| Total Expense | 691,846,181 | 699,736,356 | 7,890,175 | 650,472,292 | 49,264,064 |
| Surplus (Deficit) for the year | (14,651,075) | (8,287,397) | 6,363,678 | (11,582,090) | 3,294,693 |

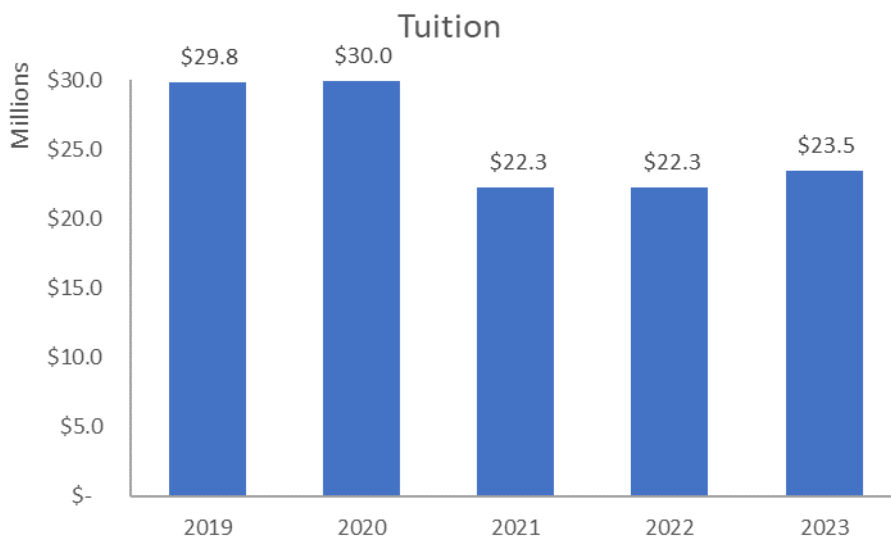
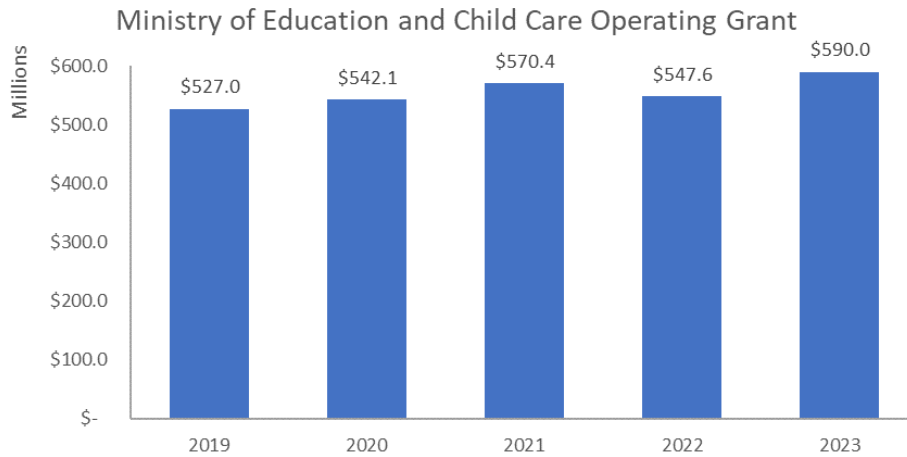
The school district has an \$8.3 million deficit for the year ending June 30, 2023 (2022 - \$11.6 million deficit) as consolidated expenses of \$699.7 million exceeded consolidated revenues of \$691.4 million. This result was \$3.3 million better than for the year ending June 30, 2022, where the deficit of \$11.6 million resulted from consolidated revenues of \$638.9 million exceeding consolidated expenses of \$650.5 million. As illustrated in Schedule 1 (unaudited) of the financial statements, the \$8.3 million deficit for the year ending June 30, 2023 was comprised of a deficit in the Operating Fund of \$7.6 million and a deficit of \$0.7 million in the Capital Fund. There is no surplus or deficit in the Special Purpose Funds.

Revenues

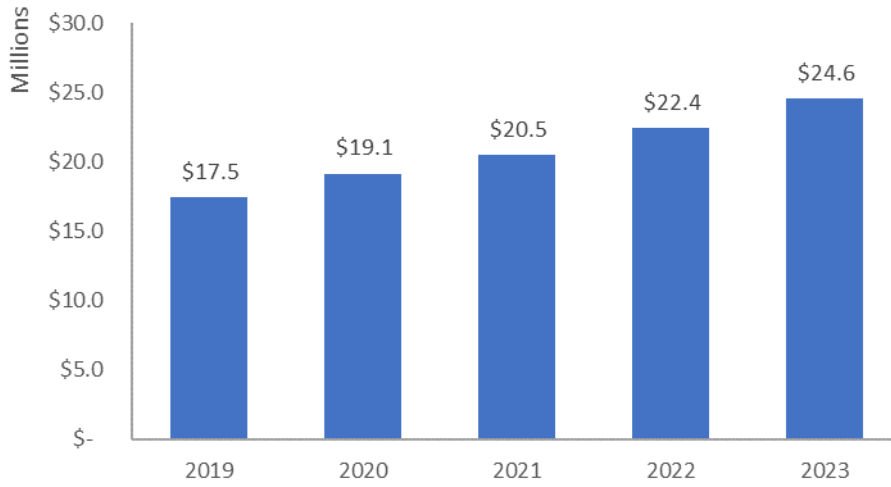
Consolidated revenues were \$14.3 million higher than the amended budget mostly due to receiving an additional \$6.1 million of labour settlement funding for support staff and teachers. Other Revenue was \$5.6 million higher than the budget mostly due to increased School Generated Fund revenue. Revenue from Rentals and Leases was \$0.5 million higher than the budget due to higher facilities rentals. The school district experienced overall higher interest income due to higher interest rates on investments.

Consolidated revenues were \$52.6 million higher in 2023 compared to 2022. This increase is primarily due to higher provincial grants (\$43.0 million) related to labour settlement funding (\$19.8 million – Operating Fund and \$4.9 million – Special Purpose Funds), increased funded student enrolment (\$15.0 million), new special purpose funding (\$3.7 million Student & Family Affordability fund and \$1.0 million Federal Safe Return to Class Ventilation fund), offset by pandemic related special purpose funding received only in 2022 (\$1.1 million - Safe Return to School Restart: Health and Safety Grant and \$0.3 million - K-12 Pandemic Recovery Team).

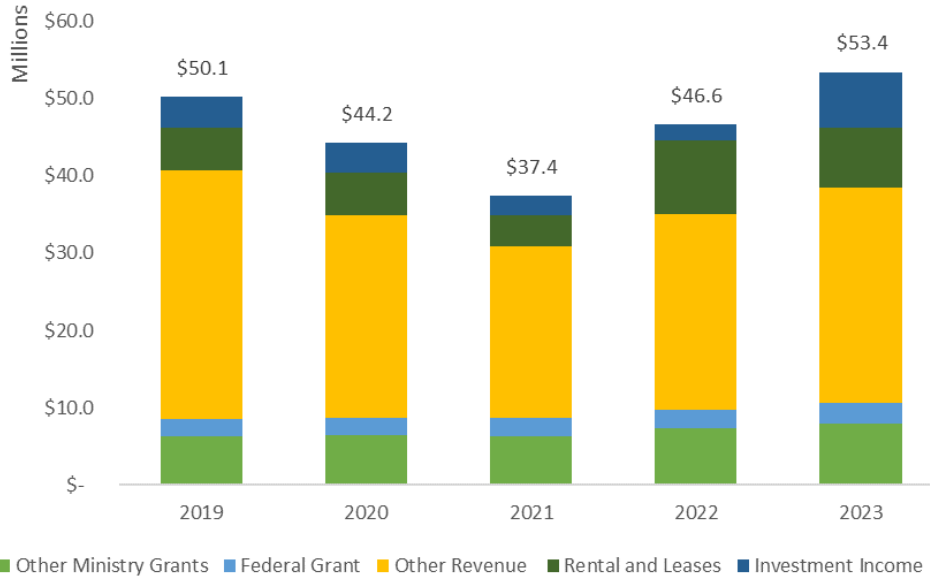
The school district also received an increase of \$0.3 million in Federal Grants for the SWIS Program’s labour settlement increases and increased scope of work, and an increase of \$1.2 million in Tuition revenue from the International Student Program. The increase of \$2.4 million in Other Revenue is due to higher School Generated Funds offset by lower BC Hydro and other grants, and a prior year one-time recognition of a cost over accrual for the Oracle PeopleSoft transition project. The \$1.7 million decrease in Rentals and Leases revenue is due to receiving partial payment of unpaid rent for Kingsgate Mall in 2022. Interest income increased by \$5.2 million due to higher interest rates, while \$2.1 million has been added to amortization of Deferred Capital Revenue in the Capital Fund.



