

2022/23

FINANCIAL STATEMENT DISCUSSION & ANALYSIS



SCHOOL DISTRICT NO. 62 (SOOKE)

**SCHOOL DISTRICT NO. 62 (SOOKE)
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)
YEAR ENDED JUNE 30, 2023**

The discussion and analysis of School District 62's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2023. The intent of the Financial Statement Discussion and Analysis (FSDA) is to look at the District's performance. The FSDA should be read in conjunction with the financial statements and note disclosures to enhance the overall understanding of School District 62's financial picture for the year.

THE SCHOOL DISTRICT

The District has over 12,500 students and serves the communities of Sooke, Port Renfrew, Metchosin, Highlands, Langford and Colwood. Surrounded by forests, ocean, mountains and lakes, we are located a short distance from Victoria, the capital city of the province of British Columbia. The District is one of the fastest growing school districts in the province.

The governing body of the School District is a Board of Education of seven school trustees who are each elected for a four-year term. The day-to-day matters are managed by the administrative staff of the School District, headed by the Superintendent of Schools.

More about the District including the traditional territories, the Board of Education, and the Strategic Plan can be found on the District website at www.sd62.bc.ca

FINANCIAL HIGHLIGHTS

The financial statements provide these insights into the results of this year's operations:

Operating Fund

- For the fiscal year 2022/23, the District Operating Fund had a deficit of \$347,279 (\$145,775,713 in revenues and \$146,122,992 in total expense and capital asset purchases). When added to the balance of \$5,756,128 at the beginning of the year, the accumulated surplus in the Operating Fund ended the year with a balance of \$5,228,849.
- This year-end balance is restricted for the following purposes:
 - Due to the nature of constraints on funds: \$ 524,473
 - For operations spanning multiple school years: \$ 281,688
 - For anticipated unusual expenses identified by the Board: \$ 2,819,927
- The unrestricted accumulated operating surplus is \$1,602,761. This balance is 1.0% of the \$160,276,129 Operating Fund expenditures budgeted for the year ending June 30, 2024.

Special Purpose Funds

- Special Purpose Funds had \$29,436,450 in total expenditures – an increase of 23.9% (\$5,684,833) from the prior year.

Capital Fund

- The District had \$26,300,809 in tangible capital asset additions in the year – a decrease of 41.3% (\$18.5M) from the prior year.

OVERVIEW OF FINANCIAL STATEMENTS

The District's financial statements include a Statement of Financial Position (Statement 1), Statement of Operations (Statement 2), Statement of Changes in Net Financial Assets (Debt) (Statement 4), Statement of Cash Flows (Statement 5), and note disclosures.

These statements present aggregated information and serve as a means by which the District demonstrates its accountability for the resources, obligations and financial affairs for which it is responsible. They report information required to make assessments of and judgments on government financial operations and management.

As the Statement of Financial Position and Statement of Operations will be of particular concern to the users of the financial statements, the focus of this discussion and analysis will be on these two statements.

STATEMENT OF FINANCIAL POSITION

The statement of financial position reports the financial position of the District at the financial statement date. Four key figures help describe the financial position of the District at the financial statement date: financial assets; non-financial assets; liabilities; and accumulated surplus or deficit.

	FY23	FY22	INCR / (DECR)	INCR /
FINANCIAL POSITION	ACTUAL	ACTUAL	FROM	(DECR)
(in \$ thousands)	A	B	PRIOR YEAR	%
			C = A-B	D = C/B
TOTAL FINANCIAL ASSETS	31,863	37,470	(5,607)	-15%
TOTAL NON FINANCIAL ASSETS	401,542	386,248	15,294	4%
TOTAL ASSETS	433,405	423,718	9,687	2%
TOTAL LIABILITIES	298,523	290,616	7,907	3%
ACCUMULATED SURPLUS	134,882	133,102	1,780	1%

The **financial assets** are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations (such as inventory). As at the statement date, the District had financial assets of \$31.8M which is a 15% (\$5.6M) decrease from the \$37.4M held the prior year. The decrease is primarily due to Cash and Cash Equivalents (\$4.3M) and by a decrease in Due from Province – Ministry of Education and Childcare (\$0.8M).

The **non-financial assets** of the District are assets that are, by nature, normally for use in service provision and include purchased, constructed, contributed, developed or leased capital assets, and prepaid expenses. As at the statement date, the District had non-financial assets of \$401.5M which is a 4% (\$15.7M) increase from the \$380.9M held the prior year. The increase is due mainly to \$26.3M in tangible capital asset additions offset by \$10.6M in amortization for the year and a decrease in prepaid expenses (\$0.3M).

