



FINANCIAL STATEMENTS MANAGEMENT DISCUSSION & ANALYSIS YEAR ENDED JUNE 30, 2022

***Vision:** The
NVSD provides
world-class
instruction and
a rich diversity
of engaging
programs to
inspire success
for every
student and
bring
communities
together to
learn, share and
grow*



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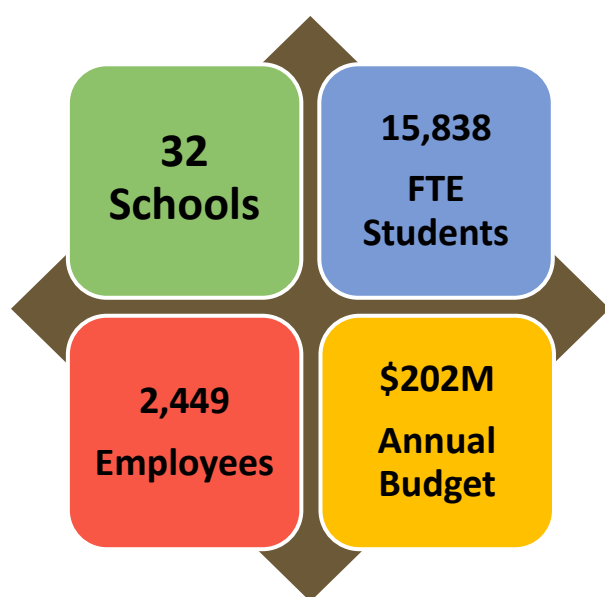
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Introduction

The following is a discussion and analysis of the financial performance of the North Vancouver School District for the fiscal year ended June 30, 2022. It should be read in conjunction with the audited financial statements for the same period. The report provides a detailed overview of the significant factors that influenced the financial results presented, and provides insight into future direction and events that will inform planning decisions.

District Overview

The District operates in the City and District of North Vancouver on the traditional territory of the Tsleil-Waututh and Skwxwú7mesh Nations.



In 2021/2022 the school district served over 15,800 students and employed more than 2,400 staff. Of the sixty BC public school districts, it is the 11th largest, with 25 elementary schools and seven secondary schools. In addition to the 32 schools, the district operates the Cheakamus Centre in Squamish, the Artists for Kids Program and the Gordon Smith Gallery of Canadian Art.

The school district is governed by seven Trustees elected every four years. The current term began in November 2018 with four Trustees representing the City of North Vancouver and three representing the District of North Vancouver. The Board is responsible for making major policy decisions governing all aspects of education within the school district through the implementation of its strategic plan and as required by the *School Act*. In 2021/2022 the Board oversaw a consolidated budget in excess of \$202 million.

Annual Financial Planning Timelines

Each year, the school district undertakes a comprehensive process to accurately estimate student enrolment which informs the following year's resource allocation plans. Budget development for the following school year takes place between February and June of the current year. The current year's budget is adjusted and approved between December and February.

Date	Current School Year's Budget	Next School Year's Budget
September 30	Student enrolment reported to Ministry; also known as the 1701.	
December 15	Ministry provides Revised Operating Grant based on actual September 30 student enrolment.	
January	Amended Operating Budget developed based on actual student enrolment, Revised Operating Grant and revised revenues and expenses	
February 15	Amended Operating Budget presentation to Audit Committee and for Board approval.	Student enrolment estimates for next three years submitted to Ministry
February 28	Legislated deadline for Board to approve Amended Operating Budget	
March		Ministry provides Preliminary Operating Grant based on student enrolment estimates
March/April		Stakeholder input and public consultation process is undertaken to inform budget development for next school year
April		Board approves Budget Priorities for next school year
April/May		Staffing Profiles and Departmental Expense Plans inform Preliminary Operating Budget.
May		Board approves Next Year's Preliminary Annual Operating Budget
June 30	Fiscal Year End-June 30	Legislated deadline for Board to approve Next School Year's Budget
July/August	Preparation Annual Audited Financial Statements	
September 30	Legislated deadline for Board to approve audited financial statements	

Strategic Plan 2021-2031

The Board's 2021-2031 strategic plan guides the school district's decision-making process and actions by providing a foundation underlying general policies, service delivery and accountability structures.

Our Vision is to provide world-class instruction and a rich diversity of engaging programs to inspire success for every student and bring communities together to learn, share and grow.

Our values are reflected in our goals.

Our Goals are



Student-Centred Education *Provide equity-based education that supports the learning needs of all students.*



Innovative Instruction *Enhance innovative and effective approaches and curriculum to develop educated citizens.*



Welcoming and Inclusive Culture *Enhance our welcoming, safe and inclusive culture and learning environment.*



Mental Health and Well-Being *Promote mental health and well-being through social emotional learning and trauma-informed practices.*



Truth, Healing and Reconciliation *Champion truth, healing and reconciliation and embed Indigenous ways of knowing.*



Environmental Stewardship *Lead on sustainable practices and nature-based learning to address environmental challenges.*

Priorities were established with a view to provide students with an awareness of shared human experience, encourage the development of core competencies, and promote opportunities for students to actively engage with society and affect positive change, both locally and globally.

A Year in Review

Updated July 2022

Inclusive Education

- 2,467 students with Ministry identifications
- >500 staff took part in professional learning opportunities
- 462 education assistants
- 197 Learning Services specialist staff (total head count)
- 82 new support staff hired
- 27 Grade 11/12 students in Inclusive Work Experience placements
- 19 North Shore employers supported Inclusive Work Experience placements



86%
grad rate

Innovative Instruction

- All elementary schools implemented the Early Literacy Assessment Tool and participated in the Primary Instruction Network
- 400+ teachers participated in online and in-person professional development opportunities
- 90 elementary and secondary educators participated in the Lower Mainland Assessment Series
- 80+ teachers representing almost all elementary schools completed the Harvard University Making Thinking Visible online course
- 50 English Language Learner educators participated in the ELL Network
- 34 teacher-librarian educators participated in the TL Network
- 30 teachers involved in the Secondary Teacher Leader Network



Social Emotional Learning

- 500 staff attended SEL or mental health pro-d sessions
- 275 staff completed Everyday Anxiety Strategies for Educators
- 100 staff engaged in school/district networks on Adult Well-Being
- 80 administrators engaged in trauma-informed practice and neurodiversity in-service
- 32 schools intentionally planning for building a sense of belonging for children and youth
- All elementary schools teaching SEL using the Second Step program
- 15 Inclusive Education professionals trained in Mental Health First Aid
- 4 hours of on-demand Trauma Informed Practice training available for schools



Career Development

- 1,700+ students enrolled in Careers-related classes and programs
- 250+ students enrolled in Youth Work/Youth Train in Trades (apprenticeships) and Work Experience (internships) programs
- 125+ Careers-related classes at secondary schools across 17 career-specific courses
- 50+ educators active in the District Career Network
- 7 career centres
- 5 district-wide career fairs