Amortization of Deferred Capital Revenue



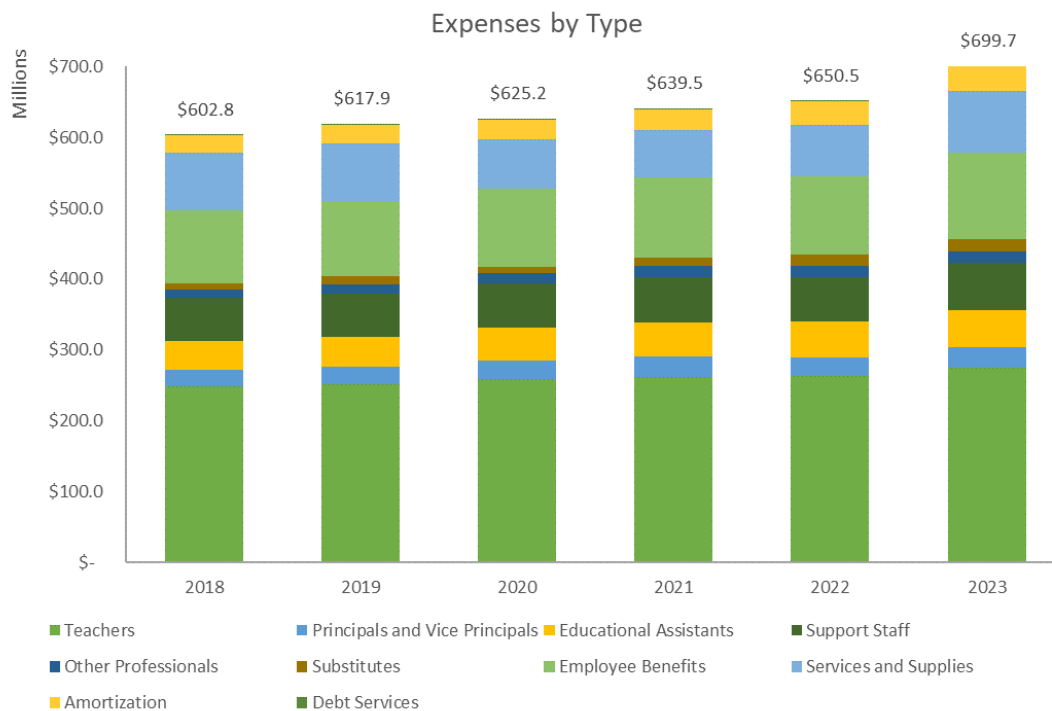
Other Revenue



Expenses

Consolidated expenses were \$7.9 million higher than the amended budget primarily due to \$5.5 million of support staff labour settlement related salaries and benefits increases not included in the amended budget. Instruction costs were also higher due to increased School Generated Fund expenses offset by savings from teacher absences, District Administration costs were higher due to legal expenses, and Operations and Maintenance costs were higher due to furniture purchased for schools.

Consolidated expenses were \$49.3 million higher in 2023 compared to 2022 primarily due to \$25.0 million in labour settlement increases as well as a prior year benefit surplus withdrawal of \$4.5 million. In addition to this, Instruction costs also increased due to higher average teacher salaries, higher school generated and flex fund spending, higher vacation taken, as well as spending of the new Student and Family Affordability Fund. District Administration costs were higher due to legal fees related to ongoing litigation. Operations and Maintenance costs increased due to overtime paid related to vacancies, tree risk assessment, and maintenance supplies.



Schedule of Operations – Operating Fund

The schedule below illustrates the Operating Fund results for the school district for the years ending June 30, 2023 and June 30, 2022, and the amended budget for the year ended June 30, 2023. Revenues are shown as presented on Schedule 2 (Unaudited) of the Financial Statements and the expenses are shown by object as presented on Schedule 2B (Unaudited) of the Financial Statements.

| | Budget 2023 | Actual 2023 | Variance to Budget | Actual 2022 | Variance to 2022 |
|--|--------------------|--------------------|--------------------|---------------------|-------------------|
| Revenues | | | | | |
| Provincial Grants | 513,587,659 | 520,433,552 | 6,845,893 | 485,593,891 | 34,839,661 |
| Federal Grants | 2,720,926 | 2,686,892 | (34,034) | 2,381,164 | 305,728 |
| Tuition | 22,527,764 | 23,467,077 | 939,313 | 22,276,057 | 1,191,020 |
| Other Revenue | 14,942,828 | 18,655,824 | 3,712,996 | 18,181,195 | 474,629 |
| Rentals and Leases | 4,937,018 | 5,108,191 | 171,173 | 3,854,710 | 1,253,481 |
| Investment Income | 4,977,930 | 5,805,867 | 827,937 | 1,616,179 | 4,189,688 |
| Total Revenue | 563,694,125 | 576,157,403 | 12,463,278 | 533,903,196 | 42,254,207 |
| Expenses | | | | | |
| Salaries | | | | | |
| Teachers | 247,457,223 | 246,453,861 | (1,003,362) | 236,208,791 | 10,245,070 |
| Principals and Vice Principals | 27,921,470 | 27,796,286 | (125,184) | 26,832,862 | 963,424 |
| Educational Assistants | 43,996,922 | 45,784,653 | 1,787,731 | 44,418,766 | 1,365,887 |
| Support Staff | 55,868,561 | 59,438,318 | 3,569,757 | 54,990,050 | 4,448,268 |
| Other Professionals | 13,174,675 | 12,975,528 | (199,147) | 12,494,808 | 480,720 |
| Substitutes | 15,918,973 | 16,240,835 | 321,862 | 15,322,062 | 918,773 |
| Total Salaries | 404,337,824 | 408,689,481 | 4,351,657 | 390,267,339 | 18,422,142 |
| Employee Benefits | 110,454,523 | 110,069,807 | (384,716) | 98,235,940 | 11,833,867 |
| Total Salaries and Benefits | 514,792,347 | 518,759,288 | 3,966,941 | 488,503,279 | 30,256,009 |
| Services and Supplies | | | | | |
| Services | 15,640,901 | 14,674,422 | (966,479) | 14,918,800 | (244,378) |
| Student Transportation | 3,341,027 | 3,311,929 | (29,098) | 3,299,310 | 12,619 |
| Professional Development and Travel | 1,097,127 | 1,333,311 | 236,184 | 950,362 | 382,949 |
| Rentals and Leases | 768,539 | 755,307 | (13,232) | 655,552 | 99,755 |
| Dues and Fees | 959,459 | 1,125,935 | 166,476 | 1,307,510 | (181,575) |
| Insurance | 1,034,092 | 1,179,924 | 145,832 | 1,049,885 | 130,039 |
| Supplies | 23,980,152 | 26,852,730 | 2,872,578 | 21,337,134 | 5,515,596 |
| Utilities | 10,125,815 | 11,645,207 | 1,519,392 | 9,832,090 | 1,813,117 |
| Total Services and Supplies | 56,947,112 | 60,878,765 | 3,931,653 | 53,350,643 | 7,528,122 |
| Total Operating Expense | 571,739,459 | 579,638,053 | 7,898,594 | 541,853,922 | 37,784,131 |
| Surplus (Deficit) for the year | (8,045,334) | (3,480,650) | 4,564,684 | (7,950,726) | 4,470,076 |
| Budget Appropriation | 13,465,992 | | | | |
| Net Transfers to (from) other funds | (5,420,658) | (4,095,328) | 1,325,330 | (4,341,814) | 246,486 |
| Total Operating Surplus (Deficit) | - | (7,575,978) | 5,890,014 | (12,292,540) | 4,716,562 |