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The **liabilities** are present obligations of the District to others arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits. As at the statement date, the District had liabilities of \$298.5M which is a 3% (\$7.9M) increase from the \$290.6M held the prior year. The increase is primarily due to an increase in Deferred Capital Revenues (\$14.4M) and Asset Retirement Obligation (\$6.9M), offset by a decrease of other accounts payable (\$7.1M).

The **accumulated surplus or deficit** of the District is calculated as the sum of the total assets less the liabilities of the District. This indicator represents the net assets of the District.

	FY23	FY22	INCR / (DECR)	INCR /
	ACTUAL	ACTUAL	FROM	(DECR)
ACCUMULATED SURPLUS / (DEFICIT)			PRIOR YEAR	%
(in \$ thousands)	A	B	C = A-B	D = C/B
ENDOWMENTS	673	673	(0)	0%
INVESTED IN CAPITAL ASSETS	128,979	126,852	2,127	2%
LOCAL CAPITAL	-	-	-	100%
OPERATING	5,229	5,576	(347)	-6%
TOTAL ACCUMULATED SURPLUS	134,882	133,102	1,780	1%

As at the statement date, the District had an accumulated surplus of \$134.9M which is a 1% (\$1.8M) increase from the \$133.1M held the prior year. The increase is largely a result of the costs toward developing the South Langford Elementary School.

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YEAR ENDED JUNE 30, 2023

STATEMENT OF FINANCIAL POSITION METRICS

The following are some statement of financial position metrics that indicate the financial health of the District.

Working capital ratio / Current ratio is an indication of the ability of the District to meet its current financial obligations from the liquid assets it has at a point in time. The ratio is calculated as current assets divided by current liabilities.

If the ratio is less than 1.0, then the District may have trouble paying back creditors. If the ratio is greater than 1.0, then the District has working capital and may have the potential to invest and grow.

The District had a ratio of 1.50 as at June 30 2023, which is consistent with the prior year and significantly less than the current ratio of 3.10 of all the school districts in the province noted in the 2010 Office of the Auditor General Report on Management of Working Capital by Colleges and School Districts. The District's current ratio is also consistent with neighbouring districts SD61 (1.17) and SD63 (1.48) from 2021/22.

Cash asset ratio is a measure of the District's ability to pay its short-term obligations. The ratio is calculated as cash and cash equivalents divided by total current liabilities. The District had a ratio of 1.31 as at June 30, 2023, a slight improvement from the prior year (1.18). The District's ratio is within the Office of the Comptroller General of BC suggested ratio of greater than 1.0 and is consistent with neighbouring districts SD61 (1.07) and SD63 (1.25) from 2021/22.

	FY23	FY22	INCR / (DECR)
STATEMENT OF FINANCIAL POSITION METRICS (in \$ thousands)	ACTUAL	ACTUAL	FROM
			PRIOR YEAR
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS	\$ 29,776	\$ 34,093	\$ (4,317)
ACCOUNTS RECEIVABLE	\$ 2,087	\$ 3,377	\$ (1,290)
PORTFOLIO INVESTMENTS	\$ -	\$ -	\$ -
PREPAID EXPENSES (excluding the prepaid lease)	\$ 1,103	\$ 1,420	\$ (317)
OTHER ASSETS	\$ 1,124	\$ 1,150	\$ (27)
A TOTAL CURRENT ASSETS	\$ 34,090	\$ 40,040	\$ (5,950)
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	\$ 10,213	\$ 17,365	\$ (7,153)
UNEARNED REVENUE	\$ 5,130	\$ 5,343	\$ (213)
DEFERRED REVENUE (SPF BALANCES)	\$ 1,878	\$ 1,626	\$ 252
DEFERRED CAPITAL REVENUE (UNSPENT)	\$ 5,535	\$ 4,604	\$ 931
		\$ -	\$ -
B TOTAL CURRENT LIABILITIES	\$ 22,755	\$ 28,938	\$ (6,183)
WORKING CAPITAL			
LONG TERM LIABILITIES: EMPLOYEE FUTURE BENEFITS	\$ 6,105	\$ 5,525	\$ 580
ACCUMULATED SURPLUS - LOCAL CAPITAL	\$ -	\$ -	\$ -
ACCUMULATED SURPLUS - OPERATING FUND - RESTRICTED	\$ 5,229	\$ 5,576	\$ (347)
C = A-B TOTAL WORKING CAPITAL	\$ 11,334	\$ 11,102	\$ 233
D = A/B CURRENT RATIO = CURRENT ASSETS / CURRENT LIABILITIES	1.4981	1.3836	0.11
CASH ASSET RATIO = CASH AND CASH EQUIVALENTS / CURRENT LIAB	1.3085	1.1781	0.13

STATEMENT OF OPERATIONS

The Statement of Operations reports the surplus or deficit from operations in the accounting period. The statement displays the cost of District services provided in the period, the revenues it has recognized in the period and the difference between them.