Indigenous Education

- 654 self-identified Indigenous students
- 55 pro-d opportunities for staff
- 4 schools participating in the Indigenous Garden Project

71%
grad rate



Student Voice

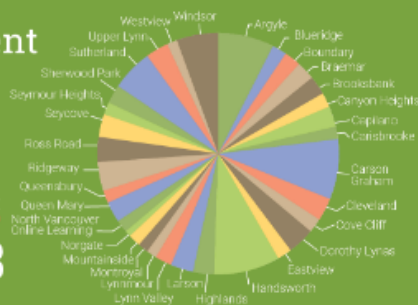
- 100+ students participated in the District Student Leadership Council (DSLCC)
- 15+ student-led virtual meetings focussed on student voice and dialogue
- 12 students on DSLCC Executive



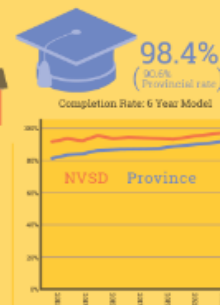
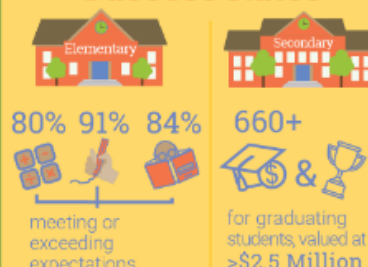
Enrolment Rates



total enrolment
15,883



Success Rates



Financial Statement Reporting for School Districts

School districts in BC must prepare their financial statements in accordance with Canadian Public Sector Accounting Standards and the *Budget Transparency and Accountability Act of BC* with some exceptions as explained in Note 2 of the statements.

The statements have a prescribed format and the information reported in Statements 1 through 5 is a consolidation of three separate funds, namely Operating, Special Purpose and Capital. The schedules that follow the notes provide detailed information for each fund separately.

- Operating revenues and expenses are reported in Schedules 2 to 2C
- Special Purpose revenues and expenses are reported in Schedules 3 – 3A
- Capital revenues, expenses, capital asset additions, dispositions, work in progress, are reported in Schedules 4 to 4D.

Each fund differs with respect to accounting treatment, legislative requirements and budget constraints, therefore to gain a full understanding of financial performance it is important to review each fund separately.

Operating	Special Purpose	Capital
<ul style="list-style-type: none">• The Operating Fund accounts for the School District's operating grants and other operating revenues. Legislation requires that the District present a balanced budget for the Operating Fund, whereby budgeted expenditures do not exceed the total budgeted revenues plus any surplus in the operating fund carried forward from previous years.	<ul style="list-style-type: none">• The Special Purpose Fund consists of grants and contributions that are directed by agreement with a third party towards specific activities. As these are targeted grants, any unspent funding is typically accounted for as deferred revenue, not as accumulated surplus.	<ul style="list-style-type: none">• The Capital Fund accounts for grants for the acquisitions and disposals of tangible capital assets such as sites, buildings, furniture & equipment, vehicles, computer hardware and software, and for funds restricted by the Board for future capital assets purchases from Local Capital.

Financial Analysis

Consolidated Statement of Financial Position - Statement 1 on page 5

This statement provides an indication of the financial health of the school district. It summarizes the assets, liabilities and ending financial position of the school district. Significant year over year changes and select key financial indicators are discussed below.

	2022	2021	\$ Change	% Change
Financial Assets	\$ 54,065,772	\$ 69,095,487	\$ (15,029,715)	-22%
Non-Financial Assets	404,023,104	386,083,431	17,939,673	5%
Total Assets	\$ 458,088,876	\$ 455,178,918	\$ 2,909,958	1%
Liabilities	\$ 340,931,929	\$ 335,454,680	\$ 5,477,249	2%
Accumulated Surplus	\$ 117,156,947	\$ 119,724,238	\$ (2,567,291)	-2%

Financial Assets provide the working capital needed in the normal course of operations. These include cash, accounts receivables and the inventory for resale from Artists for Kids. Financial assets decreased by \$15 million from \$69 million in 2021 to \$54 million in 2022 as a result of changes in the following accounts:

Cash

Cash is held in the school district's operating bank account, the Ministry of Finance's centralized deposit program (CDP), Blueshore Financial and in the bank accounts of each of the 32 schools. Over the last five years, cash has fluctuated in conjunction with changes in accounts receivable, accounts payable, deferred and unearned revenue. Cash decreased by \$11.5 million this year, primarily due to the substantial completion of two major capital projects in 2022.

Cash and Cash Equivalents	2022	2021	2020	2019	2018
District operating bank account	\$ 25,079,329	\$ 36,769,289	\$ 61,088,054	\$ 44,941,014	\$ 15,659,036
BC Ministry of Finance CDP	21,039,167	20,805,272	20,505,953	19,970,868	25,549,122
Blueshore Financial	2,572,487	2,552,619	2,540,957	2,487,332	2,439,757
Schools operating bank accounts	3,368,011	3,495,851	3,279,598	3,299,965	2,939,758
Total	\$ 52,058,994	\$ 63,623,031	\$ 87,414,562	\$ 70,699,179	\$ 46,587,673

Accounts Receivable

Bylaw-funded seismic projects for the Handsworth and Mountainside Secondary Schools reached substantial completion in fiscal 2022, resulting in a decrease in receivables from the Ministry year over year of \$3.5 million.

		2022		2021		\$ Change	% Change
Due from Province	\$	690,521	\$	4,159,078	\$	(3,468,557)	-83%

Non Financial Assets are tangible assets that are used in the operations of the school district and are not readily converted to cash.

Tangible Capital Assets

Tangible capital assets include land, costs of upgrading and extending the useful life of buildings, construction of new ones, maintenance and replacement of vehicles, furniture, equipment and investments in technology. The costs of acquiring these assets are recognized over their expected useful lives through a systematic recording of amortization expense to arrive at a net book value of \$403 million at June 30, 2022.

The increase of \$18 million from the prior year is the net difference between new purchases of \$35 million, less amortization of \$13.5 million, a write off of the former Handsworth Secondary building of \$3.5 million and a retroactive adjustment of \$5 million to adjust previously recorded amortization. As described in Note 23 of the financial statements school districts adopted a new method of accounting for amortization of capital assets in 2022 as directed by the Office of the Comptroller General.

Tangible Capital Assets		2022		2021		2020
Opening Balance	\$	385,092,293	\$	335,492,245	\$	288,599,693
Prior Period Adjustment (half year rule)		-		(5,353,505)		-
Adjusted opening balance	\$	385,092,293	\$	330,138,740	\$	288,599,693
Capital Expenditures		35,235,814		68,710,296		56,981,851
Amortization		(13,513,639)		(11,281,523)		(10,089,299)
Write-off on dispositions		(3,587,435)		(2,475,220)		-
Closing Balance	\$	403,227,033	\$	385,092,293	\$	335,492,245

Prepaid Expenses

Prepaid expenses decreased by \$204,000 due to a timing difference on the payment of software.