Activity in the school district’s Operating Fund is comprised of normal operations and operations related to school generated funds (SGF) that do not meet the criteria to be reported as Special Purpose Funds as they do not have a restriction on their use. These SGF funds are maintained in schools and any surplus accumulated at the school level funds school operations. When analyzing the variances in the Operating Fund in the following sections, it should be noted that the income side of school generated funds is shown in Other Revenue and the expense side is shown in Supplies as illustrated below:

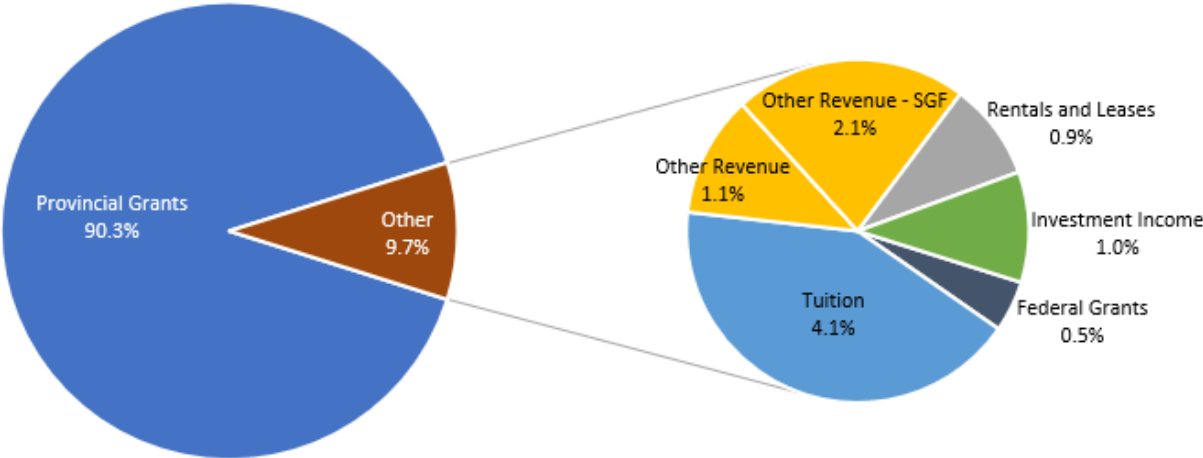
| | <u>Budget</u> | <u>Actuals</u> | <u>Prior Year</u> |
|---------------------|---------------|----------------|-------------------|
| SGF - Other Revenue | 9,203,941 | 12,286,531 | 8,837,438 |
| SGF - Supplies | 9,712,072 | 12,200,921 | 8,817,530 |

The \$7.6 million deficit in the Operating Fund is not impacted by the breakdown between normal operations and school generated funds. As explained above, there is a net surplus balance of \$0.09 million of school generated funds transactions included in the Operating Fund (\$12,286,531 in Other Revenue and \$12,200,921 in Supplies). This surplus is not available for school district operations. It will remain in schools and be used to support school-based initiatives.

Revenues

\$520.4 million of the revenue in the Operating Fund this year was received from the Ministry of Education and Child Care through grant funding (90.3 per cent). The remaining \$55.7 million, or 9.7 per cent, was received through tuition fees from students enrolled in the International Education Program, summer school and continuing education, miscellaneous fees and grants, school generated funds, rentals and leases of school district property, investment income, and federal grants.

Sources of Revenue



| Revenue | Actual to Budget Comparison | 2023 to 2022 Comparison |
|---------------------------|---|---|
| Provincial Grants | <p>After the approval of the amended annual budget the MECC confirmed the funding for negotiated salary and benefits increases for support staff (\$6.1 million) and teachers (\$0.40 million).</p> <p>The February and May enrolment counts were higher than budgeted by 80.0 FTE for students with special needs, 2.0 FTE youth train in trades, 1.5 FTE Newcomer Refugees, and 5.43 FTE graduated adults (\$0.9 million). These increases were partially offset by lower than budgeted enrolment for adults (4.6 FTE) and online learning (0.7 FTE) (\$0.1 million).</p> | <p>The total Provincial Grants of \$520.4 million was \$34.8 million higher than the prior year. The increase of \$36.2 million was due to Labour Settlement funding of \$19.8 million, increased salary differential funding (1.7 million), and increased funded enrolment:</p> <ul style="list-style-type: none"> - School age-\$9.6 million (1,203 FTE) - Students with special needs-\$4.6 million (979 FTE) - Summer school-\$0.5 million (157 FTE). <p>This increase was partially offset by decreased funding of \$1.4 million due to lower online student enrolment (\$1.1 million for 187 FTE) and adult enrolment (\$0.2 million for 13 FTE), and the loss of \$0.1 million in enrolment decline supplement.</p> |
| Tuition Revenue | <p>Higher International Education Program tuition and application fees (\$1.0 million) as more students confirmed to enroll in the February half year term, offset by lower fee payers enrolled in online learning (\$0.1 million).</p> | <p>Tuition was \$1.2 million higher than the prior year due to an increase of 70 FTE international students offset by lower tuition holdback from withdrawals. Summer school tuition fees were \$0.1 million higher while online learning tuition fees were \$0.1 million lower.</p> |
| Other Revenues | <p>Higher than budgeted School Generated Funds (\$2.8 million), donations and grants (\$0.4 million), maintenance repayable and joint maintenance (\$0.3 million), and lower school supplies fees due to the use of the Student and Family Affordability grant (\$0.2 million).</p> | <p>Although Other Revenue of \$18.7 million was comparable to the prior year, School Generated Funds were \$2.9 million higher this year due to increased school trips and events, offset by the prior year's one-time recognition of a \$1.9 million over accrual of the Oracle PeopleSoft transition project and reclassification of \$0.7 million of Career Program grants.</p> |
| Rentals and Leases | <p>The \$0.2 million higher than budgeted is due to facilities rentals recovering more quickly from the impact of the pandemic than projected (\$0.3 million), offset by lower filming rentals (\$0.1 million).</p> | <p>The \$1.3 million increase from the prior year was due to facilities rental income gradually recovering from the impact of the pandemic.</p> |
| Investment Income | <p>The Bank of Canada increased its benchmark interest rate by 25 basis points since the amended annual budget was adopted in February 2023, and higher than estimated investment balances were available.</p> | <p>Higher interest income due to the Bank of Canada raising the bank rate by 325 basis points over last year, while average deposit balances were lower for much of the year.</p> |

Funding – Student Enrolment

School districts are funded primarily through an Operating Grant received from the Ministry of Education and Child Care (MECC). The Operating Grant is based on student enrolment data reported by school districts to the Ministry in July, September, February, and May. Except for summer school students, school districts receive a basic per pupil amount per full-time equivalent (FTE). This per pupil amount varies for different categories of schools, as illustrated below:

| | <u>2022</u> | <u>2023</u> |
|------------------------|-------------|-------------|
| Standard and Alternate | 7,885 | 7,885 |
| Continuing Education | 7,885 | 7,885 |
| Distributed Learning | 6,360 | 6,360 |
| Non-Graduated Adults | 5,030 | 5,030 |

Funding for summer school students is provided on a per course basis.

| | <u>2022</u> | <u>2023</u> |
|--------------------------------|-------------|-------------|
| Summer Learning Grade 1-7 | 224 | 224 |
| Summer Learning Grade 8-9 | 224 | 224 |
| Summer Learning Grade 10-12 | 448 | 448 |
| Cross-Enrolment, Grade 8 and 9 | 448 | 448 |

