

# Financial Statements Discussion and Analysis

*For the year ended June 30, 2024*



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## Introduction

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The Vancouver School District (VSB or School District) is 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), *Sḵwxwú7mesh Úxwumixw* (Squamish Nation) & *səlilwətaʔ* (Tseil-Waututh Nation).

We are privileged to work closely with the three Host Nations, *xʷməθkʷəy̓əm* (*Musqueam*), *Sḵwxwú7mesh Úxwumixw* (*Squamish Nation*) & *səlilwətaʔ* (*Tseil-Waututh Nation*). We embrace Indigenous ways of knowing and learning and work to expand Indigenous perspectives across the curriculum and within our 110 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 so that all students can thrive, 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. More than 2,300 students self-identify as Indigenous, about 165 of whom live on reserve. Forty-five per cent of students at VSB speak languages other than English at home, with 150 mother-tongue languages spoken overall. Thirteen per cent of students are diverse learners with Individualized Education Plans (IEPs). Our educational programs also support adult learners pursuing secondary school completion, post-secondary prerequisites or upgrading their skills. We also welcome more than 1,300 international students from around the globe who choose to pursue their education in Vancouver.

This report provides a discussion and analysis of the School District's financial results for the fiscal year ending June 30, 2024. It summarizes the School District's financial activities based on current facts, decisions, and conditions. The financial results for this year are compared with those from the fiscal year ending June 30, 2023, and the amended annual budget for the 2023-24 fiscal year. For a complete understanding, this report should be read alongside the School District's audited financial statements for the year ending June 30, 2024.

For more information about our school district, visit <https://www.vsb.bc.ca>.

## Key Highlights for 2023-24

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Throughout the 2023-24 school year, trustees were active participants in various learning activities, school-based and school district events, celebrations and ceremonies, strengthening their connections with the school community.

Several strategic initiatives were advanced by the Board, including:

- The Board's endorsement of the five-year Capital Plan demonstrates its proactive approach to maintaining and improving the school district's educational facilities, with the plan submitted to the Ministry of Education and Child Care (MECC) in June 2024.
- The Board also continued to align its work with the changing needs of school communities and the city at large. Following announcements at the provincial and municipal level about changes to land use development and density plans, the Board suspended consideration about the proposed closure of Sir Guy Carleton Elementary, which has not been used since 2016 when a fire destroyed the school. It also suspended its consideration to surplus a section of the field at Graham Bruce Elementary.
- The Board welcomed an announcement by MECC to construct a new school in Olympic Village. The Board will receive \$150 million from MECC to build a new school that will serve 630 students. The school will include a neighbourhood learning centre, providing space for 60 school-age children in need of before- and after-school care.
- The Board also welcomed the approval of its request for an expansion at Henry Hudson Elementary. Along with the new seismically safe school, the expansion will six additional classrooms, more library space, additional resource rooms and a covered outdoor area. With the expansion the new school will have space for 535 students, an additional 145 spaces.
- The Board approved 2024-25 Financial Plan advances student learning and well-being. It includes funding for additional staffing to support students with literacy, numeracy and creative thinking skills, as well as increased funding for digital literacy and students' safety online.
- The Board passed a motion promoting focused learning environments and online safety. As a result, the District Code of Conduct was updated to reflect restrictions to personal device use by students during school days.
- The Board also worked to streamline its processes and standing committee structure. It combined its finance and its personnel committees into one standing committee. It also extended an invitation to members of the Host Nations – x̣ẉṃə̣θ̣ḳẉə̣ỵəṃ (Musqueam), Ṣḳẉx̣ẉụ́7̣mesḥ Ụ́x̣ẉuṃix̣ẉ (Squamish Nation) & ṣə̣ḷiḷẉə̣ṭə̣ł̣ (Tsleil-Waututh Nation) – welcoming Rights holders to its standing committees.

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

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VSB's Education Plan, created through consultation with students, their families, staff and stakeholders, guides the school district's work. The Board approved the following statements, goals and objectives, which are included in [Policy 1 – Foundational Statements](#).



### *Values Statement*

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.

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*

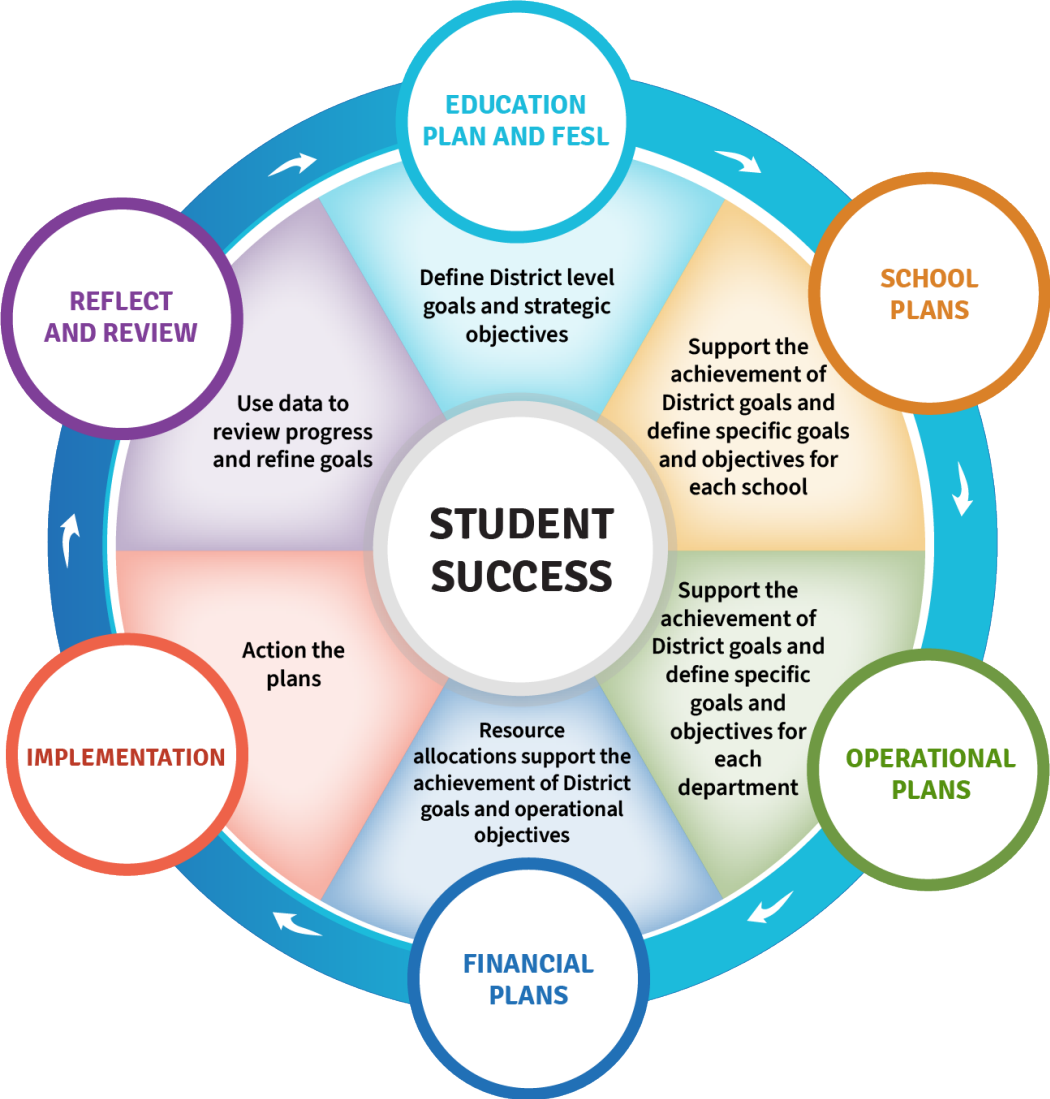
The Vancouver School Board – a large, urban school district located on the unceded, traditional lands of the xʷməθkʷəy̓əm (Musqueam), Sḵwxwú7mesh Úxwumixw (Squamish Nation) and səlilwətał (Tseil-Waututh Nation) – respects and supports Indigenous ways of knowing and learning.

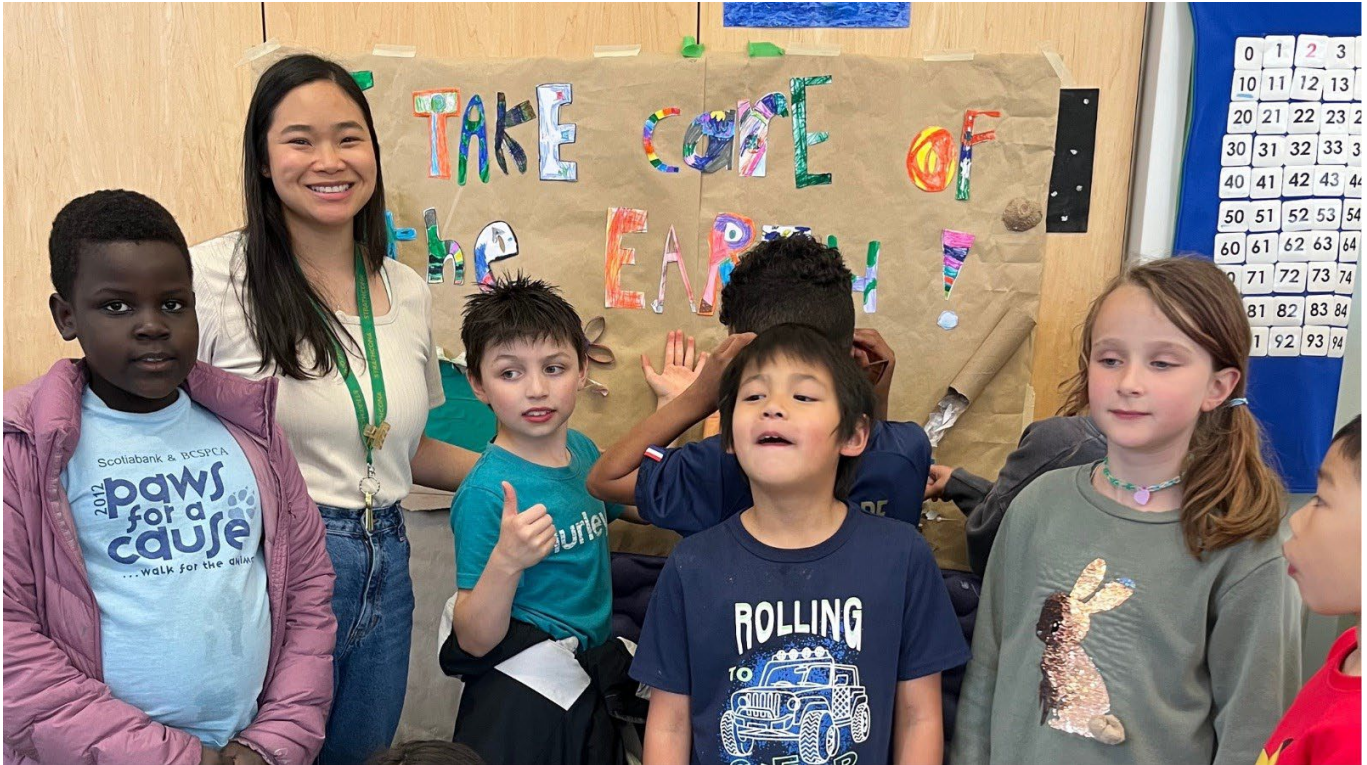
VSB will create an equitable learning environment where every child can experience a deep sense of belonging and is free to pursue pathways of learning in ways that are authentic to themselves. The VSB will achieve this by:

- 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 rights holders and stakeholders; and
- actively fighting systems of oppression through relationship building, ongoing communication and transparency.

*Continuous Cycle of Improvement*

Continuous improvement of student outcomes is guided by the Framework for Enhancing Student Learning and our Education Plan. School learning plans and other operational plans are interconnected and aligned with multi-year financial plans. The development of financial plans is supported by engagement with rights holders and stakeholders.





## Financial Statements Discussion and Analysis

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The Financial Statements Discussion and Analysis should be read in conjunction with the audited financial statements of School District No. 39 (Vancouver) for the year ended June 30, 2024.