The Statement of Operations consolidates all revenues and expenses by function reported for the Operating (Schedule 2), Special Purpose (Schedule 3) and Capital funds (Schedule 4).

The Operating Fund is where the majority of the District's operations are reported. As this will be of particular concern to the users of the financial statements, considerable focus and analysis is provided on the Operating Fund.

OPERATING FUND

The Operating Fund is comprised of four components: revenues, expenses, tangible capital assets purchased, and operating surplus or deficit. The summary schedule for the Operating Fund can be found in Schedule 2 – the Schedule of Operating Operations in the financial statements.





REVENUES

The summary schedule for the District operating revenues can be found in Schedule 2A – the Schedule of Operating Revenue by Source.

The most significant District operating revenues are generated from three sources: the operating grant, international tuition, and other Ministry of Education grants.

OPERATING REVENUE ALLOCATION



 PROVINCIAL OPERATING GRANT (89.02%)	 OTHER PROVINCIAL FUNDING (4.55%)
 INTERNATIONAL TUITION (4.31%)	 OTHER (2.12%)

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The District’s operating revenues of \$145.8 increased by 11% (\$14.5M) over the prior year. Against a budget of \$144.2M, the \$145.8M in revenues resulted in savings of 1% (\$1.5M).

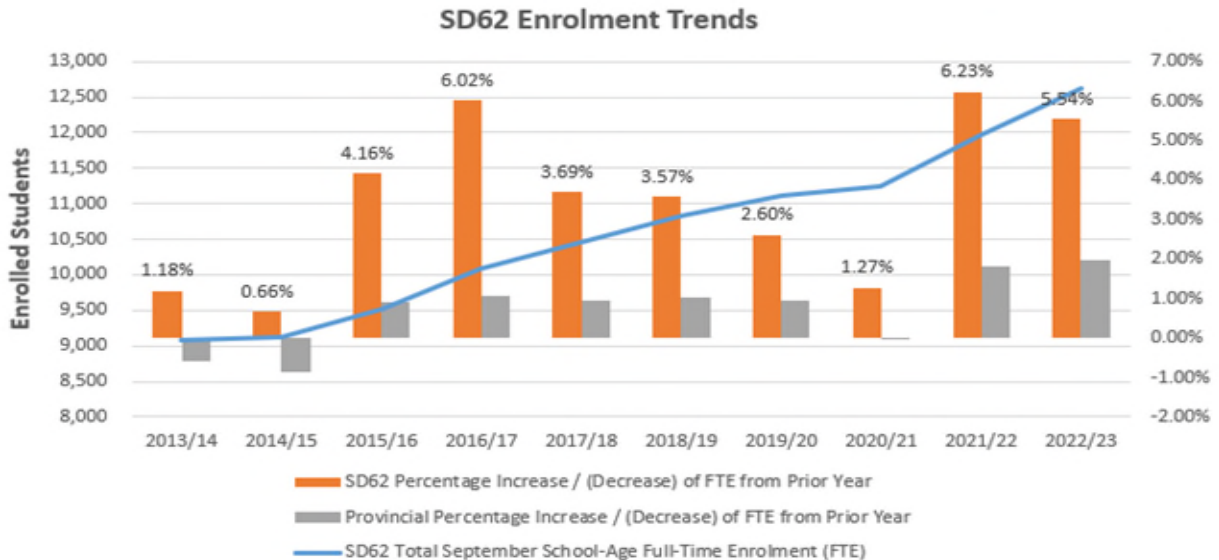
	BUDGET	ACTUAL	ACTUAL	SAVINGS /	SAVINGS /	INCR / (DECR)	INCR /
	FY23	FY23	FY22	(PRESSURE)	(PRESSURE) %	FROM	(DECR)
	A	B	C	D = A-B	E = D/A	F = B-C	G = F/C
OPERATING REVENUES (in \$ thousands)							
PROVINCIAL OPERATING GRANT	129,082	129,770	121,324	688	1%	8,446	7%
OTHER PROVINCIAL FUNDING	6,454	6,629	1,416	175	3%	5,213	368%
FUNDING FROM FIRST NATIONS	516	645	516	130	-	129	-
CONTINUING ED TUITION	110	80	96	(30)	(27%)	(16)	(16%)
INTERNATIONAL TUITION	6,790	6,282	6,542	(508)	(7%)	(260)	(4%)
MISCELLANEOUS	430	825	758	395	92%	67	9%
RENTALS AND LEASES	503	492	393	(10)	(2%)	99	25%
INVESTMENT INCOME	354	1,052	241	698	197%	811	336%
TOTAL OPERATING REVENUES	144,238	145,776	131,286	1,538	1%	14,490	11%

The \$1.5M in savings was largely from the Operating Grant (\$0.7M) and investment Income (\$0.7M).