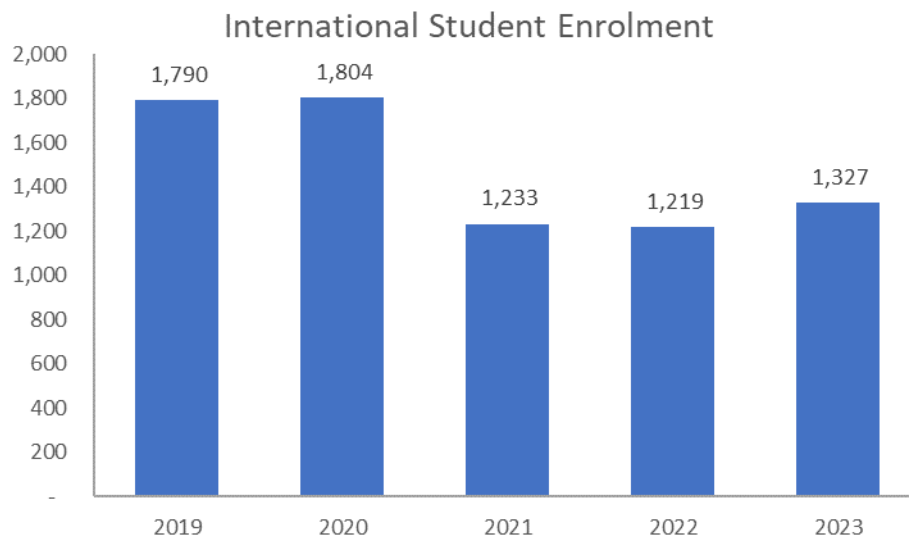
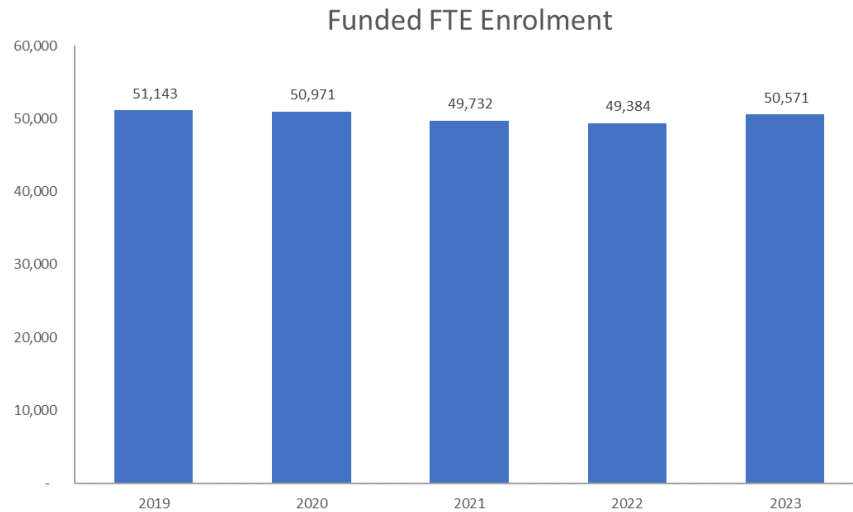
For each identified student with unique needs, school districts receive a supplementary grant to the basic per pupil grant to provide additional resources needed to ensure schools can respond to the needs of diverse learners. The amount received is shown in the following table:

| | <u>2022</u> | <u>2023</u> |
|---------------------------------------|-------------|-------------|
| Students with Special Needs - Level 1 | 44,850 | 44,850 |
| Students with Special Needs - Level 2 | 21,280 | 21,280 |
| Students with Special Needs - Level 3 | 10,750 | 10,750 |
| English/French Language Learning | 1,585 | 1,585 |
| Indigenous Education | 1,565 | 1,565 |



For grades kindergarten to nine, one student equates to one FTE. In grades 10 through 12, students are funded based on a per course basis, with eight courses equating to 1.0 FTE.

MECC funded student enrolment decreased from 51,143 in 2019 to 49,384 in 2022 and increased to 50,571 in 2023. International student enrolment decreased from a high of 1,804 students in 2020 to 1,219 students in 2022 due to the impact of the pandemic and has started to recover in 2023, with an enrolment of 1,327 students.



Expenses

Salaries and Benefits accounted for 89.5 per cent of the Operating Fund expenses of the school district in 2022-2023 and Services and Supplies accounted for 10.5 per cent, as illustrated in the chart below.

Salaries & Benefits as a proportion of Total Operating Costs



This breakdown of Operating Fund expenses between Salaries and Benefits and Services and Supplies differs from the breakdown in both the 2022-2023 amended budget (90.0 per cent/10.0 per cent) and the 2021-2022 actual results where Salaries and Benefits were 90.2 per cent of the total fund expenses and Services and Supplies were 9.8 per cent of the total. A review of the last five years shows the proportion of expenses for Salaries and Benefits has been gradually declining from a high of 92.4 per cent in 2020 to 89.5 per cent in 2023.

Salaries and Benefits

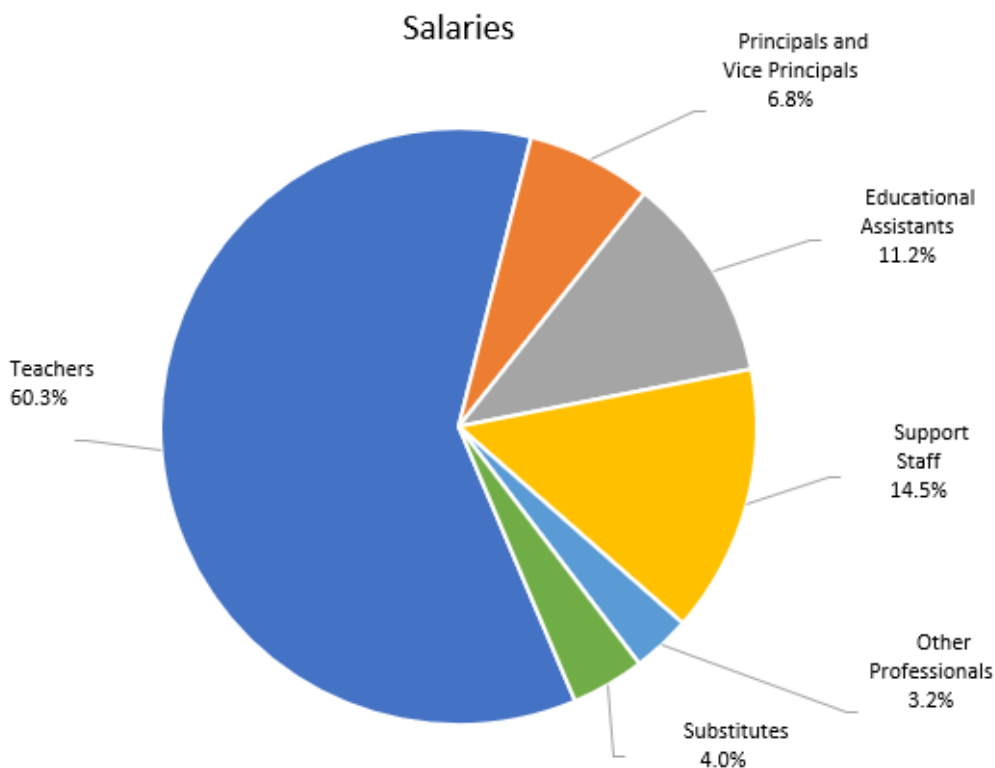
Total salaries and benefits of \$518.8 million for the 2022-2023 school year were \$4.0 million higher than the amended budget costs and were \$30.3 million higher than the 2021-2022 school year.

Total salaries of \$408.7 million were \$4.4 million higher than the amended budget of \$404.3 million with the most significant variance being in Support Staff salaries, where the actual cost was \$3.6 million higher than the budget. Total salaries for 2022-2023 were \$18.4 million higher than in 2021-2022, with Teacher salaries being \$10.2 million higher, Educational Assistants salaries being \$1.4 million higher, and Support Staff salaries being \$4.4 million higher. Salaries for Principals and Vice Principals, Other Professionals, and Substitutes were higher in total in 2022-2023 than in 2021-2022 by \$2.4 million.

Employee benefits of \$110.0 million in 2022-2023 were \$0.4 million lower than the \$110.4 million in the amended budget and were \$11.8 million higher than the 2021-2022 expense of \$98.2 million.

Explanations for the variances between the 2022-2023 actual expenses and the 2022-2023 amended budget and the 2021-2022 actual results are provided in the narrative after the chart below.

As shown in the chart below, 86 per cent of the 2022-2023 salaries were for Teachers, Support Staff, and Educational Assistants.



Teachers salaries for the year approximated the amended budget and were under budget by \$1.0 million, due primarily to higher absences in elementary schools, offset by teachers-on-call dispatched and vacancies in the areas of Reading Recovery and Area Counsellors.

The increase of \$10.2 million compared to the prior year was a result of \$10.4 million in negotiated salary increases and average teacher salary changes, offset by \$0.1 million enrolment driven staffing changes in Vancouver Learning Network and a \$0.1 million prior year cost of anti-racism training for all teachers.

Principals and Vice Principals salaries for the year were \$0.1 million under budget as two positions were filled with on-call substitutes.