		2022		2021		\$ Change	% Change
Prepaid Expenses	\$	778,413	\$	982,738	\$	(204,325)	-21%

Liabilities are future obligations of the school district arising from prior transactions. Unique to government organizations is Deferred Capital Revenue which does not require payment. This obligation is discharged over time through a recognition of revenue as the related asset is amortized. The net increase in total liabilities of \$5.4 million is the result of changes in the following accounts:

Liabilities	2022	2021	\$ Change	% Change
Accounts Payable	\$ 16,951,081	\$ 26,772,545	\$ (9,821,464)	-37%
Unearned revenue (International Program)	10,843,224	8,628,066	2,215,158	26%
Deferred Revenue (Special Purposed Grants)	4,758,800	4,442,117	316,683	7%
Deferred Capital Revenue (Capital Projects)	300,038,129	287,340,700	12,697,429	4%
Employee Future Benefits	8,295,704	8,051,609	244,095	3%
Capital Lease	44,991	219,643	(174,652)	-80%
Total	\$ 340,931,929	\$ 335,454,680	\$ 5,477,249	2%

Accounts Payable and Accrued Liabilities

Accounts payable decreased by \$9.8 million largely due to the substantial completion of major capital construction projects in 2022. The \$26.8 million balance in accounts payable in 2021 includes lien holdbacks and capital project invoice accruals of approximately \$5.5 million and \$3.5 million respectively.

Unearned Revenue

Unearned revenues are funds that have been collected in advance of providing the related programming. Unearned revenues increased \$2.2 million due to increased enrollment in the International Program.

Deferred Revenues

Deferred revenues represent funds that have been collected but not yet earned. These will be recognized as revenue (earned) in future years, when the offsetting expenses are incurred. Deferred revenue increased \$0.3 million from the previous year as a result of the additional funding received from the federal government for ventilation enhancements. The funds will be spent by November 30, 2022.

Deferred Capital Revenues

These revenues relate to funding received, primarily from the Ministry of Education and Childcare which will be, or has been spent on the construction and acquisition of capital assets. The revenue is recorded as a deferred revenue liability when received and recognized into revenue over the expected life of the asset. As disclosed in note 23 of the financial statements, the school district adopted the half-year rule for amortization in 2022 therefore comparative deferred capital revenue figures for 2021 have been restated. The change in the Deferred Capital Revenue account balance is summarized by the table below:

Deferred Capital Revenues	2022	Restated 2021	Change
Opening Balance	\$ 287,340,700	\$ 241,192,037	\$ 46,148,663
Prior Period Adjustment for adoption of Half-Year rule for amortization	-	(3,273,653)	3,273,653
Grant Funds received	24,148,035	58,307,085	(34,159,050)
Recognition of Deferred Capital Revenue	(8,985,880)	(7,141,643)	(1,844,237)
Write off of Unamortized Deferred Grant Revenue	(2,464,726)	(1,743,126)	(721,600)
Closing Balance	\$ 300,038,129	\$ 287,340,700	\$ 12,697,429

Employee Future Benefits

The \$8.2 million represents the estimated future cost to the school district to fund employee benefits such as retirement allowances, vacation, sick pay and parental leave benefits. The actual cost depends on employees' years of service and salary. The liability amount is calculated by an independent third party and is based on age, length of service, contract terms and established actuarial assumptions.

Capital Lease Obligation

The school district has a 5 year lease for photocopiers expiring in November 2023. The amount owing on the lease at June 30, 2022 was \$44,991. During the year, the school district made lease payments of \$182,149 which included \$7,497 in interest expense.

Accumulated Surplus

Accumulated surplus is the extent to which revenues from all previous years exceed expenses from all previous years for all funds.

In the operating fund, the annual surplus is carried forward and can be used in the future. The accumulated surplus is made up of unrestricted and restricted operating reserves.

In the Special Purpose Fund, the accumulated surplus is always zero because revenues are recognized only as expenses are incurred with the unspent portion recorded as a liability in deferred revenue.

In the capital fund, revenues only offset amortization expense to the extent assets were funded by provincial capital grants. Since many capital purchases are funded by operating dollars and recorded as transfers from other funds, the capital fund normally reports an annual deficit.

Broken down by fund, the accumulated surplus over the last 5 years is made up of the following amounts:

	2022	2021	2020	2019	2018
Operating Fund	\$ 9,297,185	\$ 11,266,959	\$ 11,083,840	\$ 8,798,471	\$ 10,018,731
Capital Fund - Local capital	5,171,736	11,412,863	14,430,537	10,967,907	6,134,787
Capital Fund - Invested in Capital Assets	102,688,026	97,044,416	93,440,456	94,412,210	94,690,927
	\$ 117,156,947	\$ 119,724,238	\$ 118,954,833	\$ 114,178,588	\$ 110,844,445

Statement of Operations – Statement 2 on page 6

The Statement of Operations is a summary of the revenues and expenses from all three funds and shows only the annual surplus before transfers to other funds. Given the different accounting treatment and legislative requirements for each of the funds, the Operating, Special Purpose and Capital Funds are better understood by analyzing them separately.

	<i>Schedule 2 Operating Fund</i>	<i>Schedule 3 Special Purpose Fund</i>	<i>Schedule 4 Capital Fund</i>	Statement 2 2022	Statement 2 2021
Revenues	\$ 166,774,021	\$ 26,886,392	\$ 9,047,152	\$ 202,707,565	\$ 195,907,222
Expenses	164,949,908	25,681,103	14,643,845	205,274,856	193,057,965
Annual Surplus / (Deficit)	\$ 1,824,113	\$ 1,205,289	\$ (5,596,693)	\$ (2,567,291)	\$ 2,849,257
Interfund Transfers	(3,793,887)	(1,205,289)	4,999,176	See note 14 Accumulated Surplus	
Total Surplus/(Deficit)	\$ (1,969,774)	\$ -	\$ (597,517)		