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 MECC.

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 to facilities (purchases and enhancements) and equipment (purchases) that are funded by Ministry capital grants, operating funds and special purpose funds. An annual deficit in the capital fund that is a result of amortization expense and budgeted capital assets purchased from operating and special purpose funds exceeding the amortization of deferred capital revenue, plus budgeted local capital revenue is permitted under the Accounting Practices Order of the Ministry of Education and Child Care.</p>



## Statement of Financial Position

The following table provides a comparative analysis of the School District's net financial position for VSB's fiscal years ending June 30, 2020, through June 30, 2024.

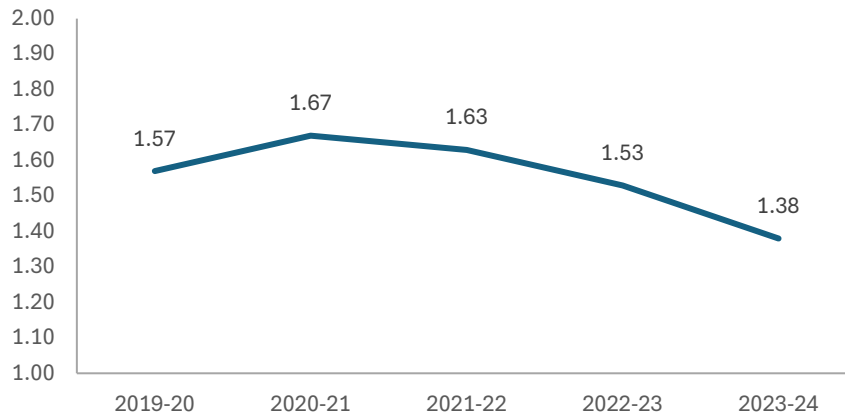
Figure 1 – Statement of Financial Position

(\$ millions)	2019-20	2020-21	2021-22	2022-23	2023-24
	Actual	Actual	Actual	Actual	Actual
<b>Financial Assets</b>					
Cash and cash equivalents	\$ 252.45	\$ 263.95	\$ 246.30	\$ 260.85	\$ 207.57
Accounts receivable					
Due from MECC	10.15	6.04	10.26	5.70	5.39
Due from Province– Other	0.17	-	-	0.09	0.14
Other	5.15	4.36	8.50	18.79	32.45
Portfolio Investments	0.73	0.43	0.42	0.44	50.40
<b>Total Financial Assets</b>	<u>268.65</u>	<u>274.78</u>	<u>265.48</u>	<u>285.87</u>	<u>295.95</u>
<b>Liabilities</b>					
Accounts payable and Accrued Liabilities					
Due to Province– MECC	0.17	-	-	-	-
Due to Province– Other	4.05	3.73	0.61	0.64	0.23
Other	74.08	83.61	83.91	87.39	115.57
Unearned Revenue	57.37	52.12	52.61	56.32	57.06
Deferred Revenue	35.13	25.33	25.38	42.29	41.66
Deferred Capital Revenue	717.74	783.06	860.97	917.56	953.31
Employee Future Benefits	29.55	31.07	32.39	33.24	33.85
Asset Retirement Obligation	-	-	67.12	67.12	66.97
Capital Lease Obligation	2.10	3.92	5.52	3.68	2.57
Other	1.35	0.37	0.10	-	-
<b>Total Liabilities</b>	<u>921.54</u>	<u>983.21</u>	<u>1,128.61</u>	<u>1,208.24</u>	<u>1,271.22</u>
<b>Net Debt</b>	<u>(652.89)</u>	<u>(708.43)</u>	<u>(863.13)</u>	<u>(922.37)</u>	<u>(975.27)</u>
<b>Non-Financial Assets</b>					
Tangible Capital Assets	797.12	863.85	940.47	991.05	1,045.75
Prepaid Expenses	2.14	1.98	1.43	1.69	3.05
Supplies Inventory	0.86	0.95	0.99	1.11	1.29
<b>Total Non-Financial Assets</b>	<u>800.12</u>	<u>866.78</u>	<u>942.89</u>	<u>993.85</u>	<u>1,050.09</u>
<b>Accumulated Surplus (Deficit)</b>	<u>\$ 147.23</u>	<u>\$ 158.35</u>	<u>\$ 79.76</u>	<u>\$ 71.48</u>	<u>\$ 74.82</u>

### Current Ratio

VSB's current ratio, which is calculated as current assets divided by current liabilities, declined during the year from 1.53 to 1.38 for reasons noted in the sections that follow.

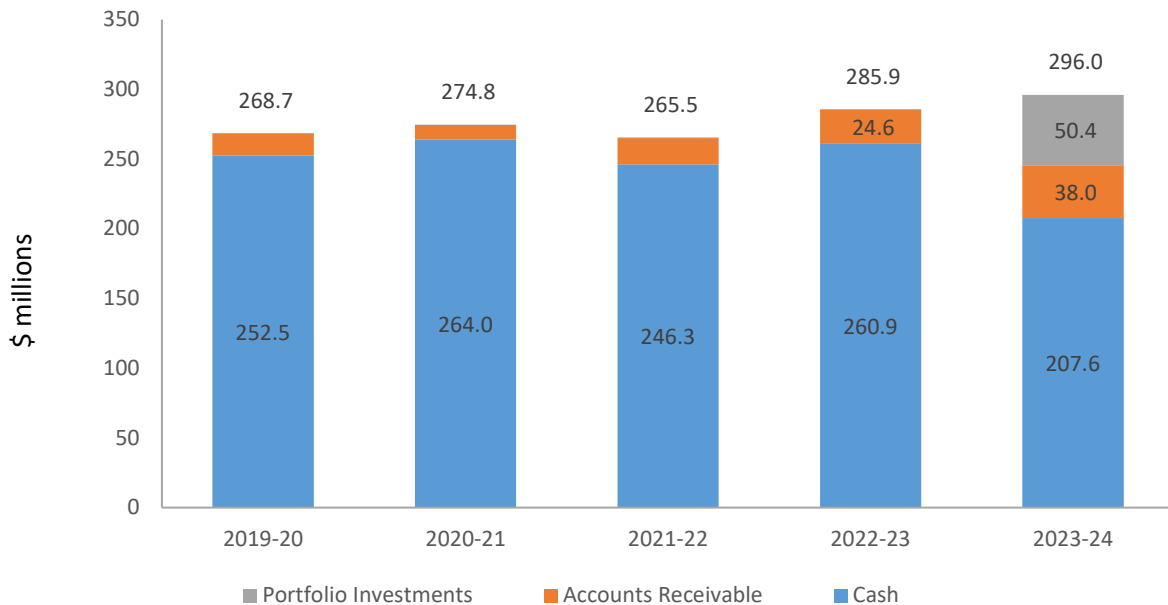
Figure 2 – Current Ratio



### Financial Assets

Financial assets include cash and cash equivalents, accounts receivable and portfolio investments.

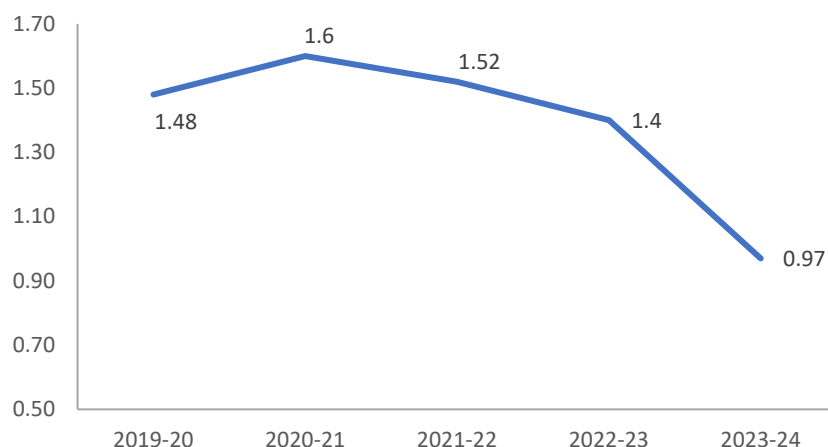
Figure 3 – Financial Assets



### Cash and Cash Equivalents

Cash and cash equivalents comprise \$207.57 million of the \$295.95 million of financial assets as at June 30, 2024, compared to \$260.85 million a year ago. VSB earns interest on cash balances held with Bank of Montreal and deposits with the provincial Central Deposit Program at rates based on Bank of Canada’s target overnight interest rate. The target rate declined by 25 basis points in the last quarter of VSB’s fiscal year but remained higher than forecast in the 2024 budget which has resulted in investment income exceeding budget for the year.

Figure 4 – Cash to Asset Ratio



VSB invested \$50 million in short-term investment certificates during the year which are not considered cash and cash equivalents. This contributed to the decline in the cash asset ratio from 1.40 times current liabilities to 0.97 times current liabilities during 2024.

### Accounts Receivable

VSB's accounts receivable were \$37.98 million as at June 30, 2024, compared to \$24.58 million a year ago.

Figure 5 – Accounts Receivable

(\$ millions)	2019-20	2020-21	2021-22	2022-23	2023-24
	Actual	Actual	Actual	Actual	Actual
Due from MECC	\$ 10.15	\$ 6.04	\$ 10.26	\$ 5.70	\$ 5.39
Due from Province - Other	0.17	-	-	0.09	0.14
Due from Federal Government	1.15	0.56	0.40	0.52	0.49
Due from Municipalities	2.41	2.37	3.63	10.65	18.05
Due from Other School Districts	-	-	-	0.20	0.30
Rentals and Leases	0.17	0.53	40.90	48.46	56.77
Other Receivables	1.42	0.90	3.96	7.36	13.20
	15.47	10.40	59.15	72.98	94.34
Allowance for Doubtful Accounts	-	-	(40.39)	(48.40)	(56.36)
	\$ 15.47	\$ 10.40	\$ 18.76	\$ 24.58	\$ 37.98

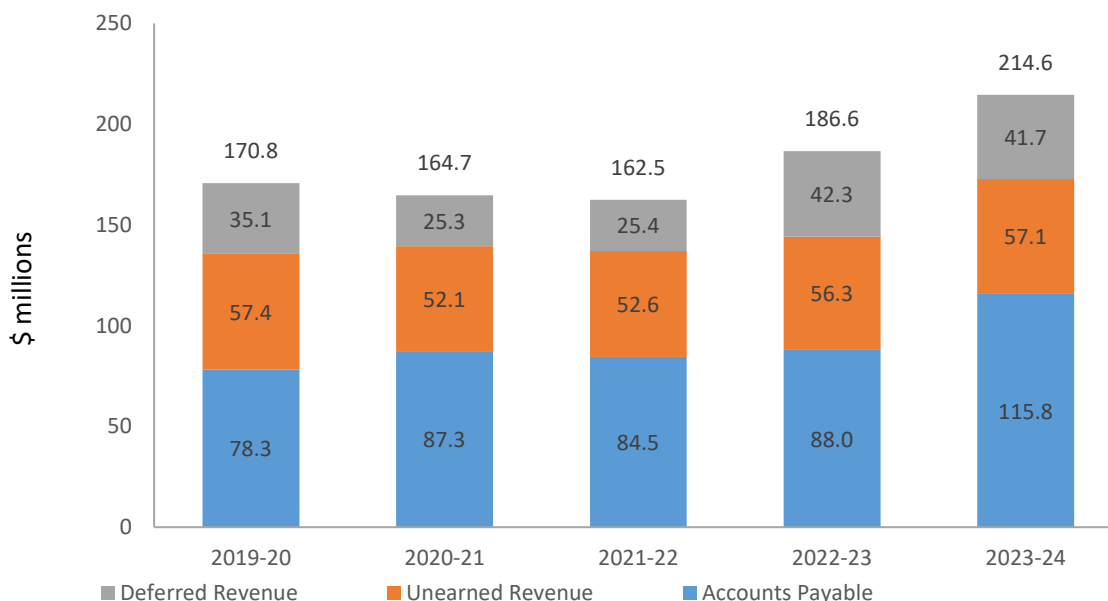
The receivable from MECC is anticipated to fund work in progress expenditures related to capital projects expenses incurred prior to the end of the fiscal year.