The increase of \$1.0 million from the prior year was due to wage increases. The cost of two new District Principal positions (the first for Learning and Instruction, and the second for Equity, Anti-racism, and Non-Discrimination), and reclassifying the position of Director of Instruction of Employee Services from the Other Professionals category, were offset by higher absences in administrator positions.

Educational Assistants salaries for the year were \$1.8 million higher than budget due to general wage increases for Education Assistants not being included in the amended annual budget as the Ministry labour settlement funding was not finalized before the amended annual budget process was completed.

The increase of \$1.4 million compared to the prior year was a result of \$1.8 million in negotiated wage increases, \$0.1 million of lower leaves in Multicultural Liaison Workers positions, and \$0.1 million in additional staffing required for summer school, offset by \$0.5 million due to fewer permanent staff available in regular schools and \$0.1 million higher absences in Indigenous Education Workers.

Support Staff salaries for the year were \$3.6 million higher than budget mostly due to \$2.3 million for wage increases that were not included in the amended annual budget as the Ministry labour settlement funding was not finalized before the amended annual budget process was completed, \$0.6 million higher maintenance and Annual Facilities Grant costs, \$0.2 million higher custodial salaries due to overtime paid to address staff shortages, \$0.2 million in higher absences, and \$0.3 million higher than budgeted benefit-in-lieu costs related to casual staff.

The increase of \$4.4 million from the prior year was due to \$2.3 million in negotiated wage increases, \$1.1 million higher custodian staff cost due to overtime paid to address staff shortages, \$0.9 million of increased vacation taken or paid out, and \$0.4 million increase in food services workers used to support increased meal production, offset by \$0.3 million higher maintenance staff costs in the prior year due to addressing pandemic needs.

Other Professionals salaries for the year approximated the amended budget but were \$0.2 million under budget due primarily to compensation increases for excluded staff budgeted under the Operating Fund but incurred in the Special Purpose Funds.

The increase from the prior year was mostly due to the \$0.7 million salary increase approved by the Public Sector Employers' Council, offset by \$0.2 million for a Director position that is now reported under the Principals and Vice Principals category. Both years experienced comparable retirement and vacation payouts and overlapping costs for retired staff.

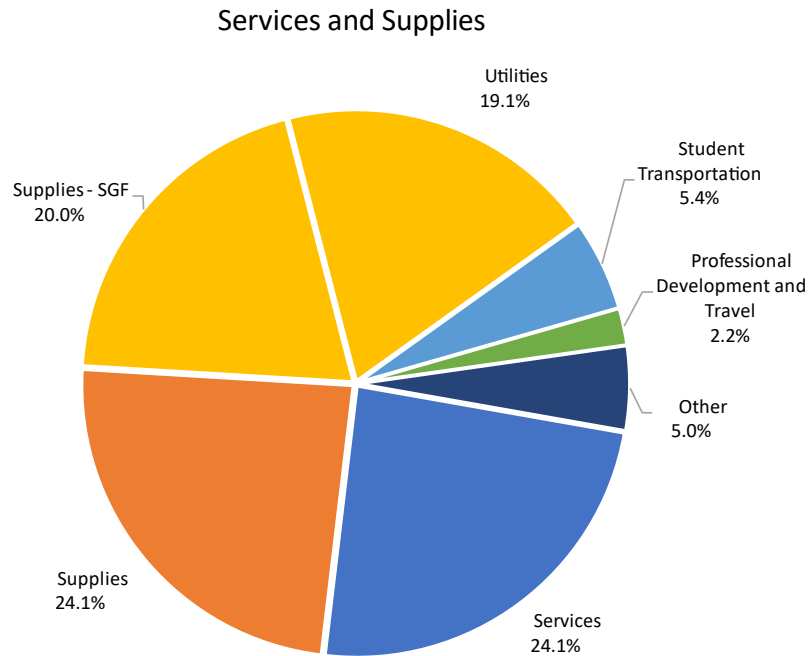
Substitutes salaries for the year were \$0.3 million over budget mostly due to higher replacement costs for administrators. Higher than budgeted elementary school replacement costs were generally offset by lower than budgeted replacement costs in secondary schools.

The increase of \$0.9 million from the prior year is a result of \$0.6 million negotiated wage increases, a \$0.1 million cost of a permanent substitute area counsellor used for addressing a vacancy, and \$0.2 million higher substitute costs charged to school flex fund budgets. In 2023 the school district continued to experience a 30% increase in illness related replacement costs compared to pre-pandemic years.



Services and Supplies

10.5 per cent of the Operating Fund expenses in 2022-2023 related to Services and Supplies. A breakdown of Services and Supplies by category of spending is shown in the following graph.



Services were \$1.0 million lower than budgeted for the year mostly due to changing the category of \$1.3 million in internet services costs to Utilities, per MECC reporting instructions.

The cost for Services was \$0.2 million lower this year compared to 2021-2022. This lower cost was due to reclassing \$1.3 million in internet services costs to Utilities, \$0.2 million decreased spending for energy project consultants, and \$0.4 million in prior year one-time projects such as interim costs for Superintendent recruitment, Queen Elizabeth Annex community consultation, and confined space safety assessments. The lower cost is offset by \$1.1 million higher legal costs, \$0.3 million higher student recruitment cost for increased international student enrolment, and \$0.3 million for tree risk assessments and removal.

Student Transportation expenditures were on budget and consistent with the prior year's spending.

Professional Development and Travel expenses were higher than budget due to the implementation of a collective agreement change which created a support staff training fund (\$0.3 million).

Rentals and Leases were less than \$0.1 million different from the amended budget.

Dues and Fees were \$0.2 million higher than the amended budget mostly due to an adjustment to medical insurance fees collected for international students.

Compared to the prior year, dues and fees were \$0.2 million lower due to one-time spending for Indigenous Education cultural events (\$0.3 million), offset by an increase in international student medical fees (\$0.1 million).

Insurance costs for the school district were higher than the budget and prior year due to a \$0.1 million increase in fleet vehicle insurance premiums.

Supplies were \$2.9 million higher than budget mostly due to a \$2.5 million increase in school generated funds expenses and \$0.4 million in furniture purchases for classrooms budgeted under capital purchases.

Compared to the prior year, the 2022-2023 expense was \$5.5 million higher, mostly due to \$4.4 million more school based spending related to increased school events and activities, \$1.1 million increase in fuel costs and maintenance supplies, \$0.6 million pandemic related spending, and a \$0.3 million custodial supplies cost increase, offset by \$0.9 million savings resulting from preparing all school meals instead of buying them.

Utilities were \$1.5 million higher than budget mostly due to reclassifying \$1.3 million in internet services costs from Services, per Ministry reporting instructions.

Compared to the prior year, the 2022-2023 expense was \$1.8 million higher mainly due to reclassifying \$1.3 million in internet services costs from Services and higher natural gas costs.



Upgraded seismically safe school – Cavell Elementary

Accumulated Operating Surplus

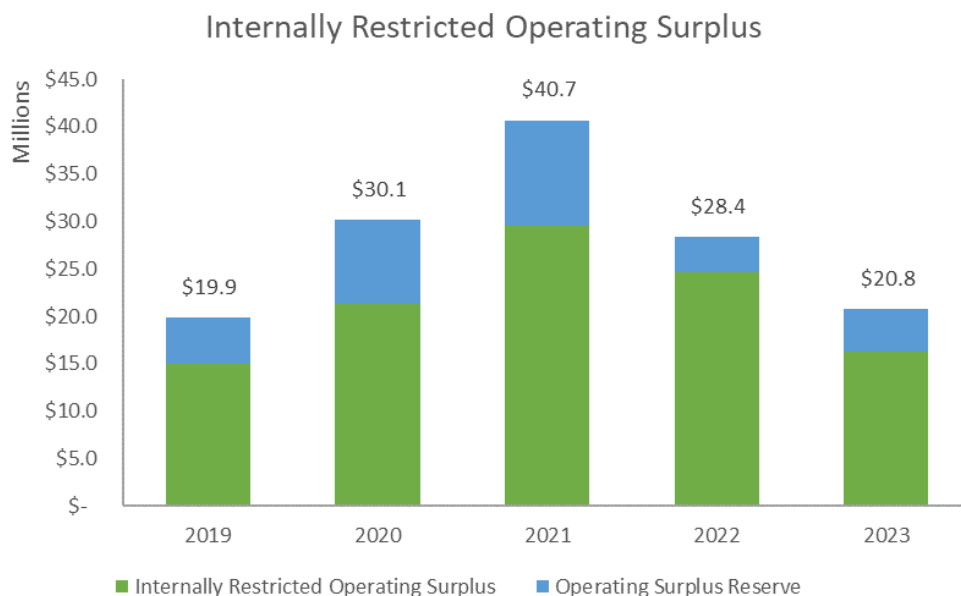
The Board of Education is responsible for ensuring the school district is protected financially from financial forecasting risk and unforeseen circumstances which could negatively impact school district operations and the education of students. A level of financial reserves, in the form of an accumulated operating surplus, is an indicator of financial health and can contribute to multi-year planning for future educational services and operational needs. To discharge this responsibility and to provide increased financial stability, effective planning, and support funding predictability, the Board established Board Policy 19 - Accumulated Operating Surplus.