Operating Fund Analysis

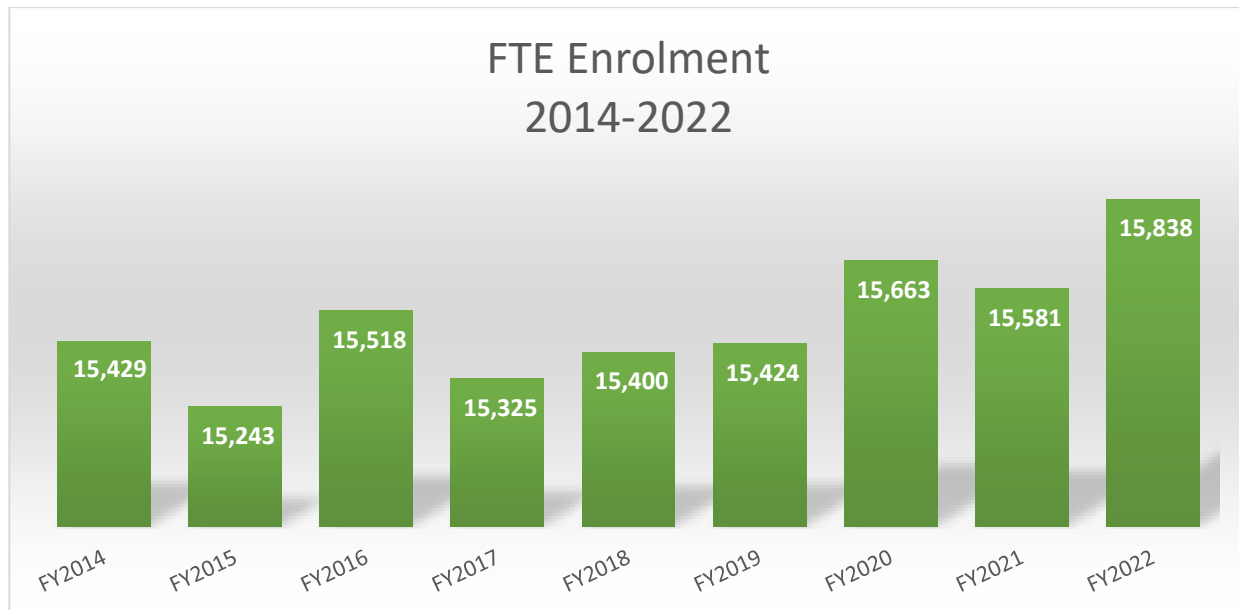
Student Enrollment

The operations of the school district are primarily funded by the operating grant from the Ministry of Education and Childcare. The grant is based on student enrolment, confirmed four times per year in September, February, May and July. School districts receive a fixed amount for full-time equivalent (FTE) students. In 2022, the funding was \$7,885 per FTE compared to \$7,560 in 2021. Additional supplemental funding is provided for students with unique needs including English Language Learners and Indigenous students based on headcount.

Full time equivalent

In kindergarten through grade nine, one student equates to one full-time equivalent student (FTE). At the secondary level, in grades ten through twelve, students are funded on a per credit basis. Secondary students often take less than a full course load or seek learning opportunities and experiences outside of school to meet their credit requirements. This variation from year to year in student enrolment influences course offerings, staffing levels, and predictions of future capacity requirements for schools.

Historically, student enrolment has fluctuated from year to year, directly influencing annual operating grant revenue. The graph below illustrates FTE enrollment from 2014 to 2022.



Staffing

Staffing is the most significant operational expense of the school district and is closely aligned with student enrollment. Student enrolment directly impacts the number of teaching staff which is driven by provisions in the collective agreements. The increase in total staffing presented in the following table aligns with the FTE enrollment over the same time frame.

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Teachers	845.9	860.9	865.0	886.5	933.7	942.5	960.7	951.5	958.2
Educational Assistants	326.5	320.1	321.0	325.2	384.6	418.2	443.4	401.4	457.2
Support Staff	227.9	230.4	229.9	232.6	233.8	234.9	235.6	238.3	234.1
Principals & Vice Principal	79.5	80.0	80.0	81.0	81.9	81.9	82.8	81.5	82.0
Other Professionals	45.5	45.5	44.8	44.5	47.5	47.8	49.3	49.4	48.2
Total Staff	1,525.4	1,537.0	1,540.6	1,569.7	1,681.6	1,725.2	1,771.8	1,722.1	1,779.6

Operating Revenue

In 2022 the school district derived 91% (\$151 million) of operating revenue from the operating grant, 7% from tuition fees charged to International students, Academy programs and the Cheakamus Centre, and 2% from rentals and investment income. Schedules 2 and 2A on pages 31 and 32 of the financial statements present the breakdown by type of revenue for the current year with comparison columns to budget and the prior year.

Overall operating revenues for 2022 were \$1.8 million greater than budgeted and \$8.5 million greater than prior year.

Revenue by type	Amended Budget	2022	2021	Variance from Budget	Variance from 2021
Ministry of Education Grant	\$ 151,424,650	\$ 151,627,106	\$ 148,435,876	\$ 202,456	\$ 3,191,230
Other Provincial Grants	6,600	14,100	9,900	7,500	4,200
Federal Grants	7,350	7,350	7,000	-	350
Tuition	8,160,100	9,106,174	5,812,237	946,074	3,293,937
Other Revenues	2,779,707	3,107,887	1,507,012	328,180	1,600,875
Rentals and Leases	2,313,018	2,494,396	2,048,736	181,378	445,660
Investment Income	300,000	417,008	490,717	117,008	(73,709)
Total	\$ 164,991,425	\$ 166,774,021	\$ 158,311,478	\$ 1,782,596	\$ 8,462,543

Ministry of Education and Childcare Grant

The increase of \$3.2 million from 2021 in the operating grant is the result of increased student enrollment and the change in the amount of per FTE funding from \$7560 in 2021 to \$7885 in 2022. The amended budget for 2022 was adjusted to reflect the increases after the September 2021 enrollment count.

Other Provincial Grants

Other provincial grants are provided to the school district for career and trades programs, as well as for school-based outreach for newcomers to Canada. The school district received a grant in 2022 in the amount of \$7,500 from Industry Training Authority for the Youth in Trades Program that was not budgeted for.

Federal Grants

The school district receives a small grant from the federal government for the salmon spawning channels accessible via the Cheakamus Centre. There was no significant change to this funding.

Tuition

Tuition revenue consists of fees collected for summer school (\$60,600 in 2022, \$61,950 in 2021) and fees charged to international students. International student enrollment was significantly higher in 2022 compared to 2021 due to the lifting of international border restrictions and reduced public health restrictions related to COVID-19. Tuition revenue was conservatively budgeted for students scheduled to arrive in January and February 2022 because of concerns around Omicron and homestay shortages. Overall tuition revenues were \$3.3 million higher than the prior year and \$0.9 million higher than budgeted.

Other Revenues

Other revenues consist of fees for enhanced programs such as Academies, Elementary Band and Strings, the Cheakamus Centre programming, rental revenue, the Artists For Kids program as well as miscellaneous revenues. In 2021 revenues were significantly reduced due to the pandemic and both Cheakamus Centre and sports-based Academies did not operate. Reduced public health restrictions in 2022 allowed Academies to resume program offerings and the re-opening of Cheakamus Centre, increasing revenues by \$1.6 million from 2021. Additionally, the school district received \$0.2 million

in a one-time contribution for voltage conversion and trades training space upgrades that were not budgeted for.

Rentals and Leases

Rentals and lease revenue increased by \$0.4 million primarily due to the reinstatement of after-hours community rentals, which were suspended in 2021, and contractual rate increases in long-term school leases.

Investment Income

The school district earns interest primarily from investing excess cash with the Ministry of Finance's Central Deposit Program which typically offers better rates than other financial institutions. In 2022 the interest rate ranged from 0.95% to 2.2% for the CDP while the range in other banking institutions was 0.55% to 1.78%.