Operating Grant

The Funding Allocation System allocates the General Operating Grants using individual district enrolments and specific factors that apply to each school district.

As highlighted in the graph below, enrolment has increased every year over the past decade.



Prior to 2021/22 the enrolment growth had slowed from 3.69% in 2017/18 to 1.27% in 2020/21. In 2021/22 the district experienced a significant increase in enrolment growth (6.23%) over the prior year. Again, in 2022/2023 the district showed a healthy growth of 5.54%. At an average

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enrolment increase of 3.84% over the past 5 years, the District's growth is significantly higher than the provincial average (1.15%) over the same time period.

The upward trajectory of student enrolment continued in the 2022/23 school year. As detailed in the table below, there was a 7.9% (1,198.67 FTE) increase in total enrolment from the prior year.

	BUDGET	ACTUAL	ACTUAL	SAVINGS / (PRESSURE)	SAVINGS / (PRESSURE) %	INCR / (DECR) FROM	INCR / (DECR)
	FY23	FY23	FY22	FY23	FY23	PRIOR YEAR	%
	A	B	C	D = B-A	E = D/A	F = B-C	G = F/C
ENROLMENT (in FTE)							
SEPTEMBER							
STANDARD (REGULAR) SCHOOLS	12,248.18	12,248.18	11,661.06	-	0.0%	587.12	5.0%
CONTINUING EDUCATION	18.63	18.63	2.00	-	0.0%	16.63	831.3%
ALTERNATE SCHOOLS	204.00	204.00	201.00	-	0.0%	3.00	1.5%
DISTRIBUTED LEARNING	148.06	148.06	92.25	-	0.0%	55.81	60.5%
HOME SCHOOLING & COURSE CHALLENGES	27.00	27.00	22.00	-	0.0%	5.00	22.7%
DESIGNATED STUDENTS	1,033.00	1,033.00	889.00	-	0.0%	144.00	16.2%
ENGLISH LANGUAGE LEARNING	1,115.00	1,115.00	792.00	-	0.0%	323.00	40.8%
INDIGENOUS EDUCATION	1,235.00	1,235.00	1,221.00	-	0.0%	14.00	1.1%
ADULT EDUCATION	11.44	11.44	14.44	-	0.0%	(3.00)	-20.8%
TOTAL SEPTEMBER COUNT	16,040.31	16,040.31	14,894.75	-	0.0%	1,145.56	7.7%
FEBRUARY COUNT	126.00	308.06	265.88	182.06	144.5%	42.18	15.9%
MAY COUNT	41.00	65.56	54.63	24.56	59.9%	10.93	20.0%
TOTAL ENROLMENT	16,207.31	16,413.93	15,215.26	206.63	1.3%	1,198.67	7.9%

The increased enrolment along with funding level increases resulted in a 7% (\$8.4M) increase in the operating grant from the prior year. There were savings of \$0.7M due to the February and May counts being higher than budgeted.