The Board's accumulated operating surplus consists of internally restricted operating funds and unrestricted operating funds, in the following categories:

- Internally Restricted
 - Operations spanning multiple school years
 - Anticipated unusual expenses identified
 - Nature of constraints on funds
- Restricted for Future Capital Cost Share
- Unrestricted Operating Surplus (Contingency)

The policy established that the amount of Unrestricted Operating Surplus (Contingency) at the end of a fiscal year should be a minimum of 1.0 per cent and a maximum of 2.5 per cent of actual Operating Expenses of that fiscal year.

The unaudited Schedule 2 of the Financial Statements shows an operating deficit of \$7.6 million for the year ending June 30, 2023, after transfers for capital projects. With an opening accumulated surplus balance of \$28.4 million, the school district's accumulated operating surplus balance was \$20.8 million on June 30, 2023.



Application of the policy resulted in the accumulated operating surplus balances as follows:

| Accumulated Operating Surplus | | |
|--|-------------------|-------------------|
| Purpose | June 2023 | June 2022 |
| Operating Fund Accumulated Surplus | | |
| Internally Restricted (Appropriated) by the Board for: | | |
| Operations Spanning Multiple School Years | | |
| School Budget Balances | 1,350,656 | 2,404,213 |
| Indigenous Education | 296,275 | 129,985 |
| Online Learning Funding for Courses in Progre | 424,448 | 279,463 |
| Education Plan | 184,832 | 506,064 |
| Employee Services | - | 142,388 |
| IT Capital Plan | 199,478 | 525,010 |
| Facilities Upgrades | 221,697 | 160,500 |
| Cafeteria Upgrades | 350,000 | 110,000 |
| Health and Safety | - | 109,700 |
| Long Range Facilities Plan Implementation | 120,000 | - |
| Equity and Anti-racism, Non-Discrimination | 231,972 | - |
| Use of Surplus for 2022-2023 Budget | - | 9,817,189 |
| Total Operations Spanning Multiple School Ye | 3,379,358 | 14,184,512 |
| Anticipated Unusual Expenses Identified | | |
| Risk Mitigation - Systems and Processes | 700,000 | - |
| Financial Provisions | 1,200,000 | - |
| Total Anticipated Unusual Expenses Identifiec | 1,900,000 | - |
| Nature of Constraints on the Funds | | |
| Grants and Donations | 3,260,068 | 2,709,569 |
| Scholarships | 720,039 | 753,692 |
| School Generated Funds | 6,533,026 | 6,447,415 |
| Early Career Mentorship | 543,264 | 596,163 |
| Total Nature of Constraints on the Funds | 11,056,397 | 10,506,839 |
| Total Internally Restricted Operating Surplus | 16,335,755 | 24,691,351 |
| Unrestricted Operating Surplus (Contingency) | 4,457,455 | 3,677,837 |
| Total Operating Fund Accumulated Surplus | 20,793,210 | 28,369,188 |

Special Purpose Funds

Special Purpose Funds are restricted funds that are designated for specific use. The school district receives funds from the Ministry of Education and Child Care, the Federal government and from other sources. The Special Purpose Funds and their intended uses are listed below.

| Fund | Intended Use | 2023 Spending | 2022 Spending | Change | 2023 Deferred Revenue |
|---|--|---------------|---------------|-----------|-----------------------|
| Annual Facility Grant (AFG) | Routine maintenance and upgrading of school facilities, especially new roofs, mechanical and electrical upgrades, flooring and safety improvements. | 2,256,360 | 2,195,185 | 61,175 | - |
| First Nation Student Transportation | Funding to provide bussing to/from school for First Nations students living on reserve. | 126,183 | 130,248 | (4,065) | - |
| Mental Health in Schools | To build capacity in mental health and well-being related to knowledge, skills, and resources in school communities. | 60,696 | 66,137 | (5,441) | 38,890 |
| Learning Improvement Fund (LIF) | Supplementary funding to school districts for additional teacher assistants and other para-professionals and/or additional services to students. | 1,560,521 | 1,625,294 | (64,773) | 589,531 |
| Aboriginal Education Technology | Funding to provide technology to First Nations students | - | 11,995 | (11,995) | - |
| Special Education Technology (SET-BC) | Provincial program established to assist school districts in utilizing technology to support the diverse needs of students. | 8,202,413 | 9,083,440 | (881,027) | 459,047 |
| Strong Start | A free early learning program located in schools, for preschool children accompanied by parent, other adult family member or caregiver, created through an agreement between school districts and the Ministry of Education and Child Care. | 610,460 | 619,877 | (9,417) | - |
| Ready, Set, Learn | Intended for families and their three- to five-year-old children, Ready, Set, Learn is all about providing good information about how to support a young child's early learning and development. It also develops positive connections between families, the school system and local community agencies. | 226,796 | 225,930 | 866 | 18,056 |
| Changing Results For Young Children/Early Learning Framework Implementation Funds | To support district capacity building in high quality early learning and care experiences for children. | 5,705 | 7,197 | (1,492) | 7,607 |

| Fund | Intended Use | 2023 Spending | 2022 Spending | Change | 2023 Deferred Revenue |
|--|--|---------------|---------------|-------------|-----------------------|
| CommunityLINK | To support programs, including food programs, and services to improve the educational performance of vulnerable students, including both academic achievement and social functioning. | 9,929,322 | 9,388,476 | 540,846 | 377,234 |
| CEF - Overhead | Funding to implement the Memorandum of Agreement re:Letter of Understanding No. 17. | 4,250,907 | 4,057,244 | 193,663 | - |
| CEF - Staffing | | 31,206,830 | 28,674,634 | 2,532,196 | - |
| CEF - Remedy | | 914,743 | 66,852 | 847,891 | 1,317,389 |
| Provincial Resource Program (PRP) | Provides outreach services to support educators, students, and families to meet the needs of students with disabilities and diverse abilities. | 2,407,200 | 2,197,363 | 209,837 | 277,706 |
| Seamless Day Kindergarten | Kindergarden pilot project to provide a full day for students, including before- and after-school care. | 41,810 | 14,550 | 27,260 | 53,759 |
| SEY2KT (Early Years to Kindergarten) | Provides opportunities for school districts and communities to work together to support young children and their families in the smooth transition from home to school. | 2,981 | - | 2,981 | 16,019 |
| ECL (Early Care & Learning) | Support School Districts in creating a focused early learning and care portfolio to fulfill future directions and potential added responsibilities in early learning. | 79,832 | - | 79,832 | 95,168 |
| Communication Assistance for Youth and Adults (CAYA) | A province wide service program that supports adults aged 19 years and older who require an augmentative or alternative communication system due to a severe communication disability. | 3,046,551 | 3,056,200 | (9,649) | 18,925,391 |
| Assistive Technology BC (AT-BC) | Provides assistive technology resources to make learning environments usable for people with disabilities. | 5,067,225 | 4,164,746 | 902,479 | 12,228,500 |
| Provincial Resource Centre for the Visually Impaired (PRCVI) | Outreach program that supports school districts' goal of ensuring equitable access and enhanced educational opportunities for students with visual impairments. | 2,529,325 | 2,201,013 | 328,312 | 864,196 |
| K12-Pandemic Recovery Team | Funding for the District to provide support to schools and school districts in the Vancouver Coastal Health region in responding to COVID-19 cases. | - | 305,000 | (305,000) | - |
| Safe Return to School / Restart: Health & Safety Grant | Provincial funding provided to assist districts with implementing new health and safety measures during the COVID-19 pandemic. | - | 1,163,879 | (1,163,879) | - |
| Student & Family Affordability | Funding to help make back to school more affordable for students and their families who are struggling with the rising cost of living due to inflation. | 3,668,742 | - | 3,668,742 | 1,043,896 |