Operating Expenses – Schedules 2B and 2C on pages 33 - 35

Operating expenses were approximately \$11.9 million higher than prior year and \$0.5 million lower than budgeted as a result of changes in the following accounts:

	Amended Budget	2022	2021	Variance from Budget	Variance from 2021
Salaries	\$ 121,698,058	\$ 121,798,909	\$ 113,861,502	\$ 100,851	\$ 7,937,407
Employee Benefits	28,323,998	28,527,478	27,570,636	203,480	956,842
Total Salaries and Benefits	150,022,056	150,326,387	141,432,138	304,331	8,894,249
Services and Supplies	15,413,624	14,623,521	11,610,174	(790,103)	3,013,347
Total	\$165,435,680	\$164,949,908	\$153,042,312	\$ (485,772)	\$11,907,596
<i>Salaries & Benefits as % of Total Expense</i>		91.1%	92.4%		

Salaries and Benefits

91% of the District's operating expenses are for salaries and benefits. Benefits include the employer portion of CPP and EI, payments for the employer health tax, WorkSafeBC, and Pension plan contributions. These costs are charged as a percentage of salaries and increase or decrease in tandem with salary increases or decreases. In addition, the District provides dental and health benefits to all its employees with costs varying by employee group depending on benefits provided by the plan. Increased enrollment, restoring staffing to pre Covid levels and wage increases resulted in an \$8.9 million increase from prior year as detailed below.

	Amended Budget	2022	2021	Variance from Budget	Variance from 2021
Teachers	\$ 73,996,848	\$ 72,722,558	\$ 70,011,888	\$ (1,274,290)	\$ 2,710,670
Principals and Vice Principals	10,961,091	10,919,877	10,526,159	(41,214)	393,718
Educational Assistants	14,996,740	14,749,674	12,238,668	(247,066)	2,511,006
Support Staff	12,509,050	11,702,299	11,855,955	(806,751)	(153,656)
Other Professionals	4,515,879	5,180,992	4,444,974	665,113	736,018
Substitutes	4,718,450	6,523,509	4,783,858	1,805,059	1,739,651
Total Salaries	121,698,058	121,798,909	113,861,502	100,851	7,937,407
Employee Benefits	28,323,998	28,527,478	27,570,636	203,480	956,842
Total	\$150,022,056	\$150,326,387	\$141,432,138	\$ 304,331	\$ 8,894,249

Teachers

Teacher FTE increased from the prior year as a direct result of higher student enrollment in 2022. Additionally the 2% wage increase as per the provincial collective agreement and increases for teacher increments as a result of advancing through the grid contributed to the \$2.7 million increase from prior year. The decrease of \$1.2 million from budget is largely due to District "On Call" teacher costs being budgeted in teacher salaries but charged to the Substitutes category.

Principals and Vice Principals

An increase of 0.5 FTE to support implementation of Careers Curriculum education in alignment with Board priorities, plus wage increases to align with contractual obligations accounts for the increase from prior year. Administrator expenditures are in line with the budgeted amounts.

Educational Assistants

Increased student enrollment combined with the plan to restore positions to pre-Covid staffing levels for Supervision Aides, Secondary Lab Technicians, Library Technicians and other support Aides resulted in a significant increase in costs from the prior year. Delays and other hiring challenges due to employment market conditions beyond the District's control led to costs being lower than budgeted for these positions.

Support Staff and Other Professionals

Effective in 2022 Speech Language Pathologists are reported in the Other Professionals salary category. Previously they were reported in Support Staff. Consequently there is a decrease from prior year and from budget in one category, offset by an increase in the other category including an increase for restoring some support positions to pre Covid levels and for a moderate wage increase.

Substitutes

The District continued to advise employees to "stay at home at any sign of sickness" which when combined with the higher transmissibility of Omicron and reduced public health restrictions led to a significant increase in the number of sick days taken by staff in fiscal 2022. In addition, in 2021 the District benefited from the Safe Return to Class funding which had covered the incremental costs of casual custodial staff. Substitute costs are hard to predict, therefore these are budgeted based on

historical trends which can lead to significant variances when unforeseen events such as a pandemic occur.

Employee Benefits

In 2021 the district benefited from a \$0.5 million “premium holiday” for some health and dental plan benefits. Increases to wages, rate increases for WorkSafeBC premiums and an increase to the CPP and EI employer contribution rates resulted in an overall increase in costs of employee benefits in 2022.

Services and Supplies

Operating services and supplies expenses were \$0.8 million lower than budget and \$3.0 million greater than prior year.

	Amended Budget	2022	2021	Variance from Budget	Variance from 2021
Services	\$ 7,513,471	\$ 7,139,085	\$ 5,506,237	\$ (374,386)	\$ 1,632,848
Student Transportation	137,000	121,790	41,498	(15,210)	80,292
Pro D and Travel	738,575	687,572	369,088	(51,003)	318,484
Dues and Fees	90,262	82,141	60,091	(8,121)	22,050
Insurance	444,172	417,930	462,935	(26,242)	(45,005)
Supplies	3,591,844	3,163,739	2,489,757	(428,105)	673,982
Utilities	2,898,300	3,011,264	2,680,568	112,964	330,696
Total	\$ 15,413,624	\$ 14,623,521	\$ 11,610,174	\$ (790,103)	\$ 3,013,347

Services

Services include costs for Cheakamus Centre operating expenses, International Education commission and medical premium costs, enhanced program providers fees, annual software licensing, contracted professional and technical services, repairs and maintenance, grounds upkeep, security services, communications, and printing services.

For most of 2021 the Cheakamus Centre and sports Academies did not operate and enrollment in International Education was significantly lower resulting in lower costs for these services. In 2022 operating costs were lower than budgeted for the Cheakamus Centre due largely to staffing difficulties stemming from the pandemic, although these are slightly offset by higher costs for agent commissions and medical premiums for the International program.

Student Transportation

Operating costs for school district-owned buses used to provide transportation for students with unique needs and fees paid to public carriers who provide transportation for students on a contract basis make up the total costs in student transportation. Due to Covid, in 2021 requirement for transportation was minimal.

Professional Development and Travel

Represents costs incurred for training and travel, including seminar fees, transportation, meals, accommodation, mileage allowances and other relevant expenses. The District experienced a significant reduction in travel, conference fees and accommodation throughout 2021 as most professional development activities were conducted virtually but these have resumed to pre Covid formats in the last quarter of 2022.

Dues and Fees

Membership fees for associations including BCSTA and FocusEd. Cost are in line with budgeted amounts.

Insurance

Cost of insurance premiums and deductibles.

Supplies

Consists of purchases of consumable and non-capital supplies and materials, including school office supplies, learning resources, cleaning supplies, not capitalized furniture and computer equipment. The District continues to have additional costs related to Covid without the benefit of the additional funding provided in 2021 by the Federal and Provincial governments. With the return to near-normal operations in 2022, schools resumed spending from their block budgets that when coupled with inflationary pressures led to the increase of \$0.6 million from the prior year but not quite reaching the expected levels budgeted for.