The \$7.40 million year-over-year increase in amounts Due from Municipalities is primarily for amounts due from the City of Vancouver for child care spaces built in VSB schools. The \$8.31 million year-over-year increase in Rentals and Leases is primarily due to amounts invoiced 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. This is the only receivable for which a provision has been recognized in the Allowance for Doubtful Accounts as at June 30, 2024.

## Current Liabilities

Current liabilities include accounts payable, unearned revenue and deferred revenue.

Figure 6 – Current Liabilities



### Accounts Payable

Accounts payable totaled \$115.80 million as at June 30, 2024 compared to \$88.03 million a year ago. The City of Vancouver is building the Coal Harbour mixed use development which will include an elementary school and has incurred approximately \$25.00 million in expenses to date that VSB will fund through a combination of MECC restricted capital and Local Capital as described in the Capital Fund section below. This accounts for most of the increase in other payables reported in the table below.

Figure 7 – Accounts Payable

(\$ millions)	2019-20	2020-21	2021-22	2022-23	2023-24
	Actual	Actual	Actual	Actual	Actual
Due to Province	\$ 4.22	\$ 3.73	\$ 0.61	\$ 0.64	\$ 0.23
Accrued vacation payable	9.61	11.58	11.20	11.27	11.43
Salaries and benefits payable	36.63	41.84	36.52	40.36	43.98
Trade payables	15.77	12.77	16.51	15.39	12.91
Other	12.07	17.42	19.68	20.37	47.25
	<u>\$ 78.30</u>	<u>\$ 87.34</u>	<u>\$ 84.52</u>	<u>\$ 88.03</u>	<u>\$ 115.80</u>

The year-over-year increase of \$3.62 million in Salaries and Benefits payable is attributed to the increased staff complement in 2023-24 due to enrolment growth. This has resulted in an increase in employee benefits payable at year end.

## Unearned Revenue

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 \$0.74 million is primarily due to interest revenue attributed to funds received from the 2018 sale of an underground air parcel at Lord Roberts Annex.

## Deferred Revenue

Deferred Revenue consists of non-capital amounts that are subject to a legislative or contractual stipulation or restriction as to their use. These amounts will be recognized as revenue in the special purpose fund when eligible expenses are incurred. Details on the deferred revenue balances are provided in the table below.

Figure 8 – Deferred Revenue

(\$ millions)	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Actual
Assistive Technology BC (AT-BC)	\$ 8.94	\$ 9.70	\$ 10.64	\$ 12.23	\$ 13.61
Communication Assistance for Youth and Adults (CAYA)	6.47	3.65	3.65	18.93	16.44
Classroom Enhancement Fund (CEF)	1.75	1.54	0.89	1.32	1.37
CommunityLINK	0.12	0.17	0.38	0.37	0.06
CommunityLINK - Other	0.85	0.88	0.78	0.47	0.44
Early Care & Learning (ECL)	-	-	0.04	0.09	0.06
Learning Improvement Fund (LIF)	0.27	0.43	0.48	0.59	0.59
Mental Health in School	0.02	-	0.05	0.04	-
Miscellaneous	0.96	1.06	0.65	0.63	0.51
Official Languages in Education French Program (OLEP)	0.26	0.09	0.19	0.18	0.25
Provincial Resource Centre for the Visually Impaired (PRCVI)	0.46	0.44	0.63	0.86	1.01
Provincial Resource Programs (PRP)	0.22	0.19	0.31	0.28	0.15
Safe Return to School	-	-	1.08	-	-
Seamless Day Kindergarten Funding	-	-	-	0.05	-
Scholarships and Bursaries	0.54	0.53	0.53	0.57	0.56
School Generated Funds	11.30	4.38	4.02	3.85	4.36
Settlement Workers in School (SWIS)	0.43	0.41	0.39	0.30	-
Special Education Technology (SET-BC)	2.49	1.86	0.67	0.49	0.21
Strong Start	0.05	-	-	-	-
Student & Family Affordability Fund	-	-	-	1.04	2.04
	<u>\$ 35.13</u>	<u>\$ 25.33</u>	<u>\$ 25.38</u>	<u>\$ 42.29</u>	<u>\$ 41.66</u>

## Deferred Capital Revenue

Deferred Capital Revenue is accounted for in accordance with 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 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:

Figure 9 – DCR

(\$ millions)	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Actual
Deferred Capital Revenue, beginning of year	\$ 548.90	\$ 555.15	\$ 624.65	\$ 669.33	\$ 754.01
Transferred from DCR, Work in Progress	24.81	90.02	67.11	109.23	141.50
Other Capital Additions	0.59	-	-	-	1.76
Amount Recognized in Revenue	(19.15)	(20.52)	(22.43)	(24.55)	(26.53)
Deferred Capital Revenue, end of year	555.15	624.65	669.33	754.01	870.74
DCR, Work in Progress, beginning of year	68.86	121.07	116.29	149.53	120.56
Transfers from Deferred Revenue, unspent	77.02	85.24	100.35	80.26	80.76
Transferred to DCR, completed projects	(24.81)	(90.02)	(67.11)	(109.23)	(141.50)
DCR, Work in Progress, end of year	121.07	116.29	149.53	120.56	59.82
DCR, Unspent, beginning of year	38.45	41.52	42.12	42.11	42.99
Provincial Grants	72.64	81.98	94.56	70.38	51.85
Other Grants	7.11	3.72	5.21	8.75	8.55
Investment Income	1.02	0.61	0.51	2.01	2.39
Transfers to DCR, WIP	(77.02)	(85.24)	(100.35)	(80.26)	(80.92)
Other items	(0.68)	(0.47)	0.06	-	(2.11)
DCR, Unspent, end of year	41.52	42.12	42.11	42.99	22.75
<b>TOTAL</b>	<b>\$ 717.74</b>	<b>\$ 783.06</b>	<b>\$ 860.97</b>	<b>\$ 917.56</b>	<b>\$ 953.31</b>

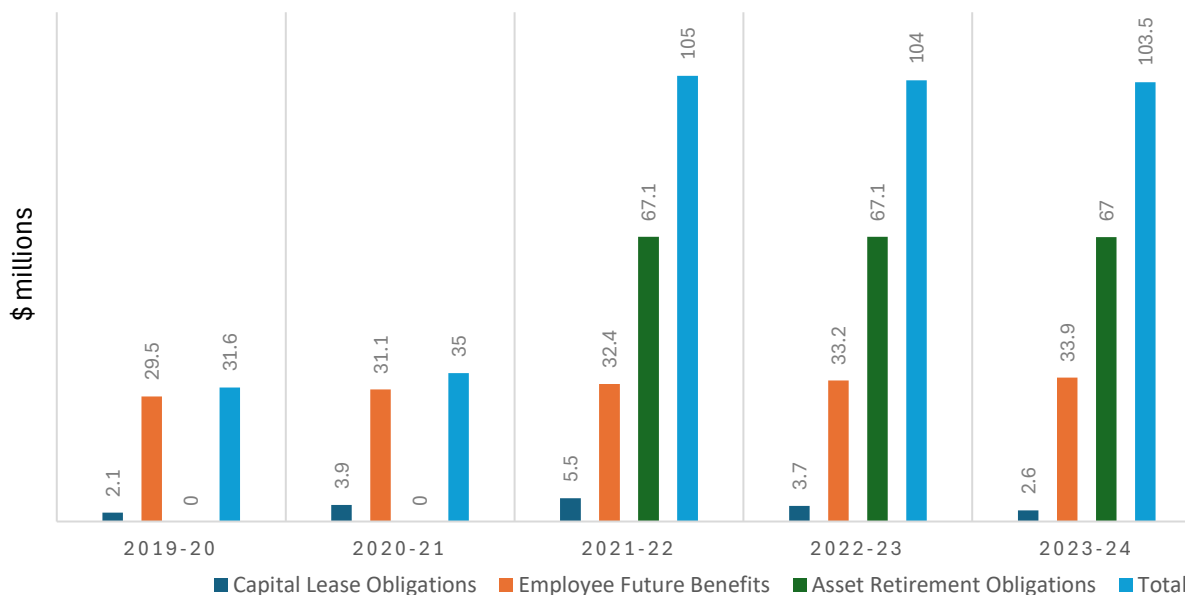
During the year, the David Lloyd George Elementary was completed and the Eric Hamber Secondary replacement school was substantially completed (\$141.50 million work in progress transferred to DCR).

Additional details on the changes in deferred capital revenue during the year are provided in the Capital Fund section below.

## Other Liabilities

Other liabilities include asset retirement obligations, employee future benefits and capital lease obligations.

Figure 10 – Other Liabilities



### Employee Future Benefits

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 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. MECC 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

Capital Lease Obligations decreased by \$1.11 million during the year due to technology leases that matured.

## Tangible Capital Assets

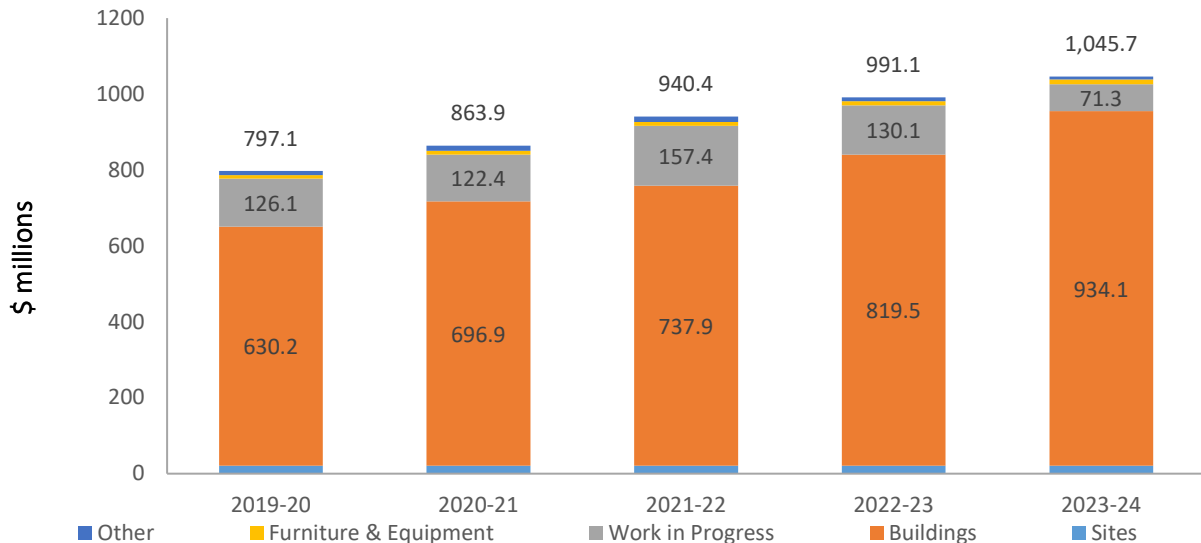
The school district undertakes capital work each year by upgrading and extending the life of existing buildings. The funds expended on these capital projects, as well as those spent on furniture and equipment, vehicles and computer hardware and software are reported as Tangible Capital Assets. The costs 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 Assets is provided below:

Figure 11 – Tangible Capital Assets

Tangible Capital Assets (\$ millions)	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	2023-24	2022-23
Cost, beginning of year	\$ 20.78	\$ 1,342.49	\$ 19.28	\$ 1.93	\$ 0.34	\$ 20.52	\$ 1,405.34	\$ 1,299.74
Additions	-	144.05	4.06	-	0.01	0.71	148.83	112.21
Disposals	-	-	2.32	0.20	0.25	5.22	7.99	6.61
ARO - Change in Estimate	-	(0.07)	-	-	-	-	(0.07)	-
Cost, end of year	20.78	1,486.47	21.02	1.73	0.10	16.01	1,546.11	1,405.34
Add: WIP Balance	-	71.27	-	-	-	-	71.27	130.08
Cost and WIP, end of year	20.78	1,557.74	21.02	1.73	0.10	16.01	1,617.38	1,535.42
Accumulated Amortization - Opening	-	523.04	8.63	1.07	0.26	11.38	544.38	516.64
Amortization Expense	-	29.36	2.01	0.18	0.04	3.65	35.24	34.34
Deemed Disposal Recapture	-	-	2.32	0.20	0.25	5.22	7.99	6.61
Accumulated Amortization - Closing	-	552.40	8.32	1.05	0.05	9.81	571.63	544.37
Tangible Capital Assets - Net Book Value	\$ 20.78	\$ 1,005.34	\$ 12.70	\$ 0.68	\$ 0.05	\$ 6.20	\$ 1,045.75	\$ 991.05

Figure 12 – TCA Net Book Value



TCA were \$1,045.75 million as at June 30, 2024, compared to \$991.05 million the previous year. The Capital Fund section below provides details about the changes in TCA balances during the year.