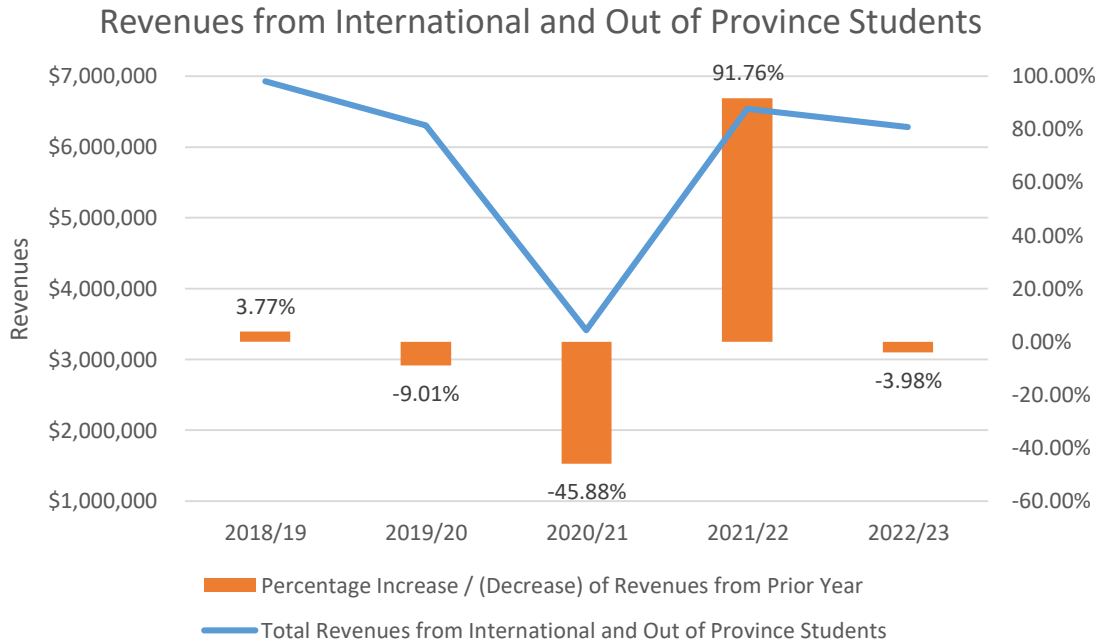
Other Provincial Funding

There was an increase of \$5.2M in other Ministry of Education grants from the prior year mainly because of the provision of Labour Settlement Funding (5.2M). Against a budget of \$6.5M, the \$6.6M in other provincial funding revenues was primarily on budget for the year.

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International Tuition

The International Program stabilized after a significant increase in revenues in 2021/2022 due to lifted travel restrictions. At \$6.3M for 2022/23, revenues decreased by \$0.26M from the prior year.



The International Program cost \$5.0M in expenses to generate the \$6.3M in revenues – for net revenues of \$1.3M in 2022/23. This is about \$0.3M less than the \$1.6M in net revenues generated in the prior year. The funds generated from the International Program go to support discretionary programs in the District.

EXPENSES

The summary schedule for the District operating expenses can be found in Schedule 2B (the Schedule of Operating Expense by Object) and Schedule 2C (the Schedule of Operating Expense by Function, Program and Object).

The provincial averages are taken from data available to the public on the Ministry of Education financial reporting website. At the time of issuance of this report, the provincial actuals for fiscal 2023 were not yet available, as such the provincial budgets for fiscal 2023 were used for comparative purposes.

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Expenses by Type (Object)

The District's spending allocations by object were in line with provincial averages - with 88.5% of its expenses on salaries and benefits (Province = 88.6%) and 11.5% on services and supplies (Province = 11.4%).

The chart below further details spending allocations for the District in the year compared to provincial averages.

FY23 EXPENSES BY OBJECT



TEACHERS SALARIES (SD62=37.2%; Prov=42.1%)	PVP SALARIES (SD62=6.6%; Prov=5.7%)
EA SALARIES (SD62=9.4%; Prov=8.2%)	SUPPORT STAFF SALARIES (SD62=9.3%; Prov=8.7%)
OTHER PROF. SALARIES (SD62=3.7%; Prov=2.9%)	SUBSTITUTE SALARIES (SD62=4.2%; Prov=3.5%)
EMPLOYEE BENEFITS (SD62=18.1%; Prov=17.4%)	TOTAL SERVICES AND SUPPLIES (SD62=11.5%; Prov=11.4%)

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The District's operating expenditures of \$145.0M increased by 11.4% (\$14.8M) over the prior year. Against a budget of \$145.3M, the \$145.0M in expenditures resulted in savings of \$0.32M (0.2%).

	BUDGET	ACTUAL	ACTUAL	SAVINGS /	SAVINGS /	INCR / (DECR)	INCR /
	FY23	FY23	FY22	(PRESSURE)	(PRESSURE) %	FROM	(DECR)
				FY23	FY23	PRIOR YEAR	%
EXPENSES (in \$ thousands)	A	B	C	D = A-B	E = D/A	F = B-C	G = F/C
TEACHERS SALARIES	54,564	53,901	49,879	663	1.2%	4,022	8.1%
PVP SALARIES	9,746	9,620	8,513	126	1.3%	1,107	13.0%
EA SALARIES	13,553	13,652	11,477	(99)	(0.7%)	2,175	18.9%
SUPPORT STAFF SALARIES	13,728	13,493	12,454	235	1.7%	1,039	8.3%
OTHER PROFESSIONAL SALARIES	5,281	5,344	4,770	(63)	(1.2%)	574	12.0%
SUBSTITUTES SALARIES	5,437	6,091	5,216	(654)	(12.0%)	875	16.8%
EMPLOYEE BENEFITS	26,065	26,185	22,820	(119)	(0.5%)	3,365	14.7%
TOTAL SERVICES AND SUPPLIES	16,971	16,740	15,082	231	1.4%	1,658	11.0%
TOTAL OPERATING EXPENSES	145,345	145,026	130,211	319	0.2%	14,815	11.4%

The \$0.32M in savings was largely from teacher salaries (\$0.7M), PVP salaries (\$0.1M), support staff salaries (\$0.2M), and total service and supplies (\$0.2M) offset by pressures in substitutes salaries (\$0.7M) and employee benefits (0.1M).