Utilities

Consists of garbage and recycle collection, electricity, water, sewerage, and heating costs. The extensive ventilation measures put in place in our schools led to the increase in heating costs from the prior year and from budgeted amounts.

Accumulated Operating Surplus

Accumulated operating surplus was \$9.2 million resulting from the following current year operations:

	Amended Budget	2022	Variance from A. Budget	2021
Total Operating Revenue	\$ 164,991,425	\$ 166,774,021	\$ 1,782,596	\$ 158,311,478
Total Operating Expenses	(165,435,680)	(164,949,908)	485,772	(153,042,312)
Annual Operating Surplus / (Deficit)	\$ (444,255)	\$ 1,824,113	\$ 2,268,368	\$ 5,269,166
Capital Asset purchases from Operating Funds	(1,370,000)	(2,493,887)	(1,123,887)	(736,047)
Transfer to Local Capital Fund	(1,300,000)	(1,300,000)	-	(4,350,000)
Budgeted Appropriation of Surplus	3,114,255	-	-	-
Opening Fund Balance	11,266,959	11,266,959	-	11,083,840
Closing Balance	\$ 11,266,959	\$ 9,297,185	\$ 1,144,481	\$ 11,266,959

Internally Restricted Accumulated Operating Surplus

Policy No. 710, *Accumulated Operating Surplus* establishes the target balance for the Unrestricted Accumulated Operating Surplus in the range of 2 – 4 percent of operating expenses as approved in the Preliminary Annual Budget. The unrestricted balance at June 30, 2022 is \$2.9 million or 1.8% of

total operating expenses of \$165 million, and falls below the target range 2% (\$3.3 million) and 4% (\$6.6 million). A replenishment strategy will be developed to consider how to restore the balance to within the established range.

	2022	2021
Annual Budget Surplus Appropriation	\$ 5,420,963	\$ 5,153,993
Early Teacher Mentorship	241,877	324,721
Restricted School Balances	686,711	400,000
Holdback - Address Learning Impacts from Pandemic	-	459,898
Future Capital Projects	-	1,300,000
Internally Restricted Accumulated Operating Surplus	6,349,551	7,638,612
Unrestricted Accumulated Operating Surplus	2,947,634	3,628,347
Total Accumulated Operating Surplus	\$ 9,297,185	\$ 11,266,959
Operating Expenses per Preliminary Budget	\$165,182,571	\$155,859,840
Unrestricted Surplus as a % of Budgeted Operating Expenses	1.78%	2.3%

Special Purpose Funds

Presented in Schedules 3 and 3A of the financial statements are the special purpose funds. These are restricted grants and funding subject to a legislative or contractual restriction on its use. These revenues are deferred until the relevant expenditures are incurred. The following table shows revenues and related expenditures for the year ended June 2022.

Grant Name	Opening Balance	Received in the Year	Spent During the Year	Returned to Ministry	Closing Balance	Purpose of Grant
Annual Facility Grant	\$0	\$613,064	(\$613,064)	\$0	\$0	Funds may be used to improve or extend the service life of school buildings
Learning Improvement Fund	-	505,930	(505,930)	-	-	In consultation with CUPE, the funds are used to augment weekly hours for Educational Assistants providing "bell to bell coverage"
Strong Start	-	224,000	(224,000)	-	-	Seven Strong Start early learning centres operating throughout the District at elementary schools provide school-based, drop-in programs for children aged birth to five and their parents or caregivers
Ready Set Learn (RSL)	10,040	61,250	(49,678)	-	21,612	Eligible RSL events for 3 to 5 year olds and their parents are hosted to support early learning and facilitate a smooth transition to Kindergarten
Official Languages Education Program (OLEP)	-	311,630	(310,850)	-	780	Funding for core French-language programs, French Immersion, and curriculum resources
Community Link	-	1,160,768	(1,160,768)	-	-	Funding for programs and initiatives to support food security, academic achievement and social and emotional needs of vulnerable students
Classroom Enhancement Fund - Overhead	-	6,101,085	(6,101,085)	-	-	Funding for added non-teaching staff and equipment needs required as a result of restoration of class size and composition language
Classroom Enhancement Fund - Staffing	-	10,858,219	(10,858,219)	-	-	Funding for added teachers required as a result of restoration of class size and composition
Classroom Enhancement Fund - Remedies	-	998,361	(891,800)	-	106,561	Funding to pay for the cost of Teacher Remedies owed in cases where class size or composition contract language cannot be met

Grant Name	Opening Balance	Received in the Year	Spent During the Year	Returned to Ministry	Closing Balance	Purpose of Grant
First Nation Student Transportation	42,261	157,963	(164,517)	(26,749)	8,958	Funds received to support Indigenous students' transportation to school and extra-curricular activities
Mental Health in Schools	4,812	120,482	(124,986)	-	308	Funds provided to support Mental Health. Resource kits were purchased for use in schools
Changing Results for Young Children	15,153	11,250	(17,525)	-	8,878	Funds provided to support Early Learning and Physical Literacy
Safe Return to School	-	351,621	(351,621)	-	-	Provincial funds provided to support additional costs of additional cleaning staff, supplies, face masks, and hand hygiene related to CVOID-19
Federal Safe Return to Class/Ventilation Fund	-	329,674	-	-	329,674	Funding provided for ventilation in schools.
Carlile Youth Inpatient	6,399	233,292	(233,305)	(5,399)	987	Funding provided to operate educational support program for youth with mental health challenges and substance abuse issues. Program is delivered at inpatient centre at Lions Gate Hospital
Violence Prevention	2,700	20,000	(14,194)	-	8,506	Funding to support various initiatives to address violence in the community
Metro Regional Implementation	299,000	22,095	(158,836)	-	162,259	These funds are held on behalf of several regional school districts to support professional development seminars and collaboration among school district administrators
Sutherland Track	10,000	-	-	-	10,000	Donated funds to support the revitalization of the track at Sutherland Secondary School
School Generated Funds	3,966,752	4,872,445	(4,824,380)	-	4,014,817	Funds collected at schools for student programs. All revenue is deferred and recognized as revenue when spent
North Shore Secondary Schools Athletics Association	85,000	282,094	(281,634)	-	85,460	These are funds are held on behalf of participating public and private school districts for sports. All revenue is deferred and recognized as revenue when spent.
Total	\$4,442,117	\$27,235,223	(\$26,886,392)	(\$32,148)	\$4,758,800	

Capital Fund

Capital Assets are purchased using various funding sources including Operating Funds, Special Purpose Grants, Ministry Capital Grants authorized under separate Certificates of Approval, and the school district's own Local Capital Funds.

Construction projects are accumulated in Work in Progress accounts, and the total value of the addition is added to the Capital Buildings account once the project is complete. Effective in 2022 school districts adopted the half-year rule method of accounting for amortization which requires amortization of capital assets to start in the first year they are put into service. Prior to this, amortization was not recorded until the year following the year the asset was placed into service. The change was applied retroactively and resulted in a number of accounts being restated to reflect the new balances.