## Consolidated Statement of Operations

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.

Figure 13 – Consolidated Statement of Operations

(\$ millions)	2019-20	2020-21	2021-22	2022-23	2023-24	2023-24
	Actual	Actual	Actual	Actual	Budget	Actual
<b>Revenue</b>						
Grants						
Provincial Grants - MECC	\$ 542.08	\$ 570.44	\$ 547.62	\$ 590.03	\$ 643.92	\$ 646.10
Provincial Grants – Other	6.47	6.36	7.31	7.91	8.81	9.21
Federal Grants	2.28	2.35	2.38	2.69	3.22	3.19
Tuition	29.95	22.28	22.28	23.47	25.71	26.79
Other Revenue	26.06	22.14	25.41	27.84	24.14	27.65
Rentals & Leases	5.54	4.10	9.45	7.73	7.20	7.99
Investment Income	3.88	2.44	2.02	7.23	7.84	9.24
Amortization of DCR	19.15	20.51	22.43	24.55	26.56	26.53
<b>Total Revenue</b>	<b>635.41</b>	<b>650.62</b>	<b>638.90</b>	<b>691.45</b>	<b>747.40</b>	<b>756.70</b>
<b>Expense</b>						
Instruction	505.56	507.42	517.04	556.35	605.66	601.75
District Administration	23.46	23.06	23.35	26.29	29.45	28.75
Operations and Maintenance	93.68	105.51	106.48	113.43	116.68	119.01
Transportation and Housing	2.41	3.31	3.49	3.48	3.45	3.72
Debt Services	0.11	0.19	0.11	0.19	0.19	0.13
<b>Total Expense</b>	<b>625.22</b>	<b>639.49</b>	<b>650.47</b>	<b>699.74</b>	<b>755.43</b>	<b>753.36</b>
<b>Surplus (Deficit) for the year</b>	<b>10.19</b>	<b>11.13</b>	<b>(11.57)</b>	<b>(8.29)</b>	<b>(8.03)</b>	<b>3.34</b>
<b>Accumulated Surplus (Deficit), beginning of year</b>	<b>137.02</b>	<b>147.23</b>	<b>91.35</b>	<b>79.77</b>	<b>71.48</b>	<b>71.48</b>
<b>Accumulated Surplus (Deficit), end of year</b>	<b>\$ 147.21</b>	<b>\$ 158.36</b>	<b>\$ 79.78</b>	<b>\$ 71.48</b>	<b>\$ 63.45</b>	<b>\$ 74.82</b>

### Revenue

Consolidated revenues were \$9.30 million above the budget due to several factors. The operating grant surpassed the budget by \$2.11 million because actual enrolment reported in February and May exceeded projections, as detailed in the Operating Fund section. Additionally, tuition revenues were \$1.08 million higher than budgeted, as actual student enrolment exceeded projections.

Consolidated revenues increased by \$65.25 million compared to the 2022-23 year, primarily due to a \$58.93 million increase in the operating grant for 2023-24. Additionally, MECC provincial grants revenue reported in the special purpose fund rose by \$6.94 million, largely because of the introduction of the Feeding Futures Fund, which contributed \$5.57 million to this positive variance.

## Expense

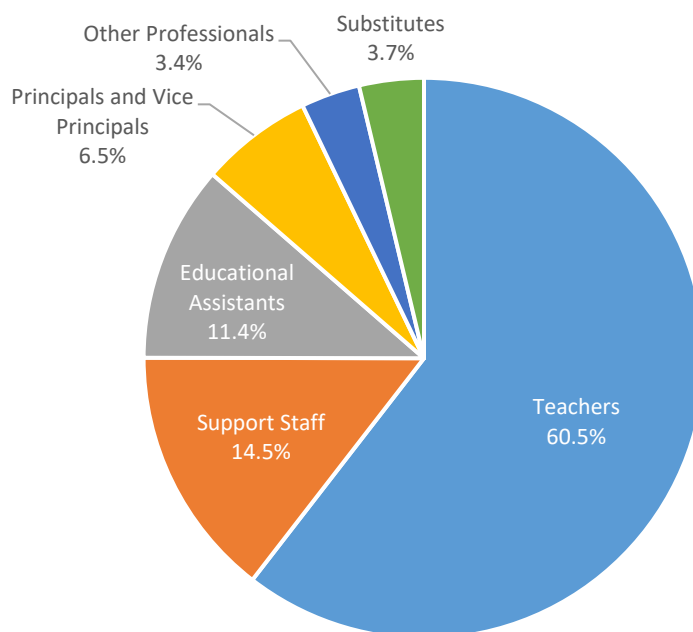
Consolidated expenses were \$2.07 million below the budget due to a combination of factors. Instruction costs were \$3.91 million less than budget due to lower than budgeted average salaries, temporary vacancies, and higher leaves without pay (salaries and benefits costs \$1.82 million less than budgeted) and school-based spending on supplies was \$2.24 million less than budgeted with available balances being carried forward to fund spending planned for future years. This positive variance was partially reduced by operations and maintenance expenses that exceeded the budget, stemming from unforeseen costs associated with facilities repairs and maintenance, accessibility upgrades, inclement weather events, and recoveries linked to higher rental income (\$2.33 million).

Actual consolidated expenses were \$53.62 million higher in 2023-24 compared to the prior year mainly due to higher Instruction and Operations and Maintenance costs. Costs increased due to higher salaries and benefits costs related to general wage increases and performance-based pay increases implemented in 2023-24, increased staff complement related to increased enrolment, inclement weather events which resulted in school closures, the opening of new schools, and completing accessibility upgrades.

### *Salaries and Benefits*

Teachers, educational assistants and support staff comprise the majority of VSB's personnel and together they accounted for 86.4 per cent of total salaries in the 2023-24 year as depicted in the chart below.

*Figure 14 – Salaries by Employee Group – All Funds*



Employee salaries and benefits are primarily reported in the operating fund, but VSB also administers a series of special purpose funds which include funding for salaries and benefits. The table below reports total salaries across all funds from 2019-20 to 2023-24.

Figure 15 – Salaries and Benefits - All Funds

(\$ millions)	2019-20	2020-21	2021-22	2022-23	2023-24	2023-24
	Actual	Actual	Actual	Actual	Budget	Actual
Teachers	\$ 259.38	\$ 261.74	\$ 262.83	\$ 275.24	\$ 301.12	\$ 299.79
Principals and Vice Principals	25.28	28.55	27.27	28.40	31.59	32.10
Educational Assistants	46.95	47.96	50.82	52.33	57.21	56.33
Support Staff	61.79	64.06	62.45	66.53	71.56	72.07
Other Professionals	15.17	16.00	15.80	16.20	16.75	16.86
Substitutes	9.27	12.10	16.10	17.23	18.86	18.48
Total Salaries	417.84	430.41	435.27	455.93	497.09	495.63
Employee Benefits	110.37	112.60	110.07	122.84	136.54	133.83
Total Salaries and Benefits	\$ 528.21	\$ 543.01	\$ 545.34	\$ 578.77	\$ 633.63	\$ 629.46

The key drivers of the variances between budgeted salaries and actual salaries are summarized below.

**Teacher** salaries were \$24.55 million higher than 2022-23, but \$1.33 million less than budgeted for the 2023-24 year. This year-over-year increase is due to mainly due to wage lift and additional teachers were hired to meet the growing needs of the School District. The budget variance is a result of lower than budgeted average teacher salaries and vacancies.

**Principal and Vice Principal** salaries were \$3.70 million higher than 2022-23, and \$0.51 million higher than budgeted for the 2023-24 year. This budget and prior year variance mainly due to wage lift leading to higher average salaries than budgeted, and wage lifts.

**Educational Assistant** salaries were \$4.00 million higher than 2022-23, but \$0.88 million lower than budgeted for the 2023-24 year. This budget variance is due to wage lifts and higher than budgeted unpaid leaves and vacancies, and wage lifts.

**Support Staff** salaries were \$5.54 million higher than 2022-23, and \$0.51 million higher than budgeted for the 2023-24 year. This budget variance is primarily due to higher maintenance staff costs than anticipated, and wage lifts.

**Other Professionals** salaries were \$0.66 million higher than 2022-23, and \$0.11 million higher than budgeted for the 2023-24 year. The variance is due to additional costs from employment overlaps for positions filled by new employees.

**Substitute** salaries were \$1.25 million higher than 2022-23, but \$0.38 million lower than budgeted for the 2023-24 year. Actual replacement days per teacher averaged 14 days, as budgeted. As a result of the ongoing teacher shortage, fewer substitutes were available to support curriculum design, resulting in slightly lower-than-budgeted substitute salaries.

**Employee Benefits** were \$10.99 million higher than in 2022-23 but \$2.71 million less than budgeted for the 2023-24 year. Dental, extended health, and group life costs were lower than originally budgeted, resulting in savings of \$1.54 million. Additional savings in benefits were due to lower-than-budgeted salaries.

Additional details on the revenues and expenses reported in the operating, special purpose and capital funds are provided in the sections that follow.

## Statement of Operations - Operating Fund

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 are maintained in schools and any surplus accumulated at the school level funds school operations.

The schedule below illustrates the operating fund results for the school district for the years ending June 30, 2023, to June 30, 2024. 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.

Figure 16 – Operating Fund

Operating Fund (\$ millions)	2023-24 Budget	2023-24 Actual	Variance to Budget	2022-23 Actual	Variance to 2022-23
<b>Revenue</b>					
Provincial Grants - MECC	\$ 566.99	\$ 569.43	\$ 2.44	\$ 520.37	\$ 49.06
Provincial Grants - Other	0.06	0.06	-	0.06	-
Federal Grants	3.22	3.19	(0.03)	2.69	0.50
Tuition	25.71	26.79	1.08	23.47	3.32
Other Revenue	17.72	19.71	1.99	18.66	1.05
Rentals and Leases	4.89	5.67	0.78	5.11	0.56
Investment Income	6.90	7.61	0.71	5.80	1.81
<b>Total Revenue</b>	<b>625.49</b>	<b>632.46</b>	<b>6.97</b>	<b>576.16</b>	<b>56.30</b>
<b>Expense</b>					
<b>Salaries</b>					
Teachers	270.23	267.76	(2.47)	246.45	21.31
Principals and Vice Principals	30.82	31.18	0.36	27.80	3.38
Educational Assistants	49.94	48.46	(1.48)	45.78	2.68
Support Staff	63.33	63.63	0.30	59.44	4.19
Other Professionals	13.03	13.20	0.17	12.98	0.22
Substitutes	16.80	17.73	0.93	16.24	1.49
<b>Total Salaries</b>	<b>444.15</b>	<b>441.96</b>	<b>(2.19)</b>	<b>408.69</b>	<b>33.27</b>
<b>Employee Benefits</b>	<b>121.55</b>	<b>118.05</b>	<b>(3.50)</b>	<b>110.07</b>	<b>7.98</b>
<b>Total Salaries and Benefits</b>	<b>565.70</b>	<b>560.01</b>	<b>(5.69)</b>	<b>518.76</b>	<b>41.25</b>
<b>Services and Supplies</b>					
Services	17.45	16.73	(0.72)	14.67	2.06
Student Transportation	3.54	3.52	(0.02)	3.31	0.21
Professional Development and Travel	1.07	0.97	(0.10)	1.33	(0.36)
Rentals and Leases	0.97	0.83	(0.14)	0.76	0.07
Dues and Fees	1.04	0.74	(0.30)	1.13	(0.39)
Insurance	1.34	1.53	0.19	1.18	0.35
Supplies	24.56	27.85	3.29	26.85	1.00
Utilities	11.65	11.40	(0.25)	11.65	(0.25)
<b>Total Services and Supplies</b>	<b>61.62</b>	<b>63.57</b>	<b>1.95</b>	<b>60.88</b>	<b>2.69</b>
<b>Total Operating Expense</b>	<b>627.32</b>	<b>623.58</b>	<b>(3.74)</b>	<b>579.64</b>	<b>43.94</b>
<b>Surplus (Deficit) for the year</b>	<b>(1.83)</b>	<b>8.88</b>	<b>10.71</b>	<b>(3.48)</b>	<b>12.36</b>
<b>Budgeted Use of Surplus</b>	<b>6.25</b>		<b>(6.25)</b>		
<b>Net Transfers to (from) other funds</b>	<b>(4.42)</b>	<b>(3.61)</b>	<b>0.81</b>	<b>(4.08)</b>	<b>0.47</b>
<b>Total Operating Surplus (Deficit)</b>	<b>\$ -</b>	<b>\$ 5.27</b>	<b>\$ 5.27</b>	<b>\$ (7.56)</b>	<b>\$ 12.83</b>

The operating fund reported a surplus of \$5.27 million for the year, compared to a budgeted deficit of \$6.25 million and a deficit of \$7.56 million in the 2022-23 year.