| Fund | Intended Use | 2023 Spending | 2022 Spending | Change | 2023 Deferred Revenue |
|---|---|---------------|---------------|-----------|-----------------------|
| French Language (OLEP) | Federal Funds received by school districts that must be spent entirely in support of French Immersion Programs, Core French Courses, or French Immersion growth initiatives. | 749,159 | 596,767 | 152,392 | 184,732 |
| Settlement Workers in Schools (SWIS) | School based settlement service for immigrants, refugees and other eligible clients to meet their immediate settlement or ongoing needs after their arrival in Canada. | 102,177 | 32,880 | 69,297 | 303,583 |
| Federal Safe Return to Class / Ventilation Fund | Funding provided to support districts with their return to school plans during the COVID-19 pandemic. | 1,093,239 | 39,960 | 1,053,279 | - |
| CommunityLINK - Other | To support programs, including food programs, and services to improve the educational performance of vulnerable students, including both academic achievement and social functioning. | 367,851 | 282,549 | 85,302 | 472,069 |
| Miscellaneous | Most of these funds are for career education and school playground projects. | 271,031 | 435,712 | (164,681) | 618,065 |
| Scholarships and Bursaries | To give to students to recognize academic achievement. | 97,360 | 51,949 | 45,411 | 556,273 |
| School Generated Funds | Funds generated by schools for various purposes. | 6,994,394 | 5,648,358 | 1,346,036 | 3,847,427 |

Capital Fund

The net value of capital assets (historical cost less accumulated amortization) was \$991.05 million as at June 30, 2023 (see Schedule 4A). Of this amount, \$20.78 million represents net investment in sites, \$949.51 million in buildings, and \$20.76 million in furniture and equipment, vehicles, computer software, and computer hardware.

These net costs represent the historical cost net of accumulated amortization of all VSB capital assets; they do not reflect current market value.

The balance in the Capital Fund at any year end is the surplus from capital operations over time that is invested in tangible capital assets and the local capital funds the school district has generated. At the end of June 2023, the balance in the Capital Fund was \$51.4 million, consisting of \$34.1 million of Invested in Tangible Capital Assets and \$16.6 million in Local Capital (see Schedule 4).

Deferred capital revenue (Schedule 4C, 4D and Note 8) includes grants and contributions received that are restricted by the contributor for the acquisition of tangible capital assets that meet the description of a restricted contribution in Treasury Board Regulation 198/2011 and is comprised of the amounts related to completed projects, work in progress, and the amount that is unspent.

The school district's Deferred Capital Revenue balance is summarized in the table below. These funds have specific restrictions on their use:

| Deferred Capital Revenues | | | |
|---------------------------------------|--------------------|--------------------|-------------------|
| Description | 2023 | 2022 | Change |
| Completed projects | 754,002,130 | 669,328,255 | 84,673,875 |
| Work-in-Progress | 120,562,774 | 149,529,463 | (28,966,689) |
| <i>Unspent</i> | | | |
| MECC Restricted Capital | 41,510,370 | 40,678,755 | 831,615 |
| Other Provincial Capital | 1,479,999 | 1,429,081 | 50,918 |
| Total Deferred Capital Revenue | 917,555,273 | 860,965,554 | 56,589,719 |

(Ministry) Restricted capital: These are funds held on behalf of the Ministry of Education and Child Care and represent the Ministry's portion of proceeds on disposal of land and buildings and any surpluses from completed projects. The balance increased by \$0.8 million this year primarily from an increase in investment income and the transfer of Lord Byng Secondary seismic project surpluses from Bylaw capital.

Other Provincial capital: Funds provided by the Ministry of Children and Family Development for the construction of new child care spaces.

Local Capital

The local capital fund balance of \$16.6 million captures the school district's capital surplus from activities that are under the control of the school district. The primary sources of revenue in local capital are rentals and leases of school district facilities, investment income, and child care capital project management fees. Local capital is spent on minor capital projects and the interest on capital leases. Local capital is also decreased by transfers to Invested in Tangible Capital Assets for Work in Progress.

The accumulated local capital surplus is planned to be spent as shown in the following table.

| Accumulated Operating Surplus | | |
|--|-------------------|-------------------|
| Purpose | June 2023 | June 2022 |
| Capital Projects Cost Share | | |
| Eric Hamber Secondary | 1,223,000 | 2,324,500 |
| Henry Hudson Elementary | 722,500 | 972,500 |
| Kitsilano Secondary | 52,101 | 284,101 |
| Weir Elementary | - | 1,132,082 |
| Cavell Modular Building Upgrade | - | 278,301 |
| Replacement School at Lord Roberts Annex site | 13,615,941 | 13,016,057 |
| Unfunded Local Capital Commitments | - | (3,834,815) |
| Parkade Upgrades | 300,000 | - |
| Equipment Replacement | 500,000 | - |
| Contingency Reserve for Local Capital | 168,060 | - |
| Total Internally Restricted Local Capital Surplus | 16,581,602 | 14,172,726 |

Major Capital Projects

Seismic Mitigation Program (SMP)

The following schools are currently under design or construction with expected occupancy:

- Eric Hamber Secondary – Fall 2024
- Henry Hudson Elementary – Spring 2025
- David Lloyd George Elementary – Fall 2023
- Sir Wilfred Grenfell Elementary – Fall 2026

Project Definition Reports (PDR)

The preparation of project definition reports (PDR) for Killarney Secondary, David Thompson Secondary, and False Creek Elementary are presently on hold pending further direction from the MECC. The PDR for Sir Grenfell Elementary was in development from previous years and received funding approval in May 2023. The PDR for Olympic Village is in development after receiving approval of the Concept Plan. The PDR for an addition to Henry Hudson Elementary is underway after being supported in the last Capital Plan Response Letter (2023/24).

New School Construction



Coal Harbour Elementary: This project includes a new school on a site next to the Coal Harbour Community Centre, as part of a larger City of Vancouver mixed-use development that would include child care and non-market housing. The construction of the school will be funded entirely by the VSB from the proceeds of the sale of the subsurface air parcel at the Lord Roberts Annex site to BC Hydro in 2018. Construction of the mixed-use development began in February 2022. The project is currently scheduled to be completed for occupancy by students in Winter 2024.

School Enhancement Funded Projects (SEP)

The School Enhancement Program provides funding to help school districts extend the life of their facilities through a wide range of improvement projects, including:

- Electrical upgrades (power supply, distribution systems)
- Energy upgrades (LED lighting, high-efficiency boilers)
- Health and Safety upgrades (fire systems, indoor air quality)
- Mechanical upgrades (heating, ventilation, plumbing)
- Building enclosure upgrades (roofing, exterior walls, windows)
- Washroom upgrades
- Flooring upgrades

The following projects were completed during the year:

| Project Type | Facility | Funding | Spending |
|----------------------|------------------------------|------------------|------------------|
| Fire System Upgrades | Edith Cavell Elementary | 152,150 | 148,052 |
| Plumbing Upgrades | Edith Cavell Elementary | 266,632 | 255,007 |
| | Grandview Elementary | 250,000 | 250,000 |
| | David Livingstone Elementary | 266,805 | 266,805 |
| Interior Renovation | David Livingstone Elementary | 231,000 | 148,303 |
| Electrical Upgrades | Point Grey Secondary | 300,000 | 300,000 |
| Total | | 1,466,587 | 1,368,167 |

The following projects are in progress:

| Project Type | Facility | Funding | Spending | Expected Completion |
|----------------------|-------------------------------|------------------|-----------------|----------------------------|
| Electrical Upgrades | Prince of Wales Secondary | 300,000 | 39,969 | March 2024 |
| | Point Grey Secondary | 300,000 | 18,343 | March 2024 |
| Exterior Wall System | Vancouver Technical Secondary | 140,000 | 75,023 | March 2024 |
| | Captain James Cook Elementary | 190,000 | - | March 2024 |
| Roofing Upgrades | Vancouver Technical Secondary | 600,000 | - | September 2023 |
| Total | | 1,530,000 | 133,335 | |

Carbon Neutral Capital Funded Projects (CNCP)

The school district has received the funding to complete the heating, ventilation, and air conditioning (HVAC) upgrade projects summarized in the following table.

| Project | Natural Gas | | Spending | Expected Completion |
|-----------------------------------|--------------------|----------------|-----------------|----------------------------|
| | Savings | Funding | | |
| Dr. H.N. Maccorkindale Elementary | 203 GJ | 85,000 | 85,000 | Completed |
| Charles Dickens Annex | 203 GJ | 90,000 | 90,000 | Completed |
| Dr. George M. Weir Elementary | 853 GJ | 390,500 | 390,500 | Completed |
| Magee Secondary | | 667,880 | - | October 2024 |

Building Envelope Program (BEP)

Funding is provided to help school districts with remediation of schools suffering damage from water ingress due to premature building envelope failure. Eligible school facilities under this program were built between 1980 and 2000 and have a risk assessment report facilitated by B.C. Housing. The school district received \$34,500 for the design phase of the building envelope remediation of Sir Winston Churchill Secondary. The design phase is scheduled to be completed by November 2023.