Buildings – Capital Projects

The school district invested \$99.5 million in the following capital projects in 2022.

Projects Completed in 2022	Operating Funds	Special Purpose Funds	Ministry Grants	Other Grants	Local Capital	Total
Handsworth Replacement	\$ -	\$ -	\$63,271,402	\$ -	\$ -	\$63,271,402
Argyle Replacement Phase II	880,000	-	-	-	3,394,827	4,274,827
Mountainside Seismic Upgrade	-	-	21,762,013	-	40,000	21,802,013
Dorothy Lynas Envelope Upgrade	-	-	1,390,520	-	-	1,390,520
Mountainside Bldg Envelop	-	-	1,663,378	-	-	1,663,378
Annual Facilities Grant	-	559,754	5,051,110	-	-	5,610,864
Welding at Carson Graham	38,167	-	-	-	-	38,167
Cheakamus CF13 FED BCIT	-	-	-	64,951	-	64,951
Covid Ventilation	-	1,356,670	-	-	-	1,356,670
Total Completed Projects	\$ 918,167	\$ 1,916,424	\$93,138,422	\$ 64,951	\$ 3,434,827	\$99,472,791

An additional \$3.1 million was invested in projects started but not completed by June 30, 2022.

Projects In Progress	Operating Funds	Special Purpose Funds	Ministry Grants	Other Grants	Local Capital	Total
School Enhancement Program	\$ -	\$ -	\$ 125,377	\$ -	\$ -	\$ 125,377
Annual Facilities Grant	-	-	165,610	-	-	165,610
Carbon Neutral Capital Program	-	-	170,456	-	-	170,456
Cloverley Predesign	-	-	-	-	164,478	164,478
Lynn Valley Predesign	-	-	-	-	58,899	58,899
Other Capital Projects	-	-	-	-	2,421,332	2,421,332
Cheakamus Composting Toilets	-	-	-	80,924	-	80,924
Total Projects in Progress	\$ -	\$ -	\$ 461,443	\$ 80,924	\$ 2,644,710	\$ 3,187,077

The following are major capital projects that completed and/or are currently active in the school district.

Major capital projects	Project Budget	Project Expenditures to June 30/22	Budget Remaining (Overspent)
Argyle Secondary Seismic Upgrade	\$ 69,852,448	\$ 70,189,237	\$ (336,789)
Handsworth Secondary Seismic Replacement	\$ 69,884,755	\$ 65,043,877	\$ 4,840,878
Mountainside Secondary Phase 2 - Seismic Upgrade	\$ 23,677,511	\$ 21,819,535	\$ 1,857,976

Furniture and Equipment

Furniture and equipment additions totalled \$2.8M.

Furniture & Equipment	Operating Funds	Special Purpose Funds	Ministry Grants	Other Grants	Local Capital	Total
New Argyle School	\$ -	\$ 82,265	\$ -	\$ -	\$ 304,321	\$ 386,586
New Handsworth School	8,600	356,922	643,487	-	718,158	1,727,166
Mountainside	45,377	-	-	-	-	45,377
Inclusive Education	63,450	-	-	-	-	63,450
Carson Graham	21,833	-	-	-	-	21,833
Queen Mary playground	-	-	165,000	75,000	-	240,000
Lynnmour playground	-	-	165,000	-	-	165,000
Other Miscellaneous	108,363	11,472	-	-	-	119,835
Total Furniture& Equipment	\$ 247,623	\$ 450,659	\$ 973,487	\$ 75,000	\$ 1,022,479	\$ 2,769,248

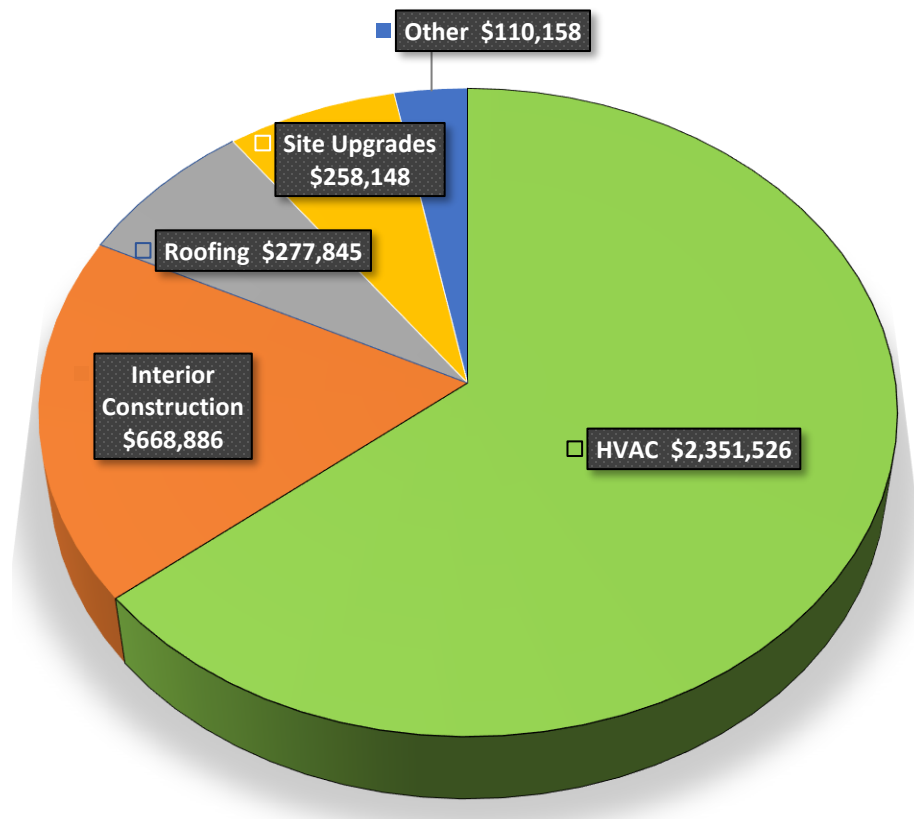
Information Technology

The school district invested \$2.4 million on IT infrastructure and equipment.

Computer Technology	Operating Funds	Special Purpose Funds	Ministry Grants	Other Grants	Local Capital	Total
Wireless Access Points	\$ 234,269	\$ -	\$ -	\$ -	\$ -	\$ 234,269
New Argyle School	-	-	-	-	56,543	56,543
New Handsworth School	-	-	410,830	-	-	410,830
Refresh and Infrastructure	902,529	183,074	-	-	591,044	1,676,647
Miscellaneous other Hardware	14,338	11,802	-	-	-	26,140
Total	\$ 1,151,136	\$ 194,876	\$ 410,830	\$ -	\$ 647,587	\$ 2,404,429

Annual Facilities Grant

In 2022 the school district was allocated \$3.2 million from the Annual Facilities Grant (AFG). These funds are used to address ongoing maintenance and improvements to extend the useful life of facilities. Due to labour and supply shortages last year, a total of \$0.5 million remained unspent and was carried forward for completion in the next year. Total work completed in 2022 totalled \$3.6 million and included installation of HVAC systems and ventilation enhancements in the amount of \$2.3 million, roof repairs and replacements, facilities, electrical and accessibility upgrades in our schools.