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.

Figure 17 – School Generated Funds

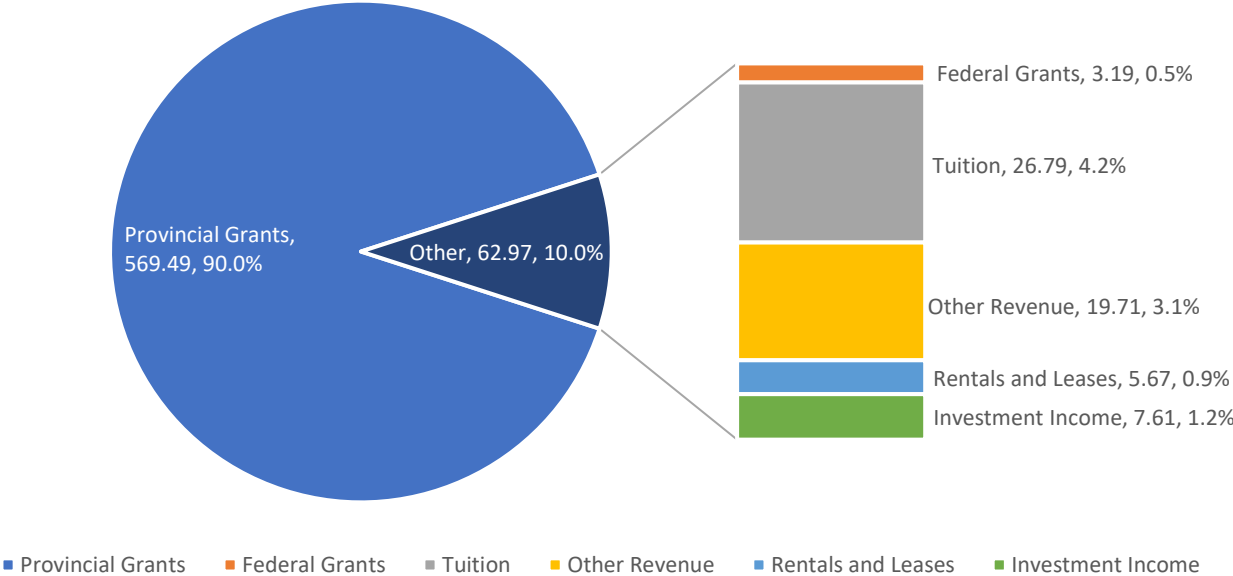
School Generated Funds (SGF) (\$ millions)	2023-24 Budget	2023-24 Actual	2022-23 Actual
SGF - Other Revenue	12.60	13.18	12.29
SGF - Supplies	12.61	12.74	12.20

The \$5.27 million surplus in the operating fund is impacted by the breakdown between normal operations and school generated funds. There is a net surplus balance of \$0.44 million of school generated funds transactions included in the operating fund (\$13.18 in Other Revenue and \$12.74 in Supplies) and the surplus is not available for school district operations. It will remain in schools and be used to support school-based initiatives.

**Revenues**

Grants from MECC are VSB’s largest source of revenue (approximately 90%). The chart below depicts the contributions to total operating fund revenue for the 2023-24 year.

Figure 18 – Operating Fund - Revenue Sources



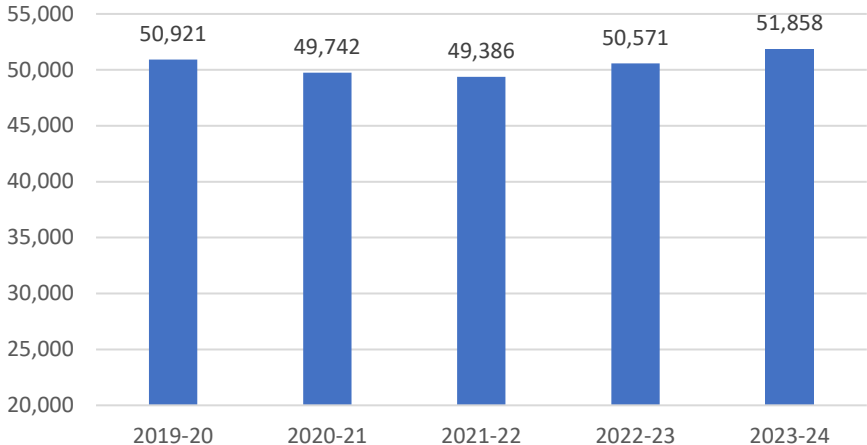
*MECC Grants*

The annual operating grant is the primary source of funding for the operating fund which is determined based on student enrolments. In 2023-24, operating grant revenue was \$2.11 million higher than budgeted due to higher student enrolment in both February and May.

The table below reports actual enrolment for the 2019-20 school year through the 2023-24 year. After several years of declining enrolments, VSB saw an increase in enrolment of 1,185 students (2.40%) in the 2022-23 year and an additional 1,287 students (2.54%) in the 2023-24 year.

The amounts reported in the figure below are the regular, alternate, online learning (school-age), continuing education (school-age), summer learning and non-graduated learners full time equivalent (FTE) student enrolment amounts.

*Figure 19 – MECC Funded Student Enrolment*



Enrolment data is collected by MECC from school districts in July, September, February and May. The table below provides details of VSB’s actual MECC funded student enrolment for 2019-20 to 2023-24 and budgeted for 2023-24.

Figure 20 – MECC Funded Student Enrolment

MECC Funded FTE Students	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Budget	2023-24 Actual
<b>Enrolment Categories</b>						
Standard (Regular) Schools	47,861	47,408	47,123	48,323	49,254	49,254
Continuing Education (School-Age)	103	77	64	68	67	84
Alternate Schools	420	364	308	307	343	343
Online Learning (School-Age)	673	1,243	893	707	702	845
Non-Graduated Adults	255	219	182	167	179	182
Summer Learning	1,578	419	813	970	1,111	1,111
Newcomer Refugees	26	1	1	27	25	34
Youth Train in Trades	5	11	1	2	-	5
<b>Total Funded Enrolment</b>	<b>50,921</b>	<b>49,742</b>	<b>49,386</b>	<b>50,571</b>	<b>51,681</b>	<b>51,858</b>
<b>Supplemental Funding</b>						
Level 1 - Inclusive Education	62	65	68	62	59	61
Level 2 - Inclusive Education	2,117	2,210	2,343	2,524	2,662	2,709
Level 3 - Inclusive Education	566	542	519	504	468	505
English Language Learners	8,709	8,405	7,927	8,712	9,245	9,274
Indigenous Education	2,097	2,091	2,154	2,161	2,109	2,109

The table below outlines grants received from MECC.

Figure 21 – MECC Grants

(\$ millions)	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Budget	2023-24 Actual
Operating Grant	\$ 457.00	\$ 462.72	\$ 477.00	\$ 492.20	\$ 549.02	\$ 551.13
Pay Equity	7.29	7.30	7.30	7.30	7.29	7.29
Education Guarantee	1.64	1.50	1.10	1.00	1.20	1.52
Employer Health Tax Grant	4.11	-	-	-	-	-
Early Career Mentorship Funding	-	1.06	-	-	-	-
Labour Settlement Funding	8.22	13.50	-	19.80	9.34	9.34
Other	0.32	0.10	0.10	0.10	0.14	0.14
	<b>\$ 478.58</b>	<b>\$ 486.18</b>	<b>\$ 485.50</b>	<b>\$ 520.40</b>	<b>\$ 566.99</b>	<b>\$ 569.42</b>

### Other Revenue

VSB's other sources of operating fund revenues are summarized in the table below.

Figure 22 – Other Revenue

(\$ millions)	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Budget	2023-24 Actual
Other Provincial Grants	\$ 0.06	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.06	\$ 0.06
Federal Grants	2.28	2.30	2.40	2.70	3.22	3.19
Tuition	29.95	22.30	22.20	23.50	25.71	26.79
Other Revenue	6.05	18.40	18.20	18.70	17.72	19.71
Rentals and Leases	4.29	2.70	3.90	5.10	4.89	5.68
Investment Income	2.71	1.80	1.60	5.70	6.90	7.61
	<b>\$ 45.34</b>	<b>\$ 47.60</b>	<b>\$ 48.40</b>	<b>\$ 55.80</b>	<b>\$ 58.50</b>	<b>\$ 63.04</b>

Other revenue was \$7.24 million higher than in 2022-23 and \$4.54 million above the budget. This includes School Generated Funds, which were \$0.58 million greater than budgeted. The related school-based expenditures exceeded budget by \$0.13 million for a net variance to budget of \$0.45 million. Tuition revenue exceeded the budget by \$1.08 million due to higher-than-expected international student enrolment and application fees. Additionally, rental and lease income increased by \$0.58 million compared to 2022-23 mainly due to additional rental agreements starting in 2023-24.

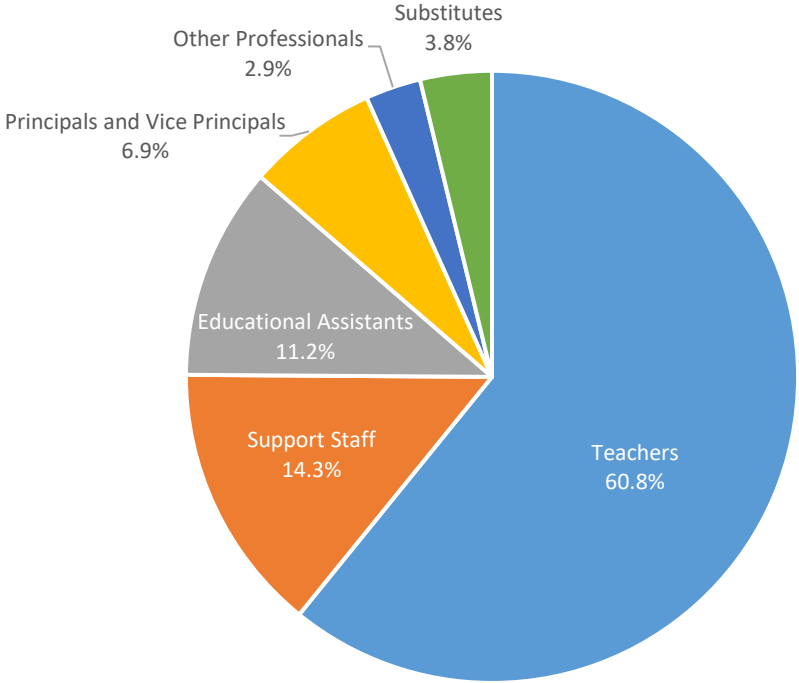
**Expenses**

Salaries and Benefits typically account for approximately 90 per cent of annual expenses in the operating fund, with services supplies making up the remainder.