The \$0.6M teacher salaries savings is largely due to hiring lag.

The \$0.1M PVP salaries savings is largely due to teachers in acting PVP roles.

The \$0.2M support staff salaries savings is largely due to staff turnover.

The \$0.7M substitute salaries pressure is largely due to higher teacher on call.

The \$0.23M savings in total services and supplies is largely from international program homestay expenditure savings.

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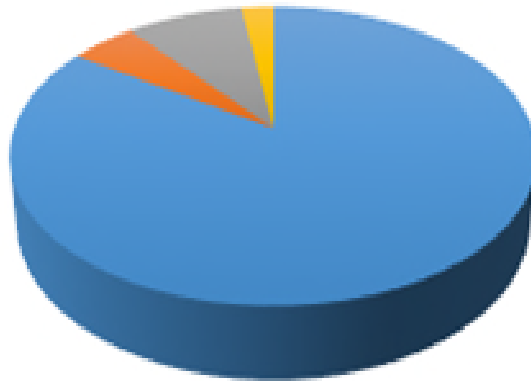
Expenses by Function

The District's expenditures can be categorized by the following functions: Instruction; District Administration; Operations and Maintenance; and Transportation. The functions are defined as follows:

- The **Instruction** function incorporates all programs related to the instruction of students.
- The **District Administration** function incorporates the cost of all programs related to district governance and district administration of educational, business, human resource and labour relations activities.
- The **Operations and Maintenance** function incorporates all programs related to the district's responsibility for the operation, maintenance and safety of sites, buildings, and equipment.
- The **Transportation** function incorporates programs involving the transportation of students.

Over 84% of the District's expenses are categorized under the Instruction function.

FY23 EXPENSES BY FUNCTION



INSTRUCTION
(SD62=84.3%; Prov=82.7%)

OPERATIONS AND MAINTENANCE
(SD62=8.6%; Prov=11.3%)

TRANSPORTATION
(SD62=2.3%; Prov=2.0%)

DISTRICT ADMINISTRATION
(SD62=4.8%; Prov=4.0%)

The District's expense allocations are generally in line with the Provincial averages; however, the District's expenditures are slightly more heavily allocated towards Instruction and less in Operations and Maintenance than other Districts.

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	BUDGET	ACTUAL	ACTUAL	SAVINGS / (PRESSURE)	SAVINGS / (PRESSURE) %	INCR / (DECR) FROM	INCR / (DECR)
	FY23	FY23	FY22	FY23	FY23	PRIOR YEAR	%
EXPENSES BY FUNCTION (in \$ thousands)	A	B	C	D = A-B	E = D/A	F = B-C	G = F/C
INSTRUCTION	122,691	122,200	109,785	491	0%	12,415	11%
DISTRICT ADMINISTRATION	6,870	6,998	5,842	(127)	(2%)	1,156	20%
OPERATIONS AND MAINTENANCE	12,407	12,406	11,488	2	0%	917	8%
TRANSPORTATION	3,376	3,423	3,095	(47)	(1%)	328	11%
TOTAL OPERATING EXPENSES	145,345	145,026	130,211	319	0%	14,815	11%

Instruction

The District's \$122.2M expenditures on Instruction for the year was an increase of \$12.4M over the prior year. The \$12.4M increase was largely from Regular Instruction (\$5.6M – mostly teacher salaries and benefits), and Special Education (\$2.7M – mostly EA salaries and benefits).

Against a budget of \$122.7M, the \$122.2M expenditures resulted in savings of 0.4% (\$0.5M). The savings were largely driven savings in International (\$0.5M) and Special Education (\$0.4M) offset by a pressure in English Language Learning (\$0.3M).

District Administration

The District's \$7.0M expenditures on District Administration for the year was an increase of 20% (\$1.1M) over the prior year.

The increase is largely due to increased salaries and benefits (\$0.6M) in Education Administration, Human Resources (HR) Department and Finance Department, and services (\$0.18M) in HR and School District Governance.

Against a budget of \$6.9M, the \$7.0M expenditures were primarily on budget for the year.