Playground Equipment Program (PEP)

This annual funding program provides for the purchase and installation of new or replacement playground equipment. The program will provide capital funding grants of two different amounts - \$90,000 for standard playground equipment, and \$165,000 for universally accessible playground equipment.

| School | Status | Funding |
|--|---------------|----------------|
| Champlain Heights Community Elementary | Completed | 165,000 |
| Dr. H.N. Maccorkindale Elementary | Completed | 165,000 |
| G T Cunningham Elementary | January 2024 | 195,000 |

Annual Facility Grant (AFG)

The Annual Facility Grant is funding provided by the Ministry of Education and Child Care for designated school capital or maintenance upgrades. \$13.8 million was provided to fund the following projects in 2023-2024.

| Project Type | Number of Schools | 2023 Spending |
|------------------------------------|--------------------------|--------------------------|
| Accessibility | 12 | 824,000 |
| Electrical System Upgrades | 43 | 1,779,000 |
| Facility Upgrades | 54 | 4,095,405 |
| Functional Improvement | 43 | 1,422,500 |
| Health and Safety Upgrades | 9 | 351,000 |
| Loss Prevention | 2 | 46,000 |
| Mechanical System Upgrades | 51 | 1,307,300 |
| Roof Replacement | 8 | 3,090,000 |
| Site Upgrades | 35 | 805,749 |
| Technology Infrastructure Upgrades | 4 | 100,000 |
| Total | | <u>13,820,954</u> |

Child Care Centers



As part of the seismic upgrades, the school district entered into agreements with the City of Vancouver to build new child care facilities within various schools. Costs associated with constructing these child care facilities are to be funded by the City of Vancouver.

| School | Status | Occupancy | Cost |
|---------------------------------|--------------|--------------|----------------|
| Lord Nelson Elementary | Completed | October 2019 | \$6.8 million |
| Sir Sandford Fleming Elementary | Completed | May 2021 | \$7.4 million |
| Lord Tennyson Elementary | Completed | January 2021 | \$8.3 million |
| David Lloyd George Elementary | Construction | Fall 2023 | \$7.3 million |
| Eric Hamber Secondary | Construction | Fall 2024 | \$8.5 million |
| Henry Hudson Elementary | Construction | Spring 2025 | \$10.0 million |

Risk Factors

There are several risk factors that may have a financial impact on the school district, ranging from enrolment changes, unexpected cost pressures and lost revenues. The two most significant areas of risk are the financial pressure associated with the budget's structural deficit and those identified in the Enterprise Risk Management review.

Structural Deficit

A structural deficit occurs when an organization's ongoing expenditures are continually greater than its income, including government funding and other sources of revenue. If income does not cover expenses over time, the structural deficit will have a cumulative effect. The school district has a structural deficit which must be addressed to prevent ongoing deficits.

Most of the school district's revenues come from provincial grants, which are tied to enrolment. About 8 per cent of revenues come from fees, rentals, international student tuition, and other sources. Fixed costs, however, have not declined in step with declining revenues.

To address the structural deficit, the school district must make structural changes. This will include long-term changes, rethinking, and restructuring operations and related costs.

Some factors contributing to the school district's structural deficit are:

- Non-enrolling staffing levels higher than what's required in the collective agreement
- Continued use of surplus to balance the budget
- Increasing need for School Support Workers support in schools
- Collective agreement wage lifts not fully funded over time
- Excluded wage lifts not funded over time
- Expensive paramedical group insurance benefits
- Reliance on the International Student Program

Capital Projects

Due to their magnitude, capital projects have the potential to significantly impact the financial position of the school district. There is no process to assess the risk of the entire capital program; individual project risk assessments must be done on a continuous basis. Project agreements with the Ministry of Education and Child Care contain contingencies to mitigate financial risk. Smaller projects consider contingency requirements when building the overall project budget and are managed internally.

Other Assets

Existing school district budget allocations are not enough to support the procurement, maintenance, or timely replacement of school district assets. This means that IT hardware, equipment, and vehicles are not refreshed on a regular basis. Any major equipment failures during 2023/24 must be funded from the contingency reserve.

Enterprise Risk Management

As part of the school district's Enterprise Risk Management initiative, a comprehensive enterprise-wide risk assessment was updated in 2021.

The risk assessment identified 20 key areas of risk. Some of the major areas of risk for the school district are outlined below.

Organizational Capacity – The most significant risk factor identified was organizational capacity. The additional capacity placed on the organization and staff resulting from the pandemic is a concern moving forward, particularly around mental health and the need to hire additional staff to address needs created by the pandemic. There is an increased awareness of privacy and security issues around technology distributed to students and staff. Also, the need to stay informed of Ministry and Provincial health and safety directions resulted in staff being hired to update District messaging to schools.

Facility Maintenance – The school district operates 77 elementary schools, 18 secondary schools, 12 annexes, 8 District Schools (leased or district program sites), 6 District Support Facilities and 3 properties on which businesses operate for a total of 124 active facilities. The Long-Range Facilities Plan identified the school district has many older buildings with significant seismic safety concerns and deferred maintenance requirements. The capital approval process takes time and resources to get new capital projects up and running, and the Ministry continues to request that school districts contribute more local funds toward capital projects.

Labour Disruption – The risk that an agreement cannot be reached with an employee group, leading to labour disruption.

Supporting Students and Families with Special Needs and Mental Health Issues – The risk that the school district, due to limited funds, is challenged to fully support with resources and staffing, the learning experience of students with special academic, behavioural or physical needs (including accessibility).

Key Employee Recruitment/Retention – The risk that the school district is unable to recruit and retain enough qualified teachers and staff in key positions to meet its needs.

Technology Requirements – The demand for technology hardware, software and system utilization continues at a rapid pace. Providing the required services and ensuring that information is secure and protected necessitates allocating more financial resources. Technology in support of education will allow the school district to implement the paradigm shift and transformational education required to be at the forefront and on the cutting-edge in the 21st Century. Technology in support of the Framework for Enhancing Student Learning and more real-time reporting on student progress is a crucial undertaking. The MyEdBC student administration system requires enhancements to meet the ongoing needs for improved data and reporting. System security remains a high concern. With that in mind new positions in the LIT Department will need to be created. While a multi-year plan was developed for some aspects of the school district's requirements, additional resources will need to continue to be directed in this area.

International Education – The school district greatly relies on enrolment in the International Education Program to supplement Ministry of Education and Child Care funding. Many of the students who enroll in the program do not come to the Province until just before the start of the school year.

Since receiving the report and updated risk register, each of the 20 risks has been assigned to a Senior Manager. Some managers may have multiple ownership of the risks depending on their respective portfolios. The Director of Risk Management has been conducting further risk analysis for each risk and working with the Risk Owners and other school district staff who are subject matter experts to identify what is driving each risk, what, if any, current mitigations may be in place, and identify future mitigations or opportunities for mitigation. Once future mitigations are determined, risk treatment plans will be developed for each risk to determine what changes need to occur and if resources or funding will be required to mitigate the risk.

Contacting Management

If you have questions about this financial report, please contact the Office of the Secretary-Treasurer at 604.713.5080.