*Salaries and Benefits*

Total salaries and benefits amounted to \$560.01 million, which is \$5.69 million less than the budgeted amount of \$565.70 million. As illustrated in the chart below, 86.3% of the 2023-24 salaries were allocated to Teachers, Support Staff, and Educational Assistants.

Figure 23 – Operating Fund Salaries by Employee Group

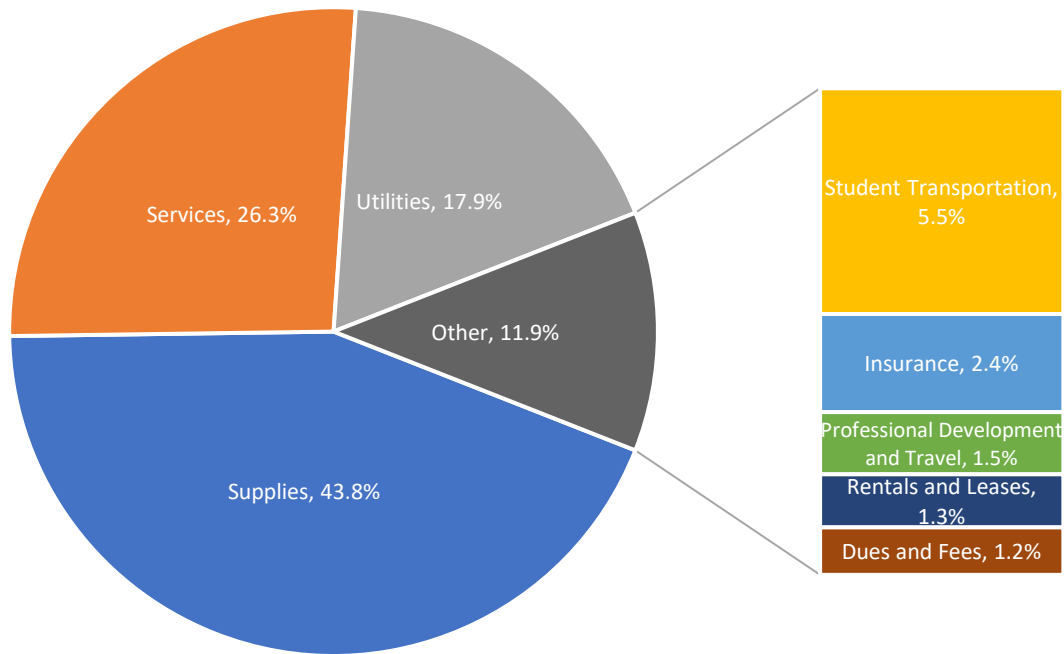


*Services and Supplies*

Services and Supplies in the operating fund were \$63.57 million, compared to a budgeted amount of \$61.62 million and \$60.88 million in the 2022-23 year. The chart below highlights the components of services and supplies expense.



Figure 24 – Services and Supplies



**Services** were \$0.72 million lower than budgeted for the year mostly due to lower computer software expenditures than anticipated.

The cost for Services was \$2.06 million higher this year compared to 2022-23, primarily due to increased legal fees and equipment maintenance costs.

**Student Transportation** expenditures were on budget and \$0.21 million higher than last year's spending due to the increasing cost of fuel.

**Professional Development and Travel** expenses were below budget, with overall costs of \$0.36 million lower than last year. Workshop fees were slightly under budget by less than \$0.10 million, and additional savings came from reduced travel costs.

**Rentals and Leases** expenses varied from the budget by \$0.14 million due to slight differences in vehicle leasing costs.

**Dues and Fees** were \$0.30 million lower than budgeted and \$0.39 million lower than last year due to the expiry of a software agreement.

**Insurance** costs for the school district were higher than the budget and prior year due to a \$0.35 million increase in liability insurance costs.

**Supplies** were \$3.29 million higher than budget mostly due to higher than budgeted operations and maintenance costs to complete essential repairs and other projects to ensure that VSB's facilities are available for students, including unbudgeted snow removal costs, inclement weather-related facilities repairs and maintenance, and emergent maintenance needs for school buildings (\$2.30 million), and \$0.63 million increase in school furniture purchases.

**Utilities** were \$0.25 million lower than budget and \$0.25 million lower than 2022-23 due to building heat efficiency savings.

## 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.

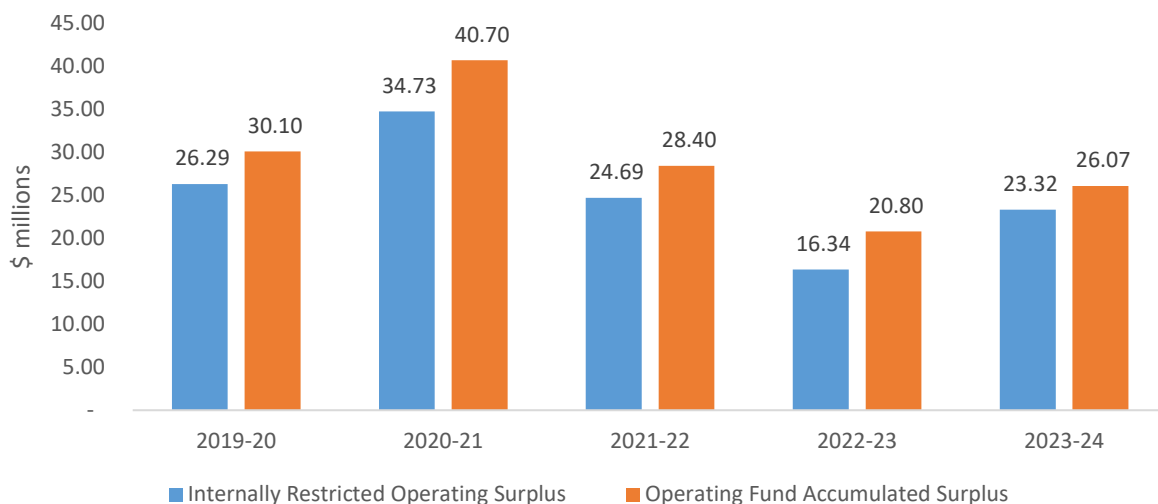
The Board’s accumulated operating surplus consists of internally restricted operating funds and unrestricted operating funds, in the following categories:

- 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 surplus of \$5.27 million for the year ending June 30, 2024, after transfers for capital projects. With an opening accumulated surplus balance of \$20.80 million, the School District’s accumulated operating surplus balance is \$26.07 million on June 30, 2024.

Figure 25 – Operating Fund Surplus



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

Figure 26 – Operating Fund Accumulated Surplus

Operating Fund Accumulated Surplus (\$ millions)	2022-23 Actual	2023-24 Actual
<b>Internally Restricted (Appropriated) by the Board for:</b>		
Operations Spanning Multiple School Years		
Cafeteria Upgrades	\$ 0.35	\$ 0.05
Contractual Professional Development	-	0.20
Education Plan	0.18	0.06
Equity and Anti-Oppression	0.23	0.15
Indigenous Education	0.30	0.15
IT Capital Plan	0.20	0.29
Long Range Facilities Plan	0.12	0.12
Online Learning Funding for Courses in Progress	0.43	0.32
Purchase Order Commitments	0.22	1.01
Recruitment Strategy Review and Improvement	-	0.05
School Budget Balances	1.35	1.77
<b>Total Operations Spanning Multiple School Years</b>	<b>3.38</b>	<b>4.17</b>
Anticipated Unusual Expenses Identified		
Financial Provisions	1.20	7.30
Risk Mitigation - Systems and Processes	0.70	0.70
<b>Total Anticipated Unusual Expenses Identified</b>	<b>1.90</b>	<b>8.00</b>
Nature of Constraints on the Funds		
Early Career Mentorship	0.54	0.45
Grants and Donations	3.27	2.91
Scholarships	0.72	0.82
School Generated Funds	6.52	6.97
<b>Total Nature of Constraints on the Funds</b>	<b>11.05</b>	<b>11.15</b>
<b>Total Internally Restricted Operating Surplus</b>	<b>16.33</b>	<b>23.32</b>
Operating Fund Contingency	6.54	12.10
Unfunded Litigation Costs	(2.07)	(9.35)
<b>Unrestricted Operating Fund Surplus (Contingency)</b>	<b>4.47</b>	<b>2.75</b>
<b>Operating Fund Accumulated Surplus</b>	<b>\$ 20.80</b>	<b>\$ 26.07</b>

Under Policy 19, the minimum Contingency required is \$6.24 million as at June 30, 2024, whereas the Contingency reported above is \$2.75 million. For VSB to achieve its targeted Contingency level in future years, additional strategies to reduce the structural deficit will be required.

## Special Purpose Funds

Special Purpose Funds are restricted funds that are designated for specific use. The school district receives funds from MECC, the federal government and from third parties that have restrictions to how they may be spent. Special purpose funds consist of targeted funding allocated to school districts for a specific purpose. Operating and capital funds cannot be transferred to special purpose funds.

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 to its use other than a contribution or part of contribution that is of, or the purpose of acquiring, land.”

Figure 27 – Special Purpose Funds Summary

Special Purpose Funds (\$ millions)	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Budget	2023-24 Actual
<b>Revenue</b>						
Provincial Grants - MECC	\$ 63.51	\$ 84.17	\$ 62.09	\$ 69.66	\$ 76.93	\$ 76.60
Provincial Grants - Other	6.41	6.30	7.25	7.85	8.74	9.15
Other Revenue	19.57	3.33	6.80	7.55	6.15	7.48
Investment Income	0.78	0.37	0.22	0.82	0.13	0.95
<b>Total Revenue</b>	<b>90.27</b>	<b>94.17</b>	<b>76.36</b>	<b>85.88</b>	<b>91.95</b>	<b>94.18</b>
<b>Expense</b>						
Salaries and Benefits	59.38	68.85	56.84	60.01	67.92	69.45
Services and Supplies	30.61	22.50	18.86	25.21	23.41	24.21
<b>Total Expense</b>	<b>89.99</b>	<b>91.35</b>	<b>75.70</b>	<b>85.22</b>	<b>91.33</b>	<b>93.66</b>
Net Revenue (Expense)	0.28	2.82	0.66	0.66	0.62	0.52
Capital Assets Purchased	(0.28)	(2.82)	(0.66)	(0.66)	(0.62)	(0.52)
<b>Surplus (Deficit) for the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The special purpose grants that meet the definition of restricted contribution per Treasury Board Regulation 198/2011 are reported in the table below.

Figure 28 – SPF Details

Fund	Intended Use
Annual Facility Grant (AFG)	Routine maintenance and upgrading of school facilities, especially new roofs, mechanical and electrical upgrades, flooring and safety improvements.
Assistive Technology BC (AT-BC)	Provides assistive technology resources to make learning environments usable for people with disabilities.
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.
Changing Results for Young Children (CR4YC)/Early Learning Framework Implementation Funds	To support district capacity building in high quality early learning and care experiences for children.

Fund	Intended Use
Classroom Enhancement Fund (CEF)	Funding to implement the Memorandum of Agreement regarding Letter of Understanding No. 17.
CommunityLINK	To support programs, including food programs, and services to improve the educational performance of vulnerable students, including both academic achievement and social functioning.
CommunityLINK – Other	Support programs including food programs, and services to improve the educational performance of vulnerable students, including both academic achievement and social functioning.
Early Care & Learning (ECL)	Support School Districts in creating a focused early learning and care portfolio to fulfill future directions and potential added responsibilities in early learning.
Feeding Futures Fund	Funding to make sure all students are fed and ready to learn by expanding existing school fund programs in districts and schools
First Nation Student Transportation	Funding to provide busing to/from school for First Nations students living on reserve.
Learning Improvement Fund (LIF)	Supplementary funding to school districts for additional teacher assistants and other paraprofessionals and/or additional services to students.
Mental Health in Schools	To build capacity in mental health and well-being related to knowledge, skills and resources in school communities.
Miscellaneous	Most of these funds are for career education and school playground projects.
Official Languages in Education French Program (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.
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.
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.
Provincial Resource Program (PRP)	Provides outreach services to support educators, students, and families to meet the needs of students with disabilities and diverse abilities.
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.
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.
Federal Safe Return to Class/Ventilation Fund	Funding provided to support districts with their return to school plans during the COVID-19 pandemic.
Scholarships and Bursaries	Distributed to students to recognize academic achievement.
School Generated Funds	Funds generated by schools for various purposes.
Seamless Day Kindergarten Funding	Kindergarten pilot project to provide a full day for students, including before and after-school care.