Operations and Maintenance

The District's \$12.4M expenditures on Operations and Maintenance for the year increased of 8% (\$0.9M) over the prior year. This was largely due to an increase in Maintenance Operations (\$0.5M – mostly support salaries and benefits) and utilities (\$0.19M).

Against a budget of \$12.4M, the \$12.4M expenditures were primarily on budget for the year.

Transportation

The District's \$3.4M expenditures on Transportation for the year was a slight increase over the prior year. Against a budget of \$3.4M the \$3.4M expenditures were primarily on budget for the year.

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TANGIBLE CAPITAL ASSETS PURCHASED AND WORK IN PROGRESS

The amount of tangible capital assets purchased and tangible capital assets that are a work in progress can be found in Schedule 2 – the Schedule of Operating Operations in the financial statements. The District spent \$314,357 on tangible capital assets including electric bus charging stations, vehicles, and other equipment.

ACCUMULATED SURPLUS (DEFICIT)

Pursuant to *Section 156(12)* of the *School Act*, school districts must obtain prior approval from the Minister before incurring deficits in the operating fund. The District’s year end position as reflected in the table below shows an accumulated operating surplus of \$5,228,849 of which \$3,626,088 is internally restricted and \$1,602,761 is unrestricted/contingency.

**OPERATING FUND SURPLUS
FOR THE FISCAL YEAR ENDING JUNE 30 2023**

	FINAL AMOUNT	
A	OPERATING SURPLUS, BEGINNING OF YEAR	\$ 5,576,128
B	OPERATING SURPLUS / (DEFICIT), FOR THE YEAR 2022/23	\$ (347,279)
C = A+B	OPERATING SURPLUS, END OF YEAR	\$ 5,228,849

INTERNALLY RESTRICTED SURPLUS

Restricted Due to the Nature of Constraints on the Funds

Discretionary School Generated Funds	\$ 303,620
School budget balances	\$ 40,941
Transportation Safety Fees	\$ 166,475
Careers	\$ 2,529
Various unspent grants	\$ 1,839
BCTF Mentorship grant	\$ 9,069

Total - Restricted Due to the Nature of Constraints on the Funds **\$ 524,473**

Restricted for Operations Spanning Multiple School Years

2023-24 Budgeted Shortfall	\$ 156,344
Transportation Tablets	\$ 86,590
Program Review - Online Learning Hub (D2L)	\$ 6,285
English Language Learning	\$ 32,469

Total - Restricted for Operations Spanning Multiple School Years **\$ 281,688**

Restricted for Anticipated Unusual Expenses Identified by the Board

Port Renfrew Replacement Project	\$ 200,000
School Goal Planning	\$ 31,738
Portables for September 2023	\$ 1,144,770
Social Responsibility Fund	\$ 9,089
Space Mitigation Strategies	\$ 1,434,330

Total - Restricted for Anticipated Unusual Expenses Identified by the Board **\$ 2,819,927**

D	TOTAL INTERNALLY RESTRICTED SURPLUS	\$ 3,626,088
E = C-D	UNRESTRICTED SURPLUS	\$ 1,602,761

The unrestricted accumulated operating surplus of \$1,602,761 is 1.0% of the \$160,276,129 Operating Fund budgeted expenditures for the year ended June 30, 2024.

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YEAR ENDED JUNE 30, 2023**

SPECIAL PURPOSE FUNDS

All restricted contributions received, except for capital contributions and unearned revenues (tuition, rentals, etc.) must be reported as special purpose funds. Revenues are recognized when the stipulation or restriction the contribution is subject to is met.

The following table compares the most material expenditures for the year to the prior year of the special purpose funds.

	FY23 ACTUAL	FY22 ACTUAL	INCR / (DECR) FROM PRIOR YEAR	INCR / (DECR) %
	A	B	C = A-B	D = C/B
SPECIAL PURPOSE FUNDS (in \$ thousands)				
ANNUAL FACILITIES GRANT	337	330	7	2%
LEARNING IMPROVEMENT FUND	445	402	43	11%
SCHOOL GENERATED FUNDS	3,210	2,337	873	37%
STRONG START	197	176	21	12%
OFFICIAL LANGUAGES IN EDUCATION PROTOCOL	593	195	398	204%
COMMUNITY LINK	802	853	(51)	-6%
ACADEMIES	1,109	819	290	35%
CLASSROOM ENHANCEMENT FUND	21,101	17,985	3,116	17%
SAFE RETURN TO SCHOOL GRANT	-	173	(173)	-100%
FEDERAL SAFE RETURN TO CLASS FUND	118	37	81	219%
STUDENT AND FAMILY AFFORDABILITY FUND	998	-	998	100%
OTHER	513	311	202	65%
TOTAL SPECIAL PURPOSE FUNDS EXPENSES	29,422	23,618	5,804	25%
CAPITAL PURCHASES	14	134	(120)	-90%
TOTAL SPECIAL PURPOSE FUNDS	29,436	23,752	5,684	24%

The District's \$29.4M expenditures on Special Purpose Funds for the year was a 24% (\$5.7M) increase over the prior year. There was an increase in Classroom Enhancement Fund expenditures of (\$3.1M), Student and Family Affordability Fund (1.0M) and School Generated Funds (\$0.9M).