Local Capital Funds

The provincial government does not provide funding for asset acquisitions such as computer equipment, school furniture and equipment replacement, vehicle maintenance, photocopiers or district administration buildings. The only source of funding available for these is typically from Operating Funds. The Board may transfer funds from the Operating Fund to the Local Capital Fund

for these purchases. At the close of 2022, the school district had \$5.1 million in Local Capital Reserve Funds set aside for the following purposes:

	2022	2021
Argyle Secondary Seismic	\$ 409,751	\$ 4,165,444
Handsworth Secondary Seismic	281,842	1,000,000
District Technology	1,643,188	2,234,232
Proposed Capital Projects	1,782,151	2,737,914
Asset Renewal & Replacement Reserve	1,054,804	1,275,274
Total Local Capital Reserve	\$ 5,171,736	\$ 11,412,864

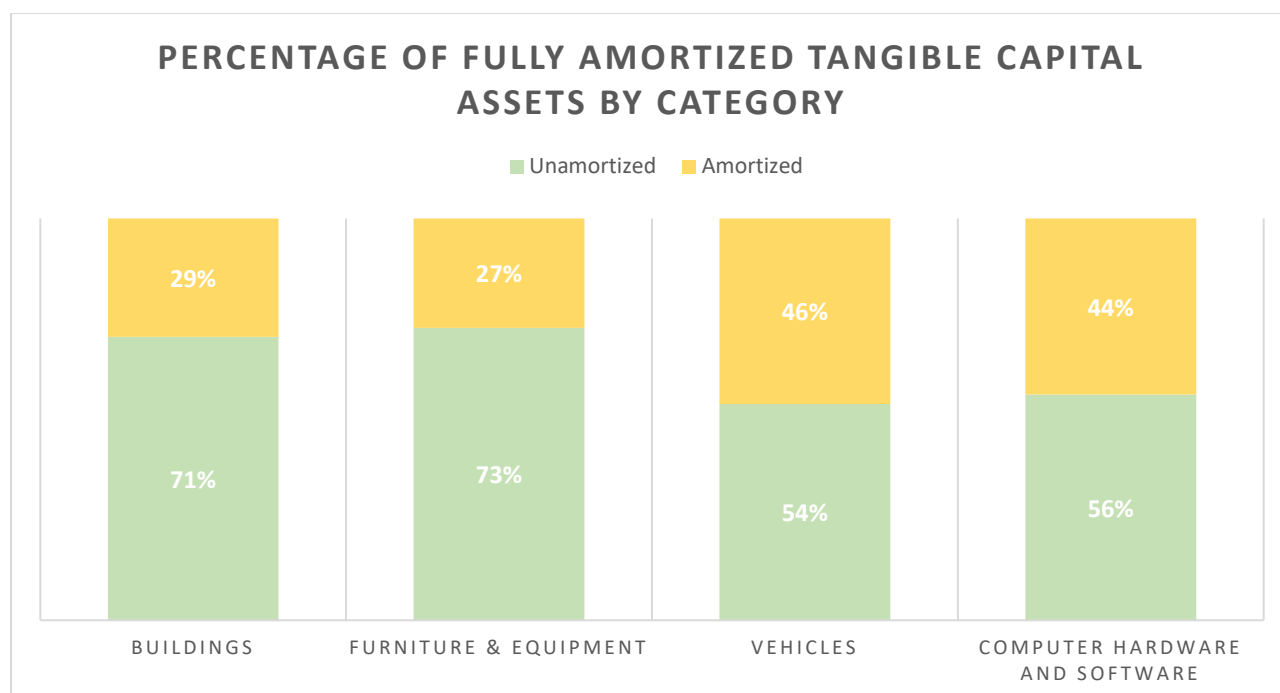
During the year the activity in the local capital fund was as follows:

	FY2022	FY2021
Opening balance	\$ 11,412,863	\$ 14,430,537
Investment income earned	61,272	86,043
Transfers from accumulated operating surplus	1,300,000	4,350,000
Capital Lease interest payments	(7,497)	(15,705)
Investments in capital assets	(5,064,893)	(5,359,248)
Investment in work in progress	(2,530,009)	(2,078,764)
Closing balance	\$ 5,171,736	\$ 11,412,863

Amortization of Tangible Capital Assets

On May 28, 2021, the Office of the Comptroller General directed all school districts to apply the half-year rule method of amortization beginning in the fiscal year an asset is placed into service. Prior to this directive, the school district did not recognize amortization in the first partial service year. Amortization expense recorded on Tangible Capital Assets totalled \$13.5 million in 2022.

The percentage of fully amortized tangible capital assets by category is presented below. A high proportion of fully amortized assets may suggest an organization's assets are nearing the end of their expected lives and additional investments in capital renewal and replacement should be considered.



Risks

Funding Formula Review

The Ministry of Education and Childcare is continuing its review of the K-12 funding model. The financial impact to the school district under a fully implemented, revised funding model is unknown. As the provincial operating grant makes up the majority of school district revenues, any negative shifts will have an impact on program and service levels offered to our students.

International Program

Enrollment of students in the International Program is increasing, however the school district continues to face challenges in the availability of home stay families which may impact the ability to accommodate all student applications. Additionally, some countries continue to deny exit visas for students to study abroad. These factors may prevent enrollment returning to levels that existed two years ago, before the pandemic.

Inflation and Supply Chain Issues

Inflationary pressures will continue to drive up costs for supplies such as paper, cleaning supplies, computer technology and other equipment. With no change in the operating grant to offset these increases, the school district will face budgetary pressures that will challenge the ability to maintain current service levels in the future.

Employment Standards Act

Legislated changes to the *Employment Standards Act* in January 2022 provide for 5 paid sick leave days to employees who did not previously qualify for paid sick leave under the current benefits program. The estimated impact in the coming year is \$0.4 million but the full cost is unknown at this time and could be significantly higher. This cost increase is not funded by the provincial government.

Cloverley Elementary Replacement

School districts are required to contribute a share of the total construction costs on capital projects. Discussions are underway with the Ministry to determine the required contribution from the school district.

Reserves in Operating Surplus (Contingency)

The annual operating budget provides limited contingencies for any unbudgeted or unforeseen costs that may arise. The unrestricted accumulated operating surplus is relied upon to absorb unplanned budget changes, and will likely be the source of funding for the Cloverley Elementary Replacement.

Conclusion

As the school district approaches 2022/23, it will be important to be mindful of potential risks and future obligations that will impact the school district's financial outlook. As funding for student enrolments is unchanged for next year, the organization will have to absorb inflationary pressures and rebuild the accumulated operating surplus to achieve the established target balance. Through a prudent and conservative approach to managing resources, the Board of Education will continue its commitment to world-class instruction and a rich diversity of engaging programs in order to meet its fiduciary responsibilities.