Fund	Intended Use
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.
Strengthening Early Years to Kindergarten Transitions (SEY2KT)	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.
Special Education Technology (SET-BC)	Provincial program established to assist school districts in utilizing technology to support the diverse needs of students.
Strong Start	A free early learning program located in schools, for preschool children accompanied by a parent, other adult family member or caregiver, created through an agreement between school districts and MECC.
Student & Family Affordability Fund	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.

Total revenue for special purpose funds was \$94.18 million for the 2023-24 year, compared to a budgeted amount of \$91.95 million and \$85.88 million a year ago. Detailed revenue by special purpose fund is summarized in Figure 29.

On March 10, 2017, MECC, the BC Public School Employers Association (BCPSEA) and the BC Teachers’ Federation (BCTF) ratified a Memorandum of Understanding (the Memorandum) pursuant to Letter of Understanding No. 17 to the 2013-19 BCPSEA-BCTF Provincial Collective Agreement. The Memorandum fully and finally resolves all matters related to the implement of the Supreme Court of Canada decision in the fall of 2016.

The ratification of this agreement resulted in the establishment of the CEF to address the additional teacher and corresponding overhead costs throughout the province associated with this Memorandum. VSB recognized \$37.03 million in CEF grant funding in the 2023-24 year. This funding is intended to offset the costs incurred by school districts to implement restored collective agreement language for class size and district non enrolling teacher staffing requirements. VSB estimates that it incurred an additional \$6.72 million to meet these requirements which is reported as expenses in the operating fund.

Figure 29 – SPF Revenue by Fund

SPF Revenue by Fund (\$ millions)	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Budget	2023-24 Actual
AFG	\$ 2.23	\$ 2.24	\$ 2.20	\$ 2.26	\$ 2.25	\$ 3.15
AT-BC	3.39	3.50	4.17	5.07	5.03	5.87
CAYA	3.16	2.90	3.06	3.05	3.58	3.47
CR4YC	-	0.02	0.01	0.01	0.02	0.01
CEF	36.75	33.67	32.80	36.37	38.18	37.03
CommunityLINK	9.43	9.36	9.39	9.93	10.77	10.78
CommunityLINK - Other	0.89	0.45	0.28	0.37	0.29	0.29
COVID Rapid Response	-	0.18	-	-	-	-
Early Childhood Education Dual Credit Program	-	-	-	-	0.02	-
ECL	-	-	-	0.08	0.18	0.21
Education Resource Acquisition Consortium	1.16	-	-	-	-	-
Feeding Futures Fund	-	-	-	-	5.57	5.57
First Nation Student Transportation Fund	-	0.05	0.13	0.13	0.15	0.15
LIF	1.43	1.52	1.63	1.56	2.03	2.03
Mental Health in Schools	-	0.07	0.08	0.06	0.08	0.08
Miscellaneous	0.40	0.70	0.43	0.27	0.43	0.44
OLEP	0.43	0.79	0.60	0.75	0.80	0.78
Pandemic Recovery Team	-	-	0.31	-	-	-
PRCVI	2.18	2.24	2.20	2.53	2.90	2.91
PRP	2.15	2.29	2.20	2.41	3.02	2.86
Ready Set Learn	0.23	0.22	0.23	0.23	0.22	0.22
Safe Return to School	-	23.21	1.20	1.09	-	-
Scholarships and Bursaries	0.04	0.02	0.05	0.10	0.03	0.08
School Generated Funds	17.61	2.21	5.65	6.99	5.43	6.70
Seamless Day Kindergarten Funding	-	-	0.01	0.04	0.06	0.15
SWIS	0.08	0.01	0.03	0.10	0.05	0.32
SEY2KT	-	-	-	-	0.04	0.01
SET-BC	8.08	7.89	9.08	8.20	9.17	9.43
Strong Start	0.63	0.63	0.62	0.61	0.61	0.61
Student & Family Affordability Fund	-	-	-	3.67	1.04	1.03
<b>TOTAL</b>	<b>\$90.27</b>	<b>\$94.17</b>	<b>\$76.36</b>	<b>\$85.88</b>	<b>\$91.95</b>	<b>\$94.18</b>

## Capital Fund

Capital funds enable the school district to move towards its long-term goals by building new schools, replacing, upgrading or expanding existing schools. Funding sources include MECC Bylaw Capital, MECC Restricted Capital, Other Provincially Restricted Capital, and Local Capital. These funding sources include capital expenditures related to equipment and facility purchases as well as equipment and facility enhancements.

The net value of capital assets (historical cost less accumulated amortization) was \$1,045.75 million as at June 30, 2024 (see Schedule 4A). Of this amount, \$20.78 million represents net investment in sites, \$1,005.34 million in buildings and \$19.63 million in furniture and equipment as well as 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.

Details on the capital fund are provided in the table below.

Figure 30 – Capital Fund Summary

Capital Fund (\$ millions)	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Budget	2023-24 Actual
<b>Revenue</b>						
Provincial Grants - MECC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.08
Other Revenue	0.45	0.40	0.44	1.64	0.27	0.46
Rentals and Leases	1.25	1.35	5.59	2.62	2.31	2.31
Investment Income	0.37	0.22	0.18	0.61	0.81	0.68
Amortization of Deferred Capital Revenue	19.15	20.51	22.43	24.55	26.56	26.53
<b>Total Revenue</b>	<b>21.22</b>	<b>22.48</b>	<b>28.64</b>	<b>29.42</b>	<b>29.95</b>	<b>30.06</b>
<b>Expense</b>						
Services and Supplies	0.24	0.71	0.82	0.52	1.42	0.87
Amortization of Tangible Capital Assets	27.79	29.61	32.38	34.35	35.36	35.25
<b>Total Expense</b>	<b>28.03</b>	<b>30.32</b>	<b>33.20</b>	<b>34.87</b>	<b>36.78</b>	<b>36.12</b>
Net Revenue (Expense)	(6.81)	(7.84)	(4.56)	(5.45)	(6.83)	(6.06)
Net Transfers (to) from other funds	6.75	8.42	5.28	4.74	5.04	4.13
Surplus (Deficit) for the year	(0.06)	0.58	0.72	(0.71)	(1.79)	(1.93)
Surplus (Deficit), beginning of year	117.16	117.10	117.69	51.39	50.68	50.68
<b>Surplus (Deficit), end of year</b>	<b>\$ 117.10</b>	<b>\$ 117.68</b>	<b>\$ 118.41</b>	<b>\$ 50.68</b>	<b>\$ 48.89</b>	<b>\$ 48.75</b>

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.



Figure 31 – Invested in Tangible Capital Assets

Invested in Tangible Capital Assets (TCA) (\$ millions)	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Budget	2023-24 Actual
<b>Revenue</b>						
Provincial Grants - MECC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.08
Other Revenue	0.17	0.19	0.17	0.17	-	0.17
Amortization of Deferred Capital Revenue	19.15	20.51	22.43	24.55	26.56	26.53
<b>Total Revenue</b>	<b>19.32</b>	<b>20.70</b>	<b>22.60</b>	<b>24.72</b>	<b>26.56</b>	<b>26.78</b>
<b>Expense</b>						
Amortization of Tangible Capital Assets	27.79	29.61	32.39	34.35	35.36	35.26
<b>Net Revenue (Expense)</b>	<b>(8.47)</b>	<b>(8.91)</b>	<b>(9.79)</b>	<b>(9.63)</b>	<b>(8.80)</b>	<b>(8.48)</b>
<b>Net Transfers from other funds</b>						
Tangible Capital Assets Purchased	4.44	5.94	2.77	2.38	2.90	2.53
<b>Other Adjustments to Fund Balances</b>						
Tangible Capital Assets Purchased From LC	1.27	1.02	1.78	1.94	2.01	6.24
Capital Lease Principal Payments	2.21	2.30	2.42	2.19	1.95	1.47
Capital Assets Purchased	3.48	3.32	4.20	4.13	3.96	7.71
<b>Surplus (Deficit) for the year</b>	<b>(0.55)</b>	<b>0.35</b>	<b>(2.82)</b>	<b>(3.12)</b>	<b>(1.94)</b>	<b>1.76</b>
Surplus (Deficit), beginning of year	107.26	106.71	107.06	37.22	34.10	34.10
<b>Surplus (Deficit), end of the year</b>	<b>\$ 106.71</b>	<b>\$ 107.06</b>	<b>\$ 104.24</b>	<b>\$ 34.10</b>	<b>\$ 32.16</b>	<b>\$ 35.86</b>

## Local Capital

The local capital fund balance of \$12.89 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.

Figure 32 – Local Capital

Local Capital (LC) (\$ millions)	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Budget	2023-24 Actual
<b>Revenue</b>						
Other Revenue	\$ 0.28	\$ 0.21	\$ 0.27	\$ 1.47	\$ 0.27	\$ 0.29
Rentals and Leases	1.25	1.35	5.59	2.62	2.31	2.31
Investment Income	0.37	0.22	0.18	0.61	0.81	0.68
<b>Total Revenue</b>	<b>1.90</b>	<b>1.78</b>	<b>6.04</b>	<b>4.70</b>	<b>3.39</b>	<b>3.28</b>
<b>Expense</b>						
Operations and Maintenance	0.13	0.52	0.71	0.34	1.23	0.73
Capital Lease Interest	0.11	0.19	0.11	0.19	0.19	0.13
<b>Total Expense</b>	<b>0.24</b>	<b>0.71</b>	<b>0.82</b>	<b>0.53</b>	<b>1.42</b>	<b>0.86</b>
Net Revenue (Expense)	1.66	1.07	5.22	4.17	1.97	2.42
Net Transfers from other funds						
Capital Lease Payments	2.32	2.49	2.53	2.37	2.14	1.60
<b>Other Adjustments to Fund Balances</b>						
Tangible Capital Assets Purchased From LC	(1.27)	(1.01)	(1.79)	(1.94)	(2.01)	(6.24)
Capital Lease Principal Payments	(2.21)	(2.30)	(2.42)	(2.19)	(1.95)	(1.47)
Capital Assets Purchased	(3.48)	(3.31)	(4.21)	(4.13)	(3.96)	(7.71)
Surplus (Deficit) for the year	0.50	0.25	3.54	2.41	0.15	(3.69)
Surplus (Deficit), beginning of year	9.88	10.38	10.63	14.17	16.58	16.58
<b>Surplus (Deficit), end of year</b>	<b>\$ 10.38</b>	<b>\$ 10.63</b>	<b>\$ 14.17</b>	<b>\$ 16.58</b>	<b>\$ 16.73</b>	<b>\$ 12.89</b>

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

Figure 33 – Local Capital Uses of Fund Balance

Local Capital Fund Balance (\$ millions)	2022-23 Actual	2023-24 Actual
Capital Projects Cost Share		
New Elementary School at Coal Harbour	\$ 10.49	\$ 4.21
Eric Hamber Secondary	1.22	0.28
Henry Hudson Elementary	0.72	0.32
Kitsilano Secondary	0.05	0.05
Equipment Replacement	0.50	0.50
Financial Provisions	-	0.20
Parkade Renewal	0.30	0.62
Replacement School at Lord Roberts Annex Site	3.13	3.42
Contingency Reserve for Local Capital	0.17	3.29
<b>Total Local Capital</b>	<b>\$ 16.58</b>	<b>\$ 12.89</b>

## Deferred Capital Revenue

Deferred Capital Revenue 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. (Schedule 4C, 4D and Note 8)

### *MECC Restricted Capital*

These are funds held on behalf of MECC and represent MECC's portion of proceeds on disposal of land and buildings and any surpluses from completed projects that were funded by MECC, plus associated investment income. The balance decreased by \$18.76 million, consisting of spending associated with MECC approved uses for major capital projects (\$21.08 million) net of investment income (\$2.32 million). The majority of these costs are related to the new elementary school at Coal Harbour project. At June 30, 2024, the balance remaining in MECC restricted capital is \$22.75 million.