SCHOOL DISTRICT NO. 62 (SOOKE)
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)
YEAR ENDED JUNE 30, 2023

CAPITAL FUND

The District's tangible capital asset additions of \$26,300,809 for the year was a 41% (\$18.5M) decrease from the prior year. The decrease is largely due to less purchases in the Expansion Program.

	FY23 ACTUAL	FY22 ACTUAL	INCR / (DECR) FROM PRIOR YEAR	INCR / (DECR) %
CAPITAL ADDITIONS (in \$ thousands)	A	B	C = A-B	D = C/B
CAPITAL FUND				
EXPANSION PROGRAM	20,814	39,153	(18,339)	-47%
SCHOOL ENHANCEMENT PROGRAM	1,585	2,284	(700)	-31%
CARBON NEUTRAL CAPITAL PROGRAM	-	339	(339)	-100%
BUILDING ENVELOPE PROGRAM	247	2,031	(1,784)	-88%
BUS ACQUISITION PROGRAM	1,434	-	1,434	100%
ANNUAL FACILITIES GRANT	192	406	(214)	-53%
PLAYGROUNDS	2	165	(163)	-99%
CHILD CARE CAPITAL FUNDING PROGRAM	918	-	918	100%
LOCAL CAPITAL	350	-	350	100%
OTHER	-	32	(32)	-100%
OPERATING FUND	747	287	460	161%
SPECIAL PURPOSE FUND	14	134	(120)	-90%
TOTAL CAPITAL ADDITIONS	26,301	44,831	(18,530)	-41%

Some of the more significant capital projects include:

- **Expansion Program (EXP)** – In 2022/23, \$16.5M was spent on the continuing construction of the West Langford Elementary and Middle School. In addition, \$4.3M was spent on the development for the new South Langford Elementary school.
- **School Enhancement Program (SEP)** - \$1.6M was spent on energy upgrade work at John Muir, Millstream, Spencer, and Dunsmuir.
- **Building Envelope Program (BEP)** - \$0.2M was spent on building envelope upgrades at Hans Helgesen.
- **Annual Facilities Grant (AFG)** – \$0.1M was spent on HVAC upgrades, and \$0.09M on roofing upgrades.
- **Child Care Capital Funding Program** - \$0.9M was spent on Childcare New Spaces at Colwood Elementary.
- **Operating Fund** – there were \$0.75M in Operating Fund tangible capital asset purchases including electric charging stations for buses (\$0.14M), electric buses (\$0.31M), portables (0.25M) with the remainder on equipment (\$0.05M).
- **Special Purpose Fund** - \$0.01M of the Student Family Affordability Fund was spent on kitchen appliances.

RISKS AND UNCERTAINTIES

The following list are some of the significant financial risks that the District is aware of that could negatively affect operations:

- **Enrolment** – Enrolment drives the District's revenues and an inaccurate estimation of future enrolment could result in either an over or under deployment of resources. Additionally, an inaccurate estimation of future enrolment could further exacerbate the capacity issues the District is currently experiencing.
- **Classroom Capacity** – Continued enrollment increases will provide significant pressure on remaining space availability.
- **Staff benefit rates** – Benefit rates fluctuate from year to year dependent on staff usage so are difficult to accurately predict. In 2022/23, the District benefit rate increased by 0.92% from the prior year (2022/23 = 25.65%; 2021/22 = 24.72%). A one per cent fluctuation in \$102M in salaries amounts to \$1,020,000.
- **Utilities** – Expenditures on utilities fluctuate based on usage, and usage typically depends on the weather which, even for the Farmers' Almanac, is impossible to predict.
- **Leave liability** – Leave balances (such as unused vacation balances) are recorded in the year they are earned. The larger the balance, the larger the expense. It is difficult to predict with accuracy across the District exactly how many vacation days staff plan on using in any given year.
- **Salary differential** – A component of the Operating Grant is the supplement for salary differential which provides additional funding to districts with average teacher salaries higher than the provincial average. In 2022/23, the District received \$126,952 more than the prior year (FY23 = \$2,201,842; FY22=\$2,074,890).