### *MECC Bylaw capital*

Bylaw Capital include MECC capital grants for specific capital projects funded by the Ministry through certificates of approval, capital portion of the Annual Facility Grant, carbon neutral capital project funding, playground equipment funding, and other project funding paid through a certificate of approval.

The purchases under bylaw capital for the year were \$52.13 million as reported in Schedule 4D. This is the total spending related to new school construction and seismic mitigation, and other minor capital projects.

### *Other Capital Funding Sources*

Funds are provided by the Ministry of Children and Family Development for the construction of new child care spaces and VSB reported capital additions of \$1.47 million under this program in 2023-24. In addition, VSB reported \$8.55 million in addition to work in progress for projects funded by the City of Vancouver.

## **Tangible Capital Assets - Buildings**

### *Seismic Mitigation Program (SMP)*

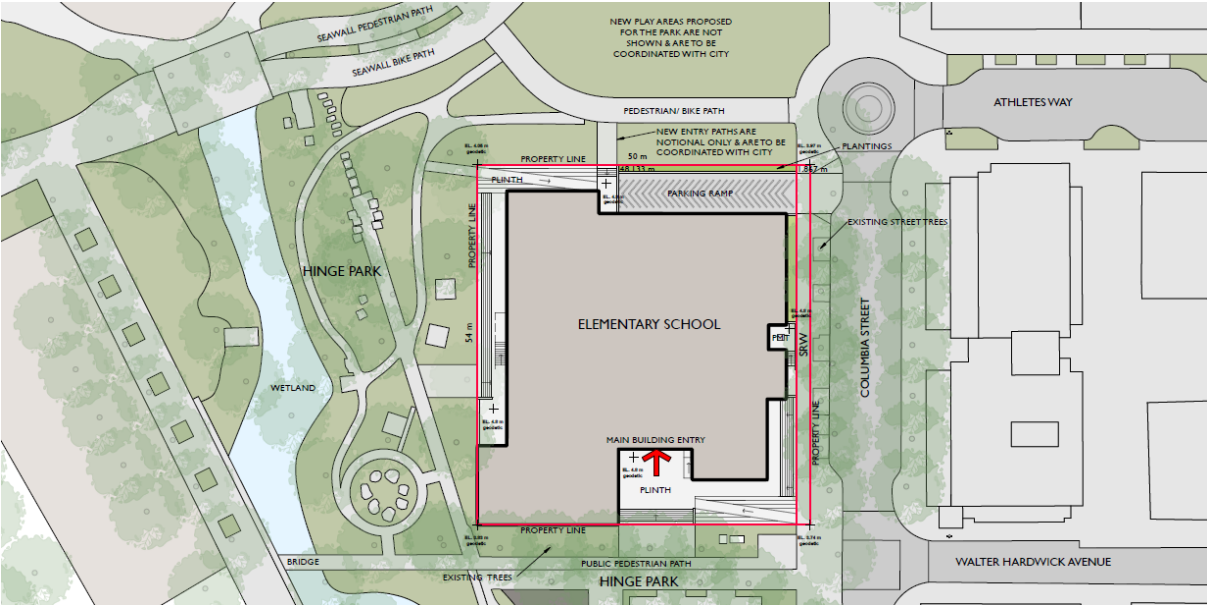
The following schools are currently under design or construction with expected occupancy:

- Eric Hamber Secondary – Fall 2024
- David Lloyd George Elementary – Completed in 2024
- Henry Hudson Elementary – Spring 2025
- Henry Hudson Addition – Summer 2025
- Sir Wilfred Grenfell Elementary – Fall 2026

*New School Construction*



**Coal Harbour:** 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 will include child care and non-market housing. The school's construction is funded from the proceeds 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 scheduled to be completed for student occupancy in 2025.



**Olympic Village:** Funding for a new elementary school in Olympic Village (\$150 million) was approved by MECC, and a Project Agreement was signed in May 2024. The anticipated timeline for rezoning, design and permitting is about 2.5 years, followed by about 2.5 years of construction. The school is expected to open in Fall 2029.

### *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 table details the projects that were completed during the year and projects that are currently in progress.

<b>Project type</b>	<b>Facility</b>	<b>Funding</b>	<b>Spending</b>	<b>Expected Completion</b>
Electrical Upgrades	Prince Of Wales Secondary	300,000	308,057	Completed
Electrical Upgrades	Point Grey Secondary	300,000	396,299	Completed
Exterior Wall Systems	Captain James Cook Elementary	190,000	150,325	Completed
Roofing Upgrade	Vancouver Technical Secondary	600,000	600,000	Completed
Exterior Wall Systems	Vancouver Technical Secondary	140,000	77,711	October 2024
Exterior Wall Systems	Vancouver Technical Secondary	900,000	30,795	October 2024
Roofing Upgrade	Southlands Elementary	200,000	-	September 2024
<b>Total</b>		<b>2,630,000</b>	<b>1,563,187</b>	

### *Carbon Neutral Capital Funded Projects (CNCP)*

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

<b>Project</b>	<b>Funding</b>	<b>Spending</b>	<b>Expected Completion</b>
Magee Secondary	667,880	328,374	September 2024
Britannia Community Elementary	500,000	88,539	September 2024
Killarney Secondary	30,000	-	March 2025

### *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 funding for the design and construction phase for the building envelope remediation of Sir Winston Churchill Secondary. See the following table detailing the funding and spending.

<b>Phase</b>	<b>Funding</b>	<b>Spending</b>	<b>Expected Completion</b>
Design Phase	34,500	45,879	October 2024
Construction Phase	1,638,000	147,083	December 2024

### *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 grant of \$195,000 for universally accessible playground equipment.

<b>Project</b>	<b>Funding</b>	<b>Spending</b>	<b>Expected Completion</b>
G T Cunningham Elementary	195,000	188,507	Completed
Pierre Elliott Trudeau Elementary	195,000	-	March 2025

### *Annual Facility Grant (AFG)*

The Annual Facility Grant is funding provided by MECC for designated school capital or maintenance upgrades.

<b>Project Type</b>	<b>Number of Schools</b>	<b>2024-25 Spending</b>
Accessibility Upgrades	12	1,023,167
Asbestos Abatement	12	672,000
Electrical	47	1,973,000
Exterior Wall Systems	32	966,199
HVAC	40	1,515,886
Interior Construction	62	3,087,890
Plumbing	30	1,252,500
Roofing	10	2,098,544
Site Upgrades	42	1,527,047
<b>Total</b>		<b>14,116,233</b>

### *Child Care Centers*



As part of seismic replacement projects, 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.

<b>School</b>	<b>Status</b>	<b>Occupancy</b>	<b>Cost</b>
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	Completed	November 2023	\$7.3 million
Eric Hamber Secondary	Construction	Fall 2024	\$8.5 million
Henry Hudson Elementary	Construction	Spring 2025	\$12.4 million

## Risk Factors

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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.

### 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 MECC contain contingencies to mitigate financial risk. Smaller projects consider contingency requirements when building the overall project budget and are managed internally.

### Contingent Assets

In January 2022, VSB received an arbitration award regarding the annual ground lease for the site the Kingsgate Mall occupies. VSB has invoiced the tenant annual rent based on the arbitration award ruling. The tenant has appealed the arbitration decision and is paying a lower amount of rent. The collectability of the amount invoiced depends on the appeal outcome. Contingent assets are not recognized in VSB's financial statements.

### Contingent Liabilities

The School District is involved in ongoing legal proceedings initiated by the Conseil Scolaire Francophone de la Colombie-Britannique (the "Conseil") against His Majesty the King in Right of the Province of British Columbia, the MECC, and the School District. The proceedings are related, in part, to the Conseil's claim that it is entitled to the transfer of specific school sites from the School District to the Conseil. The Conseil has also claimed that there should be court orders overriding the School District's school closure and surplus disposal policies and compelling MECC to exercise powers under the School Act to require the transfer of such school sites.

The Conseil filed a Notice of Civil Claim on December 22, 2020, initiating the lawsuit and seeking the transfer of the Queen Elizabeth Annex (QEA) to the Conseil. The Conseil filed its Third Amended Notice of Civil Claim on August 26, 2022, expanding the relief sought to include additional sites in Vancouver and other communities. On July 28, 2023, the Conseil filed its Fourth Amended Notice of Civil Claim, seeking the transfer of the QEA site, the Laurier Annex site, and the Dr. A.R. Lord site.

An estimate of the costs to defend the legal case are reported under Accumulated Operating Appropriated Surplus as Unfunded Litigation Expenses. The outcome of these legal proceedings is uncertain, and the financial impact on the School District cannot be determined at this time. The School District continues to defend against the Conseil's claims.

In addition to the above, in the ordinary course of business, VSB has legal proceedings brought against it. It is the opinion of management that final determination of these claims will not have a material effect on the financial position or operations of the School District.

According to a directive from MECC, funding remedies through the CEF require an agreement with the school district's teachers' associations. As of June 30, 2024, VSB had not secured agreements with the teachers' associations, making both the amount and likelihood of a payout indeterminable.

### **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. After a period of declining enrolment, VSB has seen increases in funded enrolment in each of the past two years. The resulting increase in the operating grant has been mostly offset by additional staffing costs to support students and will not address all the factors that contribute to the structural deficit noted below.

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:

- higher costs associated with maintaining many old buildings and operating more sites and programs than are required to meet the current educational needs of students;
- continued impacts of past enrolment decline experienced over more than a decade;
- creation of programs that do not have a funding source or that rely on surplus funds;
- provision of services that do not have a funding source;
- collective agreement wage lifts and exempt staff wage lifts that are not fully funded over time;
- maintaining a higher than collective agreement required level of non-enrolling teacher staffing;
- provincial funding not covering the cost of inflation; and
- increasing need to provide support for students with diverse abilities due to changing demographics and increased immigration.

VSB has contractual and operating obligations that give rise to expenditures that cannot be offset by corresponding revenues. The expenditures required to satisfy these obligations can vary from year-to-year, and in some cases the amount and timing of these expenditures are outside the control of the school district. This makes it difficult to quantify the impact of the structural deficit on each fiscal period. For example, VSB's employee benefits expenses fluctuate due to claims experience, the cost of providing the associated benefits and other factors. MECC funding may not offset the full amount of employee benefits each year and the unfunded portion is a part of the structural deficit.



Addressing the structural deficit is critical, as VSB will need to expand its financial capacity to continue to meet its objectives.

### **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 is organizational capacity. The additional demands placed on the organization and staff are a concern moving forward, particularly around mental health and the need to hire additional staff to address emerging needs. There is an increased awareness of the need to get the organization ready to effectively leverage AI (Artificial Intelligence). Additionally, the growing need to provide support for students with diverse abilities due to changing demographics and increased immigration has added further strain on the organization.

**Facility Maintenance** – The school district has 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 MECC 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 possible labour disruption.

**Supporting Students and Families with Special Needs and Mental Health Issues** – The risk that the school district, due to funding limitations and the current employment landscape, is challenged to fully support with resources and staffing, the learning experience of students with exceptional 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 to grow rapidly. Providing the necessary services and ensuring information security require increased financial investment. Technology supporting the Framework for Enhancing Student Learning and providing more real-time reporting on student progress is essential. The MyEdBC student administration system needs enhancements to fulfill the ongoing requirements for better data and reporting. System security remains a top priority. Although a multi-year plan was created for some of the school district's needs, ongoing allocation of additional resources in this area is required.

**International Education** – The school district relies on enrolment in the International Education Program to supplement MECC funding. Many of the students who enroll in the program do not arrive in the province until just before the start of the school year. Changes in the Federal immigration policies may also pose a risk to the enrolment in the International Education program.

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 to 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.